IN THE STATES OF THE ISLAND OF GUERNSEY
ON THE 30th DAY OF JUNE, 2017

The States resolved as follows concerning Billet d'État No XII
dated 23rd May, 2017

POLICY AND RESOURCES COMMITTEE

THE POLICY & RESOURCE PLAN – PHASE TWO
P.2017/53

I: After consideration of the Policy Letter of the Policy & Resources Committee entitled "Policy & Resource Plan – Phase Two", dated 22nd May 2017, they are of the opinion:-

1. To approve the approach detailed in the Medium Term Financial Plan (appendix 1) for achieving a return to an underlying financial surplus by 2019 through a combination of savings targets and income measures totalling approximately £40 million and to direct the Policy & Resources Committee to take account of the Medium Term Financial Plan when formulating proposals for inclusion in annual Budget Reports, subject to the substitution of paragraph 6.15 of the Medium Term Financial Plan with the following paragraph –

   6.15 This total is similar to the levels set out in the 2017 Budget Report which included savings applied to non formula-led General Revenue budgets (excluding Health & Social Care) for 2018 and 2019 of 5% per annum. In regard to Health & Social Care, the "*Costings, Benchmarking & Prioritisation Project at the Health & Social Services Department*" report prepared by BDO Limited (and contained as Appendix II to the Annual Budget for the States for 2016 (Billet d'État No. XIX of 2015)) set out that BDO had "made an assessment of the costs to deliver a 3 to 5 year programme targeted at £7.3 million of efficiency within HSSD budgets alone. One-off costs relating to project implementation and potential double running are estimated at £3.3 million. Ongoing costs associated with operating new service models are estimated at £2.2 million. Therefore the net ongoing saving, once change has been embedded, is likely to be £5.2 million.

1A. To acknowledge the Committee *for* Health & Social Care's commitment to endeavour to return £2 million of its 2017 Authorised Budget to General Revenue and to direct the Policy & Resources Committee to take account of these expected recurring savings when recommending Cash Limits and any target expenditure reductions for the Committee *for* Health & Social Care for future years.

1B. To direct the Policy & Resources Committee, in developing its proposals for income measures from 2018 onwards, to consider the merits and disadvantages of any new forms of taxation, with the exception of taxes on capital; this recognises that there will be a clear presumption that over this period (in light of the island's changing demographics) the tax base will broaden and diversify consistent with the principles of seeking a greater contribution from those individuals and entities most able to bear the burden.

1C. To agree that the Policy & Resource Plan annual review of 2019, which the Policy & Resources Committee must submit to the States in June of that year in accordance with Rule 23(5)(d) of the Rules of Procedure, shall include a Proposition which allows the States, in light of two years' experience of the Medium Term Financial Plan, to determine whether to maintain or amend the anticipated value and timing of the savings targets set out in appendix 1 and the contribution which reductions in expenditure should be expected to make to returning public finances to surplus.

2. To approve that the General Revenue Appropriation to the Capital Reserve should be the lower of that which achieves an overall annual investment of 3% of GDP or an amount that results in a balanced budget position.

3. To direct the Policy & Resources Committee, when the General Revenue Appropriation to the Capital Reserve achieves an overall annual investment of 3% of GDP, to include proposals in the annual Budget Report for use of any surpluses, to replenish other States' Reserves (having regard to the policies set out in propositions 4 and 5) such as the General Revenue Account Reserve or the Core Investment Reserve, or to invest in service developments, the Future Guernsey Economic Fund, the Transformation and Transition Fund or new services.

4. To approve a policy for the target balance of the General Revenue Account Reserve of 5% of annual General Revenue Income.

5. To approve a policy for the target balance of the Core Investment Reserve of 100% of General Revenue Income.

5A. a) To instruct the Policy & Resources Committee, in consultation with the Committee *for the* Environment & Infrastructure, to consider and review the best way of raising revenues from motoring in future, taking into account the ongoing reduction in fuel sales.

b) To agree that the focus of the review shall be on how to achieve the maximum sustainability of this source of States' revenue rather than on increasing the total amount of taxation levied on motoring in Guernsey.

c) To instruct the Policy & Resources Committee to report back with its conclusions in sufficient time for any proposals flowing from the review to be included in the budget for 2019.

6. To approve the Capital Portfolio as per the projects listed in tables 26, 27 and 28 of appendix 1, classified as small; medium; and large projects, but subject to:

a) the replacement of table 26 of appendix 1 with the following table:

"Table 26: Portfolio Projects in the Maintain Category

MAINTAIN CATEGORY		
Small	1	Coastal Flood Defences (Phase 1)
	2	Longue Hougue Breakwater
	3	CCTV Replacement
	4	Footes Lane Refurbishment
	5	St Sampson Fire Main
	6	Town Fire Appliances
	7	Coastal Repair Schemes
Medium	8	Cremation Services
Large	9	Affordable Housing Programme (Phase 1)
	10	Affordable Housing Programme (Phase 2) (Pipeline)
	11	Hydrocarbon Supply (Pipeline)
	12	Inert Waste Solution (Pipeline)
	13	Coastal Flood Defences (Phase 2) (Pipeline)"

and

b) deleting the "Guernsey Runway Extension (Pipeline)" project from table 27 and replacing it with "Strategic Air and Sea Links Infrastructure (Pipeline)".

