



# BILLET D'ÉTAT

TUESDAY, 27<sup>th</sup> JUNE, 2017

*BUSINESS OF THE MEETING*

1. The Policy & Resource Plan – Phase Two, P. 2017/53

XII  
2017

# BILLET D'ÉTAT

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

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I hereby give notice that a Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE**, on **TUESDAY**, the **27<sup>th</sup> June, 2017** at **9.30 a.m.**, to consider the item listed in this Billet d'État which has been submitted for debate.

**R. J. COLLAS**  
Bailiff and Presiding Officer

The Royal Court House  
Guernsey

23<sup>rd</sup> May, 2017

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**POLICY & RESOURCES COMMITTEE**

**POLICY & RESOURCE PLAN - PHASE TWO**

The States are asked to decide:-

Whether, 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.
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.

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.
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.
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.
12. To reaffirm that staff resources will be deployed across the organisation as necessary in accordance with the priorities of the States.
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.
16. To approve the policy plan of the Committee *for* Employment & Social Security as set out in appendix 5.
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.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

## POLICY & RESOURCES COMMITTEE

### POLICY & RESOURCE PLAN – PHASE TWO

The Presiding Officer  
Royal Court  
St Peter Port  
Guernsey

22<sup>nd</sup> May 2017

Dear Sir

#### **1. Executive Summary**

- 1.1 This policy letter is the culmination of work that started with the recommendations of the States Review Committee (SRC) during the period 2014 – 2016, which involved devising a new system of government for Guernsey. At the heart of the changes was a desire to break down the “silos” that existed between former States’ departments and to move to working more collaboratively. There was also an intention that the States, and its Committees, should focus on high-level strategic issues.
- 1.2 As part of this process the States agreed in July 2015<sup>1</sup> that the States’ Strategic Plan should be replaced with a Policy & Resource Plan, which was to be *“reasonably straightforward, flexible and un-bureaucratic”* and was to be seen as a *“means of strengthening leadership, co-ordination and accountability”* rather than an end in itself. It was further agreed that the Plan would be developed in two phases.
- 1.3 This report picks up from the point at which phase one was completed in November 2016<sup>2</sup>. It sets out the process that has been followed since then to develop a suite of policy plans. It also includes a Medium Term Financial Plan, which itself includes a Medium Term Capital Plan, as one of the aims of the new approach was to encourage greater integration of the consideration of policy initiatives and the resources available to develop and implement them.
- 1.4 As explained in the report, further work is needed on the prioritisation of work streams, and the intention is to bring further proposals back to the States with

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<sup>1</sup> Billet d’Etat XII

<sup>2</sup> Billet d’Etat XVIII

the 2018 budget report in the autumn. Notwithstanding this, there is sufficient detail included in the Committees' policy plans for the States to be able to give clear direction on what needs to be achieved throughout this term of government and beyond, and it is evident that the success of the Plan will depend on the cross-Committee working envisaged by the SRC.

- 1.5 The Policy & Resources Committee is recommending the States to approve the Committee policy plans as currently drafted and also to direct further work on prioritisation, to be completed in time for inclusion in the 2018 budget report.

## 2. Background

- 2.1 As part of its work in 2014–2016 the States Review Committee (SRC) made recommendations to change the way in which the States plan and coordinate their work in the future. The recommendations included the adoption of a States' Policy & Resource Plan ('the Plan') to replace the States' Strategic Plan. This Plan was to be a vehicle for guiding the planning and coordination of the work of the States. The States approved the recommendations of the SRC in July 2015 (Billet d'État XII).
- 2.2 The development of the Plan which, as set out in the SRC policy letter and reflected in the States' Rules of Procedure, is the responsibility of the Policy & Resources Committee, is split into two parts, as follows:
- **Phase one** sets out the vision for the island in 20 years' time and what we need to focus on over the next five years to move us towards achieving the vision.
  - **Phase two** focuses on the work that Principal Committees need to do over the next five years to achieve the outcomes agreed during phase one.
- 2.3 In November 2016 the States approved phase one of the Plan, which centred on the following long-term vision: *"We will be among the happiest and healthiest places in the world, where everyone has equal opportunity to achieve their potential. We will be a safe and inclusive community, which nurtures its unique heritage and environment and is underpinned by a diverse and successful economy."*
- 2.4 In support of achieving this vision the States also agreed a number of outcomes under 4 themes:



- 2.5 Having received direction from the States on the overall vision and outcomes, the Policy & Resources Committee then issued guidance to the Principal Committees to assist in the drafting of the individual policy plans that were required as part of phase two of the process.
- 2.6 Mindful of the fact that the policy plans are very much owned by the Committees themselves, the Policy & Resources Committee decided that the best approach was not to be too prescriptive in this respect but rather to offer Committees some guidelines that would help to ensure that the plans had some commonality and were in a format that made it relatively straightforward to use as the basis for the overarching Plan.
- 2.7 The Policy & Resources Committee also advised Committees that the debate on phase two should not be used as a process to bid for additional financial resources. In light of the fact that the States are looking to constrain expenditure, Committees were expected to bring forward policy proposals that were achievable within their existing resources, taking account of future savings targets, albeit there was a recognition that, in some instances, additional funding would need to be made available during the implementation phase. It was expected that, in the majority of such cases, there would already be a source of funding available, such as the Capital Reserve, Transformation and Transition Fund or Future Guernsey Economic Fund, which could potentially be accessed if a suitable business case were put forward.

- 2.8 The Policy & Resources Committee was also keen that any likely future funding requests should be outlined in the policy plans. Whilst fully accepting that it is not possible to determine funding arrangements accurately in advance, ball park figures are useful to give an idea of the likely future demand for funds, as it would be pointless to recommend policy development when it is known from the outset that, ultimately, implementation would prove unaffordable.
- 2.9 If a Committee identified an important priority for which it had no existing resource allocated, it was very much the expectation that the Committee in question would look to first reprioritise its activities and curtail or reschedule something in order to ensure that its top priorities could be resourced adequately, rather than relying on funding being diverted from other areas.

### **3. Sustainable public finances**

- 3.1 Given that the Plan is concerned with both policy initiatives and the resources necessary to progress those initiatives, it is important that the two are considered in tandem. Indeed, as outlined above, the Policy & Resources Committee issued guidance on both the policy and resource aspects of the Committee policy plans.
- 3.2 In keeping with this, as part of phase one, the States also agreed a revised Fiscal Policy Framework. The States committed to working within the parameters of the revised Fiscal Policy Framework, which will require us to:
- Adhere to the fiscal rules contained within the updated Fiscal Policy Framework
  - Present a credible fiscal strategy as part of phase two of the Plan in June 2017
  - Achieve and maintain a balanced budget in the short-term and surplus in the medium-term
  - Continue expenditure restraint and ensure no real terms' growth in expenditure while the budget remains in deficit
  - Provide leadership of the transformation agenda and support Public Service Reform in order to manage both short and long-term spending pressures
  - Ensure that the States' commercial and semi-commercial entities and other States' assets are maximised, making an appropriate return to the States
  - Prioritise capital investment aligned with the Plan

- 3.3 Details of the fiscal strategy referred to above are set out in the Medium Term Financial Plan, which is attached in full as appendix 1. This will be considered in debate ahead of the policy plans in order to ensure that policy prioritisation is considered in the context of the resources available over this term of government and beyond.
- 3.4 The development of the Medium Term Financial Plan is a key component of phase 2 of the Policy & Resource Plan as it presents, for the first time, a fiscal strategy covering the medium term, designed to ensure the finances of the States can support the delivery of the outcomes set out in the Plan.
- 3.5 Delivery of the Medium Term Financial Plan will comply with the Fiscal Policy Framework set out earlier in this section to ensure that the States are able to achieve and maintain a balanced budget before moving into a sustainable surplus over the next four-year period, which will then enable the rebuilding of reserves and the investment in future public services in support of achieving those outcomes. It is unashamedly not radical other than in the firm commitments to deliver fiscal sustainability and the reform of public services that will result in those services looking different, better meeting the needs of service users and customers, while costing less. It does not seek to find a silver bullet or materially change the fiscal approach adopted over recent years as there is no evidenced need so to do.
- 3.6 A realistic and medium-term approach, including a balance of increased revenues, particularly from those most able to pay, and a reduction in the cost of providing public services can see a return to fiscal surplus without the need for unrealistic or drastic measures. The structural pressures are not something that can simply be tackled through raising taxes or cutting services. If no action is taken, an underlying structural deficit will persist throughout the period.
- 3.7 The burden of eliminating the structural deficit must be shared between taxation and a reduction in the cost base through the reform of public services - which will lead to working differently, changing and improving the way services are delivered to enable savings to be made. The Policy & Resources Committee estimates that, over the Medium Term Financial Plan period, a total net improvement to the baseline of £40m is necessary to close the gap and is proposing that 65% of this value, £26m, is realised through ongoing public service reform initiatives and 35%, or £14m, from targeted tax measures.
- 3.8 The Medium Term Financial Plan sets out the associated policy work of the Policy & Resources Committee over the period. The Committee will seek to ensure annual budgets are proposed which are in line with this Plan, and deliver on the taxation policies with regard to raising additional revenues as far as possible from individuals and entities most able to bear the burden. The Committee is also seeking to make the tax system fairer and will therefore be

prioritising the work with the Committee *for* Employment & Social Security to redesign the way funds are raised for both the Health Service and Long Term Care Funds to apply the same principles as for income tax, with personal allowances protecting those on low incomes, with those who can afford to, paying more.

**3.9 In summary, the Medium Term Financial Plan includes a realistic savings expectation rising to £26million per annum by the end of the period; the introduction of revenue raising measures which, by 2021, total £14million. This enables:**

- **3% of GDP to be invested in capital infrastructure per annum from 2019;**
- **An allowance for investment in service developments of £3.5million per annum from 2020 to reflect the commitment to re-invest the ‘reform dividend’ in public services;**
- **A move into structural surplus from 2019; and**
- **A cumulative surplus of some £24million to be achieved by 2021, which could be utilised to re-establish reserves or enable investment in funds such as those relating to transformation or economic development beyond the medium term.**

#### **4. Medium Term Capital Plan**

- 4.1** The Medium Term Financial Plan and the Committees’ policy plans will also provide the strategic framework for the capital portfolio plan, enabling the States to make investment decisions based on their agreed priorities through the 2017-20 round. The Medium Term Capital Plan is part of the Medium Term Financial Plan and full details of the Policy & Resources Committee’s proposed approach and portfolio are contained in section 8 of that document.
- 4.2** The ultimate objective of the capital portfolio is to support the achievement of the Vision set out in the Policy & Resource Plan and the delivery of the strategic objectives for the States through investment in infrastructure and systems.
- 4.3** It is also essential that we invest in the projects which are financially viable, the recurrent costs of which can be met, and where the proposed outcomes represent value for money. Capital assets underpin the delivery of a range of core public services and effective management of these assets is necessary for the States to realise their economic goals and deliver better public services. Improved capital planning provides confidence that assets will be well managed; future investment will align with the outcomes sought by the States; and the current level of outputs will continue to be delivered.

- 4.4 The Medium Term Financial Plan also sets out the proposed capital portfolio for the next period, and a plan for its delivery which is affordable and realistic within the overall financial envelope. The thorough and inclusive capital prioritisation process has allowed a picture to be built not only of the capital requirements in the next four year period, but beyond that, and the Committee is also proposing a pipeline of longer term projects which extends the planning horizon for these long-term investments.
- 4.5 The Medium Term Financial Plan proposes that we increase the value of the appropriation from general revenue to ensure we are investing the 3% required under the fiscal framework. An important part of this will be returns from the States' Trading Assets through the work of the States' Trading Supervisory Board to ensure these entities operate more commercially and are able to make appropriate annual returns which increase modestly over the period, without placing a disproportionate burden on those who can least afford it. In addition, better management and further rationalisation of the property estate will allow receipts to accrue from the disposal, or different use, of our extensive estate.
- 4.6 Since the November 2016 Budget Report, significant work has been undertaken by the portfolio team and the category leads to better understand the scale, risk and timeframes of the projects. The Policy & Resources Committee is now proposing projects across the following three categories for the next four year period:
- Maintain – maintain the operation of existing services
  - Transform – transform service delivery in line with public service reform
  - Grow – benefit the island or a specific sector of the economy
- 4.7 Evaluating projects on the basis of how effectively they maintain our infrastructure, transform our services, or grow our economy is a significant step forward in how we approach investment in our community. The 'maintain, transform, grow' approach underlines the more strategic approach that the States is taking in this term.
- 4.8 Through the prioritisation process it became apparent that a number of the proposals submitted are longer-term in nature and are not likely to progress beyond the planning stage within this medium-term prioritisation period. This has given an opportunity to extend the planning horizons for the portfolio and recognise this forward-looking assessment of the proposed projects.
- 4.9 As part of the 2017 Budget Report a proportion of the total funding was allocated to each category to reflect its relative importance balanced with the value of submitted proposals: 30% to maintain; 50% to transform; and 20% to

grow. At the time of the Budget Report, the total value of the proposals was £690m, which clearly presented the problem that not all projects could be funded. Following a series of detailed follow-up meetings to gain a greater understanding of each project, further work by the project teams, the re-classification of longer term projects as pipeline projects and the removal of projects where alternative funding sources would be appropriate, the overall figure required has now fallen to £229million in this period. Further details of the reasons for this are set out in the Medium Term Financial Plan.

- 4.10 A full list of the projects under each category is set out in the Medium Term Financial Plan. These projects are in addition to the legacy projects that are already underway. In line with previous portfolios and in order not to unfavourably prejudice obtaining tender prices for projects which could lead to the States paying more than necessary, no cost estimates for individual projects have been included at this stage. **The Policy & Resources Committee wishes to stress that the States are not being asked at this stage to allocate any specific budget to any of the projects within the portfolio. Inclusion in the portfolio allows the States to have a clear list of prioritised projects which are being developed. A firm budget will be allocated when the proposals have been developed further and the proposed solution identified.**
- 4.11 The Policy & Resources Committee has noted that the policy plans are not yet aligned with capital portfolio bids to the extent it would have liked. However, it also acknowledges that the Policy & Resource Plan and the Committee policy plans will evolve and mature and, in due course, this aspect will no doubt be developed until the two are fully integrated.

## **5. Public Service Reform**

- 5.1 As acknowledged in phase one, the States will need to rethink the way that they deliver public services in order to meet the current and future challenges faced by our community. Significant work has already commenced in the form of the ongoing Public Service Reform agenda and the transformation programmes within it.
- 5.2 It was also acknowledged in phase one that the successful delivery of reform will unlock resources to fund other priorities identified as part of the Policy & Resource Plan: it is therefore essential that the priorities of the Plan are taken forward in a co-ordinated way with the Public Service Reform programme.
- 5.3 In light of this, the Policy & Resources Committee was pleased that a number of Committees had prioritised transformation initiatives in their policy plans. Development of appropriate strategies and policies will help us, as an organisation, to achieve sustainable public service provision by determining

how we will respond to future demand. In particular, transformation is crucial to achieving the desired outcomes for the Committee *for* Health & Social Care.

- 5.4 It is worth bearing in mind that transformation can also involve **not** doing things, something of which the Policy & Resources Committee was mindful when it asked the Principal Committees to articulate in their policy plans the work streams or initiatives they would not be pursuing as a result of having identified higher priorities on which to focus resources.
- 5.5 That said, it must also be recognised that the Plan is not about preventing the development and implementation of policies but rather about ensuring that we are focusing on those that will have the most positive impact on the community. In other words, the availability of resources should not be the only driver, or even the main driver, for determining which initiatives to take forward. There must be a recognition that, regardless of resource implications, some work streams are simply not worth pursuing.
- 5.6 It must, however, be recognised that for transformation to be successful and resources to be unlocked, it follows that service areas cannot retain resources dedicated to policy areas that have not been prioritised. Those resources must be allocated to the work streams that have been identified as the top priorities.

## **6. Committee Policy Plans**

- 6.1 Following approval of phase one, the Principal Committees and the Policy & Resources Committee each developed a policy plan, setting out, at a high level, policy priorities for the next 4-5 years. The policy plans also explain what resources will be needed in order to progress the policy initiatives outlined therein. Copies of the policy plans are attached as appendices 2-8.
- 6.2 For the avoidance of doubt, the policy plans should not concern themselves with operational business as usual. Their focus, in accordance with the direction of the States, should be on significant policy initiatives. Operational matters will be covered separately in Committee business plans, informed in due course by the high-level priorities agreed by the States.
- 6.3 The Policy & Resources Committee appreciates the effort that Committees have put into producing policy plans in a fairly short time scale and was especially pleased to receive feedback from other Committees that the process of developing their policy plans had helped them to prioritise their forthcoming work in a way that had not previously been done.
- 6.4 The Committee has always recognised that, for the first few years at least, the Policy & Resource Plan will be something of a work in progress, subject to

refinement and enhancement – much as has been the case with the iterative development of the capital portfolio plan over a number of years. In the interim, however, it provides useful direction in terms of high-level priorities and represents a good balance between perceived inaction whilst developing a Plan, and the continued development of policies without the benefit of the wider context.

- 6.5 The Policy & Resources Committee does not consider it necessary to include a detailed appraisal of Committees' policy proposals here, as it will be the responsibility of each Committee to take forward its own priorities and report against progress in due course, with the Policy & Resources Committee then presenting an overall update report to the States, in accordance with its responsibilities in this respect. However, given the length and complexity of the plans, the Policy & Resources Committee has condensed them to convey the policy priorities identified therein and the resources needed to progress those priorities. These condensed plans, which are based primarily on the Policy & Resources Committee's interpretation of them, are as follows.

**COMMITTEE FOR ECONOMIC DEVELOPMENT – POLICY PLAN SUMMARY 2017 - 2021**

**WORK STREAMS THAT HAVE BEEN PRIORITISED BY COMMITTEE TO BE CONSIDERED FOR INCLUSION IN POLICY & RESOURCE PLAN**

<b>Outcome*</b>	<b>Work streams</b>	<b>Anticipated delivery date</b>	<b>Summary of benefits</b>	<b>Additional resources needed (outside of existing available funding, capital funding, Future Gsy Economic Fund etc.)</b>
<b>Lifelong learning</b>	Development of Skills Strategy (in liaison w/ESC), incorporating: <ul style="list-style-type: none"> <li>• Development of ‘best in class’ digital skills, education &amp; training</li> <li>• Working w/Start-Up Guernsey to create a best practice entrepreneurial environment</li> </ul>		Better equipped to meet challenges/ expectations of future business; generation of economic return through better workforce productivity; reduction in need to access off-island skills; creation of local ‘knowledge economy’ leading to increase in local entrepreneurs & more diverse economy	
<b>Centre of excellence &amp; innovation</b>	Implementation of Digital Sector Strategic Framework, incorporating: <ul style="list-style-type: none"> <li>• Methodology for innovation encouragement</li> <li>• Assessment of expanding Gsy’s shipping registry</li> <li>• Refinement of IP Strategy</li> </ul>		Great growth potential for Gsy & achieves diversification of the economy; keeps Gsy competitive during ‘default digitisation’ era; Gsy’s IP legislation will be compliant w/Agreement on Trade-Related Aspects of IP Rights; provision of support for future membership of the WTO	Potentially two additional staff members to assist with economic diversification

	<ul style="list-style-type: none"> <li>Methodology for identifying opportunities for 'High Value, Low Impact' industries</li> </ul>			
<b>Strong, sustainable &amp; growing economy</b>	<p>Development of Finance Sector Strategy, incorporating:</p> <ul style="list-style-type: none"> <li>Develop corporate, commercial &amp; finance sector legislation</li> <li>Implementation of recommendations set out in Fintech, Fiduciary Sector &amp; Insurance Sector Reviews</li> <li>Publish strategic reviews of Investment &amp; Banking sectors</li> <li>Establish a private register of Beneficial Ownership (with P&amp;R)</li> </ul> <p>Development of Tourism Strategy, incorporating:</p> <ul style="list-style-type: none"> <li>Examine viability of extending runway</li> <li>Examine potential for air route development opportunities within existing infrastructure constraints</li> <li>Review Air Transport Licensing regime</li> </ul>	<p>Ongoing</p> <p>Q4 2017 (report to States)</p>	<p>New businesses attracted to Gsy; economic contribution of finance sector to GDP/revenue income increased; indirect contribution of finance sector to the local economy/community increased; high value jobs for local people created; sustainability of existing &amp; future transport links supported; Gsy's global presence augmented</p> <p>Transport links, infrastructure, licensing regimes &amp; legislation committed to facilitating growth; States' policies, assets, investment &amp; support in place to assist development of tourism &amp; local economy; ongoing visitor experience improved; ongoing visitor numbers &amp; spend increased</p>	<p>Finance Sector Development team will need extra resources to implement all work streams (extra staff and potential consultancy funding)</p> <p>Subsidy for Alderney PSO air routes &amp; additional operational resources will be required; increase in Events Group funding focused on Tourism-specific events – from c.£150k to £250k pa; increase in Marketing &amp; Promotional &amp; Trade Support Budget for VisitGuernsey – c.£1-2m pa.</p>



	Development of Promotion & Marketing Strategy, incorporating: <ul style="list-style-type: none"> <li>• Research into Brexit impact</li> <li>• Support of Visit Gsy &amp; Locate Gsy</li> <li>• Encouragement of HNWI's to live/work in Gsy</li> </ul>	GB's exit from EU in 2019	Possible business & individual re-locations & additional business through Gsy being regarded as desirable & stable jurisdiction	1 FTE for ED to compliment P&R resource contribution re: Brexit; continued funding of Locate Gsy (with increased funding if more work streams need to be carried out)
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*\*Outcome stated is the one that appears to have the clearest alignment with work streams – it is acknowledged that most work streams will have links with other outcomes also*

**COMMITTEE FOR EDUCATION, SPORT & CULTURE – POLICY PLAN SUMMARY 2017 - 2021**

**WORK STREAMS THAT HAVE BEEN PRIORITISED BY COMMITTEE TO BE CONSIDERED FOR INCLUSION IN POLICY & RESOURCE PLAN**

<b>Outcome*</b>	<b>Work streams</b>	<b>Anticipated delivery date</b>	<b>Summary of benefits</b>	<b>Additional resources needed (outside of existing available funding, capital funding, Future Gsy Economic Fund etc.)</b>
<b>Safe and secure place to live</b>	Future provision of secondary & post-16 education, incorporating: <ul style="list-style-type: none"> <li>• Funding of Grant-Aided Colleges</li> <li>• Implementation of all-ability secondary education system</li> <li>• Education Estate Options for Secondary &amp; Post-16 accepted</li> <li>• Capital Prioritisation Bid (Secondary &amp; Post-16)</li> </ul>	Q3 2017 Q4 2019  Q4 2017	Improved percentage of children with age-related education expectations; increased access to wider curriculum opportunities for all children	
<b>Healthy Community</b>	Improve & enhance health & well-being of children, young people & wider community (CYPP & Healthy Weight Strategy implementation)		Healthier school population (physically & mentally) w/reduced cases of poor mental health in young people & promotion of positive mental well-being	
<b>One community; inclusive &amp; committed to social justice</b>	Develop a fully inclusive educational system, establishing equal opportunity & access to education		Improved school attendance; reduced exclusion; increased positive post-16 destinations for vulnerable children	

<b>Lifelong Learning</b>	<p>Development of Early Years Education Policy, incorporating:</p> <ul style="list-style-type: none"> <li>• Provision of high-quality early years education (e.g. safeguarding, learning environment, well-being, common curriculum)</li> <li>• Trial of minimum universal entitlement to early-years education</li> </ul> <p>Development of Excellence in Schools policy, incorporating:</p> <ul style="list-style-type: none"> <li>• Implement, embed &amp; develop school self-assessment methodology, using appropriate technology</li> <li>• Implement new curriculum &amp; develop aligned learning &amp; innovative teaching approaches</li> <li>• Develop, consult &amp; refine curriculum framework w/key stakeholders</li> <li>• Develop learner assessment protocols</li> <li>• Self-assessment of Education Services</li> </ul>	<p>Q4 2017 - Review to commence</p> <p>Review before 2018 academic yr</p> <p>Q3 2017</p> <p>Q4 2018</p> <p>Q4 2018 (independent inspection to</p>	<p>Consistency of high-quality education delivery; current standards in other jurisdictions being adhered to or exceeded; enabling the nurturing of confident individuals, successful learners, responsible citizens &amp; effective contributors</p>	
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	<p>Encouragement of lifelong learning for all islanders, incorporating:</p> <ul style="list-style-type: none"> <li>• Development, implementation &amp; review of GCFE Outcome Agreement</li> <li>• Establishment of Adult Careers Info Advice &amp; Guidance Strategy</li> <li>• Design model to maximise synergies of delivery within training &amp; further/ higher education provision</li> </ul> <p>Review of the Education Law</p>	<p>be completed)</p>	<p>Improved educational &amp; training provision/guidance which supports evolving needs of Gsy's workforce &amp; employers; maximising opportunities offered by GCFE, GTA &amp; Institute of Health &amp; Social Care Studies; oversight by same political body will ensure consistency of policy approach</p> <p>While generally permissive the review of the Law will consider the merit of changes to:</p> <ul style="list-style-type: none"> <li>• ensure the Law sits comfortably with Human Rights legislation</li> <li>• remove anachronistic references</li> <li>• ensure it facilitates development required to provide an outstanding modern education service</li> </ul>	<p>Commencement &amp; progress with this item is subject to the allocation of resources</p>
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<b>Mature international identity</b>	Development of a Culture & Heritage policy including language & the arts, incorporating: <ul style="list-style-type: none"> <li>Stakeholder engagement/general research &amp; development to assist consideration of operating models for sustainability &amp; resilience</li> </ul>	At project scoping phase only	Clear policy in place to guide how culture & heritage including language & the arts is maintained	
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*\*Outcome stated is the one that appears to have the clearest alignment with work streams – it is acknowledged that most work streams will have links with other outcomes also*

**COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY - POLICY PLAN SUMMARY 2017 - 2021**

**WORK STREAMS THAT HAVE BEEN PRIORITISED BY COMMITTEE TO BE CONSIDERED FOR INCLUSION IN POLICY & RESOURCE PLAN**

<b>Outcome*</b>	<b>Work streams</b>	<b>Anticipated delivery date</b>	<b>Summary of benefits</b>	<b>Additional resources needed (outside of existing available funding, capital funding, Future Gsy Economic Fund etc.)</b>
<b>Safe &amp; secure place to live</b>	Social housing, incorporating: <ul style="list-style-type: none"> <li>• Review of request for capital allocation for new social housing programme</li> <li>• Review of existing policies on capital sums policy, income thresholds</li> </ul>		Provision of appropriate number & size of social housing stock; reduction in number of islanders living in relative poverty	
<b>Healthy community</b>	Health & safety in the workplace – modernisation of existing legislation  Health insurance, incorporating: <ul style="list-style-type: none"> <li>• Negotiation of MSG, GTG &amp; IMC contracts</li> <li>• Submission of proposals to restructure funding of health care</li> </ul>	Commencing Q1 2018  By Q1 2018  Q1 2019	Legislation more appropriate for the time; opportunity to study H&S legislation in other jurisdictions and to meet appropriate standards  Sustainable provision of a quality health care system for all islanders; equal priority for mental & physical health; alternative uses of funding which can provide targeted improvements in gaps or areas of need	

	<ul style="list-style-type: none"> <li>• Review primary care mental health &amp; wellbeing service re: aims/ outcomes</li> <li>• Extend Health Service Fund to help cover some costs of health care/medical treatment for Gsy &amp; Alderney residents falling ill in UK</li> </ul> <p>Long-term care, incorporating:</p> <ul style="list-style-type: none"> <li>• SLAWS <ul style="list-style-type: none"> <li>○ Review of long-term care insurance funding</li> </ul> </li> </ul>	<p>Q1 2018</p> <p>Q1 2019</p>	<p>Greater financial stability to mitigate decreased tax take from ageing population; better living conditions for elderly; opportunities for working/ lifelong learning for elderly; greater inclusion &amp; quality of life for elderly</p>	
<p><b>One community: inclusive &amp; committed to social justice</b></p>	<p>Implementation of Disability &amp; Inclusion Strategy, incorporating:</p> <ul style="list-style-type: none"> <li>• Drafting of proposals to allow States to adopt legislation for equality for people w/disabilities in all aspects of life</li> <li>• Drafting of proposals to allow States to establish an equality &amp; rights organisation</li> </ul>		<p>Inclusivity for all, leading to improved quality of life; Gsy gaining a reputation as being an equal &amp; tolerant society</p>	

	<p>Family allowance – consideration of how universal financial benefit might be used for universal service benefit in the future</p> <p>Social welfare, incorporating:</p> <ul style="list-style-type: none"> <li>• Merger &amp; improvement of supplementary benefit &amp; rent rebate (SWBIC)</li> <li>• Review of social welfare changes</li> </ul> <p>Legal aid, incorporating:</p> <ul style="list-style-type: none"> <li>• Bring principal ordinance to States to put governance &amp; rules of legal aid on a statutory footing</li> <li>• Review certain policy aspects</li> </ul>	<p>Q3 2018 – commencement Ongoing</p> <p>Q4 2017</p>	<p>Funding can be targeted towards specific ‘problem areas’ or gaps, leading to clear successful outcomes</p> <p>Reduce number of islanders living in relative poverty; implementation of more appropriate system to ensure equality in terms of provision of social welfare; removal of barriers which may discourage some from employment</p> <p>Greater equality for those requiring legal representation</p>	<p>Annual cost to general revenue of £3-4 million (reducing after first two years)</p>
<b>Strong, sustainable &amp; growing economy</b>	<p>Labour market, incorporating:</p> <ul style="list-style-type: none"> <li>• submission of propositions necessary to introduce shared parental leave on same terms as maternity leave</li> <li>• stakeholder engagement on minimum wage levels</li> </ul>	Q4 2017	<p>Greater equality for new parents; improved financial terms for minimum wage earners, potentially leading to less draw on benefits &amp; greater return of tax to general revenue</p>	
<b>Sustainable public finances</b>	Social insurance & pensions, incorporating:			

	<ul style="list-style-type: none"> <li>• submission of proposal to change pension uprating policy</li> <li>• submission of detailed proposals for development of secondary pension</li> </ul>	<p>Before 2020</p> <p>By Q4 2018; implement: 2020</p>		
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*\*Outcome stated is the one that appears to have the clearest alignment with work streams – it is acknowledged that most work streams will have links with other outcomes also*

**COMMITTEE FOR THE ENVIRONMENT & INFRASTRUCTURE – POLICY PLAN SUMMARY 2017 - 2021**

**WORK STREAMS THAT HAVE BEEN PRIORITISED BY COMMITTEE TO BE CONSIDERED FOR INCLUSION IN POLICY & RESOURCE PLAN**

<b>Outcome*</b>	<b>Work streams</b>	<b>Anticipated delivery date</b>	<b>Summary of benefits</b>	<b>Additional resources needed (<i>outside of existing available funding, capital funding, Future Gsy Economic Fund etc.</i>)</b>
<b>Safe &amp; secure place to live</b>	Deliver phase 1 of the hydrocarbons supply programme	Q1 2018	Increased confidence in Island's future energy supply	1 x lead officer; c.£100k in consultation costs
	Review/update Energy Resource Plan	Q1 2018	Compliance ensured w/international obligations; risks identified & minimised in energy supply chain; resilience & security of supply ensured; improved energy efficiency; environmental impacts reduced	
	Deliver programme for Renewable Energy Team	Ongoing	Renewable energy input into energy policies, ensuring all options are considered, leading to better outcomes	
	Coastal Defence Strategy	2020 (St	Increased protection against	

	<p>Deliver Maritime Strategy</p> <p>Delivery of inert waste strategy</p>	<p>Sampson project)</p> <p>2019 (for inclusion w/UK's mandatory audit)</p> <p>Q4 2017</p>	<p>rising sea levels, storm events &amp; tidal surge</p> <p>Provision of a safe &amp; efficient harbour &amp; maritime environment; support for the provision of reliable &amp; sustainable sea links; compliance with international standards/regulations</p> <p>Consistent approach for the future; improved likelihood of efficiencies &amp; best use of resources; environmental protection</p>	
<b>Healthy community</b>	<p>Provide for the protection of environment through Environmental Protection Strategy, incorporating:</p> <ul style="list-style-type: none"> <li>• Farm Management Plans</li> <li>• Biodiversity Action Plans</li> <li>• Public awareness programme</li> <li>• Statutory protection for biodiversity</li> </ul>	<p>Ongoing - 2019 for Policy Letter re: statutory protection for biodiversity</p>	<p>Protection of Island's unique natural and built environments, vulnerable species, local distinctiveness; benefits to physical &amp; mental health</p>	

	Deliver Housing Supply Strategy	Q4 2019	Housing stock appropriate to meet Islanders' needs; increased level of social inclusion	c.£100k in consultation costs
	Deliver a sustainable and integrated transport policy	Ongoing - Q4 2018 (strategy update)	Support of inclusive society and social equity; increased freedom of movement; further safeguarding of vulnerable road users; support of economy, health and wellbeing; addressing of adverse effects of climate change	
<b>Strong, sustainable &amp; growing economy</b>	Develop an Infrastructure Plan for the Island	Q4 2018	Effective identification & prioritisation of infrastructure needed to deliver States priorities; identification of synergies through co-ordinated approach; targeted investment; innovative approach to funding	1 x lead officer & 1 x programme officer required
	Deliver a Local Planning Brief for the development of SPPHAA	Q3 2019	Maximise estate value; efficient & co-ordinated approach to development leading to improvements in Island's reputation	

<b>Sustainable public finances</b>	Develop long-term plan for future of Alderney Harbour by having a Breakwater	Q2 2018	Less reactive approach to maintenance; more targeted spend resulting in savings; support of other related work e.g. marina	1 x project/co-ordinating officer, potentially another officer (50% time)
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*\*Outcome stated is the one that appears to have the clearest alignment with work streams – it is acknowledged that most work streams will have links with other outcomes also*

**COMMITTEE FOR HEALTH & SOCIAL CARE – POLICY PLAN SUMMARY 2017 - 2021**

**WORK STREAMS THAT HAVE BEEN PRIORITISED BY COMMITTEE TO BE CONSIDERED FOR INCLUSION IN POLICY & RESOURCE PLAN**

<b>Outcome*</b>	<b>Work streams</b>	<b>Anticipated delivery date</b>	<b>Summary of benefits</b>	<b>Additional resources needed (outside of existing available funding, capital funding, Future Gsy Economic Fund etc.)</b>
<b>Strong sustainable and growing economy</b>	Provide equality of opportunity to young care leavers  Provide high quality health & social care service with an attractive private offering	Various	Challenge barriers to work faced by care leavers  Attract people to live & work in the Bailiwick	
<b>Sustainable Public Finances</b>	Review funding of health & social care services  Optimise the estate through re-profiling of PEH  Review of staff terms & conditions  Continue to implement skills mix review	Various	Creation of a health & social care model that meets changing needs of population & is sustainable & equitable, leading to better health outcomes  Competitive recruitment & retention of professionals; improve health, wellbeing & workforce morale; ensuring staff optimised for patient/user safety & efficiency	
<b>Healthy community</b>	Develop Target Operating Model along principles of 2020 Vision	Various	Creation of a health & social care model that meets changing needs of	Resource of c.£1million required to implement

	<p>Review affordability &amp; accessibility of primary healthcare.</p> <p>Implement &amp; develop public health strategies (see column far right)</p> <p>Develop service &amp; care pathways to enable people to live independent, fulfilled lives</p> <p>Create one-stop, all-age services in partnership w/other agencies</p> <p>Develop Community Hub at the KEVII site</p> <p>Introduce appropriate &amp; proportionate CI regulatory care system</p> <p>Create a Care &amp; Support Framework to enable fairer access to services</p> <p>Implement Mental Health Strategy</p>		<p>population &amp; is sustainable &amp; equitable, leading to better health outcomes</p> <p>Keep people well enough to work for longer &amp; tackle main causes of ill-health</p>	<p>Healthy Weight, Sexual Health &amp; Tobacco Control Strategies</p>
<b>Safe and secure place to live</b>	<p>Work with ESS to improve availability of supported accommodation</p>	<p>Various</p>	<p>Enable people to live independent lives close to home, whatever their care needs</p>	

	Review of access to Long-term care fund			
<b>One community: inclusive &amp; committed to social justice</b>	<p>Prioritise &amp; fulfil social policy initiatives w/relevant Committees</p> <p>Support care closer to home, reduce &amp; minimise the need for off-island care</p> <p>Develop a Carers' Strategy</p> <p>Commission a range of suitable respite/short break services to meet needs of service users &amp; their carers</p> <p>Increase investment in prevention &amp; early intervention</p>	Various	Creation of a health & social care model that meets changing needs of population & is sustainable & equitable, leading to better health outcomes	Strong Family Strategy will require additional funding
<b>Lifelong learning</b>	Create more opportunities to train in health & social care	Various	Improve skills on-island	
<b>Centre of excellence and innovation</b>	Create a health tourism offer & explore medical research opportunities	Various	Diversify economy; improve health treatments & outcomes	

*\*Outcome stated is the one that appears to have the clearest alignment with work streams – it is acknowledged that most work streams will have links with other outcomes also*

**COMMITTEE FOR HOME AFFAIRS – POLICY PLAN SUMMARY 2017 - 2021**

**WORK STREAMS THAT HAVE BEEN PRIORITISED BY COMMITTEE TO BE CONSIDERED FOR INCLUSION IN POLICY & RESOURCE PLAN**

<b>Outcome*</b>	<b>Work streams</b>	<b>Anticipated delivery date</b>	<b>Summary of benefits</b>	<b>Additional resources needed (outside of existing available funding, capital funding, Future Gsy Economic Fund etc.)</b>
<b>Safe &amp; secure place to live</b>	<p>Development of Financial Crime Strategy, incorporating:</p> <ul style="list-style-type: none"> <li>• Meeting international standards</li> <li>• Updating of primary legislation</li> </ul> <p>Development of GDPR Strategy</p>		<p>Increased recovery of proceeds of crime; ensured adherence w/appropriate statutory frameworks for dealing with corruption, extradition &amp; fraud</p> <p>Adherence to appropriate legal framework; increased protection of the privacy rights of the individual</p>	<p>1 x FT staff member to focus on Data Protection issues for HA; additional funding required: £400k set-up costs (IT development &amp; office relocation to another suitable States-owned property). c.£550k pa for two years – (additional staffing &amp; running costs)</p>

	<p>Development of a Security Policy incorporating Cyber &amp; Information Security Strategy, also incorporating:</p> <ul style="list-style-type: none"> <li>• Ensure existing legislation is fit for purpose &amp; has appropriate flexibility to respond to evolving threats</li> <li>• Promotion of cyber awareness across businesses &amp; individuals</li> </ul> <p>Evolution of Criminal Justice Strategy into a Justice Policy Strategy, incorporating:</p> <ul style="list-style-type: none"> <li>• Introduction of new sexual offences legislation to modernise existing definition</li> <li>• Implementation of new Parole Legislation</li> <li>• Review of Police Complaints legislation</li> <li>• Implementation of 2017 Crime &amp; Justice Survey</li> <li>• External independent inspection of Family Proceedings Advisory Service</li> </ul>		<p>Increased recovery of proceeds of crime; ensured adherence with appropriate statutory frameworks for dealing with corruption, extradition &amp; fraud; increased awareness of threat of cybercrime; reduction in risk of loss of business/earnings etc.</p> <p>Reduction in crime levels; reduction in fear of crime; modern legislation that is better suited to its time; lower rates of re-offending etc.</p>	Potential ongoing revenue costs (not specified)
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	<ul style="list-style-type: none"> <li>• Development of Domestic Abuse Strategy</li> </ul>		Reduction in domestic abuse cases; lower rates of re-offending; positive transformation in the way we tackle domestic violence, alcohol related harm & hate crimes	
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*\*Outcome stated is the one that appears to have the clearest alignment with work streams – it is acknowledged that most work streams will have links with other outcomes also*

**POLICY & RESOURCES COMMITTEE – POLICY PLAN SUMMARY 2017 - 2021**

**WORK STREAMS THAT HAVE BEEN PRIORITISED BY COMMITTEE TO BE CONSIDERED FOR INCLUSION IN POLICY & RESOURCE PLAN**

<b>Outcome*</b>	<b>Work streams</b>	<b>Anticipated delivery date</b>	<b>Summary of benefits</b>	<b>Additional resources needed (outside of existing available funding, capital funding, Future Gsy Economic Fund etc.)</b>
<b>Safe &amp; secure place to live</b>	Develop a Cyber Security Strategy		Proactivity in monitoring potential digital threats & opportunities	
<b>Healthy community</b>	Support the development and implementation of social & health strategies  Develop and implement a commissioning framework (health transformation)	Various	Improved mental/physical wellbeing for islanders; reduced spend on healthcare - funds can be targeted elsewhere  Framework will be in place for future service commissioning to aid process; ensuring right service delivery options are utilised	
<b>One community: inclusive &amp; committed to social justice</b>	Reform the Marriage Law  Support the prioritisation of informal carers work stream	Q4 2018	Outdated law improved to meet needs of modern society  Improved wellbeing of carers & those they care for; enabling carers to take up/increase paid employment; economic benefits	
<b>Centre of excellence &amp; innovation</b>	Support the development of key digital connectivity strategies/Produce a digital strategy (SMART Guernsey)		Great growth potential for Gsy & allows for innovation; keeps Gsy competitive during 'default digitisation' era	

	Develop and implement an innovation fund	Q4 2017	Opportunity for productive work w/private sector; encouragement of innovation & entrepreneurialism	
	Actively explore the opportunity for an international university presence in Guernsey	Q3 2017 – to States Assembly	Economic benefits from spend of overseas students; opportunities for local companies to utilise university resources & expertise	
<b>Mature international identity</b>	Develop a Constitution and International Relations Policy in response to threats & opportunities from Brexit	Before Brexit in 2019	Trading relationship w/UK maintained; new trading relationship w/EU established; new trading relationship w/rest of world set up. By 2020 we will have greater autonomy in respect of Granting of Royal sanction; extension of international agreements & entering into agreements under entrustment	Potential additional staffing resources & external capability required to support Brexit-related activity
	Develop financial crime policy		Proactive combating of money laundering & terrorist financing; reduction in financial crime	
	Develop financial stability policy		Ensure ongoing compliance w/stability & transparency standards across financial world	
	Deliver a data protection law & regulatory framework		Ensure data adequacy w/EU GDPR Regulations	
<b>Strong, sustainable &amp; growing economy</b>	Develop procurement policies to maximise benefit to local economy of States' spending	Q4 2018	Increased tax revenue; support for local industries; better value for money; increased public trust in States' spending	
	Develop strategic population policies	Q1 2019	Minimisation of the adverse effects of forecast demographic changes	

	<p>Support investigations/evaluation of options for safeguarding of strategic air &amp; sea links</p> <p>Ensure that we establish rights over our territorial seas</p>	Before 2020	<p>Growth of Gsy as business &amp; tourist destination; maintenance of Gsy's competitive position compared to other jurisdictions; maintenance of freight links to the Bailiwick</p> <p>Enhancement &amp; promotion of Gsy's rich marine &amp; terrestrial environment for economic benefit</p>	
<b>Sustainable public finances</b>	<p>Production of Medium Term Financial Plan</p> <p>Develop property strategy w/STSB</p> <p>Produce an HR strategy for the organisation (the People Plan)</p>	<p>Q2 2017 – to States Assembly</p> <p>Ongoing</p>	<p>Ensure States achieve &amp; maintain balanced budget, then move into sustainable surplus over next 4-year period; enable re-building of reserves &amp; investment in future public services</p> <p>Maximise effective &amp; efficient use of property for public services; release of surplus assets; realisation of reform dividend</p> <p>Ensure competitive recruitment &amp; retention of quality, skilled professionals, balanced w/appropriate scrutiny; effective performance management in public sector</p>	

*\*Outcome stated is the one that appears to have the clearest alignment with work streams – it is acknowledged that most work streams will have links with other outcomes also*

- 6.6 Once the Policy & Resource Plan has been approved by the States, the Policy & Resources Committee will publish a summary document as it did for phase one. This will ensure that the Plan remains accessible to the community, many of whom will not wish to read long, official documents.
- 6.7 As touched on above, given the relatively short time available to develop the policy plans in the context of an entirely new process, the Policy & Resources Committee considers them to be a good first step towards achieving a more cohesive and realistic programme for government.
- 6.8 The Committee has some concerns that there may not be sufficient staff resources available to deliver all of the identified priorities within the anticipated time scales. However, given that the responsibility for taking forward the initiatives set out in the policy plans sits with the respective Committees, the Policy & Resources Committee has decided that the best approach in all the circumstances is to allow Committees the opportunity to deliver all their aspirations. When progress is measured and reported on there will be an opportunity to readjust the plans if necessary.
- 6.9 In this respect the Policy & Resources Committee understands that the Committee *for* Economic Development already has in train further prioritisation activities, which will involve greater definition of its policy priorities, operations and funding requirements and, as such, it would be premature to make any decisions around resource allocation based on the existing submission. The Policy & Resources Committee is entirely supportive of this ongoing activity, as it considers that growing the economy is a critical work stream.
- 6.10 In order to continue the evolution of the Policy & Resource Plan, all Committees will need to undertake similar work to some degree. The Policy & Resources Committee's role is to support them in this and it intends to report the results of this further prioritisation work later this year, in tandem with the Budget Report. The Policy & Resources Committee will make recommendations to the Committees on the prioritisation of policies and of resources, taking into account cross-Committee working, and will seek to find resources through agreeing with Committees where current priorities might be reassessed, through the reallocation of funding, or through allocating funding as appropriate through sources such as the Future Guernsey Economic Fund and the Capital Reserve where those proposals met the States-agreed criteria.
- 6.11 As part of this process, the Policy & Resources Committee has been working with other Committees to consider whether some States Resolutions should be recommended for rescission. A number of Committees have put forward resolutions for rescission as a result of the prioritisation of their work. It stands to reason that if initiatives have not been given priority over this term of government there is little point in having extant Resolutions directing action.

