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# **BILLET D'ÉTAT**

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**TUESDAY 27th OCTOBER 2009**

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**POLICY COUNCIL – STATES STRATEGIC PLAN**  
**2009-2013**

# ***B I L L E T D ' É T A T***

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

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I have the honour to inform you that a Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE, on TUESDAY, the 27<sup>th</sup> OCTOBER, 2009,** immediately after the meeting already convened for that day, to consider the item contained in this Billet d'État which has been submitted for debate.

G. R. ROWLAND  
Bailiff and Presiding Officer

The Royal Court House  
Guernsey  
25 September 2009

## **POLICY COUNCIL**

### **STATES STRATEGIC PLAN 2009-2013**

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## 2. EXECUTIVE SUMMARY

- 2.1 The purpose of the States is to promote the well-being of the people of Guernsey. This will be achieved if the States ensures that the Island provides the conditions for a vibrant economy in Guernsey, which can in turn fund good quality and appropriate public services. Determining what services are to be provided, and to what standard, lies at the heart of politics, and will be resolved by the States as a whole in an evolving process. But it is essential that those public services are provided as cost-effectively as possible to ensure that the people in Guernsey receive the maximum benefit from the resources employed by the States.
- 2.2 The States Strategic Plan (SSP) has been developed alongside the Capital Prioritisation process and the Fundamental Spending Review (FSR), to coordinate policy direction, to provide a financial framework for policy development, and to reinforce political accountability for policy delivery. This includes ensuring that Departmental Operational Plans are aligned with agreed States policies.
- 2.3 The SSP supersedes the Government Business Plan (GBP) that was developed in the 2004-2008 States term. But it maintains the objectives of its predecessor, namely to generate a stronger sense of political direction within Guernsey's consensus form of government and to forge a line of authority between corporate strategy and departmental policy and service delivery.
- 2.4 Over many years, the States Policy and Resource Plan (in its old form) and then as the Government Business Plan, reiterated that the States would only be able to set a direction for government by bringing together policy planning (what the majority of members wish to achieve) with financial planning (the management of public money to make those things happen).
- 2.5 Because of Guernsey's good fortune in enjoying decades of economic growth and affluence since the 1970s, the impetus necessary to introduce a robust corporate planning system has been relatively slow to build. While revenues continued to rise and match spending aspirations without the need to increase levels of taxation, the aspiration for corporate prioritisation across departments lacked urgency.
- 2.6 However, the reform of Guernsey's company tax structure (Zero-10) and an unprecedented global recession have in combination created conditions now where tighter constraints on public expenditure are vital. This, in turn, will require the States to make tough political choices between competing demands for funding. The States are running a structural deficit, as planned under stage 1 of the Zero-10 strategy. It must be emphasised, however, that restraint alone will not be sufficient to fill the deficit; this will require additional income from taxation and charges. In any event, Guernsey's continued prosperity and ability to return to a balanced budget will continue to rely on the private sector as the

engine of economic growth. The public sector's rôle in this respect is to provide the necessary fiscal and macro-economic environment to enable the private sector to flourish.

- 2.7 This first States Strategic Plan therefore represents a real breakthrough in the integration of policy and financial planning at a crucial time for Guernsey and the Bailiwick. The main report is essentially a business plan and the emphasis on financial matters reflects this, but it is supported by summaries of States Department and Committee Operational Plans, Strategic Policy Plans and Island Resource strategies that together represent the longer term thinking behind the short term tactical plan.
- 2.8 Overall, the purpose of the SSP as it continues to develop over time through a process of annual review will be to integrate the Fiscal and Economic, Social Policy and Environmental Policy plans and to align Department Operational Plans with the objectives of the SSP. Summaries of the Strategic Policy Plans and Departments' Operational Plans are provided in Appendices 2 and 1 respectively.
- 2.9 The intention is that there should be a line of authority – sometimes referred to as a 'golden thread' – throughout the government policymaking process originating in cross-departmental policy steering groups, endorsed by the States and delegated to departments for implementation.
- 2.10 In this way, the States organisation as a whole will be required to demonstrate a consistent commitment which can be understood by the public and for which the States can be held to account.
- 2.11 The thread will continue through to the coordination and management of Island resources in both public and private sector ownership via plans for Population, Land Use, Energy and Infrastructure. The Island Resource Plans (Appendix 3) will support the successful implementation of States policy within the inevitable constraints of a small island jurisdiction.
- 2.12 Finally, accountability for this more unified approach will be reinforced by a continuous system of performance management based on the monitoring and annual review of Key Performance Indicators (as described in Appendix 4). By testing the effectiveness of policy implementation in this way, the States will create a feedback 'loop' that will encourage policy improvement and the cost effective delivery of public services.
- 2.13 The structure of the main SSP report broadly follows the logic of the financial schedule below dealing with issues in the following order:
  - A consideration of the economic and fiscal context and the factors influencing States revenues (income);

- The revenue consequences of the capital programme;
  - Efficiency savings – the implications of the FSR;
  - New Service Developments prioritised initiatives (requiring additional funding above cash limits);
  - Financial Modelling of the base budget and the above changes to produce a range of possible outcomes;
  - An outline of the revenue raising consequences indicated by the modelling process.
- 2.14 As explained in the section on financial modelling, the SSP has to be based on best estimates of the likely future out-turn of many variables. This is a matter of careful forecasting, rather than certainty, and the modelling is sensitive to the assumptions, particularly the likely real growth in revenues and especially income taxes.
- 2.15 The modelling has been undertaken based on the 2009 Budget of the States and indicates that the structural deficit is likely to be in the range of £30-£40m over the period from 2010 to 2013. The States have previously resolved to use up to half of the Contingency Reserve to balance the deficit over the first stage of Zero-10 and, with approximately £110m likely to be available from 2010, this would cover the deficit for a period of three years. There is therefore a requirement to start planning to close this deficit immediately so that any required new taxes and charges can be put in place within that period.
- 2.16 **The starkest message conveyed by the SSP is that, if expenditure on new service developments is to be kept within the limits of efficiency savings identified by the FSR to help achieve a future balance between government income and expenditure, then only the most essential initiatives will be able to proceed in 2010. There will be a gradual increase in funding in subsequent years as savings are realised but the prioritisation process will continue to be tough.**
- 2.17 The SSP will be reviewed and revised annually and the intention is to develop a 4-5 year rolling programme for revenue and a 6-7 year rolling programme for capital expenditure. Although it is anticipated that the capital programme will undergo one major review in each States term, the development of a longer-term approach towards policy and financial planning relies on political recognition that a stop/start approach is wasteful and undermines public confidence in government.
- 2.18 The SSP process of integrated policy and financial planning will be effective only if the States accept and support a disciplined approach to the prioritised funding of new initiatives from now onwards. The Policy Council recommends

that appropriate rules of procedure should be considered by the States Assembly and Constitution Committee and proposals presented to the States by no later than 30 April 2010.

### 3. INTRODUCTION

#### The Bailiwick of Guernsey

- 3.1 The Bailiwick of Guernsey consists of the islands of Guernsey, Alderney, Sark and Herm. Sark is self-governing; Alderney is partly so but forms part of Guernsey for income tax purposes. Herm belongs to the States of Guernsey but is managed by leaseholders.
- 3.2 Although parts of the SSP are of relevance to Alderney (particularly those related to “transferred services”), the Plan is mainly concerned with Guernsey itself.

#### The Purpose of this Plan

- 3.3 The States Strategic Plan (SSP)<sup>1</sup> is a tool to enable the States to decide what they want to achieve over the medium to long term and how they will allocate limited public resources to fulfil those objectives.
- 3.4 Although the SSP supersedes the former GBP, the purpose of the plans remains consistent. It is to generate a stronger sense of political direction within Guernsey’s consensus form of government and to establish a real relationship between corporate strategy (what the States as a whole is aiming to achieve), departmental policy making and the delivery of services.
- 3.5 Strategic management and business planning is as important to government as it is to the private sector but it is a much more complex process in the public sector. It entails multiple goals, complex policy and legal considerations, many different stakeholders often with competing claims on resources, political pressures and high expectations of transparency and public accountability.
- 3.6 To deal with this complexity as simply as possible, the SSP main report is presented in two parts:
  - **The main report** sets out the current objectives of the SSP and explains the priorities for spending on new service developments in 2010. Next year, this approach will be developed further to present the States with a recommended government programme for 2011-2013.
  - **The appendices to the report** summarise the States Department and Committee Operational Plans, the Strategic Policy Plans and the Island’s

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<sup>1</sup> For the purposes of the law and States Rules of Procedure the SSP is formally denoted as the States Policy & Resource Plan.

Resource Strategies. These explain the strategy or longer term thinking that lies behind this government programme. The summaries in turn ‘signpost’ the reader to more detailed policy documents that are publicly accessible elsewhere, particularly on the States website.

- 3.7 The SSP incorporates the long term policy objectives adopted by the States in the debate on the Strategic Policy Plans conducted in July 2009. In turn the Departmental Operational Plans show how departments are delivering services to secure these objectives and improves departmental accountability for this important process. Finally, through the development of the KPIs an effective method of monitoring progress against the States Objectives is established.

### **What are the States objectives?**

- 3.8 The following statement consists of an overarching statement of government aims supported by the principal objectives of the Fiscal and Economic, Social Policy and Environmental Policy Plans as approved by the States in mid-July 2009:

#### **THE STATES OBJECTIVES**

**The government of Guernsey aims to improve the quality of life of Islanders and to secure our economic future while protecting the Island’s natural environment, unique cultural identity and rich heritage. It recognises that this requires:**

- Maintenance and enhancement of Guernsey’s standing in the global community
- Wise long-term management of Island resources
- Co-ordinated and cost-effective delivery of public services
- Sustainable economic growth and effective public services without increasing the population to the detriment of our environment and way of life
- Improved awareness of the culture and identity of Guernsey

#### **Fiscal and Economic Objectives** (see Appendix 2 – Fiscal and Economic Plan)

- Long run fiscal balance: spending within constraints of the Fiscal Framework
- Real term freeze on aggregate States revenue expenditure
- Continuing OECD Tier One Status
- Average economic growth of 2% or more per annum



- Stable and low inflation: RPIX 3.0%
- Continuing full employment
- Skilled, flexible labour market
- Diversified, broadly balanced economy
- Well regulated, competitive domestic markets
- Modern key strategic infrastructure, public investment averaging 3% of GDP

**Social Policy Objectives** (see Appendix 2 – Social Policy Plan)

- Foster an inclusive and caring society which supports communities, families and individuals
- Assist people to help themselves and become independent where possible, by encouraging personal responsibility
- Promote active and engaged citizenship
- Promote, and remove barriers to, social inclusion and social justice
- Meet welfare needs and reduce poverty
- Improve housing availability, quality and affordability
- Maintain a healthy society and safeguard vulnerable people
- Maintain the Bailiwick as a safe and secure place to live
- Promote equality of educational opportunity
- Encourage all who need, or are able, to work to find employment

**Environmental Policy Objectives** (see Appendix 2 – Environmental Policy Plan)

- Reduce our carbon footprint and adapt to climate change
- Protect our biodiversity and countryside
- Manage our solid and liquid waste
- Conserve energy and switch to cleaner fuels.

- 3.9 The Statement of Objectives supersedes the ‘15 States priorities’ and their action plans which were developed during the 2004-2008 States term. Similarly, the SSP supersedes work that was done from March 2008 to February 2009 to develop a five phase approach to corporate planning and resource prioritisation. However elements of that approach have been retained in the suite of operational plans, strategic policy plans and Island’s resource strategies that inform the SSP (Appendices 1, 2 and 3) and in the development of a system for monitoring the effectiveness of government policies and service delivery. (Appendix 4 – Key Performance Indicators).
- 3.10 Topics such as the public sector culture and change management within the States organisation which were highlighted by the former GBP (Priorities 12 and 13) have not disappeared but have been absorbed into the Operational Plan of the Policy Council.
- 3.11 A Topical Index is provided as Appendix 6 to signpost readers to subjects dealt with in the report. In addition, particular States policy statements that are legally required to be included in the States Policy and Resource Plan are provided as Appendix 5.

### **Linking policy objectives to financial planning**

- 3.12 In the 2004-2008 States term the GBP made some headway in achieving a majority consensus amongst States Members about the priority issues or areas of concern to be tackled. The outgoing States in 2008 recognised, however, that a key challenge for the new assembly would be to integrate financial planning and resource prioritisation within the overall plan (Billet d’Etat III, 2008).
- 3.13 Very ambitiously, the new political team which took on the responsibility for producing the SSP in February 2009 aimed to set out a prioritised and costed programme for a rolling 4 year period. As explained in this report, however, the States financial circumstances and the work being carried out in parallel on the FSR require a radical position to be taken in 2010 to curtail public spending on new service initiatives, and to ensure the cost effectiveness of existing services. It will then be possible to develop a realistic programme for 2011-2013 via next year’s SSP review with the longer term intention of developing a 4/5 year rolling programme for revenue and a 6/7 rolling programme for capital expenditure. Although one States cannot bind its successor to pursue the programmes there would be clear value in maintaining continuity and avoiding the abortive spending and uncertainty created by stop/start, short-term decision making.

## **4. THE CONTEXT IN WHICH THIS PLAN HAS BEEN PREPARED**

### **The economy and fiscal position**

- 4.1 The present strategic planning process takes place against the backdrop of the greatest global economic uncertainty in living memory. The world has

experienced global recession for the first time since the Second World War, global trade levels are down by over a quarter and the finance industry is still coming to terms with the massive systemic shocks wrought by the credit crunch. So far Guernsey has navigated these waters relatively unscathed but the Bailiwick is clearly not immune to these conditions. Present forecasts suggest weak growth for 2009.

- 4.2 Notwithstanding this, employment and taxes from employment remained robust during the first half of this year. Overall tax revenues in 2008 were also robust and greater than anticipated. In the first year of the new corporate tax regime, revenues dropped by only 4.4% compared to an anticipated fall of some 16%. However, much of this greater revenue was derived from unexpected additional revenues from the corporate sector relating to 2007 and earlier years, which will not continue.
- 4.3 **For all of these reasons, the medium term fiscal position is highly volatile, and more uncertain than for many years. However, one fact is beyond dispute. The States faces tighter constraints on expenditure than they have faced for many years. Whilst there are grounds for realistic but cautious optimism for the state of the Guernsey economy, the risk to revenues remains (on the downside) and we are still likely to require increases in revenues from taxation and charges as well as savings achieved under the FSR just to achieve a balanced budget. In short, in the present environment there cannot be increases in aggregate expenditure. The States need to match expenditure to income.**
- 4.4 The fiscal framework, agreed by the States in April, sets out limits, not just for potential external borrowing but also parameters to constrain public expenditure and provide public confidence in the continuation of Guernsey's conservative fiscal approach. The current fiscal and economic plan also lays out long term objectives and targets for economic performance and repeats the requirement for the States to adopt robust planning procedures.
- 4.5 This strategic planning process is a fundamental component of robust planning. It lays out forecast revenues, savings and indications of aggregate expenditure on current and desired new or improved services. It has done so using the best, albeit conservative, estimates of revenue. It adopts central forecasts for output growth which then, using the estimated historical relationship between these macro-economic variables and tax revenue, creates a basis for forecasting revenue growth. This provides a range of potential outcomes for the fiscal position of the States. It must be clearly understood that these are potential outcomes based on probabilistic forecasts. There is no certainty associated with them. What is certain, however, is the fundamental necessity of restraining expenditure - this strategic planning process is not about an increase in overall expenditure - to ensure the States budget returns to balance.
- 4.6 In the short term, a major objective of the SSP must be to enable the States to navigate successfully through the current global economic downturn.

### **Prioritising public spending**

- 4.7 In addition to this economic and fiscal context, the first SSP has also been prepared in the context of work being carried out (at the same time) on the development of a Capital Programme and the FSR.
- 4.8 Ensuring an integrated outcome from the parallel development of these projects has been very challenging for the SSP Team and Treasury and Resources Department. The FSR Phase 1 report indicated that efficiency savings of 4.5% per annum after a three year programme were realistic and indicated that £5m would be 'cashable' in the first year. There was recognition that 1% of these savings would need to be reinvested in order to enable those efficiencies to be realised and maintained. The prediction was therefore for 3.5% of the non-formula led budget equating to £9m per annum to be available to reduce the budget deficit and/or to meet the cost of new service developments including those prioritised in the Fiscal and Economic, Social Policy and Environmental Policy Plans. As work on Stage 2 of the FSRs proceeded during the spring and summer, however, it became apparent that it would take time to realise the projected efficiency savings and that they would only produce a very limited amount in 2010.
- 4.9 At the same time, it was becoming apparent through the number of bids submitted by States Departments to develop new services in 2010-2013 (in addition to those identified in the Strategic Policy Plans), that in aggregate these would greatly exceed the level of efficiency savings.
- 4.10 The following sections of this report provide a more detailed examination of these financial factors, their impact on planning for new public service developments and the way in which the Policy Council proposes to manage the situation.

## **5. REVENUE CONSEQUENCES OF THE CAPITAL INVESTMENT PROGRAMME**

- 5.1 In June 2009, the States debated Billet D'État IX 2009, the Treasury and Resources Department's report on Capital Prioritisation. This report laid out a proposed capital programme which was agreed by the States with an estimated total cost of £301m. Each proposal submitted for consideration in the capital programme was scored under the Treasury and Resources Department's rigorous and objective strategic review process which assisted the Department in giving direction to the States on the relative merits of each proposal.
- 5.2 One of the criteria of the strategic review process was *Financial Sensitivity*. This included the capital cost and ongoing revenue funding requirement for the lifespan of the project as well as other information such as the costs of not proceeding with the proposal. Therefore, and for the first time, the approval of the capital programme has also committed the States to revenue expenditure in supporting these projects.

- 5.3 Since the capital investment programme comes to fruition over the years to 2015, the majority of the resulting revenue expenditure begins in the years following this Plan. However, a total of £560k has been identified as the additional annual staff cost of changing the model of care in delivering the Health and Social Services Department's *Homes for Adults with a Learning Disability*, which will open in 2012.
- 5.4 As stated earlier, the intention is to develop a 6/7 year rolling programme for capital expenditure but subject to one major review in each States term through the now established capital prioritisation process.

## 6. EFFICIENCY IMPROVEMENTS

- 6.1 In the 2008 Budget Report, the Treasury and Resources Department announced its intention to undertake a Fundamental Spending Review (FSR) as part of its commitment to ensuring that public sector expenditure is controlled and waste and inefficiency reduced. Following a competitive tendering process, Tribal Consulting Limited ("Tribal", formerly Tribal Helm Corporation Limited) was appointed in November 2008 to commence the detailed review. They have undertaken a rigorous two phase process examining all expenditure by each States Department in order to identify a range of efficiency savings which could be realised over the lifetime of a financial change programme. The following table summarises the potential savings identified:

	2010 £'000	2011 £'000	2012 £'000	2013 £'000	2014 £'000
<b>Opening Budget</b>	<b>311,000</b>	<b>307,892</b>	<b>304,348</b>	<b>299,515</b>	<b>289,556</b>
Implementation Costs	1,355	626	640	356	327
Increase in Baseline Costs	1,695	1,379	1,086	634	629
<i>Total Costs</i>	<i>3,050</i>	<i>2,005</i>	<i>1,726</i>	<i>990</i>	<i>956</i>
Gross Savings	(4,803)	(4,923)	(5,919)	(10,593)	(10,637)
<b>Net Savings</b>	<b>(1,753)</b>	<b>(2,918)</b>	<b>(4,193)</b>	<b>(9,603)</b>	<b>(9,681)</b>
<i>Add back Implementation costs</i>	<i>(1,355)</i>	<i>(626)</i>	<i>(640)</i>	<i>(356)</i>	<i>(327)</i>
<b>Revised Base Budget</b>	<b>307,892</b>	<b>304,348</b>	<b>299,515</b>	<b>289,556</b>	<b>279,548</b>
Net Savings against Baseline Year	1,753	6,026	10,845	21,088	31,125
Cumulative net savings	1,753	7,779	18,624	39,712	70,837

- 6.2 It is important to stress that these are only **potential** savings at this stage and a significant amount of investment and work needs to be undertaken before they start to be realised. For example, Tribal has estimated that current 'silo working' (i.e. working as separate departments rather than corporately as a unified organisation) accounts for 73% or £51million of the net efficiencies identified through the FSR process and therefore a significant organisational and cultural change is required before the majority of these savings will become tangible.

- 6.3 It is the intention of the FSR process that all realised savings, both departmental and corporate, are returned to the centre to enable any future allocations to be made against corporate States priorities.
- 6.4 The Policy Council is recommending that all of the savings in the first three years of the programme are made available to fund prioritised service developments through the States Strategic Planning process. However, the Council believes that an element of the more material and significant savings which are likely to accrue in the latter years of the programme (2013 and 2014) should be used to reduce the overall deficit of the States and thereby reduce the aggregate revenue expenditure of the States. It is not possible, at this stage, to determine the method by which the savings should be allocated and it is the intention of the Policy Council to make recommendations in future SSPs once the scale of the actual realised savings can be quantified.
- 6.5 Whilst recommending that all of the proposed savings in the first three years be made available to fund service developments, the Council is conscious that there could be a significant difference between the potential savings identified and those actually realised. Therefore, successive SSPs may need to recommend adjustments to the amounts available to fund priorities according to the savings actually delivered.

## **7. NEW SERVICE DEVELOPMENTS 2010**

- 7.1 In the past the States have considered proposals to develop new public services on a case by case, fragmented basis. Departments have traditionally submitted States Reports as stand alone proposals and the States have had no overall context for comparing the merits of one initiative against others 'in the pipeline'.
- 7.2 The States have already recognised that this is a very unwise way to manage capital investment and the same logic applies equally to new revenue initiatives where a holistic view of budgetary impact is also required.
- 7.3 When prioritisation is imperative to constrain public spending and correct a structural budget deficit it is obvious that the States have to develop a framework for testing the respective merits of competing projects to get best value for public money.
- 7.4 The Fiscal and Economic, Social Policy and Environmental Plans are key elements in this framework as they enable Departments working in these areas to debate and align their long term goals.
- 7.5 The relevant Policy Groups were already developing their plans when the new SSP Team was appointed in February 2009. In April, however, the SSP Team Chairman wrote to Policy Group Chairmen, Ministers and Chairmen of States Committees asking for their input to the prioritisation process.

7.6 The letter to the Policy Groups explained that:

“States support for a new approach to the Government Business Plan and my dual role as Chairman of the [SSP] Team and Treasury and Resources Minister are enabling the Team to bring together policy and financial planning in a more effective way than has previously been possible. ... The Plan will collate bids from the Policy Groups, States Departments and States Committees for funding to research, develop and implement new public service initiatives. It will also provide the Policy Council with the opportunity to recommend its own selection of these initiatives to the States as a practicable programme for action during 2009-2013. In other words, the Policy Council may not be able to recommend the full list of projects to the States.”

- 7.7 The letter to Ministers and Committee Chairmen asked them to submit summaries of their Operational Plans (including developments likely to be achievable without significant additional expenditure). They were also asked to provide information separately about new or expanded services which would require additional budget allocations in 2010 and/or subsequent years and to indicate whether any of these had been submitted for cross-departmental prioritisation through the Policy Groups.
- 7.8 In June, following receipt of the requested information, the Chairman wrote to all Ministers again enclosing a pro-forma to be completed and returned by the end of the month for each new service development requiring additional funding. The pro-forma was to ensure that sufficiently detailed and consistent information would be provided to assist the prioritisation process covering the scope of each service development, timescales, costs, benefits and risks.
- 7.9 Overall, the requests for information resulted in a large number of submissions; more than 60 bids for funding with first year costs (as submitted) in excess of £12m. Many of these submissions related to proposed new developments as expected but a number were ‘legacy’ matters such as revenue costs arising from the implementation of previous capital projects. These impending costs were ‘flushed out’ by the new prioritisation process highlighting the shortcomings of previous systems for identifying the full costs of capital investment.
- 7.10 Comparing the emerging scale of demand for funding with the emerging level of funding likely to be released by the FSR, especially in the early years, it became apparent to the SSP Team and subsequently the Policy Council, that a radical prioritisation of bids would be necessary.
- 7.11 At a special meeting on 20<sup>th</sup> July which was also attended by all Chief Officers, the Policy Council agreed that all net efficiency savings in the early years of the programme should be available to fund New Service Developments (rather than the fiscal deficit) as explained in the previous section. The SSP Team report to the meeting made clear, however, that the first year’s projected savings would

only be sufficient, in any case, to meet the cost of those new developments that must proceed in 2010. Other important, but not imperative, initiatives would have to be deferred to a further round of prioritisation for 2011-2013 as part of the annual SSP review process.

- 7.12 Senior Policy Council and Treasury and Resources Department staff, including the Chief and Deputy Chief Executives, were directed to liaise with Chief Officers to produce a list of recommended developments to be given the ‘amber light’ for funding and implementation in 2010.
- 7.13 The officer group returned with their report in early August. Criteria for inclusion on the list were kept strictly to one or more of the following requirements
1. essential for legal reasons;
  2. essential to safeguard Guernsey’s international reputation;
  3. cannot be avoided. This category included ‘legacy’ expenditure arising from decisions already made and implemented.
- 7.14 Ministers were also advised that an additional bid by the Health and Social Services Department for approximately £300K to pay for influenza vaccine (if developed) had not been included in the list but was highly likely to become a requirement in 2010. They were asked to note that if this situation were to arise the cost would have to be met by deleting/reducing expenditure on other service developments on the list, notwithstanding their ‘essential’ status, or by treating the vaccine as a true and exceptional contingency matter.
- 7.15 The list of essential service developments being recommended to the States by the Policy Council is set out below. This is followed by a short description of each item explaining why it has been classed as an essential matter to be funded in 2010.

<b>Bid Name</b>	<b>Relevant Policy Area</b>	<b>Cost in 2010 in £’000s</b>
a Airport Firefighters’ Dispute Inquiry	Requête/States Resolution	250
b Safeguarding Vulnerable Groups	Social Policy	155
c Improving Mental Health Services	Social Policy	75
d Child and Adolescent Intensive Outreach Service	Social Policy (but not in Social Policy Plan)	275
e Children and Young People’s Plan	Social Policy	108



f	BIC Developments to meet External Obligations	External Relations	175
g	External Relations Initiatives in the EC	External Relations	200
h	Employment of lawyers	Legislation (St James' Chambers)	365
<b>Total</b>			<b>1,603</b>

**a. Airport Firefighters Dispute Inquiry**

7.15.1 While the Tribunal of Inquiry into the circumstances leading to the Airport Firefighters Dispute will be appointed in the Autumn it is expected that the greater part of its work will be undertaken early in 2010.

**b. Safeguarding Vulnerable Groups**

7.15.2 The Home Department is seeking to introduce legislation in November 2009 and mid-2010 which will enhance the safety of vulnerable adults and children by:

- accessing the new vetting and barring scheme being introduced in the UK
- introducing a national standard for those who work with vulnerable adults and children
- setting up a local interface to enable access to the independent Safeguarding Authority.

7.15.3 The Bailiwick's international reputation could be harmed unless legislation is introduced to ensure that it is not seen as a haven for those wishing to prey on vulnerable groups.

**c. Improving Mental Health Services**

7.15.4 The Policy Council is recommending that costs associated with the intended introduction of the new mental health law in 2010 should be funded. A key component of the new law is the provision of an independent appeal process against compulsory detention and the regular inspection of premises used to detain patients.

7.15.5 These provisions will ensure that Guernsey complies with human rights and relevant EU Conventions.

**d. Child and Adult Intensive Outreach Service**

7.15.6 This funding bid relates to the staffing of an outreach service for young people with complex mental health problems. This would enable a significant number

of young people to be cared for on-island instead of being referred off-island.

- 7.15.7 The initiative is being placed on the ‘must do’ list because the savings to be achieved through the reduction of off-island placements and the costs of not proceeding and continuing with current arrangements justify the investment.

**e. Children and Young People’s Plan**

- 7.15.8 There is a legal requirement under The Children (Guernsey and Alderney) Law, 2008 for the Health and Social Services Department to prepare, and submit to the States, a plan setting out a strategy for the provision of services to promote and safeguard the welfare of the children of Guernsey and Alderney and their families with respect to matters such as physical, emotional and mental health, protection from harm and neglect, education, training and recreation, contribution to society and social and economic well-being.

- 7.15.9 The first plan is due to come before the States in the first half of 2010 and will have resource requirements for later in the year. Included in the current draft of the plan is an action to “Develop and implement services to protect children affected by domestic abuse, as detailed in the draft multi-agency [domestic abuse] strategy”. This initiative has already been started in 2009 with the setting up of a pilot supervised contact centre. Funding for children affected by domestic abuse to use the centre had been included in the Domestic Abuse Strategy for 2010-12. However, as the Policy Council is not recommending that funding should be allocated to the Domestic Abuse Strategy in 2010, funding for this work-stream has now been added to the funding bid for the Children and Young People’s Plan instead.

**f. British Irish Council Developments to meet External Obligations**

- 7.15.10 BIC summits are held approximately every 6 months in one of the Members’ jurisdictions to discuss current work on matters of mutual interest and other relevant issues. It is Guernsey’s turn to host a BIC summit in 2010.
- 7.15.11 The bid for funding includes the cost of the summit and a required contribution to the running costs of BIC.
- 7.15.12 A provisional date for the Guernsey summit has been set and the relationship between Guernsey and the UK and between Guernsey and the other member administrations would be severely damaged with unknown consequences should the summit be cancelled unilaterally at this point.

**g. External Relations Initiatives in the EC**

- 7.15.13 Guernsey’s domestic success is dependent on its ability to engage and trade with the rest of the world. At present this engagement happens at both operational and political level on a regular basis. However, with the increasing importance

of supranational bodies such as the EU and OECD more direct engagement is becoming increasingly necessary to ensure Guernsey's views are heard and its position is understood. This is one of the External Relations Group's key strategic objectives and is recommended for funding to safeguard Guernsey's international reputation.

#### **h. Employment of Lawyers at St James' Chambers**

- 7.15.14 Four additional legal posts were created with Treasury and Resources Department approval in 2009 using unspent balances. The staff concerned have all been appointed and will be in post by the time this plan is debated at the end of October.
- 7.15.15 This bid is one of the cases of legacy expenditure referred to earlier and the Policy Council considers it is of a scale that cannot reasonably be absorbed through efficiencies elsewhere in the departmental budget.

### **8. NEW SERVICE DEVELOPMENTS 2011 AND ONWARDS (See Annexe)**

- 8.1 As explained earlier in this report, this year's SSP has been prepared very quickly in parallel with, rather than ahead of, the FSR. It has necessarily been a relatively 'rough and ready' process and has been developed incrementally without the luxury of time to refine the process. The Policy Council has asked Departments, Committees and Policy Groups to supply information to very demanding deadlines and is very grateful to them for their patience and assistance with the preparation of the SSP.
- 8.2 The list of recommended New Service Developments to be funded in 2010 is necessarily an extremely short one which means that projects not on the list roll over for consideration next year alongside any other proposals that may come forward at that time. So far as the recommended 2010 projects are concerned (apart from the legacy items), approval at this stage is provisional only.
- 8.3 All of the new service developments for which bids have been received and which were not recommended for prioritisation in 2010, are listed in the Annexe together with the continued expenditure in 2011 and beyond for those initiatives which are recommended for implementation in 2010.
- 8.4 The Policy Council's short covering report to the July 2009 States meeting accompanying the Fiscal and Economic, Social Policy and Environmental Policy Plans explained that Departments whose bids were approved as part of the SSP in the autumn would need to prepare detailed business cases in order to secure the required funds. As it will not be possible to produce business cases ahead of the 2010 Budget debate, a special arrangement will be put in place, for 2010 only, whereby an allocation for service developments will be made within the 2010 Budget. Departments with prioritised developments will then be able to submit business cases directly to the Treasury and Resources Department to allow the allocation to be released into their 2010 Budget.

8.5 For the 2011 Budget onwards however it is important that:

1. a clear rationale for prioritisation of New Service Developments is produced and a system for applying this rationale established that has the majority support of States Members. This requirement for a robust method of determining future spending priorities is also being highlighted in the FSR report; and
2. that priority cases approved via the SSP are then justified in detail using a business case template to be issued by the Treasury and Resources Department.

8.6 As explained in the July report each detailed business case will then either:

- a. be sent to the Treasury and Resources Department for evaluation and approval as part of the budget process; or it will
- b. form the basis of a States Report seeking the approval of the States for budget allocation as part of the budget process.

8.7 The decision as to whether the business case may be approved by the Treasury and Resources Department or by the States will lie at the discretion of the Department responsible for each initiative. However, as a guide, the Treasury and Resources Department will only approve business cases which:

- i. are not high cost,
- ii. do not impact on several Departments, and
- iii. are not controversial.

8.8 Cases which do not meet these criteria will be dealt with by the States Report route.

8.9 The financial appraisal of approved business cases (from whichever route) will be summarised in the States budget report in a new section on service developments in which the budget allocation will be finalised. This will give States members the opportunity to compare the initiatives side by side and for the Treasury and Resources Department to demonstrate the merits for the States as a whole.

8.10 Although the Efficiency Improvements section of this report explains that the range of potential savings that may be realised over the lifetime of the financial change programme could increase substantially in years 2 and 3, it also emphasises that “significant organisational and cultural change is required before the majority of these savings become tangible”.

- 8.11 The number and aggregate cost of submissions already received and deferred for consideration next year and the likelihood of further bids in 2010 demonstrate the enormous pressure (internal and external), constantly to improve public services and the political discipline that will be necessary to contain and manage these pressures successfully within the limited financial resources available.
- 8.12 Allied to the need for well-reasoned prioritisation through the SSP and budgetary systems is the need for effective procedures to ensure that the process is not undermined by a reversion to short term thinking.

### **Maintaining the Integrity of the SSP Process**

- 8.13 This report establishes a process for the States to consider new service developments in an integrated and corporate manner in the context of all competing bids for funding. Having established a list of such projects through the SSP process it is vital that individual proposals not signalled as pending projects through the SSP process should not come forward for debate and approval outside this framework. Otherwise the fair and transparent process that is being developed would be undermined.
- 8.14 It is likely that new rules of procedure will be required to help the States to maintain self-discipline in such matters. The Policy Council considers that it is within the mandate of the States Assembly and Constitution Committee to consider such matters, and is anxious that this be achieved without delay. In the meantime, however, it is important that the States anticipate this discipline and behave accordingly.

### **Corporate Housing Programme**

- 8.15 It is anticipated that for the future, the Corporate Housing Programme (CHP) should continue to be the subject of a separate States report, probably on a biennial rather than an annual basis. The States would be asked at that time to endorse the CHP, but subject to any bids for supplementary general revenue funding being considered as part of the States Strategic Plan process via inclusion in the Social Policy Plan.
- 8.16 The CHP manages the implementation of the States Housing Strategy across a broad front. It involves an ongoing process of management and investment to meet Guernsey's many different housing needs rather than the implementation of discreet individual projects. The CHP's continuing success requires sufficient certainty about the future availability of funding to avoid the wastefulness and disruption of a stop/go approach. The Housing Department recognises, however, that "sufficient" certainty cannot amount to complete certainty in the current economic and public finance situation. In effect, there is going to be less predictability than the CHP has been able to rely on over recent years.

### **Corporate Anti-Poverty Programme (CAPP) and the Survey of Guernsey Living Standards (SGLS)**

8.17 In May 2007 the States of Deliberation noted that with the establishment of the fully-developed Government Business Plan in July 2007, the CAPP, and those aspects of the Corporate Housing Programme involving anti-poverty measures, would be subsumed under States Priority 4 of the GBP. Priority 4 of the GBP has now been replaced with the objective in the Social Policy Plan to meet welfare needs and reduce poverty. Virtually all the outstanding actions in the Corporate Anti-Poverty Programme have also been subsumed within the Social Policy Plan. For example:

- The review of the benefits/contribution system to assist low income households (or tax credits) (CAPP – Action Area A);
- New initiatives and training aimed at helping people into employment/up-skilling (CAPP- Action Area B);
- Integrated care and support for older people and a disability strategy and services (CAPP Action Area C);
- The Children and Young People’s Plan, childcare and pre-school education (CAPP Action Area D);
- Elements from the Domestic Abuse Strategy, the Drug and Alcohol Strategy and the Criminal Justice Strategy (CAPP Action Area E);

8.18 With respect to CAPP Action Area F, the introduction of minimum wage legislation is underway and it has already been agreed to stop any further work on credit unions or equity release schemes. The Corporate Housing Programme (CHP), which linked into CAPP, is progressing well and the CHP initiatives requiring new resources, such as supported accommodation, were included in the Social Policy Plan.