7. To approve that the process contained within paragraphs 8.6 to 8.15 of appendix 1 is adopted as the approval process for capital projects.

8. To delegate authority to the Policy & Resources Committee to approve opening capital votes for any project with a value not exceeding £2 million, funded from the Capital Reserve.

9. To delegate authority to the States' Trading Supervisory Board to approve opening capital votes for any project with a value not exceeding £2 million, funded from the Ports Holding Account.

10. To approve the projects listed in paragraph 8.23 of appendix 1 as pipeline projects, but subject to deleting "Guernsey Runway Extension" from the list of bullet points and replacing it with "Strategic Air and Sea Links Infrastructure".

11. To direct the Policy & Resources Committee to work with Principal Committees to refine their policy plans to the extent needed to enable the prioritisation of resources to take place and report back to the States of Deliberation as part of the 2017 Budget Report; having used, as a basis for prioritisation, the eight strategic objectives of the Policy and Resource Plan; and having given no lesser status to policies and initiatives identified by Committees as currently unfunded or underfunded, in terms of evaluating their potential contribution to the strategic objectives, and thus their relative priority and need for resources.

11A. To direct all Committees when formulating policy to take account of long-term impacts on the wellbeing of current and future generations.

12. To reaffirm that staff resources will be deployed across the organisation as necessary in consultation with the respective Committee or Committees in accordance with the priorities of the States, but respecting the specific requirements of each Committee.

12A. To direct the Policy & Resources Committee to lay before the States, on an annual basis, commencing in June 2018, an Appendix Report, which shall be the Annual Report of the Chief Executive of the States of Guernsey, and which shall include details of progress being made in connection with the delivery of public service reform, including:

a) A report on the structure and demographics of the public service;

b) A report on customer engagement and satisfaction;

c) A report on staff engagement and satisfaction;

d) A report on organisational performance management; and

e) Any other information which the Chief Executive considers important for the States to consider in respect of the delivery of public service reform and the performance of the civil service, for which the Chief Executive is accountable.

13. To approve the policy plan of the Policy & Resources Committee as set out in appendix 2.

14. To approve the policy plan of the Committee *for* Economic Development as set out in appendix 3.

15. To approve the policy plan of the Committee *for* Education, Sport & Culture as set out in appendix 4, including the development of a comprehensive Sports Strategy by July 2019 and, noting proposition 11 of this report, reporting to the

States on the funding requirements necessary to achieve the objectives set out in that strategy as part of the annual Budget Report.

15A. To note that, as set out on page 191 of Billet d'État No. XII of 2017, the Committee *for* Education, Sport & Culture intends to review the policies of the States in relation to the provision and funding arrangements of, and entitlement to, pre-school education; and to agree that during the present States' term, i.e. up to June, 2020, there shall be no further restrictions made to entitlement to pre-school education beyond what was agreed by the States on Billet d'État No. XX of 2015 unless such further restrictions have been agreed by the States not less than nine months before they are implemented.

16. To approve the policy plan of the Committee *for* Employment & Social Security as set out in appendix 5, subject to deleting "£73.3million" where it appears on the fourth page of the plan (see page 209, paragraph 3, line 6 of Billet d'État No. XII of 2017) and replacing it with "£56.1million".

17. To approve the policy plan of the Committee *for the* Environment & Infrastructure as set out in appendix 6.

18. To approve the policy plan of the Committee *for* Health & Social Care as set out in appendix 7.

19. To approve the policy plan of the Committee *for* Home Affairs as set out in appendix 8.

20. To rescind the extant States' resolutions set out in appendix 9.

20A. To rescind States' Resolution 4 of Article 3 of Billet d'État No. IX of 2016, "Declaration of Unspent Convictions".

20B. To rescind States' Resolution 8 of Article 23 of Billet d'État No. XVI of 2015, "Distribution of Deputies' Seats Among the Electoral Districts".

20C. To rescind States' Resolution 10 of Article 10 of Billet d'État No. XI of 2015, "General Election 2016".

21. To amend States' Resolution 3 of Article 15 of Billet d' État No. I of 2016, "Proposal to Achieve Greater Autonomy in the Legislative Process and International Affairs for Guernsey" by replacing the words "States Assembly and Constitution Committee" with "Policy & Resources Committee"."

S.M.D. ROSS

HER MAJESTY'S DEPUTY GREFFIER