Therefore, for the sake of clarity and good governance, it would be helpful to ask the States to rescind a number of Resolutions, particularly those dating back some time that, realistically, will never be revisited. It should be noted that the Policy & Resources Committee continues to work with Committees to identify all such Resolutions and there are likely to be additional States Resolutions that are recommended for rescission by the Committees in the autumn.

## **7. Staff Resources**

- 7.1 A common theme across a number of policy plans appears to be a lack of suitable staffing resources. This is not surprising, given that in September 2015 as part of the report on Public Service Reform the former Policy Council advised that *“At present there are insufficient staff with the appropriate skills to support the timely co-ordination, development and implementation of government policies.”*
- 7.2 The Policy & Resources Committee believes that its commitment, set out in its own policy plan, to *“Ensure competitive recruitment and retention of quality, skilled professionals, balanced with appropriate scrutiny including control and review of staffing costs, grading and pay awards, and effective performance management within the public sector”* will be of assistance in addressing this issue, and, whilst it can make no firm commitments at this time in respect of such resources, the Committee will work with other Committees to consider how best to deploy limited resources across the States to support delivery of agreed priorities. However, it may be that some time scales need to be reconsidered if projects are to be progressed without considerable reliance on external resources.
- 7.3 As the Policy & Resources Committee has pointed out in its own policy plan, if cross-Committee working is to be successful, the principles of Public Service Reform in terms of removing artificial barriers between service areas and Committees must be removed. In practical terms, this must mean a more mobile policy team that can be deployed across the States in response to identified priorities.
- 7.4 It is accepted that because the States of Guernsey is a relatively small organisation delivering a very wide range of services, many operational roles also include an element of policy work. Consequently, it can be difficult to identify dedicated policy roles. This is not surprising, particularly at a senior level, where the most experienced practitioners will inevitably have a role to play in anticipating and articulating the need for new policy. This is evident, for example, in respect of the STSB, where its senior operational managers are also needed to contribute to policy development and it is necessary to find a balance between ensuring they have sufficient time to discharge their

operational responsibilities as well as contributing to wider policy development. Clearly this has to be a factor in planning such policy development work.

- 7.5 Notwithstanding this, the Policy & Resources Committee is keen to see dedicated policy resources being deployed across the States as needed, and has already led the way by seconding one of its policy officers to work on the Longer Working Lives project being taken forward by the Committee for Employment & Social Security, as well as making resources available to work on other areas of policy development across the States.
- 7.6 As the States' 'People Plan' is developed, issues such as these will be addressed to ensure that our workforce is developed and deployed in accordance with agreed priorities and in order to support government more effectively. This is in line with the message given in 2015 in the Public Sector Reform document that *".... government must itself become flexible and departments less possessive in how they regard staff resources. Tying job roles to a single department in a specific area can be an inhibitor to making the best use of what will always be limited staff resources."*

## **8. Outcomes**

- 8.1 Phase one identified a number of outcomes under the four themes of: Our Economy; Our Community; Our Place in the world; and Our Quality of Life, as set out in section 2 of this policy letter. As the Policy & Resource Plan evolves and matures it is anticipated that future Plans and updates will focus more on achievement of outcomes through collaborative working, rather than individual Committee plans.
- 8.2 The basis for this approach effectively started with decisions of the previous Assembly to approve a number of strategies that cut across various service areas (formerly Departments) overseen by more than one board/Committee. For example, the Disability and Inclusion Strategy, Supported Living and Ageing Well Strategy (SLAWS) and Children and Young People's Plan (CYPP) rely on this approach, and this list is by no means exhaustive.
- 8.3 The diagram on the next page shows the main policy work areas in relation to the desired outcomes agreed in phase one.

Vision
























# Future Guernsey – Great today, better tomorrow

Themes

Outcomes

OUR ECONOMY		OUR QUALITY OF LIFE		OUR COMMUNITY		OUR PLACE IN THE WORLD	
Strong, growing and sustainable	Sustainable public finances	Healthy community	Safe and secure place to live	One community: committed to inclusion and social justice	Lifelong learning	Centre of excellence and innovation	Mature international identity
							

2017-2021  
Priorities

Crime and borders	Culture and heritage	Disability and inclusion	Early years / children	Economic development and diversification	Energy	Environmental
						
Health and safety in the workplace	Health and wellbeing	Improved connectivity	Improved international identity	Industrial relations	Information assurance	Infrastructure
						
Health Intervention and prevention	Justice	Lifelong learning	Long-term funding (Social Security)	Secondary education / post 16 education	Social welfare	Supported living and ageing well
						
Sustainable integrated transport	Waste					
						

## **9. Monitoring**

- 9.1 As explained in phase one, in order to ensure that we are working towards achieving these outcomes and having a positive impact it will be important regularly to monitor performance against them. The first report back to the States of Deliberation will be in June 2018, although the baseline indicators will be published by November 2017.
- 9.2 In accordance with the commitment made as part of phase one, the Policy & Resources Committee has established measures for the agreed high level outcomes, which will be based on the internationally applied Organisation for Economic Cooperation and Development (OECD) Better Life Index<sup>3</sup>.
- 9.3 In adopting this approach, the Policy & Resources Committee also assessed and evaluated the potential benefits of using other independent and established measures, such as the Good Growth Index, the Genuine Progress Indicator, the Index of Sustainable Economic Welfare and the Social Progress Index. However the OECD Better Life Index's balance of national and regional factors provides at this stage the strongest fit for Guernsey as well as good compatibility with existing and/or accessible data.
- 9.4 The regional wellbeing factors used in the OECD Better Life Index are specifically designed for smaller populations and provide indicators across 11 areas, which are shown in appendix 10. The OECD methodology is to select one or two key indicators for each of the 11 areas to provide a high level indication of conditions in a jurisdiction or population. These are used to compile a score and create a profile which can be monitored on a regular basis and also compared to other regions and populations.
- 9.5 In addition to the OECD indicators the Policy & Resources Committee has decided to add fiscal and economic indicators. Across those 13 areas, the Policy & Resources Committee is proposing there be 19 indicators, 13 of which are directly aligned with the OECD indicators, and six of which have been adapted to fit Guernsey (marked in the table in appendix 10 with an asterix).

## **10. Conclusion**

- 10.1 The Policy & Resources Committee believes that, through the process of collaborative working that has taken place since last May, the States are making good progress towards the goal of producing a coherent, realistic plan of action for government that clearly identifies not only policy priorities but also the resources required to develop and implement such policies.

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<sup>3</sup> [www.oecdbetterlifeindex.org](http://www.oecdbetterlifeindex.org)

- 10.2 It would be unrealistic to expect a perfect Plan at this stage, particularly as the previous Assembly had no such overarching direction, which has led to a lack of properly considered prioritisation. This is a legacy that will take time to overcome but, if phase two is approved by the States, it will provide a very good basis upon which to build a more robust Plan. For now, however, it sets out initial priorities with a degree of clarity not experienced by government for many years, if at all.

## **11. Compliance with States' Rules of Procedure**

- 11.1 The Policy & Resources Committee can confirm that it has complied with the provisions of Rule 4 of the States' Rules of Procedure in the preparation of this policy letter and associated Propositions. In particular, in accordance with Rule 4(4), all of the Propositions are supported unanimously by the Committee.

## **12. Recommendations**

- 12.1 The Policy & Resources Committee are recommending to the States:
- 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.
  - 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.
  - 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.

- To approve a policy for the target balance of the General Revenue Account Reserve of 5% of annual General Revenue Income.
- To approve a policy for the target balance of the Core Investment Reserve of 100% of General Revenue Income.
- 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.
- 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.
- 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.
- 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.
- To approve the projects listed in paragraph 8.23 of appendix 1 as pipeline projects.
- 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.
- To reaffirm that staff resources will be deployed across the organisation as necessary in accordance with the priorities of the States.
- To approve the policy plan of the Policy & Resources Committee as set out in appendix 2.
- To approve the policy plan of the Committee for Economic Development as set out in appendix 3.
- To approve the policy plan of the Committee for Education, Sport & Culture as set out in appendix 4.

- To approve the policy plan of the Committee for Employment & Social Security as set out in appendix 5.
- To approve the policy plan of the Committee for the Environment & Infrastructure as set out in appendix 6.
- To approve the policy plan of the Committee for Health & Social Care as set out in appendix 7.
- To approve the policy plan of the Committee for Home Affairs as set out in appendix 8.
- To rescind the extant States' resolutions set out in appendix 9.

Yours faithfully

G A St Pier  
President

L S Trott  
Vice-President

A H Brouard  
J P Le Tocq  
T J Stephens

# **Medium Term Financial Plan**

## **2017 - 2021**

## 1. EXECUTIVE SUMMARY

- 1.1 The development of the medium term financial plan (“the Plan”) is a key component of phase 2 of the Policy & Resource Plan as it presents, for the first time, a fiscal strategy covering the medium term designed to ensure the finances of the States can support the delivery of the outcomes set out in the Policy & Resource Plan.
- 1.2 Delivery of the Plan will ensure that the States are able to achieve and maintain a balanced budget before moving into a sustainable surplus over the next four year period. This will enable the re-building of reserves and the investment in future public services in support of achieving those outcomes.
- 1.3 Predicting income and expenditure over the medium term presents a significant challenge due to the variety of inter-related social, political and economic factors and how they impact on public finances in Guernsey. This type of medium term plan is inherently uncertain and it is important to recognise that the forecasts are not precise but rather best estimates. It is for this reason that detailed sensitivity analysis has been performed in order to explore the impact of different scenarios on the income and expenditure position.
- 1.4 This Plan is unashamedly not radical or revolutionary other than in the firm commitment to delivering the reform of public services that will result in those services looking different, better meeting the needs of service users and customers, while costing less. The Plan does not seek to find a ‘silver bullet’ or materially change the fiscal approach adopted over recent years as there is no evidenced need to do so. **A realistic and medium term approach, including a balance of increased revenues, particularly from those most able to pay, and a reduction in the cost of public services can see a return to fiscal surplus without the need for unrealistic or drastic measures.**
- 1.5 The structural pressures are not something that can simply be tackled through raising taxes or cutting services. The changing demographic is increasing the ratio of those above pension age to those of working age. This means that demand for public services, in particular health and social care services, will increase; and the total cost of providing these services will increase proportionally, unless the services are redesigned to be financially sustainable.
- 1.6 In addition, the proportion of the population which is of working age is reducing, despite an assumed positive net migration of 100 per annum, which will lead to a long-term erosion of public revenues before allowing for any economic growth.
- 1.7 The Plan demonstrates that, if no actions are taken, an underlying deficit will persist throughout the period, cumulating to £70million. The ‘carry on as normal’

approach is therefore not an option. The Policy & Resources Committee believes that the burden of eliminating the structural deficit must be shared between taxpayers, particularly those most able to pay, and a reduction in the cost base through the reform of public services - which will lead to working differently, changing and improving the way services are delivered to enable savings to be made. **The Committee estimates that, over the Plan period, a total net improvement to the baseline of £40m is necessary to close the gap and is proposing that 65% of this value, £26m, is realised through public service reform initiatives and 35%, or £14m, from targeted tax measures.**

- 1.8 Taking a medium term<sup>1</sup> view to the eradication of the underlying deficit through targeted increases in revenues, the reform of the public service (resulting in a lower cost base) and a short-term adjustment to the amount put aside for future capital infrastructure projects should enable a fiscal position to be realised that enables additional investment in public services; our future economic development through the Future Guernsey Economic Fund; the transformation of public services through the Transformation and Transition Fund; and the replenishing of reserves.
- 1.9 In line with clear direction given by the Assembly, the Policy & Resources Committee's tax proposals over the Plan period will seek to *"raise additional revenues as far as possible from individuals and entities most able to bear the burden"*. This will involve initiatives such as further phases of the withdrawal of income tax allowances for higher earners; ongoing corporate tax reform within international constraints; and seeking an increased contribution from those businesses who receive the most commercial benefit from the island and its infrastructure, subject to the need to ensure we remain competitive.
- 1.10 However, it is important to recognise the limitations of raising revenues from such a limited tax base and it would be naïve to assume that the entire burden can rest on the shoulders of the few. There will inevitably be further increases of taxes and duties across the board but the Policy & Resources Committee will seek to ensure that any such measures are proportionate and measured. In addition, in line with its intention to seek to make the tax system more progressive, the Committee will seek to balance this with the ambition to assist those on lower and modest incomes through increasing personal allowances where affordable and implementing the welfare reform approved following the work of the Social Welfare Benefits Investigation Committee.
- 1.11 The Policy & Resources Committees believes that the States must reinforce their commitment to change the way that services are delivered as well as where they are delivered from. Through thinking differently about how public services meet

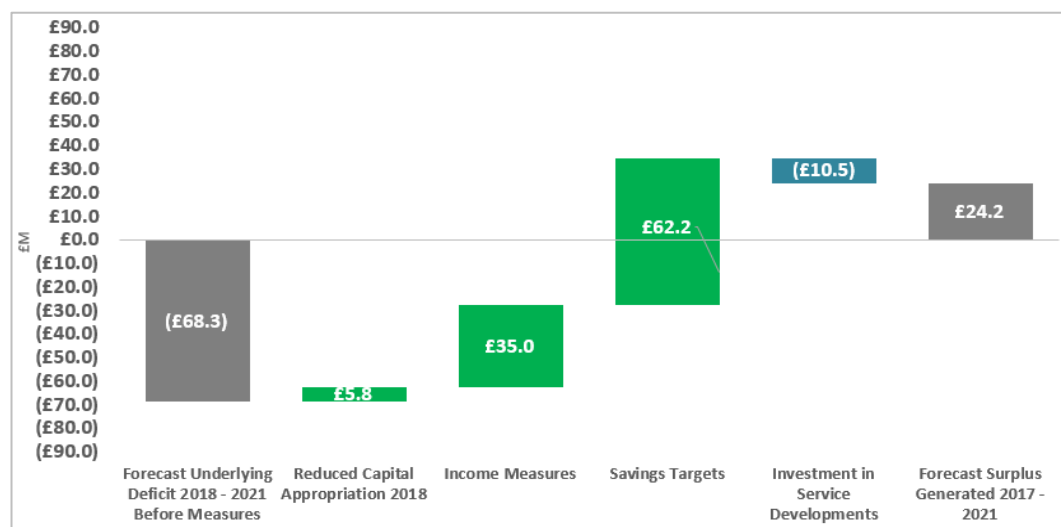
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<sup>1</sup> Throughout this plan, short-term means the next 12-18 months; medium-term is the four year period of this plan; and long-term is anything in excess of four years.

the community's needs, there is an opportunity to improve those services and, at the same time, make savings and improve value for money. There is evidence that this is already starting to happen through numerous initiatives under the banner of public service reform. This Plan sets out a strategy for delivering such savings – the reform dividend - which could, if opportunities are seized and internal barriers dismantled, deliver a £26million improvement to the financial position over the period. However, in recognition of the challenges inherent in hastily delivering such service change, and due to the improved base revenues, the Committee is now recommending that this reduction in the cost of the public service is delivered over *four* years instead of its original estimate of two.

- 1.12 The concept of the reform dividend set out in the Framework for Public Service Reform which envisaged that savings generated through the transformation of public services would be available for re-investment either in new/improved services or in meeting future service demands. Further work is required to better understand any future service demands arising from the changing demographic and the financial implications of this. In addition, although there is currently no clearly identified or costed pipeline of new or improved services, the Policy & Resources Committee has assumed that the policy work being undertaken by the Committees will ultimately lead to such proposals and has therefore made an allowance of £3.5million per annum from 2020. It is hoped that, in future iterations, the Policy & Resource Plan will facilitate longer term planning such that a good understanding is available at an early stage of the likely cost implications of policy proposals which would allow prioritisation of such developments. However, at this stage in the evolution of the Policy & Resource Plan, the Committee considered it important to make an estimated allowance.
- 1.13 In recent years, the overall financial position has been balanced through the level of appropriation to the Capital Reserve being flexed from previous policy. The Policy & Resources Committee recognises the importance of investment in our island infrastructure, the value that strategic digital investment will make to the economy and the planned transformation initiatives. That is why, through this plan, a route is mapped out to ensuring that the **full** targeted 3% of GDP (as per the Fiscal Framework) is made available for capital investment by the end of the Plan period, although this will need to continue to be managed to balance the books in the short term.
- 1.14 In summary, the Committee's Plan includes a realistic savings expectation rising to £26million per annum by the end of the period; the introduction of revenue raising measures which, by 2021, total £14million; and a short term reduction in the appropriations to the Capital Reserve – but one which does **not** impact the capital programme in the period.

Table 1: Movement from Underlying Deficit to Surplus - Medium Term



1.15 This enables:

- **3% of GDP to be invested in capital infrastructure per annum from 2019;**
- **An allowance for investment in service developments of £3.5million per annum from 2020 to reflect the commitment to re-invest the 'reform dividend' in public services;**
- **A move into structural surplus from 2019; and**
- **A cumulative surplus of some £24million to be achieved by 2021, which could be utilised to re-establish reserves or enable investment in funds such as those relating to transformation or economic development beyond the medium term.**

1.16 The Plan also sets out the proposed capital portfolio for the next period and a plan for its delivery which is affordable and realistic within the overall financial envelope. The thorough and inclusive capital prioritisation process has allowed a picture to be built not only of the capital requirements in the next four year period, but beyond that, and the Committee is also proposing a pipeline of longer term projects which extends the planning horizon for these long-term investments.

1.17 A key piece of the jigsaw for funding the capital portfolio will be returns from the States Trading Assets through the work of the States' Trading Supervisory Board ('STSB') to ensure these entities operate more commercially and are able to make appropriate annual returns which increase modestly over the period subject, of course, to the Assembly's direction that this does not place a disproportionate burden on customers, many of whom are inevitably on low incomes. In addition, better management and rationalisation of the property estate will allow receipts to accrue from the disposal, or different use, of our extensive estate.

- 1.18 Finally, in section 9, the Plan sets out the associated policy work of the Policy & Resources Committee over the period. The Committee will seek to ensure annual Budgets are proposed which are in line with this plan and deliver on the taxation policies with regard to raising additional revenues as far as possible from individuals and entities most able to bear the burden. The Committee is also seeking to make the tax system 'fairer' and will therefore be prioritising the work with the Committee *for* Employment & Social Security to redesign the way funds are raised for both the Health Service and Long Term Care Funds to apply the same principles as for income tax, with personal allowances protecting those on low incomes and those who can afford to, paying more.
- 1.19 Other prioritised work includes exploring a social investment commission to support the development of commissioning services from the third sector; an investment (as part of the States' normal asset allocation and investment management of its reserves) in an innovation and infrastructure fund to ensure there is a vehicle for the States to invest, at arms-length for a reasonable investment return, in suitable local innovative business ideas and non-States' infrastructure; and a change in the States' accounting policies to adopt International Public Sector Accounting Standards.

Table 2: Underlying Position after Income and Expenditure Measures for the Medium Term

	FY - 2017 £m	FY - 2018 £m	FY - 2019 £m	FY - 2020 £m	FY - 2021 £m
	MTFP	MTFP	MTFP	MTFP	MTFP
<b>Underlying Income Position:</b>	<b>£408.3</b>	<b>£408.9</b>	<b>£410.4</b>	<b>£411.4</b>	<b>£412.7</b>
Forecast Income Measures		£3.5	£7.0	£10.5	£14.0
<b>Income Position After Measures</b>	<b>£408.3</b>	<b>£412.4</b>	<b>£417.4</b>	<b>£421.9</b>	<b>£426.7</b>
<b>2017 Cash Limits:</b>	<b>(£362.5)</b>	<b>(£362.5)</b>	<b>(£362.5)</b>	<b>(£362.5)</b>	<b>(£362.5)</b>
Health Service Grant - Reinstatement:		(£4.7)	(£4.7)	(£4.7)	(£4.7)
Estimated Cost Pressures		(£3.4)	(£8.1)	(£9.4)	(£10.8)
Impact of Expenditure Savings		£5.5	£11.7	£18.8	£26.1
<b>Underlying Expenditure Position:</b>	<b>(£362.5)</b>	<b>(£365.1)</b>	<b>(£363.5)</b>	<b>(£357.8)</b>	<b>(£351.9)</b>
Service Developments				(£3.5)	(£7.0)
Capital Income - Returns from Trading Assets	£5.0	£5.5	£6.0	£6.5	£7.0
Capital Income - Property		£1.0	£1.0	£1.0	£1.0
<b>Financial Position before Capital Appropriation:</b>	<b>£50.8</b>	<b>£53.8</b>	<b>£60.8</b>	<b>£68.1</b>	<b>£75.8</b>
Capital Appropriation: Major Capital	(£29.8)	(£36.8)	(£42.4)	(£42.2)	(£42.0)
Capital Appropriation: Routine Capital	(£10.5)	(£10.5)	(£10.5)	(£10.5)	(£10.5)
Capital Appropriation: Capital Income	(£5.0)	(£6.5)	(£7.0)	(£7.5)	(£8.0)
<b>Total Capital Appropriation</b>	<b>(£45.3)</b>	<b>(£53.8)</b>	<b>(£59.9)</b>	<b>(£60.2)</b>	<b>(£60.5)</b>
<b>Overall Surplus / (Deficit)</b>	<b>£5.5</b>	<b>£0.0</b>	<b>£1.0</b>	<b>£8.0</b>	<b>£15.3</b>

## 2. INTRODUCTION

### The Policy & Resource Plan

- 2.1 In November 2016, following consideration of a policy letter from the Policy & Resources Committee, the States approved *“The Policy & Resource Plan – Phase one” (as amended)* including an updated Fiscal Policy Framework and resolved *“To commit to achieving and maintaining a balanced budget in the short-term and surplus in the medium-term.”*
- 2.2 The Policy & Resource Plan is a vehicle for guiding the planning and coordination of the work of the States in a straightforward, clear, concise, flexible and un-bureaucratic manner. It focuses on significant policy matters and lays down a framework of overall policy assumptions in order to assist Principal Committees in the setting of their policies and priorities. Phase one of this Plan sets out the vision for the island in 20 years’ time and over the next five years the focus will be on progress towards achieving the vision. Phase Two focuses on the work that Principal Committees need to undertake over the next five years to achieve the objectives agreed during phase one.
- 2.3 As part of phase one, the States committed to pursuing a moderate, balanced and responsible approach to the fiscal position which recognises the need to restrain public expenditure and raise additional revenue. In order to achieve this the following commitments were made:

*“To achieve this we will:*

- *Adhere to the fiscal rules contained within the Fiscal Policy Framework*
- *Present a credible fiscal strategy as part of phase two of the Plan in June 2017 which will reflect the commitment of the States to encourage economic growth; restrain public expenditure by requiring further efficiency savings and the prudent management of financial resources, people and physical infrastructure; and raise additional revenue as far as possible from individuals and entities most able to bear the burden;*
- *Achieve and maintain a balanced budget in the short-term and surplus in the medium-term without contravening any part of the States’ Fiscal Policy Framework;*
- *Continue expenditure restraint and ensure no real terms’ growth in expenditure while the budget remains in deficit;*
- *Provide leadership of the transformation agenda and support the Public Service Reform agenda in order to manage both short and long term spending pressures;*

- *Ensure that the States' commercial and semi-commercial entities and other States' assets are maximised, making an appropriate return to the States but without placing a disproportionate burden on customers, many of whom are inevitably on low incomes;*
- *Prioritise capital investment aligned with the Plan;*
- *Ensure competitive recruitment and retention of quality, skilled professionals, balanced with appropriate scrutiny including control and review of staffing costs, grading and pay awards, and effective performance management, within the public sector"*

### Medium Term Financial Planning

- 2.4 The development of this Plan is a key component of phase two of the Policy & Resource Plan as it presents, for the first time, a fiscal strategy covering the medium term outlook designed to achieve and maintain a balanced budget in the short term, surplus in the medium term and continue with expenditure restraint. Given that the States of Guernsey have finite financial resources and a demographic outlook which will place more strain on these resources, this Plan will help ensure that they are directed to the key services and projects that best support the delivery of the Policy & Resource Plan.
- 2.5 The medium term financial plan represents a further development of the approach taken in the 2016 and 2017 Budget Reports where 3-year indicative estimates for revenue income and expenditure and the appropriation to the Capital Reserve were produced. Within this plan those initial estimates, together with their key assumptions and sensitivities are further developed and analysed, supported by informed economic analysis and modelling.
- 2.6 Predicting income and expenditure over the medium term presents a significant challenge due to the variety of inter-related social, political and economic factors and how their impacts are realised in Guernsey. This type of medium term plan is inherently uncertain and it is important to recognise that the forecasts are not precise but are best estimates. It is for this reason that detailed sensitivity analysis has been performed in order to explore the impact of different scenarios on the income and expenditure position.
- 2.7 This is the first time a medium term financial plan has been put together and it will evolve with successive iterations. The aim is to develop a comprehensive financial plan that captures all States' income and expenditure (including social security), capital expenditure, the balance sheet position and cash flow forecasting.
- 2.8 The evolution of the Plan will be an iterative process, which will be subject to regular review and refinement as corporate priorities evolve in response to a changing environment. It must not be viewed as a 'rolling' process which simply extends the planning horizons of the annual budget and is constantly updated for

economic and fiscal changes. However, there will be an ongoing need to refine forecasts; reallocate funding; and determine actions required to ensure forecasts are prudently balanced as well as ensuring that the strategic priorities of Government, as documented in the Policy and Resource Plan, are enabled through sound financial management and governance.

- 2.9 The rules set out in the Fiscal Policy Framework (set out in Appendix 1 to the Policy & Resource Plan) have set the parameters for this plan, informing its focus, targets and required actions. For example, the framework requires that capital expenditure should average 3% per annum in the medium term, that deficits may not exceed 3% of GDP. However, the overriding objective of the framework and for this Plan is that of long term permanent balance.

### 3. FINANCIAL PERFORMANCE 2012 – 2016

- 3.1 The Plan covers a five-year period, including the current year, to 2021. To help set the context for that look ahead it is helpful to begin with a look back over the financial performance for the last 5 years, 2012 – 2016.

Table 3: General Revenue Position 2012 - 2016

	FY - 2012 £m MTFP	FY - 2013 £m MTFP	FY - 2014 £m MTFP	FY - 2015 £m MTFP	FY - 2016 £m MTFP
Income Tax - Individuals (incl Distributions)	£241	£237	£247	£249	£256
Company Income Tax	£40	£44	£51	£41	£47
Misc Income	£4	£4	£8	£11	£19
Indirect Taxes (incl Company Fees)	£77	£76	£77	£79	£85
<b>Total Income:</b>	<b>£362</b>	<b>£361</b>	<b>£383</b>	<b>£380</b>	<b>£407</b>
<b>Net Committee Expenditure</b>	<b>(£342)</b>	<b>(£346)</b>	<b>(£350)</b>	<b>(£365)</b>	<b>(£363)</b>
Capital Income	£1	£10	£1	£0	£11
<b>Financial Position before Capital Appropriation:</b>	<b>£21</b>	<b>£25</b>	<b>£34</b>	<b>£15</b>	<b>£55</b>
Capital Appropriation: Major Capital	(£25)	(£35)	(£36)	(£36)	(£23)
Routine Capital Expenditure	(£16)	(£13)	(£8)	(£8)	(£8)
Other Transfers		(£3)		£4	£1
<b>Total Capital &amp; Other Transfers</b>	<b>(£41)</b>	<b>(£50)</b>	<b>(£44)</b>	<b>(£40)</b>	<b>(£30)</b>
<b>Overall Surplus / (Deficit)</b>	<b>(£20)</b>	<b>(£25)</b>	<b>(£10)</b>	<b>(£25)</b>	<b>£25</b>

#### Income 2012 – 2016

- 3.2 Income increased overall across the period, but not in a consistent manner, which presented challenges. For example, income taxes declined in real-terms between 2012 and 2013, again between 2014 and 2015, yet increased in real-terms by 3.7% between 2013 and 2014. Inconsistent income patterns present immediate challenges for any in-year positions as revenue budgets are approved and plans in place which can make it difficult to influence significantly in the short term so as to respond to income shortfalls. It is therefore important for sufficient reserves to be accumulated that can then be used to manage such cyclical variations.
- 3.3 In 2016, revenue income showed positive overall growth in particular across all income taxes, following disappointing performance in 2015. There were also a number of exceptional receipts that boosted the income total, including strong investment returns that were £3.5million higher than in 2015 and an un-planned transfer from the States' unincorporated trading assets that totalled £2million.

## Revenue Expenditure 2012 – 2016

- 3.4 Expenditure over the period was significantly and positively influenced by the savings delivered through the Financial Transformation Programme which, by 2015, had reached approximately £30million on an annually recurring basis. Critically, the programme was successful in developing a greater understanding of cost management and mitigation across the States, empowering decision-makers and budget-holders.
- 3.5 During 2016, measures of expenditure restraint were introduced so as to deliver savings against the approved expenditure budgets in-year following signs at the beginning of the year of both shortfalls on income and overspending on health and social care services. This generated £2million of in-year savings from vacancy controls and through proactive operational controls across service areas. Of particular note was the controls introduced across health and social care services which turned a forecast overspend in the order of £4million into a year-end underspend of less than £1million. The Committee *for* Education, Sport & Culture also contributed £1.6million of their Routine Capital Allocation which helped to support the overall position. Several of the measures taken by service managers in 2016 have informed the identification of savings initiatives in 2017 and are recurrent. However, a number of the actions taken were one-off in nature and therefore this outturn cannot be seen as a baseline position.

## Overall Surplus / Deficit

- 3.6 As illustrated in table 3 above, the overall deficit for the last five years totalled £55million and was funded by States reserves – in particular the Contingency Reserve and the General Revenue Account Reserve - which were depleted by that value. In addition, in 2016 the appropriation to the Capital Reserve was limited in order to avoid a deficit position, a further contribution to supporting the structural deficit.
- 3.7 The 2016 financial outturn was an overall surplus of £25million<sup>2</sup> which appears in the table above to have sharply reversed the previous trend. Although the 2016 outturn was positive and has led to adjustments to the baseline starting position for revenue income, a significant proportion of the surplus was one-off in nature. The windfall investment returns due to an exceptional year do not impact on the baseline position; neither does the additional return from States Trading Assets. In addition, the expenditure position was artificially constrained in order to try and balance in year. Finally the appropriation to the Capital Reserve was reduced by

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<sup>2</sup> This overall surplus is £10million higher than the provisional position reported in March 2017. This is due to net year-end adjustments of £5million including a £2.2million increase in the general revenue share of the investment returns; and the application of the additional reduction in the appropriation to the Capital Reserve of £5.4million.

£24million<sup>3</sup> from the agreed policy in order to ensure no deficit and resulting call on depleted reserves in 2016.

### Capital Appropriations

- 3.8 In order to achieve our stated fiscal strategies, the requirement to fund the Capital Reserve to meet the fiscal target of 3% of Gross Domestic Product (GDP) annually without creating a deficit needs to form an intrinsic part of the plan. In both the 2016 and 2017 Budgets this appropriation had to be reduced so as to achieve a balanced budget. The implications of this adjustment are clear; that the financial challenges presented today are effectively limiting our ability to invest in our longer term future, through major capital projects that are critical to the development of island infrastructure and public sector service provision.
- 3.9 As table 4a sets out, total capital expenditure (i.e. from the Capital Reserve and Routine Capital) only achieved the 3% value of GDP in 2012.

Table 4a: States' Capital Expenditure

Actual Capital Expenditure - Capital Reserve & Routine Capital	2012 (£m)	2013 (£m)	2014 (£m)	2015 (£m)	2016 (£m)
Actual Capital Expenditure - Capital Reserve	£62	£49	£18	£32	£32
Actual Capital Expenditure - Routine Capital	£16	£13	£8	£8	£8
<b>Total Actual Expenditure</b>	<b>£78</b>	<b>£63</b>	<b>£26</b>	<b>£40</b>	<b>£40</b>

- 3.10 In table 4b the appropriations and other transfers to the Capital Reserve, combined with Routine Capital Allocations were also below the 3% GDP target for all years 2012 – 2016. The last 2 years (2015 – 2016) were boosted by transfers from other reserves / funds, capital income and investment returns, but these sources should work alongside a reliable and affordable appropriation from General Revenue.

<sup>3</sup> A reduction of £18.5million was agreed at the time the 2016 budget was set. A further reduction of £5.4million was approved as part of the 2017 Budget Report in November 2016.

Table 4b: States' Capital Appropriations

	Actual					Budget
GDP	2012 (£m)	2013 (£m)	2014 (£m)	2015 (£m)	2016 (£m)	2017 (£m)
Re-flated Guernsey GDP (2016 Statistics)	£2,335	£2,344	£2,345	£2,355	£2,365	£2,375
<b>3% of GDP = Target Capital Expenditure Per Annum</b>	<b>£70</b>	<b>£70</b>	<b>£70</b>	<b>£71</b>	<b>£71</b>	<b>£71</b>
Transfers to the Capital Reserve:	2012 (£m)	2013 (£m)	2014 (£m)	2015 (£m)	2016 (£m)	2017 (£m)
General Revenue Appropriations	£24	£25	£35	£36	£13	£30
Routine Capital Allocations	£16	£13	£7	£8	£8	£11
Capital Income	£6	£10	£1		£10	£5
<b>Total General Revenue Transfers</b>	<b>£46</b>	<b>£48</b>	<b>£44</b>	<b>£44</b>	<b>£30</b>	<b>£45</b>
Investment Returns	£5	£6	£3	£2	£10	£7
Other Reserve / Fund Transfers		£2	£5	£22	£18	£26
<b>Total Other Transfers</b>	<b>£5</b>	<b>£8</b>	<b>£8</b>	<b>£24</b>	<b>£28</b>	<b>£33</b>
<b>Total Capital Reserve Investments</b>	<b>£50</b>	<b>£56</b>	<b>£52</b>	<b>£68</b>	<b>£59</b>	<b>£78</b>

### Baseline Position

- 3.11 Table 5 below sets out our underlying financial position, adjusting for factors highlighted above, one-off measures that enabled a balanced budget in 2017 and inclusive of known and committed cost pressures.
- 3.12 The income position of £408.3million is the latest 2017 forecast income which is based on financial performance in 2016 and the first quarter of 2017 and the starting position for the medium term forecast.
- 3.13 The 2017 cash limits total represents the net expenditure budget in 2017, and is inclusive of operating income and the 3% reduction. Throughout this Plan it has been assumed that the 3% reductions are met on a recurrent basis. At the time of writing, a total of £1.5m remains un-identified on a recurrent basis although measures are expected to be put in place throughout the remainder of 2017.
- 3.14 The grant to the Health Service Fund was suspended in 2017 for one year. This has therefore been added back to the underlying cost base ahead of any future decisions about health service funding over the medium term which may arise from the project being undertaken to review this particular source of revenue.
- 3.15 Capital appropriations shown represent the expected annual requirements from General Revenue to achieve the 3% of GDP target, comprising the routine capital allocation of £10.5million per annum and £44million to support major capital projects. Capital income is excluded from any baseline as the assumption is that

all capital income is appropriated to the Capital Reserve and so has no net effect on the underlying position.

- 3.16 The table suggests that when these factors are combined there is an underlying annual structural deficit of approximately £13million. Although limiting the appropriation to the Capital Reserve is a measure that has been taken tactically in recent years in order to balance the budget, this is not sustainable in the medium to long term without limiting essential investment in capital infrastructure.

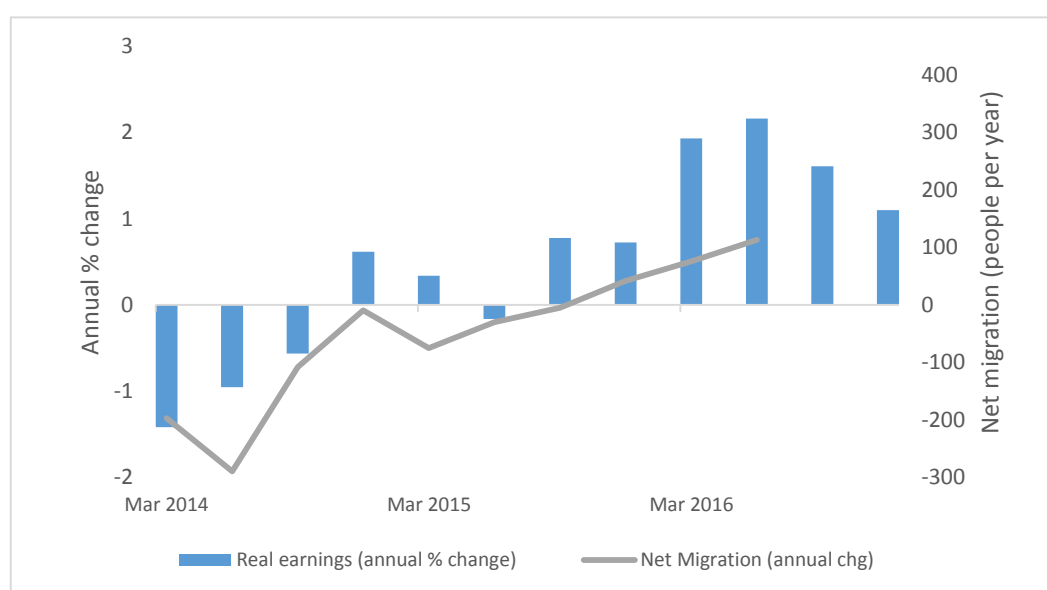
Table 5: Underlying Income & Expenditure Position

	FY - 2017 £m
<b>Underlying Income Position:</b>	<b>£408.3</b>
<b>2017 Cash Limits:</b>	<b>(£362.5)</b>
<b>Health Service Grant - 2017 suspension:</b>	<b>(£4.7)</b>
<b>Underlying Expenditure Position:</b>	<b>(£367.2)</b>
Capital Income - Returns from Trading Assets	£5.0
<b>Financial Position before Capital Appropriation:</b>	<b>£46.1</b>
Capital Appropriation: Major Capital	(£43.8)
Capital Appropriation: Routine Capital	(£10.5)
Capital Appropriation: Capital Income	(£5.0)
<b>Total Capital Appropriation</b>	<b>(£59.3)</b>
<b>Overall Deficit</b>	<b>(£13.2)</b>

## 4. ECONOMIC FACTORS

- 4.1 Guernsey enters this medium term plan period in an improving but still vulnerable position. After three years of weak growth, Guernsey saw strong earnings and employment growth in early 2016 and a return to net immigration. Government revenues, and personal income tax receipts in particular, showed strong growth over the second half of 2016. While the rate of growth in earnings and employment had slowed to more sustainable levels by early 2016, 2017 however began in a relatively good position supported by real growth in ETI receipts in the first quarter.