8.19 The States also noted in May 2007 that the Policy Council intended to defer the repeat of the Survey of Guernsey Living Standards (SGLS), which was due to take place in early 2009, until late 2009/2010. Since then the Social Policy Group and the Policy Council have considered other alternative approaches/studies to assist in tackling relative poverty such as evaluating minimum income standards for the island, which would in turn inform the review of benefits (the third highest priority in the Social Policy Plan). The Policy Council’s Social Policy Group had been planning a States Report early in 2010 so that the States could decide whether to go ahead with the repeat of SGLS or whether to carry out alternative research into minimum income standards later that year instead. However, until there is a budget for the studies from a departmental budget or through the SSP process, neither study can go ahead. Any further work on a repeat SGLS or a minimum income standards

study is therefore on hold at least until after the SSP debate. Funding for the research could be prioritised through the SSP process in future years. Until then it is unlikely that either study will be able to go ahead.

## 9. FINANCIAL MODELLING

9.1 The SSP process has developed a high level four year financial forecast model based on the 2009 Budget of the States. Revised forecasts for 2009 probable outturn will be developed for inclusion in the 2010 Budget Report. However it has not been possible to update these forecasts at this time due to the timing of the availability of data. Three possible scenarios are presented here showing a central “base case” along with an upside case modelling the impact of additional tax revenues and a downside case.

9.2 **It is important to note that, as outlined in section [4] above, these are potential outcomes based on probabilistic forecasts. There is no certainty associated with them.** The scenarios developed and presented here are intended to show the likely range of probable positions although changing economic conditions and fiscal requirements may lead to other outcomes.

### Assumptions

9.3 The financial modelling is highly dependent on the assumptions used and those applicable to all three scenarios are outlined below:

- No RPI:

9.31 All income and expenditure figures are projected in 2009 cash terms, i.e. excluding any allowance for inflation.

- Revenue Income:

9.3.2 Revenue income has been modelled on separate assumptions for changes in Employers Tax Instalment and other taxes. The forecast growth in ETI has been derived from the historic relationship between GDP and ETI and the forecast ranges for GDP in the four year period. The median resulting expectations for ETI growth are 1.9% in 2010, 2.8% in 2011 and 2.1% in both 2012 and 2013. Other taxes are assumed to increase by between 0% and 1% per annum.

- Revenue Expenditure:

9.3.3 Departmental cash limits have been assumed to increase by £7m in 2010 to account for the increased employer’s superannuation contribution which was agreed by the States in November 2008. In addition, a one off “rebasings” allowance of £6m has been included in 2011 to allow for the proposed changes towards zero based budgeting and the removal of Departmental flexibility to automatically carry forward unspent balances. No further growth in revenue expenditure has been assumed.

9.3.4 The majority of formula-led expenditure is for benefit and similar payments made by the Social Security Department. Formula-led projections are based on projections provided by that Department which take into account the decisions of the States with regard to the “pension puzzle” in July 2009 and the uprating proposals to be debated at the end of September 2009.

- Routine Capital Expenditure:

9.3.5 Routine capital expenditure is assumed to be static over the period.

- Capital /PHA Income:

9.3.6 The Ports Holding Account income is in line with the resolutions from the debate on Capital Prioritisation in June 2009. This is assumed at £3m from 2010 with an additional £1.775m from 2011. The Capital Programme agreed by the States also relies on a further £10m of property receipts over the period which would be used to fund capital investment. Those receipts are not shown in the model due to the uncertainty around their timing. This does not have any impact on the overall financial position since any capital receipts would be recommended for appropriation to the Capital Reserve and therefore have no revenue benefit.

- Appropriation to the Capital Reserve:

9.3.7 The appropriation to the Capital Reserve included in this model is in line with the £20m per annum required under the old GBP process and reaffirmed through the Capital Prioritisation debate.

- Revenue Consequences of capital programme:

9.3.8 As detailed in Section 5 above, the additional revenue costs connected with the approved capital programme have been incorporated into this model. It should be noted that the majority of the revenue costs of these projects will accrue from 2015 onwards and are projected to total £1.5m once all projects are completed. It should also be noted that some of the capital projects are forecast to result in revenue savings and these are netted off in this total.

- Efficiency Savings:

9.3.9 The totals for efficiencies are based on expected net savings against the baseline year as projected by Tribal in their Phase 2 FSR report.

- Service Developments:

9.3.10 The prioritised service developments to be recommended by the Policy Council for 2010 are as outlined in Section 7 above.



9.3.11 The profile of expected costs for these prioritised bids has been included for the years 2010 to 2013.

- Available for further developments:

9.3.12 This total is the difference between the level of efficiency savings predicted and the prioritised bids. Therefore in 2011 and future years this represents the amount available for prioritisation of service development bids.

#### **The Financial “Base Case”**

9.4 The modelling results are shown in the table below:

**Financial Planning Base Case**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>Budget</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>Income</u></b>					
Revenue income	320,400	323,440	328,005	331,525	335,119
<b>Total income</b>	<b>320,400</b>	<b>323,440</b>	<b>328,005</b>	<b>331,525</b>	<b>335,119</b>
<b><u>Revenue expenditure</u></b>					
Departmental cash limits	(263,600)	(270,600)	(276,600)	(276,600)	(276,600)
Formula led expenditure	(47,400)	(49,941)	(51,442)	(53,017)	(54,670)
<b>Total revenue expenditure</b>	<b>(311,000)</b>	<b>(320,541)</b>	<b>(328,042)</b>	<b>(329,617)</b>	<b>(331,270)</b>
<b>Revenue surplus/(deficit)</b>	<b>9,400</b>	<b>2,899</b>	<b>(37)</b>	<b>1,908</b>	<b>3,849</b>
Routine capital expenditure	(17,350)	(17,350)	(17,350)	(17,350)	(17,350)
Capital income	3,000	3,000	4,775	4,775	4,775
<b>Operating deficit</b>	<b>(4,950)</b>	<b>(11,451)</b>	<b>(12,612)</b>	<b>(10,667)</b>	<b>(8,726)</b>
Appropriation to capital reserve	(23,000)	(23,000)	(24,775)	(24,775)	(24,775)
<b>Net deficit</b>	<b>(27,950)</b>	<b>(34,451)</b>	<b>(37,387)</b>	<b>(35,442)</b>	<b>(33,501)</b>
Revenue consequences of capital	-	-	-	(560)	(560)
<b>Revised deficit</b>	<b>(27,950)</b>	<b>(34,451)</b>	<b>(37,387)</b>	<b>(36,002)</b>	<b>(34,061)</b>
Efficiency savings	-	1,753	6,026	10,845	21,088
<b>Net deficit after efficiency savings</b>	<b>(27,950)</b>	<b>(32,698)</b>	<b>(31,361)</b>	<b>(25,157)</b>	<b>(12,973)</b>
<b><u>Service developments</u></b>					
social policy plan	-	(338)	(433)	(383)	(383)
other developments	-	(1,265)	(1,390)	(1,390)	(1,390)
available for further developments	-	(150)	(4,203)	(9,072)	(14,315)
<b>Sub total - Service developments</b>	<b>-</b>	<b>(1,753)</b>	<b>(6,026)</b>	<b>(10,845)</b>	<b>(16,088)</b>
<b>Overall deficit</b>	<b>(27,950)</b>	<b>(34,451)</b>	<b>(37,387)</b>	<b>(36,002)</b>	<b>(29,061)</b>

9.5 The main basic elements of the model, before the addition of the new components outlined in Sections 5 to 7 above are:

1. Revenue Income

9.5.1 These projections are based on the 2009 budget for the States which forecast total revenue income of £320m of which 50% (or £160m) is raised through the ETI. ETI is relatively straightforward to predict and shows a strong correlation with GDP. The future income tax revenues from the corporate sector are particularly difficult to predict at this stage due to the fundamental change to the corporate income tax system agreed as part of the Future Economic and Taxation Strategy and implemented with effect from 2008. Predictions for this income stream will therefore become more accurate and sophisticated over time.

9.5.2 The income assumptions used in this case are that ETI growth is 1.9% in 2010, 2.8% in 2011 and 2.1% in both 2012 and 2013. Other taxes are assumed to remain constant in real terms.

2. Revenue Expenditure

9.5.3 Departmental cash limits account for almost 85% of the revenue expenditure of the States with the remainder made up of formula-led expenditure which in accordance is much harder to control due to its demand driven nature.

9.5.4 The basic premise of the modelling undertaken is that there will be no growth in the cash limit element of the revenue expenditure budget, with the Fiscal and Economic Plan endorsed by the States in July 2009. However, a legacy decision taken by the States in 2008 to increase the employer contributions to the Superannuation Fund in order to fully fund future public sector pension liabilities has resulted in a £7m cost pressure on this element of the budget from 2010 onwards.

9.5.5 One of the recommendations arising from the FSR process is to reconfigure the Departmental budgets and move to a zero based system of budgeting in the future. This would involve an initial one off rebasing exercise to bring the “business as usual” elements of Departmental budgets in line with need and away from the historic system of incremental budgeting. The flexibility which Departments have had in recent years to retain all unspent balances for future use has led to ongoing revenue expenditure being funded from this source and has resulted in upward pressure on the base budget of the States. The Policy Council acknowledges the need for this rebasing exercise and for the financial discipline which a zero based budgeting regime will impose.

9.5.6 In order for the rigour of corporate financial and business planning in the States to be successful, it is important that the prioritisation of all new services should ultimately be through the business planning process. It is recommended that the

Treasury and Resources Department be directed to review the current system for retention of unspent balances by Departments/Committees, and to report back to the States as part of the 2011 Budget.

### 3. Capital Expenditure

- 9.5.7 There are two elements to the capital budget in the States. Routine capital expenditure is a cash limit given to Departments to undertake the routine replacement of equipment and the upgrading and renovation of property assets. This allocation, which includes the rent rebates paid to the Corporate Housing Programme totals £17m.
- 9.5.8 In addition, the States makes an annual appropriation to the Capital Reserve to fund the larger capital items as agreed through the Capital Prioritisation process. This appropriation is currently £20m per annum although this is supplemented by proceeds from the sale of surplus assets and other ad hoc appropriations and the 2008 appropriations totalled £50m. It should be noted that the Fiscal Framework agreed by the States in April 2009 called for long run capital expenditure to average 3% of GDP per annum. No changes have been assumed to annual appropriations to the Capital Reserve or to pay for routine capital expenditure in this period due in part to investment through the capital programme averaging over 4% over the six years and the additional ad hoc appropriations referred to above. However, it should be noted that appropriations will need to increase in the medium term in order to fund the proposed levels of capital investment.
- 9.6 The base case shows that the projected impact on the overall budget of these elements results in a deficit position over the coming years averaging in excess of £30m, or 10% of the budget, which is the current structural deficit of the States. The addition of the revenue consequences of capital, efficiency gains and new service developments has no net impact in the early years due to the discipline of restricting any additional spend to the values likely to be realised through FSR efficiency savings. The overall deficit line can be seen to improve in the final year due to the higher level of anticipated savings and the use of £5m of these to close the deficit.

### **Optimistic financial case**

- 9.7 This scenario is designed to show the impact on the finances of the States through better than anticipated growth in revenues over the period. In this case, ETI growth is 3.9% in 2010, 3.5% in 2011 and 2.9% in both 2012 and 2013 and other income grows by 1% per annum in real terms. All other assumptions remain the same as the base case. The impact of this improvement is that the average deficit improves to some £25m with the position at the end of the period being approximately £14m better at £15m.

**Financial Planning Upside Case**

	<b>2009 Budget £'000</b>	<b>2010 Forecast £'000</b>	<b>2011 Forecast £'000</b>	<b>2012 Forecast £'000</b>	<b>2013 Forecast £'000</b>
<b><u>Income</u></b>					
Revenue income	320,400	328,212	335,666	342,257	349,008
<b>Total income</b>	<b>320,400</b>	<b>328,212</b>	<b>335,666</b>	<b>342,257</b>	<b>349,008</b>
<b><u>Revenue expenditure</u></b>					
Departmental cash limits	(263,600)	(270,600)	(276,600)	(276,600)	(276,600)
Formula led expenditure	(47,400)	(49,941)	(51,442)	(53,017)	(54,670)
<b>Total revenue expenditure</b>	<b>(311,000)</b>	<b>(320,541)</b>	<b>(328,042)</b>	<b>(329,617)</b>	<b>(331,270)</b>
<b>Revenue surplus</b>	<b>9,400</b>	<b>7,671</b>	<b>7,624</b>	<b>12,640</b>	<b>17,738</b>
Routine capital expenditure	(17,350)	(17,350)	(17,350)	(17,350)	(17,350)
Capital income	3,000	3,000	4,775	4,775	4,775
<b>Operating (deficit)/surplus</b>	<b>(4,950)</b>	<b>(6,679)</b>	<b>(4,951)</b>	<b>65</b>	<b>5,163</b>
Appropriation to capital reserve	(23,000)	(23,000)	(24,775)	(24,775)	(24,775)
<b>Net deficit</b>	<b>(27,950)</b>	<b>(29,679)</b>	<b>(29,726)</b>	<b>(24,710)</b>	<b>(19,612)</b>
Revenue consequences of capital	-	-	-	(560)	(560)
<b>Revised deficit</b>	<b>(27,950)</b>	<b>(29,679)</b>	<b>(29,726)</b>	<b>(25,270)</b>	<b>(20,172)</b>
Efficiency savings	-	1,753	6,026	10,845	21,088
<b>Net (deficit)/surplus after efficiency savings</b>	<b>(27,950)</b>	<b>(27,926)</b>	<b>(23,700)</b>	<b>(14,425)</b>	<b>916</b>
<b><u>Service developments</u></b>					
social policy plan	-	(338)	(433)	(383)	(383)
other developments	-	(1,265)	(1,390)	(1,390)	(1,390)
available for further developments	-	(150)	(4,203)	(9,072)	(14,315)
<b>Sub total - Service developments</b>	<b>-</b>	<b>(1,753)</b>	<b>(6,026)</b>	<b>(10,845)</b>	<b>(16,088)</b>
<b>Overall deficit</b>	<b>(27,950)</b>	<b>(29,679)</b>	<b>(29,726)</b>	<b>(25,270)</b>	<b>(15,172)</b>

**Down side financial case**

- 9.8 This case is designed to demonstrate the possible implications for the budget of the States of lower growth in revenues over the coming years coupled with 20% lower levels of efficiency savings realised through the FSR. Due to the Policy Council recommendation that all early years efficiency savings are used to fund new service developments, the lower than anticipated FSR savings do not worsen the deficit position of the States, however it would result in approaching £4m less being available to fund new developments over the period.
- 9.9 The assumptions unique to this scenario are that ETI revenue grows only marginally in 2010, contracts by 1.2% in 2011 and then grows by only 0.4% in 2012 and 2013 and that all other taxes remain static.
- 9.10 This has the impact of significantly worsening the position so that the average overall deficit becomes £45m with a 2013 position still at some £44m. This case is included not as a likely scenario but merely to demonstrate how sensitive the finances are to the economic conditions and buoyant ETI receipts. It also underlines the importance of delivering against the FSR target, otherwise the amounts available for future service developments will contract substantially.

**Financial Planning Downside Case**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>Budget</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>	<b>Forecast</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>Income</u></b>					
Revenue income	320,400	320,560	318,606	319,176	319,748
<b>Total income</b>	<b>320,400</b>	<b>320,560</b>	<b>318,606</b>	<b>319,176</b>	<b>319,748</b>
<b><u>Revenue expenditure</u></b>					
Departmental cash limits	(263,600)	(270,600)	(276,600)	(276,600)	(276,600)
Formula led expenditure	(47,400)	(49,941)	(51,442)	(53,017)	(54,670)
<b>Total revenue expenditure</b>	<b>(311,000)</b>	<b>(320,541)</b>	<b>(328,042)</b>	<b>(329,617)</b>	<b>(331,270)</b>
<b>Revenue surplus/(deficit)</b>	<b>9,400</b>	<b>19</b>	<b>(9,436)</b>	<b>(10,441)</b>	<b>(11,522)</b>
Routine capital expenditure	(17,350)	(17,350)	(17,350)	(17,350)	(17,350)
Capital/PHA income	3,000	3,000	4,775	4,775	4,775
<b>Operating deficit</b>	<b>(4,950)</b>	<b>(14,331)</b>	<b>(22,011)</b>	<b>(23,016)</b>	<b>(24,097)</b>
Appropriation to capital reserve	(23,000)	(23,000)	(24,775)	(24,775)	(24,775)
<b>Net deficit</b>	<b>(27,950)</b>	<b>(37,331)</b>	<b>(46,786)</b>	<b>(47,791)</b>	<b>(48,872)</b>
Revenue consequences of capital	-	-	-	(560)	(560)
<b>Revised deficit</b>	<b>(27,950)</b>	<b>(37,331)</b>	<b>(46,786)</b>	<b>(48,351)</b>	<b>(49,432)</b>
Efficiency savings	-	1,753	4,821	8,676	16,870
<b>Net deficit after efficiency savings</b>	<b>(27,950)</b>	<b>(35,578)</b>	<b>(41,965)</b>	<b>(39,675)</b>	<b>(32,562)</b>
<b><u>Service developments</u></b>					
social policy plan	-	(338)	(433)	(383)	(383)
other developments	-	(1,265)	(1,390)	(1,390)	(1,390)
available for further developments	-	(150)	(2,998)	(6,903)	(10,097)
<b>Sub total - Service developments</b>	<b>-</b>	<b>(1,753)</b>	<b>(4,821)</b>	<b>(8,676)</b>	<b>(11,870)</b>
<b>Overall deficit</b>	<b>(27,950)</b>	<b>(37,331)</b>	<b>(46,786)</b>	<b>(48,351)</b>	<b>(44,432)</b>

## 10. REVENUE RAISING CONSEQUENCES

- 10.1 The Economic and Taxation Strategy as approved by the States in 2006 contained a two stage approach to the changes in the corporate income tax system known as Zero-10. In the first stage, it was proposed that the States would run annual budget deficits funded by the use of up to half of the Contingency Reserve alongside increases in the rates of indirect taxation and social security contributions. Having run a deficit budget for a period of three to five years *“and then after taking account of international events, the history of goods and services tax in Jersey and economic performance, the States will need to evaluate and produce an overall package that delivers a balanced States budget”*.
- 10.2 The modelling undertaken for this SSP shows the shape of the expected deficit of the States over the coming years, which is likely to be in the range of £30m-£40m over the period. This is as forecast by the Treasury and Resources Department in the 2009 Budget Report and in the same Department’s Capital Prioritisation States Report. However, it should be noted that these forecasts are based on the 2009 Budget and not on forecast outturn for the year. The Policy Council’s Fiscal and Economic Group is working with the Treasury and Resources Department to update the modelling now that the financial results of the first half of the year are available.
- 10.3 However, it is apparent that a structural deficit does exist and that measures will need to be taken to close this in the short term due to the limited amount of deficit funding available through the Contingency Reserve. The delivery of efficiency savings as part of the FSR can go some way to closing the budgetary gap but it is inevitable that additional taxation will also be required.
- 10.4 The States Fiscal Framework included an undertaking *“that identified deficits will be addressed within five years of their appearance, economic conditions permitting, and that measures to counter identified deficits are agreed within two years of their identification”*. Therefore the Policy Council’s Fiscal and Economic Group is working on developing a series of options for additional revenue raising and will commence a period of consultation later in the year. Proposals will then be brought to the States to consider the introduction of any new taxes and charges. Alongside this process, the Treasury and Resources Department will be considering the scope for increasing revenues from current taxes and charges and reviewing the system of allowances.

## 11. ANNEXE – PENDING NEW SERVICE DEVELOPMENT BIDS (list of bids carried forward to be considered for funding in 2011-2013)

- This list will consist of the project title and an order of magnitude for costs over 4 years



## 12. RECOMMENDATIONS

The Policy Council recommends the States to:-

1. Endorse the States' Statement of Objectives as set out in Section 3 of this Report;
2. Endorse the States' Corporate Policy Statements as set out in Appendix 5 to this Report;
3. Agree that all of the savings from the Fundamental Spending Review (FSR) in the first three years (i.e. 2010–2012 inclusive) of the programme should be made available to fund prioritised service developments through the States Strategic Plan process;
4. Agree that, as a general principle, the States will only fund new service initiatives in any of the first three years of the programme (i.e. 2010–2012 inclusive) up to the full value of the FSR savings predicted for the relevant year; and that thereafter this policy will be reviewed as part of the ongoing SSP process;
5. Approve in principle the list of essential service developments for 2010 as set out in Section 7 of this Report so that they can go forward to the preparation of a business case before final approval is given for each new initiative;
6. Direct the Policy Council, as part of the 2010 SSP process, to develop a clear rationale for prioritisation of new service developments and for applying this in practice (see Section 8 of this Report);
7. Direct the States Assembly and Constitution Committee to consult with the Policy Council to review the rules of procedure for publication, amendment and debate of future States Reports/Requêtes affecting the SSP, and the SSP report itself, and to report to the States with recommendations no later than 30 April 2010;
8. Agree that the current system of unspent balances being retained by Departments/Committees is unsustainable, and direct the Treasury and Resources Department to review this process as part of the 2011 Budget and report back to the States accordingly;
9. Note the updates provided on the development of the Population Management and Infrastructure Plans, the implementation of the Energy Policy Plan and the current review of the Strategic Land Use Plan (Appendix 3 to this Report);
10. Agree the further development of the Key Performance Indicator framework as described in Appendix 4 to this Report;

11. Direct the Treasury and Resources Department to take account of this SSP when preparing the States' Budget for 2010; and
12. Note all other sections of the 2009 SSP not specifically referred to in the above recommendations.

L S Trott  
Chief Minister

7<sup>th</sup> September 2009

## ANNEXE

### NEW SERVICE DEVELOPMENTS

This annexe sets out all of the New Service Developments for which bids have been received. **Table 1** sets out the four-year cost estimates for the New Service Developments which the Policy Council has recommended for funding in 2010. **Table 2** sets out the four-year cost estimates for the bids which the Policy Council has not recommended for funding but which will roll over for consideration next year, alongside any other proposals which may come forward at that time.

Broad cost estimates (see below), and not actual figures, are given because, in some cases, financial information is sensitive as it relates to projects that will go out to tender and it is not in the public interest to expose information about estimated budgets. An exception is made for the Year 1 cost estimates for the New Service Developments recommended by the Policy Council for funding in 2010, as the figures for these are already set out in the main SSP report.

#### Cost estimates

Band	Estimated annual cost
A	£1m. plus
B	£500,000 to £999,999
C	£250,000 to £499,999
D	£100,000 to £249,999
E	£99,999 or under

**TABLE 1: four-year cost estimates for New Service Development bids recommended by the Policy Council for funding in 2010**

Bid Name	Cost (Years 2 – 4 estimates in bands)				Comments
	Year 1	Year 2	Year 3	Year 4	
a. Airport Firefighters' Dispute Inquiry	£250,000	-	-	-	One-off initiative.
b. Safeguarding Vulnerable Groups	£155,000	C	D	D	
c. Improving Mental Health Services					Policy Council recommendation for funding in 2010 is only for legislative aspects of this service development.
- Legislative aspects only:	£75,000	-	-	-	
- Other aspects of service:	C (see comments)	C	C	C	
d. Child and Adolescent Intensive Outreach Service	£275,000	C	C	C	
e. Children and Young People's Plan					Policy Council recommendation for funding in 2010 is only for legislative aspects of this service development.
- Legislative aspects only:	£108,000	D	D	D	
- Other aspects of service	C (see comments)	C	C	C	
f. BIC developments to meet external obligation	£175,000	E	E	E	
g. External Relations initiatives in the EC					Policy Council recommendation for funding in 2010 is only for Phase 1 of this service development.
- Phase 1:	£200,000	D	D	D	
- Phase 2:	B (see comments)	B	B	B	
h. Employment of lawyers	£365,000	C	C	C	

**TABLE 2: four-year cost estimates for bids not recommended by the Policy Council for funding in 2010**

Submitting Department	New Service Development	Cost estimates (band)			
		Year 1	Year 2	Year 3	Year 4
Commerce & Employment	Implementation of Competition Legislation	C	C	C	C
Commerce & Employment	Guernsey Renewable Energy Commission	D	D	D	-
Commerce & Employment	Enforcement of Air Route Licensing Regime	D	D	D	D
Culture & Leisure	Development of the Museums Service	B	B	B	B
Education	Additional Revenue Maintenance	A	A	A	A
Education	Pre-School Provision	E	A	A	A
Education	Education Development Programme Staff Costs	C	C	C	C
Education	New initiatives aimed at assisting people into employment/up-skilling including an increase in vocational training/adult literacy	E	E	E	E
Education	Establishment of Adult Guidance Unit within an all age guidance service	E	E	E	E
Education	Money skills and counselling service business case	E	E	E	E
Environment	Coastal defence flood studies	C	-	-	-
Environment	Energy Advice Service	C	C	C	C
Home	Accommodation for Customs and Immigration Service	C	C	C	C
Home	Community Service Scheme	D	D	D	D
Home	Drug & Alcohol Strategy	E	D	D	D
Home	Electoral Roll for 2012 election	E	D	-	-
Home	Offender Management Review project (Phase 1 – Prison Offender Management Unit)	E	E	E	E
Home	Prison Service Review Project	D	D	C	-
Home	Criminal Justice Project	E	-	-	-
Housing	Guernsey Older People's Strategy	B	A	A	A
Housing	Guernsey Supported Housing Strategy	-	D	D	D
HSSD	PEH Pathology Department – provision of additional 'on call' rota for blood transfusion	E	E	E	E
HSSD	Colorectal bowel screening	C	D	D	D
HSSD	Guernsey Obesity Strategy	B	B	B	B
HSSD	Enhance Social Care Services in	E	E	E	E

	Alderney				
HSSD	Neurological Rehabilitation and Stroke Services	C	C	C	C
HSSD	Housekeeping/portering staff for new clinical block	D	D	D	D
HSSD	Provision of a Wheelchair Service	D	D	D	D
HSSD	Separation of adult and child (learning disability) respite/short-break service at the Croft	D	D	D	D
Policy Council	Delivering critical change within the public sector	C	C	C	C
Policy Council	Legal Aid	C	C	C	C
Policy Council	Strategic Land Use Plan incorporating 'Guernsey Tomorrow' and other strategic planning initiatives	E	E	E	E
Policy Council	Planning inquiries – Rural Area Plan/Urban Area Plan	D	D	-	-
Policy Council	Household Expenditure Survey	D	D	-	-
Policy Council	2011 Census	D	E	-	-
Policy Council	Annual Business Survey	E	E	E	E
Policy Council	Fiscal Policy Panel	E	E	E	E
Policy Council	Tax modelling	E	E	E	E
Policy Council	Business confidence survey	-	E	E	E
Policy Council	Minimum Income Standards Study/Repeat of Survey of Guernsey Living Standards	D	-	-	-
Policy Council	Disability Officer	E	E	E	E
Policy Council	Domestic Abuse Strategy	C	C	C	-
Public Services	Creating a sustainable road resurfacing and repair programme	A	B	B	B
Public Services	Mont Cuet Landfill Gas Extraction and Utilisation – Maintenance	D	E	E	E
Public Services	Mont Cuet Leachate Treatment Plant – Biological Treatment and Odour Control	D	D	D	D
States Assembly and Constitution Committee	Island-wide elections	E	E	E	E
Social Security	Review of benefits/contributions system for providing financial assistance for low income households	-	A	A	A
Treasury & Resources	Additional staff – Income Tax office	D	D	D	D
Treasury & Resources	Resource Accounting	B	B	B	D

Treasury & Resources	Employment of Lawyers	C	C	C	C
Treasury & Resources	Recruitment of a Human Resources/Administration Assistant	E	E	E	E
Treasury & Resources	Strategic Planning – Drafting and Advisory Team	E	E	E	E
Treasury & Resources	Recruitment of a Legal Assistant/Paralegal/Graduate Officer for the Civil Litigation and Legislative Drafting Directorates	E	E	E	E
Treasury & Resources	Recruitment of Personal Assistant to Commercial Law Directorate	E	E	E	E
Treasury & Resources	Formation of Alderney Housing Association and adverse effect on the States of Alderney Revenue Budget	D	D	D	D

**APPENDIX 1 - DEPARTMENTAL AND COMMITTEE BUSINESS PLAN  
SUMMARIES**

**(plus Parliamentary Committee Business Plan Summaries)**



## **Policy Council**

### **1. What we do**

#### **Policy Council Secretariat**

##### ***External Affairs***

- Develop and implement strategies designed to maintain, defend and enhance Guernsey's standing within the global community.
- Build relationships with authorities in the Crown Dependencies, UK, EU, US and relevant supranational bodies. This includes proactive contact programmes with key individuals
- Advise on the appropriate application of international conventions and treaties
- Provide States hospitality to visiting persons and organisations.

##### ***Government Business***

- Co-ordinate the processing of States business including preparation of the Agenda for meetings of the States of Deliberation
- Provide support to bodies 'sponsored by' the Policy Council including the Overseas Aid Commission, Planning Inquiries and special States Committees
- Oversee the Island Archives Service, the 'non-statutory' Legal Aid Service and liaise with the Douzaines and the Guernsey Douzaine Council
- Prioritise legislation

##### ***Policy and Research***

- Prepare and maintain the States Strategic Plan
- Coordinate the development, implementation and monitoring of; and undertake research and advise the Policy Council on:
  - Fiscal and Economic Policy
  - Social Policy
  - Environmental Policy
  - Energy Policy
  - Population Policy
- Undertake research, collate data and calculate and publish official statistics and analysis
- Provide a corporate perspective and commentary for all States Reports
- Prepare and annually review the Strategic Land Use Plan and coordinate land use and spatial policy initiatives across the States (e.g. the Eastern Seaboard Initiative)

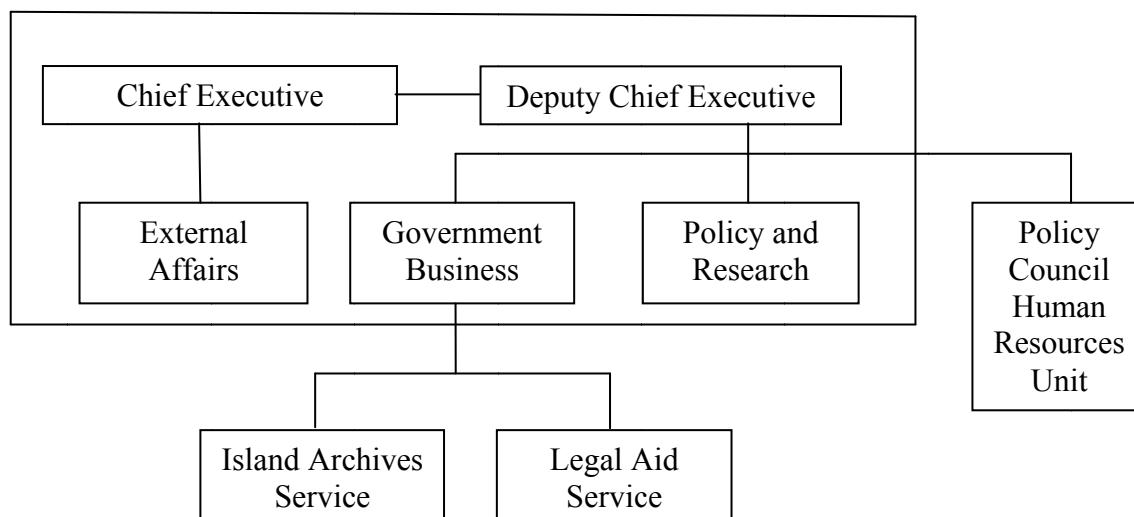
#### **Policy Council Human Resources Unit (PCHRU)**

- Provide professional guidance to Departments and individual members of staff on personnel issues and develop and promote best HR practices

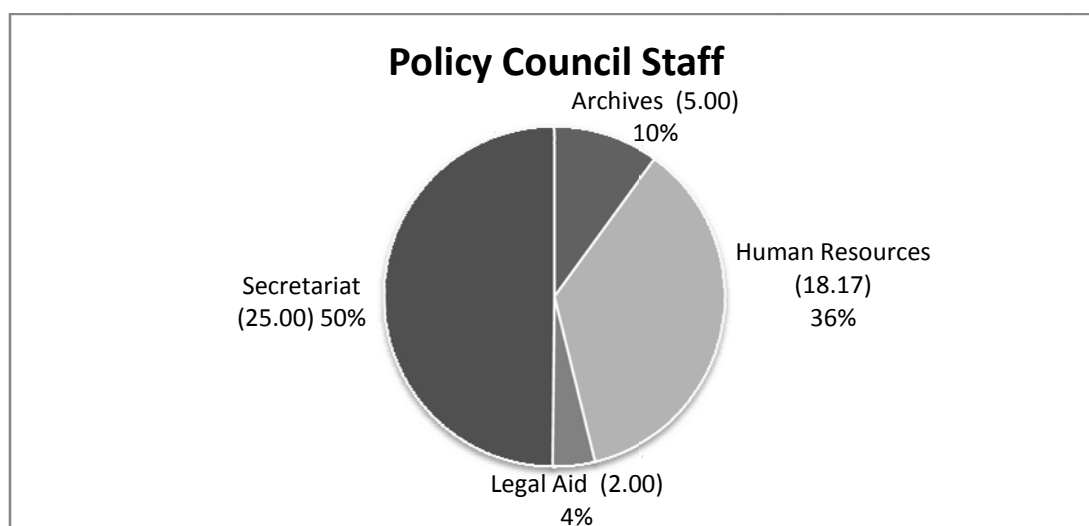
- Lead and manage the corporate training and development policy for Civil Servants.
- Promote the Civil Service including advertising, promotional strategy, attendance at careers events and school talks.
- Manage and coordinate the Graduate Officer, Trainee Accountant and Trainee Executive Schemes and administer job evaluation process for Civil Servants.

## 2. Who we are

The organisation chart below shows the staffing structure of the Policy Council.



The Policy Council has 50.17 full time equivalent established staff (as of 1<sup>st</sup> April 2009) comprising 25 (50%) in the Secretariat, 18.17 (36%) in Human Resources, 5 (10%) in the Island Archives Service and 2 (4%) in the Legal Aid Service.



### 3. Longer term objectives

#### Policy Council Secretariat

##### *External Affairs*

The long term objective is to sustain Guernsey's ability to manage its domestic affairs and articulate Guernsey identity as extensively as possible.

##### *Policy and Research*

- Fiscal and Economic Policy
  - Develop, jointly with Treasury & Resources, plans for phase II of Tax Reform.
  - Establish the Fiscal Policy Panel.
  - Finalise development of forecasting tools and long term economic scenario planning
- Social Policy
  - Deliver the Domestic Abuse Strategy and the Drug and Alcohol Strategy
  - Enable Guernsey to ratify the UN Convention on the Elimination of all forms of Discrimination Against Women (CEDAW)
  - Research to underpin childcare initiatives, disability strategy and civil partnerships
- Environmental Policy
  - Coordinate the implementation and monitoring of Energy Policy initiatives aimed at reducing the Island's contribution to greenhouse gas emissions
  - Commission research into the probable effects of sea-level rises
  - Coordinate the identification by all States Departments of the probable impacts of climate change within their mandated areas of responsibility
- Energy Policy  
Oversee the implementation and monitoring of the Energy Policy, particularly workstreams on energy conservation and macro-renewable electricity generation.
- Population Policy  
Review Guernsey's population management regime, the effectiveness of population policies and coordinate the workforce development programme
- Strategic Land Use Plan  
Review the structure of the island's spatial planning policies and specifically the desirability and practicality of maintaining the UAP/RAP divide
- States Strategic Plan
  - Develop the States Strategic Plan through to maturity; and
  - Develop systems to enable the successful delivery of the States Strategic Plan
- Research initiatives  
Developing data analysis to better monitor the outcomes of the policies contained within the States Strategic Plan.