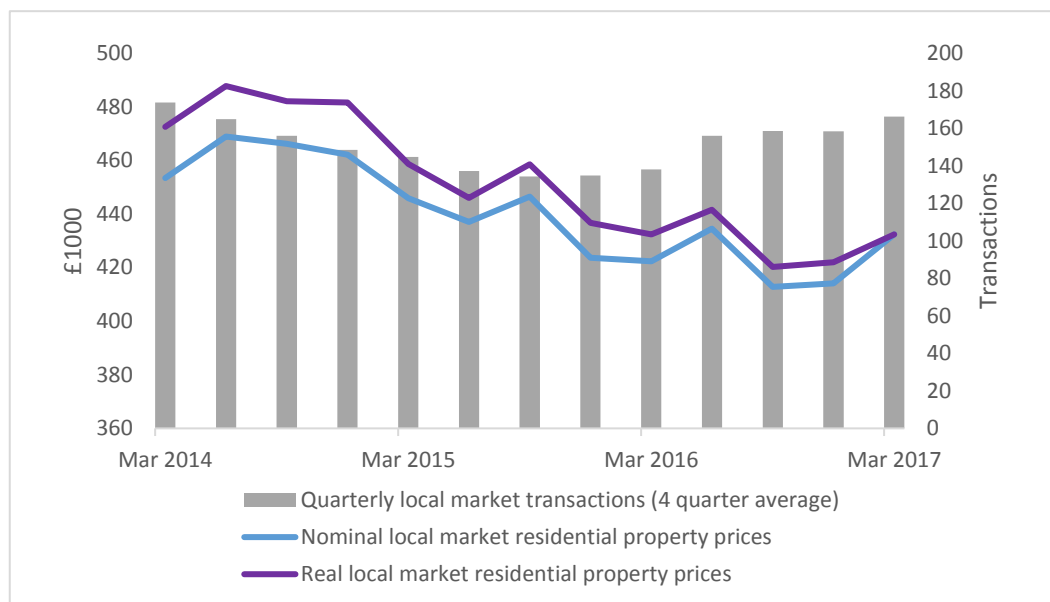
Table 6: Earnings and Net Migration



- 4.2 At the close of 2016 the strong growth in employment in professional, business scientific and technical activities (which include accounting, legal and consultancy activities) continued to underpin the labour market. The strong consistent growth in this sector is gradually diversifying the activity and skill base of the economy. By the end of the 4<sup>th</sup> quarter of 2016 the finance sector had shown a modest level of year on year growth in employment for six successive quarters supported by strong growth in the fiduciaries subsector. The finance sector remains both the largest employer in the island, comprising 21% of the workforce, and the sector with the highest median earnings.
- 4.3 There are areas where the economy is still vulnerable. Transactions in the residential property market appear to have recovered a little by the first quarter of 2017 and prices were higher in nominal terms than a year earlier. However, once adjusted for inflation, prices were 12% lower in real-terms than at their peak in 2013. When combined with the real growth in median earnings this has

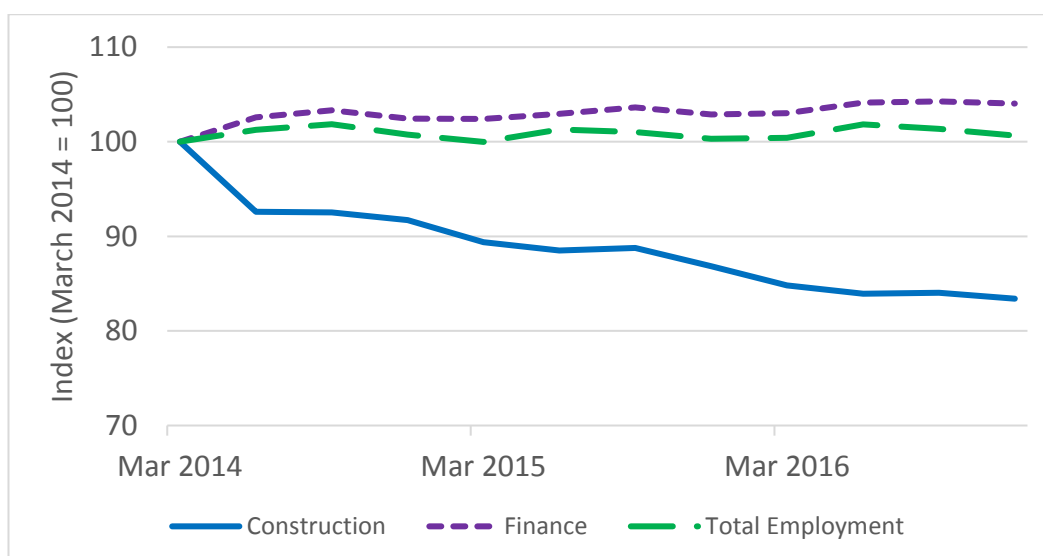
improved the overall affordability of the housing market and the adjustment will be welcomed in some quarters. However the loss of value of real assets is likely to negatively impact levels of confidence in the economy and the drop in prices along with the low number of sales compared to historic averages continues to have a negative impact on revenues.

Table 7: Local Housing Market



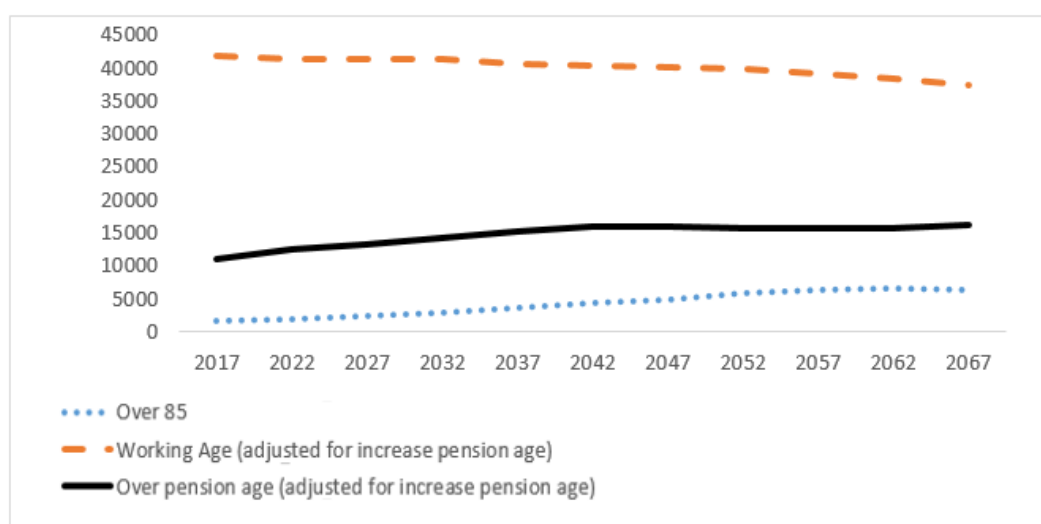
- 4.4 The construction sector also continues to face difficult conditions, with a lack of large scale construction projects resulting in an ongoing downward trend in employment in the sector. Should this trend continue it may erode the capacity and skills of the industry on-island and this will need to be addressed.

Table 8: Employment Index: Total Employment, Finance and Construction



- 4.5 In the medium term, there are both threats and opportunities. While the initial reaction from the UK's vote to leave the European Union in both Guernsey and the UK has been less negative than had been anticipated before the vote, it is likely to take several years before the real impact of the decision can be clearly understood. The international movements towards ever greater transparency also create challenges for Guernsey, which will need to continue to work hard to maintain and defend its reputation and value in international finance markets.
- 4.6 Longer term Guernsey, like most developed nations, has an ageing population. The generation now leaving the workforce are larger in number than the generation now entering it and this has wide reaching long-term implications for our society. Over time the number of people in need of assistance and support is likely to increase. At the same time the workforce available to provide this support, both in terms of the payment of taxes to pay for the provision of public services and in filling both formal and informal social care roles, will decrease.

Table 9: Population Projections<sup>4</sup>



- 4.7 Based on central assumptions, this combination of factors means Guernsey's dependency ratio (which measures the proportion of people not of working age who typically make greater use of public services, relative to the size of the working age population) which is already relatively high at 0.54, may increase to 0.68 by 2067. In short, we face a long term challenge as our primary tax base and labour force may shrink at the same time as the demand for public services is increasing.

<sup>4</sup> Projections made in line with standard central assumptions of net immigration averaging 100 people per year and fertility rate of 1.6 and mortality as per UK Government actuary projections.

- 4.8 The demographic challenge is one of the most pervasive issues we face, not only in the provision of health and care services, but in almost all areas of public policy. Issues range from the provision of a suitable profile of housing for the changing needs of an older population, to ensuring that we have access to the skills and manpower to ensure the ongoing economic and social success of our community; from the appropriate provision of education services to the management of our social security funds to ensure there are sufficient funds available to meet the entitlement of the community.
- 4.9 This requires a change in approach to the way we use our resources. The decline in the available labour force places a premium on the use of human capital and a requirement for personnel to be used effectively in both the public and the private sector. The increasing demand for health and social care services will require these services to be efficient and effective if they are to be both socially and financially sustainable in the long term. This makes it very important that we invest in the transformation of our model for the delivery of health and social care services.
- 4.10 There is a need for greater use of technology to transform our service provision, stream lining and automating process wherever possible to enable staff to be reallocated to areas where they are most needed.
- 4.11 There is a need to adapt to external developments as well. As markets have become increasingly global, international authorities have moved to ensure that the tax treatment of cross border trade is both fair and transparent. Guernsey is very well-placed in respect of these developments, given the long-standing commitment to implement international standards. However we will need to continue to adapt to the changing environment in order to retain our reputation as a transparent and co-operative jurisdiction alongside our competitive position in the market for international financial services. This means, for example, continuing to progress work on the Organisation for Economic Cooperation and Development (OECD)'s anti-base erosion and profit shifting (BEPS) agenda (Guernsey is a member of the OECD BEPS Forum and a signatory to the Multilateral Instrument), as well as building on the very strong 2016 Council of Europe MoneyVal evaluation.

## 5. INCOME AND EXPENDITURE FORECASTS 2017 – 2021

### Introduction

- 5.1 Building on the fiscal performance, fiscal challenges and the economic factors highlighted in the earlier sections, this section sets out forecasts for income and expenditure, including capital expenditure, to reveal the scope of the fiscal challenge over the medium term.
- 5.2 In 2016 an investment was made in a comprehensive forecasting tool (the Guernsey Economic Modelling (GEM) system) to better inform medium term projections relating to demographics, economic growth and States' income and expenditure. Understanding our income and expenditure base is critical to an informed understanding of the ability to deliver public services in a sustainable, affordable and prioritised way. The model has been used as part of developing this Plan with a particular focus on the modelling of income.

### Core Assumptions

- 5.3 **Net Migration:** The projections have been calculated from a central assumption of +100 net migration per year. For income forecasts in particular the impact at different net migration estimates is calculated and summarised separately as part of 'Sensitivity Analysis' section.
- 5.4 **Inflation:** Inflation is not included in the forecast so that the real-terms' changes, representing both potential growth and challenges, can be clearly highlighted. Inflation is a factor that could present a significant challenge or opportunity over the medium term, for example to expenditure for the provision of services, if inflationary impacts on the services we deliver are not managed. It is therefore critical that our procurement strategies are focused on securing contractual terms that manage and mitigate price increases so that expenditure cost pressures are limited wherever possible. In addition, pressures on pay mount as inflation increases. Inflation could also present opportunities should it lead to impacts on income receipts that are greater than the corresponding impact on our expenditure base. Inflation is further considered as part of the 'Sensitivity Analysis' section.
- 5.5 **Budget Measures:** The approach taken with all income and expenditure forecasts is to illustrate the accurate underlying position, influenced by the inclusion of forecast economic and demographic factors, but separate from the application of any annual budget measures, excepting those already agreed that relate to TRP and Tobacco. All budget measures approved in the 2017 and earlier Budget Reports are reflected in the starting 2017 forecast position or adjusted in the annual modelling.

- 5.6 **Economic Climate:** The core assumption that informs the forecast is that while there is positive underlying growth within the economy this has been tempered to make allowance for wider economic risk factors to be adequately reflected. The economy has demonstrated continual resilience with regards to responding to international economic challenges and this is reflected in the 'stable' rating assigned by Standard & Poors in late 2016. However, it is a prudent to ensure that our financial planning incorporates risk and the potential impacts of economic turbulence.

It has been difficult to make any assumptions at all regarding the impact of BREXIT on our economic performance. To date, there has been little impact. However, once the final proposals for the changes are understood, it is possible that they might have a serious and structural impact on the Guernsey economy. No allowance has been made for this within the Plan at this stage.

Within the 'Sensitivity Analysis' section the impact of alternate economic scenarios where growth is stronger and weaker over the medium term are modelled.

## **INCOME FORECASTS**

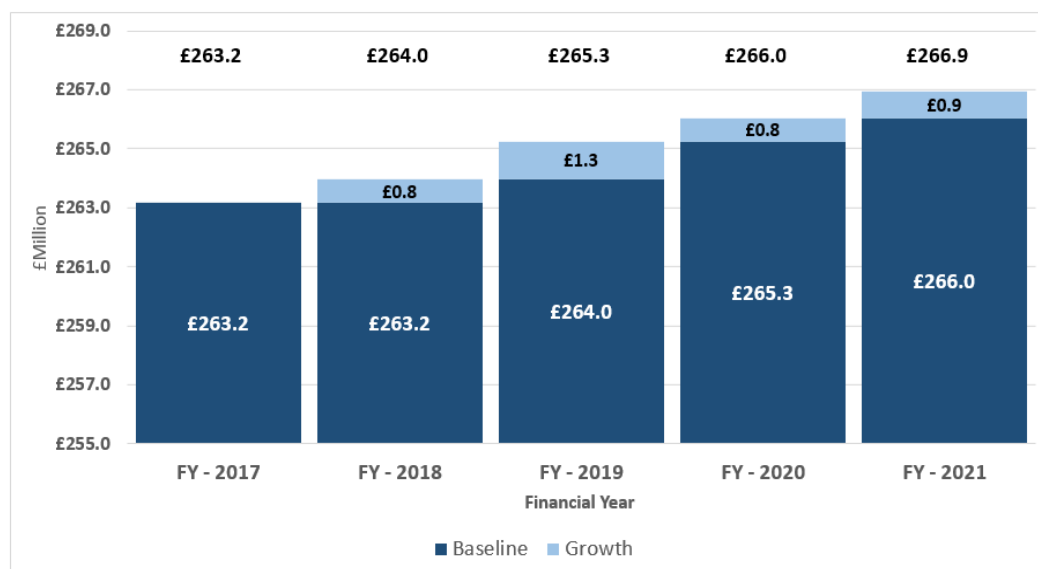
- 5.7 This section sets out the detailed results of the income modelling undertaken. 'Operational' income is not discussed in this section as it is contained within the net expenditure cash limits to Committees.
- 5.8 The Committee has only included changes to allowances and duties in this section where they have previously been approved by the States (for example, the withdrawal of mortgage interest relief or the annual real-terms increases on tobacco). No assumptions have been made in this section about future budget measures, like real-terms increases to fuel duty or changes to personal allowances.

### **Income Tax – Individuals (including Distributions)**

- 5.9 The forecast for individuals' income tax (including Distributions) incorporates the measures that were taken as part of the 2017 Budget Report, for example, the changes to allowances, including the withdrawal of allowances for higher earners. The starting position has taken account of a positive upturn in ETI income tax receipts over the last year so that estimated 2017 total income from individuals is approximately £254.2million, some £6.3million above the budgeted figure of £247.9million which was set in mid-2016 before the effects of this positive upturn were realised.
- 5.10 For distributions the estimate is held at the budgeted position of £9million with no current evidence to suggest any variation from this baseline.

- 5.11 The forecast from this 2017 starting position is for positive real terms growth in the economy overall, but tempered to allow for some economic turbulence relating to BREXIT. Growth averages at 0.4% per annum above the prior year, before any budget measures, through a combination of higher salaries and distributions, tempered by changes in the working age population.

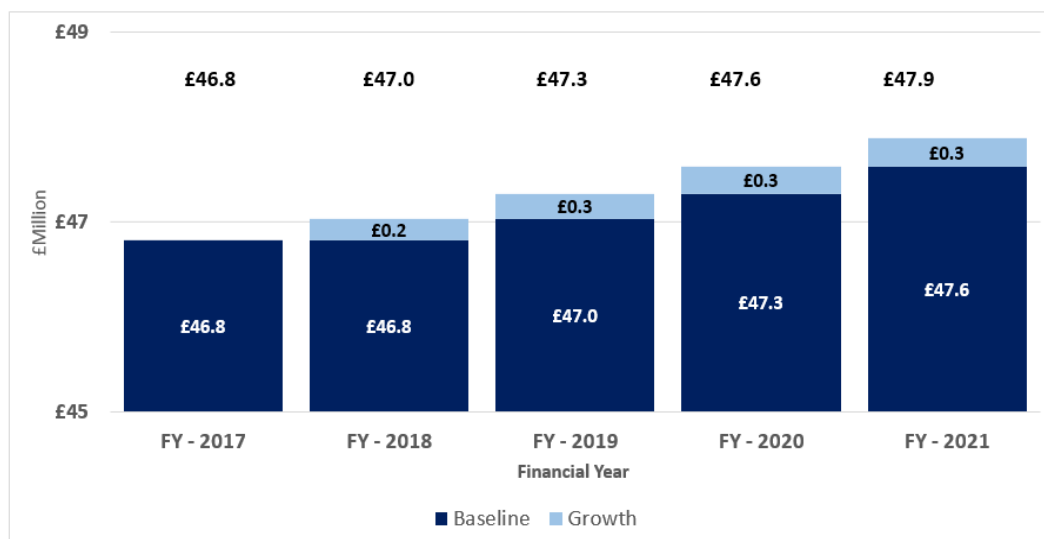
Table 10: Income Tax – Individuals (including Distributions)



### Company Income Tax

- 5.12 The forecast real terms growth in overall Company Income Tax averages 0.6% per annum over the medium term. The starting position for 2017 is set at £46.8million which incorporates an element of the improved receipts in 2016 on top of the 2017 budget.
- 5.13 The underlying growth draws from a historical trend, reflecting Guernsey's resilience and management through periods of economic challenge and, as with Individuals' Income Tax, is tempered by allowance for the potential economic turbulence relating to BREXIT. The view forecast here is for limited underlying growth despite challenging economic conditions, supported by proactive efforts to support and develop the Island's business economy. However, no allowance is made for any economic stimulus that may result from initiatives set out in the Committee for Economic Development's Policy Plan.

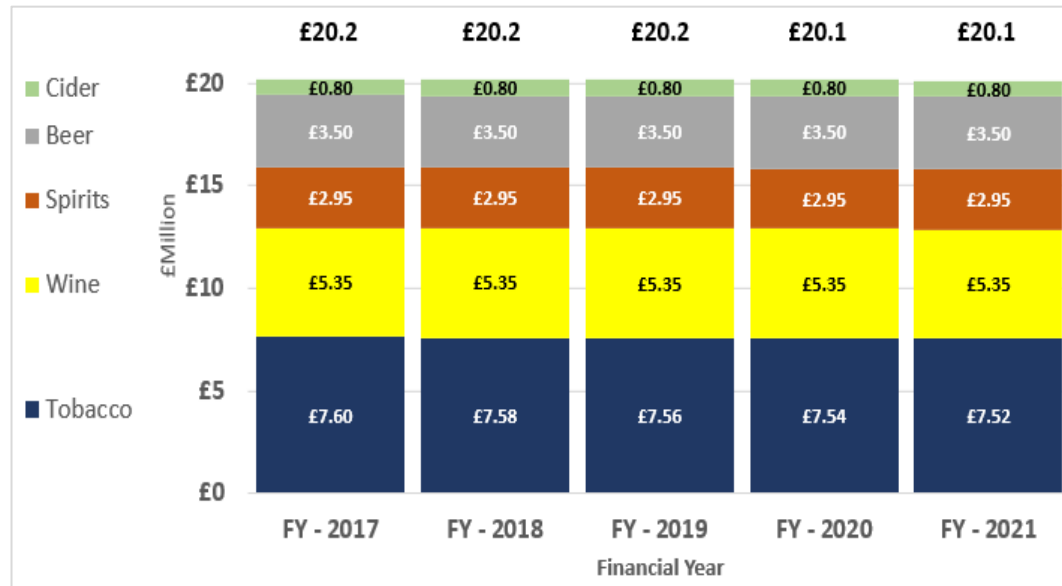
Table 11: Company Income Tax



### Alcohol and Tobacco Duties

- 5.14 The 2017 forecast for this category is £20.2million in total, £1million lower than the budgeted total due to lower expected duties relating to tobacco.
- 5.15 The forecast for alcohol assumes that income remains flat over the period of review, i.e. at 2017 budgeted duties, consumption and expected income levels. Once again, no allowance has been made for any possible future duty increases.
- 5.16 For tobacco, annual real duty increases +5% for cigarettes (+7.5% for other tobacco products), in line with the existing tobacco strategy as this agreed policy is set to apply across the medium term period.
- 5.17 The underlying tobacco income position also includes a forecast 5% volume reduction per annum to allow for changing consumption habits, including the growing popularity of e-cigarettes, as well as the ongoing impact of high profile smoking cessation strategies. The percentage shift is an early estimate and a + / - 1% average movement per annum across the medium term period would have a forecast total impact of approximately + / - £0.3million.
- 5.18 Overall income from Alcohol and Tobacco Duties is therefore forecast to remain relatively flat over the medium term from the opening 2017 forecast, before considering any budget measures, such as duty increases for alcohol.

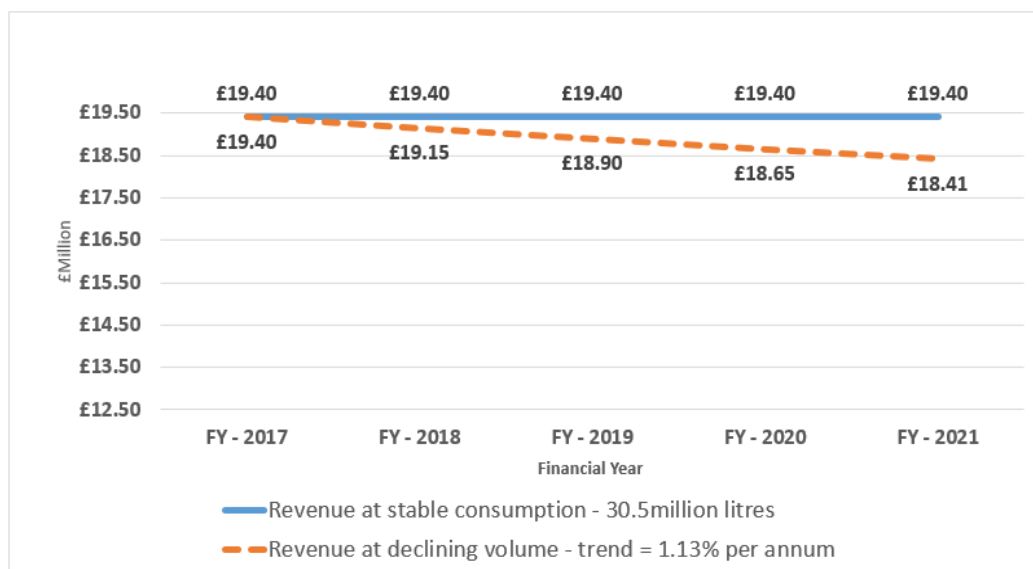
Table 12: Alcohol and Tobacco



### Motor Spirit Duty

- 5.19 Excise duty on motor fuel is a shrinking tax base due to changing driving habits and more fuel efficient cars and the impact of this is highlighted in table 13. Excluding the consideration of any future budget measures, it is estimated that revenues per annum for 2017 - 2021 would total approximately £19.4million if current consumption levels were maintained.
- 5.20 However, the trend since 2008 suggests an annual decrease in consumption averaging 1.13%. Without an increase in duty, this would result in a revenue gap by 2021 of approximately £1million, growing over the medium term at approximately £250k each year. This forecast has been used as part of the baseline.

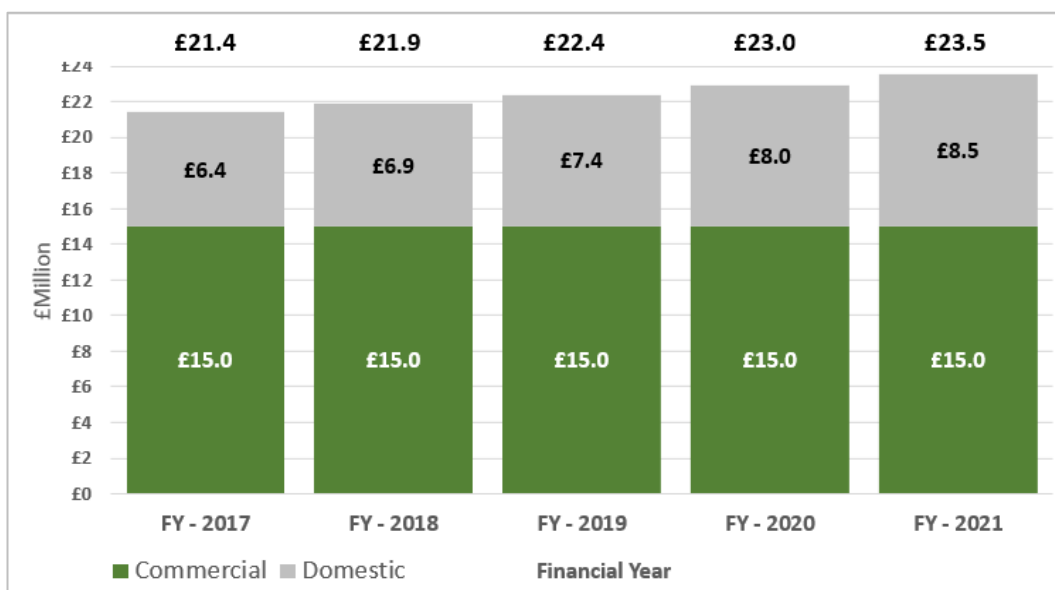
Table 13: Motor Spirit



## TRP

- 5.21 The forecast for domestic TRP is for growth in line with the existing States resolution which directs that domestic TRP be increased by no more than 7.5% in real terms between 2016 and 2025. This resolution sets the upper level for real-terms increases and was applied at this level in the 2017 Budget Report. The assumption made here is that domestic TRP is increased annually at 7.5% which would result in an additional £2.1million increase per annum by 2021, with annual growth averaging £0.5million on the previous year's estimate.
- 5.22 Commercial TRP has been assumed to be maintained in real-terms over the period and any increase above this would be included as a budget measure.

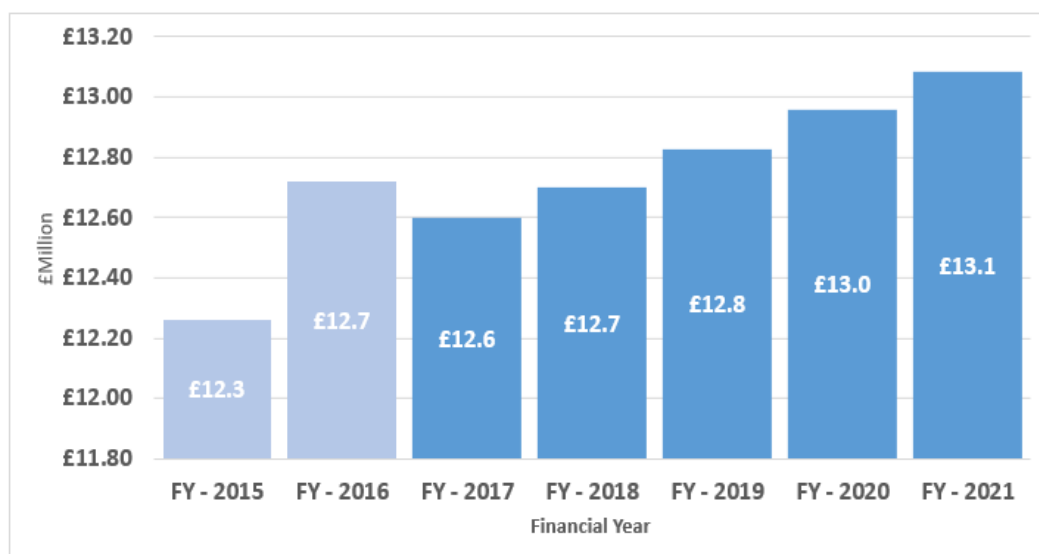
Table 14: TRP



### Document Duty

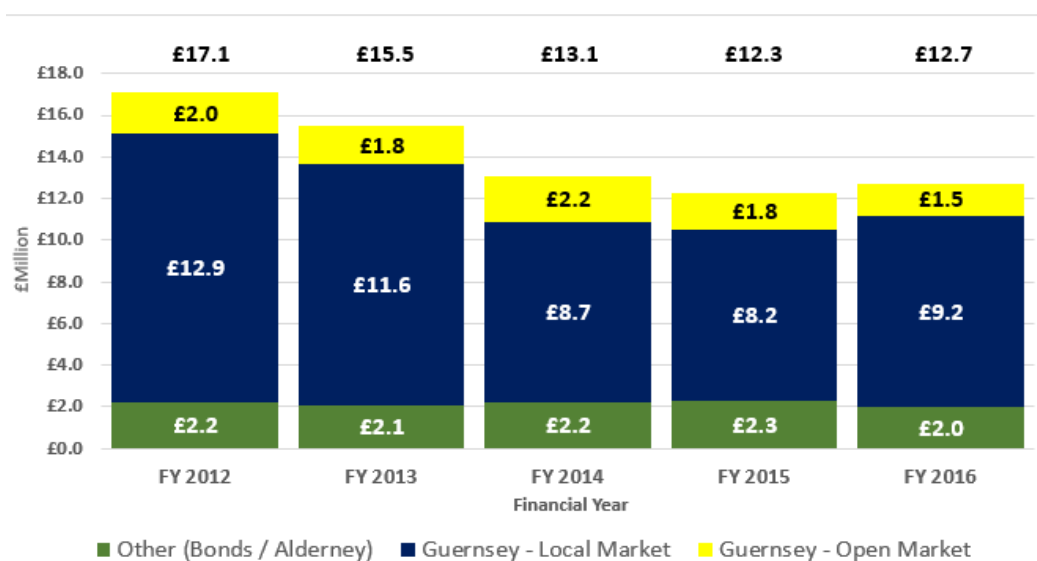
- 5.23 Document Duty is a particularly difficult category to forecast with dependence on both the number of property transactions and the sale price, with the relatively low number of transactions and no discernable seasonal trends making receipts volatile.
- 5.24 The approach taken, summarised in table 15a, is to forecast an overall growth trend from the 2016 outturn strengthening from 0.5% to 1% per annum between 2017 and 2019 remaining at approximately 1% per annum from 2019 onwards.
- 5.25 The starting point for this medium term forecast is lower than the approved budget for 2017 as early indications are that receipts will be lower than budgeted this year. However, this is a position that can be significantly influenced by any spikes in property sales, such as higher value properties.
- 5.26 The restructuring of Document Duty approved as part of the 2017 Budget Report was designed to provide a boost to the housing market and it is anticipated that this boost will occur albeit it is difficult to predict with any certainty in terms of timing. In addition to this the introduction of 'document duty anti avoidance duty' is expected to contribute to growth in this income stream although no specific assumption can be made in relation to value since there is no data on which to base a forecast.

Table 15a: Document Duty



5.27 Table 15b shows the Document Duty performance for the periods 2012 – 2016 split by open market, local market and bonds and reflects the overall reduction in revenues over that period, albeit with moderate recovery in 2016. The table indicates that, although there is a perception of a decline in the open market it is difficult to read any particular trend into these numbers. Notwithstanding that, the Policy & Resources Committee acknowledges the importance of the open market and is concerned at the historic low levels of transactions in this sector. Therefore, the Committee will be exploring ways that sales in the open market category might be stimulated resulting in higher document duty and possibly other economic benefits.

Table 15b: Document Duty – Local and Open Market



## Capital Returns

- 5.28 The target returns to be generated from the States' trading entities, both incorporated and unincorporated<sup>5</sup>, are assumed to total £30million over the period, growing from the 2017 budgeted position of £5million to £7million by the end of the period. However, although the returns are shown on an annual basis, there is no requirement for them to be 'smooth' or regular since they are assumed to be appropriated to the Capital Reserve, as part of the overall target investment of 3% of GDP per annum.
- 5.29 The increase in the required return over the period is partly designed to off-set the cost pressure being faced by General Revenue through the removal of the annual transfer from the Solid Waste Trading Account of £1.6million following the implementation of the new waste strategy. However, the return assumed has been reduced from that used as part of the 2017 Budget Report of £8million per annum.
- 5.30 The estimates of return remain un-validated at this stage. The STSB and the Policy & Resources Committee are currently undertaking an exercise aimed at defining the level of returns possible, taking into account the requirement of the States that specific account is taken to any resulting impact on charges to customers. There is also a need to better understand any existing barriers to so doing and how these might be removed or reduced.
- 5.31 The Policy & Resources Committee acknowledges the significant challenges of making regular target returns which were envisaged in the formation of the STSB. However, there are opportunities for the generation of business efficiencies, enhanced commercial focus and different capital structures which, if balanced with the need for the entities to invest in infrastructure, will generate such returns. Areas that could support this include:
- Changes to the dividend policies of the incorporated entities to recognise their different capital requirements;
  - Capital restructuring of the incorporated and unincorporated entities, including the refinancing of capital investment previously funded by General Revenue and agreed debt to equity ratios;
  - Commercial development opportunities for the unincorporated entities to generate new income streams.

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<sup>5</sup> The incorporated assets comprise Guernsey Electricity Limited, Guernsey Post Limited, Cabernet Limited (the holding company for Aurigny) and JamesCo750 Limited (which holds the fuel tank ships). The unincorporated assets are Guernsey Water, States Works, Guernsey Harbours, Guernsey Airport and the Guernsey Dairy.

5.32 The Policy & Resources Committee appreciates that there is a risk that these returns will not prove affordable or realistic. Should the total assumption of £30million not materialise over the period then there will be a knock-on impact to General Revenue and a requirement to increase the appropriations to the Capital Reserve commensurately which would could delay the removal of the deficit; reduce the funding available for new or improved services; and delay the replenishment of reserves.

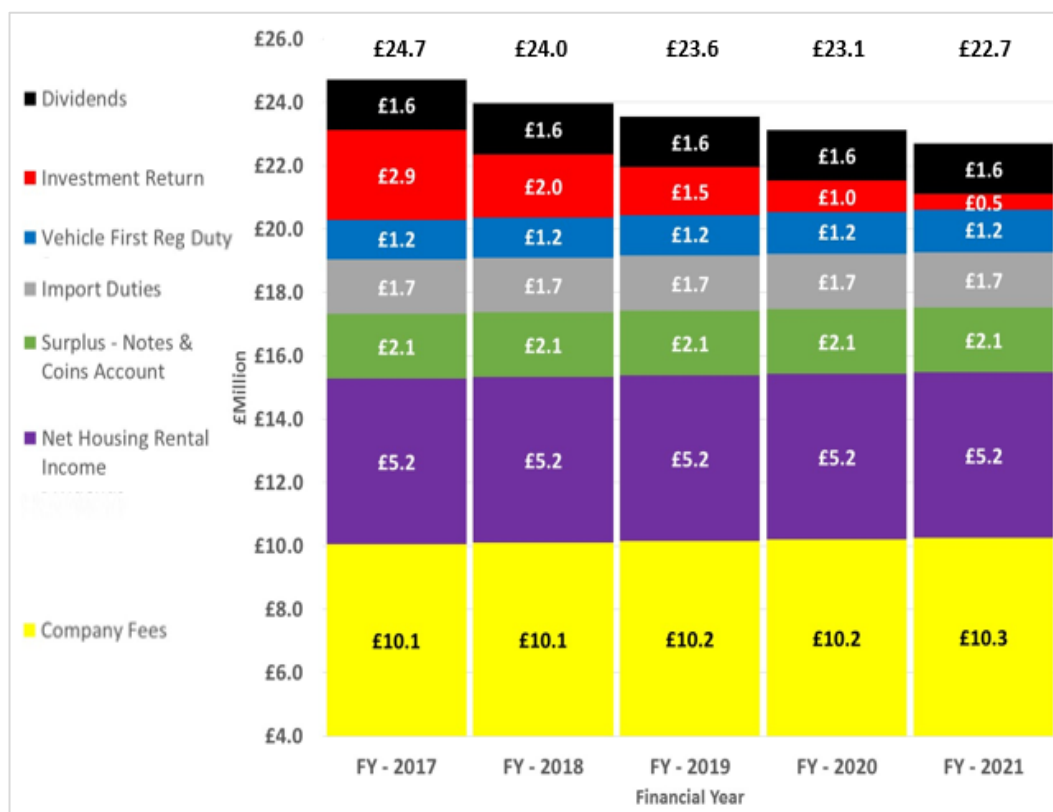
#### Other Income

5.33 Within 'other income' there are a number of categories that are expected to remain relatively stable over the medium term, including;

- **Company Fees:** Moderate 0.5% real growth.
- Dividends from the incorporated entities (Guernsey Post Limited and Guernsey Electricity Limited) have been held constant at the 2016 level of £1.6million. The Committee does not currently have any medium to long term forecasts for the financial performance of these entities. The work being undertaken to determine the appropriate level of returns will also need to incorporate dividend returns.
- **Net Housing Rental Income:** Held flat with the latest 2017 forecast with any impact relating to SWBIC detailed separately within later sections that highlight cost pressures.

5.34 Investment returns are expected to reduce over the medium term due to the funds in the Future Guernsey Economic, Corporate Housing and Transformation & Transition Funds being utilised, thus reducing the overall investment total to generate returns.

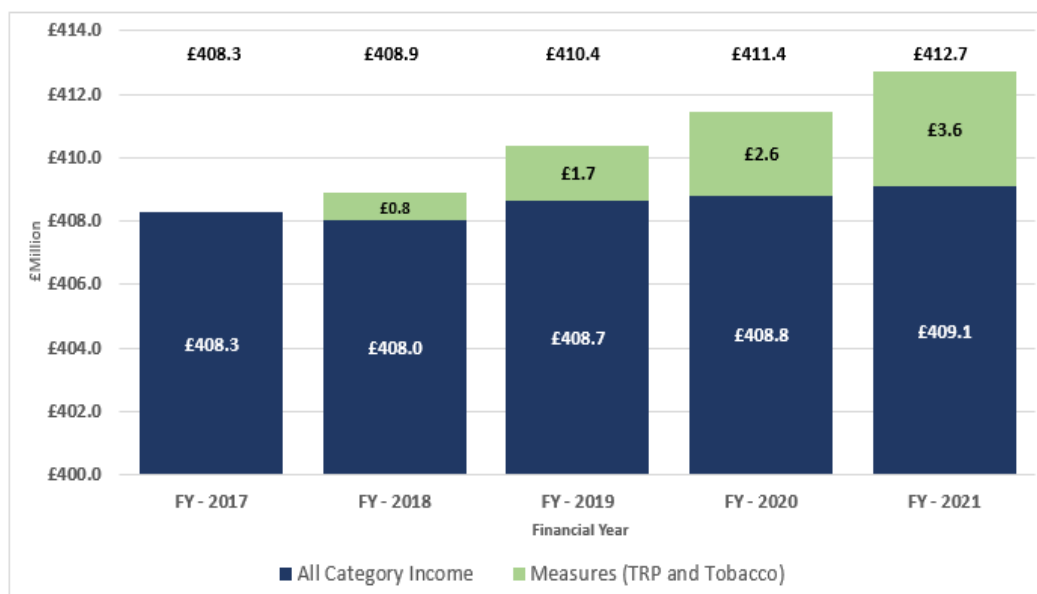
Table 16: Other Income



### Baseline Income Position

5.35 Table 17 summarises the overall underlying income position before the impact of any further income measures are considered. The starting point for 2017 is £408.3million which is forecast to grow to £412.7million by 2021. The average real terms growth percentage across the period 2017 – 2021 is low at 0.3% per annum with the underlying growth within Income Tax and categories such as Document Duty offset by reductions in Other Income, such as Investment Returns and in Tobacco where the impact of agreed measures are offset by forecast volume reductions. Growth is not expected to occur evenly, with 2018 – 2019 modelled closer to 0.4%, a combination of Income Tax underlying growth set higher in those years and before Other Income reduces in later years.

Table 17: Baseline Income Position



5.36 The Income section has highlighted that without taking proactive measures our overall income growth is forecast to be limited, with some categories set to reduce without action. Taking into account the economic factors and the challenges that we face and will face over the medium term, it is critical that opportunities to develop our income streams are maximised so as to secure current and future service delivery, manage developing cost pressures, underpin the required transformational changes and support the outcomes sought from the Policy & Resource Plan.

5.37 This also underlines the importance of the mandate of the Committee *for* Economic Development in stimulating economic growth and diversification strategies.

## EXPENDITURE FORECAST

### Baseline:

5.38 The total financial adjustment to cash limits as a result of the 3% target in 2017 was £6.6million. At the time of writing, a total of £4.6million of this has been 'signed off', a further £1.4million is in delivery, with £1.5million not yet identified on a recurrent basis. There are no material one-off or cyclical values in the 2017 Budget and therefore it is considered an appropriate baseline from which to initiate the medium-term expenditure forecast.

### Further savings targets:

5.39 The 3% targets introduced into the 2017 budget were the first stage of a larger programme, planned to cover the financial years 2017 – 2019 and referenced in the 2017 Budget Report. No such further reductions have been included in the baseline forecasts in order to be able to model the ‘as is’ position before any measures or changes are introduced.

### Cost pressures:

5.40 The cost pressures included in the forecast are:

- **Social Welfare Benefits Investigation Committee (SWBIC) Proposals**

It is assumed that the SWBIC proposals relating to the development of a coordinated and sustainable system of social benefits and approved by the States in March 2016<sup>6</sup> will be implemented in the second half of 2018. The resolution of the States directed that the measures be implemented when affordable. Although it could be argued that it is not yet affordable since a deficit persists, there was a strong will for these proposals to be implemented and the Committee considers it important to tackle the funding as soon as practically possible.

The financial impact used in the SWBIC report has been updated to take account of the increase in the 2017 benefit limitation and is included as £1.9million for six months in 2018 (assuming a mid-2018 go-live), £3.5million in 2019 (transition phase), £3.3million in 2020 (final year of transition) and then £3.2million per annum from 2021. The financial impact of these proposals is currently being reviewed and remodelled to give as accurate a picture as possible prior to the implementation of the measures.

- **Waste**

To date, there has been a degree of “cross-subsidy” between waste income and the States’ Trading Supervisory Board’s General Revenue funded operations with an annual transfer (£1.6million in 2017) from the Solid Waste Trading Account to General Revenue. The full implementation of the Waste Strategy will have a direct financial impact on the core General Revenue financial position, since Guernsey Waste will operate as a separate States’ trading asset and utilise all its generated income to support waste operations. It is assumed that the new charging regime will come into force from 2019 onwards with a resulting impact of £1.6million per annum.

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<sup>6</sup> Billet d’État VII, February 2016.

- **Other**  
Other cost pressures have been set at £1.5million per annum, or roughly 0.5% of expenditure to reflect a range of pressures that will require management and mitigation wherever possible so as to limit the net impact. These include:
  - The increased costs of running existing services due to tactical demand changes (volume and complexity pressures which will escalate through the medium term and beyond). This is particularly the case for health and social care services where other measures will need to be taken to re-design services in order to manage such pressures;
  - Temporary transitional costs relating to the implementation of strategies, for example, the implementation of the changes to the operating model of secondary education;
  - The impact across the States of the introduction and management of new regulatory requirements such as General Data Protection Regulation (GDPR);
  - The revenue impact of projects currently funded by the Future Guernsey Economic Fund, should they be prioritised for continuation beyond the current funding phase;
  - The costs of dealing with Brexit; and
  - The Aurigny Group is forecasting significant losses which include a structural loss for the Alderney routes. This will ultimately lead to material cost pressures for the States either through re-financing Aurigny or the funding/partial funding of a public service obligation on the Alderney routes.

There are no existing funding sources for such cost pressures and many are at an early stage in terms of both assessing their potential financial impact and whether they can be either significantly reduced or avoided entirely through changing models of service delivery and managing or diverting demand. The value used in this Plan is an early estimate and so could be significantly below the total of all such pressures. This reinforces the need to progress with Public Sector Reform so that such pressures can be managed in a flexible, coordinated, informed and strategic manner.

### Routine Capital

- 5.41 Routine Capital Allocations are being combined with the appropriations to the Capital Reserve to simplify the treatment of capital and provide greater clarity as set out below. However, the allocations to routine capital are held steady over the period.

### Grant to the Health Service Fund

- 5.42 In the 2017 Budget Report a one-off suspension of the annual grant was proposed and confirmed by the States in the Budget debate, with the Budget Report setting out the justification;

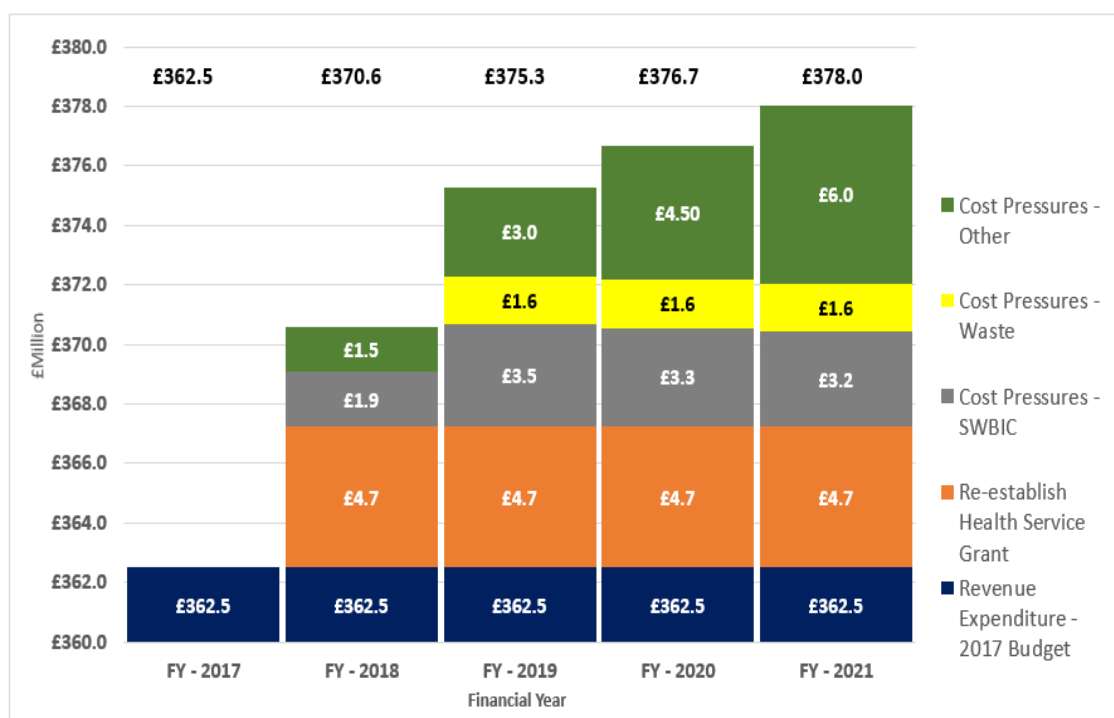
*“The Policy & Resources Committee considers that this is a proportionate measure given the overall demands on General Revenue funding and is appropriate given the specific shortfall in relation to funding health and social care services in 2017...this shortfall has arisen due to the delay in establishing a transformation programme and the cost pressures being managed in 2016 in respect of agency staffing and off-island treatment and therefore the Committee for Health & Social Care and the Policy & Resources Committee remain confident that benefits have only been delayed”.*

5.43 The assumption in this section is that the grant payment from General Revenue is reinstated in 2018 and continues over the period.

### Summary Net Expenditure Forecast

5.44 Table 18 summarises the medium term revenue expenditure forecast based on the assumptions stated earlier in this section and below.

Table 18: Medium Term Expenditure



### Capital Appropriation

5.45 The budgeted position for the overall transfer to the Capital Reserve in 2017 meets the 3% GDP target investment due to the positive impact of the refinancing of Belle Greve Wastewater Outfall Project at approximately £19million. From 2018 to 2021 the appropriation from General Revenue will need to increase to between £42million and £43million per annum, alongside other transfers and investment returns in order to meet the target value of 3% of GDP. Although it may prove

unaffordable to fund a level of 3% per annum in the short term, this approved States' target remains the aspiration should it be affordable.

Table 19: States' Capital Appropriations – Achieving the 3% GDP Target

Budget					
GDP	2017 (£m)	2018 (£m)	2019 (£m)	2020 (£m)	2021 (£m)
Re-flated Guernsey GDP (2016 Statistics)	£2,375	£2,386	£2,396	£2,406	£2,416
<b>3% of GDP = Target Capital Expenditure Per Annum</b>	<b>£71</b>	<b>£72</b>	<b>£72</b>	<b>£72</b>	<b>£72</b>
Transfers to the Capital Reserve:	2017 (£m)	2018 (£m)	2019 (£m)	2020 (£m)	2021 (£m)
General Revenue Appropriations	£30	£43	£42	£42	£42
Routine Capital Allocations	£11	£11	£11	£11	£11
Capital Income	£5	£6	£6	£7	£7
Capital Income - Property Sales		£1	£1	£1	£1
<b>Total General Revenue Transfers</b>	<b>£45</b>	<b>£60</b>	<b>£60</b>	<b>£60</b>	<b>£60</b>
Investment Returns	£7	£7	£7	£7	£7
Other Reserve / Fund Transfers	£26	£5	£5	£5	£5
<b>Total Other Transfers</b>	<b>£33</b>	<b>£12</b>	<b>£12</b>	<b>£12</b>	<b>£12</b>
<b>Total Capital Reserve Investments</b>	<b>£78</b>	<b>£72</b>	<b>£72</b>	<b>£72</b>	<b>£72</b>

*Note: The General Revenue Appropriation to support major capital projects would need to average £42.5million for 2018 and 2019 and then £42million for 2020 and 2021, assuming the other mechanisms for reaching the 3% of GDP annual investment were as per table 19.*

## BASELINE FINANCIAL POSITION

5.46 Table 20 shows the overall financial position when the assumptions for both income and expenditure are combined and assuming a capital appropriation in line with table 19 above.

Table 20: Overall Baseline Financial Position

	FY - 2017 £m MTFP	FY - 2018 £m MTFP	FY - 2019 £m MTFP	FY - 2020 £m MTFP	FY - 2021 £m MTFP
<b>Underlying Income Position:</b>	<b>£408.3</b>	<b>£408.9</b>	<b>£410.4</b>	<b>£411.4</b>	<b>£412.7</b>
<b>2017 Cash Limits:</b>	<b>(£362.5)</b>	<b>(£362.5)</b>	<b>(£362.5)</b>	<b>(£362.5)</b>	<b>(£362.5)</b>
<b>Health Service Grant - Reinstatement:</b>		<b>(£4.7)</b>	<b>(£4.7)</b>	<b>(£4.7)</b>	<b>(£4.7)</b>
<b>Estimated Cost Pressures</b>		<b>(£3.4)</b>	<b>(£8.1)</b>	<b>(£9.4)</b>	<b>(£10.8)</b>
<b>Underlying Expenditure Position:</b>	<b>(£362.5)</b>	<b>(£370.6)</b>	<b>(£375.3)</b>	<b>(£376.7)</b>	<b>(£378.0)</b>
Capital Income - Returns from Trading Assets	£5.0	£5.5	£6.0	£6.5	£7.0
Capital Income - Property		£1.0	£1.0	£1.0	£1.0
<b>Financial Position before Capital Appropriation:</b>	<b>£50.8</b>	<b>£44.8</b>	<b>£42.1</b>	<b>£42.3</b>	<b>£42.7</b>
Capital Appropriation: Major Capital	(£29.8)	(£42.6)	(£42.4)	(£42.2)	(£42.0)
Capital Appropriation: Routine Capital	(£10.5)	(£10.5)	(£10.5)	(£10.5)	(£10.5)
Capital Appropriation: Capital Income	(£5.0)	(£6.5)	(£7.0)	(£7.5)	(£8.0)
<b>Total Capital Appropriation</b>	<b>(£45.3)</b>	<b>(£59.6)</b>	<b>(£59.9)</b>	<b>(£60.2)</b>	<b>(£60.5)</b>
<b>Overall Surplus / (Deficit)</b>	<b>£5.5</b>	<b>(£14.8)</b>	<b>(£17.8)</b>	<b>(£17.9)</b>	<b>(£17.8)</b>

- 5.47 The forecast total structural deficit over the period 2018 and 2021 totals approximately £70million. The deficit remains stable between 2019 and 2021 because, before adding any income measures or further savings targets, the forecast growth in income balances off the cost pressures detailed in the expenditure section. The increase between 2018 and 2019 relates mainly to the assumption that SWBIC costs will only be incurred for half of 2018 and will then see an increase to a full year impact from 2019.
- 5.48 The net underlying structural deficit has been managed through a reduced capital appropriation in recent years. Although there is a part to play for such reductions, any material and sustained reduction in the allocation to capital would limit investment in larger infrastructure projects or to support transformational activity in order to mitigate longer-term pressures.
- 5.49 One-off benefits, as seen in 2016, can alleviate the situation and are welcome, but the Plan needs to develop a more sustainable and structural solution to provide fiscal strength. Therefore, the next section explores a means of balancing the overall position through a combination of restricted capital allocations, measures to increase revenues and reductions to expenditure through changes to the way that services are delivered.

## 6. CLOSING THE GAP

- 6.1 The Policy & Resources Committee believes that the burden of eliminating the structural deficit must be shared between taxpayers, particularly those most able to pay, and a reduction in the cost base through the reform of public services - which will lead to working differently, changing and improving the way services are delivered to enable savings to be made. The Committee estimates that, over the Plan period, a total net annualised improvement to the baseline of £40m is necessary to close the gap and is proposing that 65% of this value, £26m, is realised through public service reform initiatives and 35%, or £14m, from targeted tax measures.
- 6.2 Taking a medium term view to the eradication of the underlying deficit through targeted increases in revenues, the reform of the public service (resulting in a lower cost base) and a short-term adjustment to the amount put aside for future capital infrastructure projects should enable a fiscal surplus position to be realised that enables investment in public services and the replenishing of reserves.

### REVENUE RAISING MEASURES

- 6.3 The Annual Budget of the States is the mechanism for seeking changes to taxes and duties and it would not be appropriate to set out detailed measures for revenue raising in this Plan. However, for the purposes of closing the gap, it is assumed that net real-terms revenue raising budget measures will be put in place over the plan period which will raise an additional £14million per annum by 2021. This is in addition to those measures already resolved and being implemented (such as the withdrawal of mortgage interest relief) which are contained in the baseline position.
- 6.4 The Policy & Resources Committee's tax proposals over the Plan period will seek to "raise additional revenues as far as possible from individuals and entities most able to bear the burden" in line with the agreed objective of the States. The initiatives being explored, for which proposals will be brought forward in future Budget Reports, include further phases of the withdrawal of income tax allowances for higher earners; continued targeted expansion of the 10% intermediate income tax band; and seeking an increased business contribution from those who receive the most commercial benefit from the island and its infrastructure.
- 6.5 The first phase of the project to withdraw tax allowances for higher earners was implemented in the 2017 Budget Report. This phase introduced the withdrawal of the personal income tax allowance at a rate of £1 for every £3 that a person's income exceeds the Upper Earnings Limit (UEL) for social insurance contributions and is raising approximately £2.4million per annum. Further phases of this work will look at including other tax allowances and then the threshold for withdrawing allowances. The level of revenues raised will ultimately depend on the threshold

set: a £100,000 threshold would raise a further £1.5million; a further reduction in the threshold of £25,000 to £75,000 would yield a further £2million. The issue of high marginal rates for individuals when considered alongside Social Security contributions would be a problem if the threshold for withdrawal is set lower than the UEL for social insurance contributions and therefore the Committee is progressing this work in conjunction with the Committee *for* Employment & Social Security.

- 6.6 Measures are also being examined on company income tax and commercial TRP which would see further tax charges for some of those entities not currently liable to any income tax. However, there are limitations to raising material revenues from such a limited sub-set of our small tax base and it would be naïve to assume that the entire burden can rest on the shoulders of the few.
- 6.7 Therefore, the Committee's tax measures are also likely to include limited wider increases in taxes and/or duties. These may include real-terms increases in fuel or alcohol duty; the expansion of excise duty to other fuel oils; and real-terms increases in commercial TRP and/or the addition of new categories. Possible measures will be researched and the impact analysed before proposals are put before the States.
- 6.8 The assumptions used in this Plan will see real-terms budget measures totalling in the order of £3.5million per annum. However, should economic growth outstrip the assumptions used in this Plan, resulting in higher tax revenues, this may reduce the need for such budget measures over the period.

## **PUBLIC SERVICE REFORM**

- 6.9 Public services are at the very heart of the island's community. Moreover, because the island is changing, so must our public services if we are to keep up with those changes and continue to deliver the services that our community needs.
- 6.10 There are some important factors which contribute to this need to change, these include:
- Our community's shifting demographics and the declining proportion of the population in work;
  - The States of Guernsey's evolving workforce requirements;
  - Changing expectations and needs of our service users; and
  - Supporting Guernsey's economy, and helping to meet the challenges we face in a competitive world.
- 6.11 Recognising the need for significant change, in September 2015, the States endorsed "A Framework for Public Service Reform"<sup>7</sup>. An ambitious programme,

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<sup>7</sup> Billet d'État XVI, Sept 2015, p1928

Public Service Reform aims to transform the organisation, management and delivery of public services to meet these challenges.

- 6.12 The Framework for Public Service Reform introduced the concept of a reform dividend, achieved when a strong underlying financial position allows savings to be re-invested in the services where they are needed most. However, Public Service Reform was established as a ten-year initiative, with many of its larger, more complex programmes of transformation anticipated to deliver the majority of their benefits in the second half of this period. Given the anticipated scale of the funding gap highlighted in this Plan it is now necessary to identify opportunities to accelerate the delivery of this 'reform dividend' wherever possible and to use the savings to close the underlying deficit in the first instance.
- 6.13 The challenges we face in preparing for the future mean that any measures that are taken to meet them must be consistent, co-ordinated and occur across every aspect of public service provision. It will not be enough for Committees to continue to work in isolation to simply do some things better or for a little less money and then seek to reinvest any resulting savings in local priorities. It will be necessary to adopt a fundamentally different, 'whole system' approach to changing and improving if Public Service Reform is actually to succeed.
- 6.14 The Policy & Resources Committee believes, that reform dividends in the region of £26million per annum by 2021, generated through recurring savings in revenue expenditure across all service areas (including Health & Social Care), is required. Once a sustainable surplus has been achieved, the reform dividends should be made available for re-investment in priority policy or service delivery areas.
- 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 addition, savings from tactical, productivity and efficiency savings in Health & Social Care as set out in the "*Costing, Benchmarking & Prioritisation Project at the Health & Social Services Department*" report prepared by BDO Limited<sup>8</sup> which resulted in £8.2million of additional temporary funding being provided until such time as sustainable savings could be delivered were included.
- 6.16 Having seen more detailed analysis of the opportunities for delivering savings and realistic timeframes for doing so coupled with an improved baseline position thanks to strengthening revenues, the Committee now considers it appropriate to extend the period over which such savings are realised to four years in order to improve the chances of successfully delivering a transformed organisation and sustainable reform dividends rather than resorting to cutting services.
- 6.17 The work undertaken on behalf of the Policy & Resources Committee in Health & Social Care, Home Affairs and Education, Sport & Culture to cost and benchmark

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<sup>8</sup> Billet D'Etat XIX 2015, Annual Budget for the States for 2016

services has identified opportunities for tactical, productivity and method changes, as well as more radical transformation, that would lead to savings. This gives the Policy & Resources Committee, and hopefully those host Committees, confidence that reducing the cost base of the States without cutting services is possible. It will be necessary to take a medium term approach to delivering many of the opportunities identified and we must be prepared to invest in the changes required through the Transformation & Transition Fund. However, the costing and benchmarking reports provide a list of areas that can be explored and delivered as part of Public Service Reform.

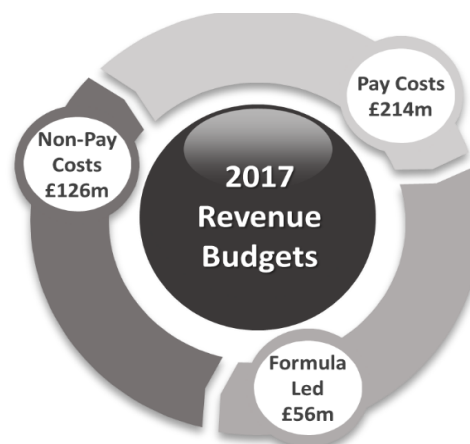
- 6.18 The Committee recognises that setting a Committee based savings target, calculated as a fixed percentage of each cash limit, is a crude way of applying targets and perpetuates the 'siloed' approach to delivering savings. Therefore, only a small universal savings target of between 0.5% and 1% per annum has been assumed as part of the overall strategy for the medium term. This recognises the need for all service areas to continue to deliver incremental improvements in efficiency and value for money in areas which might be outside the scope of any wider initiatives. It also mirrors arrangements in place with some of our core external suppliers, such as the Medical Specialist Group.

#### Themes for Generating Savings

- 6.19 The Committee is proposing that the majority of the savings should be targeted at an organisational level. The primary focus for the delivery of savings over the medium term should be on a small number of clearly defined initiatives.

- 6.20 Figure 1 shows the split shows the split of the 2017 general revenue budget across the three high-level categories of expenditure, Pay Costs, Non-Pay costs and formula led expenditure. In determining the potential scale of savings that can be achieved over the period there has been an underpinning assumption that significant savings from formula led expenditure are unlikely. This recognises it is unlikely that measures will be implemented in the medium term, that will have a material or sustainable impact on demand for services with formula-led budgets and that as a result savings in this category of expenditure are unlikely. In fact, with the introduction of the measures proposed by SWBIC, formula-led expenditure will increase over the period.

Figure 1 - 2017 Baseline



- 6.21 Therefore, the approach focuses on securing reductions in the remaining two areas of pay and non-pay costs by specifically targeting five areas of significant opportunity. These opportunities have been selected because they have the

potential to realise large-scale benefits (£1m - £5m+) without impacting on outcomes for customers; and the benefits are achievable over the medium term.

- 6.22 These initiatives will need to be supported and co-ordinated by the Civil Service Leadership Team and overseen by the Policy & Resources Committee, but their successful delivery will require the full support of all Principal Committees and active participation and delivery by all service areas.

### 1. Service Design

The development of digital capabilities is a core component of the 'Service Design' opportunity. As well as enabling the release of early savings, digital capabilities can also provide the platform for genuinely transformational change across services. While it may be the use of technology that ultimately allows the removal of waste and automation of activity, it would be a mistake to view this initiative simply as an "IT" project. At its core, it is about the customer focused review and re-design of services, with the aim of creating an effortless user or customer experience.

Service design and digitisation has been used widely and successfully in both the public and private sectors in the UK and globally to rapidly identify and deliver cost reduction while maintaining or even improving the customer experience. Trials of these approaches are currently taking place in a small number of specifically chosen services – namely income tax and the Hub in the first wave, and a number of service areas have already expressed an interest in participating in the next tranche. The aim of these trials is to test the approach within the public service in Guernsey and confirm its potential to identify savings.

When cost savings are made through changing services, a significant proportion are likely to come from reducing pay costs. In some cases, particularly where services have been digitised, these savings will come from the need for fewer staff in those areas which have been the subject of change and improvement.

The public service is well placed to deal with this given the age profile of staff and the number of retirements likely in the next five years - as well as natural turnover. However, it would be naïve to think that all of this change can be managed through 'natural wastage'. The public service is going to need to be ready to deal with the displacement of staff and to facilitate, this we are looking at HR policies and procedures as well as HR capacity and skills to manage this; for example, there is a need for an organisational approach to re-deployment; there is a need to work closely with the private sector to understand where skills can be transferred; and a need for a programme of re-skilling. Managing vacancies and optimising redeployment will always be the top priority as redundancy comes at a significant cost – both financial to

the taxpayer and personal to the individual concerned. Therefore, it is only once all other options are exhausted, that consideration will be given to a programme of redundancies as a last resort.

## 2. Managing Sickness Absence

The total cost of sickness within the public service is estimated to be several million pounds per year. Effectively managing sickness absence therefore, not only has the potential to secure on going improvements in the health and wellbeing of staff, a core objective of Public Service Reform, but it can also secure a reduction in the overall cost of employment. In many cases sickness absence does not result in additional costs, and while reducing sickness in these areas increases capacity, it does not immediately deliver a cashable saving. In these instances, converting this additional capacity into a cashable saving that can be extracted and re-invested elsewhere is a long-term process.

However, in a number of service areas - particularly health care, teaching and the emergency services - sickness absence is often covered through the use of overtime, agency or bank staff, which can result in significant additional unplanned costs. It is these areas where it is anticipated that savings can be made in the short to medium term.

## 3. Managing Overtime and Allowances

In 2016 the cost of overtime was approximately £6m. A significant proportion of this expenditure, around £2.2m per year, is incurred by the unincorporated trading assets and is therefore not a cost to general revenue. However, the majority of the remaining expenditure on overtime, c£3.5m, occurred within services provided by three Committees - Health & Social Care, Home Affairs and Education, Sport & Culture.

Redesigning and digitising services, improving recruitment and retention in certain areas and promoting staff wellbeing all have the potential to partially reduce the total cost of overtime payments and the Policy & Resources Committee is committed to ensuring service areas receive the support necessary to deliver savings in this area.

## 4. Property Rationalisation

A further benefit of thinking differently about how services are delivered and where they are delivered from is the opportunity to reduce the size of the operational property state occupied by the Public Service. As services move on-line and more internal processes are automated opportunities to consolidate the operational estate will arise.

Despite being the largest owner of land and property in the Island, the States have no overall strategic plan by which to determine how best to allocate and manage the property portfolio in order to deliver policy and operational objectives.

The rationalising of States' property holdings remains a key strategic aim, but optimising the associated benefits will require a step change in the approach to the management of property assets. The framework for Public Service Reform reaffirms the pivotal role "Estates Optimisation" has to play in the reform of public services, not just from the perspective of reducing the cost of operating and managing buildings or increasing their capacity, but also in ensuring that they support the delivery of value for money, facilitate modern ways of working for staff and help improve customer service.

The objectives include:

- Reducing the overall costs of operating the public service estate;
- Increasing the flexibility and capacity of public service office accommodation;
- Supporting improvements in efficiency and customer service through the introduction of modern ways of working;
- Introducing new space standards for public service office accommodation; and
- Seeking opportunities to rationalise the public property portfolio and dispose of surplus property.

Whilst these are medium to long-term objectives, the re-introduction of explicit savings targets in 2017 and the requirement to deliver significant further savings over the medium term means that current business strategies are also focused on accelerating the release of sustainable and recurring revenue savings. Consequently, a number of initiatives are now being actively pursued with the specific intention of releasing cashable savings over the next three years. These initiatives include:

- Increasing the capacity of Sir Charles Frossard House and Edward T. Wheadon House;
- Vacating Grange Road House and Cornet Street;
- Consolidating Social Care and Education community and peripatetic services on a single site releasing Lukis House, Swissville and potentially a number of other properties;

- Consolidating the Home Affairs estate allowing the termination of a number of current leases, as part of the Home Operational Services Transformation programme (HOST).

## 5. Procurement

In 2016 the States did business with approximately 6,000 different suppliers accounting for £175million of expenditure. Around 300 of those suppliers have expenditure in excess of £100,000 per annum representing around £97million. An additional 200 suppliers have expenditure above £50,000 and account for further £15million. Whilst it is not possible to influence all of this expenditure to deliver recurring savings as some may be capital expenditure or one-off, it is estimated that around 200 suppliers and £60m of spend could be captured by a programme to improve the terms and rates of contracts with the States.

Therefore, a short term program has been initiated which will focus initially on the top 200 suppliers in terms of expenditure, both on and off island. Suppliers will be contacted by trained staff and requested to contribute to our spend reduction targets through a review of their own prices and commercial terms with the States of Guernsey. This should lead to an immediate and sustainable positive impact.

The medium term procurement plan will incorporate the following themes:

- An holistic and coordinated approach to managing States-wide common expenditure e.g. Facilities Management;
- Dedicated procurement resource for Service Area specific spend;
- A category based approach to Procurement adopted across the States;
- Better alignment to budgeting and planning processes to enable early involvement and to optimise the States' ability to achieve value for money;
- Redesign of policy and processes to allow a more contemporary approach;
- Improved analytics to capture, analyse and track spend;
- Better control over supplier approvals and management of the 'tail' to reduce the overall supply base; and
- Investment in contract/supplier management processes, tools and training.

6.23 Alongside this medium term work to deliver savings through service improvements, the planning for the longer term whole system redesign of services will continue. For example, the Committee for Health & Social Care is leading the redesign of health and social care services for the future; and officers from social security contributions and income tax services have been working closely together to design a new, integrated collection service. Further whole system redesign is

envisaged for justice and equality and education services and other areas of public service. By the end of this four-year period, it is expected that such service improvement will have started to be implemented and savings will be starting to accrue. It has not been possible to estimate the value of such savings at this stage before understanding the proposals. However, this increases the confidence levels in the ability to deliver the proposed savings over the period of £26million.

- 6.24 Indicative upper and lower ranges for potential savings over the period, based on the modelling and analysis undertaken to date are set out in Table 21. The savings have been estimated for delivery between 2018 and 2021, a two-year extension to the estimate included in the 2017 Budget Report. This four year period recognises the challenges expressed in hastily delivering service change, and has been possible due to the improved base revenues.

Table 21: 2018 - 2021 Indicative Recurrent Annual Saving Ranges

Category	High £m	Low £m
<b>0.5% - 1% Universal Efficiency Total</b>	<b>£12.0</b>	<b>£6.0</b>
Procurement	£12.6	£5.4
Property Rationalisation	£2.2	£1.0
<b>Non-Pay Total</b>	<b>£14.8</b>	<b>£6.4</b>
Service Design	£7.5	£2.5
Overtime	£1.9	£0.3
Sickness	£0.9	£0.14
<b>Pay Total</b>	<b>£10.3</b>	<b>£2.9</b>
<b>Overall Total</b>	<b>£37.1</b>	<b>£15.3</b>

- 6.25 The range of potential savings is between £15million and £37million. These ranges are based on early analysis of available data and significant further work will be necessary to quantify them in more detail. It should also be noted that it is extremely unlikely that all initiatives will be capable of achieving the upper end of the ranges and therefore these values should not be considered as savings targets.

However, the Committee is confident that the potential opportunities warrant further research and investigation and represent realistic strategies to achieve the £26million baseline annual savings required over the medium term.

### Tracking Benefits and Investing in Programmes and Projects

- 6.26 One of the lessons learned from the Financial Transformation Programme, and highlighted in the review undertaken by the Public Accounts Committee<sup>9</sup>, was the importance of ensuring that clear guidance and rules for the identification and measurement of benefits are established at the outset. Such guidance and a clear system for recording and monitoring savings is now in place so as to inform and support stakeholders at all levels across the States. It is critical that monitoring

<sup>9</sup> May 2015, KPMG 'Financial Transformation Programme: 'Cost / Benefit Review'.

benefit realisation holds high priority when planning projects and that the achievement of benefits is monitored by focused reporting and tracking. For the savings initiatives advanced in this Plan, such monitoring will be critical to ensuring that the overall financial position remains affordable and realistic.

- 6.27 A number of the above initiatives, particularly property rationalisation and service design will require significant investment over the next two – three years in order to enable the release of savings. They will need be prioritised for investment from the Capital Reserve and the Transformation & Transition Fund accordingly.

## UPDATED FORECAST FINANCIAL POSITION

- 6.28 Table 22 updates the forecast financial deficit from table 20, with the amendments to include the revenue raising measures and savings programme.

Table 22: Revised Overall Financial Position

	FY - 2017 £m	FY - 2018 £m	FY - 2019 £m	FY - 2020 £m	FY - 2021 £m
	MTFP	MTFP	MTFP	MTFP	MTFP
<b>Underlying Income Position:</b>	<b>£408.3</b>	<b>£408.9</b>	<b>£410.4</b>	<b>£411.4</b>	<b>£412.7</b>
<b>Forecast Income Measures</b>		£3.5	£7.0	£10.5	£14.0
<b>Income Position After Measures</b>	<b>£408.3</b>	<b>£412.4</b>	<b>£417.4</b>	<b>£421.9</b>	<b>£426.7</b>
<b>2017 Cash Limits:</b>	<b>(£362.5)</b>	<b>(£362.5)</b>	<b>(£362.5)</b>	<b>(£362.5)</b>	<b>(£362.5)</b>
<b>Health Service Grant - Reinstatement:</b>		(£4.7)	(£4.7)	(£4.7)	(£4.7)
<b>Estimated Cost Pressures</b>		(£3.4)	(£8.1)	(£9.4)	(£10.8)
<b>Impact of Expenditure Savings</b>		£5.5	£11.7	£18.8	£26.1
<b>Underlying Expenditure Position:</b>	<b>(£362.5)</b>	<b>(£365.1)</b>	<b>(£363.5)</b>	<b>(£357.8)</b>	<b>(£351.9)</b>
<b>Service Developments</b>				(£3.5)	(£7.0)
Capital Income - Returns from Trading Assets	£5.0	£5.5	£6.0	£6.5	£7.0
Capital Income - Property		£1.0	£1.0	£1.0	£1.0
<b>Financial Position before Capital Appropriation:</b>	<b>£50.8</b>	<b>£53.8</b>	<b>£60.8</b>	<b>£68.1</b>	<b>£75.8</b>
Capital Appropriation: Major Capital	(£29.8)	(£36.8)	(£42.4)	(£42.2)	(£42.0)
Capital Appropriation: Routine Capital	(£10.5)	(£10.5)	(£10.5)	(£10.5)	(£10.5)
Capital Appropriation: Capital Income	(£5.0)	(£6.5)	(£7.0)	(£7.5)	(£8.0)
<b>Total Capital Appropriation</b>	<b>(£45.3)</b>	<b>(£53.8)</b>	<b>(£59.9)</b>	<b>(£60.2)</b>	<b>(£60.5)</b>
<b>Overall Surplus / (Deficit)</b>	<b>£5.5</b>	<b>£0.0</b>	<b>£1.0</b>	<b>£8.0</b>	<b>£15.3</b>

- 6.29 The table shows that a surplus position is attained by 2019 which enables the reform dividend to be used, as envisaged, to reinvest in new or improved services or meeting increased demand from 2020 onwards where this surplus grows to a more significant level.

- 6.30 Further work is required to better understand any future service demands arising from the changing demographic and the financial implication of this. The work being undertaken in initiatives such as the Supported Living & Ageing Well Strategy and Transforming Health & Social Care Services should help understand the likely residual demand growth once those strategies and plans have been put in place which are focussed on mitigating such demand.
- 6.31 In addition, although there are currently no clearly identified or costed pipeline new or improved services, the Policy & Resources Committee has assumed that the policy work being undertaken by the Committees will ultimately lead to such proposals and has therefore made an allowance of £3.5million per annum in both 2020 and 2021.
- 6.32 It is hoped that, in future iterations, the Policy & Resource Plan will facilitate longer term planning such that a good understanding is available at an early stage of the likely implications of policy proposals which would allow prioritisation of such developments. However, at this stage in the evolution of the Policy & Resource Plan, the Committee considered it important to make an estimated allowance of the amount likely to be available for investing in those plans and initiatives that best deliver the outcomes set out and agreed in the Policy & Resource Plan.
- 6.33 However, the Committee considers it important to stress that financial sustainability should be central to the thinking on policy development. It is not sustainable for every new strategy or plan to come with a significant price tag for implementation. Policy is a critical element in the design and delivery of the reform of public services and it is vital that financial considerations are central to the thinking in such work.
- 6.34 The residual surplus from 2020 will need to be utilised to rebuild depleted reserves. The Committee is proposing that the following approach is taken to dealing with surpluses:
- The General Revenue Account Reserve is used for managing any in-year shortfalls in income, short term cyclical variations and other timing issues. The Policy & Resources Committee proposes that the policy for the average balance in the General Revenue Account Reserve should be set at 5% of revenue income and that this should be replenished as soon as possible after any required drawdown;
  - The Contingency Reserve was used to fund deficits over the period following the introduction of Zero-Ten. This fund was therefore depleted ahead of the establishment of the Core Investment Reserve. The Committee proposes that, in line with previous policy, the States' objective should be to increase the value of the Core Investment Reserve to one year's revenue income. The Policy & Resources Committee will make proposals as part of the annual Budget Report

for any appropriations to the Core Investment Reserve when the overall financial position is in surplus.

## 7. SENSITIVITY ANALYSIS

- 7.1 Due to the inherent difficulties with forecasting with regards to income in particular, this section explores areas of sensitivity and indicates possible improved or worsened financial positions as a result of changes to the assumptions used.

### Economic Growth

- 7.2 Income growth underpins public service provision but is particularly challenging to forecast. The Plan has taken a prudent approach to growth in an attempt to deliver a Plan that is realistic and sustainable. The revenue forecast driven by economic growth utilised in the plan is a prudent one but is one that we should be looking to outstrip significantly, encouraging and facilitating economic growth and taking the opportunities presented in this period of international change and transition.
- 7.3 Any upside on economic growth will help to remove the deficit earlier than forecast and could lead to reform dividends being available to fund prioritised initiatives earlier rather than contributing to recovering a balanced baseline.
- 7.4 The policy work being developed by the Committee *for* Economic Development will be pivotal in delivering any upside in revenues of this nature. Support and investment will be made available, through the Future Guernsey Economic Fund, to initiate and support meaningful projects that have clear and measurable impacts on both the Island economy, its international standing and by way of result, identifiable improvement in our tax receipts.
- 7.5 Table 23 illustrates different growth scenarios and the likely impact on income tax receipts:

Table 23: Sensitivity Analysis: Taxation – Positive

Income Tax - Individuals (Including Distributions)	FY - 2017 (Base)	FY - 2018	FY - 2019	FY - 2020	FY - 2021
Medium Term Financial Plan Growth Rate	<b>£263.2</b>	<b>£264.0</b>	<b>£265.3</b>	<b>£266.0</b>	<b>£266.9</b>
1% growth		<b>£265.8</b>	<b>£268.4</b>	<b>£271.1</b>	<b>£273.8</b>
2% growth		<b>£268.4</b>	<b>£273.8</b>	<b>£279.3</b>	<b>£284.9</b>
3% growth		<b>£271.1</b>	<b>£279.2</b>	<b>£287.6</b>	<b>£296.2</b>

Companies Taxation	FY - 2017 (Base)	FY - 2018	FY - 2019	FY - 2020	FY - 2021
Medium Term Financial Plan Growth Rate	<b>£46.8</b>	<b>£47.0</b>	<b>£47.3</b>	<b>£47.6</b>	<b>£47.9</b>
1% growth		<b>£47.3</b>	<b>£47.7</b>	<b>£48.2</b>	<b>£48.7</b>
2% growth		<b>£47.7</b>	<b>£48.7</b>	<b>£49.7</b>	<b>£50.7</b>
3% growth		<b>£48.2</b>	<b>£49.7</b>	<b>£51.1</b>	<b>£52.7</b>

- 7.6 If 1% growth was achieved in Individuals' Income Tax (including distributions) then over the medium term the cumulative difference to the forecast in the plan would total £17million. The rewards of attaining growth are clear to see although recognised as a challenge to attain.

#### Lower Underlying Income Tax Receipts

- 7.7 The starting position for the Plan forecast is based on latest estimates of revenue income in 2017. There is a risk that these forecasts prove optimistic. If the starting point is revised to £254million, i.e. Individuals at £245million (which is in line with 2016 performance), and distributions at the budgeted total of £9million, then the revenues going forward are of course impacted significantly. With the growth scenario utilised in the medium term plan the result of a lower starting point means that by the end of 2021 the total for Individuals (including Distributions) are still £5.6million short of the 2017 starting position, meaning that the deficit would effectively be £37.1million greater and it would take over 1% underlying growth from that lower base to ultimately match the assumptions that we have in the plan.

Table 24: Sensitivity Analysis: Taxation – Negative

Income Tax - Individuals (Including Distributions)	FY - 2017 (Base)	FY - 2018	FY - 2019	FY - 2020	FY - 2021
Medium Term Financial Plan Growth Rate	<b>£254.0</b>	<b>£254.8</b>	<b>£256.0</b>	<b>£256.8</b>	<b>£257.6</b>
1% growth		<b>£256.5</b>	<b>£259.1</b>	<b>£261.7</b>	<b>£264.3</b>
2% growth		<b>£259.1</b>	<b>£264.3</b>	<b>£269.5</b>	<b>£274.9</b>
3% growth		<b>£261.6</b>	<b>£269.5</b>	<b>£277.6</b>	<b>£285.9</b>

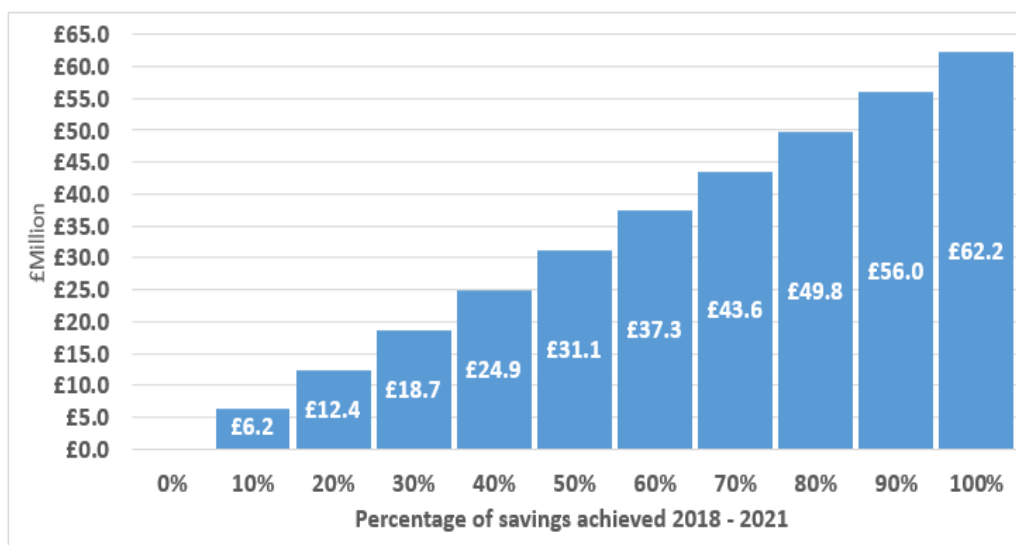
### Higher or Lower Net Migration

- 7.8 A net increase of 100 residents is calculated to result in an annual benefit to the Island purely in taxation terms of approximately £0.4million per annum. Therefore higher or lower net migration would lead to a corresponding change in tax receipts.
- 7.9 Any increase or decrease in net migration would also impact on expenditure although this has not been quantified.

### Negative Sensitivity: Non-achievement of Savings Targets

- 7.10 Table 25 below summarises the impact of partial delivery ranges for savings programmes and the impact on the underlying position. At the absolute worst case where no progress is made then the impact over the period 2018 – 2021 would total £62.2million of additional costs over the period when compared to the forecast assumptions.
- 7.11 The ranges are clearly significant, for example, a 70% achievement of the programmes below will have succeeded in delivering a balance of £43.6million in cumulative savings when compared to the current position due to significant progress over four full years.
- 7.12 It will be vital that the plans for delivering these savings are properly scoped, risks understood and timescales realistic at the outset. Monitoring of delivery will then give early warning of any deviation, allowing plans to be refined or new initiatives to be explored.