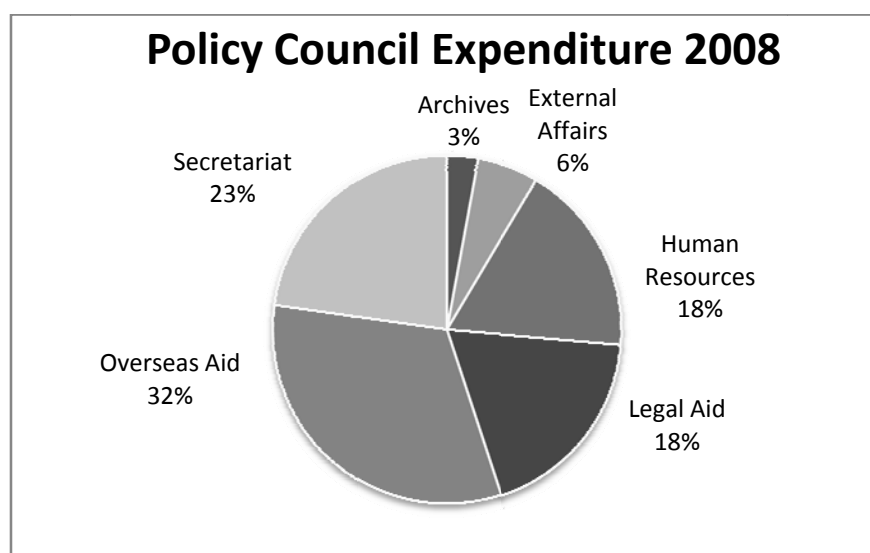
## Policy Council Human Resources Unit

To deliver Public Sector Culture Change and improve service delivery through key initiatives ie

- Development of the Public Sector (DOPS) - an improvement process which challenges the way staff operate and generates more efficient working.
- Fundamental Spending Review - successful implementation of this review will result in a number of significant changes to the way in which the public service performs and delivers.
- SAP HR - full roll out of the IT based HR information system will improve ready access to key information that will lead to better management of staff and improved value for money. Successful implementation of key elements of SAP HR are essential to the implementation of the efficiencies referred to above.
- Review of the role of the States as Employer (“Robinson”) - addresses numerous issues focusing on the relationship between the Policy Council and PSRC. The Policy Council has accepted the need to explore the concept of a Public or States Employment Board and is in the process of issuing a consultation paper.

## 4. How we spend public money

Total expenditure in 2008 was £7,263,728 – the main elements of which were Secretariat £1,641,595 (22.6%), Human Resources £1,286,326 (17.7%), Overseas Aid £2,330,156 (32.1%), Legal Aid £1,339,093 (18.4%), External Affairs £407,576 (5.6%) and the Island Archives Service £208,640 (2.9%).



## **5. How we monitor, or would like to monitor, and review our performance**

### **Policy Council Secretariat**

#### ***External Affairs***

The continued success of the Island's economy, and in particular the financial services sector, is regarded as a direct performance indicator for the activities undertaken by the team. Similarly, the greater the number of influential people elsewhere who understand Guernsey's distinct constitutional position and its economic strengths and use that knowledge, however indirectly, to promote Guernsey is a further means of monitoring performance.

#### ***Government Business***

The performance of the team is currently judged in terms of meeting the timetables of its client groups including the deadlines for the publication of Billets d'Etat.

#### ***Policy and Research***

- Ensuring enquiries to the Research Section are responded to within 24 hours
- Ensuring publications and internal reports are delivered on time (against deadlines)
- Assessing comments and feedback received and incorporating improvements

### **Policy Council Human Resources Unit**

The PCHRU collects data from across the public service through the Human Capital Audit and its regular Employee Surveys. Key Performance Indicators for human resources include data on recruitment and retention, equal opportunities, staff training and qualifications, staff satisfaction and exit interview process and on the number of complaints, grievances, disciplinary cases (and their handling), sickness absence cases, counselling cases and complaints under the Equal Opportunities and Diversity Policy and the Dignity at Work Policy.

## **Commerce & Employment Department**

### **1. What we do**

The Commerce and Employment Department is mandated to create a dynamic and diversified economy through the promotion and development of commerce and industry that is sustainable and operates in accordance with the strategic, economic, social and environment policies of the States and through effective working relationships with industries and businesses on the Island. This work is carried out across six principal Business Units as described below.

**Client Services Unit** - is involved in inspecting, licensing, educating and encouraging the uptake of best practice in a number of specialist areas the detail of which can be found within the Department's 2009 Business Plan (<http://www.gov.gg/ccm/commerce-and-employment/commerce-and-employment-business-plan-2009.en>):

- **Agriculture and Rural Environment Service**
- **Field and Support Services**
- **Guernsey Dairy**
- **Plant Protection and Laboratory Services**
- **Sea Fisheries**
- **Health and Safety Executive**
- **Industrial Relations Service**
- **Trading Standards Service**

**Finance Sector Development Unit** - is responsible for the strategic development of the finance sector, the detail of which can be found within the Department's 2009 Business Plan (<http://www.gov.gg/ccm/commerce-and-employment/commerce-and-employment-business-plan-2009.en>).

The Department also has responsibility for the **Company Registry** (<http://www.guernseyregistry.com/ccm/portal/>) and **Intellectual Property Office** (<http://ipo.guernseyregistry.com/ccm/portal/>) and full details of their activities are contained in the Department's Business Plan.

**Marketing and Tourism Unit** - provides advertising, promotion and public relations initiatives to support the visitor economy in order to attract new visitors to the Island and to maximise the benefit of the sector. Activities comprise Trade & Media Marketing, Independent Travel Marketing and Print Production and Communications.

**Strategy & Policy Units** - responsible for the development and implementation of the Department's wide-ranging policy agenda, undertaking strategic research and analysis to develop new policy, legislation and other measures to achieve strategic and corporate economic objectives.

**Director of Civil Aviation** – to conduct the regulatory functions to assure a high standard of civil aviation safety in the Bailiwick whilst ensuring Bailiwick complies with the 1944 Chicago Convention.

**Resources Unit** - responsible for the effective management of the human, financial and physical resources entrusted to the Department and provides central support services across the Department across its various sites.

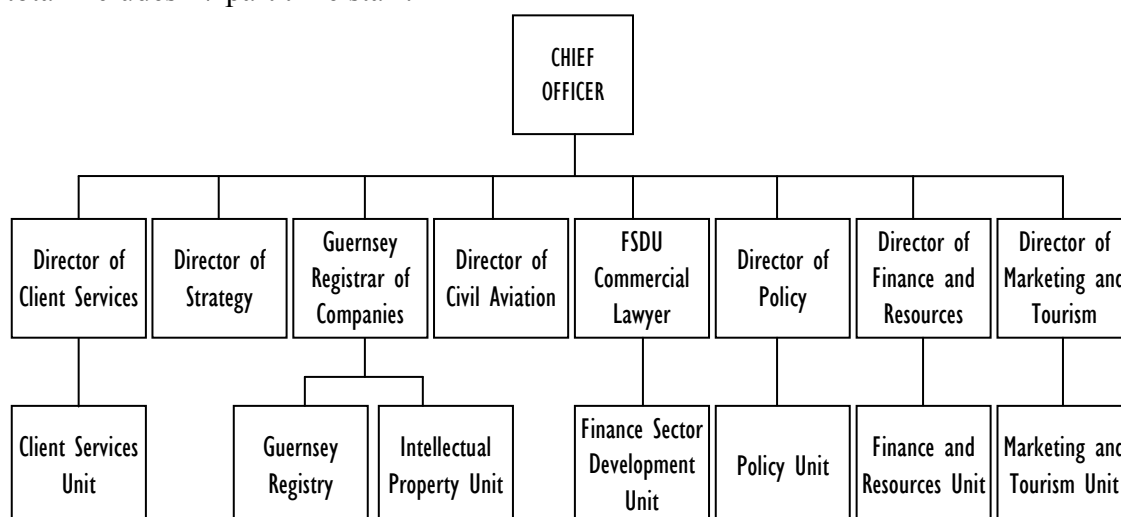
The Department provides the point of liaison between the States and the **Guernsey Financial Services Commission**.

**The Office of Utility Regulation** (“OUR”) has responsibility for the economic regulation of the telecoms, electricity and postal sectors and reports to the Department. The OUR is self-funded through licence fees.

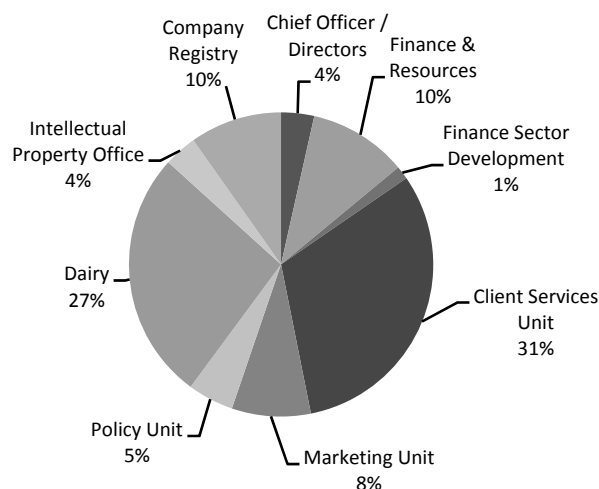
The Department is in the process of establishing the **Guernsey Renewable Energy Commission** (“GREC”) as a licensing body for exploiting Guernsey’s natural resources. The Department is contributing £150,000 in 2009 towards the operations of the Shadow Commission with the intention that the independent body will also be self-financing.

## 2. Who we are

The Commerce and Employment Department is made up of six principal Business Units as shown in the organisation chart below. There are a total of 143 staff spread amongst the various Business Units including 9 temporary contracts and 9 vacancies. The Department is proud to offer flexible working opportunities where possible and this total includes 27 part time staff.



### Staff Breakdown by Business Unit



### 3. Longer term objectives

The Department's objectives, in general, are designed to be responsive to the needs of the economy. As such, it is inappropriate to presume that specific objectives set today will be relevant over an extended period. Instead, the Department has two overriding long term objectives:

- To ensure that the Department's policies and organisation retains the flexibility to be able to react to the changing needs of the economy, and
- To continually improve communication with the Department's stakeholders.

The following list represents those principal areas the Department intends to develop within its existing resources.

- Maintain and promote Guernsey's reputation as a leading financial centre and complete a review of Guernsey's banking sector to help inform the Department's strategy;
- Contribute to SoG's response to the Foot Review;
- Contribute to initiatives within the States Workforce Development Programme aimed at increasing workforce participation and effectiveness, given the labour productivity increases will be fundamental to generating sustainable economic growth;
- Work with the Environment Department to manage the use of scarce land as effectively as possible so that businesses have access to land for their needs;
- Introduce an effective and proportionate competition regime and introduce fair trading provisions to increase consumer protection;
- Determine minimum wage levels and review Employment Relations legislation;
- Drive forward Guernsey's Intellectual Property legislation;
- Contribute to Policy Council's review of the Dairy Industry;



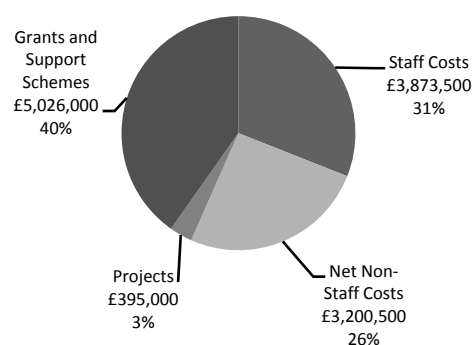
- Promote and investigate Guernsey's natural resources as a source for renewable energy;
- Explore opportunities for joint working with Jersey.

#### 4. How we spend public money

The financial accounts of the Department detail its budget in the format that complies with that required for the published States accounts. In order to get a high level understanding of the allocation of the Department's resources to various activities it is necessary to recast those budgets.

The Dairy is a self funding trading body and is shown separately in this analysis. The Company Registry while operated under C&E is currently funded through Treasury and Resources Department, and is also shown separately in this analysis. The Intellectual Property Office is currently funded from the Department's general revenue budget and is included as a Finance Sector activity in this analysis.

##### Elements in 2009 Budget



The recast breaks down the total budget into three “elements” and the chart to the left shows a summary of the elements of expenditure within the total 2009 general revenue budget of £12.5m.

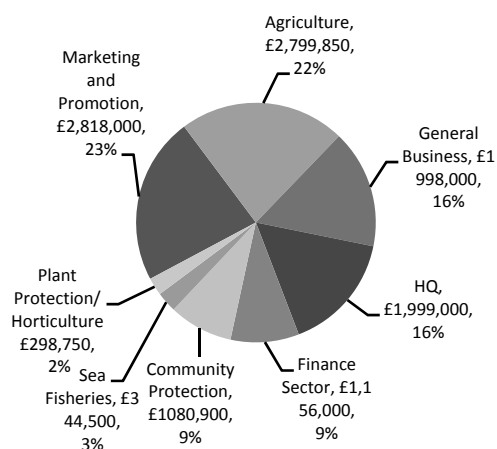
It will be seen that expenditure on service delivery is £7.1m in total, or 57% of total budget with £3.9m (31%) in staff costs and £3.2m (26%) in non-staff costs. £0.4m or 3% of total budget is allocated to projects which are primarily strategic in nature.

The remaining £5m of the Department's budget (40%), is paid over to other external bodies by way of grants or support schemes.

The recast shown in the charts below also breaks down the total budget into “activities” which relate either to an economic sector or sectors, regulation for the protection of the community in general or the provision of support (Head Quarters - HQ) services across all the other activities and to the Board. Also shown is the allocation of the Department's 91 staff (excluding Company Registry and Dairy Staff).

Almost half (45%) of the Department's budget is expended on Marketing & Promotion (23% or £2.8m, primarily on advertising and promotion (non-staff costs) for tourism) and Agriculture (22% or £2.8m, primarily on the dairy farm management support payment to dairy farmers). 12 staff are allocated to each of these activities (24 in total).

### 2009 Budget by Activity

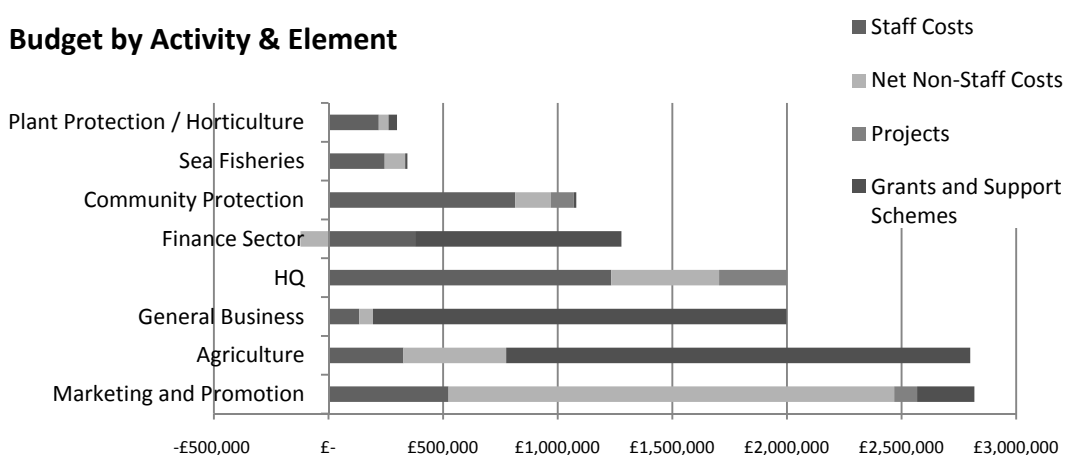


- 16% of the budget (£2m) is spent on activities that benefit business in general, primarily in the form of grants and support schemes with 2 staff (including an external relations lawyer located at the Policy Council) allocated to these activities.

- £2m (16%) of the budget is expended to Head Quarters services (27 staff) (management and administration, HR, IT and Facilities, Client Services and Strategy).

- £1.2m (9%) being expended on Finance Sector activities including a direct £900,000 grant to GuernseyFinance.
- £1.1m (9%) is expended on Community Protection (21 staff) within the Health & Safety Executive, Industrial Relations Service, Trading Standards and Civil Aviation units.
- £344,500 (3%) of the budget is expended on Sea Fisheries (5 staff) and £298,750 (2%) expended on Plant Protection/Horticulture (5 staff).

### Budget by Activity & Element



**The Dairy** funds from sales both its operational and capital expenditure. Turnover for 2009 is budgeted at £6.3m with £1.4m expended on the employment of 38 staff.

**The Guernsey Company Registry** employs 14 staff and has a probable outturn of £6.5m income with expenses of £1.5m leaving a net income of £5.0m going to States central funds.

## 5. How we monitor, or would like to monitor, and review our performance

The Department measure its performance in the following ways:

- **Budget performance** – Monthly reports are sent to budget holders for review and feedback on variances and any changes expected to the probable outturns. Quarterly management accounts are produced for the Board with commentary on significant variances. The Department will be introducing SAP Procurement during 2009, which will allow budget holders real time budget v actual analysis.
- **Business Planning** – The Department produces an annual Business Plan which is published on the States of Guernsey Government website. Internally it is reviewed at Chief Officer and Director level on a monthly basis and by the Board on a quarterly basis
- **External Agency Monitoring** – The Department provides grant funding annually to the Guernsey Enterprise Agency, GTA University Centre and Guernsey Finance LBG. Service Level Agreements have recently been agreed with GF and GEA (the GTA Agreement is in the process of development) and all make provision for KPI monitoring against specified deliverables.
- **Performance Monitoring (1)** – The Commerce and Employment Department has fully embraced the States of Guernsey ‘*Developing Our Public Sector*’ (DOPS) initiative. A significant element of DOPS concerns the ongoing review of performance against SMART (Specific, Measurable, Achievable, Realistic, Time-based) criteria. As the culture that DOPS facilitates becomes the norm over the coming year, the Department will increasingly measure activities of significance against SMART criteria.
- **Performance Monitoring (2)** – The Department has a very wide ‘customer base’ and delivers outward facing services that range from regulatory through to advisory through to business development support. At the present time only limited measurement of the Commerce and Employment Department’s performance is carried out. However, it is intended that within the next year a range of appropriate measures will be established in conjunction with stakeholders against which the Department’s service can be objectively monitored on an ongoing basis.

### Initiatives with Additional Revenue Expenditure

Initiative	2010	2011	2012	2013
Competition Law	£400k	£400k	£400k	£400k
GREC <sup>1</sup>	£150k	£150k	£100k	£75k

<sup>1</sup> GREC has funds for 2008 and 2009, part of which can be rolled forward from unspent balances in 2010 –however it may be prudent to include some additional costs for 2011 through to 2013 for additional funds.

### Potential Capital Expenditure Projects

Note these are **provisional costings** and the timing of these projects has yet to be decided. The justification of these projects will require the preparation of detailed business cases and these are provided solely as indicative costs and projects at this moment.

<b>Initiative</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
IP IT Systems	£260k	£135k	£100k	£100k
Registry Initiatives	£243k	£270k	£295k	£270k
Miscellaneous Other	£200k	£200k	£200k	£245k
Slaughterhouse	£1,000k			
Vehicle Replacement	£85k			
Home Farm Upgrades		£70k		
Servers		£30k		
Leopardess Survey and Refit			£75k	
Dairy <sup>2</sup>	£300k	£305k	£260k	£280k

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<sup>2</sup> This will be funded from the operating income of the Dairy rather than calling for a capital allocation.

## **Culture and Leisure Department**

### **1. What we do**

This summary is provided simply to provide a broad overview of the work of the Culture and Leisure Department and therefore it is, of necessity, brief. It is, however, supported by a wide range of information which is posted on the Culture and Leisure section of the States of Guernsey government website at ([www.gov.gg](http://www.gov.gg)). Alternatively any document referred to in this summary is available in print or electronically upon request.

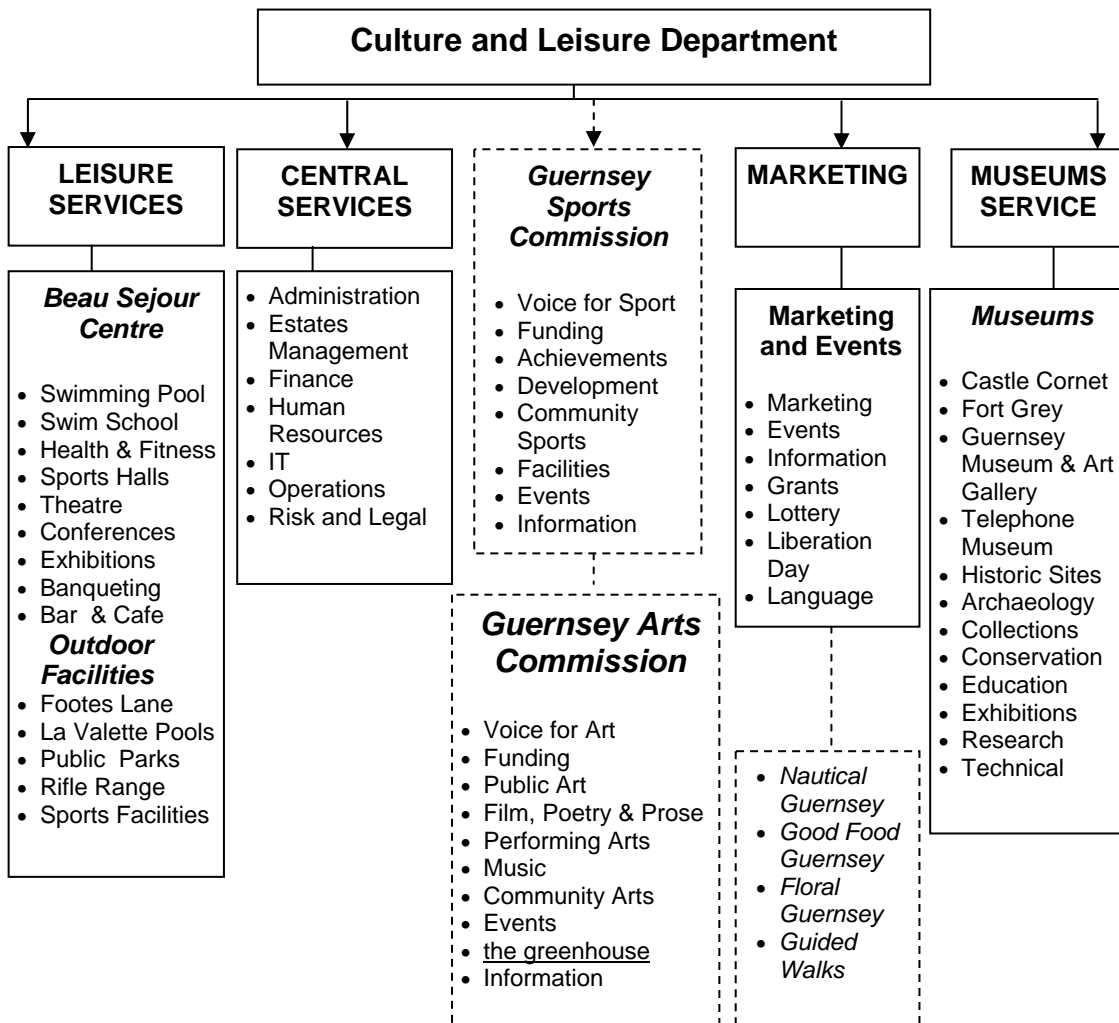
Long term aspirations for the department can be briefly summarised as

*“To preserve the unique cultural identity that Guernsey enjoys. This identity is based on the strong traditions of a community that values the past but is also self-confident about the future.”*

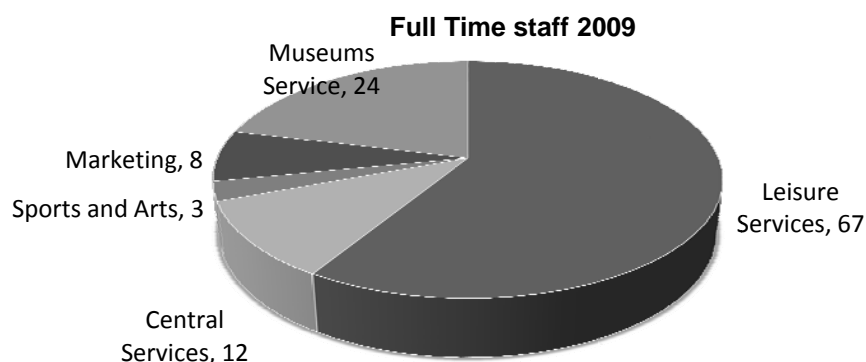
- **Quality of Life:** “To improve the quality of life for individuals on the Island of Guernsey”
- **Ambassadorship:** “To promote Guernsey to the wider world as a unique cultural venue”
- **Sustainability:** “To increase awareness, protection and continued development of Guernsey’s culture and environment”
- **Lifelong Learning:** “To facilitate cultural exploration and lifelong learning”
- **Nurturing Change:** “To nurture and encourage change to Guernsey’s cultural identity”
- **Inclusion:** “To encourage inclusivity – culture is for all”

### **2. Who we are**

The department is structured into four main sections with further links to its partner organisations. The areas of responsibility for these and the resources applied (114 Full time staff) are shown in the following charts:



**Note:** The dotted line boxes are those organisations that receive grants from the Culture and Leisure Department and deliver services to the community on its behalf.



### 3. Longer term objectives

<b>Preserve Guernsey's unique cultural identity and rich heritage.</b>				
<b>Action</b>	<b>Partners</b>	<b>Period</b>	<b>Milestones</b>	<b>Resources</b>
Ensure that the Island's museum and art collections are protected through proper storage and conservation methods and policies	Treasury and Resources Dept, Environment Dept	2010	<ul style="list-style-type: none"> <li>New store for the Museum collections</li> <li>Registration of objects to national standard</li> <li>Continued Professional Development Programme in place</li> </ul>	From current resources
Improve the use, protection and interpretation of historic sites and buildings	Independent museums, National Trust, Environment Dept, Friends of Guernsey Heritage Trust	2009-2013	<ul style="list-style-type: none"> <li>Fort Richmond restored and in use</li> <li>Agreements in place with States Depts</li> <li>Increased use of historic sites for community events</li> <li>Militia Museum redisplayed</li> </ul>	From current resources

Support local groups in the preservation and development of D'Guernesias	Guernsey French Groups, Education Dept, Eisteddfod	2009-2013	<ul style="list-style-type: none"> <li>• More Guernsey French pupils</li> <li>• Increased events &amp; activities for speakers</li> <li>• SOAS project in place</li> <li>• New edition of dictionary printed</li> </ul>	From current resources
Support the youth of Guernsey in cultural activities to maintain a positive image and improve access and participation.	Youth Service, Sports Commission, Arts Commission Guernsey X-Treme, Sports Association	2009-2013	<ul style="list-style-type: none"> <li>• Skate park developed</li> <li>• Increased engagement with young people</li> <li>• Decreased anti-social behaviour</li> <li>• Improved range of activities available for young people</li> </ul>	From current resources

**Promote Guernsey through representation on the world stage by teams and individuals and as a unique cultural venue**

Action	Lead Partners	Period	Milestones	Resources
Support arts events through the Guernsey Arts Commission	Guernsey Arts Commission, Local arts groups	2009-2012	<ul style="list-style-type: none"> <li>• Support for a range of events in place</li> <li>• Increased levels of sponsorship available</li> </ul>	From current resources/ sponsors
Supports sports events through the Guernsey Sports Commission	Guernsey Sports Commission, Local sports groups	2009-2012	<ul style="list-style-type: none"> <li>• Support for events provided</li> <li>• Calendar of events in place</li> <li>• Increased levels of sponsorship available</li> </ul>	From current resources/ sponsors
Support attendance at the Commonwealth Games.	Commonwealth Games Association	2009-2012	<ul style="list-style-type: none"> <li>• Continued support for the Games and the Island team sent to participate</li> </ul>	From current resources

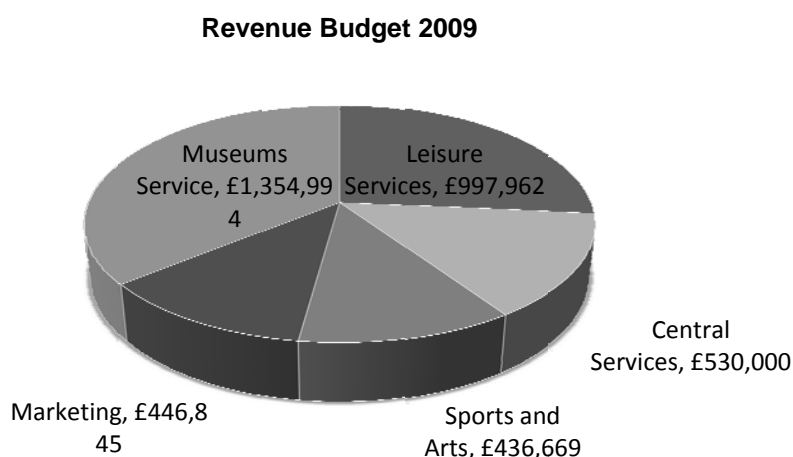


Support attendance at the Island Games	Island Games Association	2009-2012	<ul style="list-style-type: none"> <li>Continued support for the Games and the Island team sent to participate</li> </ul>	From current resources
Support for artists through the Guernsey Arts Commission.	Guernsey Arts Commission	2009-2012	<ul style="list-style-type: none"> <li>Exhibition programme in place at <u>the greenhouse</u></li> <li>Financial support provided</li> </ul>	From current resources
Support for sports persons through the Guernsey Sports Commission.	Guernsey Sports Commission	2009-2012	<ul style="list-style-type: none"> <li>Support provided for Annual Sports Awards</li> <li>Permanent exhibition for Guernsey Sporting Heroes</li> <li>Financial support provided</li> </ul>	From current resources
Support others as identified.	Media	2009-2012	<ul style="list-style-type: none"> <li>Increased representation on national and international stage for Guernsey</li> </ul>	From current resources
Support events that illustrate Guernsey's cultural heritage and its traditions	Local cultural groups, Professional Event Organisers	2009-2012	<ul style="list-style-type: none"> <li>Support provided for events which benefit locals as well as visitors.</li> <li>Local groups include Guernsey's heritage and language in events</li> <li>Support provided for the Liberation Day Celebrations</li> </ul>	From current resources

Provide information to visitors so that the Bailiwick's cultural identity and rich heritage is promoted		2009-2012	<ul style="list-style-type: none"> <li>• Provision of information from the Information Centre and other sites to meet the needs of visitors</li> <li>• Maximised footfall through the Information Centre</li> <li>• Improvements to the Dept's web presence</li> </ul>	From current resources
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#### 4. How we spend public money

The Revenue Budget for the department in 2009 is £3,766,470. This is allocated as shown in the chart below.



#### 5. How we monitor

The Culture and Leisure Department regularly monitors and reviews its performance varying from simple qualitative and quantitative analysis to more rigorous inspection and accreditation by outside independent bodies. It also consults regularly with the users of its services and facilities in order to improve what it offers. In order to ensure that high standards of services and facilities are properly maintained, the Department regularly has its performance and accreditation reviewed by a number of independent quality assurance schemes. These currently include:

**QUEST** - a sports facilities/services accreditation that assesses Beau Sejour Leisure Centre. The Centre maintained its 'Highly Commended' grading in April 2009, which puts it in the top ten per cent of leisure centres in the UK.

**MLA** (Museums and Libraries Association) - the Guernsey Museum & Art Gallery currently has Registered Status with the MLA.

**VAQAS** (Visitor Attraction Quality Assurance Scheme) - an accreditation which measures the experience that a visitor would have in terms of service, facilities and the general quality of the visit. Guernsey Museum, Castle Cornet and Fort Grey are all currently VAQAS accredited.

## **Education Department**

### **1. What we do**

**The Education Department provides a range of statutory and non-statutory education, training and support services.**

The structure of education provision is broadly similar to that in England. The Department is responsible for approximately 9,000 pupils in two infant, one junior and 11 primary schools; an all age school in Alderney, three high schools, the Grammar School & Sixth Form Centre and the College of Further Education. The Department operates two special needs schools, a Centre for pupils with Social, Emotional and Behavioural difficulties and grant aids three Colleges.

The responsibility of the Education Department within the corporate agenda of the States is:

*“To consolidate and develop best value policies for education and lifelong learning which promote equality of educational opportunity and which are directed to ensure the best quality of education is obtained for the individual and for the community as a whole.”*

Implicit in the political context of achieving best value is the Education Department’s aim to help build a **competitive economy** and **inclusive society** by:

- **creating opportunities** for everyone to develop their learning
- **releasing potential** in people to make the most of themselves
- **achieving excellence** in standards of education and skills.

Education has a wide-ranging contribution to make to the well-being of the Island’s community. The Education Department will work with others to support the provision of Lifelong Learning facilities which give people the ongoing opportunity to improve and update their education and skills.

### **Objectives of the Education Department**

In order to achieve its aim, the Education Department has identified three overarching objectives. They are to:

1. give children an excellent start in education so that they have a better foundation for future learning
2. enable all pupils to develop and equip themselves with the skills, knowledge and personal qualities needed for life and work
3. encourage and enable young people and adults to learn, improve their skills and enrich their lives.

## Further Information

Information about the Education Department, its mandate, range of services and its full Operational Plan 2009-2013 can be found on the website [www.education.gg](http://www.education.gg)

## 2. Who we are

The Chief Officer of the Education Department is the Director of Education. The Department is organised into two main divisions:

1. Education
2. Resources

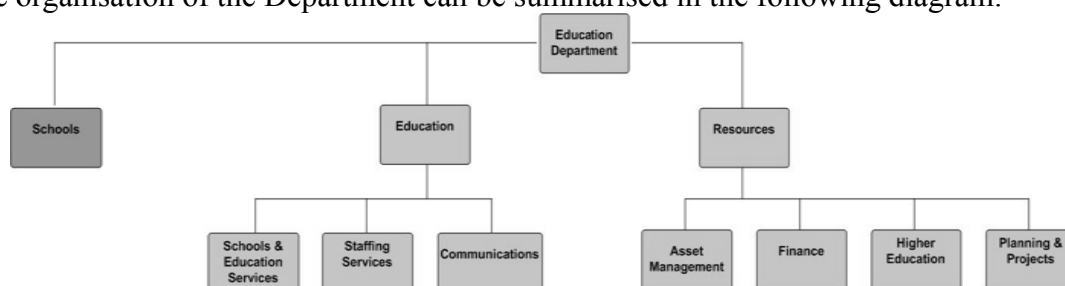
The Education Division is headed by the Deputy Director (Education) and is split into three sections

1. Schools and Education Services headed by an Assistant Director
2. Staffing Services headed by an Assistant Director
3. Communications headed by the Communications Manager.

The Resources Division is headed by the Deputy Director (Resources) and is split into four sections

1. Asset Management headed by an Assistant Director
2. Planning and Projects headed by an Assistant Director
3. Finance headed by the Finance Manager
4. Higher Education and Legal headed by the Higher Education and Legal Manager

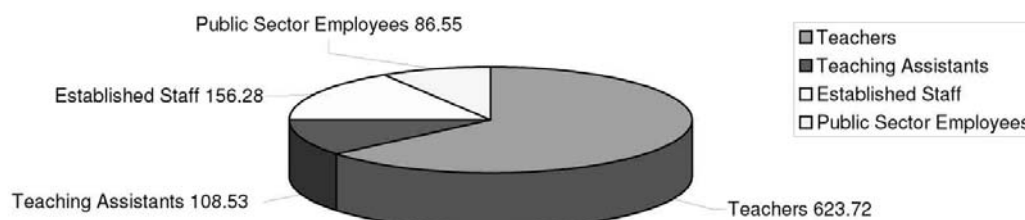
The organisation of the Department can be summarised in the following diagram:



The Director of Education, two Deputy Directors, four Assistant Directors, Communications Manager and Finance Manager form the Senior Management team of the Department whose role is to define, coordinate and monitor the work streams identified to achieve the policy objectives of the Department.