Table 25: Sensitivity Analysis: Savings Targets



## Inflation

- 7.13 Inflation is set to increase over the short term and is expected to rise above 3% before the close of 2017. High inflation could lead to real pressure on both revenue and capital expenditure, leading to price increases and unit costs for minor and major purchases that are above the resource baseline of the States. It is therefore essential that we are proactive with procurement strategies, securing contracts that limit generic exposure to such increases.
- 7.14 The challenge of controlling public sector pay is increased in times of high inflation. It will be important to recognise the cost of living in pay negotiations alongside the overall financial health of the States. With a pay budget at approximately £217million a 1% inflationary pressure would result in an additional cost of £2.2million per annum.
- 7.15 Inflation creates threats to mitigate but also presents opportunities. If public sector expenditure can be protected from the full impact of inflationary increases, growth in Income Tax may outstrip increased expenditure.

## Summary

- 7.16 The medium term is uncertain and we could experience reductions in taxation due to economic turbulence, potentially significant additional revenues from strong economic growth or material gaps in the financial position through non-delivery against savings plans. Such fluctuations across the medium term further complicate forecasting and trend analysis. This Plan takes a prudent approach to estimates over the period but recognises the potential upside and downside risks. Material deviations from the Plan will require close monitoring and possible adjustments to the fiscal strategy.

## 8. MEDIUM TERM CAPITAL PLAN

### Introduction

- 8.1 There are inherent difficulties in forecasting income and expenditure over extended periods, with increasing uncertainty the further ahead you look. However, the Policy & Resources Committee has compiled a four year forecast of revenues and expenditure in order to commence planning for this term of Government and support the first phase of the Policy & Resource Plan.
- 8.2 The ultimate objective of the capital portfolio is to support the achievement of the vision set out in the Policy & Resource Plan and the delivery of the strategic objectives for the States through investment in infrastructure and systems.
- 8.3 It is also essential that we invest in the projects which are financially viable, the recurrent costs of which can be met and that the proposed outcomes represent value for money. Capital assets underpin the delivery of a range of core public services and effective management of these assets is necessary for States to realise their economic goals and deliver better public services. Improved capital planning provides confidence that assets will be well managed; future investment will align with the outcomes sought by the States; and the current level of outputs will continue to be delivered.
- 8.4 The States have, in recent years, split capital into routine capital allocations and appropriations to the Capital Reserve. Routine capital allocations have been managed at a Committee level whereas Capital Reserve projects have been considered on a prioritised basis across the public service. The distinction between routine and strategic capital has been blurred at the edges with some straightforward, routine projects costing just above the threshold being subject to the same rigorous processes as critical strategic projects with multi-million pound budgets.
- 8.5 The annual approach taken to routine capital has led, on occasion, to tactical short-term investment and a lack of good capital planning which ensures that assets are well managed and plans are in place for maintenance, replacement and disposal. The 2017 Budget Report set out the intention of the Policy & Resources Committee to propose changes to the approach to routine capital in this Plan which lengthen the planning horizon for all assets and takes a service or function view rather than a purely Committee perspective.
- 8.6 The Policy & Resources Committee is now recommending a revised, States-wide approach to general revenue funded routine capital alongside proposing that all capital projects are in future managed according to their scale and complexity. This should ensure that the States have appropriate influence and oversight of large projects with investment of over £10million but that a more streamlined and proportionate approach is taken to low risk, low cost projects with an investment of under £2million.

- 8.7 The Policy & Resources Committee recommends that, in future, one single capital appropriation be proposed each year which incorporates all capital expenditure and no longer distinguishes at the allocation level between routine allocations and appropriations to the Capital Reserve for strategic investment. The management of capital investment would then work along the following lines:

#### Maintain & Routine Replacement Projects

- 8.8 It is proposed that projects to maintain the operation of existing services and routine replacement projects with a value of below £2million (including what is currently classified as routine capital) should be grouped into categories based on the nature of spend and that the appropriate Head of Profession or service lead be responsible for proposing a prioritised list of projects for approval by the Policy & Resources Committee and inclusion in the Budget Report. This should speed up the delivery of these projects and ensure that they are integrated into medium term routine capital plans.
- 8.9 A prioritisation process will be undertaken which is proportionate to the scale of the projects and will enable the development of rolling programmes. This will enable better functional planning by the Heads of Profession or service leads and ensure funds are directed across the States to the most appropriate projects rather than being based on the availability of capital allocations and local needs alone.
- 8.10 The amount allocated will, in the first instance, be based on historic routine capital expenditure with the addition of an allowance for current straightforward Capital Reserve proposals with a value of less than £2million.
- 8.11 The proposed categories are:
- Property maintenance and minor works;
  - Information Technology;
  - Medical equipment; and
  - Vehicles and other equipment.
- 8.12 Each Committee will be required to approve the capital projects it would wish to see included in the plan. The States are asked to delegate authority to the Policy & Resource Committee so that, once a prioritised list has been approved and proportionate business cases developed, capital votes up to a maximum of £2million can be approved.
- 8.13 The Policy & Resources Committee also wishes to take this opportunity to tidy up an anomaly in the delegated authorities given by the States in terms of the Ports. Currently, the Ports, through the STSB, only has delegated authority to approve capital votes up to £250,000 in line with all other Principal Committees. It would be more appropriate for the STSB to have more control over the Ports capital expenditure which is funded through the Ports Holding Account. Therefore, it is

recommended that delegated authority is given to the STSB in respect of the Ports Holding Account of up to £2million per project.

### Major Capital Portfolio Projects

8.14 The approval pathway will in future be scaled appropriately to ensure that the necessary assurances are obtained before progressing the project. The pathway will depend on the estimated value and risk profile of project. A scalable approach to project funding should have the benefit of reducing the burden of the States having to discuss low-value or replacement type projects with the consequential delays to project delivery.

8.15 It is proposed that the States will continue to approve the inclusion of projects and programmes into the capital portfolio but that they will then be managed as follows:

- **Non-routine small projects - Estimated value range < £2m**

The States are recommended to delegate authority to the Policy & Resources Committee to approve project business cases and funding for all projects with a value up to £2million once the States have approved the admission of the project into the portfolio. This should speed up the delivery of low cost and low risk projects and programmes.

- **Medium projects - Estimated value range: £2m to £10m**

These projects should continue to be managed in the same way with the Policy & Resources Committee having delegated authority to approve funding for progressing the early stages of the project. A policy letter will need to be prepared to seek States approval when the project is ready to tender for the preferred solution. At this stage, the States should be asked to delegate authority for opening the capital vote to the Policy & Resources Committee provided the value is within agreed ranges and the specification and outcomes remain unchanged.

- **Large projects - Estimated value: Greater than £10m**

It is suggested that States are given the opportunity to understand, influence and shape the scope of large significant projects at an early stage. Therefore, once the strategic outline case has been completed which sets out the strategic case for the project; defines the outcomes required and looks at a long list of options for delivery, a policy letter should be prepared seeking States' approval to proceed in the direction proposed. This should avoid committing substantial resources to projects before getting wide agreement to the proposed direction of travel.

The States would then also be asked to approve the developed project when it is ready to go out to tender for the preferred solution. As with the medium

projects, it is anticipated that the Policy & Resources Committee would then be given delegated authority for opening the capital vote provided the value is within agreed ranges and the specification and outcomes remain unchanged

## Portfolio Development

- 8.16 The approach to and development of the capital portfolio is detailed in Appendix 1, and has focussed on ensuring there is a value for money driven approach to the review, assessment and development of the projects included in the portfolio. Account has been taken of the feedback previously given that the capital portfolio processes have been slow and cumbersome and this has led to a set of simplified steps with regards to the key processes to ensure that project management disciplines are followed but are flexible and scale-able.
- 8.17 Since the November 2016 Budget Report, significant work has been undertaken by the portfolio team and the category leads to better understand the scale, risk and timeframes of the projects. The Policy & Resources Committee would now like to propose that the following projects, listed by category and scale, are approved to form the capital portfolio for the next four year period (in addition to those legacy projects already underway). A summary of each of these projects is attached at Appendix 1:

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
Medium	7	Cremation Services
Large	8	Affordable Housing Programme (Phase 1)
	9	Affordable Housing Programme (Phase 2) (Pipeline)
	10	Hydrocarbon Supply (Pipeline)
	11	Inert Waste Solution (Pipeline)
	12	Coastal Flood Defences (Phase 2) (Pipeline)

Table 27: Portfolio Projects in the Grow Category

GROW CATEGORY		
Small	1	Cyber Information
Medium	2	Castle Cornet Refurbishment
Large	3	Digital Infrastructure
	4	Guernsey Runway Extension (Pipeline)
	5	St Peter Port Harbour Action Area Development (Pipeline)

Table 28: Portfolio Projects in the Transform Category

TRANSFORM CATEGORY		
Small	1	Digital Court
	2	Health & Social Services LAN
	3	Office Rationalisation SCFH Phase I
Medium	4	Contribution and Tax Services programme (CATS)
	5	SAP Roadmap
	6	Office Rationalisation SCFH (Phase 2)
	7	Health & Social Services Peripatetic accommodation
	8	Health & Social Services Property Rationalisation
	9	Future Digital Services
	10	Digital Channel Shift (Phase 1)
Large	11	Digital Channel Shift (Phase 2)
	12	The Education Estate Development - (Phase 1)
	13	The Education Estate Development – (Phase 2) (Pipeline)
	14	Princess Elizabeth Hospital (PEH) Re-profiling – (Phase 1)
	15	PEH Re-profiling – Phase 2 (Pipeline)
	16	Home Affairs Estate Rationalisation

- 8.18 In line with previous portfolios and in order not to unfavourably prejudice obtaining tender prices for projects which could lead to the States paying more than necessary, no cost estimates for individual projects have been included at this stage.
- 8.19 The Policy & Resources Committee wishes to stress that the States are not being asked at this stage to allocate any specific budget to any of the projects within the portfolio. Inclusion in the portfolio allows the States to have a clear list of prioritised projects which are being developed. A firm budget will be allocated when the proposals have been developed further and the proposed solution identified.

### Pipeline Projects

- 8.20 Through the prioritisation process it became apparent that a number of the proposals submitted are longer term in nature and are not likely to commence anything but planning within this medium term prioritisation period. This has given an opportunity to extend the planning horizons for the portfolio and recognise this forward-looking assessment of the proposed projects.
- 8.21 The Policy & Resources Committee is recommending that these proposals be classified as pipeline projects which will be considered for inclusion in the capital portfolio following the next prioritisation round. This should provide transparency for the general public about how the infrastructure they rely on is being maintained and improved; some certainty to the supply chain to support capacity planning; and planning certainty to the proposers of projects.
- 8.22 Large high risk complex projects take time to scope, plan and procure. Taking a longer term view allows for better planning and scoping and, if there is a need, pipeline projects will be able to seek funding to develop. However, formal inclusion in the portfolio and the final investment decision will not be made until the next period
- 8.23 It is proposed that the following should be included in the portfolio as pipeline projects:
- Hydrocarbon Supply;
  - Inert Waste Solution;
  - Affordable Housing Programme (Phase 2);
  - Coastal Flood Defences (Phase 2);
  - The Education Estate Development (Phase 2);
  - Guernsey Runway Extension;
  - St Peter Port Harbour Action Area Development; and
  - PEH Re-profiling – (Phase 2).

## Funding the Portfolio

- 8.24 The 2017 Budget Report set out the movements on the Capital Reserve over this portfolio period, including estimated appropriations from General Revenue, anticipated Capital Income received from Trading Assets and returned surpluses on existing projects and property sales. The estimated funding available, after holding back an allowance for urgent and emergency projects, was £282million.
- 8.25 This funding model has now been updated in this Plan. The result is that the total estimated funding has increased to in the region of £300million, largely due to the exceptional investment returns achieved in 2016 and the decision to seek to appropriate the full 3% of GDP to the Capital Reserve over the medium term.
- 8.26 As part of the 2017 Budget Report a proportion of the total funding was allocated to each category to reflect their relative importance balanced with the value of submitted proposals: 30% to Maintain; 50% to Transform; and 20% to Grow.
- 8.27 At the time of the Budget Report, the total value of the proposals was £690m, which clearly presented the problem that not all projects could be funded. Following a series of detailed follow up meetings to gain a greater understanding of each project, further work by the projects, and other changes the overall required has now fallen to £236million in this period, accounted for as follows:
- Reductions in estimated project costs: £152million  
The significant changes that made up this movement were: refinement of the education estate proposals with a £53million reduction; a better understanding of the scope of the Critical Digital Infrastructure project leading to a reduced value of £40million; the preferred option for the Alderney airport having reduced by £27.5million; and a £22million reduction in the planning value for the PEH Re-profiling project following refinement of the scope.
  - Removal of two projects from the portfolio: £18million  
The Bus Depot and Solar PV projects have been removed from the portfolio. The former due to no identified need other than a contingency and the latter as it was considered that there are other ways of delivering the desired outcomes.
  - Removal of projects with potential for Bond funding: £53million  
The inert waste and digital infrastructure projects both appear suitable for loan financing from the bond proceeds at this stage. Therefore, the planning values have been removed from the portfolio. Should it prove necessary to fund the either the entirety or part of the costs from the Capital Reserve, they may need to be added into the portfolio at a later date.
  - Removal of full value of pipeline projects: £230million

As set out in paragraphs 8.20 to 8.23 above, a series of projects are longer term in nature and therefore would only require seed funding in this period to commence planning and scoping.

- Removal of all Ports projects: £7million  
Following discussions between the officers supporting the Ports' capital projects and those working on the development of the portfolio, all bids for funding from the Ports have been removed and are assumed to be funded from the Ports Holding Account. Once again, should future changes mean that Capital Reserve funding is sought then they may need to be added to the portfolio at a later date or funded through loans from the bond proceeds.

Table 29: Category Allocations - From Budget Report 2017 to Revised Proposal

Category	Agreed Allocation (£m)	Initial Funding Proposal (£m)	Revised Funding Proposal (£m)
<b>Maintain</b>	£85	£275	<b>£46</b>
<b>Transform</b>	£141	£282	<b>£185</b>
<b>Grow</b>	£56	£133	<b>£6</b>
<b>TOTAL</b>	<b>£282</b>	<b>£690</b>	<b>£236</b>

- 8.28 The significant work undertaken to understand and build the portfolio now means that the allocation to the 'Grow' category exceeds the proposed projects. However, the Committee does not think that the allocation should be changed at this stage as it considers it important that the importance of the Grow category as an enabler for delivering the outcomes set out in the Policy & Resource Plan should not be underestimated. It is possible that, as a result of the development of the Policy & Resource Plan identifying gaps between policy aspirations and capital plans and further opportunities arising over the period, the States will be asked to approve additional projects in this category.
- 8.29 Further, the 'Transform' category remains oversubscribed. This is largely due to the scale of the capital investment sought in this period by the Committee for Education, Sport & Culture for the proposed changes to the education estate. The Policy & Resources Committee remains committed to ensuring that an appropriate solution is put in place to deliver an education estate that can support the educational outcomes sought. The Committee therefore remains hopeful that the cost of this category can be reduced.

## **9. POLICY & RESOURCES COMMITTEE PRIORITY FISCAL POLICIES/PROJECTS**

### **Independent Taxation**

- 9.1 Under the current tax system a married couple are assessed jointly, with the husband responsible for submitting the tax return, disclosing income for himself and his spouse and receive a married person's allowance irrespective of whether one or both spouses receive income. Provisions have recently been put in place for civil partners to have the same rights and co-habitees who are in receipt of family allowance can elect to transfer allowances between the partners.
- 9.2 This system discriminates against women and treats those unmarried co-habiting couples who do not have children differently, as they have no entitlement to transfer any unused allowance.
- 9.3 The Policy & Resources Committee considers that this system is outdated and inequitable and that people should be treated independently for tax purposes and assessed in their own right. Therefore, the Committee intends to progress a move to independent taxation over this term.
- 9.4 Whilst it is inevitable that this would increase the number of individuals in the tax system (as married couples change from being one taxpayer to become two), the removal of the ability to transfer allowances, the removal of the need to alter people's tax affairs on marriage and separation, and the receipt of interest information directly from banks, should mean that, under a system of independent taxation, a substantial proportion of taxpayers may be relieved from the need to complete tax returns each year, and for those that still do, many should be capable of being automatically assessed.
- 9.5 Independent taxation would also mean that the calculation and collection of income tax would become more aligned with social security, which assesses social insurance contributions separately for married couples. Such simplification of the tax system and alignment with social security will be essential if the full benefits possible as part of the Contributions and Tax Services programme are to be realised.
- 9.6 The Policy & Resources Committee recognises that the States have considered and rejected similar measures in the last term. This was based on the impact that such a change would have on the financial position of married persons should transferability of allowances cease. Therefore, consideration will need to be given to the treatment of the transferability of allowances under any proposed system as the Committee recognises the financial implications of making such a change due to the married person's allowance being set at double the personal allowance. The practicalities and proposed method of implementation will need to be considered further before proposals are brought to the States.

## Returns from Commercial Entities

- 9.7 During 2015, the Treasury & Resources Department commenced work to determine the appropriate level of investment return that should be generated from the States' trading assets. This work resulted in £10m return of capital from the States owned incorporated assets which has been transferred to the Capital Reserve. It remains the view of the Policy & Resources Committee that the trading assets, both incorporated and unincorporated, should generate a return to the States of Guernsey, which in turn could be transferred to the Capital Reserve to be reinvested in future capital infrastructure.
- 9.8 The STSB has now been established with a mandate to manage these entities and is applying a more commercial model and rigour to the trading assets. Such an approach should result in dividends and return of capital / equity to the States as owner with improved focus on efficiency to ensure that this does not detrimentally affect customers by resulting in fees and charges being increased.
- 9.9 The Committee will work closely with the STSB to set a clear policy in respect of returns from trading entities. Consideration will be given to appropriate dividend policies for each entity given capital requirements; return on capital employed; and funding for past and future capital investment.

## Property

- 9.10 In addition to the trading entities, the STSB also has responsibility for Property Services. A more disciplined approach to the use, management purchase and disposal of property assets has the potential to provide sustainable income streams through rental income or one-off capital receipts through the disposal of surplus properties.
- 9.11 The Committee wishes to work with the STSB to develop a pipeline of properties to be disposed of (and potentially a short list of target assets to purchase/develop). This will enable the Policy & Resources Committee to better plan its capital portfolio, and manage its cash flow.
- 9.12 Fundamental to better management of the estate will be a more disciplined and efficient use of States' owned assets by internal users. The Committee therefore intends to work with the STSB to ensure that property usage is properly monitored and controlled through regular performance reporting. From 2018, it is intended that a system is put in place to report notional 'rental' space or cost for all office accommodation (whether that be States owned or commercially rented) to enable a cultural change which enables those occupying space to be aware of the significant costs of doing so.
- 9.13 Over time, the Committee believes that this will lead to a more efficient use of the estate, potentially freeing up further assets for disposal.

### Social Investment Commission

- 9.14 As set out in the Committee policy plan, one of the Committee's priorities will be developing and implementing a commissioning framework so that, in future, it will be easier for the States as an organisation to commission services and monitor their delivery.
- 9.15 In order to support this, the Committee wishes to exploit all available sources of finance which might support the commissioning of services and enable investment in longer-term preventative strategies that could significantly reduce the pressure on the future public service.
- 9.16 The second phase of this work would involve ensuring that funding which is currently paid by way of grants and subsidies to the third sector is used to help deliver on desired outcomes.
- 9.17 Therefore, the Committee is working with the Association of Guernsey Charities to explore the establishment of a social investment commission as a vehicle to act as an enabler of social investment projects and funder of the same.

### Innovation and Infrastructure Fund

- 9.18 The Policy & Resources Committee believes that there is an opportunity, through the investment funds under its control, for the States to invest in local innovation and/or infrastructure to the overall benefit of those funds and the wider economy. The impact to the Guernsey economy could come from, inter alia, attracting Fintech opportunities to the island; improving the local skills base; helping diversify the economy; increasing the use of local service providers (lawyers, accountants, fund administrators etc); providing higher quality employment opportunities; and supporting the digital policy framework.
- 9.19 The Committee believes that the driver for such a fund must be a commercial return objective appropriate to the type of investments being considered and that risk must be balanced and controlled through diversification and investment limits.
- 9.20 The Investment & Bond Sub Committee is progressing this initiative and is hoping that it will be shortly be presented with a suitable investment opportunity by a local reputable investment manager. It is envisaged that any investment would be made into a fund structure, so that – as with any other fund into which the States invests – the fund manager would be responsible for running the fund and making all investment decisions.

### Funding Health and Long Term Care

- 9.21 The Policy & Resources Committee announced as part of the 2017 Budget Report its intention to review the current system of social insurance health service

funding to try and tackle some of the underlying equity issues in that system; make the overall collection of taxes and contributions more progressive by applying an allowance; and provide a more transparent funding mechanism which places all spending on health and social care services directly under the control of the Committee *for* Health & Social Care.

- 9.22 The Committee has been working with the Committee *for* Employment & Social Security on this project, and both Committees felt it appropriate to include in this review the method of funding long-term care through the Long Term Care Fund and work is being progressed on this project.
- 9.23 There are no further resource implications, efficiencies or measures included in this report, aside from the reinstatement of the Health Service Grant, and a further update will be provided in the 2018 Budget Report.

### Resource Accounting

- 9.24 The States' Accounts are currently prepared on a 'modified accruals' basis which means that not all international accounting standards are applied, most notably, we account for capital expenditure in the year of purchase rather than holding the asset on the balance sheet and depreciating it over its useful life. This means it is difficult to appreciate the ongoing value of those assets and understand the true cost of their use by Committees. This leads to an opaque picture regarding the true cost of the services we deliver, a lack of focus on driving the best value from these assets and an inability to compare costs and financial performance year on year.
- 9.25 The States have already decided to adopt a resource accounting model and implement International Public Sector Accounting Standards - an internationally recognised set of principles laying down best practice and guiding the preparation of accounts in the public sector – but to date it has not been possible to progress this project due to competing priorities.
- 9.26 The Policy & Resources Committee recognises the benefits of resource accounting are far broader than simply the method by which accounts are prepared. Moving to this approach improves accountability; enables better decision making; eases comparability and leads to a better use of assets.
- 9.27 The Committee now wishes to ensure that this project is progressed in this term with an incremental introduction commencing with fixed asset valuation and accounting.

### Priority Based Budgeting

- 9.28 The current system of budgeting in the States is largely incremental. Although zero based budgeting principles are adopted, service leads and managers largely seek

a small increase on the previous year's budget. This leads to static and outdated budgets being set which do not reflect the current priorities of the States.

- 9.29 The Committee intends to roll out a system of priority based budgeting on an incremental basis over the next three years. Work has already commenced on this project as part of the recent costing, benchmarking and prioritisation projects in Education, Sport & Culture and Home Affairs. One element of this project was to design a priority based budgeting approach capable of being adopted across the States.
- 9.30 The approach adopted enables an objective scoring process to consider different services and examine their relative priorities. Ultimately, this should allow sufficient visibility and understanding of the cost base that decisions can easily be made to re-allocate resources between services and across Committees.

## RECOMMENDATIONS

1. To approve the approach detailed in the Medium Term Financial Plan 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.
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 recommendations 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.
6. To approve the Capital Portfolio as per the projects listed in tables 26, 27 and 28, classified as small; medium; and large projects.
7. To approve that the process contained within paragraphs 8.6 to 8.15 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 as pipeline projects.

## **APPENDIX I**

### **CAPITAL PORTFOLIO PLAN**

1. The approach taken in the capital prioritisation exercise has sought to build on previous experience and incorporate 'lessons learned' and best practice guidelines.
2. The work to define the Portfolio has been developed in four phases:

#### **I Understand**

The purpose of this phase is to obtain a clear and transparent view of the current projects in the portfolio plus the projects which are in planning, under development and wishing to be included in the portfolio.

Proposals were invited from across the organisation by completion of an on-line form designed to gather all necessary information. In May 2016, each new Committee was asked to confirm that all proposals submitted in respect of their mandated areas of responsibility remained a priority. As a result of this exercise, all proposals were confirmed and one additional proposal submitted.

In total, 51 proposals were submitted with a total estimated capital value of approximately £690million.

#### **II Prioritise**

A panel of senior officers was established to consider the proposals. The panel met with all of the submitting teams to ensure that there was an opportunity to explain the background to the proposals and enable questions to be asked in order better to understand and challenge the proposal before scoring was finalised.

The proposals were then assessed and scored in accordance with the strategic alignment and desired outcomes; investment objectives; benefits – with cash releasing benefits given a higher weighting; and the number of and anticipated level of impact on each type of potential beneficiary.

While a reasonably standardised and structured approach has been deployed, and is of value, judgment has also been exercised; this has not been a 'tick-box exercise'

#### **III Categorise – Main Categories**

All Projects were categorised according to three categories:

- Maintain – maintain the operation of existing services
- Transform – transform service delivery in line with public service reform
- Grow – benefit the island or a specific sector of the economy

This approach made it easier to understand the make-up of the portfolio and to make decisions on the optimum use of available funding and resources.

A member of the Chief Executive's Management Team was assigned to each category in order to lead its progression and work closely with the portfolio team to further challenge and scrutinise the proposals within each category following the initial prioritisation.

#### IV Balance and Plan

The initial prioritisation resulted in a ranked list of proposals. A significant amount of work has been completed in order to be able to propose a balanced, affordable capital portfolio.

The portfolio has been 'balanced' in order to ensure that the prioritised projects represent the optimum return on investment when taking account of factors such as ensuring a manageable spread of projects to avoid any unsustainable burden which would adversely impact 'business as usual'; exploring risks and the complexity of the project; examining funding options; and understanding the likely timelines.

The Portfolio Director and category leads have worked with the project leads to examine the impact of deferral; investigating alternative solutions; exploring all funding options (including alternative sources); undertaking feasibility analysis; and defining an affordable project scope.

All proposers were asked to give indicative timescales for the definition, design, delivery and closure phases of their projects as part of the initial proposal form. In discussions with proposers it became clear that several projects would not require funding for delivery until the next round of capital prioritisation. It is being proposed that these projects are included as 'pipeline' projects and are developed for inclusion in the next round.

3. The portfolio plan provides a baseline against which progress will be monitored and managed. The plan contains:
  - Approval pathway and delegated authority;
  - Summary of projects to be included in the portfolio;

- Summary of projects included from previous rounds; and
- Proposed scheduling and timing of the projects.

## Approval Pathways and Delegated Authority

All projects within the portfolio must be developed and presented in accordance with the best practice 5-case business case model. The business case is developed in three key stages:

**Scope** – scoping the project and preparing the strategic outline business case (SOC).

**Plan** - Planning the project and preparing the outline business case to confirm the preferred solution which offers optimal value for money (OBC).

**Procure** – Procuring the option chosen at OBC, putting in place delivery plans and providing the final detailed costing of the full business case (FBC).

The States' approved assurance process examines large programmes and projects at the end of each stage. For smaller less risky projects some of the stages may be combined. The objective of this process is to scrutinise projects and programmes from the perspective of delivery of optimum public value for money; the optimum combination of net whole-life public value, risk and cost including quality (and fitness for purpose) to meet the needs of the proposing body. The reviews inform decision makers at key approval points in their lifecycle in order to provide the necessary assurance that they are in a position to progress successfully to the next stage of their development.

It is proposed that the approval pathway is scaled appropriately to ensure that the necessary assurances are obtained before progressing the project. The pathway will depend on the estimated value and risk profile of project as follows:

### Non-routine small projects - Estimated value range < £2m

The States are recommended to delegate authority to the Policy & Resources Committee to approve project business cases and funding for all projects with a value up to £2million once the States have approved the admission of the project into the portfolio. This should speed up the delivery of low cost and low risk projects and programmes.

### Medium projects - Estimated value range: £2m to £10m

These projects should continue to be managed in the same way with the Policy & Resources Committee having delegated authority to approve funding for progressing the early stages of the project. A policy letter will need to be prepared to seek States approval when the project is ready to tender for the preferred solution. At this stage, the States should be asked to delegate authority for opening the capital vote to the Policy & Resources Committee provided the value is within agreed ranges and the specification and outcomes remain unchanged.

#### Large projects - Estimated value: Greater than £10m

It is suggested that States are given the opportunity to understand, influence and shape the scope of large significant projects at an early stage. Therefore, once the strategic outline case has been completed which sets out the strategic case for the project; defines the outcomes required and looks at a long list of options for delivery, a policy letter should be prepared seeking States' approval to proceed in the direction proposed. This should avoid committing substantial resources to projects before getting wide agreement to the proposed direction of travel.

The States would then also be asked to approve the developed project when it is ready to go out to tender for the preferred solution. As with the medium projects, it is anticipated that the Policy & Resources Committee would then be given delegated authority for opening the capital vote provided the value is within agreed ranges and the specification and outcomes remain unchanged.

#### Summary of projects to be included in the portfolio

There is a further significant work required to develop the projects including examining all options; investigating alternative solutions; exploring all funding options (including alternative sources); undertaking feasibility analysis; and defining an affordable project scope.

It is intended that funding is made available from the Capital Reserve to support the development of the initiatives to inform consideration at key approval points.

It is proposed that the assessed and moderated projects listed below be included within the portfolio to be further progressed:

Project Name	Description
Affordable Housing Programme (Phases 1 and 2)	Seeking funding for CESS to acquire (either directly or through housing associations) land upon which to develop affordable housing. The States will become less dependent on the private rental sector for keyworker accommodation; and will replace substandard States-owned keyworker accommodation with new-builds.

Castle Cornet Refurbishment	Aiming to refresh some areas of the Castle including some of the museum exhibits to encourage visitors to the attraction and increase income from it.
Contribution and Tax Services programme (CATS)	Programme looking at the way in which the contribution and taxation services could be improved and to update the working practices and supporting it systems and operational model.
CCTV Replacement	Upgrade and replace the Public Safety CCTV System which is in place at the Airport, Harbours, Town Centres, Courts, Police Headquarters and Beau Sejour Leisure Centre.
Coastal Repairs	Continuing programme of works carrying out repairs to the islands damaged coastline. Some of these works date back to the winter storms of 2013 but were of lower priority.
Coastal Flood Defences (Phases 1 and 2)	Investment in flood defences to mitigate against sea level rises focussing on the St Sampson's / Bridge area of the island but also investigating other areas for future investment including Belle Greve, Bordeaux, Port Gras, Cobo and St Peter Port.
Cremation Service	Replacing the cremator at the Foulon site with bringing it up to date with current air quality standards and the need to be able to deal with an increasing number of bariatric cremations.
Cyber Information	This project will aim to improve the protection of data held within the Bailiwick and the ability to prevent and respond to the increasing threat of cyber-attacks.
Digital Infrastructure	Looking at the future digital infrastructure on the island and planning the strategy to deliver enhanced high speed connectivity to both homes and businesses on the island.
Digital Channel Shift (Phase 1)	Changing the way that the States of Guernsey offers its services and to move towards a 'Digital by Default' form of communication and service provision should help to make it easier and quicker for businesses to manage their interactions with the States.

Digital Channel Shift (Phase 2)	Changing the way that the States of Guernsey offers its services and to move towards a 'Digital by Default' form of communication and service provision should help to make it easier and quicker for businesses to manage their interactions with the States.
Digital Court	The Digital Court project seeks to digitise all functions provided by the court, allowing for digital sharing of data, "Enter data once and use it many times".
The Education Estate Development (Phases 1 and 2)	The Education, Sport & Culture Committee will return to the States in June to set out their options for delivering the changes to secondary and further education. This will include a move to a three high school model and will make use of existing buildings within the education estate but will also require some newly constructed ones too.
Footes Lane Refurbishment	Replacement of the athletics track ahead of the 2021 Island Games and associated works to improve facilities for both competitors and spectators including accessibility for disabled users.
Future Digital Services	States of Guernsey IT Infrastructure Refresh.
Guernsey Runway Extension	This project seeks to extend the current runway at Guernsey Airport to enable larger aircraft to land in Guernsey. This will enable new routes to be opened and will go some way to meeting predicted increased resident demand in the future, as well as the aspirations of the Tourism Strategy to increase visitor numbers by 100,000 by 2025.
St Peter Port Harbour Action Area Development	Investigate the development of a thriving and vibrant harbour and seafront through the development of local planning briefs for the Harbour Action Areas. This presents an exciting opportunity for the seafront and the Island as a whole.

Home Affairs Estate Rationalisation	Home Affairs looking at the rationalisation of properties currently being used by the Home Affairs Committee and ways to improve service delivery and release leased properties.
HSC LAN	Upgrade of the IT hardware within the HSC sites. This project is considered to be a key enabler for transformation within the health care offered on island.
Health & Social Services Peripatetic Accommodation	Consolidation of HSC Peripatetic – Aiming to consolidate the HSC community services onto a single site (KE VII) which will allow for greater collaboration between teams, easier access for service users and offer opportunities for efficiencies and combining common services. This will also move staff out of several other properties which are no longer suitable for the types of services now being offered and could be released to raise further capital.
Health & Social Services Property Rationalisation	Carrying out a review of the property portfolio of the Health & Social Care Committee and determining an appropriate strategy for the c.52 buildings (e.g. maintain / repair / refurbish / dispose / alternative use).
Hydrocarbons Supply	A programme to investigate and develop options to identify a preferred way forward to secure the future of hydrocarbon supply into the island.
Inert Waste Solution	The Proposal is for the provision of a new inert waste disposal solution for the Island. Currently the States of Guernsey has relied on coastal land reclamation for the disposal of inert waste.
Longue Hougue Breakwater	Project to return the breakwater to original state following use as part of the historic St Sampson's Harbour Development works. This will also be key piece of work as Longue Hougue is used for inert waste material to avoid outflow from the area.
Office Rationalisation Project 1 – SCFH	Project aiming to consolidate staff into fewer buildings thus releasing or removing rental liability of the freed up offices.

Princess Elizabeth Hospital Re-profiling (Phases 1 and 2)	Reviewing the PEH Hospital layout and where necessary making changes to ward positions to help deliver the islands health services in a more efficient and effective manner and help support the moves towards treating more patients in the community.
SAP Roadmap	Upgrade to the organisations enterprise resource planning system of both platform and user modules. Would lead to an improved workforce planning system which could release significant savings by reducing reliance on bank staff.
St Sampson's Fire Main	Replacing the pressurised water ring-main that serves as the fire suppression for the offloading of liquid fuels and gas to the island at St Sampson's Harbour which has reached the end of its useful life.
Town Fire Appliances	Replacing the turntable ladder fire appliance used by the Town Fire Service.

### Summary of projects included from previous rounds

These programmes and projects will continue to develop into delivery. Any unspent balances at closure will be returned to the Capital Reserve for use by future programmes and projects.

The introduction of the three categories within this current planning cycle has been a useful way to differentiate across the portfolio and so the existing programmes and projects have been categorised in the same way (although this does not affect the allocations of funding to each category):

Category	Project Name	Stage
Grow	Alderney Airport Runway	Design
Maintain	Bus Fleet Replacement	Delivery
Transform	Electronic Document Management System (Income Tax Office)	This project has now been included as part of the CATS Project
Transform	Electronic Health & Social Care	Delivery
Transform	Guernsey College of Further Education	This project is now part of the Education Estate Development

Maintain	Leopardess Fisheries Protection Vessel Replacement	Design
Transform	Mental Health & Wellbeing Centre	Retention/Snagging
Maintain	Sea Wall Pointing / Storm Damage Repairs / Coastal Repairs	Delivery
Maintain	Radiology Replacement Programme	Delivery
Maintain	Prison Fence Replacement	Delivery
Maintain	La Mare De Carteret High School Remedial Works	Delivery
Transform	Les Beaucamps High School	Retention/Snagging
Grow	Airport Pavements	Retention/Snagging
Maintain	SCFH Roof Repairs	Retention/Snagging
Maintain	Longue Hougue Sea Defences	Retention/Snagging

### Scheduling and Timing of the projects

Key milestone data provided by the projects will be used as a baseline against which delivery of the portfolio can be measured.

This approach should help to provide both long-term and short-term overviews of the cycle enabling improved resource and cost planning. This will also provide a clear view of the contribution that the portfolio will make to deliver the strategic objectives of the organisation.



**POLICY & RESOURCES COMMITTEE**  
**COMMITTEE POLICY PLAN**

**Introduction**

This document comprises the Policy & Resources Committee's response to Phase One of the Policy & Resource Plan agreed by the States in November 2016. It sets out, at a high level, the policy priorities of the Policy & Resources Committee, together with an outline of the anticipated benefits and the work needed to realise those benefits, plus an estimate of the resources required to deliver those pieces of policy work.

**Our responsibilities**

The main powers and duties of the Committee essentially sit in four categories, as follows:

- Leadership and co-ordination of the work of the States
- Fiscal policy, economic affairs and the financial and other resources of the States
- External relations and international and constitutional affairs
- Other matters delegated to the Committee

In considering which matters to prioritise in terms of its own policy responsibilities, the Committee first considered the relationship between its mandate and the outcomes identified in Phase One of the Policy & Resource Plan – Future Guernsey. Whilst links can be found between all areas of the Committee's mandate and most of the outcomes, the table overleaf shows only the strongest links. Leading and co-ordinating the work of the States is of course equally relevant to all themes and outcomes, and in discharging its responsibilities in this respect the Committee will doubtless become involved in ensuring all of the outcomes set out in Future Guernsey are realised.

<b>Outcome</b>	<b>Leadership and co-ordination of the work of the States</b>	<b>Fiscal policy, economic affairs and the financial and other resources of the States</b>	<b>External relations and international and constitutional affairs</b>
Strong, sustainable and growing economy	✓	✓	✓
Sustainable public finances	✓	✓	
Healthy community	✓		
Safe and secure place to live	✓	✓	✓
One community: inclusive and committed to social justice	✓		
Lifelong learning	✓		
Centre of excellence and innovation	✓	✓	
Mature international identity	✓	✓	✓

### **Policy Priorities for the Policy & Resources Committee**

The Policy & Resources Committee's policy-making responsibilities are mostly concerned with fiscal policy. Other than that, its role focuses on: policy co-ordination (as opposed to development); the allocation and management of resources, including the States' budget; and facilitating cross-Committee policy development. Importantly, it also has responsibility for developing and promoting the States' overall policy objectives as well as leading the policy planning process. Given its mandate it is not surprising that the Committee's Policy Plan is couched more in terms of supporting and co-ordinating policy development than producing new policies, with fiscal policy the obvious exception.

Having regard to the long-term vision and shorter-term objectives set out in Phase One, the Committee therefore concluded that a significant focus of its work over the current political term would be coordinating and supporting the development and implementation of strategies already approved by the previous Assembly.

Such co-ordination activity sits in its Plan alongside the progression of those policy areas for which it has specific responsibility, with emphasis on fiscal policy and external relations, particularly in respect of the protection of the Island's interests in the aftermath of Brexit, which will be a significant focus of the Committee's work in the short- to medium-term.

### Outcomes and Objectives

The Committee's response to the specific outcomes and objectives agreed by the States are explained below.

#### ***Strong, sustainable and growing economy***

##### ***Relevant to: Fiscal policy, economic affairs and the financial and other resources of the States***

The Committee believes that this outcome warrants considerable focus because creating the right economic climate will support the achievement of many other outcomes and objectives articulated in Future Guernsey. Most of the specific objectives that will contribute to the creation of the desired economic conditions will be led by other Committees but, for its part, the Policy & Resources Committee intends to focus on two, namely maintaining an appropriately-sized working population and maintaining, enhancing and promoting Guernsey's rich marine and terrestrial environment as a high value resource which underpins our economy.

### Objectives

*Ensure conditions that encourage and foster enterprise and remove barriers to business, keeping regulation appropriate and proportionate, whilst respecting environmental and social safeguards*

The Committee *for* Economic Development will be leading on work streams that contribute to this objective; for example, working to ensure that Guernsey meets existing standards and takes part in the development of international standards; developing policies that facilitate inward investment; and developing measures to reduce red tape for existing and emerging businesses.

Alongside this work, the Policy & Resources Committee will be looking to develop States' procurement policies to seek to maximise the benefit to the local economy of States' spending. The Committee would be looking to roll out any new policies by the end of 2018.

*Ensure the provision of reliable, sustainable and affordable sea and air links*

The provision of air and sea links sits within the mandate of the Committee *for* Economic Development but these issues are of such strategic significance that the Policy & Resources Committee is keen that they should be afforded a very high priority. Feedback from the community also focused on air and sea links as vital issues. Accordingly, the Committee will be prioritising the support of this objective, and intends to work closely with the Committee *for* Economic Development to investigate and evaluate various options for securing sustainable strategic transport links.

*Maintain an appropriately-sized working population*

The size and composition of the population, and in particular the working population, is a significant factor in Guernsey's economic prosperity. Therefore it will be important to develop strategic population policies that underpin the economy. Whilst the Committee *for* Economic Development clearly has an interest in this policy area and the Committee *for* Home Affairs is an important stakeholder because of its responsibility for administering the Population Management regime. Neither explicitly has strategic population policy in its mandate. In recognition of this, and also in line with the Policy & Resources Committee's, responsibility for developing and promoting the States' overall policy objectives in March 2017 (Billet d'Etat VII) the States approved an amendment directing the Policy & Resources Committee to take the lead in a review of the Population Management Law and its underpinning policies. At the time of writing, the Committee was in the process of preparing for such a review in conjunction with important stakeholders, namely the Committees *for* Home Affairs, Economic Development and the Environment & Infrastructure.

Future work will include consideration of how dependency ratios might be improved, an area where the Committee *for* Employment & Social Security also has a role to play in respect of its ongoing project on Longer Working Lives.

For its part, the Committee will focus on developing strategic population policies that will enable the economy to flourish whilst respecting the fact that Guernsey's infrastructure is unable to support unlimited immigration. As set out in the former Policy Council's report entitled "Managing the Working Population" (Billet d'Etat XXIV, 2015) composition of the population will be of much greater importance than a population target, which is both unhelpful and ultimately unachievable because there are so many factors relevant to population increases and decreases over which government can have virtually no control.