The Department employs more than 1,000 staff. The following diagram shows how these staff are deployed.

**Education Department Staff by Staff Group (fte) 2009**



A full break down of the divisional and sectional roles and responsibilities and an organisation chart is included in the Education Department's full Operational Plan 2009-2013 which can be found on the Department's website [www.education.gg](http://www.education.gg)

### **3. Longer term objectives**

The Department's current priorities and longer term objectives are summarised in the full Operational Plan 2009-2013 which can be downloaded from [www.education.gg](http://www.education.gg)

Proposed future service developments which will be funded from the Department's existing revenue budget are:

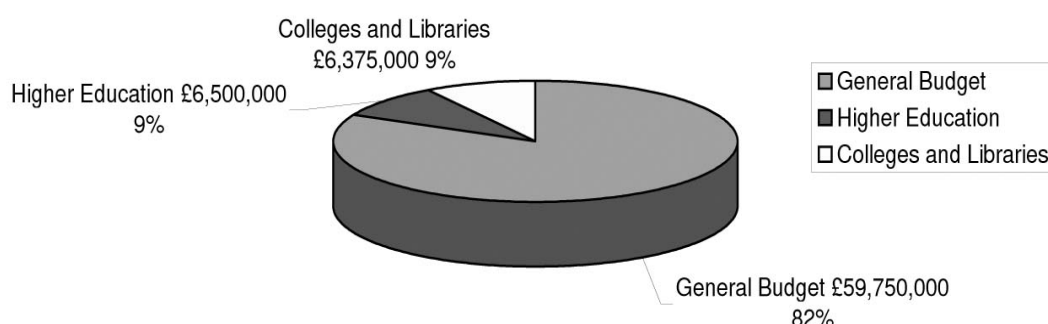
- To continue to achieve excellence in standards of education and skills
- To continue maximising learning opportunities for all
- To produce a revised Education (Guernsey) Law
- To continue to plan for Programmes 1, 2 and 3 of the Education Development Plan (EDP). The policy objectives of the programmes are as follows:
  - EDP1 – to provide equality of opportunity within the secondary, Post-16 and special needs education sectors. Outstanding projects include the redevelopment of Les Beaucamps High School, La Mare de Carteret High School and Primary School and the development of a new College of Further Education on a single site
  - EDP2 - to rationalise, renovate and improve the educational facilities in the rest of the Education estate including the primary schools, Grammar School and Department office.
  - EDP3 - to achieve a sustainable system for the development, funding and accountability of non-States schools including the Colleges and voluntary schools
- To continue, with the developing use of ICT, to extend and improve learning
- To continue workforce reform and maximising the deployment of human resources
- To plan for the introduction of pre-school provision in partnership

- To continue to review and plan strategies for the ongoing future affordability of higher education
- To continue to provide community resources within the Education Estates
- To continue to maintain the fabric of the built environment.

#### 4. How we spend public money

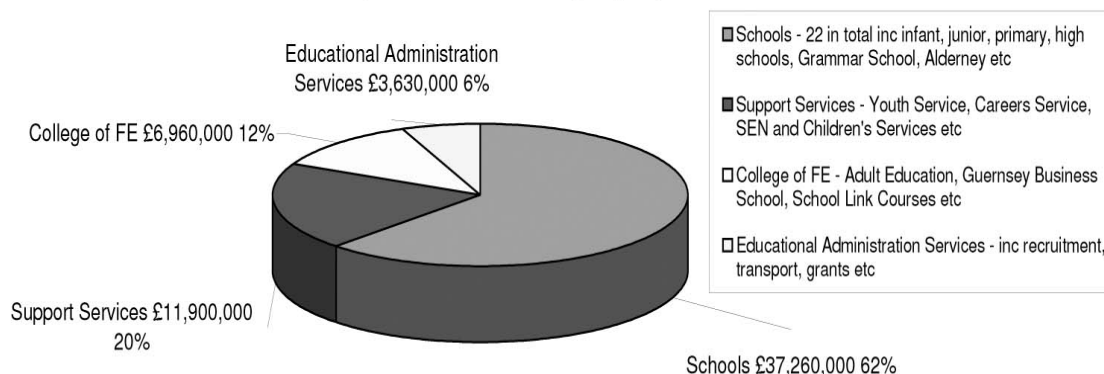
The Education Budget comprises three main cash elements: the General Budget, Colleges and Libraries, and the Higher and Advanced Education Budget.

**Education Department Revenue Budget 2009**  
(Published Figures - £72,625,000)



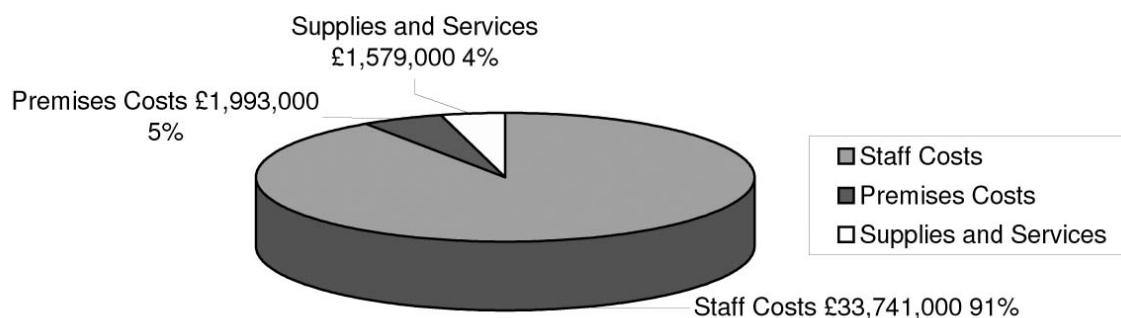
The General Budget is the largest of the three cash limits. 94% of the expenditure is spent on the schools, both directly and indirectly through pupil support services, and the College of Further Education. The remainder of the General Budget is allocated to Educational Administration Services which includes recruitment, relocation and accommodation costs for teachers, the Department offices, salaries, cleaning, maintenance, telephony etc.

**Education Department General Budget 2009 - Net Expenditure**  
(Total Estimates - £59,750,000)



Almost 80% of the Education General Budget relates to staff costs, with teachers' pay being the most significant constituent. In schools, more than 90% of the budget is dedicated to staff costs.

**Schools Budget 2009 - Expenditure**  
(Total Estimates - £37,313,000 inc recoveries)



## 5. How we monitor

The Department monitors its performance in the following ways:

- Benchmarking against national examination statistics
- Benchmarking against national Ofsted data
- Student destinations
- Parental satisfaction surveys (part of VSSE process)
- Post Implementation Reviews
- Complaints log
- Scrutiny Committee reports
- Recruitment and Retention data analysis
- Exclusions trend analysis
- Staff training and qualification analysis
- Human Capital Audit data
- Pupil attendance analysis
- Project Board meetings for ICT and Construction projects
- Pupil Teacher ratios trend analysis
- Schools and Services Validated Self Evaluation (VSSE) processes
- Student tracking against national standards: Alis, Yellis and MidYis data
- Labour market information
- Audit reports
- School Improvement Plans
- Performance Management Reviews
- Public Accounts Committee reports
- Employee Surveys on staff satisfaction
- Staff sickness absence analysis
- SAP analysis
- Financial trend data analysis
- Monthly financial reports
- Benchmarking against the national ICT mark



## **Environment Department**

### **1. What we do**

The sections below outline in succinct terms the key services provided by the Environment Department. Further information as well as copies of documents, guidance notes etc can be found on the Environment Section of the States of Guernsey web site.

#### **Environmental Protection**

- Develop environmental policy, actions and initiatives and co-ordinate their practical implementation including: - Environmental strategy, Waste policy, Climate Change adaptation and mitigation strategies, Environmental Quality Standards, Sustainability and Green procurement strategies.

#### **Traffic and Transport Services**

- Maintain the vehicle and driver registration databases in accordance with existing States Legislation and Departmental policies and review such legislation and policies in accordance with advancements in vehicle and driving licence standards.
- Development and implementation of traffic policy to ensure the safe and efficient movement of people and goods around the Island, including driving test standards, traffic management and road safety.
- Regulation and Licensing of public transport services.

#### **Planning**

- Determination of planning applications in accordance with the provisions of the Land Planning & Development Law, its related ordinances and the statutory Plans (Strategic and Corporate Plan, Urban Area Plan and Rural Area Plan).
- Prepare statutory Development Plans and Briefs.
- Provide advice on matters relating to the conservation and enhancement of the natural and manmade environment/ heritage.

#### **Building Control**

- Administration, processing and determination of applications in accordance with requirements of the current Guernsey Building Law and Regulations.
- Reports to the Royal Court on the adequacy and operation of premises licensed as Salle Publiques (public buildings).

#### **Environmental Services**

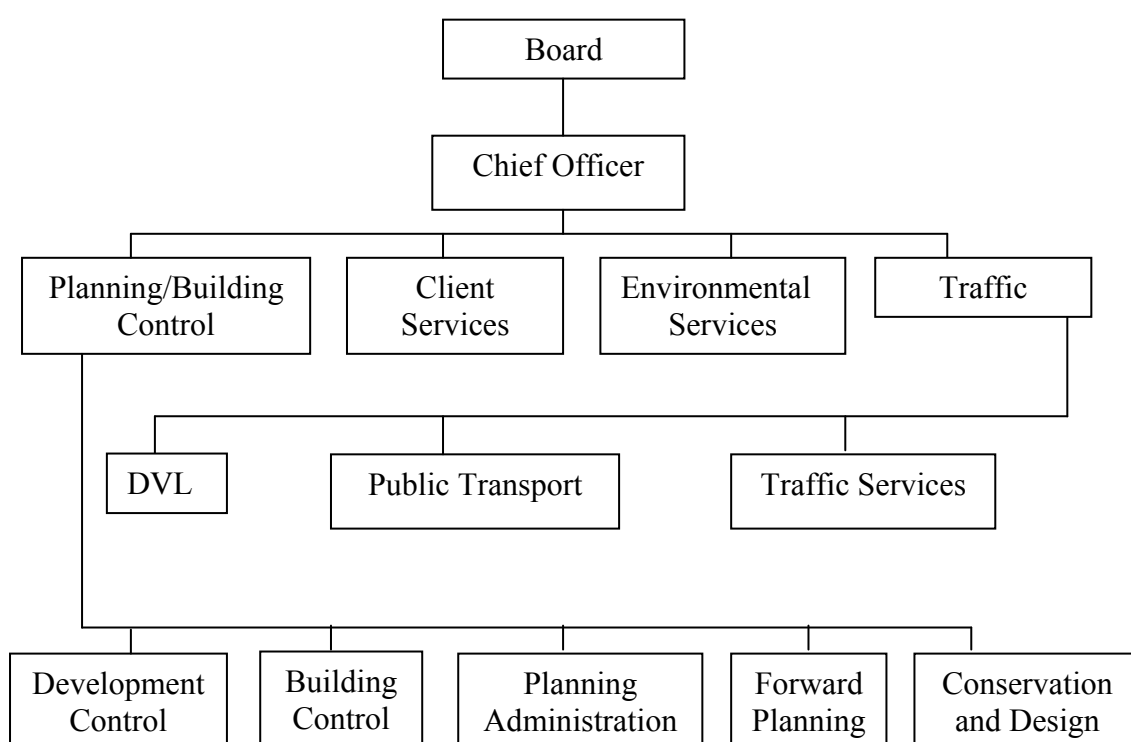
- Manage, conserve and enhance the land under the Department's administration, Provide Arboricultural advice, Provide environmental monitoring services, initiate

and deliver schemes engaging the public in environmental initiatives including the provision of information and advice, Biodiversity Monitoring and Protection and Energy Conservation programs.

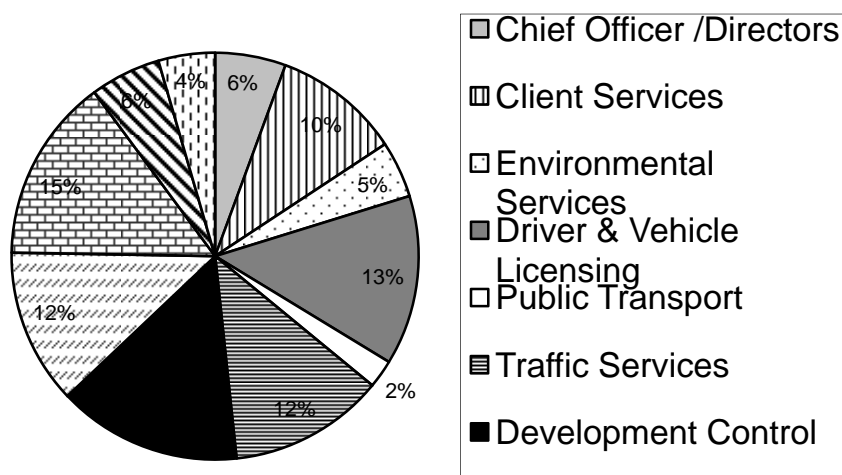
### **Client Services**

Facilitate front and back office services for the department's customers, clients, staff and other stakeholders including: Financial reporting and control, Human resources, ITC, Risk management, Insurance, Health and safety, Data protection, Governance, and Project management.

## **2. Who we are**



### **Establishment Breakdown by Business Unit**



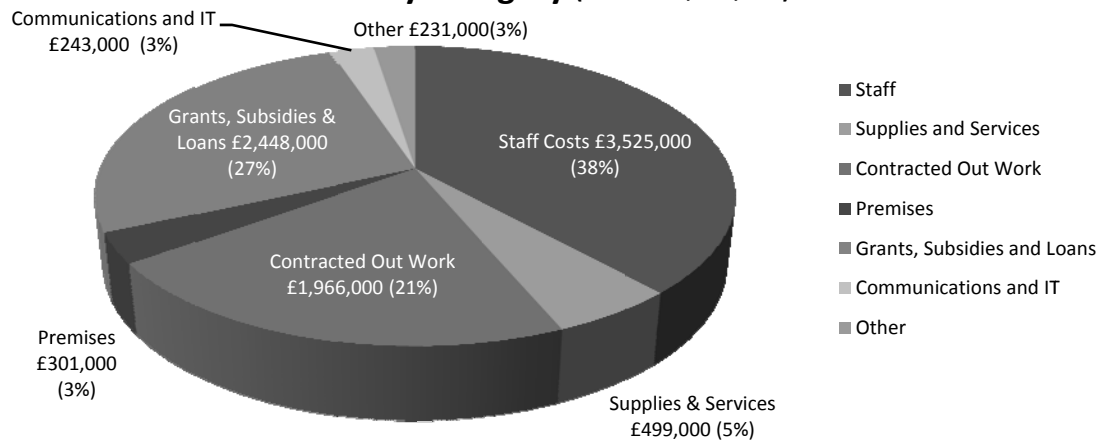
### 3. Longer term objectives

The following list represents those areas the Department intends to develop/change within existing resources. Again, by necessity the information is provided in brief at a relatively high level and does not address the day to day workloads and associated developments. The traffic and transport related initiatives will be funded through the income from the States approved Transport Strategy. The planning related initiatives will be funded through the income captured from planning fees and charges.

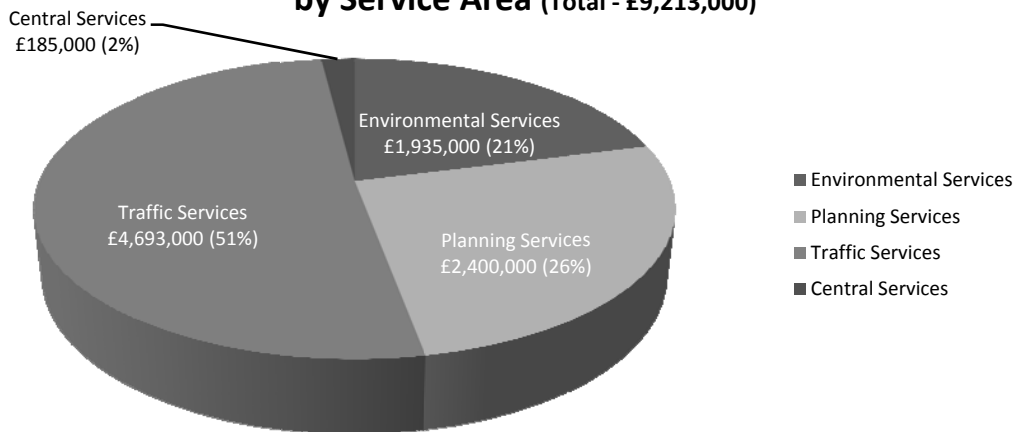
- Develop and implement policies to encourage the use of alternative forms of transport.
- Develop and implement policies to discourage unnecessary vehicle usage.
- Improve access facilities associated with disabled parking bays, pavements etc within town.
- Develop and implement policies to promote more responsible use of vehicles.
- Provide enhancements to bus service information.
- Investigate options for the long term nature and provision of public transport services.
- Introduce driving test hazard perception testing.
- Introduce driving test theory test enhancements.
- Replacement traffic counters.
- Standardise school warning signs.
- Implement a road signs replacement programme.
- IRIS road works co-ordination software development (charging module).
- Develop and implement policies to promote the more efficient use of the Island's transport infrastructure.
- Planning legislation review - phase two of the Planning ordinances; Revision of the Building Regulations and review of the Salle Publique Legislation.
- Planning policy review including supporting the review of the Strategic Land Use Plan and progress review of listing criteria.
- Review of Development Plans including support for "Guernsey Tomorrow" studies, capacity studies and the Eastern Seaboard Initiative.
- Programme of planning advice and guidance including: application procedures, service level agreements, fees, site notices, environmental impact assessments, appeals, enforcement and exemptions, area design statements and specialist areas such as historic buildings and energy conservation.
- Introduction of fees and charges in relation to planning and building control applications and property searches.
- Examine options and the route towards open planning meetings.
- Implement the new planning procedures in accordance with the new legislative regime.
- Develop the asset management programme of property under the Department's management.
- Undertake an island habitats survey prior to revisiting biodiversity action plans.
- Progress the islands coastal defence strategy, specifically flood studies and prepare proposals for presentation to the States.

- Launch the Keep Guernsey Green Energy Conservation module.
- Review Land management contract structures.
- Review data protection, data sharing and retention policies protocols and procedures including staff training.
- Commence reformatting of budgets based on service areas with notional depreciation and asset management allocations and work with the fundamental spending review team to rebase budgets.
- Review disaster recovery, server security, and systems support provision including relocation of traffic servers.
- Continue review of IT role in business processes and implement transport licensing module.

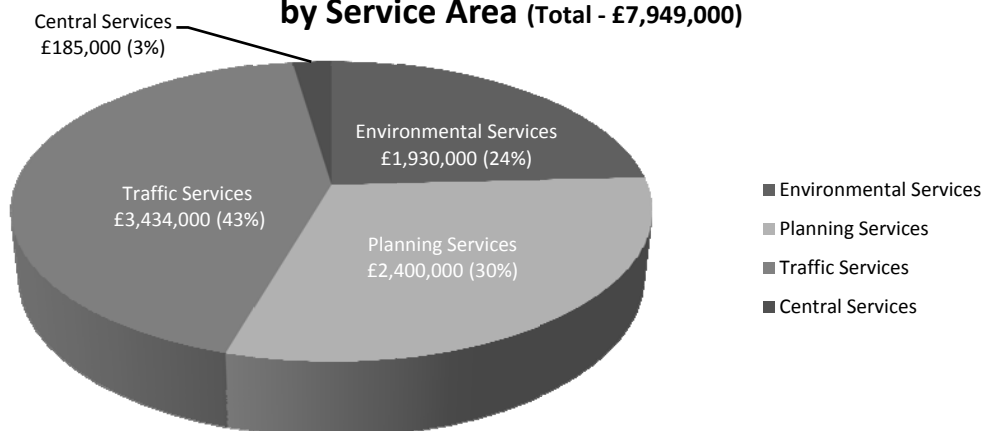
### Environment Department - 2008 Expenditure by Category (Total - £9,213,000)



### Environment Department - 2008 Expenditure by Service Area (Total - £9,213,000)



### Environment Department - 2008 Net Expenditure by Service Area (Total - £7,949,000)



#### **4. How we monitor performance**

The Environment Department monitors its performance through a number of processes. The Department operates a comprehensive Operational Plan which sets out detailed action plans. The plan contains actions and priorities for each section of the department. The plan includes the work streams necessary to deliver the Strategies approved by the States, for example the Traffic Strategy. In addition, regular reviews are held of the following information.

Budgets  
 Complaints  
 Risks  
 Staffing turnover and training  
 User Statistics (number of applications, enforcement actions)  
 Key Performance Indicators  
 Application Response times  
 Decision challenges.

Services are, where appropriate, subjected to accreditation schemes or independent qualitative audit e.g. Driving Examiner, Parks and Gardens and safety audits. In addition the Department operates a “two eyes” system to ensure decisions in respect of applications are cross checked for conformance with statutory requirements and consistency with Department policy.

Much of the Department’s work is subjected to monitoring under the Sustainable Guernsey Report and the developing Strategic Environmental Plan.

## **Health and Social Services Department**

### **1. What we do**

The political responsibilities of the HSSD have been defined as 'Promoting, protecting and improving the health of all, through the provision of hospital, community, social and public health services.' (See also [www.gov.gg](http://www.gov.gg))

The HSSD has two client-group based directorates:

#### *Services for Children and Young People*

- Social work services, including child protection and family support services
- Youth Justice service
- Fostering and adoption services
- Residential care (Garden Hill and Le Carrefour)
- Family Centres (Welcom' In and Kindred)
- Health Visiting and School Nursing services
- Acute medical services, including Frossard Ward at the PEH
- Child and Adolescent Mental Health Services
- Midwifery service in hospital and community
- Children's dental and orthoptic services
- Speech & Language Therapy, Physiotherapy & Occupational Therapy
- Services for children with a disability, including child development and respite care services

#### *Services for Adults*

- Acute medical and surgical services at the PEH and assessment and rehabilitation at the King Edward VII Hospital
- A&E and outpatients services
- Theatres and sterile supplies
- Pharmacy, Radiology, Pathology and Dietetics
- Occupational Therapy, Physiotherapy & Speech & Language Therapy
- Psychology
- Social work
- Cancer services
- Prison healthcare
- Services for adults with a disability (learning, physical and sensory)
- Continuing care services (King Edward VII Hospital, La Corbinerie and Duchess of Kent House)
- District nursing and home care services
- Palliative care
- Tissue and viability, stoma care and pain control services
- Diabetic services

- St Julian's House (services for homeless people)
- Supported employment services
- Services in Alderney, including the Mignot Memorial Hospital
- Contracts with the Medical Specialist Group, Guernsey Physiotherapy Group, Primary Care and Housing 21
- Adult and older people's mental health services

These are supported by three other directorates:

#### *Corporate Services*

- Health Records
- Corporate governance, complaints and external accreditation
- Site development plan
- Legislation, litigation and insurance issues
- Internal and external communication
- Registering and inspecting care homes, nurseries, childminders and health and social care professionals
- Leading on health and safety and risk management issues
- Managing the fabric and estate of the Department
- Support services, including housekeeping/domestic, catering, transport, portering/security, reprographics, telephony and laundry and liaising with the chaplaincy

#### *Human Resources*

- Recruitment and selection
- Advising on terms and conditions of employment
- Interpretation/implementation of HR policies and procedures
- Advising on HR planning, succession planning, performance management, people management & industrial relations
- Employee involvement and participation
- Maintenance and allocation of 320 units of staff accommodation
- Occupational Health Service
- The Institute of Health and Social Care Studies, which procures and delivers pre and post registration education and training

#### *Finance*

- Accounts payable and accounts receivable
- Management accounting (including budget preparation and variance analysis)
- Financial systems support (SAP and others)
- Internal and external audit liaison
- IM&T services for clinical and non-clinical services



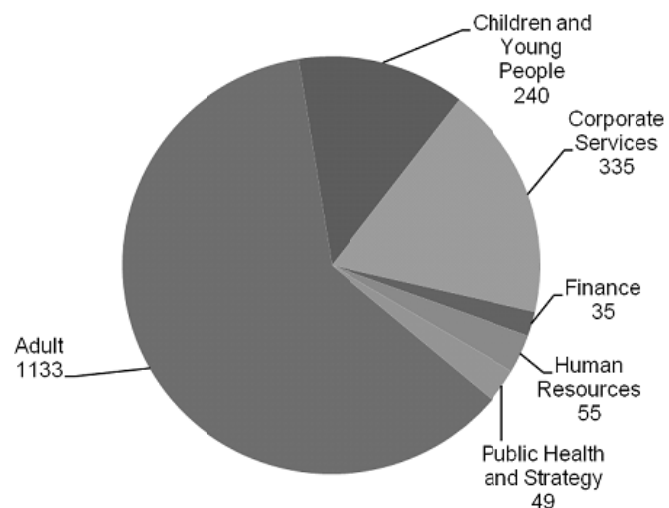
- Service level agreements between the HSSD and UK NHS Trusts for off-island and on-island, including the local renal service and visiting consultant clinics
- Negotiation and monitoring of the grant to the St John Ambulance and Rescue Service
- Commissioning off island placements
- Equipment & product purchasing for capital, revenue and stock items
- Competitive tendering for a wide range of goods and services
- General Stores service

In addition, the *Public Health and Strategy* Directorate provides the following services:

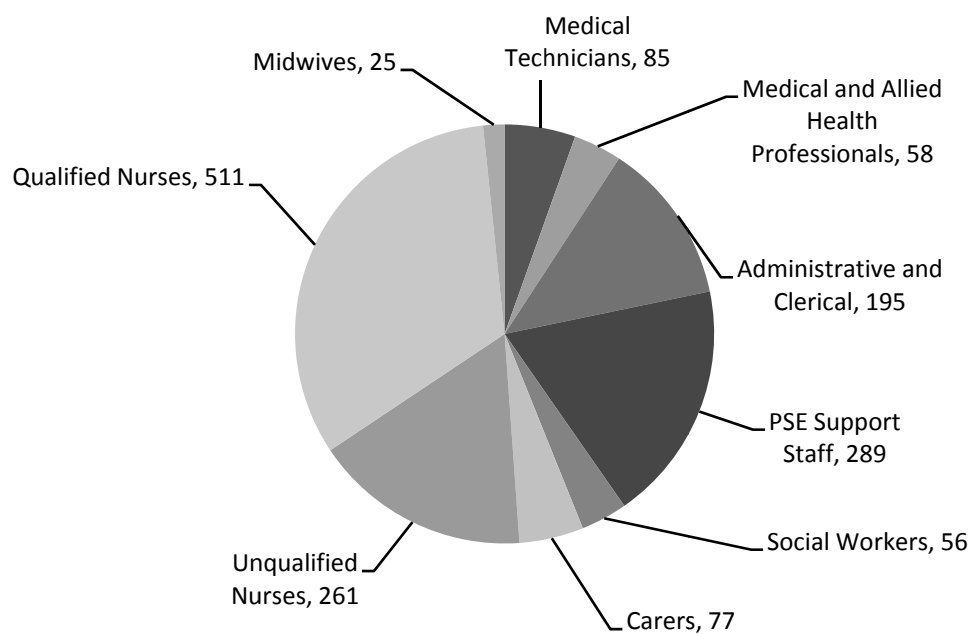
- Environmental Health, Pollution Regulation and food safety
- Infectious disease control
- States Analyst's Laboratory
- Emergency planning and major incident response
- Health promotion and health education
- Agreements with services such as the Guernsey Adolescent Smoke-free Project, Guernsey Quitline and the Cardiac Action Group
- Clinical coding, healthcare information and health strategy
- Clinical governance, including audit and risk management.

## 2. Who we are

*HSSD Staff by Directorate*

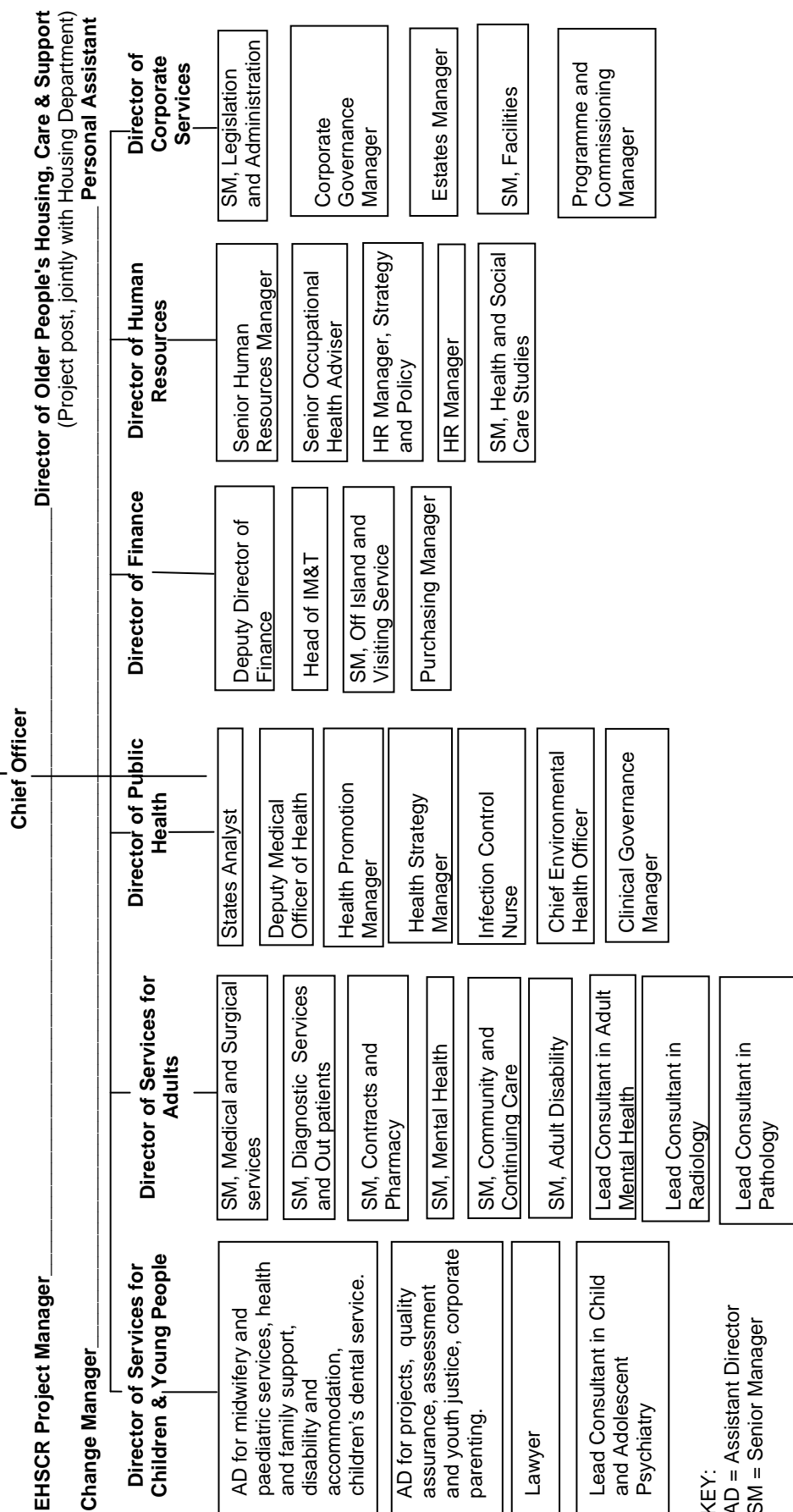


*HSSD Staff by Profession*



The establishment of the HSSD is 1732.67 wte and, at 1 April 2009, 2071 people were employed in its services; organisational chart follows.

**Board of the Health and Social Services Department**



**KEY:**

AD = Assistant Director

SM = Senior Manager

### 3. Longer term aims

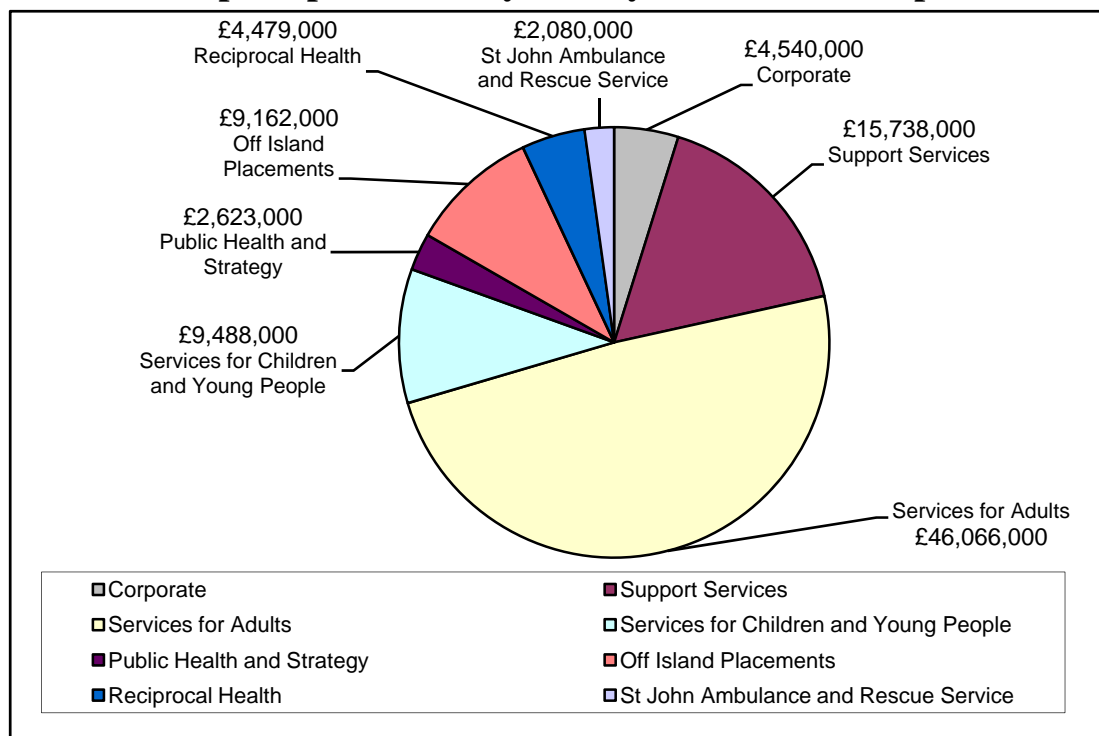
The HSSD's longer term objectives can be summarised as follows:

- Reduce the need for institutional care ( hospitals, care homes etc) including increasing the number of foster placements available
- Increase preventative work, eg. obesity, sexual health, children's dentistry and colorectal cancer screening
- Ensure provision of services for increasing numbers of older people
- Keep abreast of developments (and costs) in medicine, technology and drugs
- Increase use of e-health, eg. further development of Electronic Health and Social Care Record and use of technology in service users' own homes
- Complete implementation of the mental health strategy, including upgrading of drug and alcohol services and relocation of acute facilities to the PEH site
- Review and upgrade the environment in which services are delivered to improve privacy and dignity, health and safety and control of infection
- Further increase integration of all health and social care services
- Improve recruitment, retention and development of staff
- Ensure the Children's Services Plan is fully implemented
- Determine future models of provision for health and social services in the light of increasing professional specialisation and professional registration/ revalidation requirements
- Promotion of health literacy amongst disadvantaged groups
- Development of systematic performance reports on waste regulation and pollution control
- Review of hospital admission rights
- Implementation of new medicines law

Within existing resources, the following developments are planned for the period 2010 to 2013:

- Introduction of new standards for Early Years Service regulation
- Commissioning new clinical block
- Introduction of testing service for legionella and total organic carbon
- Promotion of a liaison and support service in child protection to support hospital staff working with children at risk or in need
- Improvements in multi-disciplinary working for families whose parents have mental health and/or substance misuse problems
- Energy survey
- Implementation of new mental health law.