In accordance with the terms of the amendment referred to above, the Committee intends to put any new policy to the States for consideration by the end of Q1 2019. For the avoidance of doubt, in the meantime the States' population objective will remain unchanged – i.e. that, as far as practicable, Guernsey's population should, in the long-term be kept to the lowest level possible to achieve the outcomes set out in Future Guernsey. (The existing population objective refers to "the 'Statement of Aims'

in this plan” – i.e. the States’ Strategic Plan – and this point of reference therefore needs to be updated but the objective itself remains the same.)

*Maintain, enhance and promote Guernsey’s rich marine and terrestrial environment as a high value resource which underpins our economy*

The Committee believes that establishing extended territorial seas, including the seabed, is integral to meeting this objective, and forms part of its responsibility for constitutional and external relations. The Committee therefore intends to pursue negotiations in this respect, with a view to establishing extended territorial seas before 2020.

### ***Sustainable Public Finances***

***Relevant to: Fiscal policy, economic affairs and the financial and other resources of the States***

Given its mandated responsibility for fiscal policy, economic affairs and the financial and other resources of the States, achievement of this outcome will form a core part of the Committee’s activity over the current political term (and beyond). The production of a medium-term financial plan will address many of the objectives identified as contributing to this outcome. Specific activities are likely to include:

- Reforming personal tax allowances
- Progressing the resolutions arising from the Personal Tax and Benefits Review, in conjunction with the Committee for Employment & Social Security

Further details are not included here, as they will form part of the medium-term financial plan that will be published and considered alongside the Policy & Resource Plan.

### **Objectives**

*Provide leadership of the transformation agenda and support the Public Service Reform agenda in order to manage both short and long-term spending pressures*

The Committee recognises that the organisation needs to look carefully at how it operates, with a view to making fundamental and radical changes to the way in which services are delivered, as this is the only way to ensure that expenditure is targeted appropriately. The Public Service Reform agenda is highly relevant to this, and the Committee fully supports that agenda, as set out by the Chief Executive and endorsed by the States in September 2015. Whilst all Committees will need to get behind the agendas of both transformation and Public Service Reform, the Policy & Resources

Committee recognises that it must also demonstrate political leadership of this crucial work.

*Ensure that the States' commercial and semi-commercial entities and other States' assets are maximised, making an appropriate return to the States but without placing a disproportionate burden on customers, many of whom are inevitably on low incomes*

The Committee's response to this will largely be encapsulated in the medium-term financial plan but it is important to highlight the reference to States' assets being used to ensure an appropriate return to the States. In line with its responsibility for the financial **and other** assets of the States, the Committee will be ensuring that a property strategy is produced, to give clear policy direction to the custodian of those assets, namely the States Trading Supervisory Board.

*Ensure competitive recruitment and retention of quality, skilled professionals, balanced with appropriate scrutiny including control and review of staffing costs, grading and pay awards, and effective performance management within the public sector*

This is relevant to the Committee in terms of its role as the employer of all States' employees and also in respect of its political leadership of the Public Service Reform agenda. The production and implementation of a strategic HR road map and People Plan for the organisation will make a significant contribution to the achievement of this objective.

Given the complexity involved across many aspects of the programme, the delivery of projects are short-, medium- and long-term across the 10-year public sector reform agenda. There are, however, other pieces of work in train that will see quicker results. For example, a new employee representative forum is in place, comprising representatives of all employee groups. This will play an important part in ensuring adequate staff engagement throughout other pieces of strategic HR work, which is one of the reasons why the establishment of this forum has been programmed early in the process. In a similar vein, the intention is to put in place a new communications platform for all staff by the end of 2017.

### ***Healthy Community***

#### ***Relevant to: Leadership and co-ordination of the work of the States***

The Policy & Resources Committee has no policy responsibilities with a direct impact on the achievement of this outcome. Nevertheless, there are a number of existing strategies – notably the Children and Young People's Plan, the Mental Health and Wellbeing Strategy, the Healthy Weight Strategy and the Supported Living and Ageing Well Strategy – that must be progressed as a priority if the goal of being a healthy

community is to be achieved. All of these strategies involve collaborative working between Committees, and the Policy & Resources Committee has an important role to play in ensuring that cross-Committee working is suitably co-ordinated, and supported by appropriate governance structures.

Work to implement these – and other – strategies is already under way and governance structures have already been set up by the Policy & Resources Committee in the form of the Children and Young People’s Plan and SLAWS Supervisory Groups. Through these groups, the Committee is able to ensure that priorities are identified and addressed, and that progress is maintained towards achieving the desired outcomes.

Many of the strategies agreed by the previous Assembly are very complex and involve cross-cutting work streams. As a result, it will be necessary to prioritise and co-ordinate these work streams very carefully to ensure that focus is maintained on meeting the outcomes and objectives already agreed by the States as part of Future Guernsey. Future approaches to the States in respect of these cross-cutting work streams are unlikely to be made in terms of the progression of only one strategy, as they have all become very much interlinked.

### Objectives

*Focus on the promotion of health and wellbeing, and the prevention of, early intervention in, and protection from negative health outcomes*

Focusing on these issues in order to protect the community from negative health outcomes is crucial if we are to achieve the vision of being among the happiest and healthiest places in the world. If early intervention can reduce the incidence of many “lifestyle” conditions, such as type 2 diabetes or smoking-related lung conditions, then healthcare costs related to the treatment of such ailments will reduce commensurately, allowing expenditure to be targeted elsewhere.

Consequently, the Committee is very keen to work with the Committee *for* Health & Social Care and the Committee *for* Education, Sport & Culture to co-ordinate and progress relevant work streams. In this respect, the Policy & Resources Committee considers that the development of an Early Years Strategy and the development and implementation of the Healthy Weight Strategy should be prioritised. Both are integral to the Children and Young People’s Plan, with the Healthy Weight Strategy also contributing to the progression of the Mental Health and Wellbeing Strategy.

*Support the continuing transformation of the health and social care system, across and in partnership with the public, private and voluntary sectors*

The Committee *for* Health & Social Care is already progressing its transformation programme, an important aspect of which will involve identifying suitable partners for the delivery of services, where appropriate.

In order to support this work, and also to support other Committees that might also be looking for service delivery partners, the Policy & Resources Committee will be developing and implementing a commissioning framework so that, in future, it will be easier for the States as an organisation to commission services and monitor their delivery. This is in line with commitments made in the Social Compact and also reflects feedback from the community to the effect that the States ought to focus on core government services and allow others, who may be better placed to do so, to deliver other services.

### ***Safe and secure place to live***

***Relevant to: External relations and international and constitutional affairs  
Fiscal policy, economic affairs and the financial and other resources of  
the States***

Feeling safe is an important part of becoming one of the happiest and healthiest places in the world. By definition, a community that lives in fear of crime is not happy, even if that fear is based on an erroneous perception rather than a reality. In today's world where there is ever more reliance on technology in both work and personal lives, the scope for crime has broadened. For example, fraudsters may carry out online crimes against individuals or businesses and it is necessary to protect all personal and/or sensitive data that is held online.

Ensuring that Guernsey is a safe and secure place will not only contribute to the wellbeing of the community but will also potentially attract businesses to Guernsey, which will in turn make a contribution to the economy. Thus the achievement of this outcome will have many positive aspects.

### **Objectives**

*Be proactive in monitoring potential threats to our way of life both internally and externally and, where necessary, make provision to mitigate the effects*

Given the increasing reliance on digital technology, it makes sense to prioritise digital security and the Committee is therefore fully supportive of the development of a cyber security strategy by the Committee *for* Home Affairs and the Committee *for* Economic Development. Whilst it is these Committees which will lead the work, the Policy & Resources Committee will have an important role to play, in light of its mandated responsibility for developing and implementing policy on assets and corporate services, including information and communication technology, combined with its responsibility for external relations.

***One community: inclusive and committed to social justice***

***Relevant to: Leadership and co-ordination of the work of the States***

Clearly the achievement of this outcome should be at the heart of every Committee's thinking if Guernsey is to achieve its aspiration of being "better tomorrow". The Policy & Resources Committee will maintain a keen interest in progression towards this outcome and sees its role in this respect as providing crucial cross-Committee support

and co-ordination in the implementation of a suite of social policy strategies agreed by the previous Assembly. These include:

- Disability and Inclusion Strategy
- Supported Living and Ageing Well Strategy (SLAWS)
- Mental Health and Wellbeing Strategy
- Children and Young People's Plan
- Development of a social welfare system which unifies housing and income benefits and directs financial assistance to those in most need, as developed by the former Social Welfare Benefits Investigation Committee

Work on all of these areas is already under way and the Committee expects to see considerable progress during the current political term, with significant existing resources dedicated to the furthering of these agendas, supplemented where appropriate by additional temporary resource funded by the Transformation and Transition Fund.

The Committee will continue to provide support to help ensure Guernsey meets its international obligations for human rights and assist Principal Committees with the extension of the UK ratification of any relevant convention, as part of its responsibility for external and constitutional relations.

### Objectives

#### *Foster integration within our community*

There is one objective relevant to this outcome that does not sit specifically within the mandate of a Principal Committee, although it is relevant to the progression of the Disability and Inclusion Strategy, and that is the reform of the Matrimonial Causes Law (Guernsey), 1939. Consequently, the Policy & Resources Committee has determined that it will take this forward, with the assistance of HM Greffier.

This Law is outdated and does not meet the needs of modern society. The disconnect will become increasingly apparent following the introduction of same-sex marriage legislation. Therefore, the Committee would wish to see this matter addressed by the end of 2018 and has prioritised this work stream accordingly.

#### *Provide support to informal carers*

This work stream sits within the Supported Living and Ageing Well Strategy, which is being led by the Committee for Employment & Social Security. It is also relevant to the

Mental Health and Wellbeing Strategy. The Policy & Resources Committee is keen to see this work prioritised, on the basis that it has the potential to improve the wellbeing of both carers and those for whom they care, as well as potentially enabling some carers to take up/increase paid employment, which will also bring about economic benefits.

***Centre of excellence and innovation***

***Relevant to: Leadership and co-ordination of the work of the States***

***Fiscal policy, economic affairs and the financial and other resources of the States***

The Committee's role in contributing to this outcome will be largely one of supporting and co-ordinating other Committees' work, as a number of the objectives in this area can only be achieved through close cross-Departmental co-ordination. However, it is anticipated that this may prove significant in terms of resourcing.

**Objectives**

*Invest in digital infrastructure to improve reliability and reduce costs*

The Committee for Economic Development and the Committee for Home Affairs will be working together to develop a strategy for:

- 5G mobile connectivity
- Adopting a Universal Service Obligation for broadband
- Reducing cost for investment in core network

The Policy & Resources Committee will be closely involved in this work, in terms of providing governance oversight and critical resources for it to progress.

*Encourage the growth of digital and information businesses through the Future Guernsey Economic Fund*

Again, this is an initiative where the Committee for Economic Development will lead with significant support from the Policy & Resources Committee in the development of a digital strategy (SMART Guernsey).

*Ensure conditions that encourage enterprise*

In this respect, the Committee intends to pursue the development of an innovation fund, in partnership with the private sector, which could be used to support initiatives with potential economic benefits for the island. Use of any such fund would of course

need to be carefully regulated, with any proposals having to meet clear investment criteria before funds could be released. For the avoidance of doubt, the Committee does not believe it would be best placed to make decisions about the allocation of funds and recommends that this be the responsibility of others who would be better placed to make such decisions. Work with the private sector to support the development of an innovation fund is under way and the Committee is cautiously optimistic that the fund will be in place by the end of 2017.

A further specific work stream that will be progressed by the Policy & Resources Committee in pursuit of the above objective is the investigation into establishing an international university presence in Guernsey. If feasible, the benefits of establishing such a presence would be primarily economic but, owing to the variety of stakeholders involved, and the complexity of some of the issues, it has been agreed that the Policy & Resources Committee will lead on this work, supported by the Committees for Economic Development and Education, Sport & Culture.

*Define the level of risk with which Guernsey is comfortable*

The Committee considers it a priority to establish some parameters around risk appetite and, to this end, will be working closely with the Guernsey Financial Services Commission (GFSC) to develop policy that will address this matter.

*Promote innovation within the public sector and its partners, and in pursuit of the realisation of government policies and strategies*

All Committees clearly have a role to play in fulfilling this objective but given its role in leading on Civil Service Reform and its responsibility for the development of public policy, it is considered appropriate that the Policy & Resources Committee should take the lead.

***Mature international identity***

***Relevant to: External relations and international and constitutional affairs***

Attainment of this outcome will be a significant focus for the Committee in view of its responsibility for external relations and international and constitutional affairs.

Objectives

*Ensure our interests are taken into account in the UK / EU exit agreement and seek new opportunities where possible*

The Committee considers this one of its top priorities, particularly given the need to act swiftly in order to take advantage of the potential opportunities offered by the UK's decision to exit the EU. In order to fulfil this objective, the Committee intends to

develop an International Relations and Constitutional Affairs Policy. This will be a comprehensive policy that will set out how we will seek to:

- Maintain our trading relationship with the UK
- Establish a new trading relationship with the EU
- Set up new trading relationships with the rest of the world

The Committee has already taken steps towards ensuring that Guernsey's interests are protected in the light of Brexit. The External Relations team is liaising closely with officers in the UK Department for Exiting the European Union, and has drawn together a team of officers from across the States of Guernsey to ensure that all aspects of the UK's withdrawal from the EU are taken into account in so far as they affect us. This team is to be strengthened with additional resource from across the organisation redeployed on a temporary basis while this work is a high priority.

*Ensure Guernsey continues to meet existing and emerging international standards in relation to market access*

This will be particularly important in the context of Guernsey's changing relationship with the EU and wider world in the light of Brexit. In order to ensure that the Island is well-placed to take advantage of emerging opportunities, the Committee has prioritised the development of financial crime policy and financial stability policy. In developing these policies it will be working closely with the Committee for Economic Development. It is anticipated that areas to be covered will include:

- Anti-money laundering
- Combating the financing of terrorism
- Continuing ongoing work and evaluation with MoneyVal, the IMF, the World Bank and the OECD on financial stability and transparency
- Providing technical and policy oversight on the development of a Beneficial Ownership Register
- Delivering a data protection law and regulatory framework that ensure Data Adequacy with the EU GDPR Regulations

*Seek greater autonomy from the UK in respect of the legislative process and international agreements*

This arises from the recommendations of the Constitutional Investigation Committee (Billet d'Etat I, 2016) and is even more pertinent now in view of the UK's changing relationship with the EU, which will of course have consequential implications for Guernsey. The Committee recognises that it will need to work with the States' Assembly and Constitution Committee in the pursuance of the relevant States'

resolutions, with the aim of securing greater autonomy in matters pertaining to the granting of royal sanction for legislation; the extension of international agreements; and the ability to enter into agreements under entrustment no later than 2020.

## **Context**

The Committee was acutely aware of the need to take account of the context against which it was determining its policy priorities. For example, recent events such as Brexit have brought to the fore certain issues that, whilst undoubtedly important, might otherwise have been allocated a lower priority in the Committee's policy portfolio.

Recent public engagement also gave the Committee the opportunity to reflect on the desires of the community, which was useful, as the Policy & Resource Plan is a community plan and it is incumbent upon government to take the community's desires and aspirations into account when drafting and implementing a plan of this nature. Naturally, those desires and aspirations have to be balanced with the obligations of government and the need to respond to international development outside of the States, and this balancing act takes place against a backdrop of the need to constrain public spending. It will come as no surprise that this is a demanding exercise but the Committee was heartened at the recognition of these tensions that emerged in the stakeholder workshops held in January 2017.

A general understanding prevailed that government cannot be expected to deliver everything that the community might like to see provided. However, there was an expectation that government should therefore seek out suitable service delivery partners in order to enable it to focus on its core functions, something that is reflected above in the commitment to develop a commissioning framework to support such activity.

## **Achievability of delivering objectives**

The Committee has not identified any significant barriers to the achievement of its own policy objectives, which it considers to be deliverable within existing resources. It is, however, acutely aware that it will be called upon to provide support and co-ordination for a number of work streams being led by other Committees. Whilst comfortable that it has sufficient capacity to support the overarching priorities for government set out in the Policy & Resource Plan, the Committee would caution that any significant changes to the work streams already agreed will potentially result in resources being spread too thinly to be effective.

This does not mean that it will not be possible to respond appropriately to changing situations. On the contrary, if the Policy & Resource Plan is to succeed then it will have to be sufficiently flexible to enable government to react appropriately to unforeseen events. (Last year's decision by the UK to exit the EU would be one such example.)

However, it needs to be understood equally that if it should be necessary urgently to pursue some policy work not originally envisaged when the Plan was put together, then it must follow that other work will need to be deprioritised in order to free up the resources necessary to support the new priority work stream.

### **Overview of policy delivery and outline of resources needed to develop and implement**

As set out earlier, the Committee has sufficient internal resources to be able to develop those policy initiatives it has prioritised. Specific work streams, notably those associated with Brexit, require additional resource beyond those usually dedicated to service areas that support the Policy & Resources Committee. These have been secured already at minimal cost to the organisation.

Notwithstanding the Committee's confidence that it is appropriately resourced to deliver its policy priorities as well as to support others in the development of their own policy work, the Committee considers it important to flag up that in the future staffing resources will need to be more mobile in order to ensure that priority work can be addressed. This is in keeping with the intent of the SRC policy letters approved by the States in 2015 and 2016 that the States as an organisation should, as far as possible, ignore the largely artificial barriers between different areas when looking at the development of policy. The Committee is pleased to report that this is starting to happen but it must continue and increase if we are to make the most effective use of our existing resources.

**THE COMMITTEE FOR ECONOMIC DEVELOPMENT**  
**COMMITTEE POLICY PLAN****Introduction**

This document comprises the Committee *for* Economic Development's response to Phase One of the Policy & Resource Plan agreed by the States in November 2016. It sets out, at a high level, the policy priorities of the Committee *for* Economic Development, together with an outline of the anticipated benefits and the work needed to realise those benefits, plus an estimate of the resources required to deliver those pieces of policy work.

**Our responsibilities**

The Purpose of the Committee *for* Economic Development is to secure prosperity through the generation of wealth and the creation of the greatest number and widest range of employment opportunities possible by promoting and developing business, commerce and industry in all sectors of the economy. In this respect, there are many objectives of the Policy & Resource Plan (Phase 1) that can be delivered through the Committee's mandate and its own policy priorities.

With specific reference to the objectives of the Policy & Resource Plan, the following areas of its mandate are particularly aligned:

- the promotion and development of all sectors of business, including construction, creative industries, digital, financial services, intellectual property, retail and tourism
- the reputation of the Island as a centre for commerce and industry
- securing the provision of, and promoting, air and sea links to and from the Bailiwick
- inward investment at the corporate and individual level
- the labour skills necessary to sustain economic prosperity
- competition, innovation, diversification and regulation in the economy
- safeguarding living marine resources and the sustainable exploitation of them

## **Policy Priorities for the Committee *for* Economic Development**

Following a complete review of the key policy areas adopted from the Commerce & Employment Department, assessing the Committee's role as set out within its mandate and taking into account the feedback received by Policy & Resources through its consultation on the Policy & Resource Plan, a total of 15 policy priorities have been identified by the Committee *for* Economic Development (the Committee). These have been set out in three categories of priority.

Each policy priority in each of the three categories is considered to be of equal importance and the three categories are:

- Critical
- Key
- Important

This ranking identifies that all of the Committee's priorities are regarded as significant, but some are more critical than others and, with limited resources available to allocate to these, it is these Critical priorities that will be given primacy for advancement.

### **CRITICAL**

- Support and promote a diverse finance sector that is appropriately managed, sustained and developed so that Guernsey remains a leading international finance centre
- Support tourism in order to maintain and grow the economic contribution the industry makes to the islands
- Provide support to the maintenance and expansion of air and sea links so that Guernsey is well connected with the UK and Europe
- Investigate and support appropriate new opportunities to diversify the local economy through innovation, with a particular focus on the digital, creative and IP sectors
- Identify and facilitate the removal of obstacles to appropriate forms of sustainable economic growth
- Support the maintenance and further development of excellent digital connectivity
- Work with others so that, post-Brexit, the trading opportunities and risks for the Island's goods and services are secured and where possible enhanced

## **KEY**

- Encourage high value individuals and new high added value and sustainable businesses to become established on the Island
- Support the development of skills, talent and entrepreneurialism through identifying skills gaps and future opportunities for diversification and economic growth
- Support retail within the Island so that essential needs can be met and to retain and enhance active, attractive and economically valuable shopping and working areas
- Provide support to the construction industry through the active encouragement of strategic development and assisting in the removal of barriers to business, so that it can assist in the competitive and efficient delivery of sustainable economic growth

## **IMPORTANT**

- Support a self-sustaining local fishing industry by safeguarding the Bailiwick's marine resources from unregulated and unsustainable exploitation
- Have in place a Bailiwick aviation regulatory system that is efficient and attractive to businesses based in the Island or considering relocating to Guernsey
- Promote Guernsey as a high quality destination of choice for the efficient registration of companies
- Regulate economic activities, as mandated by the States, to encourage competition of a scale that is appropriate for a small island economy

### **Identifying Policy & Resource Plan objectives that have a relationship with the Committee *for* Economic Development's policy priorities and assessing overall compatibility**

Those objectives of the Policy & Resource Plan considered relevant to the Committee's mandate and policy areas have been filtered out from the document's long list of "we will" statements, to ensure that all elements of the Policy & Resource Plan that have some relationship with the Committee's mandate have been identified.

All Committee priorities, identified above, fit with the Policy & Resource Plan objectives. All of the Policy & Resource Plan objectives that require input from the Committee have been identified as a priority by the Committee.

## **Policy Priorities for the Committee *for* Economic Development**

Set out on the following pages are each of the Committee's policy priorities (as listed above), together with:

- an explanation for their prioritisation
- the likely work streams required to deliver them
- their benefits
- the constraints to delivery, and
- the resources required to deliver them

It also identifies what might be possible with an increased resource allocation.

The Committee is conscious of the fact that it has identified a number of policy priorities that it considers are necessary in order to fully deliver its mandate, as set by the States. The Committee has undertaken an exercise of determining what it should no longer advance and which work streams simply cannot be stopped. However, it acknowledges that not all of the priorities identified in this paper can be delivered if the Committee is only able to utilise those resources that are identified as being its own.

Therefore, the Committee is looking to the Policy & Resources Committee to undertake a degree of prioritisation of all of the committees' priorities within the process of establishing an agreed Policy & Resource Plan. The Committee considers that its mandate, and therefore the health of the economy can be best addressed through the provision of additional resources, and this is referred to under each of the Committee's policy priorities below. Therefore, the Committee would encourage the Policy & Resources Committee to look across all of the priorities put forward by the principle committees in their policy plans and:

- identify synergies across the organisation and coordinate action accordingly
- identify the overall set of policy priorities needed to deliver the States of Guernsey's vision for the future and
- accept or decline the policy objectives of each of the Committees accordingly

To not do so will result in Committees being under pressure to undertake more work than they are able to adequately resource, raising public expectations and falling short on the quality of delivery. The Committee is aware that this may result in some of its own policy priorities not being identified for delivery, but that this is the right approach if the Policy & Resource Plan is to truly represent a document to focus the efforts of government in this political term.

**CRITICAL PRIORITY: Support and promote a diverse finance sector that is appropriately managed, sustained and developed so that Guernsey remains a leading international finance centre**

*Reason for prioritisation*

This has been prioritised by the Committee as the finance sector represents the Island's main economic activity and is the most significant contributor to local employment, wealth and revenues. The sector creates high value employment opportunities for the local population and has the highest average earnings per employee of any sector of the economy<sup>1</sup>. Its development, as a sector, is a primary driver for strong and sustained economic growth. Income tax represents the main source of revenue for the States of Guernsey and the finance sector generates more income tax than any other sector. It also generates property tax and duties and company fees. The sector indirectly supports all other sectors of the economy through the significant spend on goods and services, by both businesses and employees, and supports travel links through the volume of business travel. Many businesses operate corporate social responsibility programmes supporting local events, charities and good causes.

The success of the sector depends upon the support of the States of Guernsey to provide an environment in which business can flourish including, but not limited to:

- the development of policies and strategies encouraging and supporting growth, innovation and diversification in the sector
- the maintenance and development of a modern, attractive and internationally respected legal and regulatory framework
- representing the interests of the sector in discussions with foreign governments and public authorities and
- supporting the promotion of the sector on the international stage

Without sufficient support, for the sector, the health of Guernsey's economy could suffer, to the detriment of the quality of life of all islanders who benefit from this high value, low footprint sector.

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<sup>1</sup> States of Guernsey Data and Analysis, section 2 page 28.

### Work required to be carried out in this political term (in addition to BAU)

- To continue to develop and maintain corporate, commercial and finance sector legislation so as to ensure that Guernsey maintains its position as having a highly regarded and business friendly legal framework.<sup>2</sup>
- Ongoing monitoring and implementation of the recommendations set out in the:
  - Fintech Review (this is now part of the Digital Sector Strategic Framework)
  - Fiduciary Sector Review and
  - Insurance Sector Review
- To publish a strategic review of the Investment Sector which will include a strategic plan with clear priorities, objectives and business opportunities for the development and promotion of the Investment Sector
- To publish a strategic review of the Banking Sector with the focus on attracting new banks to the Bailiwick
- To update the “Guernsey Financial Services: A Strategy for the Future” report to reflect renewed priorities and objectives for the finance sector
- To engage consultants to provide an analysis of Brexit and its effect on the Bailiwick’s finance sector including identification of business opportunities for the same, post Brexit, and the provision of policy guidance for government in support of the sector
- To work with the Policy & Resources Committee in respect of the establishment of a private register of Beneficial Ownership as agreed with the UK government

### Anticipated benefits

The benefits of pursuing this policy priority are set out below:

- attract new business to Guernsey
- maintain and expand the direct economic contribution of the finance sector to GDP and revenue income
- maintain and increase the indirect contribution of the finance sector to the local economy and community
- create high value jobs for local people and
- support the sustainability of existing and future transport links

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<sup>2</sup>This reference is to specific material projects including, inter-alia, updating Guernsey’s insolvency legislation and the Limited Partnership (Guernsey) Law, 1995, creation of cheque imaging legislation and amendments to the Banking Deposit Compensation Scheme (Bailiwick of Guernsey) Ordinance, 2008.

- augments Guernsey's Global presence

### Barriers to successful delivery

Potential barriers to successfully delivering this policy priority are set out below:

- international political, regulatory and economic developments (e.g. Brexit)
- competition from other international finance centres
- need for support of external stakeholders in delivery, and implementation, of policy
- circumstances inhibiting industry from being able to identify and generate new business opportunities and
- availability of adequate resources (see below)

### Resources needed to implement

This policy priority, which will largely be delivered by the Committee's Finance Sector Development team (FSD) requires being adequately funded to address deficiencies in the following areas:

#### *(a) Staffing*

FSD, as a general requirement, needs to recruit and retain high quality professional staff to ensure the team is sufficiently resourced to deliver the Committee's policy priorities, respond to recent international developments and to provide the support to industry in accordance with expectations. At current staffing levels, (i) FSD will have to prioritise other projects and may not be able to deliver all of the expected priorities within, what it regards as being, acceptable time lines and (ii) the overall operational efficiency will be adversely affected.

Budget constraints are having a material impact on FSD's ability to meet this requirement and to compete with equivalent teams in competing jurisdictions, adversely impacting on Guernsey's ability to maintain its competitive edge.

It is not possible to reallocate resources from other parts of the Committee's operations as they will not have the professional skills required to undertake the necessary work.

#### *(b) Consultants*

The States of Guernsey has historically engaged consultants when additional specialist skills are required, such as to:

- effect sector reviews including the Fintech Review 2015, the Fiduciary Sector Review 2016 and the Insurance Sector Review December 2016
- assist in the development of the finance sector strategy document and
- assist with specific projects such as the insolvency law review

The benefits of the above are self-evident and, generally, supported by all industry stakeholders. The FSD budget line, in respect of consultants, is currently considered being reduced to affect required savings, the result of which is that it is now unlikely that some of the future projects such as the updating of the finance sector strategy document, in 2018, as originally envisaged, will be performed within the desired timeframe.

In contrast, and by way of example, it is understood that another international finance centre, in 2013, engaged consultants to affect a review of the major opportunities and challenges facing its finance sector at a cost, in the region of, £1 million. The same international finance centre and has also recently announced that it has made available up to £900,000 to engage consultants to, inter-alia, review potential opportunities and threats arising from Brexit, and the implications for its finance sector strategy. FSD's entire budget, for consultants is materially smaller than the amount assigned to consultants for the above Brexit review and currently does not include funding for any form of review of finance sector opportunities in the context of Brexit from a Guernsey perspective. The current budgets are having a material impact on FSD's ability to identify and develop additional benefits and appropriate funding would allow FSD to address this.

#### *(c) Guernsey Finance*

Operated under the brand 'WE ARE GUERNSEY', Guernsey Finance is a joint industry and Government initiative that promotes the Island's financial services sector internationally. The agency ensures that the core values and competencies of Guernsey's finance sector are accepted and respected by the global community and that financial business development flows are enhanced to the Island.

The Committee contributes £800,000 annually to Guernsey Finance. At the time of writing (April 2017) the Committee is undertaking a review of a number of grant-funded agencies, which will look at their strategic aims and current structures in place to consider how they can more efficiently and effectively deliver enhanced outcomes. Therefore it is the view of the Committee that the current financial commitment to Guernsey Finance should remain in place until the review is completed later this year.

### *Benefits of allocating additional resources*

It is understood that Policy & Resources has allocated just under £400,000 over 2 years to resource the coordination of Brexit-related work. While the Committee welcomes this, it would like to ensure that additional resources are available to carry out research into the potential impacts of Brexit on Guernsey's economy, specifically the finance sector, and investigates further opportunities for growth.

Increased funding for FSD will allow for appropriate recruitment to the team in accordance with the expected increase in demand.

Additional resource would help resolve the issues identified, above with the clear benefit to the finance sector and Guernsey's economy generally. This should be seen as of strategic importance to the States of Guernsey and the Committee is of the view that this warrants reprioritisation of the allocation of resources across the committees to effect these economic benefits. The Committee has identified its own prioritisation of resources but is of the view that additional resources would enable this policy priority to be delivered in this political term.

**CRITICAL PRIORITY: Support tourism in order to maintain and grow the economic contribution the industry makes to the islands**

*Reason for prioritisation*

Tourism is a significant contributor to Guernsey's economy through spend from off-island visitors. It also has the ability to increase demand for air and sea travel, leisure and sports facilities and restaurants, to the overall benefit of Islanders through cheaper costs and improved facilities.

*Work required to be carried out in this political term (in addition to BAU)*

- Review the Guernsey Tourism Strategy to evaluate new, sustainable and competitive routes to the islands, strengthen the Islands' unique product offering, develop an exceptional visitor experience, develop a positive environment for growth and investment and develop marketing and messaging that is consistent and compelling and report to the States
- Examine the viability of extending the runway in order to facilitate additional connections with the UK and Europe by Q4 2017 and report the findings to the States
- Examine the potential for air route development opportunities within the existing infrastructure constraints and report findings to the States
- Review the Air Transport Licensing regime to ensure regulation is fit for purpose and supports the growth, security and long term sustainability of air routes to the Island and report findings to the States
- Continue to work with Condor Ferries and evaluate opportunities to address strategic needs gaps identified in the Condor CSR report of 2016, to secure the required improvements (resilience, reliability, schedules) to existing services to and from the Island
- Work with passenger only ferry operators to secure improvements to inter-island services (possible report to the States of Guernsey in 2017)
- Review the States of Guernsey Tourism Strategy, so that government and the tourism industry can play its part in marketing and promoting the Island, developing the Island's product offering, improving the visitor experience, creating an environment for investment and maintaining and expanding strong physical links to the Island, and present to the States
- Continue to develop the Cruise Liner business to help grow the number of passengers visiting the Island and contributing to the growth of the Island's economy

### Anticipated benefits

- The necessary transport links infrastructure and licensing regimes and legislation are committed to, to help give confidence to the industry, business and consumers that Guernsey is open for business and is also committed to facilitating and stimulating the growth necessary to support the Tourism Strategic plan objectives
- The necessary policies, assets, investment and support from government are in place and are made available, to give confidence to business and industry to invest in the development of the Guernsey tourism product offering and the visitor experience
- Government commitment to growing the tourism sector helps to ensure that Industry is committed to the ongoing improvement of the visitor experience and continues to invest in the delivery of exceptional customer service
- Government is committed to investing in a key industry sector which drives additional growth through the multiplier effect, with additional revenue support for marketing and promotion of the Guernsey tourism offering
- Ongoing increase in visitor numbers and spend that helps to provide sustainable, flexible and competitive transport links and a hospitality sector that benefits the wider local resident and business communities

### Barriers to successful delivery

- Desire to see immediate return on investment from key initiatives fundamental to the future growth of the sector
- Lack of capital resource / prioritisation to commit to major infrastructure projects (e.g. Runway extension and Harbour Action Plan)
- Lack of revenue funding to support the marketing and promotion necessary to help deliver the growth objectives
- Lack of industry and business confidence in, and commitment to, investing in improving the tourism product offering and visitor experience
- Policy and legislation that is perceived to inhibit growth and investment

### Resources needed to implement

- Runway extension – Capital prioritisation funding (Seed funding for feasibility study / business case) and capital funding for runway extension and airport infrastructure changes - TBC

- c£1-2m for new air route support would open up opportunities for increasing visitor numbers
- Subsidy for Alderney PSO air routes (Alderney – Guernsey and Alderney to Southampton), and additional operational resource
- Possible capital budget for investment in sea links/ subsidy for underwriting ferry services TBC
- Additional contract resource to be dedicated to developing sea and air link agreements and opportunities
- Increase in Events Group funding focussed on Tourism specific events – from c£150k to 250k pa
- Capital prioritisation for Harbour Action Plan – Seed funding for development of detailed Harbour Action Plan feasibility study and business case to facilitate private investment. TBC
- Possible additional Grant Funding for Start-Up Guernsey to focus on Tourism businesses
- Increase in Marketing and Promotional and Trade Support Budget for VisitGuernsey - +£1-2m pa

#### *Benefits of allocating additional resources*

- Allows for key infrastructure programmes which remove barriers to providing the necessary industry and business confidence and commitment to invest
- Allows for resource to stimulate new route opportunities that help to deliver the necessary return on investment for key infrastructure programmes
- Provides additional resource to help focus on improving the tourism product offering and visitor experience
- Provides additional resource to help compete on a more equal basis with other competitor destinations, and to promote and develop key existing / at risk markets, and new and developing growth markets (e.g. Wellness, Business, Cruise markets)

**CRITICAL PRIORITY: Provide support to the maintenance and expansion of air and sea links so that Guernsey is well connected with the UK and Europe**

*Reason for prioritisation*

Robust, sustainable, reliable and affordable air and sea links are an essential requirement to deliver a dynamic and growing economy. They are required for:

- Business travel to and from the Island
- Visitor travel to the Island
- Import and export of freight

Connectivity to major UK and international airport hubs is also a key requirement for both business and leisure travellers.

Reliable schedule and frequency of air and sea service is vital if Guernsey is to facilitate and develop its economic development opportunities.

*Work required to be carried out in this political term (in addition to BAU)*

- Evaluate new, sustainable and competitive routes to the islands through investigating new air route opportunities, investigating and evaluating the potential case for the extension of the runway, reviewing the Air Transport Licensing regime and evaluating opportunities to address strategic needs/gaps identified in the Comprehensive Service Review of Condor (2016) in order to ensure that services provided by Condor Ferries align with the strategic needs of the Island
- Review the States of Guernsey Tourism Strategy, so that tourism can play its part in maintaining and expanding strong physical links to the Island, and present to the States
- Continue to develop the Cruise Liner business to help grow the number of passengers visiting the Island and contributing to the growth of the Island's economy

*Anticipated benefits*

- Growth of Guernsey as a business and tourist destination

- Service levels to maintain Guernsey's competitive position, compared to other jurisdictions
- Maintenance of freight links to the Bailiwick
- Building business confidence and promoting the message that Guernsey is "Open for business"

#### Barriers to successful delivery

- The economics (commercial viability) of providing air and sea links to a small Bailiwick with a limited critical mass of people wanting to travel to and from the islands
- The critical mass of Guernsey's population
- The commercial or governmental appetite for subsidy and/or underwriting of routes and schedules
- The potential requirement to consider a Channel Island approach to transport links, particularly with regard to sea routes
- Guernsey's physical infrastructure at the air and seaports. For example, the Committee is investigating whether the current runway length is limiting economic growth and/or adversely affecting fares
- Changing nature of international travel and aircraft and sea vessel types (global move to bigger aircraft and sea vessels)
- Regulations or external business policies beyond the Committee's control, such as the discouragement of propeller aircraft by Gatwick Airport
- EU rules on sulphur emissions for boats, which will increase operating costs and therefore affect viability of services (this will be affected by Brexit negotiations)

#### Resources needed to implement

##### Staffing:

- Air and sea routes – Dedicated resource to lead on policy, legislation and business case development
- Business as usual – dealing with carriers and policy implementation, plus more in-depth strategy and policy development issue

##### Budget:

Route development, route subsidy or route underwriting required. Public Service Obligation (PSO) routes may need to be developed. Marketing support for Guernsey harbours and airports.

*Benefits of allocating additional resources*

- Further investigation of alternative solutions to air and sea travel
- Investment in the physical infrastructure of the air and sea ports (capital allocation)
- Investigation into how Guernsey can remain easily accessible from Europe (such as remaining within the Common Travel Area) post-Brexit

**CRITICAL PRIORITY: Investigate and support appropriate new opportunities to diversify the local economy through innovation, with a particular focus on the digital, creative and IP sectors**

*Reason for prioritisation*

The finance sector accounts for 34% of the economy. There is a desire to promote new and emerging sectors of the economy and economic development opportunities. Digital, creative and Intellectual Property (IP) are a particular focus for the Committee, owing to them being high value, low footprint economic activities, suitable for a small island where land and workforce are at a premium. The Committee's aims are set out in the Digital Sector Strategic Framework Document.

*Work required to be carried out in this political term (in addition to BAU)*

- Implement the Digital Sector Strategic Framework's 10 action areas across four broad priorities (Driving digital sector growth [e.g. Fintech, cyber security, creative sectors], Delivering next generation digital Infrastructure, developing the digitally skilled workforce of the future and providing world leading and proportionate compliance and regulatory environment), to drive economic growth by investing in the digital sector to support existing businesses and strengthen the offer to new business opportunities
- Produce a methodology for working with businesses to encourage innovation and adaptation of working practices to the digitally enabled world where traditional ways of doing things are vulnerable to disruption
- To produce an assessment of the desirability and feasibility (including the cost and benefits) of expanding Guernsey's shipping registry
- Refine and develop the IP strategy for Guernsey to advance its reputation as a world class centre for Intellectual Property and to secure future growth in this sector
- Review the Guernsey Tourism Strategy to strengthen the islands' unique product offering through supporting the development of the islands' events, wedding, wellness, business tourism offering, supporting the expansion of alternative accommodation provision including Glamping and Airbnb. Supporting the development of Al Fresco Hospitality and the development of the Cruise Passenger experience and reporting to the States
- Produce a methodology for identifying opportunities for 'High Value, Low Impact' industries that complement or offer an alternative to Finance Sector Industries

### Anticipated benefits

As set out in the Digital Sector Strategic Framework, the Digital Economy has great growth potential for the Island and achieves diversification of the economy. There is also a need for businesses to become digital by default if they are to remain competitive.

Demonstrating that Guernsey's Intellectual Property Legislation is compliant with the Agreement on Trade-Related Aspects of Intellectual Property Rights will support future membership of the World Trade Organisation.

### Barriers to successful delivery

- Lack of resources (staffing and financial) to implement the aims of the strategy (see below)
- Negotiations are ongoing with the UK to extend International Agreements for Intellectual Property. The ability to take first registration from Guernsey and extend that to other jurisdictions will assist export markets. However resource constraints in the UK to consider these matters are leading to delays

### Resources needed to implement

Staffing:

Guernsey is currently under resourced in this important area of economic development and diversification. There are currently two full time staff responsible for the operation of the Digital Greenhouse, but there is no dedicated resource responsible for the development of digital sector policy. There is no appointed digital sector lead and work on business as usual is falling to a very small team that is also responsible for delivering 8 other Committee policy priorities, 5 being regarded by the Committee as Critical.

By way of comparison, another rival jurisdiction employs 7 members of staff with a budget of over £1m per year.

Finance:

A total of £1,460,000 of the Economic Development Fund was allocated to the establishment and operation of the Digital Greenhouse in 2016. This is a three-year project, running until December 2018 with income generated by the Digital

Greenhouse through membership fees and space hire off-setting the EDF grant funding.

The Digital Greenhouse has been established by the States of Guernsey to act as a focal point for the growth of the digital and creative sector. It is designed to support effective collaboration, co-working, networking and learning to enable successful innovation to thrive in Guernsey. After 2018 a decision will be required as to whether the Digital Greenhouse should continue to receive government funding. The Committee is currently undertaking a review of agencies in order to assess how efficiency savings can be made and how any overlaps of activity might be avoided.

The Committee currently allocates up to £25,000 of funding per year to Creative Industries Guernsey to help with skills development through its mentorship programme. The purpose of Creative Industries Guernsey is to promote a closer relationship between all the facets within and surrounding local industries. Its mandate is for open and fluid communications between each other and each industry, to educate and inspire and to promote the industries for the benefit they offer the Island.

The Committee currently has no budget allocated to the delivery of the Digital Sector Strategic Framework, other than a small amount in the 'Emerging Sectors' budget, which is also required to fund other non-digital issues.

#### *Benefits of allocating additional resources*

Additional resources would enable the Committee to properly deliver its digital strategy and assist in the growth and diversification of the economy.

The Digital Greenhouse project is currently significantly involved with this policy priority. With additional resources, the Committee would be able to shift this activity from a ring-fenced project to business as usual.

As mentioned above, at the time of writing (April 2017) the Committee is undertaking a review of a number of grant-funded agencies, which will look at the current structures in place to consider whether it is possible to secure enhanced outcomes and better value for money. Whilst it is impossible to identify the scale and type of resources needed to deliver this policy priority until the review of agencies has been carried out and any assessment of the effectiveness of the Digital Greenhouse has been considered, it may result in the Committee having to increase its annual budget by approximately £500,000 from 2018 onwards to maintain the current level of support for this policy.

<b>CRITICAL PRIORITY: Identify and facilitate the removal of obstacles to appropriate forms of sustainable economic growth</b>
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Reason for prioritisation

Guernsey exists in a competitive environment and must ensure that its offer to the business world remains compelling and competitive. It is essential that businesses do not experience unacceptable expenditure or encounter barriers when undertaking business in Guernsey.

Work required to be carried out in this political term (in addition to BAU)

- Follow up the findings of the Red Tape Audit carried out in 2015 and work with the SMART Guernsey initiative to identify opportunities for streamlining business interactions with the States of Guernsey
- Review the funding arrangements for a number of organisations/agencies/business units whose role it is to develop and promote Guernsey's economic sectors and attract individuals and businesses to the Island. This will ensure that the Committee is receiving the maximum return on its investment and that the operational functions, delivery mechanisms and governance structures are such that duplication is avoided, the impact of the work of the organisations is maximised and that staff skills across the organisations are most effectively deployed
- Request Committee for Home Affairs to review the Approved Warehouses Order (bonded stores), in order to decrease costs to businesses and to report findings to affected businesses
- Produce the methodology for undertaking a review of Alcohol Duty in respect of spirits and small independent brewers/cider producers and determine the economic value of any change in duty

Anticipated benefits

- Guernsey maintains its competitive position and sets a platform for future growth through the growth of business confidence

Barriers to successful delivery

- Connectivity (air and sea) – availability and cost compared to rival jurisdictions
- Access to staff with the right skills (population policy and management)

- Access to fast and ultra-fast broadband at a cost that does not serve as a disincentive to business (essential need for competitiveness)
- Access to the right type of commercial premises at affordable rates (for example, large floor plate offices)
- Unnecessary 'Red Tape'
- The impression that Guernsey is not 'open for business'

The issue of there being too much unnecessary red tape is difficult to fix. It is likely to require changes to regulation and yet at the same time international legislation, often necessary to comply with international treaties, is expanding all the time and adding to the burden. The balance of ensuring good regulation while allowing businesses to be adaptive to market conditions and fleet of foot is a challenging one.

#### Resources needed to implement

Staffing:

This policy priority could occupy all of the Committee's resources for the current political term. Therefore, it must look to work together with other Committees to ensure that the economic impacts of decisions are known, understood and respected. This will be essential in cases which affect the overall delivery of the States of Guernsey's Policy & Resource Plan.

#### Benefits of allocating additional resources

- The allocation of additional staff to enable the Committee to be more 'fleet of foot' with legislation revisions, to give Guernsey a competitive advantage over rival jurisdictions
- Head off potential economic problems quickly
- Capitalise on opportunities presented

**CRITICAL PRIORITY: Support the maintenance and further development of excellent digital connectivity**

*Reason for prioritisation*

This is covered in the Digital Sector Framework (see above) and mainly being progressed by Policy & Resources, but with input from the Committee.

*Work required to be carried out in this political term (in addition to BAU)*

- Implement the Digital Sector Strategic Framework to ensure the delivery of appropriate next generation digital infrastructure
- Deliver the Digital Sector Strategic Framework 10 action areas across four broad priorities (Driving digital sector growth, Delivering next generation digital Infrastructure, developing the digitally skilled workforce of the future and providing world leading and proportionate compliance and regulatory environment)

*Anticipated benefits*

As set out in the Digital Sector Strategic Framework, the Digital Economy has great growth potential for the Island and achieves diversification of the economy. There is also a need for businesses to become digital by default.

**CRITICAL PRIORITY: Work with others so that, post-Brexit, the trading opportunities and risks for the Island's goods and services are secured and where possible enhanced**

*Reason for prioritisation*

Guernsey needs to maintain its current position and relevant existing agreements as the UK exits the EU. Opportunities exist for Guernsey to present itself as a stable regime with economically advantageous product offerings.

*Work required to be carried out in this political term (in addition to BAU)*

- Work with Constitutional and External Relations and St James' Chambers, prepare proposals for Guernsey to have the UK's membership of the World Trade Organisation extended to the Island. (A policy letter will be prepared for presentation to the States of Guernsey)
- Identify the necessary internal and external research into Guernsey's trading relationships with the UK, EU and rest of the world to ensure Guernsey is well placed to protect and enhance its trading position with the UK and Europe during Brexit negotiations
- Analyse the risk to the availability of skilled labour and seasonal labour from the EU if the Free Movement of People is not a policy that is secured post-Brexit and produce a number of potential scenarios, based on Brexit scenarios to ensure Guernsey is well placed to take advantage of any trading opportunities post Brexit and to work with Jersey to establish pan-CI position
- Work with the Guernsey Border Agency to carry out initial research into movement of goods to enable scenario planning based on Brexit scenarios (needs resourcing). Working with Jersey to establish pan-CI position
- Potential for external research to be carried out into business attitudes relating to SWOTs of Brexit and impact on Guernsey's economic sectors. External research may be needed depending on availability of resource. Potential to work with Jersey and to pool resources to undertake pan-CI research and achieve economies of scale

*Anticipated benefits*

- Possible business re-locations and additional business if Guernsey is regarded as a stable jurisdiction

### Barriers to successful delivery

- There may be instances where the priorities of the UK Government and those of the Crown Dependencies are not fully aligned or the UK is not in a position to prioritise the interests of the Crown Dependencies above those of others
- Lack of knowledge / resources within the Committee's resources and the States of Guernsey generally
- Guernsey is not yet a member of the World Trade Organisation (WTO). In the event of a 'hard Brexit', Guernsey may face higher tariffs if it is not a member. WTO membership has benefits for Guernsey's economy for areas such as Intellectual Property

### Resources needed to implement

Staffing:

Most of this work is being led by the Policy & Resources Committee through the External Relations team. However it is likely to have significant resource implications for the Committee and a minimum of one additional Full Time Equivalent is required.

### Benefits of allocating additional resources

Other jurisdictions have rightly seen this as a priority and have allocated to it significant sums of money in addition to normal budgeting, reflecting its importance and value to the economy.

At the present time, adequate resources have not been allocated to investigate and prepare for the impacts and opportunities of Brexit in Guernsey.

The Committee's Finance Sector Development team is in the process of considering the potential impact of Brexit on the finance sector, with a view to follow up meetings with industry and the UK government to ensure that industry concerns and suggestions are addressed efficiently and correctly. However, additional resources would enable this work to be carried out at pace and would enable Guernsey to access the right skills to undertake the assessment to ensure Guernsey is in a strong position following the UK's exit from the EU in 2019.

**KEY PRIORITY: Encourage high value individuals and new high added value and sustainable businesses to become established on the island**

*Reason for prioritisation*

This has been prioritised by the Committee as it is one of the areas of the Committee's mandate where on-island wealth can be directly increased through specific intervention.

*Work required to be carried out in this political term (in addition to BAU)*

- Continue to investigate the attractiveness of Guernsey as a destination for high net worth individuals
- Review the roles, responsibilities and interrelationships of States of Guernsey-funded operations and agencies and others to determine the best vehicle/s for delivering the above objective
- Establish a mechanism/methodology to monitor the conditions in Guernsey to ensure they are conducive to individual/business relocations (work permits, access to housing, business premises, skills, working population, etc.)

*Anticipated benefits*

The benefits of advancing this policy priority are that it has the ability to increase economic activity in the Island and therefore increase the tax take for the States of Guernsey, through personal taxation and property document duty. In addition to these primary benefits, there are considerable secondary economic benefits. These include (but are not limited to) spend with professional services firms, the hospitality and retail sectors and Guernsey's construction companies. There is also a multiplier effect here for a single year. The conservative single year multiplier figures are 1.5 times for primary benefits and 3.5 times for secondary benefits. (Obviously for a longer period, that multiplier figure can be expected to be higher.)

It has the ability to attract inward investment to the Island and to enhance the Island's reputation as a high quality place to live and do business, further increasing the potential to attract new individuals and businesses to the Island. It also results in increased employment opportunities, potentially in new industries to the Island and can subsequently lead to new training opportunities, increasing and diversifying the skills levels of Guernsey's population.

### Barriers to successful delivery

The most immediate difficulties in realising benefits relate to the future funding structuring of this particular function.

Specific difficulties relate to the potential impacts on the free movement of people, following the UK's Brexit negotiations with the EU. Locally, the Island's Population Management Regime may present difficulties in attracting people, businesses and employees to the Island and therefore the Committee would wish to see flexibility in local policies and legislation, in areas such as personal tax policies, planning controls and work permits.

Ultimately, Guernsey is competing in a global market and there is always the threat of better offers to individuals and businesses from elsewhere.

### Interdependencies between policies and any necessary phasing of delivery

The Committee will need to work closely with the Policy & Resources Committee regarding the existing Fiscal Framework, with the Committee for Home Affairs regarding the population management regime and Open Market housing control and with the Development and Planning Authority on matters concerning land use planning policy.

### Resources needed to develop or implement the policy

Responsibility for progressing this policy objective mainly rests with the Committee's Locate Guernsey function. The Locate Guernsey programme was funded on a three-year basis, with a ring-fenced sum of £1.2 million being allocated. A series of Key Performance Indicators have been established to assess the Committee's return on investment. After 2018 a decision will be required as to whether this work stream should continue. The Committee is of the view that this is a significant work stream for growing the local economy and such activity is likely to need to be resourced after 2018. The Committee is currently undertaking a review of agencies in order to assess how the strategic aims can be aligned more efficiently and effectively.

Funding for the potential contracting of consultants may be required. It is also likely that other States Committees, such as Policy & Resources, may need to provide specialised monitoring and data collection skills in order to ensure any review of operations is based on reliable and robust evidence.

The ability to deliver this Committee policy priority is dependent to some degree on the level of marketing carried out. Therefore, the Committee's capacity to undertake

such marketing and to ensure consistent messaging and branding may require resources over and above its current level of commitment.

*Benefits of allocating additional resources*

This policy priority is currently being led by Locate Guernsey. With additional resources, the Committee would be able to shift this activity from a ring-fenced project to business as usual. Depending upon the results of any independent assessment of activity, it may also be beneficial to increase the annual allocation of budget (currently £400,000 through the Locate Guernsey project) if a greater level of return on investment can be identified.

As mentioned above, at the time of writing (April 2017) the Committee is undertaking a review of a number of grant-funded agencies. Whilst it is impossible to identify the scale and type of resources needed to deliver this policy priority until the review of agencies has been carried out and any assessment of potential expansion of the Locate Guernsey activity considered, the Committee is of the opinion that a significantly increased resource allocation will be needed from 2018 onwards.

**KEY PRIORITY: Support the development of skills, talent and entrepreneurialism through identifying skills gaps and future opportunities for diversification and economic growth**

*Reason for prioritisation*

Access to skills are of critical importance for businesses, especially in the light of Brexit, and the impacts of a change to freedom of movement of people. It is critical for development of Guernsey's Digital Economy to ensure that the Island has access to a highly skilled workforce.

The Committee is aware that there is a worldwide shortage of certain skills and therefore it would be economically advantageous for Guernsey to upskill people accordingly.

Providing support to individuals and new businesses is important to the encouragement of entrepreneurialism, the diversification of the economy and ultimately economic growth. The Committee supports this through the work of Start-Up Guernsey, which is a granted-funded, arms-length agency.

*Work required to be carried out in this political term (in addition to BAU)*

- Work with the Committee for Education, Sport and Culture to develop a Skills Strategy (through Skills Guernsey) that ensures Guernsey is well placed to act on opportunities for economic growth and diversification, and report to the States
- Work on developing best in class digital skills, education and training through action area 6 of the Digital Sector Strategic Framework – Digital Skills
- Work with Start-Up Guernsey to create a best practice entrepreneurial environment – as set out in action area 4 of the Digital Sector Strategic Framework – Creating a best practice entrepreneurial environment
- Work with the Committee for Home Affairs (Population Management) to develop framework for the assessment of businesses applying for Employment Permits to ensure that businesses have access to staff to continue and expand the economic success of Guernsey-based businesses. Consider whether any amendments are needed to the population management regime
- Review the Guernsey Tourism Strategy to develop an exceptional visitor experience, to maximise the economic potential of the Bailiwick Ambassador scheme and skills development, develop a positive environment for growth and investment, provide guidance to the Committee for Home Affairs to ensure an

appropriate Population management regime with a specific focus on the potential impact on staff and skills retention and to report back to the States

- Work with P&R and ensure that the States has a clear position regarding the free movement of people, as part of the Brexit negotiations

#### Anticipated benefits

- Sound evidence exists proving that investment in skills development generates good economic return through better workforce productivity
- On-island skills development lessens the need to access off island skills and therefore population issues are of less concern
- Potentially develops local entrepreneurs of the future through a best practice entrepreneurial environment
- Enables economic diversification into emerging sectors
- Development of a local 'knowledge economy' and therefore diversification of our economy

#### Barriers to successful delivery

- Lack of funding allocated – i.e. Skills Guernsey exists to develop a skills strategy, but there is no funding for the strategy
- Start-Up Guernsey has limited funding to take up new initiatives

#### Resources needed to implement

A skills strategy would be implemented through Skills Guernsey (a sub-committee of the Committee *for* Education Sport & Culture), but no full time resource is allocated to this.

'Start-Up Guernsey' is a grant-funded agency that assists new businesses to start and to grow in Guernsey.

The Committee contributes £112,000 annually to Start-Up Guernsey. At the time of writing (April 2017) the Committee is undertaking a review of a number of grant-funded agencies, which will look at the current structures in place to consider whether it is possible to secure enhanced outcomes and better value for money. Therefore it is the view of the Committee that the current financial commitment to Start-Up Guernsey should remain in place until the review is completed later this year.

The Committee allocates £10,000 per annum to the Investors in People scheme, operated by the Guernsey Training Agency. This internationally recognised accreditation is held by 14,000 organisations across the world. The Standard defines what it takes to lead, support and manage people well for sustainable results. The Investors in People Standard is underpinned by a rigorous assessment methodology and a framework which reflects the very latest workplace trends, essential skills and effective structures required to outperform in any industry.

*Benefits of allocating additional resources*

- To enable the Committee to work together with the Committee *for* Education, Sport & Culture to develop a skills strategy that delivers the strategic policies of the Committee in terms of encouraging skills that will lead to economic growth in Guernsey
- To enable the Committee to work to create a best practice entrepreneurial environment in Guernsey

**KEY PRIORITY: Support retail within the Island so that essential needs can be met and to retain and enhance active, attractive and economically valuable shopping and working areas**

*Reason for prioritisation*

Retail is an important sector of Guernsey's economy and adds to quality of life through the contribution it makes to, amongst other things, an attractive and lively high street. It also enables direct access to goods that would otherwise only be available online.

However, retail ranks as a 'Key' (second tier) priority for the Committee and in the interests of having to allocate resources where they can have most effect in delivering the Committee's mandate, the Committee will need to look at other ways of delivering this. For example the advancement of one of the Policy & Resource Plan priorities could bring forward development within the Harbour Action Areas (HAA). This may unlock some of the problems faced by retailers and improve the viability of shops in this area. This could be achieved through increased commercial activity, an increased number of residents in the area and a general enhancement of the physical environment, bringing more visitors to Town. This work stream will require the input of the Committee and therefore the Committee would like to focus its existing resources in bringing forward this significant economic development. Currently this lacks any political lead and impetuous. It is suggested by the Committee that a working party that has representation across the relevant States committees is formed to gain a clear direction regarding the HAA. Only then will it become clear as to what resource is required and what other areas of the Committee's mandate regarding retail will be able to be fulfilled.

*Work required to be carried out in this political term (in addition to BAU)*

There is a case to allocate additional funds to this, as explained below. However, the Committee is of the opinion that the proper resourcing of the Harbour Action Area priority will also deliver the Committee's policy priority for retail. Therefore the Committee would look to P&R to provide these additional resources to enable the Committee to concentrate on its other policy priorities.

*Benefits of allocating additional resources*

If additional resources were to be allocated to the Committee, it would undertake the following work:

- Undertake a review of the 2013 Retail Strategy, so that retail is able to contribute positively to Guernsey's economy and deliver the maximum economic return
- Investigate new and expanded retail opportunities afforded by visiting cruise liner passengers to increase the level of on-island spend
- Evaluate the success of the existing retail skills training subsidy trial run between 2015 and 2016, and determine need/level of future subsidies working with the Committee for Education ,Sports and Culture to ensure this training is delivered as part of the Skills Strategy if it is beneficial to do so
- Assist in bringing forward the HAA and be part of a working party to ensure that economic benefits are identified and exploited in these areas

**KEY PRIORITY: Provide support to the construction industry through the active encouragement of strategic development and assisting in the removal of barriers to business, so that it can assist in the competitive and efficient delivery of sustainable economic growth**

*Reason for prioritisation*

The stimulation of key sectors such as finance, digital and tourism will bring in new money and help to deliver growth in the construction industry through the multiplier effect. Therefore the Committee will be focussing on these sectors in order to assist the construction industry.

The Committee is aware that the successful Queripel/Fallaize amendment to the Island Development Plan will result in the identification of sites that are suitable for low impact industrial uses and outside storage. It is also aware that the Island Development Plan, adopted by the States in 2016, provides greater flexibility for commercial premises that previously was the case within the Urban and Rural Area Plans. Furthermore, the Committee has helped to facilitate the provision of replacement premises in the private marketplace, for tenants of the open storage compounds at Fontaine Vinery, which are due to close later this year when a temporary planning permission for the compounds expires. Therefore the availability of land is currently being addressed and mechanisms have been put in place to assist this.

With regard to the issue of non-local traders, the Committee has researched this issue extensively and has allocated many staff hours. There is in place the ability for non-locals to work in Guernsey for a period of no more than 10 days in a rolling 30 day period, and no more than a total of 90 days in a rolling one year period without a housing licence. This rule is necessary to secure the flexibility that companies in all sectors of our economy require in order to operate easily in the Island, as well as ad-hoc workers and guest speakers. Whilst some have suggested a construction sector-specific exception to this rule, Housing Control has outlined the difficulties in applying rules to specific sectors due to the problem of definition of the class of people to be excluded, and the subsequent implications for enforcement. Policing such an exception would be extremely labour intensive and so would require robust evidence of need.

With these points in mind, the Committee has determined that the progression of this particular policy priority is not currently of a high enough priority to continue with this work stream during this political term, which would be at the expense of focusing resources on other policy priorities.

### *Benefits of allocating additional resources*

If additional resources were to be made available in this political term, the Committee could undertake the following work:

- Analyse response to commercial premises needs survey for businesses requiring land for industrial and storage uses and determine future land requirements
- Consider the need for States support (as landlord or some other form of financial support) for businesses requiring land for industry/storage
- Investigate the need to introduce as an exception for the construction industry for a licence for a period of no more than 10 days in a rolling 30 day period, and no more than a total of 90 days in a rolling one year period without a housing licence.

**IMPORTANT PRIORITY: Support a self-sustaining local fishing industry by safeguarding the Bailiwick's marine resources from unregulated and unsustainable exploitation**

*Reason for prioritisation*

Sustainable fisheries management within Bailiwick waters is of direct economic benefit to Bailiwick based fishermen and is crucial in fulfilling our obligations to operate well managed fisheries within waters managed by the States of Guernsey

*Work required to be carried out in this political term (in addition to BAU)*

- Maintain a statutory framework for the regulation of fishing to ensure appropriate levels of control are in place. Complete the review of 1997 Fishing Ordinance and submit a policy letter recommending amendments. The Sea Fisheries Officers to take part in all Brexit related consultations as requested and attend all Crown Dependency Brexit Officials Meetings with external relations staff
- Liaise with Defra and the MMO at least annually to ensure Guernsey's fishing industry is taken into account in all fisheries stock management decisions and future proposals that may affect them
- Operation of an effective shore and sea patrol and enforcement programme
- Develop the Guernsey Tourism Strategy to strengthen the Islands' unique product offer by supporting local produce and events
- Develop the Guernsey Tourism Strategy to raise awareness of Guernsey's fish and seafood offering
- Review the Guernsey Tourism Strategy in order to strengthen the Islands' unique product offering, support the development of key events (Food Festival) which promotes Guernsey home grown seafood produce and cuisine), develop marketing and messaging that is consistent and compelling, support marketing to raise the awareness of Guernsey's fish and sea food offering and report to the States

*Anticipated benefits*

- Employment – direct 150 + islanders, indirect 50 Islanders (food preparation and marine services)
- Export Value – fishing is the only primary industry that exports to any significant degree and exports are worth £6 million

- Tradition – fishing has been a part of Island life for centuries and embodies aspects of Island culture considered to be worth retaining (Toilers of the Sea – Victor Hugo)
- Visitor Economy – a valuable part of the local maritime and harbour scene
- Health – Access for Islanders to fresh, high quality seafood
- Environment - Fish are a key part of a balanced marine food chain/ecosystem

#### Barriers to successful delivery

- Potential for further foreign fishing access to Bailiwick water in exchange for electricity cable rights
- Resources/capacity to enforce control
- Human Resources to manage the administrative processes needed to underpin the fisheries licensing system
- Breakdown in UK legislative framework is a risk (Brexit discussions will affect this)

#### Resources needed to implement

Sea fisheries has a general budget of £343k, of which £324k covers staff costs.

**Capital** is needed to either replace the current Fisheries Patrol Vessel (Leopardess) or to invest in a major life extension (10-year) refit and re-engine and a decision will need to be taken on this in 2017. Previous work suggests that the replacement of the vessel is the best value for money for the Island. The project is expected to cost around £2.5 – 3.0 million and this is a current and agreed States Capital Investment Project.

**Revenue** – Revenue is currently too low to run and maintain the Fisheries Patrol Vessel and no less than 4 staff in the section, which is regarded as being the minimum requirement for an appropriate level of operation. In particular vessel maintenance and fuel allowances are not sufficient. Currently the Fisheries Patrol Vessel has an operating budget of £46k whereas it should be receiving around £55 to 60k.

**Staff** – Additional staff members are needed to manage the licensing system and its associated work, such as data collection and processing, and potential for increased administration if charging is introduced. Also to ensure full cover for leave or other absences.

**IT systems** – There may be a requirement to upgrade IT systems to reflect additional work arising from licensing changes.

*Benefits of allocating additional resources*

- More efficient operations
- Additional Fisheries Patrol Vessel patrols

**IMPORTANT PRIORITY: Have in place a Bailiwick aviation regulatory system that is efficient and attractive to businesses based in the Island or considering relocating to Guernsey**

*Reason for prioritisation*

Aviation is a small but significant part of Guernsey's economy. There is a high level of interest in using Guernsey as a base for specialist aviation services. It is also significant that the majority of funding is being provided by industry and the aviation registry operator.

*Work required to be carried out in this political term (in addition to BAU)*

- Establish a mechanism/methodology to determine the requirements to ensure the aviation regulatory system is as efficient as it can be
- Based on the findings of the above, to review the current regulatory system and amend if necessary
- Work with operators to increase the understanding of the flexibility of Guernsey's regime and to ensure increased use and promote these opportunities as appropriate through an agreed marketing plan

*Anticipated benefits*

As well as the wider economic benefits of new businesses, aviation services predominantly require skilled employees. There have been four full-time skilled roles filled within the last year, two of which have been recruited on-island. Over the next two years we expect between ten and twenty full and part time positions to be created.

*Barriers to successful delivery*

- Availability of key staff and resourcing

*Resources needed to implement*

Other than the current level of funding for the DCA for development and oversight work, none. Part of the work will be to evaluate current DCA staffing and determine if additional posts are required. In the future, as our aircraft registry grows there will be an increased cost for audits and external oversight to ensure that we are meeting our

international obligations, but this will be offset by royalty income. There is also potential to recover some (or all) of this cost from industry.

*Benefits of allocating additional resources*

- None at the present time

**IMPORTANT PRIORITY: Regulate economic activities, as mandated by the States, to encourage competition of a scale that is appropriate for a small island economy**

*Reason for prioritisation*

Regulation is a mandated responsibility of the Committee. A well-regulated finance sector is essential to the Island's international reputation as a high quality and reliable location from which to do business.

*Work required to be carried out in this political term (in addition to BAU)*

- Work with CICRA to agree a programme of undertakings per calendar year
- As per action area 9 of the Digital Sector Strategic Framework, work with P&R to create a robust and successful data protection framework for the Island that is compatible with GDPR regulations
- Establish an appropriate system for the regulation of the electricity and postal sectors by the Committee
- Investigate the option of reviewing the Committee's mandate in regard to the responsibility for assessing the safety of electrical installations and if required, prepare a Proposition and Policy Letter for the consideration of the States of Guernsey

*Anticipated benefits*

- Enhances Guernsey's international reputation
- Ensures high quality business activity
- Ensures a fair deal for customers

*Barriers to successful delivery*

- None at this time

*Resources needed to implement*

The Committee currently provides the Guernsey Competitions Regulatory Authority with £140,000 in grant funding per year. The Committee is of the view that this allocation of resources to the Guernsey Competitions Regulatory Authority is essential, owing to this being a statutory requirement of the States, mandated to the Committee for its political oversight.

*Benefits of allocating additional resources*

- None that are essential at this time

<b>IMPORTANT PRIORITY: Promote Guernsey as a high quality destination of choice for the efficient registration of companies</b>
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*Reason for prioritisation*

An effective and efficient registration service for legal entities and intellectual property is supportive of creating and maintaining the conditions conducive to achieving economic stability and growth. The benefits of incorporation and registration include legal certainty, tax efficiency and the opportunity to raise capital to support entrepreneurial ambition.

*Work required to be carried out in this political term (in addition to BAU)*

- To work with the Policy & Resources Committee in the establishment of a private register of Beneficial Ownership to ensure Guernsey remains a trusted and well-regulated jurisdiction.

*Anticipated benefits*

In addition to the revenue of around £9m per year for the States of Guernsey through legal entity and IP Registration fees, the Registry supports economic diversification and employment. It also contributes to Guernsey's ability to meet international standards of governance and transparency, leading to access to global markets for Guernsey businesses.

*Barriers to successful delivery*

In a competitive market the effectiveness can be affected by delays in changes to legislation to meet the needs of the market and the availability of funding to ensure IT platforms remain effective and responsive to new technological advances. We need to ensure an agile legislative framework and regular investments in infrastructure are in place.

Guernsey Registry requires the ability for off-island credit reference agencies to access the data required for their due diligence and work to address this is planned. The Registry needs to be flexible to meet the ever-changing international governance environment.

#### Resources needed to implement

A loan was provided by the States of Guernsey to meet the set-up-costs of the Guernsey Registry and further funding is required for the establishment of the Central Register of Beneficial Ownership. Additionally, future funding will be required to upgrade the IT provision, e.g. to allow for bulk upload facilities and access to public data through technological interfaces, which would reduce bureaucracy and improve efficiency for the local industry.

Timely expert legislative advice and legal drafting to support extension of International Agreements will be required.

Notwithstanding the above, the registry function of the States is, in effect, business as usual and on a day to day basis is resourced adequately to fulfil this role.

#### Benefits of allocating additional resources

- None

## Stopping Committee work streams to focus on policy priorities

In setting out the resources necessary to develop and implement the policy priority areas identified, the Committee has applied the principles of the Public Sector Reform Programme which has a published aim to build a single public sector organisation in order to enhance performance, achieve outcomes and end the silo approach to departmental working. Such an approach has been recognised as often creating departmental boundaries which can create unintended barriers to policy delivery. The Public Sector Reform framework identifies that removing departmental boundaries is crucial and the Committee agrees that being able to draw on skills and resources across the public sector as a whole is necessary to make the most of resources, add most value and deliver the States policy priorities.

The Committee is conscious that even if some of its work streams are stopped, there is no guarantee that the staff resources released will have the skills required to divert to other Committee priorities that require additional human resources. However, it is acknowledged that released resources may produce financial benefits to the overall operating costs of the States of Guernsey.

The Committee's policy priorities are high level and extensive. Some can be delivered by drawing on staff resources that are currently involved in these work streams. Some resource savings may be made by stopping some work streams and programmes in order to apply resources to prioritised areas and judgments will have to be made about the implications of stopping some existing work in order to advance priorities and what the impacts of this might be.

Many of the Committee priorities are, in effect, business as usual, resourced to carry out a particular function. It would make no economic sense to not pursue the following policy priorities, which produce a net economic gain for the States of Guernsey:

- *Encourage high value individuals and new high added value and sustainable businesses to become established on the Island*
- *Have in place a Bailiwick aviation regulatory system that is efficient and attractive to businesses based in the Island or considering relocating to Guernsey*
- *Promote Guernsey as a high quality destination of choice for the efficient registration of companies, and assist in establishing Guernsey as a world class centre for Intellectual Property*

The Committee considers that it would be inappropriate not to pursue the policy priority of *regulating economic activities, as mandated by the States, to encourage competition of a scale that is appropriate for a small island economy*. If it were to do so it would have significant adverse consequences for the finance sector and other economic activities.

Therefore, the Committee has looked across its other policy priorities and the work streams that the Committee has decided will no longer be progressed during this political term are set out below. Whereas the Committee's priorities recognise the importance of retail and construction in relation to the Island's economy, these sectors depend upon growth in higher-value economic sectors in order to thrive. The Committee has therefore chosen to focus the limited resources available on these higher-value sectors, in order to unlock opportunities for the construction and retail sectors in particular.

#### Non-local traders

The Committee has researched this issue extensively and has concluded that it is not a high enough priority to justify continuing during this political term.

#### Access to finance for start-up and growth companies

The Committee is aware that the Policy Council investigated the need for government intervention in accessing finance for start-up and growth companies in 2014. The conclusion reached was that there was good access to private equity and 'angel' investment funding from private sector investors and that government interaction was not required in the allocation of funds. It was, however, noted that the States could do more to link entrepreneurs and investors together and that there might be some benefit in developing small-scale 'proof of concept' bursaries in partnership with the private sector. This can continue under the Committee's policy priority of removing barriers to business and in the work identified in action area 4 of the Digital Sector Strategic Framework (Creating a best practice entrepreneurial environment).

#### Commercial premises

The Committee is aware that the successful Queripel/Fallaize amendment to the Island Development Plan will result in the identification of sites that are suitable for low impact industrial uses and outside storage. It is also aware that the Island Development Plan, adopted by the States in 2016, provides greater flexibility for commercial premises than previously was the case within the Urban and Rural Area Plans. Therefore the availability of land is currently being addressed and mechanisms have been put in place to assist this.

With this in mind, the Committee is prepared to stop work on this issue for the remainder of the political term, in order to concentrate resources on higher priority policy areas. However, the results of the commercial survey carried out in 2017 will be

shared with appropriate bodies. In doing so, the Committee will respect the need for commercial confidence in matters affecting individual businesses.

### Horticulture

The Committee is conscious that the horticulture industry has been in decline for a number of years. There are a few businesses in this sector that are performing well, but this does not currently need the specific allocation of time or resources and therefore any work on its promotion and support will cease in favour of higher Committee priority policies.

### Broadcasting

Broadcasting falls within the Committee's mandate. However, work to identify potential economic development opportunities in this area will cease for the remaining political term.

### Retail

Retail is an important sector of Guernsey's economy and the Committee is alive to the challenges faced by comparison and convenience retailers on the Island. Retail ranks as a 'Key' (second tier) priority for the Committee. However, in the interests of having to allocate resources where they can most effect in delivering the Committee's mandate it would reluctantly mean that if adequate resources could not be made available, the Committee may be unable to continue to endorse the existing legacy document (2013 Retail Strategy). The Committee would like to revisit the 2013 Retail Strategy, as many elements have not been implemented and many are outdated. The Committee would then wish to seek States support for a revised document. Alternatively the Committee may decide that the existing '2013 Retail Strategy' is only an internal guide and without any resource to update and amend it, may decide that it is no longer valid.

It should be noted that any significant amendment to the current strategy may not be consistent with the Strategic Land Use Plan or the Island Development Plan (IDP) and therefore could lead to the requirement to request the States to consider amending these documents. Clearly this would require States of Guernsey agreement and in the case of the Island Development Plan, a public planning inquiry would be required to consider any amendments to the relevant policies of the Plan. This will require resource allocation by the Committee *for the* Environment & Infrastructure for revisions to the Strategic Land Use Plan, the Development & Planning Authority for any revisions to the Island Development Plan and the Policy & Resources Committee for the holding of a public inquiry, as required by legislation.

This would be an excellent example of cross-committee and authorities working together to achieve the best possible outcomes for the Island.

**COMMITTEE *FOR* EDUCATION, SPORT & CULTURE**  
**COMMITTEE POLICY PLAN 2017-2020**

**1.0 Introduction**

This document comprises the Committee *for* Education, Sport & Culture's response to Phase One of the Policy & Resource Plan (P&R Plan) agreed by the States in November 2016. It sets out, at a high level, the Government policy priorities of the Committee together with an outline of the anticipated benefits, presented as milestones and key performance indicators, and the work needed to realise those benefits which it is intended will be accommodated within the capacity of the Committee's current workforce with requirement for additional expenditure addressed through relevant States of Guernsey procedures for capital and revenue funding.

**2.0 Our responsibilities**

To encourage human development by maximising opportunities for participation and excellence through education, learning, sport and culture at every stage of life.

To advise the States and to develop and implement policies on matters relating to its purpose, including:

- Pre-school, primary, secondary, further and higher education
- Apprenticeships
- Skills
- Lifelong learning
- Sport, leisure and recreation
- Youth affairs
- The arts
- Libraries, museums, galleries and heritage
- Island Archives
- Civic celebrations and commemorations, including Liberation celebrations

To exercise powers and perform duties conferred on the Committee by extant States' resolutions, including those resolutions or parts of resolutions which relate to matters for the time being within the mandate of the Committee *for* Education, Sport & Culture and which conferred functions on the former Commerce and Employment Department, Culture and Leisure Department, Education Department, Health and Social Services Department and Policy Council.

This Plan sets out how the Committee's Government Policy work supports the objectives of the States of Guernsey expressed in Phase One of the P&R Plan.

### **3.0 Factors Influencing Determination of our Policy Priorities**

#### **3.1 Applying Political Judgement in the context of our Mandate and Legal Framework**

The Committee's Government Policy priorities 2017-2020 in support of the key themes in Phase One of the Policy and Resource Plan result from its political judgements in the context of its mandate and legal framework (Education) as follows:

- its alignment of its Mandate (2.0 above) with the objectives within the P&R Plan
- its core legal duty, so far as its powers extend, to contribute towards the spiritual, moral, mental, and physical development of the community by securing efficient education throughout primary, secondary and further education to meet the needs of the population<sup>1</sup>
- its supporting legal duty<sup>2</sup> to provide services required under the provision of regulations made by the Committee *for* Health and Social Care<sup>3</sup>
- requirements of extant States' resolutions
- the current status of the policy's development
- impact and scale of new policy

#### **3.2 Considering Community Views**

Additionally in January 2017 the Policy & Resources Committee embarked on a process of public engagement with the P&R Plan to secure the views of the community to better understand what it considers to be the top priorities to make 'Guernsey better tomorrow'. Workshops were run with representatives from interested bodies and groups that resulted in the following statements which align to the Committee's priority areas of responsibility:

- Prioritise and implement States approved social policy initiatives
- Ensure every child has a nurturing and supportive start in life
- Promote community participation in partnership with the third sector and businesses
- Foster integration within our community

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<sup>1</sup> s3, The Education (Guernsey) Law, 1970

<sup>2</sup> The Children (Guernsey and Alderney) Law, 2008

<sup>3</sup> Children and Young People Plan

- Support access to sports and the arts
- Ensure opportunities are available to all to develop knowledge and skills to pursue happy, healthy and fulfilling lives
- Facilitate and encourage opportunities for all in our community to participate in the protection and enhancement of the natural environment
- Improve financial and digital literacy across our community for young and old
- Provide and encourage opportunities for continuous personal development to all in our community
- Encourage and facilitate active lifestyles
- Improve awareness of the importance of health and wellbeing
- Ensure we have fit-for-purpose infrastructure to enable us to deliver services appropriately
- Promote the pursuit of skills in science, technology, engineering and mathematics
- Protect and promote our unique identity, language and rich natural and cultural heritage, including through increased access to and participation in arts and culture for all in our community
- Create conditions that encourage and foster businesses to start-up, grow and operate
- Provide additional support for those who wish to maximise length of working life (65+)
- Remove barriers and provide additional support for those who want to work (18-65)

Members of the public focused most of their comments and views on what they wanted from the States. The top priorities for this Committee that came out of the public drop-ins were:

1. **Ensuring we have fit-for-purpose infrastructure to enable us to deliver services appropriately**
  - “Better infrastructure in terms of shopping centres, leisure centres”
2. **Ensure opportunities are available to all to develop knowledge and skills to pursue happy, healthy and fulfilling lives**
  - “Education – planning and quality”
  - “Clear decisions on education that are kept to”
  - “Sort out secondary education”

### **3.3 Managing Policy Development within Current Resourcing**

The Committee has been asked to present only the Government policy work it can pursue within current resourcing. The Committee has worked with senior staff to

direct officer time in the policy areas it believes will best deliver its mandate. To deliver at pace will divert resource from some areas of 'business as usual', the impact of which will be carefully monitored as extended departure from these routine functions brings its own risks that could significantly impact the overall objectives. It is not sustainable in the long term without reducing the volume and pace of change or increasing resourcing and thereby ensuring routine work is restored whilst also supporting new Government Policy initiatives.

The Committee is cognisant that it has significant areas on which to deliver that are not matters of 'Government Policy' but that will additionally draw on resources, such as the 2021 Island Games and 75<sup>th</sup> Anniversary of Liberation.

### **3.4 The Funding and Resourcing of Policy Implementation**

In balancing the policy development work being managed within current resources and funding, and the operation of its services, the Committee wishes to make clear that in many cases implementation of the new policies is subject to capital and revenue budget requests.

### **4.0 Committee *for* Education, Sport and Culture's Government Policy Priorities**

The Committee details in the following table its Government Policy priorities which in its judgement strongly align with the outcomes and objectives set out in Phase One of the P&R Plan. These are currently in research and development, implementation, monitoring and/or feedback/review phases as indicated.

## Committee for Education, Sport and Culture's Government Policy Priorities

	Priority Area of Focus/Objective (ranked by number of entries against P&R Plan)	Policy Development Phase as at June 2017	Context	Key Performance Indicators (KPIs)/Policy Development Milestones
4.1	The Future Structure of Secondary & Post-16 Education <i>(Transformation Project supporting innovation and continuous improvement and the Estate Optimisation Programme)</i>	<b><i>Research, Development and Appraisal</i></b> <ul style="list-style-type: none"> <li>• Funding of Grant-Aided Colleges</li> <li>• Implement all ability secondary education system</li> <li>• Education Estate Options for Secondary and Post-16</li> <li>• Capital Prioritisation Bid (secondary and Post-16)</li> <li>• Workforce Planning</li> <li>• Admissions and Transport</li> <li>• Governance and policies<sup>4</sup></li> <li>• Empowerment of schools</li> </ul> <b><i>Programme of implementation extends until 2023 supported by concurrent monitoring, evaluation and feedback</i></b>	A core requirement of its Mandate and the Law, this programme of work is further prioritised by extant resolutions which require the Committee to submit a policy letter to the States with the capital and revenue implications and recommendations in respect of the optimum changes to the education estate which are necessary to give effect to the States' education policies for all ability schools.	<p>Bring initial proposals on the general principles of the future funding of the Grant-Aided Colleges to the Assembly in September 2017 (published within the next few months)</p> <p>Publish proposals on the future education estate for Secondary and Post-16 for community and profession engagement in June/July 2017.</p>

<sup>4</sup> Including those required by extant resolution

	<b>Priority Area of Focus/Objective (ranked by number of entries against P&amp;R Plan)</b>	<b>Policy Development Phase as at June 2017</b>	<b>Context</b>	<b>Key Performance Indicators (KPIs)/Policy Development Milestones</b>
			<p>The programme of work will deliver on the remaining associated extant resolutions regarding secondary education in a timeframe that supports the effective delivery of the programme of change but will not necessarily be aligned to the timeframes within the resolutions in all regards (section 5.0 refers).</p> <p>This is the most significant programme of work facing the Committee within Education, requiring a wide range of skills and considerable time from large numbers of staff and consequently is the Committee's top priority.</p>	<p>Publish policy letter on the recommended future education estate for Secondary and Post-16 in October 2017 for States' debate 29<sup>th</sup> November.</p>

	Priority Area of Focus/Objective (ranked by number of entries against P&R Plan)	Policy Development Phase as at June 2017	Context	Key Performance Indicators (KPIs)/Policy Development Milestones
			Other work streams may necessarily suffer to keep this on track and moving at pace especially when drawing on limited professional staff for their expert contributions.	
4.2	Develop and ensure educational centres of excellence through high quality learning and teaching; promoting and sharing best practice across Education Services.	<p><b>Implementation</b></p> <p>Develop and enhance school improvement strategy:</p> <ul style="list-style-type: none"> <li>• Implement, embed and develop 'How Good is our School (HGIOS4)?' self-assessment</li> <li>• Use tech to support effective self-evaluation</li> </ul> <p>Curriculum development:</p> <ul style="list-style-type: none"> <li>• Implement new curriculum and develop aligned learning and innovative teaching approaches</li> </ul>	<p>A programme of work in its second year of implementation and that is core to the effective delivery of the Committee's obligations under the Law.</p> <p>Extensive and valuable research, development and consultation have so far ensured successful implementation and will be followed by the implementation of the new curriculum from September 2017.</p>	<p>Implementation of the new curriculum starts from September 2017</p> <p>First submissions under HGIOS4 in fourth quarter of 2017</p>

	Priority Area of Focus/Objective (ranked by number of entries against P&R Plan)	Policy Development Phase as at June 2017	Context	Key Performance Indicators (KPIs)/Policy Development Milestones
	<p>To report on and demonstrate excellent practice across Education Services</p> <ul style="list-style-type: none"> <li>Confident individuals, successful learners, responsible citizens and effective contributors</li> <li>Parents and carers feel engaged and work in partnership</li> </ul> <p><i>(Innovation and Continuous Improvement)</i></p>	<ul style="list-style-type: none"> <li>Develop, consult and refine curriculum framework with key stakeholders</li> <li>Develop curriculum pathways ensuring they align to summative assessment points</li> </ul> <p>Review and develop learner assessment protocols</p> <p><b>Implementation 2016-18</b> <b>Monitor and evaluate 2019</b></p>	<p>The States of Guernsey has heavily invested in this programme of work established by the previous Education Department and the Committee believes it must continue in order to nurture confident individuals, successful learners, responsible citizens and effective contributors.</p>	
4.3	<p>Develop high quality Early Years Education</p> <p><i>(Transformation Project)</i></p>	<p><b>Implementation</b></p> <p>High quality early education</p> <ul style="list-style-type: none"> <li>All providers meet safeguarding and welfare requirement for all children and staff</li> </ul>	<p>A programme of work to develop a framework centred on well-established research into early years education is being delivered in conjunction with the Committee for Health and Social Care.</p>	<p>Impact on children's learning and the funding review commences fourth quarter 2017.</p>

	Priority Area of Focus/Objective (ranked by number of entries against P&R Plan)	Policy Development Phase as at June 2017	Context	Key Performance Indicators (KPIs)/Policy Development Milestones
		<ul style="list-style-type: none"> <li>All providers have strong leadership and management skills</li> <li>All providers enable positive interactions and well-being for all children</li> <li>All providers will ensure an enabling learning environment</li> <li>All providers will deliver a common curriculum and assessment framework</li> </ul> <p><b>Monitor and evaluate Framework 2019</b></p>	<p>Additionally a minimum universal entitlement jointly funded by the Committee <i>for</i> Employment &amp; Social Security is currently being trialled.</p> <p>The Committee will evaluate current provision arrangements, entitlement and funding arrangements for near universal entitlement ahead of the 2018 academic year.</p>	Operational and outcome based KPIs are embedded in the implementation programme.
4.4	Adhere to the budget controls as agreed, that in 2017 require savings representing 3% of annual revenue budget ( <i>States of Guernsey 2017 Budget Report</i> )	<p><b>Research and Development 2017</b></p> <ul style="list-style-type: none"> <li>Maximise sustainable efficiency opportunities in a priority based budgeting exercise of the Committee's Services</li> </ul>	An intense priority based budgeting exercise with external advisors is supporting the Committee in its review of operating costs and is expected to inform and assist with substantial and sustained savings.	Committee's out-turn at year end is within the 2017 target budget realising a 3% reduction in costs.