#### 4. How we spend public money – analysis of 2008 net expenditure



#### 5. How we monitor and review our performance

The HSSD monitors its performance in the following ways:

- Formal complaints, compliments and suggestions
- Service user surveys
- The Health Accreditation Quality Unit (HAQU) accreditation
- General Medical Council approval
- Utilisation reviews
- Clinical audit and incident reporting
- Outcomes (overall mortality, mortality from individual diseases, etc)
- Individual reviews of particular specialties and services
- Monthly financial reports, SAP analysis, financial trend data analysis
- Recruitment and retention statistics and training needs analysis
- Records of training undertaken, grievances raised, disciplinary cases, sickness absence, counselling cases and concerns raised under the equal opportunities and bullying and harassment policies and trends.
- Staff surveys and exit interview reports
- Post implementation reviews for capital projects
- Scrutiny Committee reports
- Internal and external audit reports
- Public Accounts Committee reports
- Untoward incident and accident reporting

## Home Department

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*“The Home Department uses all available resources to build and protect a safe, just and tolerant society for all people of the Bailiwick.”*

A comprehensive Operational Plan, Service’s Annual Reports and Performance Reviews can be found on the Home Department website at

<http://www.gov.gg/ccm/navigation/home-department>

### **Central Services**

Central Services provides non-operational support to the following specialized Services: Police, Customs, Probation Service, Fire & Rescue Service and the Prison. This support is provided in the following manner:

#### **Service Support:**

- ICT
- Finance
- HR
- Project Management

#### **Additionally, Central Services also undertakes the following roles:**

- Emergency Planning
- Legislative functions
- Support for Independent Panels, including Parole, Panel of Prison Visitors, Police Complaint Commission etc
- Broadcasting
- Liquor Licensing
- Gambling Control
- Preparation and administration of the Electoral Roll
- Drug and Alcohol Strategy
- Data Protection
- Attendance Centre

### **Customs and Immigration Service (Shadow Guernsey Border Agency)**

The Customs and Immigration Service provides a border control which is intelligence led, gearing resources to risk and seeking to promote the free movement of people and goods. The Service works in close partnership with the Guernsey Police but has primary responsibility for countering drug trafficking, financial and economic crime in addition to discharging its other law enforcement, social, fiscal and wider economic responsibilities in an effective and efficient manner which seeks at all times to foster public cooperation. The Service operates in the following areas:

- Customs & Excise – freight control and revenue collection
- Immigration & Nationality – border controls and passport issuance
- Financial & Economic Crime

- Border Controls
- Drug Trafficking & Other Assigned Serious and Organised Crime

### **Fire & Rescue Service**

The Fire & Rescue Service aims to focus on reducing the risks to make Guernsey and Herm a safer place in which to work, live and visit, by attending and dealing with fires and other emergency incidents when needed and promoting all aspects of fire safety through public information and education. The Service operates in the following areas;

- Prevention
- Protection
- Response

Further details of Fire and Rescue Services can be found at [www.gov.gg/ccm/navigation/home-department/fire-service](http://www.gov.gg/ccm/navigation/home-department/fire-service)

### **Guernsey Police**

The purpose of the Guernsey Police Force is to uphold the law fairly and firmly: to prevent crime; to pursue and bring to justice those who break the law; to keep the peace; to protect, help and reassure the community: and to be seen to do all this with integrity, common sense and sound judgement. Police operations can be categorised as follows:

- *Uniformed Operations*
- *Crime Services*
- *Support Services*
- Professional Standards
- Criminal Justice
- Neighbourhood Policing

Details of Police activity in the Bailiwick can be found at [www.guernsey.police.uk](http://www.guernsey.police.uk)

### **Guernsey Prison Service**

The Guernsey Prison Service serves the community by keeping in custody those committed by lawful authority, looking after them with humanity and helping them to lead law abiding and useful lives, in custody and after release. The functions of Guernsey Prison can be categorized as follows:

- Safety
- Respect
- Purposeful activity
- Resettlement
- Partnerships

Further details can be found at <http://www.gov.gg/ccm/navigation/home-department/prison-service/>

### **Probation Service**

The Probation Service helps to reduce crime and protect the public by:- providing the Courts with information and assessment of offenders to assist in sentencing decisions; supervising offenders on court orders preparing prisoners for release and resettlement into the community and supervising post custodial licences and supervision orders. The Probation Services activities are as follows:

- Provide the Courts with quality assessment information
- Management of offenders
- Preparation of prisoners for release and resettlement, in partnership with the Prison
- Provision of sentence planning and resettlement strategies
- Supervision of post custodial licences and supervision orders
- Public protection through the Multi Agency Public Protection arrangements

Further details can be found at <http://www.gov.gg/ccm/navigation/home-department/probation-service/>

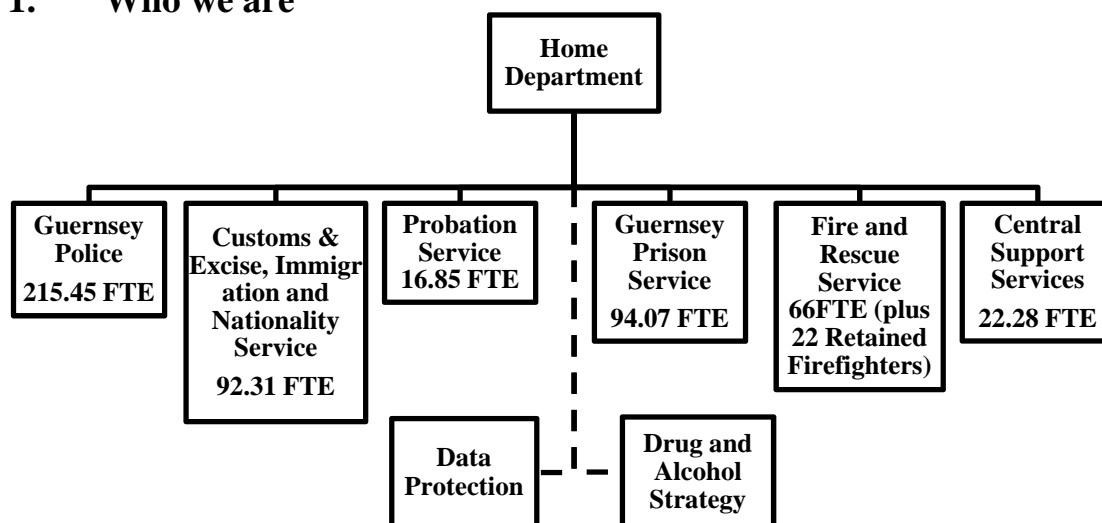
### **Drug & Alcohol Strategy**

The Bailiwick Drug and Alcohol Strategy 2007–2011 takes a holistic approach and recognises that all areas of treatment, law enforcement and education are important to prevent high demand leading to increased supply and the resulting need for treatment.

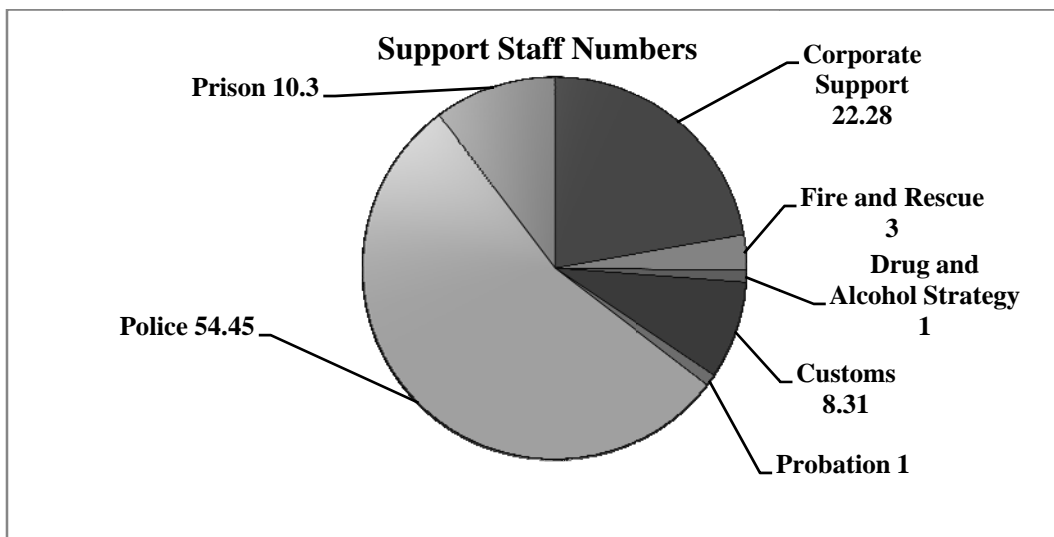
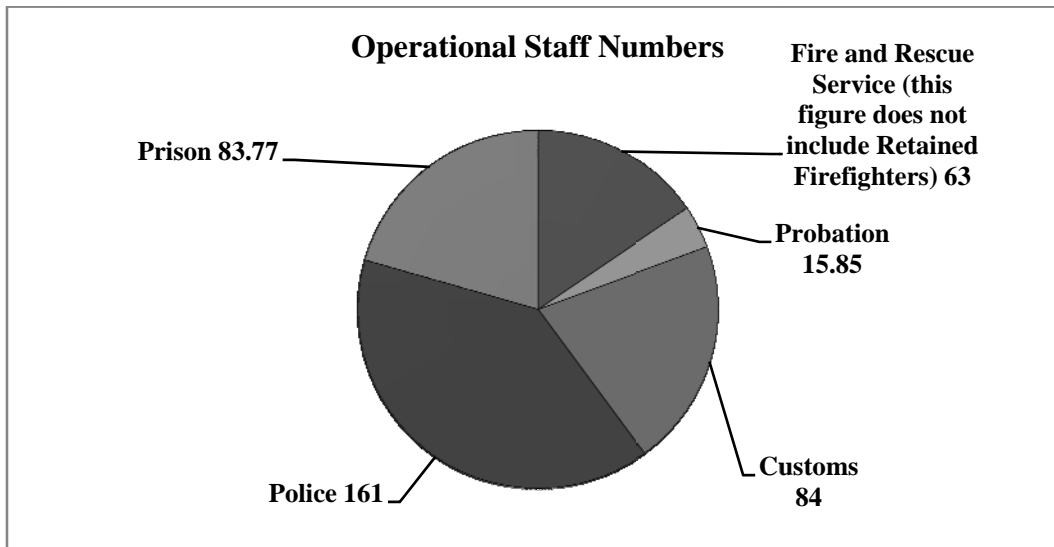
The main aim of the Strategy is “*to minimise the harm caused by drug and alcohol misuse by Bailiwick residents of all ages.*” The strategy has six pillars: -

- Demand Reduction
- Young People and Families
- Treatment
- Criminal Justice, Law Enforcement and Supply Reduction
- Safe and Sensible Drinking
- Coordination and Monitoring

#### **1. Who we are**



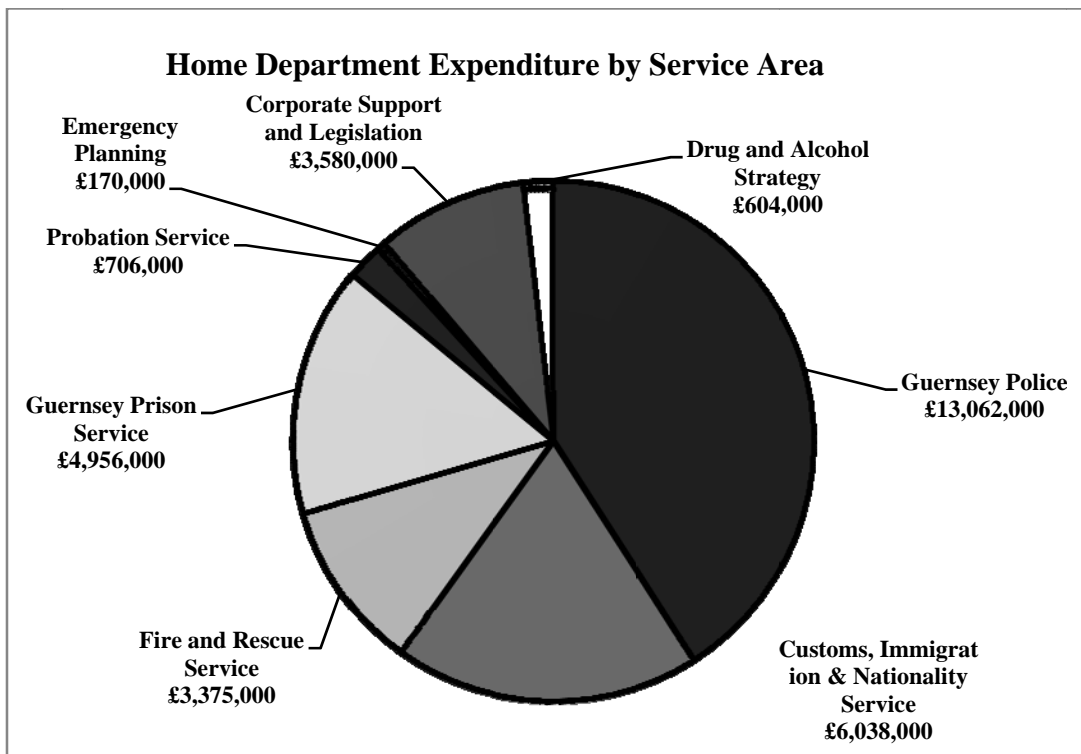
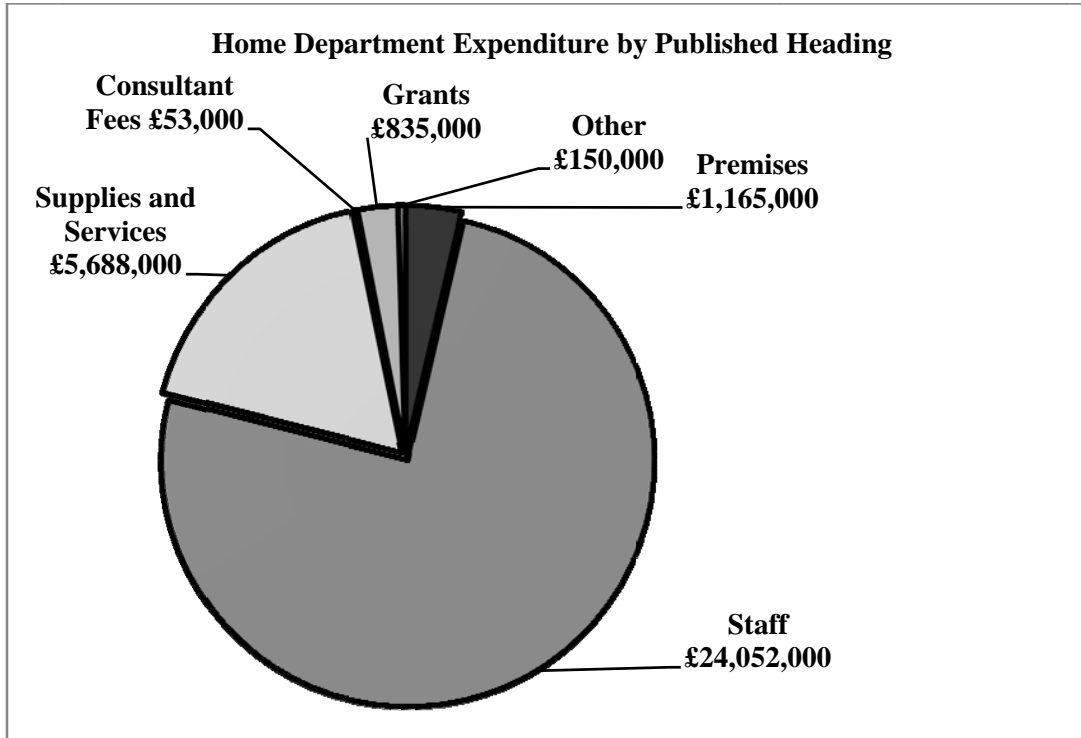




## 2. Long term objectives 2010-2013 achievable without significant additional expenditure

- Future of Law Enforcement (Billet XII) 2008
  - Establish an independent Law Enforcement Commission
  - Revise Police and Customs Legislation
  - Move Customs and Immigration to Agency Status
- Criminal Justice Strategy
  - Research and develop a Criminal Justice Strategy and Community Safety Plan for the Bailiwick

### 3. How we spend public money



#### **4. How we monitor or would like to monitor and review performance**

##### **Central Services**

###### **We currently monitor:**

- Service Level Agreements with Operational Services
- Finance
- Staff numbers
- External correspondence

###### **Improvements to be made in 2009:**

- *Legislation and Administration*
- *Emergency Planning*
- *ICT*

##### **Customs and Immigration**

###### **We currently monitor:**

- Law Enforcement Activities
- Customs and Excise – including revenue collection
- Immigration & Nationality – including passport issuance

##### **Fire and Rescue Service**

###### **We currently monitor:**

- Incident response data

###### ***We review performance in the following ways:***

- *Best Value Performance Indicators*
- *Annual Benchmarking against other Fire Services*
- *Three yearly self review by way of the Integrated Risk Management Planning Process*
- *Regular external, professional body reviews*

##### **Guernsey Police**

###### **We currently monitor:**

- The number of reported crimes investigated and results

###### **Improvements to be made 2009:**

Guernsey Police are moving towards developing qualitative rather than quantitative measures of performance – primarily public satisfaction with the policing services provided, obtained by public survey

### **Guernsey Prison**

#### **We currently monitor:**

- Administration
- Catering
- Human Resources
- Healthcare
- Residence (prisoner related)
- Security
- Faith
- Maintenance

### **Probation Service**

#### **We currently report on the following:**

- Community Service Orders
- Probation Orders
- Juvenile Supervision Orders
- Suspended Sentence Supervision Orders
- Parole Licences
- Extended Sentence Licences
- Prison Work Parties
- Multi Agency Public Protection cases
- Number of cases within the Prison
- Number of reports written for the Courts and Parole Review Committee

### **Drug & Alcohol Strategy**

#### **We currently monitor:**

- Number of drug misuse database returns
- Number of agencies complying with database returns
- Development of outcome monitoring framework
- Number of staff attending training courses
- Service Level Agreements in place with all agencies receiving strategy funding

## **Housing Department**

### **1) What we do**

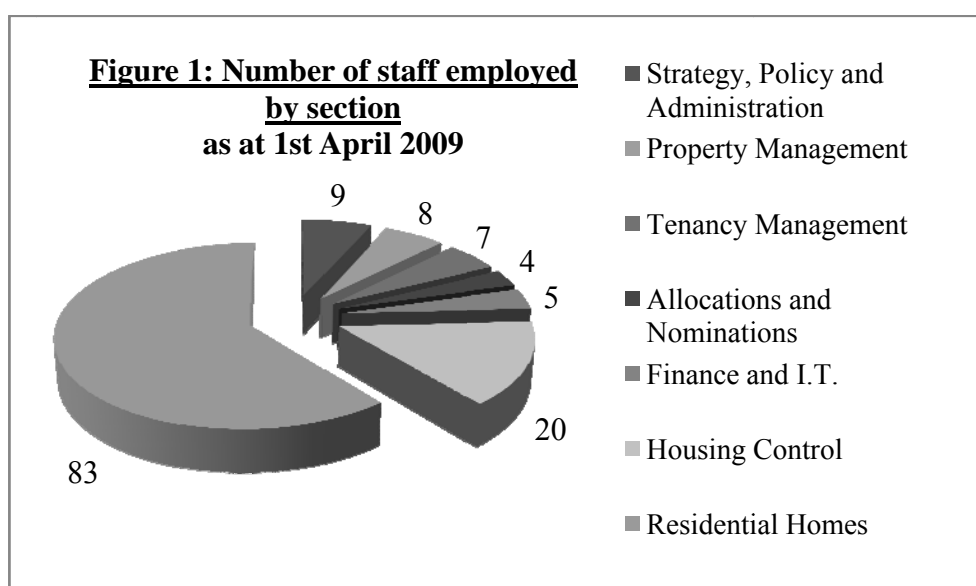
The Housing Department is responsible for:

- The overall co-ordination and management of the Corporate Housing Programme, in fulfilment of the States Housing Strategy.
- The provision and management of social housing administered by the States, including the administration of the States Houses Fund. This includes:
  - (i) **Tenancy management** of 1,950 properties - rent setting, rent arrears management, operation and review of the Rent and Rebate Scheme, estate management and tenant consultation;
  - (ii) **Property management** - day-to-day repairs, planned and programmed maintenance, refurbishment and modernisation of the social housing stock; and
  - (iii) **Allocations** - maintaining a waiting list, allocating tenancies (including nominations to housing associations) and carrying out Reviews of Tenancy in order to assist with the rationalisation of the States housing stock.
- Facilitating and supporting the development of non-governmental organisations to provide affordable social housing to meet the needs of the Intermediate Housing Market.
- The regulation and funding of housing associations and other non-governmental organisations providing affordable social housing.
- The administration of the Housing Development and Loan Fund to provide financial assistance for house purchase and repair.
- Establishing initiatives to improve the affordability, availability and quality of the private rental sector without reducing its size. This includes administering the Rent Control Law and developing the role of the Guernsey Private Residential Landlords' Association.
- Controls on housing occupation through the administration of the Housing Control and Right to Work Laws.
- Managing Maison Maritaine and Longue Rue House residential homes.

### **2) Who we are**

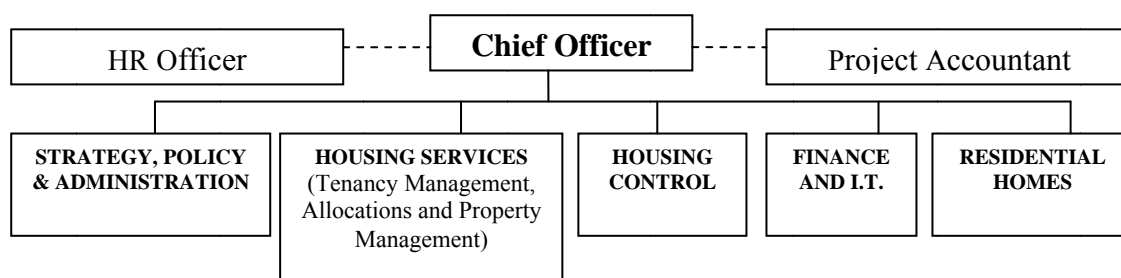
The Housing Department employs 60 Established Staff which equates to 58.95 full time equivalents (FTEs). Furthermore, there are 76 Public Sector Employees employed at the Department's two Residential Homes. Totalled together, they equate to 46.36 FTEs. These posts include care assistants, handymen/gardeners, domestic and catering staff.

Figure 1 below shows the numbers of staff employed by section.



In addition to the above, the Housing Department has a dedicated HR Officer for 2 days per week (0.40 FTE) and shares the resources of a Project Accountant with the Treasury and Resources Department (0.21 FTE).

The organisation of the Department can be summarised as follows:



### 3) Longer term objectives

In addition to the day-to-day operations at the core of the Housing Department's mandate, the following list is a summary of the long-term objectives and corporate initiatives that the Department will be taking forward during 2009, and beyond.

The majority of the initiatives described, where referenced \* below, have the endorsement of the States through the **Corporate Housing Programme (CHP)** and/or are the subject of separate States Resolutions. Many of the workstreams are also included in the individual plans which accompany the States Strategic Plan.

The Housing Department last reported to the States on the CHP with an annual progress report in December 2008<sup>3</sup>. This report determined the priorities for the CHP, for the Housing Department and other ‘lead’ departments to take forward.

- Progress the Social Housing Development Programme for the period 2008 to 2012\*
- Review of the Allocations Policy for social housing\*
- Review the Rent and Rebate Scheme\*
- Review the process for setting social rents
- Review the need to release one or more of the Housing Target Areas (HTAs)\*
- Review social housing needs in preparation for a new development programme from 2013 onwards

- Develop and progress an integrated care and support strategy for older people\*

*This is a joint initiative with the Health and Social Services Department*

- Research a strategy for supported accommodation/accommodation for people with special needs\*
- Research first time buyer initiatives\*
- Review initiatives to improve the quality and affordability of private rented sector accommodation\*
- Co-ordinate and take forward a “key worker” housing strategy\*
- Review of the Open Market

*This is being carried out in conjunction with the Treasury and Resources Department*

- Complete the introduction of service standards for processing Housing Control applications
- Complete the upgrade/replacement of computer systems for Housing Management and Housing Control
- Continue to implement initiatives with a focus on improving customer services
- Review and establish robust policies in respect of Data Protection
- Continue to ensure compliance with the Guernsey Care Home Standards at the Residential Homes

The Housing Department has the financial resources available in the CHP Fund to complete all of these projects, **subject to the Department continuing to receive an annual allocation equivalent to the rent rebates granted to its tenants and paid to tenants of the Guernsey Housing Association.** This funding is necessary to provide the long-term certainty required to plan ahead effectively to meet the Island’s housing needs on an ongoing basis.

Further details of the Housing Department’s funding structure are provided in Section 4.

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<sup>3</sup> ‘Corporate Housing Programme – Progress against the 2008 Action Plans’ (Billet d’État XVIII 2008)

## 1) How we spend public money

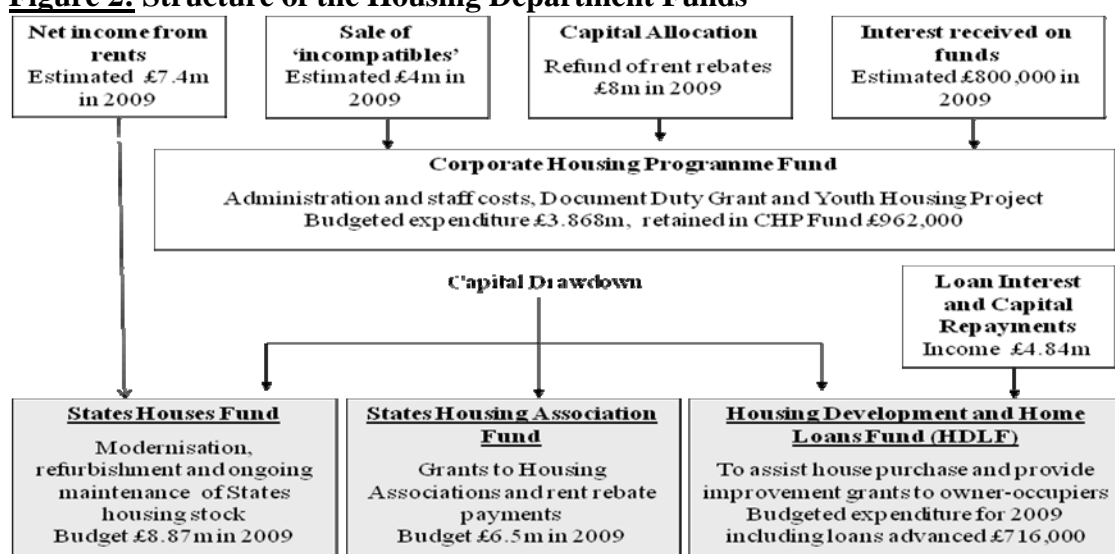
The Housing Department has a General Revenue account and a separate Corporate Housing Programme (CHP) Fund. The latter sits above the States Houses Fund, the States Housing Association Fund and the Housing Development and Loans Fund.

**General Revenue** income is used only to fund administration and staff costs in Housing Control and at the Residential Homes. It is currently derived from the following sources:

- (i) General Revenue allocations to fund the Residential Homes and the Housing Control Section. These are capped at £1,443,000 and £232,000 respectively for 2009 (after income from fees and charges but including unspent balances used to fund ongoing expenditure requirements);
- (ii) Fees for the occupation of the Residential Homes, estimated at £792,000 in 2009; and
- (iii) Fees which are raised through charges for Housing Control applications. These were estimated at £600,000 for 2009 but a delay in the introduction of charges means that there is a likely shortfall of £159,000 against that estimate (i.e. down to £441,000). (It should also be noted that the current global down-turn is likely to have a knock-on effect here as the number of employment-related housing licence applications received may well be less than predicted.)

Most of the Housing Department's expenditure is from the **CHP Fund** and relates to the delivery of both major housing projects and the day-to-day expenses of providing social housing. The structure of the funds, together with details of income and expenditure for 2009, is shown in Figure 2 below. The sums in and out of these Funds will vary year on year depending on the timing of individual housing projects, the numbers of tenants receiving rebate, etc.

**Figure 2: Structure of the Housing Department Funds**





This funding structure for the CHP provides the long-term certainty that is required to plan ahead effectively and in a sustained way, in response to the fact that the Island's need for housing is ongoing. This enables the Housing Department, and others, through the CHP, to move forward confidently with initiatives affecting the local housing market, ensuring that the capacity exists to deliver services and meet housing needs in the long-term.

Figure 2 shows that the Department is also responsible for administering the Housing Development and Loan Fund to assist house purchases and provide improvement grants to owner-occupiers. At the end of 2005 the States approved the Department using this fund to assist in financing the whole of the CHP.

## **5) How we monitor our performance**

The Housing Department monitors its performance in the following ways:

- A Department Workplan is prepared annually that clearly sets out the intended work streams during the year, including target dates and milestones that are expected to be achieved. The Workplan is updated quarterly and reported to the board so that it is aware of the Department's progress.
- A basket of reports on all key areas of the service is presented to the Housing board on a quarterly basis, in order for the board to monitor effectively the performance of the Department on a regular basis. These include:
  - (i) Allocations and Waiting List statistics.
  - (ii) Progress reports on the Modernisation Programme and other Property Management information (void properties, inspections made, jobs issued etc.)
  - (iii) Current and former tenant arrears.
  - (iv) States Home Loans' arrears.
  - (v) Monthly and annual Housing Control statistics.
  - (vi) Budgetary progress reports on both the Revenue account and Corporate Housing Programme Fund.
  - (vii) Review of the Department's Complaints Register.
- In July 2008, the Housing Department issued a tenant satisfaction survey to all of its tenants to seek their views about their home and neighbourhood, communications with the Department, the repairs service and how their tenancy is managed. The results are being analysed and services will be reviewed in light of the feedback received. It is the Department's intention to repeat this survey approximately every three years, in line with best practice in the UK.
- The introduction of a new computer system in Housing Control includes effective workflow systems, which monitors the time taken for correspondence to be dealt with. The system is able to produce statistics about performance based on the time taken for different types of applications, for example, to be processed. The system will be further developed during 2009 to monitor service standards for processes that involve consultations with external bodies. These developments are linked to

the introduction of charges for Housing Control applications and the need to ensure a high standard of service where a fee has been introduced.

- The new Housing Information Management System for Tenancy, Allocations and Property Management will also generate better statistics and produce a wide range of reports.
- Action Area F of the CHP focuses on the need to establish an authoritative system for collating information about housing in order to monitor and review the effectiveness of the CHP against strategic objectives. In this regard, the Policy Council's Policy and Research Unit employs a full-time member of staff (paid for from CHP funds) who is tasked with developing methods of data collection and ongoing monitoring in respect of the local housing market. Over time, effective monitoring will help to determine: (i) where the CHP has been successful; and (ii) to identify future priorities.

**Further information:**

More information about the Housing Department, its mandate, range of services and its full Operational Plan for 2009-2013 can be found on the States of Guernsey website <http://www.gov.gg/ccm/navigation/housing/>

## **Public Services Department**

### **1. What we do**

The Public Services Department is responsible for the delivery of key services and for the provision of essential island infrastructure through six business units:

- Waste Services
- Support Services & Roads
- Guernsey Airports
- Guernsey Water
- Guernsey Harbours
- States Works

Further details can be obtained on the States of Guernsey website at <http://www.gov.gg/publicservices> which also contains links to the business units' individual websites.

**Waste Services** is responsible for providing the following services:

- Solid waste disposal, landfill and recycling
- Liquid waste disposal
- Land Drainage

**Support Services & Roads** is responsible for:

- Road resurfacing and repair
- Receiver of Wreck
- Administrative, HR and Finance support
- Alderney Breakwater

Guernsey Airport is responsible for the provision of:

- Airport infrastructure including runway, taxiways and aprons, technical aids and services for the movement and parking of commercial and private aircraft and vehicles
- Facilities and support services for the movement of passengers and freight
- Air Traffic Control including radar, aerodrome and ground movement control and flight briefing
- A Rescue and Fire Fighting Service
- A Meteorological Service essential to aviation (including Alderney Airport)
- Security Services in accordance with international requirements
- The daily operation of Alderney Airport

**Guernsey Water** is responsible for:

- Delivering a reliable supply of high quality drinking water sufficient to satisfy normal daily demand at the lowest cost
- Collecting precipitation and transferring it to storage reservoirs
- Ensuring the Catchment Area (where precipitation is collected) remains contamination-free
- Treating raw water at one of three water treatment plants so that it becomes high-quality drinking water and meets appropriate UK and EU standards

- Ensuring water transferred through 400kms of pipework is kept at the highest possible quality

### ***States Works***

Provides municipal and maintenance services to the States of Guernsey and private clients, utilising the skills and expertise of the direct labour workforce and specialist vehicles and equipment. It provides a quality service to its clients and an emergency response service for the Island

States Works contracts include:

- |   |  |
|---|--|
| ▪ Building projects                     | ▪ Street cleaning                      |
| ▪ Grounds maintenance                   | ▪ Beach cleaning                       |
| ▪ Horticultural services                | ▪ Fleet vehicle repair and maintenance |
| ▪ Road construction and drainage        | ▪ Sewage collection                    |
| ▪ Waste disposal and recycling services | ▪ Electrical and mechanical services   |
| ▪ Refuse collection                     |  |

### **Guernsey Harbours**

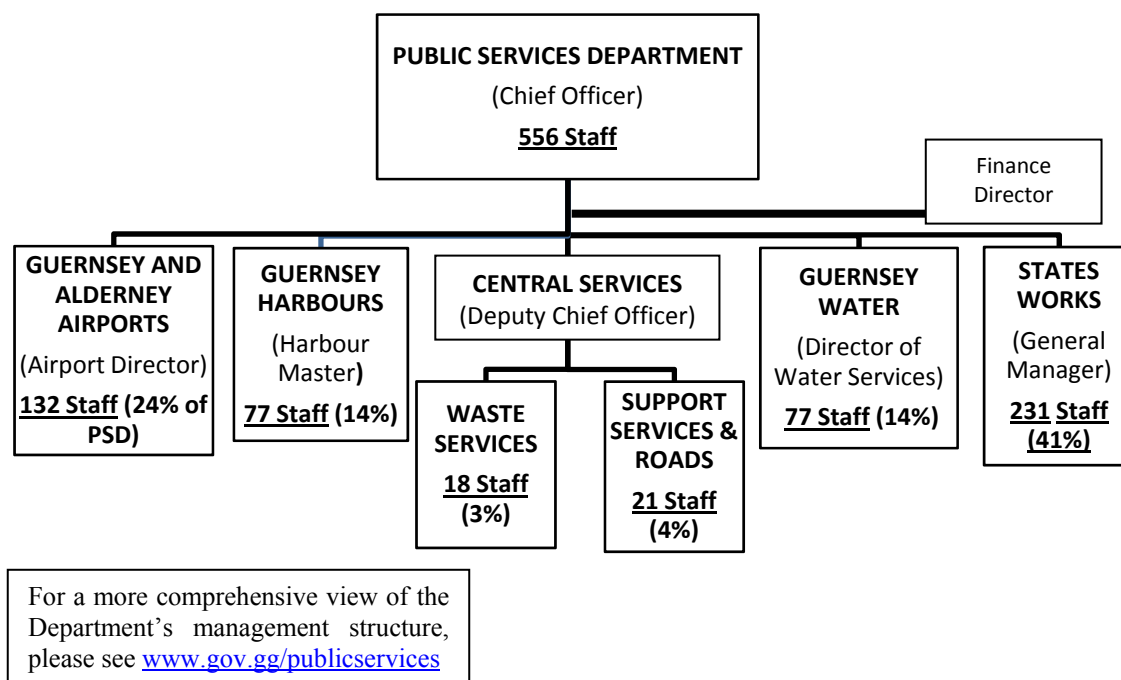
Operates and maintains the harbours and marinas of St Peter Port and St Sampson. Run with a commercial ethos, it generates revenues sufficient to meet all its capital expenditure requirements and provides the following services and facilities:

- Search and Rescue co-ordination at sea
- Local management of the RNLI
- Passenger and freight handling facilities
- Moorings for the fishing fleet
- Regulation and licensing of fishing vessels
- Co-ordination of nautical events
- Co-ordination of cruise ship activity
- Maintenance of navigational marks
- Guernsey Registrar of British Ships
- Provision of berthing and marina facilities

## **2. Who we are**

Each business unit of the Public Services Department employs experienced craftspeople, technicians and professionals in a diverse range of disciplines associated with these services.

The Public Services Department employs around 550 staff split between Established Staff (35%) and Public Service Employees (65%).



The Chief Officer, Deputy Chief Officer, Finance Director, Director of Water Services, the General Manager of States Works, Harbour Master, and the Airport Director form the Senior Management Team of the Department.

The PSD Board has delegated to the Senior Management Team responsibility for those decisions which can be taken by the executive officers and which are of a non-political nature. This enables the Board to focus on strategic decisions rather than operations or technical solutions.

### 3. Longer term objectives

The Department aims to carry out the following aspirations for future service developments by 2013, which are likely to be achievable without significant additional expenditure:

#### *Waste Services*

- Extension of the foul water network to Creux Mahie and the diversion of flows to the Bellegreve outfall.
- Development of new and existing recycling and waste minimisation initiatives with the aim of extending the life of landfill sites.
- Implementation of the long-term liquid and solid waste disposal strategies.
- Maintenance of the foul and surface water infrastructure.
- Upgrading of the foul sewer network.
- Upgrading and separation of the surface water and foul water network.

***Support Services & Roads***

- Rolling programme of road surface renewal.

***Guernsey Airport***

- Review of Airport business model with a view to strengthening its trading position.
- Changing requirements for aviation legislation.
- Review the long term funding options for the Airport.
- Introduction of “nose-in push-back” parking for aircraft.

***Guernsey Harbours***

- Refurbishment of one Roll on-Roll off linkspan.
- General maintenance and dredging of St Peter Port Harbour.
- Review of development needs for St Sampson’s Marina.
- Maintenance of Harbour walls and breakwaters.
- Long term strategy for St Sampson’s Harbour.
- Review of the long term funding options for the Harbours.

***Guernsey Water***

- Rolling programme of water main replacement.
- Develop treatment works at St Andrews Reservoir/redevelop plant at Kings Mills.
- Centralisation of operational activities at St Andrews Reservoir site
- Enhancement of Island pumping stations.
- Upgrading of the Marais Stream pumping station which has been linked to the development of Belgrave Vinery
- Review of future water resource requirements (e.g. Les Vardes quarry, desalination).
- Consideration of universal metering and updating of water-related legislation.
- Installation of new trunk main from Frie Plaidy service reservoir to St Martin’s.
- Creation of pumping stations at Kings Mills and Les Arquets to maximise water resource collection.
- Development of Water Safety Plans (a detailed risk analysis of every step of the water treatment process, from collection of precipitation to delivery of treated water to customer taps)
- Installation of OSEC units at St Saviours WTW and No.2 tank at Forest Road service reservoir (On Site Electrolytic Chlorine generation)

***States Works***

- Encourage and develop wider use of States Works Fleet Management service.
- Support apprenticeships to ensure the availability of locally qualified trades people.
- Seek an alternative location for the Sewage Tanker Fleet.
- Explore and develop opportunities to combine existing States of Guernsey workforces with States Works to achieve greater efficiency of operation and reduced duplication.
- Identify complementary business activities to maximise use of skills and resources.
- Remain a viable business, generating sufficient revenue to finance its capital replacements.

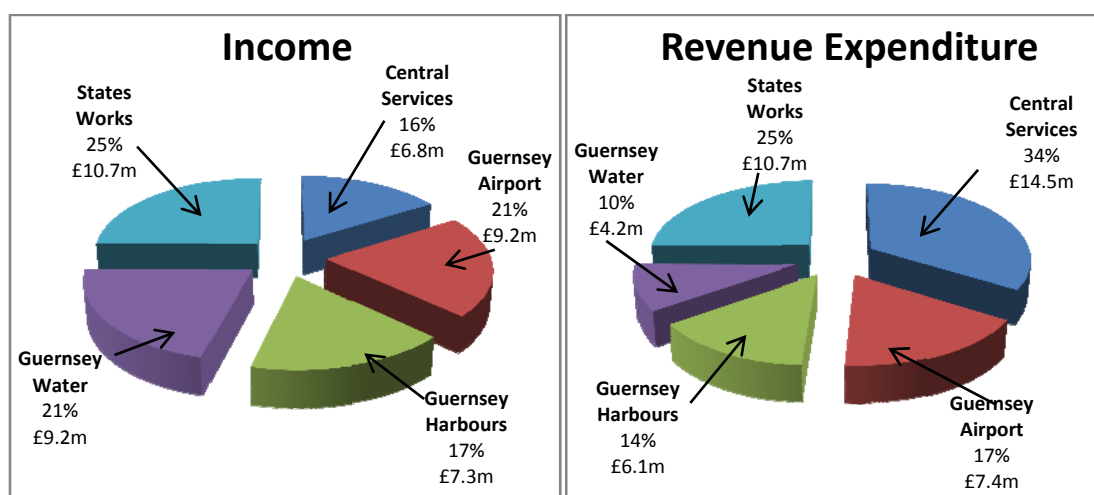
- Drive down operating costs, through strong people management, operational efficiency and best use of resources.
- Develop existing business and income streams in order to achieve greater productivity without the need to increase existing overhead support services and facilities.
- Develop new income streams in order to recover overhead costs over a larger income base and thus reduce the recovery per unit of labour.

#### 4. How we spend public money

**Turnover of approximately £40million per annum and nearly £1billion of assets under management.**

Four of the Department's business units (Guernsey Airport, Guernsey Harbours, Guernsey Water and States Works) operate as commercial, trading entities and receive no general revenue income. They are entirely funded from their own income generation.

The following charts show **2008 actual Income and Revenue Expenditure** (excluding depreciation).



**Total Income = £ 42.9m**

**Total Revenue Expenditure = £42.9m**

**In addition Total Capital Expenditure = 17.09m**

#### 5.0 How we monitor, or would like to monitor and review our performance

Each business unit produces a quarterly report for the Board including financial performance, showing progress with major projects, workload, etc. Business units monitor and review their performance against the relevant industry standards and best practice as follows:

## **Waste Services**

- Compliance with licenses from the Office of Environmental Health and Pollution for waste sites.
- Current and historic landfill site gas emissions monitored to UK Environment Agency Guidelines.
- Regular sampling programme of sewage discharges and seawater is in place which is benchmarked against the Environmental Quality Standard (EQS).
- Roads programme measured against budget, estimated costs and benchmarked.

## **Guernsey Airport**

Guernsey Airport works towards agreed objectives, which are reviewed and reported against. In addition the various technical and safety-critical elements of the business are subject to regular external audit by outside agencies such as the Civil Aviation Authority and the UK Department for Transport. Regular meetings of various Airport User Groups (comprising the main users of the airfield) are held with Airport Management and provide useful feedback on performance.

## **Guernsey Harbours**

- Financial performance review through monitoring, periodic reports, and review of statistics.
- External measurement and audit against international standards and codes of practice.
- Liaison with Commercial Port Users, Sea Fisheries, Marine Traders and other focus groups.
- Health & Safety audits.
- Setting of and reviewing performance against business and operational targets and KPIs.
- Risk Assessment Reviews.
- Benchmarking against peers.

## **Guernsey Water (more information can be found in the 2008 Annual Report and Business Plan at [www.water.gg](http://www.water.gg))**

- Internal targets are set in the Business Plan and reported through the Annual Report, (water storage, speed of mains-burst repairs, water discolouration complaints, leakage levels etc.)
- Targets reported through the PSD Business Plan (customer satisfaction ratings, operational surplus targets, production cost per megalitre of water and distribution cost per unit of supply).
- Drinking water quality assessed against the EC Drinking Water Directive. Samples are taken from water treatment works, service reservoirs, the distribution system and customer taps.
- Performance indicators from UK water regulators OFWAT adopted for 2009.



**States Works**

- Quarterly trading accounts to monitor the financial performance of the business supplemented with details of major business activities and Key Performance Indicators.
- Monthly management accounts produced with Profit and Loss, balance sheet and cash flows.
- Internal procedures subject to annual quality accreditation audits (ISO9000), external financial audits and at least once every 5 years internal procedural and financial audits.

## Social Security Department

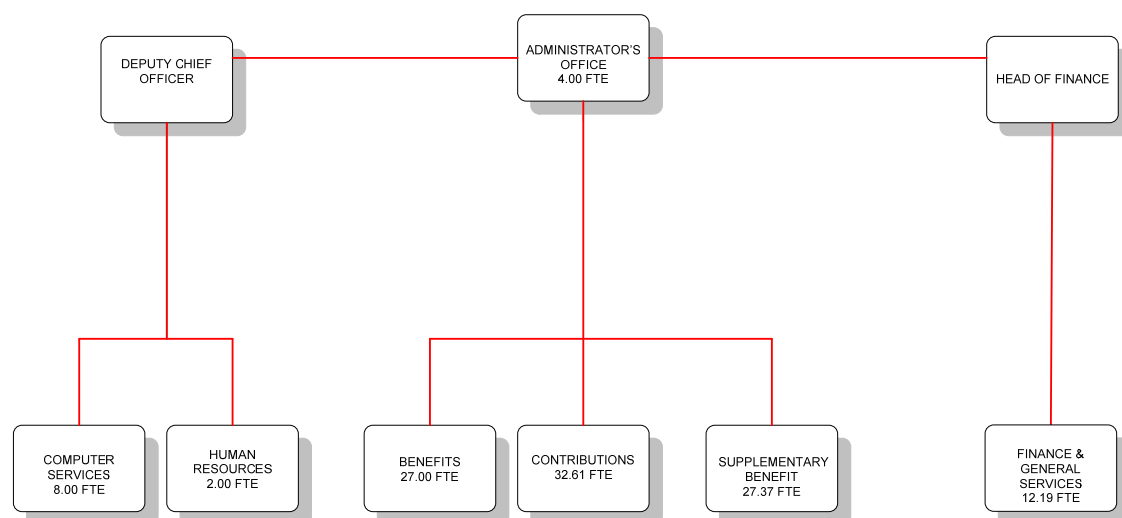
### 1. What we do

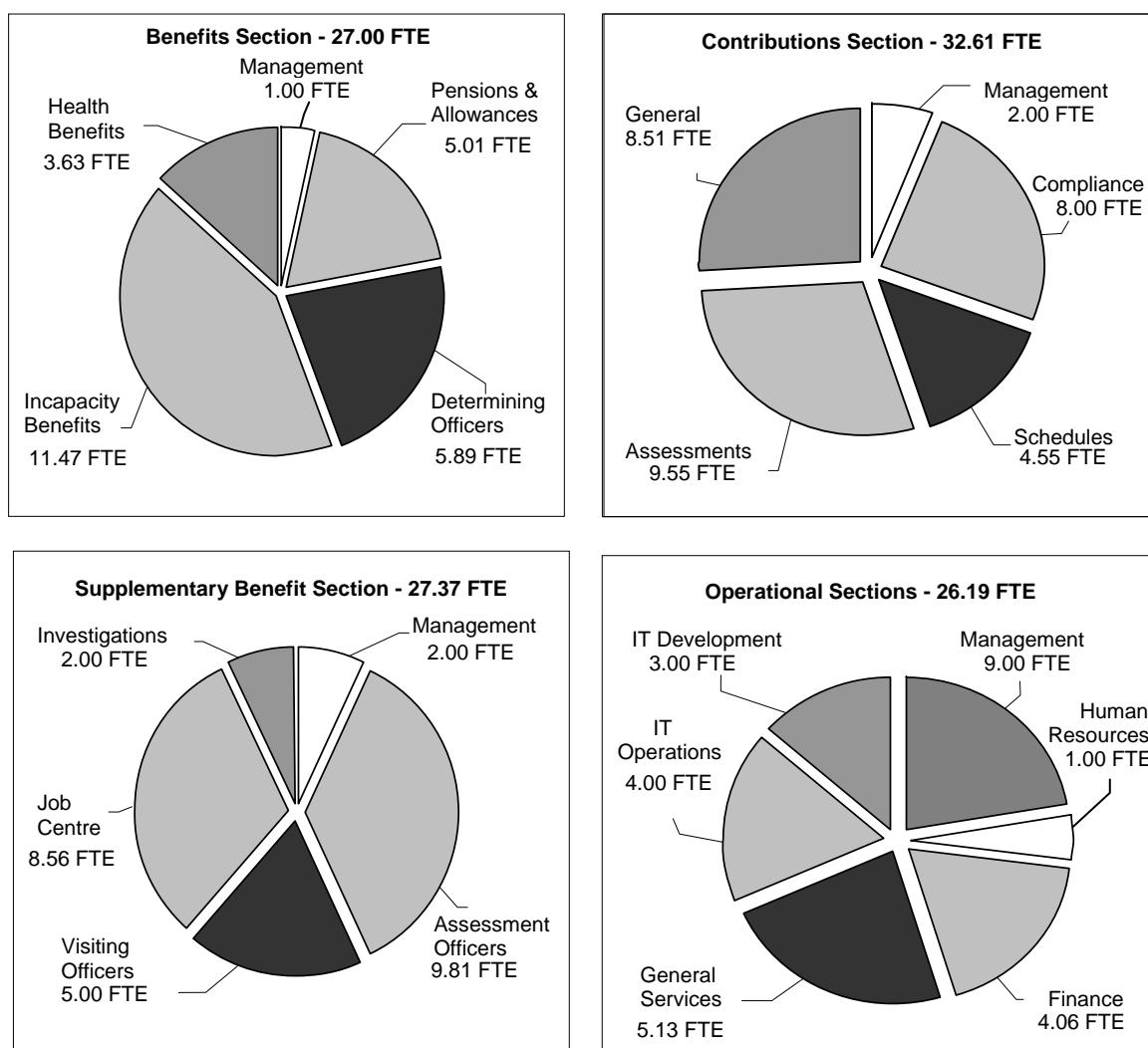
The Social Security Department's main purpose is to provide social security coverage for the wellbeing of Guernsey and Alderney residents, and for migrant workers and their families. The Department does so by maintaining and developing:

- a **contributory Social Insurance Scheme** to provide financial assistance during old age, bereavement, incapacity, unemployment, maternity and death;
- a **contributory Health Insurance Scheme** to provide prescription drugs, specialist medical care and GP consultation subsidies;
- a **contributory Long-term Care Insurance Scheme** to assist with the cost of care in private nursing and private residential homes;
- **non- contributory schemes** to:
  - support the wellbeing of children, people in need of domiciliary care and their carers;
  - provide financial and medical assistance to people unable to safeguard their own welfare or having insufficient resources for an adequate quality of life;
- **reciprocal agreements** with other countries to preserve social insurance entitlements for local residents working in the international community and vice versa.

### 2. Who we are

As at 1 April 2009, the Department's total establishment was 113.17 full time equivalents. This was made up of 101 full-time posts and 19 part-time posts (including vacancies).





### 3. Longer term objectives (to 2013)

Listed below are the Department's main policy priorities for the next four years which are expected to be funded from the Department's existing budget or from one of the contributory social security funds. Those policy priorities which will require additional budget allocations are separately listed in the Social Policy Plan and the States Strategic Plan.

- To secure the future financing of the contributory social security schemes**  
 In the future, the three contributory social security schemes will come under strain as a result of the projected ageing demographic profile of Guernsey and Alderney. Actuarial projections show that if the current financing structures remain unchanged, the reserves of the Guernsey Insurance Fund, currently standing at approximately £500m, will be exhausted by around 2040. In mid-2009, the Department intends to present to the States a package of proposals aimed at securing the long-term future financing of the social security schemes. *[This project is referred to in the Social Policy Plan.]*

- **To replace the Social Security contributions computer system**

Both the current Income Tax collection and administration system and the Social Security contributions system are running bespoke IT applications which utilise an operating system, programming language, database structure and transaction processing system, support for which is not guaranteed beyond 2020. This combined structural platform is predominantly run in UK government departments and not elsewhere in the world. This means that expert knowledge and support for running these systems is both dying out and becoming more costly to obtain. The States of Guernsey must move away from this platform if it is to avoid the risks of falling into the situation of a major system failure from which there is no recovery or the inability to implement necessary legal and operational changes in income tax and contribution assessment and collection systems.

Priority 4 of the former Government Business Plan (“Distribute wealth wisely in the community”) highlights the strategy of the Treasury and Resources and Social Security Departments to work more closely together to “Consider how savings might be achieved by merging and consolidating the collection, payment and treasury systems which, at times, overlap.” This is most apparent in the collection systems and a high level, cross department working party has been established to examine the potential for taking this forwards. A new IT system will better enable this strategy to be implemented at the operational level.

*[This project has been submitted for capital prioritisation.]*

- **To increase workforce participation and reduce benefit dependency through the provision of enhanced advisory, support and training services aimed at the long-term unemployed and incapacitated**

There are compelling social and economic reasons to invest in the provision of services to help people, who have the capacity, to return to work following long-term unemployment or incapacity. The Department will seek to increase workforce participation and reduce benefit dependency through:

- the expansion of the work rehabilitation service;
- the development of a training centre to upskill those at risk of long-term unemployment;
- the development of a training, education and development service aimed at young people;
- the introduction of an employer’s incentive scheme to encourage recruitment of long-term unemployed and long-term sick;
- the provision of additional work-related training schemes;
- the introduction of strategies to stem the rising trend in long-term incapacity, including the provision of a primary care mental health service.

*[Some of these proposed initiatives are referred to in the Social Policy Plan.]*

- **To review the provision of long-term care benefit in respect of care in the community**

Projections indicate that in 15 years time there will be 38% more people aged 60+ living in Guernsey and the number of people aged 80+ will increase by over a third. Current provision of housing, care and support services are inadequate to meet the future needs of older people. It is, therefore, essential to plan how the island will respond to the needs of its ageing population including the provision of new types of housing, increased community care capacity and new funding models. Care in the community is currently funded from General Revenue but could in future potentially be funded through the Long-term Care Insurance Scheme. *[This project is referred to in the Social Policy Plan.]*

- **To investigate various systems for supplementing retirement income**

The basic State pension (or Old Age Pension) provides weekly financial assistance for people over retirement age, currently 65. The amount payable is dependent on the contribution record of the individual. In order to secure a comfortable retirement, the basic State pension should be supplemented by other sources of income. Some employers offer private occupational retirement schemes for their employees. Some people make provision for their retirement through individual retirement schemes, savings, investments, etc. However, many people make no provision to supplement their retirement income and, as a result, experience a substantial reduction in their standard of living upon retirement. The Department intends to investigate various mandatory and optional systems for supplementing retirement income including, but not limited to:

- Earnings related pensions
- Means-tested pensions
- Provident funds
- Occupational retirement schemes
- Individual retirement schemes

- **To investigate the introduction of statutory maternity leave with pay**

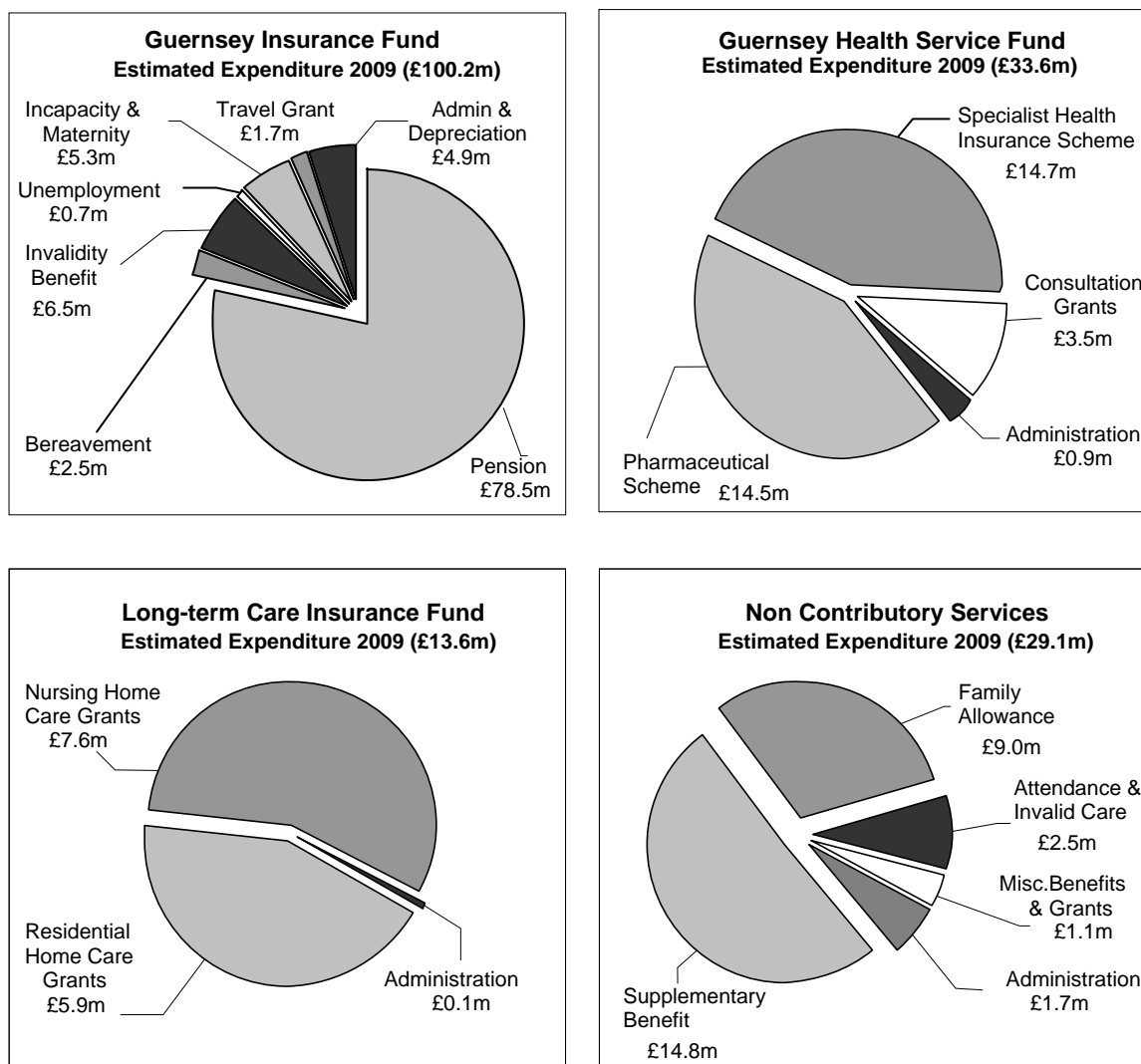
At present, employers in Guernsey are not required by law to provide maternity leave with pay. This, and other issues, will need to be addressed if the States of Guernsey is to sign up to the UN Convention on the Elimination of All Forms of Discrimination Against Women. *[This project is referred to in the Social Policy Plan.]*

- **To consider linking energy efficiency grants to social security benefits**

In England, 'warm front grants' are available to people in receipt of certain benefits to assist homeowners and tenants to more efficiently heat their homes, thus reducing heating bills as well as carbon emissions. In June 2008, the States endorsed the Energy Policy which included a direction for the Social Security Department to consider linking energy efficiency grants to social security benefits. This topic requires further investigation before the possible submission of a bid for additional General Revenue funding.

#### 4. How we spend public money

The below pie charts depict the Department's estimated expenditure by Fund in 2009:



#### 5. How we monitor, or would like to monitor, and review our performance

At a strategic level, the Government Actuary's Department undertakes 5-yearly reviews of the three insurance funds administered by the Department. The prime purpose of such reviews is to determine the financial sustainability of the funds and the expected adequacy in future years of the present contribution rates.

At an operational level, the Department uses a Management Information System (MIS) to monitor internal business processes and operational performance. This informs evidence-based decision making and helps to monitor compliance with service standards.

Benefit claimants have a formal right of appeal to an independent Tribunal and the information gathered through this process can inform policy development and lead to improvements in service delivery. The Department is currently finalising its formal complaints policy and this will also help to inform policy development and improve service delivery.

The Department seeks to continuously review and improve practices in order to maintain its accreditation as an Investor in People (IiP). The IiP Standard is widely recognised as the UK's leading people management business improvement standard.

## **Treasury & Resources Department**

### **1. What we do**

Every Department is given a ‘mandate’ by the States of Deliberation. These broadly set out a Department’s high-level responsibilities – the things the States wants a Department to deal with. Our mandate requires us to deal with the following matters: -

- The allocation and administration of all States resources.
- The regulation and control of States financial affairs.
- The raising of States income.
- The systems for the assessment and collection of income tax, dwellings profits tax (currently suspended) and tax on real property.

At a more detailed level this involves: -

#### **General**

- Assessing and commenting on the resource implications associated with Departments’ and Committees’ proposals which are to be placed before the States.
- Establishing corporate regulatory frameworks for Finance, Information Technology, Procurement and Property.
- Providing resources for the offices of Crown appointees and for the function of the Royal Court.

#### **Client Services**

- Managing the States insurance requirements, bank accounts, collection of States income, the Guernsey currency notes and coins and commemorative issues, the Purchasing, Asset management, Payroll, Pensions, Loans and Accounts Receivable Systems.
- Maintaining a register of property ownership for the purpose of assessing and collecting taxes including developing and maintaining the States Digital Map.

#### **Corporate Procurement Services**

- Overseeing the purchase of goods and services for the States ensuring this is as efficient, effective and equitable as possible.

#### **Corporate ICT Services**

- The development, management and support of computer and communications systems and the security of data held on the States computer network.



## **Income Tax Office**

- Developing and implementing policies on the assessment and collection of income tax and administering the requirements of the Income Tax and Dwellings Profits Tax Laws (the latter is currently suspended).
- Administering the requirements of the Retention Tax System arising under the agreements associated with the EU Savings Tax Directive and acting as the Competent Authority for the purposes of international tax agreements.
- Registration of Charities and other Non Profit Organisations.

## **States Property Services**

- Managing the States property portfolio to provide the best returns for the States and providing advice to other Departments on property and construction matters.

## **Treasury**

- Preparing the States Annual Budget, Accounts and managing the States Capital and Revenue spending prioritisation process.
- Overseeing the professional management of States investments and managing Internal Audit services.
- Undertaking the shareholders' functions and duties in respect of the States Trading Companies (Guernsey Electricity, Guernsey Post and Aurigny).

**Our specific policy priorities for 2009**, which will be funded from the Department's existing revenue budget, include preparing States Reports on: -

- |   |                  |
|---|------------------|
| • Capital Prioritisation  | <b>JUNE</b>      |
| • States year-end Accounts (2008)   | <b>JUNE</b>      |
| • Amendments to the Compulsory Purchase Law   | <b>JUNE</b>      |
| • Capital Prioritisation Update   | <b>SEPTEMBER</b> |
| • States Corporate Property Plan  | <b>SEPTEMBER</b> |
| • Amendments to the Income Tax Law  | <b>SEPTEMBER</b> |
| • Proposals for the introduction of a Land Registry   | <b>SEPTEMBER</b> |
| • Fundamental Spending Reviews – Recommendations  | <b>OCTOBER</b>   |
| • New framework for revised Financial and Resources Management (formerly Accounting Guidelines) | <b>NOVEMBER</b>  |
| • 2010 Annual Budget<br>(including updating the Shareholders Guidance)                          | <b>DECEMBER</b>  |

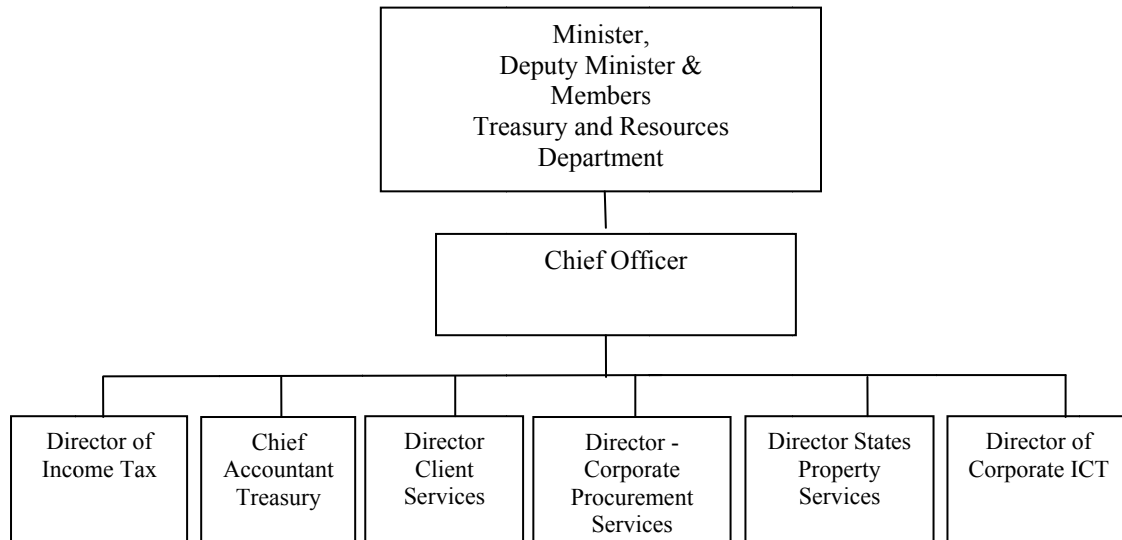
## **Further Information**

More detailed information about the Treasury & Resources Department is contained in its Business Plan which can be found on the States of Guernsey website [www.gov.gg](http://www.gov.gg)

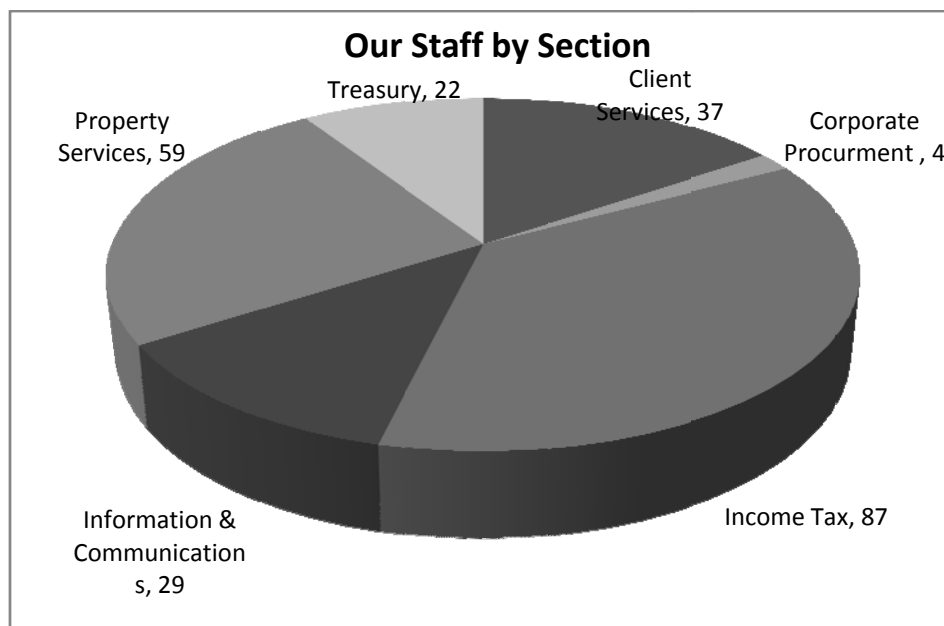
## 2. Who we are

The Department is organised into six sections. Each section is headed up by a Director who reports to the Department's Chief Officer. Together they form the Department's Senior Executive Team whose role is to deliver, coordinate and monitor the policy priorities that are established by the Department's political Board.

The organisation of the Department is summarised in the following diagram: -



The Department employs a total of 238 people (full-time, part-time and contract staff).



### **3. Longer term priorities (to be funded from the Department's existing budget).**

#### ***Client Services***

- Investigate a centralised (shared) debt recovery function and explore the option of shared services for other functions.
- Support the Public Sector Remuneration Committee with the procurement and implementation of a replacement corporate pensions system.

#### ***Corporate Procurement Services***

- Assist in reviewing and revising the States Administrative and Accounting Guidelines to provide a coherent structure for all States activities involving finance, procurement, ICT and property.
- Instigate a new Tender and Contracts Register to improve cross-departmental collaboration on procurement.
- Develop sustainable procurement policies, ensure procurement policy supports reduced energy consumption and the use of recycled products.

#### ***Corporate ICT Services***

- Assist in reviewing and revising the States Administrative and Accounting Guidelines to provide a coherent structure for all States activities involving finance, procurement, ICT and property.
- Develop Service Level Agreements with all Departments.
- Investigate the requirement and feasibility of a corporate system for handling information/document management.

#### ***Income Tax Office***

- Develop proposals for changes to “zero-10” legislation (phase 2).
- Support a joint review with SSD with the involvement of the Social Policy Working Group, of current Income Tax and Social Security policies and systems to inform the possible amendment of those policies/systems and/or the introduction of new ones to provide better protection to those on low and middle incomes.
- Undertake a joint review with the Social Security Department to assess the feasibility and potential resources and cost savings of merging and consolidating income tax and social security contributions collection, payment and treasury systems.

#### ***States Property Services***

- Assist in reviewing and revising the States Administrative and Accounting Guidelines to provide a coherent structure for all States activities involving finance, procurement, ICT and property.

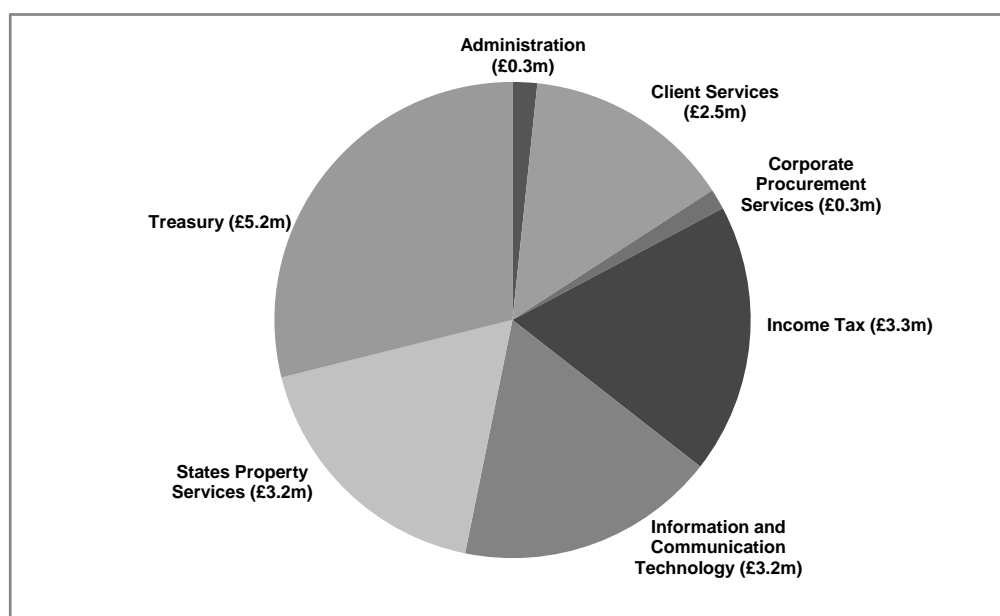
- Develop Service Level Agreements with relevant Departments governing the provision of Estate Management Services.
- Continue with the implementation of the States Property Rationalisation Strategy including implementing the rolling programme of Condition Surveys for all States land and property assets.
- Identify States-owned sites suitable for housing development and on which “key worker” accommodation could be developed or sold/leased/transferred to a “key worker” housing association.
- Introduce an energy code and best practice into States buildings and explore ways of stimulating investment in energy efficiency equipment and measures, including the operations of GEL.

### *Treasury*

- Lead on proposals for a Fundamental Spending Review.
- Research the measures to address the structural deficit in the Public Sector finances.
- Lead the project for the introduction of Resource Accounting and Budgeting.
- Lead on reviewing and revising the States Administrative and Accounting Guidelines to provide a coherent structure for all States activities involving finance, procurement, ICT and property.
- Review the present Document Duty Law and Ordinances including investigating the possibility of exemptions from document duty for new zero carbon homes.
- Investigate the possibility of introducing a local carbon or energy tax the revenue from which could be used to fund an Energy Advice Centre and the Guernsey Renewable Energy Commission.

## **4. How we spend public money**

Our total **revenue** budget allocation for 2009 is £18 million which includes all expenditure, not just staff costs and is allocated between each of its Sections as follows:



## Capital Budget

In addition to its annual Revenue budget, the Department receives a capital budget to meet the costs of high value projects that fall outside of the Department's day-to-day expenditure requirements. Our current allocation is £2,000,000.

## **5. Measuring Performance**

As part of the initiative for Developing Our Public Sector, and in conjunction with our staff, the Senior Executive Team is currently developing appropriate performance measurements for the key services that we deliver. In relation to major policy and operational projects, the progress made can be assessed by the timely nature in which these are achieved.

## **Public Sector Remuneration Committee**

### **1. What we do**

The Committee is responsible for:

- taking the employer's role in all matters relating to the determination of pay, pension benefits and conditions of service for approximately 4,500 States employees;
- advising on the pay and conditions of service of staff who, although not direct employees of the States, are involved in other areas of public administration where States finances are involved.

### **2. Who we are**

The Committee has no staff of its own. Secretarial support is provided by officers from the Policy Council's Human Resources Unit.

### **3. Longer term objectives**

The Committee's responsibilities are on-going. Each year it is required to reach new pay and conditions agreements with a dozen or so different public sector pay groups and this task will always be the major priority.

Additionally various ad hoc pay, pension or conditions of service matters will be referred to the Committee by employing Departments, staffing bodies or individual employees.

The Committee is also currently working with the Policy Council on the development of the public sector and the recommendations of the Robinson review into the States role as Employer.

### **4. How we spend public money**

The Committee has no budget of its own. However, its judgements on pay and conditions matters do have a direct impact on States payroll costs.

Currently the States payroll stands at approximately £170m per annum.

### **5. How we monitor, or would like to monitor, and review our performance**

Performance is monitored by analysis of:

- recruitment and retention data;

- the number of matters referred to the dispute resolution service (and the outcome of any binding awards);
- pay and conditions agreements elsewhere (in Guernsey and the UK public sector);
- discussion with/feedback from employing Departments.

# Parliamentary Committee Business Plan Summaries

## Public Accounts Committee

### 1. What we do

As a Parliamentary Committee set up in May 2004 the Public Accounts Committee has established itself to challenge procedures and achieve better value for money for the States of Guernsey. It has a wide mandate to ensure proper scrutiny of the financial affairs of the States and that States' bodies operate to the highest standards in financial matters. It also examines whether public funds have been applied for the purposes intended by the States and that extravagance and waste are eradicated.

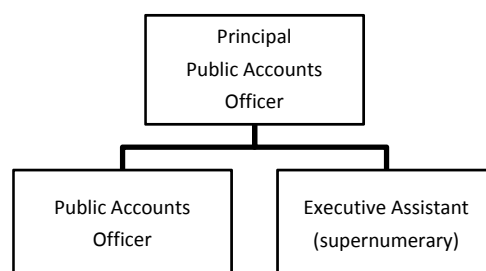
In fulfilling its mandate, the Committee will:

- a) **Identify** areas for review and will commission third parties to investigate whether States Departments and non-States bodies provide best use of public money for that area. The resultant and agreed report will be used as a basis for a hearing where chief officers of the departments concerned give evidence, from which the Committee will draw its own conclusions and present these in a States Report. These are presented for debate by the States of Guernsey or placed as a public record.
- b) **Focus** on the financial and project management of capital works by investigating overspends or other high profile projects. In addition the Committee will consider the post implementation reviews commissioned by individual departments to see where the States can learn lessons for future projects, often achieved by questioning the chief officer of the department concerned at a hearing.
- c) **Monitor** the development and changes to financial procedures and also liaise with other scrutiny bodies. The Committee will ensure that the recommendations made following its reviews have been implemented. Often these recommendations will promote a change in the way that the States operate, involving the modernisation and improvement of financial controls, rules and standards. The Committee will keep abreast of developments by meeting with professional staff within the States and also outside professionals. The Committee is responsible for appointing external auditors and will keep a watching brief on their work as well as the work of the internal audit, when in place.
- d) **Research** to constantly improve the way in which it operates in order to provide the best service it can and ensure that Guernsey conforms to international and national standards in providing financial scrutiny.



The Committee has been active in completing a wide variety of value for money reviews and investigations since 2004 and the resultant reports can be found on the States website, [www.gov.gg](http://www.gov.gg) through the quick link at the bottom of the home page.

The main Committee meets twice most months. The Committee membership of five States and four non-States members also contribute by breaking into support groups for each review as well as the two main monitoring groups for reviewing Contracts and Audit, and a research group for consideration of the appointment of an auditor general.



## 2. Who we are

The work of the Committee is supported by two permanent members of staff plus one supernumerary under contract.

There is also limited support from the Treasury and Resources Department's Facilities and Resources Unit.

In addition, the Policy Council appointed a Chief Officer for all three Parliamentary Committees in July 2008, with the current post holder being seconded to the Policy Council for one year from March 2009.

## 3. Longer term objectives (for the period to 2013)

- The Committee will continue to initiate a mixed programme of value for money reviews and investigations on projects as well as commission other reviews as directed by the States. Improvements to the way in which these are carried out, finalised, published and reported will be ongoing.
- In 2008 the Committee set up a framework agreement of third party reviewers which will enable it to commission reviews until 2012. Therefore as this framework draws to its conclusion the Committee will be reassessing whether this is the right way to provide value for money reviews or should another method be introduced.
- In accordance with States resolutions from 2003 and 2004, the Committee will be bringing to the States a Report on the possible creation of the statutory post of an auditor general. Although there is likely to be financial implications from the creation of such a post, the timing and cost are currently unknown; however, some costs could be borne from the existing budget of the Committee.
- The Committee is mandated to appoint the States external auditors and carried out the last tender process in 2007, awarding the contract for 5 years. Before the next tender process in 2012 the Committee will be re-assessing the criteria for entities which fall within the States contract.
- As a result of the recommendations from its reviews and, in accordance with its mandate, the Committee will continue to support and promote updating guidance,

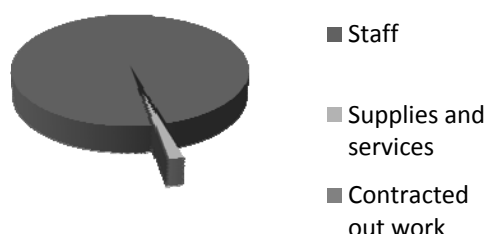
standardisation and regulation of accounting and financial processes and procedures to meet with international and national standards. Additionally the Committee will pursue the reporting of the States' finances in a clear format and in accordance with accepted practices.

- Following the conclusion of the Fundamental Spending Review, the Committee will be considering ways in which it can monitor and ensure that departments encompass the efficiency changes, ensuring co-ordination with the other financial scrutiny bodies of external and internal audit.
- The Committee will continue to promulgate corporate governance principles throughout the States and promote the need for greater accountability, management of risk and internal audit in particular.

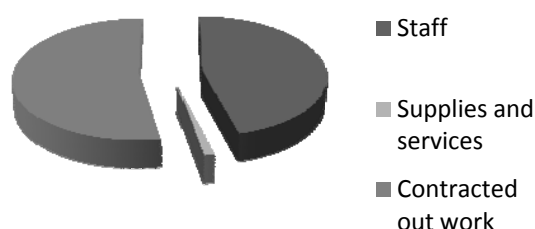
#### 4. How we spend money

The majority of the budgeted expenditure of the Committee relates to contracted out work, which arises from reviews carried out by third parties. During 2008 following the general election, the Framework Agreement was set up with quotes and scopes being obtained in order for reviews and investigations to be commenced in 2009 and therefore little expenditure for contracted out work was incurred in 2008. In 2009 expenditure will return to its usual pattern. Expenditure for 2008 was £125,000 out of a budget of £270,000, with an approved budget for 2009 of £275,000 supplemented by using a further £75,000 of unspent balances.

**How we spent our money in 2008**



**How we plan to spend our money in 2009**



## **5. How we monitor, or would like to monitor, and review our performance**

- The Committee sets a programme of work to achieve an output of four reviews/reports a year.
- The outcomes achieved through its reviews, for example the implementation of recommendations leading to better value for money and improved financial and project management.
- Increased knowledge and public acceptance of the work of the Committee.

## **Scrutiny Committee**

### **1. What we do**

Through a process of political scrutiny, we review the performance of the Policy Council, Departments and Committees with particular emphasis on:-

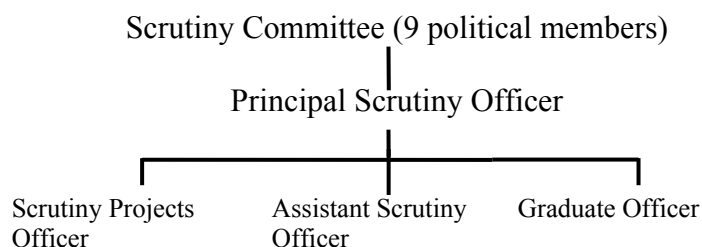
- Determining the effectiveness of the policies of, and services provided by, Departments and Committees;
- Assessing the performance of Departments and Committees in implementing policies and services;
- Identifying areas of policy or service delivery that might be inadequately or inappropriately addressed;
- Promoting changes in policies and services where evidence persuades the Committee that these require amendment; and
- Holding reviews into such issues and matters of public importance that the Committee may determine from time to time.

The Committee progresses its work through Panels nominated to investigate particular subjects and by:-

- Carrying out and publishing in-depth reviews, e.g. “Investigating Vandalism” and “Milk Distribution Proposals”, drawing upon the views of key stakeholders and involving the general public;
- Monitoring the implementation of significant States policies, such as the Government Business Plan and the Population and Migration Strategy;
- Challenging departments on policy decisions or implementation, such as the Public Services Department on its handling of the flooding incident at Belle Greve pumping station.

More information on the Committee, including on its role, processes and procedures and work undertaken, is available from [www.gov.gg/scrutiny](http://www.gov.gg/scrutiny)

### **2. Who we are**



In addition, a Chief Officer was appointed for all three Parliamentary Committees in July 2008, with the current post holder being seconded to the Policy Council for one year from March 2009.

The Committee has recently appointed a Scrutiny Projects Officer (from August 2009) and a Graduate Officer (from September 2009).

### **3. Longer term objectives (for the period to 2013)**

The Committee's strategic objectives are to:

- Make a positive impact on service delivery
- Provide an effective challenge to the decision-making of government
- Encourage accessibility to and public participation in scrutiny
- Reflect the concerns of the public and its communities
- Work effectively with Departments and Committees; politicians and their senior management
- Develop Committee Members' involvement and ownership of the scrutiny process

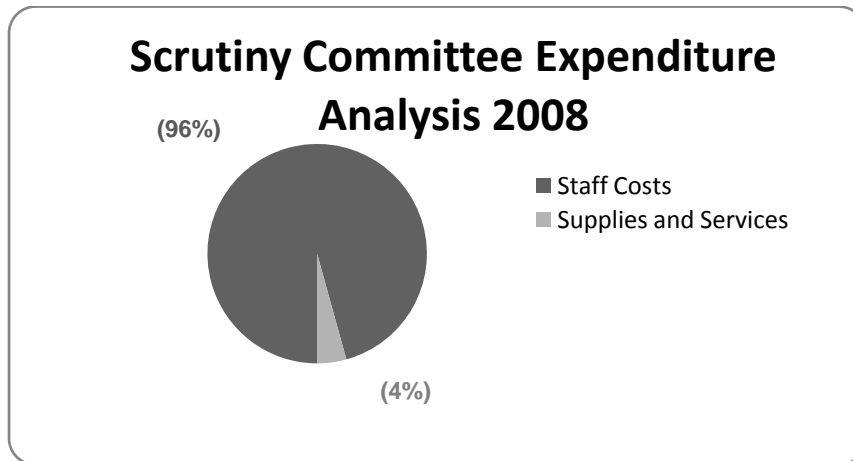
The Committee's Forward Work Programme setting out what it hopes to achieve up until April 2012 will be published in due course, together with its Performance Report for the year ending 30<sup>th</sup> April 2009. Under its forward work programme, amongst other initiatives, the Committee intends to:

- Hold monitoring meetings (usually open to the public) approximately once every 4 to 5 months to question departments about areas of strategic importance under their mandate;
- Develop a monitoring system for follow-up on States Resolutions;
- Identify priority topics for investigation for the next three years; and
- Review the Committee's processes and procedures and resource requirements.

### **4. How we spend public money**

The majority of the budgeted expenditure of the Committee relates to staff costs. Expenditure for 2008 was £163,622 out of an authorised budget of £200,000. The Committee's authorised budget for 2009 is £208,000, including £8,000 allocated unspent balances.

During 2009 the Committee will be reviewing its budget provision according to a zero based approach and will liaise with the Treasury and Resources Department to set up a rolling budget for large reviews, returning any unallocated unspent balances.



## 5. How we monitor our performance

- The Committee publishes an annual Performance Report, available from [www.gov.gg/scrutiny](http://www.gov.gg/scrutiny). The first one of the current Committee will be available from August/September 2009, reporting on performance from May 2008 to the end of April 2009.
- The Committee monitors the performance of its reviews by carrying out a follow-up report detailing the extent to which its recommendations have been accepted and implemented by departments.
- It is intended that Committee Members will undertake a questionnaire and reflect on the performance of the Committee against its objectives on an annual basis.
- It is intended to ask key stakeholders for feedback on the performance of the Committee.
- The Committee has developed a range of qualitative and quantitative performance indicators that will be implemented to monitor the performance of its proposed Forward Work Programme.

## **States Assembly and Constitution Committee**

### **1. What we do**

The States Assembly and Constitution Committee is mandated to advise the States on:

- The constitutions of the States of Deliberation and the States of Election;
- The Rules of Procedure of the States of Deliberation;
- The constitution and operation of States departments and committees;
- The system of election of ministers and members of States departments and States committees;
- Matters relating to the practical functioning of the States of Deliberation and the States of Election including facilities provided for Members of the States;
- Elections to the office of People's deputy
- Matters relating to the propriety and conduct of States Members;
- Induction training and on-going support for States Members;
- The general procedures for the timely and efficient management of public business in the States of Deliberation.

The States Assembly and Constitution Committee also exercises certain powers and duties conferred on it by extant legislation which includes:

- The Reform (Guernsey) Law, 1948, as amended
- The States Committees (Constitution and Amendment) (Guernsey) Law, 1991.

### **2. Who we are**

- The States Assembly and Constitution Committee is constituted by a Chairman and four other members, all of whom must be sitting Members of the States.
- The Committee has 1 FTE member of staff – its Principal Officer. Minute taking and writing services are supplied by Policy Council staff. The Principal Officer is also Deputy Registrar-General of Electors.

### **3. Our current priorities**

- Reporting to the States on the feasibility of establishing an island-wide voting system;
- Continuing to monitor, and when appropriate recommend changes to, the Rules of Procedure, Rules for States Departments and Committees and the Code of Conduct for States Members;
- Reviewing and if necessary reporting to the States on election procedures;
- Reviewing and reporting to the States on the possibility of consolidating and extending the Reform (Guernsey) Law, 1948, as amended;
- Reviewing and reporting to the States on the constitution of the States of Election.

#### **4. Monitoring**

- Much of the Committee's work is prescribing rules under which the business of the States of Deliberation and States departments and committees is conducted and also prescribing a code regarding the propriety and conduct of States Members. The Committee therefore monitors the application of the rules on an on-going basis.

#### **5. Longer term objectives**

- The introduction of an island-wide voting system (if approved by the States) will extend into the longer term as the relevant States resolution provides that if such a system is to be introduced it should take effect at the 2012 General Election.

#### **6. How we spend public money**

- Apart from the salary of its member of staff, the States Assembly and Constitution Committee's budget is minimal.
- Expenditure regarding elections occurs, in the main, every four years. There is an annual budget allocation which accrues over the four-year period.
- Expenditure regarding the electoral roll is met from the budget of the Home Department.



## APPENDIX 2 - SUMMARIES OF STRATEGIC POLICY PLANS

### Fiscal & Economic

The section summarises the fiscal and economic plan and its associated plan objectives. Central to the plan is the understanding of the overall context for the States Strategic Planning process and the broad fiscal parameters which constrain all spending departments and policy groups in this and subsequent years.

Given global economic factors there presently exists a high degree of uncertainty in forecasting growth in the short run and the likely States budget outturn both this year and next. **The rebalancing of the fiscal position of the States following the recent reform of the fiscal regime is likely to continue to require a combination of measures including realisation of cost savings identified by the Fundamental Spending Review and rises in revenues taxation and charges.** This requirement is anticipated, consistent with the recent reforms.

Given the better than expected States revenue figures for 2008 and the unavailability of 2009 data at the time of writing, it is difficult to accurately forecast the 2009 outturn. By the summer more (recent) data will be available and the States will be in a better informed position. **Consultation, led by the Fiscal and Economic Policy Group, on the best and most appropriate method of progressing phase two of the Zero 10 strategy will then take place.**

This States Strategic Planning process and the 2009 budgeting process therefore takes place within much tighter financial constraints than the States has faced for many decades. **Additional aggregate expenditure on new services is unaffordable in this context: the States needs to match expenditure to income.** This States Strategic Planning process is about setting expenditure priorities for services and reallocating resources within present real term limits to meet new priorities and is not about a fundamental real term increase in resources and costs.

The Fiscal and Economic plan is based on the view that **sustainable economic growth is desirable** and is to be pursued as a means to increasing the standard of living of Guernsey's residents and providing tax revenues to fund ever increasing demands for public services, in particular education, health and law and order.

Underlying the plan is the principle that the private sector is the engine of economic growth and that the public sector's role is to provide the necessary competitive fiscal and macroeconomic environment to enable the private sector to flourish **The primary objective of fiscal policy is therefore to promote long term economic growth** and, given monetary policy is not under the control of the States, import leakages are high<sup>1</sup>,

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<sup>1</sup> Much local spending is on 'imported goods': domestic spending therefore 'leaks' out of the economy.

and the inherent time delays for fiscal changes to take effect<sup>2</sup>, there is only a limited role for fiscal policy to achieve macroeconomic stabilisation.

Guernsey's economic success, particularly as an international offshore financial services centre, has been predicated on its competitive international tax regime and an innovative legal environment. This position alongside a robust and respected regulatory regime with strict adherence to the **highest international standards** (as has been recently recognised by the OECD) has been the foundation of the historical growth of the financial sector. **The maintenance of a competitive position for Guernsey is an imperative for future economic success** - success being defined as a strong, broadly balanced, growing economy offering employment opportunities for all Guernsey residents. The maintenance of this competitive position is best served by: a **continued conservative fiscal stance** of the States (and thus its internationally competitive tax position); maintenance of its tier one OECD tax regime status; measures to control inflation and hence costs; together with supply side<sup>3</sup> strategies that foster innovation and improve the productivity of both the workforce and firms; and continued investment in key strategic infrastructure.

To achieve these ends economic and fiscal policy has been broken down into the following four broad strategies:

1. A fiscal framework strategy
2. An anti inflation strategy
3. Supply side development strategy
4. Infrastructure investment strategy

Key objectives have been set under each strategy. The main macroeconomic and fiscal objectives are summarised as:

- Long run fiscal balance: spending within constraints of the Fiscal Framework
- Real term freeze on aggregate States revenue expenditure
- Continuing OECD Tier One Status
- Average economic growth of 2% or more per annum
- Stable and low inflation: RPIX 3.0%
- Continuing full employment.
- Skilled, flexible labour market.
- Diversified, broadly balanced economy.
- Well regulated, competitive domestic markets.
- Modern key strategic infrastructure, public investment averaging 3% of GDP

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<sup>2</sup> The common assumption is that changes in fiscal policy take around 18 – 24 months to feed through into domestic demand. The recent policy practice of the UK, EU and US governments to use monetary policy has been used as a macroeconomic stabilisation measure is predicated on the view that changes in interest rates have a much more immediate effect on aggregate demand.

<sup>3</sup> '*Supply side*' the side of the economy concerned with the production of goods and services, usually in reference to the factors of production such as labour, land etc (as opposed to '*demand side*' which concerns with the demand for such goods and services.)

The following variables will be used as key performance indicators.

- Budget balance (+/- £m, +/- % GDP)
- Share of Government spending as proportion of GDP (%)
- Economic growth (GDP/GDP by sector)
- RPIX (Retail Price Inflation excluding mortgages)
- Productivity growth (GDP/worker)
- Change in unit labour costs
- Employment/unemployment rates (%)
- Economic participation rates (% workforce employed)
- Educational attainment
- Rates of in employment training
- Vacancy search/match duration
- Distribution of workforce by sector
- Average earnings and distribution.

## Social Policy

### 1. Summary of the Social Policy Plan

The Social Policy Plan, which the States considered in July 2009 (Billet d'Etat XVIII), explained that social policy is at the core of what government is about. It includes health and social services, education, social welfare and housing, keeping Guernsey a safe place to live and some employment issues. These are issues that are often of great concern to Islanders. Everyone has a responsibility to contribute to the wellbeing of our community.

The purpose of this Social Policy Plan was to set out the States of Guernsey's vision **at that time** and priorities for social policy related initiatives in the Island until approximately 2013.

The Social Policy Group recommended that the States adopted the following core values and strategic objectives with respect to social policy (p1148 and p1157 of Billet d'Etat XVIII).

Guernsey wishes to:-

- Foster an inclusive and caring society which supports communities, families and individuals
- Assist people to help themselves and become independent where possible, by encouraging personal responsibility
- Promote active and engaged citizenship
- Promote, and remove barriers to, social inclusion and social justice
- Meet welfare needs and reduce poverty
- Improve housing availability, quality and affordability
- Maintain a healthy society and safeguard vulnerable people
- Maintain the Bailiwick as a safe and secure place to live
- Promote equality of educational opportunity
- Encourage all who need, or are able, to work to find employment.

Further detail was included in p1158 of the Billet. These values/objectives were approved, together with a successful amendment by Deputy Peter Gillson to p1158 – the duty of individuals to take personal responsibility to the fullest extent possible for the welfare and actions of themselves and their children.

The Social Policy Plan explained that a number of different areas of work (and at the level below this, a number of specific projects) would contribute to meeting these core values (see overleaf).

Additional Core Values		Areas of Work
Meet welfare needs and reduce poverty	6. Focus on human welfare issues that are directed towards meeting recognised needs in health, housing, income maintenance and education and provide access to quality services in these areas	Meet welfare needs and reduce poverty
	7. Aim for Islanders to live their lives free from poverty	
Improve housing availability, quality and affordability	8. To ensure that all persons legally resident in Guernsey have access to housing accommodation to meet their reasonable needs	Improve housing availability, quality and affordability
Maintain a healthy society and safeguard vulnerable people	9. Pursue a strategy for health and social services which promotes the attainment and maintenance of optimum health for each individual and which supports and safeguards vulnerable members of the community	Provide health and social care services
		Support families and vulnerable people
		Eliminate discrimination
Maintain the Bailiwick as a safe and secure place to live	10. Promote and support policies which aim to reduce crime and disorder and keep the Bailiwick a safe and secure place to live	Reduce crime and enhance community safety and responsibility
Promote equality of educational opportunity	11. Evolve policies for education, training and lifelong learning which promote equality of educational opportunity	Provide education and training
Encourage all who need, or are able, to work to find employment	12. Provide support, careers guidance and training to those who need it most to find and retain suitable, sustainable employment when they cannot do so unaided	Encourage employment and lifelong learning

Possible Projects 2009-13 [NB not in any order of priority]	Areas of Work
Review/overhaul the benefits/contributions system for providing financial assistance for low income households, including removing disincentives to working in the tax/benefit system	Meet welfare needs and reduce poverty
Ensure the long-term sustainability of the social insurance fund	
Progress the Social Housing Development Plan	Improve housing availability, quality and affordability
Supported accommodation/accommodation for people with special needs	
First time buyer initiatives	
Private rented sector accommodation	Provide health and social care services
Improve mental health services (Part 1 = services, NB there are also revenue implications tied to HSSD's Site Development Plan)	
Introduce new screening and preventative health measures - colorectal screening and the obesity strategy	Support families and vulnerable people
Alderney social care services	
Reviewing the causes and responses to long-term sickness	
Develop and progress an integrated care and support strategy for older people	
Improve community recreational facilities	
Review of voluntary sector role in promoting social inclusion	
NEET (Young people not in education, training or employment) strategy	
Put in place an infrastructure to comply with the new Children & Young People's Legislation & develop & progress a Children & Young People's Plan	
Domestic Abuse Strategy	
Drug and Alcohol Strategy	

UN Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)	Eliminate discrimination
Civil partnerships	
UN Convention on the Rights of Disabled Persons and a strategy and services for disabled people (including neuro-rehabilitation and a wheelchair service)	
Setting up and implementing the independent safeguarding initiative to protect children and vulnerable adults	Reduce crime and enhance community safety and responsibility
Criminal Justice Strategy including Review of Law Enforcement and introduction of Community Policing model	
Criminal injuries compensation scheme	
Progress Education Development Programme Phase 1 (EDP1)	Provide education and training
Pre-school education	
Childcare	
New initiatives and training aimed at assisting people into employment/up-skilling	Encourage employment and lifelong learning

The States endorsed the following prioritisation for Social Policy projects and agreed that disability research should be prioritised over research into civil partnerships but behind research into CEDAW, which was already underway

<p><b><u>1/2= Essential</u></b></p> <ul style="list-style-type: none"> <li>• <i>Independent safeguarding initiative</i></li> <li>• <i>Children and young people's plan and comply with legislation</i></li> </ul>	<p><b><u>5= Medium Priority</u></b></p> <ul style="list-style-type: none"> <li>• <i>Supported accommodation/ accommodation for people with special needs</i></li> <li>• <i>Disability services (neuro-rehab and wheelchair services)</i></li> <li>• <i>Alderney social care</i></li> </ul>
<p><b><u>3= Very High Priority</u></b></p> <ul style="list-style-type: none"> <li>• Review of the benefits/contributions system to assist low income households (or tax credits)</li> </ul>	<p><b><u>6= Low Priority (no work until 2014)</u></b></p> <ul style="list-style-type: none"> <li>• Improve community recreational facilities</li> <li>• Full review of voluntary sector role in social inclusion</li> <li>• Civil partnerships</li> </ul>
<p><b><u>4= High Priority</u></b></p> <ul style="list-style-type: none"> <li>• <i>New initiatives and training aimed at assisting people into employment/upskilling</i></li> <li>• <i>Domestic abuse strategy</i></li> <li>• <i>Drug &amp; alcohol strategy</i></li> <li>• <i>Health screening &amp; preventative measures</i></li> <li>• <i>Criminal justice strategy</i></li> <li>• <i>Mental health</i></li> <li>• <i>Integrated care and support for older people</i></li> <li>• <i>Pre-school education<sup>+</sup></i></li> </ul>	<p><b><u>Research Only (until 2014)</u></b></p> <ul style="list-style-type: none"> <li>• <sup>1</sup><i>CEDAW (UN Convention)</i></li> <li>• <i>Childcare</i></li> <li>• <sup>2</sup><i>NEET strategy</i></li> <li>• <i>Disability strategy/UN Convention/ <sup>3</sup>DD legislation research</i></li> <li>• <i>Review causes/responses long-term sickness</i></li> </ul>
<p><b><u>Already has funding allocated</u></b></p> <ul style="list-style-type: none"> <li>• *Ensure long-term sustainability of social insurance fund</li> <li>• **Social housing development programme</li> <li>• Private rental sector accommodation</li> <li>• **First time buyer initiatives</li> <li>• Criminal injuries compensation scheme</li> </ul> <p><b>*NB dependent on the outcome of SSD's consultation and report</b></p> <p><b>**Assumes housing receives full value of rents (including rebates)</b></p>	<p><b><u>Related to capital spending</u></b></p> <ul style="list-style-type: none"> <li>• HSSD Site Development Plan</li> <li>• Education Development Programme Phase 1</li> </ul>

1 The UN Convention on the Elimination of All Forms of Discrimination Against Women

2 Not in Employment, Education or Training, 3 Disability Discrimination

NB Not in priority order within the different priority groups

The items given in italics are included in the top line of the costs table on the previous page. Items marked "+" have costs included from 2012 only. Costs for the research only projects are included for the research stage only. Implementation may require further resources post 2013.



The Social Policy Group said that it would have liked to pursue the high (including essential and very high) and medium priority projects, plus carry out research into the “research only” projects during the period 2009-2013.

## **2. The estimated financial position at the time of publication**

At the time of publication it was estimated that the following approximate revenue amounts would be needed pursue this programme of work for Social Policy, although the report stressed that these were guestimates. **(This also excluded any amount to be spent on reviewing the benefits system or introducing tax credits).**

<b>Amount required (at 2009 prices)</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Revenue only projects</b>	<b>£2.7m</b>	<b>£3.25m</b>	<b>£5.55m</b>	<b>£5.55-5.75m</b>
<b>Additional HSSD Site Development Plan (revenue costs)</b>	<b>Rising to £1.035m per year</b>			

**(Excluding any amount to be spent on reviewing the benefits system or tax credits)**

(Since then it has been estimated that an additional £800k p.a. from 2010 would be needed for the Older People’s Strategy, i.e. £3.5m in 2010.)

The Policy Council’s covering report in the Strategic Plans Billet explained that the States were not being asked to come to any decisions about the funding of the prioritised initiatives described in the plans but only to agree that those initiatives should go forward to the next stage of consideration. However, at that time of finalising the Social Policy Plan at the end of May the initiatives for 2010 contained in the Social Policy Plan did not seem unrealistic.

As explained in the main body of this report, although the Strategic Plan for Fiscal and Economic Policy recommended a real-term freeze on aggregate States revenue expenditure and said that additional aggregate expenditure on new services was unaffordable, this would not have precluded the States of Deliberation from using any efficiency savings (from the fundamental spending reviews (FSR)) for new service developments, if it so decided.

The original net savings (allowing for some investment on a spend to save basis) predicted by Tribal, as a result of the FSR amounted to savings up to £9 million for 2010. The Social Policy Plan proposed expenditure amounting to 30% of this, and therefore seemed realistic.

However, as the main SSP report makes clear, this level of saving has been revised downwards in the Phase II FSR report from Tribal. As a result only c£1.7m is now forecast to be available in 2010 if the savings materialise. This has impacted severely on what the Policy Council has been able to recommend for implementation in 2010.

Reference to Section 7 in the main report shows the social policy initiatives that the Policy Council is recommending to be progressed in 2010.

The Annex to the main SSP report shows the list of social policy initiatives/projects that will be affected by this recommendation.

## **Environmental Policy**

### **Introduction and Background**

The Environmental Plan was prepared with a view to setting the direction for environmental policy and actions over a 20 to 25 year time frame. It provides the direction and framework under which an environment that is sustainable, biologically diverse and protective of Guernsey's traditional culture and values can be delivered. The Plan provides a structure for supporting and embracing the wise use of the resources around us and sits alongside the Social and Economic Plans. Effective delivery of the Environmental Plan will ensure that Guernsey's environment thrives whilst supporting and contributing to the islands social and economic health.

The Plan sets out high level objectives and commitments the delivery of which will be achieved through Action Plans. Those Action Plans will be far more detailed in their focus and will include delivery time periods and lead Departments. The Action Plans, as opposed to the Environmental Plan, will be updated and developed on a regular basis. Once approved by the States the full text of the plan will be available on the Government Website.

### **Challenges addressed by the Plan**

The challenges that the island faces, and which the plan must ultimately address, are stated in the plan as:

- Managing energy demand and the island's carbon footprint
- Population growth and constraints
- Solid waste management
- Land use competition
- Maintaining sustainable practices
- Liquid waste management
- Climate change impacts in particular coastal defence
- Biodiversity and in particular threats to the nature of the island's countryside including the coastal and marine environments.

These challenges do not stand in isolation. Economic and social policies need to demonstrate how they contribute to a sustainable environment whilst environmental policies must support sustainable economic growth and social wellbeing.

### **Long Term Vision for Guernsey's Environment**

The long term vision set out in the plan is stated as:

Our natural and built environment will be recognised as:

- Unique and central to every aspect of life

- An equal partner to our economic development
- Essential to our health and social wellbeing
- A fragile resource
- Demanding of sustainable and wise use.

Consideration of our environment will be core to all policy decisions and actions. Environmental Policy will be equal, not subservient, to economic and social policy. The quality of our environment will be protected and enhanced. The Island will respond in an environmentally sustainable way to local issues and existing and emerging global challenges.

We are committed to:

- A government that leads the community by good example
- Living within our environmental means
- Ensuring environmental issues are considered in all policy decisions and that all policy decisions take due account of environmental issues
- Providing factual timely and accurate information in order to enable people to take informed decisions
- Working with partners.

Our priorities are (in no particular order):

- To reduce our carbon footprint and adapt to climate change
- To protect our biodiversity and countryside
- To maintain our unique identity and heritage
- To improve the management of our solid and liquid waste
- To conserve energy use and switch to cleaner fuels
- To promote sustainable practices
- To review our land use policies
- To address the issues associated with our changing population.

## Outcomes

The plan through themed chapters addresses the challenges and commitments set out above and establishes a list of desired outcomes (**Appendix A**). Achieving those outcomes, i.e delivery of the plan, will be through Action Plans revised and developed approximately annually. Those action plans will include target dates for delivery, the delivery mechanism (lead department), financial and other resource requirements, and progress monitoring against performance indicators set out in the plan. The first action plan (**Appendix B**) sets out work to be undertaken during 2009 and 2010. The main

focus is on establishing the background information, data, issues and costs in order to allow subsequent action plans to be developed on the basis of accurate factual information.

### **Appendix A – Summary of Outcomes**

1	The States of Guernsey will provide clear leadership through education, information and action on environmental issues and challenges.
2	The States will demonstrate delivery of its environmental priorities.
3	Guernsey's environment in 2030 will be at least as healthy as it is in 2008.
4	Environmental considerations will be integrated into all policies, programmes and service delivery.
5	Reputable evidence will be available and used to inform the decisions ultimately taken.
6	Education about environmental issues and impacts will have been provided and quality information will be readily available.
7	Individuals will understand, and take informed decisions about, the way they interact with the environment.
8	Stakeholders' roles and responsibilities will be understood leading to co-operative delivery of outcomes.
9	There will be enhanced readiness in the Island to respond positively to [climate change] impacts, consequently reducing adverse effects of impacts.
10	The Island's contribution to green house gases will be reduced through leadership and engaging active community participation.
11	The amount of waste generated will be minimised.
12	Water resources will be effectively managed.
13	Guernsey's use of energy will be more sustainable.
14	Guernsey will be more self sufficient.
15	Our biodiversity will be healthier.
16	Specific species and habitats requiring targeted action will have been identified and supported.
17	Our farming and countryside heritage will have retained its distinctive character.
18	Our built environment will be of high quality, reflecting our local distinctiveness and supporting our communities.
19	Our buildings will embrace high environmental quality standards.
20	Our unique identity will be protected and recognition given to the importance of our traditional architecture. Extreme care and sympathy will be exercised towards our culture and heritage in the application of modern architecture and developments

21	Our heritage will retain its distinctive character.
22	There will be a reduction in air pollution.
23	There will be improved ground water quality.
24	Solid and liquid waste disposal will accord with environmentally acceptable methods.
25	Emergency plans will be in place to deal with major incidents.
26	The risks associated with radon and electromagnetic radiation will be disseminated.

### **Appendix B – Summary of Actions Contained in the First Action Plan**

Action	Lead
i) Co-ordinate the implementation of the subordinate policies outlined in Headline Policy 1 (Reduce overall energy usage and minimise wastage) of the States' Energy Policy.	Energy PG
ii) Investigate the probable effects of sea-level rises on coastal defences – localised flood studies	ED
iii) Departments to identify probable impacts of climate change within their mandated areas of responsibility (taking into account latest UK Government climate change projections), and the potential actions to be taken to address these effects.	Env. PG
iv) Identify and consider the life-cycle issues of waste management in Guernsey.	ED
v) Having due regard to social acceptability identify best practical environmental options in respect of waste management practices.	ED PSD
vi) Investigate the practicality and desirability of establishing policies and incentives to promote grey water recycling.	PSD
vii) Investigate the practicality and desirability of incentivising an increase in local food production on Guernsey.	C&ED
viii) Reduce traffic pollution by encouraging cleaner emissions and supporting reduced use of motor vehicles	ED
ix) Undertake a full island habitats survey and identify key habitat changes since the 1999 Survey.	ED
x) Identify requirements in order to progress extending the UK's signatory to the United Nations Convention on Biological Diversity, to Guernsey.	ED
xi) Identify legislative and policy mechanisms for the generation of a Marine Spatial Plan delivering the sustainable eco system approach	ED

xii)	Review the structure of the islands spatial planning policies and specifically the desirability and practicality of maintaining the UAP/RAP divide.	SLPG
xiii)	Develop positive planning guidance generally and specifically in respect of listed buildings and conservation areas.	ED
xiv)	Review policies for the determination of listed buildings.	ED
xv)	Review planning policies concerning the use of dilapidated sites, principally those left from the agricultural and horticultural industry.	SLPG
xvi)	Review the practicality and desirability of enhancing policies and support mechanisms to protect Guernsey's rural culture with specific reference to traditional agricultural practices and dairy farming.	C&ED

## **APPENDIX 3 – SUMMARIES OF ISLAND RESOURCE PLANS**

### **Population Management**

The overriding priority for the Population Policy Group (PPG) is to develop a clear, consistent legal framework for the management of migration and settlement in Guernsey by the time the existing Housing Control laws expire towards the end of 2011. The proposals which are being developed by the PPG are set in the context of the Island's current population challenges and will seek to balance the needs of the Island's economy and States commitment to safeguard Guernsey's way of life and its environment.

The Group is taking a two stage approach, concentrating initially on the mechanism through which acceptable levels of migration will be implemented by means of a new legal and administrative framework that is responsive over the long term to changes in States priorities and changing circumstances (for example the Island's demographic, economic and social circumstances at a particular point in time). Once an acceptable and workable alternative to the current arrangements has been established the Group will turn its attention to the strategic objectives that the new proposals might seek to deliver.

Over the course of the last year the PPG:

- Has reviewed the population management regimes of other Crown Dependencies and British Overseas Territories;
- Has developed core principles upon which the future regime might be based and which will form the subject of future consultation;
- Has begun to develop details of a new population management regime and to test the extent to which that approach might be compatible with the Island's domestic and international obligations.

A series of workshops for States Members and other interested groups is planned for the late Autumn of 2009 with the intention of presenting a Green Paper to the States earlier in 2010.

### **Strategic Land Use**

The current Strategic Land Use Plan (SLUP) is a statutory document which was prepared under the terms of the former planning law as the Strategic and Corporate Plan. It remains in force under the terms of the new law (The Land Planning and Development (Guernsey) Law, 2005), until formally revised by the States but it is no longer designated as the 'Strategic and Corporate Plan'. The purpose of the SLUP is to provide guidance to the Environment Department to ensure that the land planning system is responsive to the Island's economic and social needs. The plan is currently undergoing a complete review including a major public consultation process under the



‘Guernsey Tomorrow’ banner. A consultation report will be presented to the States early in 2010 and a draft revised SLUP will then be prepared for States consideration as part of the annual review of the States Strategic Plan next year.

Once the new SLUP has been adopted by the States, the Environment Department will, in turn, proceed with the review of the Urban and Rural Plans to meet the new strategic agenda. These plans may be replaced with a different form of development plan as one of the main objectives of the SLUP review is to consider whether or not policies based on an ‘urban/rural split’ (which directs the majority of new development to the urban area), remains a valid guiding principle for the next 10 to 15 years. In the meantime, the Environment Department is seeking to amend some of the policies within the present Urban and Rural Area Plans to cater for changing needs such as the provision of sites for small workshops and yards. An independent Planning Inquiry into these interim amendments is scheduled for early November and the Planning Inspector’s report will subsequently be submitted to the States.

The SLUP in its present form may be viewed on the States website. It forms part of the 2007 Government Business Plan report in Billet d’Etat XVIII, 2007.

## **Energy**

### **Introduction and background**

The States noted the Policy Council’s Energy Policy Report in June 2008 (Billet d’État VIII, 2008) and approved the workstreams therein. Although a formal review of the policy is not due until 2013, the purpose of this paper is to provide a brief overview of significant progress made, to date, in the implementation of the policy and to inform the States of the steps to be taken next.

### **Energy Policy objectives**

The Energy Policy sets three core objectives (Headline Policies), for Guernsey to:

- Headline Policy 1:  
Reduce overall energy usage and minimise wastage
- Headline Policy 2:  
Ensure a diverse and robust energy supply, which is sufficient for Guernsey’s needs.
- Headline Policy 3:  
Switch progressively to clean renewable energy sources to achieve a long-term reduction of carbon dioxide emissions of 80% from 1990 levels by 2050.

These headline policies contain more than 30 individual workstreams (subordinate policies), for which various States Departments are responsible, under the guidance of the Policy Council’s Energy Policy Group (EPG). All of the Energy Policy workstreams

are set out in full in the Energy Policy Report (Billet d'État, VIII, 2008) available at: <http://www.gov.gg/ccm/policy-and-hr/billets--resolutions/2008/billet-dtat---viii-2008-june.en>

### **Key areas of progress made since June 2008**

- The Shadow Guernsey Renewable Energy Commission has been created. In June 2009 the States approved proposals for the preparation of legislation to put the Commission on a statutory basis with licensing powers. Halcrow have been appointed on a temporary basis to provide professional support.
- Development of an energy code for States' new build and refit commenced in spring 2009. It is anticipated that a draft version will be available by spring 2010 and the full version ready later that year.
- The States' Energy Conservation Officer was appointed in January 2009.
- The Treasury & Resources Department's Corporate Procurement Service has drafted environmental procurement policies as part of a broader development of the States' Financial and Resource Directives. These environmental procurement policies prompt purchasers to consider, at the point of purchase, whether and how products can be reused or recycled at the end of their initial life.
- The Environment Department and Guernsey Electricity are looking at jointly working on promoting the use of smart meters for electricity.
- The Social Security Department are investigating home energy efficiency grant schemes operating throughout the British Isles with a view to, in consultation with the Environment Department, providing targeted energy efficiency grants in Guernsey. The investigations will focus, in particular, on identifying those categories of householders who are most likely to be 'fuel poor'.
- The establishment of an Energy Advice Service was identified within the Environmental Plan as requiring £250,000 of additional revenue. However, during its consideration of service development bids, the Policy Council found that it could not recommend it, given the very restricted amount of money available for all new initiatives/developments in the 2009 States Strategic Plan. Recognising that this is one of two high-priority workstreams in the Energy Policy, the Energy Policy Group is liaising with the Environment Department on how best to use existing limited resources, which may include the roll-out of elements of the Energy Advice Service in pilot form.
- The Environment Department is currently re-drafting a design brief on micro-wind generation which will take into account the relevant provisions of the new Planning Law. It is envisaged that other aspects of this workstream will be taken forward by the Environment Department's Communications Officer (two-year temporary post), once appointed. Other microgeneration options including

ground source heat pumps and solar panels are supported in accordance with the legislation and policies.

- The Environment Department commenced work in May 2009 to develop building regulations for condensing boilers. Further developments in the UK are being monitored for subsequent adoption.
- As part of investigating the feasibility and benefits of introducing an electric/fossil fuel-hybrid public transport fleet, and/or States' vehicle fleet, the Environment Department recently purchased an electric van. Additionally, the Department is finalising a report for the States on public transport which will refer to the method for taking forward investigations into an electric hybrid public transport fleet.
- The Environment Department is due to publish a Green Paper in October 2009 on the feasibility and benefits of introducing, at first registration, a vehicle emissions tax for all vehicles on a sliding scale, with a subsidy for low or very low emission vehicles.
- The Commerce & Employment Department has requested the Office of Utility Regulation to produce a report (which is scheduled to begin in September 2009) on the economic justification for differential prices based on volume consumption and, if appropriate, encouraging the abolition of the practice of lower unit prices for larger energy users.
- The Commerce & Employment Department have requested the Office of Utility Regulation to produce a report (which is scheduled to begin in October 2009) on the implications of favouring low-carbon power generation with a view to ensuring that as much low emission electricity is imported as is reasonable using the existing cable link, until local macro renewable electricity generation comes on stream.
- Additional cable links (other than investment in the third Jersey/France cable) cannot be justified at this time, in the light of current States directions to Guernsey Electricity (GE) (i.e. to generate using the lowest cost option). If the States decides to change the direction to GE (e.g. to make GE take account of the carbon implications of generating from various sources), further cable links might be necessary. And if Guernsey succeeds in establishing a macro-renewable energy industry, further cable links might be necessary to facilitate export of electricity.
- Investigations into small-scale renewable electricity generation concluded that that it would not be cost effective to channel States resources on promoting micro-generation. The Energy Policy Group concluded that the States' resources should instead be focussed on promoting energy conservation measures in the home, and macro-renewable energy generation (e.g. tidal power).

- With respect to the workstream to support the generation of energy from residual waste products (which are deemed ‘renewable’), the States approved the establishment of Residual Waste Treatment facilities, in July 2009.
- Work is due to begin in October 2009 to encourage the local production and consumption of food products (including milk).
- The Commerce & Employment Department has completed its first report on the issue of “Peak Oil”. The second is to follow in due course.
- The Environment Department has produced a report on viable options (including international forestation) which would enable Guernsey to offset carbon emissions. The EPG will consider this report in autumn 2009.
- There are currently no resources available to progress investigations into the implications of making Guernsey carbon emissions free in the long term by moving towards having electricity as virtually the only power source. The Policy Council recommends that this issue is revisited in 2013 as part of the scheduled full review of the Energy Policy.

### **Next steps**

Mindful that only limited resources are available to undertake Energy Policy work, the EPG concluded that these should be focussed principally on promoting energy conservation measures in the home, and macro-renewable energy generation (e.g. tidal power). The greatest returns on investment, in terms of achieving the overall aims of the Energy Policy, are likely to be gained by focusing on these areas. Energy conservation is likely to be the cheapest and most pragmatic way of addressing the objectives of the Energy Policy Report, and putting in place the mechanisms to enable the development of large-scale renewable generation will play an important part in the long-term reduction of Guernsey’s carbon emissions. Workstreams which relate to these areas will therefore be prioritised over those which do not.

### **Conclusion**

Good progress has been made so far; however, a considerable amount of work remains to be done. With only limited resources available, the EPG will need to prioritise how these are to be used. By focusing principally on promoting energy conservation and supporting work to develop macro-renewable power generation, the EPG anticipates generating maximum return on investment.

**Islands Infrastructure**

At the time of writing the Policy Council has recently agreed that relevant officers, led by the Chief Officer of the Public Services Department should meet as necessary to audit the Island's infrastructure and to produce an Infrastructure Plan. The draft plan will be reviewed by the Ministers of the Public Services, Commerce & Employment and Environment Departments and after consideration by the Policy Council, the plan will be submitted to the States for approval next year as part of the first annual review of the SSP.

The main purpose of the plan will be to integrate the way that the relevant Departments plan for future major infrastructure and to prioritise and steer the public and private investment in infrastructure that will be necessary to support the objectives of the SSP and meet Guernsey's needs.

## **APPENDIX 4 – KEY PERFORMANCE INDICATORS**

### **1. Background**

The approach is to design and establish a framework which enables the States of Guernsey Government to measure and report the effectiveness of core policy contained in the States Strategic Plan (SSP).

It is proposed by the SSP Team that the framework which at its ‘heart’ comprises Key Performance Indicators (KPIs) which will be regularly reported to the community, ensuring that the breadth of policy is measured and provides accountability.

In July 2009, the States of Deliberation adopted the three main policy plans – Social Policy Plan, Environmental Policy Plan and Fiscal and Economic Plan. With States approval on policy direction contained in these plans, it has provided a focus for identifying appropriate KPIs which best align with strategic policy objectives. Whilst much development work has been undertaken in designing KPIs for the three strategic plans, in the coming months further work will be needed to not only finalise the indicators but also to identify relevant KPIs for the resource plans which cover Infrastructure, Land use, Energy and Population.

### **2. Approach**

To adequately monitor actions flowing from the SSP and relate the cause and effect relationship to performance it’s essential that KPIs accurately reflect policy. With this in mind a significant part of development has concentrated on seeking to identify strategic KPIs that accurately reflect the policy direction. These are very much set at a strategic level and can be regarded as headline indicators which provide a measure of the overall performance of policy. These types of indicators are not designed to measure detailed operational service delivery.

It is envisaged that Operational Plan Summaries will contain specific KPIs (operational style KPIs) for monitoring the performance of service delivery. It will be the Departments’ responsibility to measure and report the outcomes from the day to day management of Government services. The design, implementation and reporting of these KPIs will be at the discretion of the Departments.

#### **2.1 Development of strategic KPIs**

Strategic and outcome focused indicators are designed to track over time the effects of policy.

An essential ingredient to report indicator trends is ensuring that data are of good quality and are properly maintained. This requires building and sustaining time series data sets which depict trends.

As shown in Tables 1, 2 and 3 the current draft KPIs reflect social, environmental as well as fiscal and economic policy. At present there are approximately 59 KPIs but with further revision it is intended that this number will be reduced. It is the intention of the States Strategic Plan Team that the number of strategic KPIs is kept to as minimal number as possible.

The development of strategic indicators over the past eight years has been reported through the Sustainable Guernsey monitoring report which has provided a basis for considering KPIs and an established framework. However, in agreeing sets of KPIs it is crucial to ensure that they are aligned to the three policy plans.

Due to the very high level and wide ranging nature of some policies it is intended that KPIs will be developed in the future which can be specifically aligned to policy objectives.

## **2.2 Aligning KPIs with policy**

Considerable research and consultation has been undertaken into devising KPIs which reflect core policy values. This has included consultation with States Officials and Deputies from the three Policy Groups – Social, Environmental as well as Fiscal and Economic. Research/consultation has also involved correspondence and meetings with members of different States Departments and external organisations linked to the government, as well as significant consideration of printed and digital material produced in Guernsey and other jurisdictions.

## **2.3 Data requirements**

The ability to report the effectiveness of policy outcomes is very much reliant on good quality data which are mainly held by States Departments. It will be imperative that data are accessible and available to report indicator trends. However, with those KPIs requiring new data an analysis of the costs and benefits will be undertaken before they are fully adopted to ensure value for money. This will be particularly necessary when data can only be obtained from running a survey. Monitoring policy which will take effect at varying times and in some cases exist for several years will require time series data to ascertain whether policy impacts are occurring to the benefit of the community. It is proposed that an analysis of the indicators is undertaken and reported, where possible providing a policy context.

Although establishing KPIs and reporting outcomes provide an indication of effectiveness, such a system will not provide a comprehensive analysis. There are limitations to measuring policy effectiveness, which requires careful interpretation of performance.

## **2.4 Benchmarking opportunities**

It is intended where possible to include the ability to benchmark performance. This is a complex process comprising setting baselines to assess improvements in policy

effectiveness over time, essentially benchmarking ourselves when goals or targets are introduced and also in comparison to other jurisdictions. It is also a political process which establishes an agreed set of goals/targets and ensures that the ‘mechanisms’ are in place to influence any targets. It is unlikely that goals/targets are appropriate for all policy objectives. All existing plan targets will be included in the measurement process.

## **2.5 Reporting**

It is intended that future editions of the annual Sustainable Guernsey monitoring report will contain the KPIs together with a headline analysis. This report will become the main reporting document providing a brief analysis of strategic policy outcomes contained in the States Strategic Plan. It is envisaged that the monitoring report will contain the KPI title, data (where possible time series data) in charts and tables to identify performance reflecting SSP policy objectives, together with a commentary. This report will become a corporate monitoring ‘tool’ and a ‘sister document to the SSP’. It will also provide a ‘cross reference’ between policy contained in the SSP and KPI outcomes.

The SSP will include a list of KPI titles, an overview/summary of KPI performance in tabular form and an outline of the measurement process together with commentary directing readers to the Sustainable Guernsey monitoring report for details on policy impacts.

For ease of use the SSP KPIs would be easily identifiable in Sustainable Guernsey: either colour coded and/or restructured to reflect the policy plans.

## **2.6 Review**

As policy changes over time and to reflect the dynamic nature of the SSP it will be necessary to regularly review the KPIs (e.g. every three years) to ensure that they remain fit for purpose. It is likely that some KPIs will be either removed as they are no longer required, redefined to reflect policy changes and that new indicators will be adopted.

In the coming years, it’s anticipated that as the new system is implemented some KPIs will be ‘fine tuned’, improving our ability to measure more accurately. Care will be required to avoid changing established KPIs in a manner which could distort analysis and reduce their usefulness.

## **3. Next steps**

- Finalise KPIs through further consultation with States Departments and Policy Groups.
- Once the Resource Plans are completed identify KPIs to measure performance.
- Develop Sustainable Guernsey to include the annual reporting of SSP KPIs.
- Identify which KPIs can be benchmarked.
- Start reporting KPIs in 2010 edition of Sustainable Guernsey.



Table 1: Draft KPI's for the Fiscal and Economic Plan

KPI Name	What is measured	Targets	Current Performance	Benchmark
<b>Long run fiscal balance: spending within constraints of the Fiscal Framework</b>				
Balance budget	Income vs. expenditure in £s and as a % of GDP	Budget balance		
Share of government spending as a proportion of GDP	Revenue and capital expenditure as a % of GDP			
<b>Real term freeze on aggregate States revenue expenditure</b>				
Revenue expenditure	% change in revenue expenditure	No change		
<b>Continuing OECD tier one status</b>				
OECD status	Update on whether we continue to have OECD Tier One status	Tier One status	Tier One status*	✓
<b>Average economic growth of 2% or more per annum</b>				
Economic growth	GDP and GDP by sector	Average 2% growth per annum		
Productivity growth	GDP per worker			
<b>Stable and low inflation: RPIX 3.0%</b>				
Inflation	RPIX: annual % change (compared to Jsy and UK)	3 year average at 3%	3.7%*	-
Unit labour costs	Ratio of total labour costs to real output		N/A*	Ø
<b>Continuing full employment</b>				
Employment and unemployment rates	% of workforce registered as unemployed			
Economic participation rates	% of working age population employed			
Vacancy search/match duration	Average period of unfilled vacancy			
<b>Skilled, flexible labour market</b>				
Educational attainment	Qualification standard - England, Gsy			
Rates of in employment training	Proportion of employed workforce (or employers who have workforce) undergoing training at any one time			

<b>Well regulated, competitive domestic markets</b>						
Competition	Measuring via a single KPI is nearly impossible, in depth analysis is likely to be necessary to assess progress in this field					
Regulation	An update of the list of regulators					
<b>Diversified, broadly balanced economy</b>						
Distribution of workforce by sector	% of workforce per sector, by male/female, employed/self-employed breakdown					
Average earnings and distribution	Average earnings per sector and overall					
<b>Modern key strategic infrastructure, public investment averaging 3% of GDP</b>						
Public Investment	Investment in public infrastructure as a % of GDP	Average at 3% of GDP				

*Note: Only targets and benchmarks which have been agreed as part of the SSP or as part of Departmental plans have been included.*

*\*Examples included to show how limited data and an indication of progress will be presented*

**Key:**

Better / Meeting target ✓  
 No Change / Close to target -  
 Worse / Not meeting target ✕  
 No Data Ø

Table 2: Draft KPI's for the Social Plan

KPI Name	What is measured	Target	Current Performance	Benchmark
<b><i>Meet welfare needs and reduce poverty</i></b>				
Household income	% of people living in households with an income below 60% of the overall median income and % of children living in above households with children			
Supplementary benefit	Supplementary benefit rate increase compared to RPI X			
<b><i>Improve housing availability, quality and affordability</i></b>				
Housing availability	Change in total number of houses, by size and tenure	Annual increase in line with Housing Needs Survey (currently 300 units)		
Supported housing	Number of households (by required no of bedrooms) on social rental and partial ownership waiting lists compared to number of households successfully moved off the waiting list in last 12 months			
Housing quality	% of households found to have problems regarding their quality of housing (e.g. damp, insufficient insulation)			
Housing affordability	Mortgage affordability index			
	Rental affordability index			
<b><i>Provide health and social care services</i></b>				
Life expectancy	Life expectancy at 65			
Death rate	Premature death rate by cause (<75 Years)			
Sense of well being	% of people self-reporting good or very good health			
Obesity	% of children and adults classified as obese			
Smoking related deaths	Premature deaths from smoking related causes			

<b>Support families and vulnerable people</b>						
Drugs and alcohol	Number of drug and alcohol related arrests and/or A&E admissions					
Domestic abuse	Number of incidents of domestic abuse reported to the police (and repeat incidents)					
Child protection	Number of children on the child protection register (new registrations, de-registrations and re-registrations and children on list for more than 12 months)					
Support for the elderly	% of people over 55 who are helped to live independently and % who are in residential care					
<b>Eliminate discrimination</b>						
Discrimination	% of people who feel they have been discriminated against (by category – e.g. race, sex, age, disability and gender discrimination)					
<b>Reduce crime and enhance community safety and responsibility</b>						
Crime level	Total number of crimes reported and detected (by category)					
Rehabilitation	Percentage of offenders who re-offend within 2 years					
Fear of crime	% of people feeling unsafe in different locations					
<b>Provide education and training</b>						
Educational participation	% of 16 to 18 year olds in full time education & training					
	Number of Guernsey students in higher education					
Educational achievement	% of students attaining levels 2 and 3 qualifications					
	% of students attaining level 4 qualifications					
	% of students leaving school with no qualifications					

<b>Encourage employment and lifelong learning</b>					
Workforce potential	% change in workforce potential (i.e. economically active/inactive of working age)				
Adult education and training	Levels of participation in education and training (by age group or by economic sector)				

*Note: Only targets and benchmarks which have been agreed as part of the SSP or as part of Departmental plans have been included.*

*\*Examples included to show how limited data and an indication of progress will be presented*

**Key:**

Better / Meeting target ✓  
 No Change / Close to target -  
 Worse / Not meeting target ✕  
 No Data Ø

Table 3: Draft KPI's Environmental Plan

KPI Name	What is measured	Target	Current Performance	Benchmark
<b><i>Reduce contribution to greenhouse gases and carbon footprint</i></b>				
Greenhouse gas inventory	CO2/equivalent emissions by type of gas	A decrease of 12.5% from 1990 to 2008-2012 average		1990 figures
Carbon footprint	Total CO2/equivalent emissions by source			
<b><i>Adapt to climate change</i></b>				
Climate change	There are currently no specific policy outcomes which can be measured using KPIs			
<b><i>Minimise waste generated</i></b>				
Household waste	Volume of household waste generated, broken down into amount recycled, landfilled, exported etc	Decreasing total and 50% recycling rate		
Commercial waste	Volume of commercial waste generated, broken down into amount recycled, landfilled, exported etc	Decreasing total and 50% recycling rate		
<b><i>Effectively manage water resources</i></b>				
Water quality	Raw water storage compliance			
	Water treatment works compliance	99.5% compliance		
Water losses	Volume of water lost	Ensure that 'unaccounted for' water remains below 550 ML per annum	375 ML *	✓
	Water consumption per capita			
Grey water	% of grey water recycled			
<b><i>Use energy sustainably</i></b>				
Fuel consumption	Oil, gas, petrol, diesel consumption total and per capita			
Electricity consumption	Electricity consumption total and per capita (broken down by domestic/commercial)			
Origin of electricity	% of electricity from clean renewable sources			
<b><i>Increase self sufficiency</i></b>				
Self- sufficiency	Food miles			

	Import volumes				
<b><i>Increase individual's understanding and ability to make informed decisions regarding their interaction with the environment</i></b>					
Informed decisions	Daily traffic flow volumes				
	Number of bus passenger journeys				
	% of people who purchase local produce				
<b><i>Ensure healthier biodiversity and support specific species and habitats</i></b>					
Species	% change in populations of indicator species				
Habitats	% change in size of particular habitat areas?				
<b><i>Retain the distinctive character of Guernsey's farming and countryside heritage</i></b>					
Under development					
<b><i>Retain the distinctive character of Guernsey's heritage and protect traditional architecture</i></b>					
Under development					
<b><i>Ensure careful and sympathetic application of modern architecture and developments</i></b>					
Under development					
<b><i>Embrace high environmental and quality standard buildings</i></b>					
Building standards	% of buildings meeting set standards e.g. a code for sustainable buildings				
<b><i>Reduce air pollution</i></b>					
Air pollution	Levels of sulphur dioxide, nitrogen dioxide, ozone and particulates				
<b><i>Improve ground water quality</i></b>					
Ground water quality	Nitrate levels				
<b><i>Implement environmentally acceptable methods for solid and liquid waste disposal</i></b>					
Under development					

*Note: Only targets and benchmarks which have been agreed as part of the SSP or as part of Departmental plans have been included.*

*\*Examples included to show how limited data and an indication of progress will be presented*

**Key:**

Better / Meeting target	✓		
No Change / Close to target	-		
Worse / Not meeting target	✗		
No Data	Ø		

## APPENDIX 5 – CORPORATE POLICIES

The following statements of Corporate Policy approved by the States through previous Policy & Resource Plans have been carried forward into the States Strategic Plan for legal and regulatory purposes.

### **Population Policy**

The States' population objective of "*maintaining Guernsey's population at approximately its current level*" is drawn from the Population and Migration Policy Statement approved by the States of Deliberation in April 2007 (Billet d'État IV, 2007).

The main population control measures continue to be the Housing Control Law and the Right to Work Law. In support of the States population objective, the Housing Department has stated that, in administering the Housing Control and Right to Work Laws, its policies remain those set out in Appendix I to the Report relating to the Government Business Plan 2007 (Billet d'État XVIII, 2007). These policies are reproduced in full below:

1.     (a)     The vast majority of those employed from overseas should continue to be on short-term housing licences (i.e. for periods up to nine months or three years);
- (b)     The issue of short-term licences should be judged on the basis of no suitable local labour being available to undertake the work.
2.     Wherever possible, essential licences will be limited so that such licence holders do not reside in Guernsey for more than five consecutive years. The Department may issue licences for longer periods of residence where appropriate, for example, where (i) limitation would act to the detriment of achieving Economic, Social and Environmental objectives, or (ii) long-term continuity in the post is essential to the community, or (iii) the skills required for the post are scarce on a national or international basis so that recruiting is exceptionally difficult.
3.     The Housing Department, when considering an application for an employment related licence, will take into account the extent to which the applicant is using new technology and providing training.
4.     With the exception of licences granted in respect of cohabitation on a one to one basis, the Housing Department will generally only grant licences, on compassionate grounds, to persons who:
  - (a)     Are potentially qualified residents as specified in the Law; and
  - (b)     Are currently resident in the island; and
  - (c)     Have already completed a substantial proportion of the specified qualifying period.



## **Principles for the Regulation of the Financial Services Sector**

The core principles adopted by the States to regulate the local financial services sector have been adopted as one of the Corporate Policies of the States and are kept under review to reflect changing circumstances.

The currently approved principles are as follows:

- The Island's excellent international reputation is the foundation stone of the financial services sector. The States of Guernsey are therefore committed to ensure that local standards of regulation of the financial services sector and co-operation in regulation and law enforcement will continue to meet established international standards.
- The Island will argue in international fora for a global level playing field in standards amongst reputable jurisdictions. International initiatives will continue to be monitored and, once agreed, international standards should be adopted in the best long-term interests of the Island's economy and reputation.
- Guernsey will continue to maintain a vigilant approach in countering money laundering and terrorist financing and will take all reasonable action to prevent money laundering and terrorist financing within the Bailiwick. The regulatory and law enforcement agencies of the Bailiwick will continue to work closely together, share information and assist in criminal investigations in other jurisdictions to deny criminals and terrorists access to the global financial systems. Guernsey will continue to co-operate fully with the international community in the tracing, freezing and confiscation of the assets of criminals, terrorists and their agents, sponsors and supporters.
- The States of Guernsey will preserve an appropriate balance between the legitimate right to confidentiality and the need to assist foreign law enforcement agencies. At all times this commitment will take fully into account privacy obligations arising out of Article 17 of the International Covenant on Civil and Political Rights, Article 8 of the European Convention on Human Rights and similar obligations.

## **States Guidance to Shareholders**

Under the terms of the States Trading Company Ordinance, the Treasury and Resources Department acts as Shareholder on behalf of the States, in relation to Guernsey Post and Guernsey Electricity.

At the time of commercialisation, the States agreed Guidance on exercising the rôle of Shareholder for each States Trading Company. The STC Ordinance provides that such guidance will be published in the Policy & Resource Plan, now the States Strategic Plan.

Following the joint States Report on the Review of Commercialisation in May 2006 (Billet d'Etat X, 2006), this Guidance has been earmarked for review, however, due to the need to progress other, higher priority matters, that review is yet to get under way. For the time being, the guidance remains as originally approved.

## **STATES STRATEGIES**

### **States Housing Strategy**

In February 2003, (Billet d'Etat II, 2003) the States agreed that the principal objectives of the Housing Strategy should be as follows:

- To ensure that all persons legally resident in Guernsey have access to housing accommodation to meet their reasonable needs.
- To meet housing needs in a sustainable manner in the long-term interests of the community as a whole, making prudent use of all resources and recognising that investment in housing must be prioritised and compatible with strategic policies and the wider programme of public expenditure approved by the States.
- To ensure that there are measures in place to limit any growth in population through immigration in order to manage housing demand in accordance with the principles of sustainability.
- To provide the community with a range of housing options, acknowledging that while home ownership has historically been the preferred means of meeting housing needs, good quality, fairly priced housing may be provided across the housing market by other means and through a variety or mix of agencies – public, private and voluntary.
- To enable housing to be provided for those financially unable to enter the private housing market, either to purchase or rent, through a range of housing measures attuned to meeting their specific housing needs including social rented housing, partial ownership schemes etc.
- To enable the provision of supported accommodation for persons with special housing needs including accommodation for older persons, young people, persons with a learning disability, persons with a mental illness, ex-offenders etc.
- To maintain and improve the quality of housing in Guernsey across all sectors bearing in mind the impact of housing conditions on the health and well-being of the community.

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**(NB The Treasury and Resources Department strongly supports the States Strategic Plan. For the first time the States will have a strategic plan that both identifies the States policy and service priorities and links these with the available financial resources. At the same time, the States Strategic Plan will provide the essential underpinning of major new initiatives such as the Fundamental Spending Review, which will help to ensure they are embraced at a corporate level and thus deliver the necessary change. The Department also welcomes the opportunity afforded by the Plan to provide the States with indicative budgets for a four year period.)**

The States are asked to decide:-

Whether, after consideration of the Report dated 7<sup>th</sup> September, 2009, of the Policy Council, they are of the opinion:-

1. To endorse the States' Statement of Objectives as set out in Section 3 of that Report.
2. To endorse the States' Corporate Policy Statements as set out in Appendix 5 to that Report.
3. That all of the savings from the Fundamental Spending Review (FSR) in the first three years (i.e. 2010–2012 inclusive) of the programme shall be made available to fund prioritised service developments through the States Strategic Plan process.
4. That, as a general principle, the States will only fund new service initiatives in any of the first three years of the programme (i.e. 2010–2012 inclusive) up to the full value of the FSR savings predicted for the relevant year; and that thereafter this policy will be reviewed as part of the ongoing SSP process.
5. To approve in principle the list of essential service developments for 2010 as set out in Section 7 of that report so that they can go forward to the preparation of a business case before final approval is given for each new initiative.
6. To direct the Policy Council, as part of the 2010 SSP process, to develop a clear rationale for prioritisation of new service developments and for applying this in practice (see Section 8 of that Report).
7. To direct the States Assembly and Constitution Committee to consult with the Policy Council to review the rules of procedure for publication, amendment and debate of future States Reports/Requêtes affecting the SSP, and the SSP report itself, and to report to the States with recommendations no later than 30 April 2010.
8. That the current system of unspent balances being retained by Departments/Committees is unsustainable, and to direct the Treasury and Resources Department to review this process as part of the 2011 Budget and report back to the States accordingly.

9. To note the updates provided on the development of the Population Management and Infrastructure Plans, the implementation of the Energy Policy Plan and the current review of the Strategic Land Use Plan (Appendix 3 to that Report).
10. To agree the further development of the Key Performance Indicator framework as described in Appendix 4 to that Report.
11. To direct the Treasury and Resources Department to take account of this SSP when preparing the States' Budget for 2010.
12. To note all other sections of the 2009 SSP not specifically referred to in the above propositions.

# **IN THE STATES OF THE ISLAND OF GUERNSEY ON THE 30<sup>th</sup> DAY OF OCTOBER, 2009**

(Meeting adjourned from 29<sup>th</sup> October, 2009)

**The States resolved as follows concerning Billet d'État No XXVI  
dated 25<sup>th</sup> September 2009**

## **POLICY COUNCIL**

### **STATES STRATEGIC PLAN 2009-2013**

After consideration of the Report dated 7<sup>th</sup> September, 2009, of the Policy Council:-

1. To endorse the States' Statement of Objectives as set out in Section 3 of that Report.
2. To endorse the States' Corporate Policy Statements as set out in Appendix 5 to that Report.
3. That all of the savings from the Fundamental Spending Review (FSR) in the first three years (i.e. 2010–2012 inclusive) of the programme shall be made available to fund prioritised service developments through the States Strategic Plan process.
- 3A. To note that the savings anticipated from the Fundamental Spending Review in 2010 are £1,753,000.
4. That, as a general principle, the States will only fund new service initiatives in any of the first three years of the programme (i.e. 2010–2012 inclusive) up to the full value of the FSR savings predicted for the relevant year; and that thereafter this policy will be reviewed as part of the ongoing SSP process.
5. To approve in principle the list of essential service developments for 2010 as set out in the following paragraphs of this Resolution, and to direct that comprehensive cases for funding shall be prepared before final approval is given for each new initiative:
  - A. Airport fire fighters' dispute inquiry (indicative cost: £250,000)
  - B. Safeguarding vulnerable groups (£155,000)
  - C. Improving mental health services (£75,000)
  - D. Child and adolescent intensive outreach service (£275,000)
  - E. Children and young people's plan (£108,000)
  - F. BIC developments to meet external obligations (£125,000)
  - G. External relations initiatives in the EC (£200,000)
  - H. Employment of lawyers (£365,000)
  - I. Domestic Abuse Strategy – (£100,000)
  - J. Drug and Alcohol Strategy – (£50,000)
  - K. Disability officer (£50,000)

- 5A. To approve in principle that the Domestic Abuse Strategy should be funded no later than 2011, and in 2010 if funding can be made available within the principle set out in Resolution 4.
6. To direct the Policy Council, as part of the 2010 SSP process, to develop a clear rationale for prioritisation of new service developments and for applying this in practice (see Section 8 of that Report).
7. To direct the States Assembly and Constitution Committee to consult with the Policy Council to review the rules of procedure for publication, amendment and debate of future States Reports/Requêtes affecting the SSP, and the SSP report itself, and to report to the States with recommendations no later than 30 April 2010.
8. That the current system of unspent balances being retained by Departments/Committees is unsustainable, and to direct the Treasury and Resources Department to review this process as part of the 2011 Budget and report back to the States accordingly.
9. To note the updates provided on the development of the Population Management and Infrastructure Plans, the implementation of the Energy Policy Plan and the current review of the Strategic Land Use Plan (Appendix 3 to that Report).
10. To agree the further development of the Key Performance Indicator framework as described in Appendix 4 to that Report.
11. To direct the Treasury and Resources Department to take account of this SSP when preparing the States' Budget for 2010.
12. To note all other sections of the 2009 SSP not specifically referred to in the above Resolutions.

S M D ROSS  
HER MAJESTY'S DEPUTY GREFFIER