	Priority Area of Focus/Objective (ranked by number of entries against P&R Plan)	Policy Development Phase as at June 2017	Context	Key Performance Indicators (KPIs)/Policy Development Milestones
		<ul style="list-style-type: none"> <li>Explore synergies and establish effective working across the Committee's mandate</li> </ul> <b>Implementation 2018-2022</b>	Some of the Committee's other projects are anticipated to generate savings in support of the States of Guernsey Budget Report although it remains testing to identify savings of the scale indicated for future years (5%, 5%) without impacting Services.	
4.5	Develop Government Policy for the management of culture and heritage, including language and the arts <i>(Transformation Project supporting Innovation and continuous improvement)</i>	<b>Research and Development 2018</b> Working with stakeholders to evaluate the potential of a range of operating models for the sustainable and funded future preservation and management of Guernsey's culture and heritage, including language and arts, including a review of the current Commission model and analysis of other service delivery solutions.	The Committee's rationale for the development of this Government Policy is to determine the objectives and ensure resilience in the management of the Island's culture and heritage, including language and the arts, given the changes in context since the current approaches were instigated and the requirement	This is new work. Project planning to identify milestones is not complete.

	Priority Area of Focus/Objective (ranked by number of entries against P&R Plan)	Policy Development Phase as at June 2017	Context	Key Performance Indicators (KPIs)/Policy Development Milestones
			to ensure direction and target outcomes are aligned with the P&R Plan.	
4.6	Encourage life-long learning ( <i>Transformation Project supporting Innovation and Continuous Improvement</i> )	<b><i>Research, development and implementation 2017-19</i></b> <ul style="list-style-type: none"> <li>• Develop, implement and review the Guernsey College of Further Education Outcome Agreement</li> <li>• Establish an Adult Careers Information Advice and Guidance Strategy</li> <li>• Design a devolution model to maximise the synergies of delivery within training and further/higher education provision</li> </ul>	The rationale for this work is to provide educational and training provision and guidance that supports the evolving needs of the Island's workforce and employers by maximising the opportunities offered by the Guernsey College of Further Education, Guernsey Training Agency and the Institute of Health and Social Care Studies, all overseen by the same political body for the first time, whilst ensuring core provision is maintained for young people, professional and vocational training.	Business planning is embedded in the operation of the Guernsey College of Further Education during 2017/18.

	Priority Area of Focus/Objective (ranked by number of entries against P&R Plan)	Policy Development Phase as at June 2017	Context	Key Performance Indicators (KPIs)/Policy Development Milestones
4.7	<p>Improve and enhance health and well-being of children, young people and the wider community.</p> <p>A healthier school population (physically and mentally) with reduced cases of poor mental health within young people and the promotion of positive mental well-being in schools</p> <p><i>(Health &amp; Social Care Transformation and Innovation and Continuous Improvement project)</i></p>	<p><b>Implementation 2017-19</b></p> <ul style="list-style-type: none"> <li>• <i>Healthy Eating:</i> Increase number of accredited Healthy Schools</li> <li>• <i>Activity:</i> Ensure all young people meet or exceed the expected levels of activity</li> <li>• <i>Healthy Eating:</i> Influence, co-develop and implement weight management programme</li> <li>• <i>Mental Health:</i> Develop mental health strategies and well-being across the Service (students)</li> <li>• Further develop Growth Mind-set across the Service (students)</li> <li>• Implement Leuven Scale as Tool to Measure Quality of Well-being and Involvement</li> </ul>	<p>The Committee has refocused considerable resource to supporting the Committee <i>for</i> Health &amp; Social Care in its delivery of the Children Law through the Children and Young People's Plan as it is required to do by extant resolution.</p> <p>This is valuable work which will also support the implementation of the Healthy Weight Strategy brought to the States by the same lead Committee.</p> <p>The Committee will achieve this by alignment of its policy making and service delivery to the objectives of the P&amp;R Plan and improving coordination</p>	<p>The impact of this work will generally be seen in the data available to the Committee <i>for</i> Health &amp; Social Care with regards to referrals but will be supported by data from Education Services' child weight measurement programme and its Young People's Survey</p>

	Priority Area of Focus/Objective (ranked by number of entries against P&R Plan)	Policy Development Phase as at June 2017	Context	Key Performance Indicators (KPIs)/Policy Development Milestones
		<ul style="list-style-type: none"> <li><i>Prevention &amp; Intervention:</i> Further develop educational provision to meet children and young people's health and well-being Ensure clear pathways and access to education and external support services</li> </ul>	<p>with other States' policies, and specifically</p> <ul style="list-style-type: none"> <li>through a review of the Guernsey Sports Commission's Service Level Agreement with the Committee centred on supporting the Sports Community, to include scope and funding (and excluding any other agreement with other Committees)</li> <li>through its management of sport and recreation facilities to ensure access for all</li> </ul>	
4.8	Develop a fully inclusive system, establishing equal opportunity and access to education	<p><b>Implementation 2017-19</b></p> <ul style="list-style-type: none"> <li>Review and update of the Special Educational Needs Code of Practice</li> </ul>	Education Services has committed considerable resource to supporting the Committee <i>for</i> Health & Social Care in its delivery of the	Increase positive post 16 destinations for children who are vulnerable (decrease the percentage of those

	Priority Area of Focus/Objective (ranked by number of entries against P&R Plan)	Policy Development Phase as at June 2017	Context	Key Performance Indicators (KPIs)/Policy Development Milestones
	<ul style="list-style-type: none"> <li>• Improve school attendance</li> <li>• Reduce exclusion</li> <li>• Improved % children with age related education expectations</li> <li>• Increased access to wider curriculum opportunities</li> <li>• Increased positive post-16 destinations for children who are vulnerable</li> <li>• Improving Accessibility: Report on accessibility improvement to properties</li> </ul> <p><i>(Health &amp; Social Care Transformation and Innovation and Continuous Improvement project)</i></p>	<ul style="list-style-type: none"> <li>• Improved multi-agency and partner working and data sharing protocols</li> <li>• Improved strategies and policies for supporting and managing learners who are at risk of exclusion and to raise expectations and aspirations</li> <li>• Improved monitoring and data tracking</li> </ul>	<p>Children Law through the Children and Young People's Plan as it is required to do by extant resolution.</p> <p>This is valuable work which will also support the implementation of the Disability and Inclusion Strategy.</p>	<p>not in employment, education or training – 16/17yrs figures)</p>

	Priority Area of Focus/Objective (ranked by number of entries against P&R Plan)	Policy Development Phase as at June 2017	Context	Key Performance Indicators (KPIs)/Policy Development Milestones
4.9	Safeguard and protect children and young people ( <i>Health &amp; Social Care Transformation and Innovation and Continuous Improvement project</i> )	<b>Implementation</b> <ul style="list-style-type: none"> <li>• Enable active involvement in setting up and implementing multi-agency policies, processes and procedures</li> <li>• Further develop effective joint agency working (assessment, support and intervention)</li> <li>• Implement H&amp;S policies</li> <li>• Record and analyse H&amp;S data</li> <li>• Review and enhance H&amp;S controls</li> </ul>	<p>Education Services has committed considerable resource to supporting the Committee for Health &amp; Social Care in its delivery of the Children Law through the Children and Young People's Plan as it is required to do by extant resolution.</p> <p>This is valuable work which will also support the work of the Islands' Safeguarding Children Partnership (formerly Islands' Child Protection Committee).</p>	Develop, routinely monitor and act on the quarterly collection of data across the States by the end of 2017.
4.10	Harness effective self-evaluation in Education Services and ensure continuous improvement ( <i>Transformation Project supporting Innovation and continuous improvement</i> )	<b>Monitor</b> <ul style="list-style-type: none"> <li>• Establish clear and effective self-evaluation processes</li> <li>• Develop effective processes for reporting and joined up knowledge management</li> </ul>	Implemented three years ago and subject to its first independent validation 18 months ago, the process of self-evaluation is embedding in Education Services.	<p>Maintain annual self-evaluation programme in Education Services.</p> <p>Independent inspection completed in fourth quarter of 2018.</p>

	Priority Area of Focus/Objective (ranked by number of entries against P&R Plan)	Policy Development Phase as at June 2017	Context	Key Performance Indicators (KPIs)/Policy Development Milestones
		<ul style="list-style-type: none"> <li>External validation of Education Services</li> </ul>		
4.11	Support the development and delivery of the Digital Sector Strategic Framework ( <i>Transformation Project and Innovation and Continuous Improvement project</i> )	<p><b>Research and Development</b></p> <p>The Framework includes:</p> <ul style="list-style-type: none"> <li>develop a business case to deliver a sustainable funding model which meets the needs of stakeholders</li> <li>develop and implement digital up-skilling programme for educators</li> <li>develop and finalise the digital competency framework</li> <li>explore opportunities for higher level study in digital pathways</li> <li>develop a clear roadmap for digital career pathways</li> <li>leverage an industry and education partnership to develop digital skills</li> </ul>	<p>The Committee <i>for</i> Economic Development is developing the Digital Sector Strategic Framework. A member of our staff has been seconded to the project team to develop the 'Skills' strand which will need to be delivered in the main by this Committee.</p> <p>The Committee <i>for</i> Education, Sport &amp; Culture has no further resource it can provide and current arrangements cannot be maintained. Additionally it has no funding to deliver the 'skills' objectives set out and is therefore fully dependent on funding from the lead Committee.</p>	

	Priority Area of Focus/Objective (ranked by number of entries against P&R Plan)	Policy Development Phase as at June 2017	Context	Key Performance Indicators (KPIs)/Policy Development Milestones
			<p>There is significant correlation between this priority area of work and the P&amp;R Plan. Substantial work has already been undertaken in support of this Framework but additional funding and resource is required to continue because as already noted the Committee is supporting the implementation of work for the Committee <i>for</i> Health and Social Care under the CYPP and is additionally progressing very significant extant resolutions of the States under its own mandate.</p> <p>However in its curriculum development work outlined in point 2 above, the Committee</p>	

	Priority Area of Focus/Objective (ranked by number of entries against P&R Plan)	Policy Development Phase as at June 2017	Context	Key Performance Indicators (KPIs)/Policy Development Milestones
			is facilitating innovative learning using ICT and the digital workforce objective of the 'Strategic Framework' should also be supported to some extent by the life-long learning policy work.	
4.12	Review of the Education Law	<b><i>Research and Scoping</i></b> <ul style="list-style-type: none"> <li>• Benchmark with other jurisdictions</li> <li>• Define rationale and objectives for change</li> <li>• Stakeholder engagement programmes</li> </ul>	Whilst generally permissive the review of the Law will consider the merit of changes to <ul style="list-style-type: none"> <li>• ensure the Law sits comfortably with Human Rights legislation</li> <li>• remove anachronistic references</li> <li>• ensure it facilitates developments required to provide an outstanding modern education service</li> </ul>	Commencement and progress with this item is subject to the allocation of resources.

## **5.0 Deferred Work Streams to Secure Resource for Priority Areas of Focus**

5.1 The Committee sets out herein the extant States Resolutions it recommends are rescinded or accountability reviewed.

5.2 To direct the Culture and Leisure Department, in association with the Constables of St Peter Port, to review and report back to the States on the present day issues regarding itinerant performers and street entertainers (Billet 15 Article 3 2010)  
*The rationale (organisational need) for this piece of public policy development is no longer a priority. Its provenance is as the remaining area of review outstanding from an earlier resolution and is dependent on legal resources where competing demands will result in its indefinite delay. The absence of this review will not impact the Island or individuals. It is recommended to rescind this resolution.*

5.3 To direct the Policy Council and any Departments that may be affected by the concept set out in that Report to report back to the States should they have reason to consider that any significant policy changes are required in order for a Guernsey based University of the Channel Islands to develop along the lines described in that Report (Billet 20 Article 8 2013)  
*It is recognised in discussion with the Policy & Resources Committee that it would be more effective for the Policy and Resources Committee to co-ordinate the States' interest in defining the objectives of establishing a Guernsey-based University of the Channel Islands and working with identified stakeholders including the Committee for Education, Sport & Culture in scoping and appraising options. Therefore it is recommended that this resolution is either revised or rescinded and replaced.*

5.4 To report to the States of Deliberation by no later than July 2017, setting out a comprehensive sports strategy, including the funding requirements necessary to achieve the objectives set out in the strategy.

*The States has clearly directed that 'activity for all' is a priority area through its recent support of the Healthy Weight Strategy and this Committee will formally contribute and support that work.*

*Resource is therefore limited to properly develop a comprehensive Sports Strategy. In its place the Committee will align its sport, leisure and recreation policy making and service delivery accountabilities to the objectives of the P&R Plan and improve coordination with other States' policies on activity for all:*

- *by a review of the Guernsey Sports Commission's Service Level Agreement with the Committee centred on supporting the Sports Community, to include scope and funding (and excluding any other agreement with other Committees)*

- *by its management of sport and recreation facilities to ensure access for all*
- *with respect to elite sport (national and international), the Committee will support States' work on air links and Aurigny*
- *by aligning its work and improving coordination with other States' policies on activity for all*

*The impact of this approach is that the extant resolution will not be executed this political term.*

- 5.5 To direct the Committee for Education, Sport & Culture to publish by [the end of] 2017 a policy for the identification and support of the most able, gifted and talented children in Guernsey and Alderney; and the desired outcomes from such a policy, the measurement of those outcomes and any resources required

*The programme of work transforming secondary education includes work on policies for the new secondary governance model which will be developed with the profession when the service provision, governance and estate have been determined politically. It would be inefficient and inappropriate timing to divert resources to arbitrarily observe the timeframe in the resolution. Currently the Committee expects to complete this work in the fourth quarter of 2018.*

- 5.6 To direct the Committee for Education, Sport and Culture to review and publish by December 2017 a policy for managing disruptive behaviour in order that classroom disruption is minimised and those who need extra support to engage in education are accommodated and helped without detriment to the education of others; along with the desired outcomes from such a policy, the measurement of those outcomes and any resources required

*The programme of work transforming secondary education includes work on policies for the new secondary governance model which will be developed with the profession when the service provision, governance and estate have been determined politically. Additionally as indicated in the Committee's priority areas, work is in train to support vulnerable students and reduce exclusions. It would be inefficient and inappropriate timing to divert resources to arbitrarily observe the timeframe in the resolution. Currently the Committee expects to complete this work in the fourth quarter of 2018.*

## 6.0 Achievability of Delivering Objectives

Perceived Difficulties	Mitigating Action
<p><b>Implementation of States' Policies</b></p> <p>The generation of further Government Policy that requires implementation by the Committee without additional resourcing whilst it is delivering against its identified priority areas will become untenable.</p> <p>The increasing volume of co-operative working has now led to the Committee's operational teams picking up additional work without increases in resource which results in their core roles being squeezed. Not only does this impact on the quality and timeliness of work it also has negative impacts on individuals' health and well-being. Additionally it erodes any time that might have been available for strategic development of the Committee's own priorities. This is particularly highlighted by the responsibilities placed on the Committee's staff through the new Children Law and its implementation through</p>	<p>Mitigating actions are achieved by amending one or more of</p> <ul style="list-style-type: none"> <li>• Time</li> <li>• Scope</li> <li>• Resources</li> </ul> <p>This translates to</p> <ul style="list-style-type: none"> <li>• A slower pace of development/implementation or deferring completely</li> <li>• Reducing the objective and potentially its impact</li> <li>• Increasing available funds and/or staff, or reviewing the expectations of the substantive role, or the requirement for some of the routine work they undertake</li> </ul> <p>Going forward the Committee accepts that no new initiatives can be considered without first identifying how to reduce the current workload if the new initiative is of a higher priority or additional resourcing is secured to undertake the work.</p> <p>It is therefore very important that any policy approved by the States identifies its impact on all other Committees and demonstrates that they have worked together to address the resourcing requirements to the satisfaction of all parties.</p> <p>This is best achieved by close working in the development of new policy (which itself will be challenging from a time perspective) and managing delivery expectations given additional resourcing is increasingly difficult.</p> <p>The P&amp;R Plan and the coordinating and resourcing role of the Policy &amp; Resources Committee are key in controlling the generation of relevant priority policies and their resourcing given Committees are working hard to manage their own commitments with reducing resources. For this reason the Committee is already flagging difficulty in supporting the implementation of the 'skills' strand of the Digital Sector</p>

Perceived Difficulties	Mitigating Action
the Children and Young People's Plan.	Strategic Framework having co-resourced it through the research and development phase.
<p><b>Public Service Reform</b></p> <p>There is an increasing number of States of Guernsey 'enterprise' programmes aimed operationally to improve service and generate efficiencies (i.e. not Government Policy) such as Service Guernsey, People Plan, SMART Guernsey etc. They all require implementing and managing, often drawing again on those same individuals who are working in or running services and to whom the Committee look for its work on Government Policy research, development, implementation, monitoring and review.</p>	<p>Mitigating actions are achieved by amending one or more of</p> <ul style="list-style-type: none"> <li>• Time</li> <li>• Scope</li> <li>• Resources</li> </ul> <p>This translates to</p> <ul style="list-style-type: none"> <li>• A slower pace of development/implementation or deferring completely</li> <li>• Reducing the objective and potentially its impact</li> <li>• Increasing available funds and/or staff, or reviewing the expectations of the substantive role, or the requirement for some of the routine work they undertake</li> </ul> <p>The objectives are a requirement of Government to deliver customer focused, efficient service and are supported because they will create the enabling environment for more efficient and effective delivery of services whilst meeting customer needs.</p> <p>Implementation requires detailed consultation with the operational services and potentially additional resourcing during implementation which should be addressed in the business cases for each programme.</p> <p>The Chief Executive's Management Team is key in controlling the generation of relevant priority 'enterprise' change programmes and their resourcing for implementation. Committees are working hard to manage their own commitments with reducing resources and the pace of that work would significantly reduce if energies had to be diverted.</p>
<p><b>Restructure of Enabling Services</b></p> <p>The centralisation of resource and funding may</p>	<p>Centralised resource must quickly develop and communicate the processes to be followed and ensure they are appropriately resourced so delays are not incurred. This most likely should recognise the customer/supplier status of</p>

<b>Perceived Difficulties</b>	<b>Mitigating Action</b>
build additional processes into accessing and deploying the resources of the States of Guernsey which previously would have been under the direction of the Committee.	the new arrangement and may require Service Level Agreements.
<b>Property Rationalisation</b> The relocation of the services and support from Grange Road House to several locations and some services' subsequent further relocation will require embedding and changes to working practices.	<p>This is an important contributing element of the estate optimisation programme for 2017. Preparation for the relocation is being managed by the Committee within existing resources but requires all staff to create time to review, archive and prepare material for their relocation and to amend their working practices as they establish themselves in new surroundings.</p> <p>Current programmes of work established by the Committee should allow for this disruption in their timeframes for delivery.</p>
<b>Structural Review</b> The restructure of Government creating a new Committee and its mandate has yet to be worked through operationally to achieve optimum efficiencies	<p>This competing priority for senior staff time will become more urgent as a consequence of the priority based budgeting exercise and the demands of a reducing budget challenge the Services to ensure the right provision is available with less resource.</p> <p>Each priority area/objective will contribute by challenging if 'work' needs to be done; could be done differently; could be combined with other work for the same impact; or could cost less.</p>

**COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY**  
**COMMITTEE POLICY PLAN TO JUNE, 2020**

**Introduction**

The purpose of the Committee for Employment & Social Security is –

*To foster a compassionate, cohesive and aspirational society in which responsibility is encouraged and individuals and families are supported through schemes of social protection relating to pensions, other contributory and non-contributory benefits, social housing, employment, re-employment and labour market legislation.*

The policy, advisory and general responsibilities of the Committee for Employment & Social Security are –

*To advise the States and to develop and implement policies on matters relating to its purpose, including:*

- 1. financial and social hardship;*
- 2. social housing, including States' housing and the States' relationship with housing associations;*
- 3. supplementary benefit and housing benefit;*
- 4. social insurance;*
- 5. pensions;*
- 6. health insurance;*
- 7. long-term care insurance;*
- 8. equality and social inclusion, including in relation to disability;*
- 9. the unemployed and the various initiatives to encourage employment and re-employment;*
- 10. labour market legislation and practices;*
- 11. health and safety in the workplace;*
- 12. industrial relations;*
- 13. legal aid.*

In November, 2016 the States agreed their overall objectives in the *Policy & Resource Plan Phase 1*.

In this policy plan, which is submitted to the States for debate, the Committee *for* Employment & Social Security sets out its main policies and priorities until June, 2020. The Committee explains **in bold text** how its actions will contribute to the States' overall objectives.

1. financial and social hardship
3. supplementary benefit and rent rebate

The States have acknowledged that **for a variety of reasons some individuals and families suffer from levels of financial deprivation and social exclusion which are wholly unacceptable in a generally prosperous society**. Such deprivation and exclusion will be alleviated, though by no means eliminated, by merging and improving two existing schemes of financial assistance: supplementary benefit and rent rebate, as proposed by the former Social Welfare Benefits Investigation Committee. These essential reforms were agreed by the previous States but their introduction has been delayed by the States' financial position. Further prolonged delay would undermine the States' objective for Guernsey to be **one community bound by a commitment to inclusion and social justice; a place where no-one gets left behind**. The States have made a commitment to **prioritise, resource and implement a social welfare system which unifies housing and income benefits and directs financial assistance to those in most need**. Having secured the support of the Policy & Resources Committee, the Committee *for* Employment & Social Security will ask the States to introduce the new social welfare scheme on the 1<sup>st</sup> of July, 2018.

In 2012 and 2013 previous States rejected more costly proposals to reform and improve social welfare. The current proposals are less costly because they are less generous and seek to establish only a level of income below which it is considered intolerable for any individual in Guernsey to be expected to live. The SWBIC estimated the costs of its proposals to be £3.4million in the first year, reducing to £2.9million by the third year and annually thereafter, but these costs were expressed in 2015 terms and account must be taken of inflation since then and an increase in the benefit limitation in 2017.

The merger of supplementary benefit and rent rebate requires considerable preparation while the schemes remain separate. This is an immediate priority for the Committee. In 2017 the administration of the two schemes will be co-located at Edward T Wheadon House; beneficiaries of the schemes will need to understand how they will be affected by the new unified scheme; and steps will be taken to ensure that the new scheme not

only operates efficiently but is sufficiently responsive to an even more diverse range of beneficiaries, whether they be in work, out of work, pensioners, in receipt of assistance related to housing alone or living expenses alone or both, etc.

In 2017 – or, depending on resources, possibly during the agreed three-year period of transition after the new unified scheme is introduced – the Committee will review certain features of its social welfare scheme(s) which it considers may benefit from adjustment. The following is not an exhaustive list. Prospective long-term beneficiaries should not permanently be denied financial assistance simply on account of not qualifying for less generous short-term rates. Rules relating to cohabitation should be no more invasive than absolutely essential to identify deliberate cases of fraud and should not inadvertently discourage the development of newly-formed relationships. Rates of benefit, including what is known as the ‘earnings disregard’, should always encourage work. In line with a resolution of the States, a study must be undertaken of whether adult supplementary beneficiaries should obtain medical and paramedical care through States-employed clinicians or specially-contracted private practitioners. The Committee will ensure that any proposed changes reflect an appropriate balance between the States’ commitments **to remove barriers that are discouraging or preventing some people from pursuing or remaining in paid employment**, to foster a **community where people look out for one another but also understand the importance of personal responsibility** and to address the uncomfortable truth that **some individuals...are not able to enjoy a standard of living or level of participation in society that would be deemed acceptable against independent measures of wellbeing**.

If the last objective in the foregoing paragraph is to be applied meaningfully, the Committee will need to follow its predecessors and recommend that between now and 2020 the supplementary benefit ‘benefit limitation’ rises at a faster rate than inflation.

## 2. social housing, including States’ housing and the States’ relationship with housing associations

Around 2,000 households (housing about 5,000 people or roughly 8% of the Island’s population) live in social housing. Approximately three-quarters are tenants of the States and one-quarter are tenants of the Guernsey Housing Association. Tenants’ rents are calculated according to their household income: more than 90% of tenants receive assistance through the States’ rent rebate scheme. Around 500 households in private housing receive financial assistance to meet the costs of their rent and this number is

likely to increase once the States merge rent rebate and supplementary benefit. In addition, more than 170 households live in partial ownership and more than 160 in extra care, both developed by the Guernsey Housing Association in conjunction with the States.

The States have agreed that their policies should promote Guernsey as **one community bound by a commitment to inclusion and social justice; a place where no-one gets left behind** and they have made a specific commitment to **improve housing options to ensure appropriate availability, quality and affordability**.

This implies that households which qualify for social housing should have timely access to homes of a good standard and an appropriate size. Preferably waiting lists for social housing should be eliminated; at the least waiting times should be reduced significantly. This requires an increase in the supply of social housing, which depends in part on allocating more land on which to construct it. The Committee has submitted a funding request for £73.3million as part of the States' 2017-20 capital programme in order to develop of up to 800 new homes. The Committee will be reviewing and revising this bid in light of the KPMG report and recent waiting list data. This programme is ambitious: as at February, 2017 planning permission has been obtained for only 216 new homes to be developed by the end of 2019. The Committee's actions will be further informed by an independent report on housing directed by the last States.

The GHA is a not-for-profit organisation funded by grants and loans from the States. Since 2002 all new social housing has been developed by the Association. The Committee does not at this time envisage the States creating further housing associations – indeed the Committee wishes to strengthen its partnership with the Association, not least in pursuit of the States' objective that **public services...are financially sustainable and provided efficiently whilst meeting public need**. The Committee and the Association are merging their waiting lists as part of a new and fairer needs-based single gateway to social housing and in the interests of transparency the numbers of households and individuals on the waiting list will be published. The Committee will work closely with the Association and other States' committees (in particular the Committee *for the* Environment & Infrastructure) in response to the aforementioned independent report. The Committee will work with the Association and with other States' committees (in particular the Committee *for* Health & Social Care and the Committee *for* Education, Sport & Culture) to review the provision of housing for key workers in the public sector. The Committee does not intend to propose a transfer of States' housing stock to the Association.

In some jurisdictions social housing tenants enjoy what are sometimes referred to as tenancies for life, which essentially means that secure tenants who do not breach the terms of their tenancy cannot be evicted irrespective of changes in their finances or household size. This has never been the approach in Guernsey and the Committee has no intention of proposing such an arrangement. Indeed, in pursuit of the States' objective that **public services...are financially sustainable and provided efficiently whilst meeting public need**, the Committee will do what it reasonably can to reduce misallocation – and the States must recognise that this inevitably requires tenants to transfer to more appropriate housing as their household circumstances change. However, the Committee is concerned that some policies adopted since the turn of the century may – with good intentions but nevertheless unreasonably – deny social housing to relatively low-income households. In particular the Committee will revise its capital sums policy which in some cases discourages saving and has the potential to require tenants to move into private housing which they can scarcely afford in the long term. The Committee will also review income thresholds mindful of the advantages of promoting diversity of income, background and demography among tenants living in the same area. Changes in these areas have the potential to make a limited but by no means insignificant contribution to the States' commitments to **foster integration within our community** and to **implement the improvements required to...reduce poverty and income inequality**.

In 2017 a reduction in the Committee's general revenue budget has required less routine maintenance and renovation to be carried out on States' housing. Further reductions in the general revenue budget may lead to more cuts in the maintenance and renovation programme and over a period of years this could present substantial risks. The Committee has a duty to bring this to the attention of the States early in their term.

4. social insurance
5. pensions

The Committee administers a social insurance scheme which provides financial assistance at times of life when income or earnings are likely to be diminished, for example during old age, during periods of incapacity or unemployment and in relation to childbirth, bereavement and death. The security provided by social insurance is intrinsic to all four themes in the *Policy & Resource Plan Phase 1*: **economy, quality of life, community and place in the world**.

Social insurance benefits are funded in the main by contributions from employees, employers, the self-employed and non-employed and an annual grant from States' general revenue which is calculated as a certain percentage of contribution receipts. Benefits are paid from the Guernsey Insurance Fund, which is financed broadly on the pay-as-you-go principle. The Fund receives contribution income to finance current and future benefit expenditure with reserves built up over time. An objective is that the Fund should maintain a minimum balance of two years' expenditure. At the end date of the last actuarial review (31<sup>st</sup> December, 2014) the Fund contained reserves totalling £702million, which is around 5.4 times annual expenditure. Based on a range of policy assumptions provided by the Committee the actuarial advice is that, without further changes to contributions and benefits, the policy of maintaining the Fund at no less than twice annual expenditure will be breached by 2035 and the Fund will be exhausted by 2046.

In 2017, social insurance benefit expenditure is forecast to be in the region of £140million, of which nearly £120million (or around 85p in every £1 spent) will be in the payment of old age pensions. Clearly social insurance benefit expenditure is overwhelmingly dependent on States' policies in respect of old age pensions.

The Committee is fully committed to maintaining old age pensions based only on a person's contribution record and would oppose any moves towards means testing. Previous States agreed to raise the pension age from 65 to 70 between the years 2020 and 2049 and the Committee has no plans to recommend changes to this policy.

Previous States also agreed to make the uprating policy less generous: until the year 2025 old age pensions are to be increased annually by the rate of inflation plus one third of the difference between the rate of inflation and changes in median earnings, and from 2025 by the rate of inflation only (depending on progress with the establishment of secondary pensions). The Committee is of the view that when the previous States agreed this policy it did not intend the annual increase to be less than the rate of inflation in the event that inflation exceeded changes in median earnings. The Committee will propose increases accordingly. The *Policy & Resource Plan Phase 1* envisages that Guernsey should be **one community bound by a commitment to inclusion and social justice**. Maintaining adequate old age pensions is critical to this objective and the Committee is concerned that the States' uprating policy after 2025 is likely to lead to a significant diminution in the purchasing power of the old age pension relative to changes in median earnings. The Committee is of the opinion that between now and 2020 the uprating policy should remain unchanged, but the Committee will review the policy and report to the States again by no later than 2020.

The States' uprating policy in respect of pensions applies also to all other contributory income replacement benefits such as sickness, unemployment and bereavement. The Committee will, therefore, for the time being continue to propose adjusting such benefits annually by the rate of inflation plus one third of the difference between the rate of inflation and changes in median earnings.

In 2016 the States approved proposals for the development of secondary pensions to supplement the existing basic old age pension. In 2018 the Committee will make detailed recommendations for the scheme to be established by 2020 at the earliest. It is being developed as an 'opt-out' scheme for employed persons – in other words all employed persons will be enrolled unless they expressly remove themselves. Exemptions will apply for persons already in recognised occupational pension schemes. It is expected that the contribution rate in the secondary pension scheme will initially be 1% of earnings from the employee and 1% from the employer, but by around 2030 these are expected to rise to 6.5% from the employee and 3.5% from the employer. These are clearly substantial contributions in addition to those made already to the Guernsey Insurance Fund, but without significantly and urgently enhancing pension provision across the community many more pensioners will face deprivation in the years ahead and there will be unsustainable demands placed upon means-tested social welfare benefits funded from States' general revenue. In any event, the benefits of a secondary pension provision are unlikely to be seen to any material extent for 20 years or more. The development of secondary pensions therefore contributes to the States' objectives to **maintain sustainable public finances and encourage personal responsibility among individuals and families in planning for the future, including retirement.**

## 6. health insurance

The Committee administers a health insurance scheme which provides financial assistance towards the costs of specialist or secondary health care, prescription drugs and medical equipment, general practitioner or primary health care appointments, and mental health and wellbeing services. The security provided by health insurance contributes to a range of themes and objectives set out in the *Policy & Resource Plan Phase 1*, in particular those associated with **quality of life** (e.g. **providing timely and appropriate diagnosis, treatment, support and care, based on need, for all those who need to access it**) and **community** (e.g. placing **equal emphasis on standard of living**

**and quality of life and recognising that the success of a society is affected not just by how wealthy it is but also by the wellbeing of all its people).**

Health insurance benefits are funded in the main by contributions from employees, employers, the self-employed and non-employed and an annual grant from States' general revenue which is calculated as a certain percentage of contribution receipts. Benefits are paid from the Guernsey Health Service Fund, which is financed broadly on the pay-as-you-go principle. The Fund receives contribution income to finance current and future benefit expenditure with reserves built up over time. An objective is that the Fund should maintain a minimum balance of two years' expenditure. At the end date of the last actuarial review (31<sup>st</sup> December, 2014) the Fund contained reserves totalling £103million, which is around 2.6 times annual expenditure. Based on a range of policy assumptions provided by the Committee the actuarial advice is that, without further changes to contributions and benefits, the reserves of the Fund will gradually improve in the years ahead until they reach 3.3 times annual expenditure by 2030.

Prescription drugs in the community are subsidised – they are provided at no cost to people who are 65 or over or receiving supplementary benefit and £3.80 per item to all other persons. At one time pharmaceutical benefit costs were escalating at an unsustainable rate, but the creation of the 'white list' some years ago brought expenditure under control. Two predecessor committees to the Committee *for* Employment & Social Security and the Policy & Resources Committee believed that nobody should receive prescription drugs for free: they advocated removing the universal exemption from prescription charges for over-64s by the year 2020 and making a charge of £1 per item to supplementary beneficiaries. The Committee has some sympathy with the first of these suggestions provided that safeguards were established so as not to make medicines prohibitively expensive for pensioners who are consistently in receipt of multiple prescriptions, but resources are not available to pursue this as a priority during this States' term. The Committee does not support the second suggestion and will pursue it no further.

Specialist or secondary health care is provided through contracts between the States and separately the Medical Specialist Group, the Guernsey Therapy Group and the Island Medical Centre in Alderney. The contract with the Guernsey Therapy Group for physiotherapy services expires on the 31<sup>st</sup> of December, 2017 and the Committee is working with other States' committees to put in place a new model for the provision of these services, albeit a short extension of the present arrangement may be necessary in the interim. A new contract with the Medical Specialist Group has been negotiated to take effect from the 1<sup>st</sup> of January, 2018. As well as contributing to the States'

commitment to **provide timely and appropriate diagnosis, treatment, support and care, based on need, for all those who need to access it**, it is anticipated that the new contract will support another States' objective – **the continuing transformation of the health and social care system, across and in partnership with the public, private and voluntary sectors**. The contract will rightly be managed by the Committee *for* Health & Social Care on behalf of the States – indeed in future the involvement of the Committee *for* Employment & Social Security will be limited almost entirely to administering the fund which finances secondary health care. This throws into sharp relief the question of whether secondary health care should continue to be funded by social security contributions on earned income. The Committee is of the opinion it should not be.

Schemes of financial assistance funded from the Guernsey Insurance Fund – such as old age pensions and unemployment insurance – are income replacement benefits. It is therefore logical and conventional to fund them from social security contributions based on individuals' earnings. In contrast, schemes of financial assistance funded from the Health Service Fund – such as secondary health care and prescription subsidies – are very obviously not income replacement benefits, but rather they are services provided at no or reduced cost for the overall good of the individual and society. The case for secondary health care and prescription subsidies, etc. to be funded out of social security contributions based on individuals' earnings is no stronger than the case for, say, education or policing to be funded out of social security contributions based on individuals' earnings. Education and policing are funded from general taxation – including taxes on all income and not just earned income – and in the opinion of the Committee that is how all health care should be funded too. The Committee is working closely with the Policy & Resources Committee to review this matter and within the next 18 months the two Committees will jointly present proposals to the States to restructure the funding of health care, which if approved would contribute to the States objectives to restore **sustainable public finances** and **raise additional revenue as far as possible from individuals and entities most able to bear the burden**.

Primary health care subsidies funded by the Health Service Fund in effect reduce the cost of a consultation with a general practitioner by £12 and with a nurse by £6. This costs the Fund approximately £3.4million per year. These grants were introduced in 1991 as a first step towards what the States of the time envisaged would soon become a comprehensive health insurance scheme covering primary care, secondary care and hospital services. This vision was not achieved – instead States' insurance cover was limited to the costs of secondary care where the financial risk to islanders was greatest and the primary care grants have not been increased for many years while primary care appointment costs have increased significantly. It is now unclear what policy objective,

if any, is being achieved by the grants in their present form. Two predecessor committees to the Committee *for* Employment & Social Security and the Policy & Resources Committee believed the grants should be phased out. The Committee has some sympathy for this view, especially if some of the expenditure could be reallocated to assist individuals and families not in receipt of supplementary benefit but for whom primary care costs are nevertheless prohibitively expensive, which could contribute to the States' commitments to **sustainable public finances** and to Guernsey being **a place where no-one gets left behind**. Indeed the Committee is extremely concerned generally about the costs of accessing primary care. The Committee will ensure that such considerations are taken into account in the work referred to at the end of the preceding paragraph but also remains open to the possibility of proposing the reallocation of this expenditure in advance of any restructuring of health care funding.

The Health Service Fund finances the primary care mental health and wellbeing service which is led by the Committee *for* Health & Social Care. It is intended to provide psychological therapies for people of working age, in some cases to help people to cope with mild to moderate mental ill health while remaining in work and in other cases to assist people signed off work. This is a vital service in pursuit of the States' commitment to **treat mental health with equal consideration and priority to physical health**, but it is not fully achieving its objectives – for example, waiting lists were too long, mainly because of a high number of patients requiring therapy at a higher level of need. Although the service is relatively new, the Committee has prioritised reviewing it in order to refocus its aims and outcomes.

In 2015 the States directed the Committee to report by October, 2017 on the merits of the Health Service Fund being extended to help cover some of the costs of health care and medical treatment for Guernsey and Alderney residents falling ill when visiting the UK. The Committee supports this proposal, which could partially mitigate the effects of the loss to islanders some years ago of the reciprocal health agreement with the UK, and is confident it can be introduced inexpensively and without any need to increase contributions to the Health Service Fund. The scheme which will shortly be recommended by the Committee would be of particular benefit to people who are unable to obtain insurance – or at least unable to at anything other than prohibitive cost – to visit family or friends in the UK and it would contribute to the States' commitment to foster **one community bound by a commitment to inclusion and social justice**.

## 7. long-term care insurance

The Committee administers a long-term care insurance scheme which provides financial assistance towards the costs of care in private residential and nursing homes. The security provided by long-term care insurance contributes to a range of themes and objectives set out in the *Policy & Resource Plan Phase 1*, in particular those associated with **quality of life** (e.g. **providing timely and appropriate...support and care, based on need, for all those who need to access it**) and **community** (e.g. **that the success of a society is affected not just by how wealthy it is but also by the wellbeing of all its people**).

Long-term care insurance benefit is a flat-rate, non-means-tested cash benefit funded in the main by contributions from employees, the self-employed and the non-employed – there are no contributions made by employers and there is no annual grant from States' general revenue. Benefits are paid from the Long-term Care Insurance Fund, which is financed broadly on the pay-as-you-go principle. The Fund receives contribution income to finance current and future benefit expenditure with reserves built up over time. An objective is that the Fund should maintain a minimum balance of two years' expenditure. At the end date of the last actuarial review (31<sup>st</sup> December, 2014) the Fund contained reserves totalling £56million, which is around three times annual expenditure. Based on a range of policy assumptions provided by the Committee the actuarial advice is that, without further changes to contributions and benefits, the Fund will be exhausted by 2047.

The provision and funding of long-term care is one of the most serious challenges facing the States. Last year an inter-committee working party was highly critical of the Island's approach to long-term care, concluding that *"neither the health and social care system nor the means by which it is funded are sustainable, and doing nothing is not an option...across all services and social security benefits, long-term care costs the States around £50million per annum [and without changes] it is projected this cost will rise to over £100million over the next 20 years, as the number of older people...increases"*. The Policy & Resources Committee is leading the States' response and is required to report to the States as part of this Policy & Resource Plan. The Committee for Employment & Social Security is contributing to various areas of the cross-committee work, including in relation to the accessibility of care home beds; the regulation of top-up fees made by care homes; whether the Long-term Care Insurance Fund should pay the costs of care and support only and the person in care should pay accommodation costs and living expenses; and whether the Fund should cover the costs of care and support for people

living at home as well as people living in a care home. Overall it is clear that major reforms are essential – and indeed now urgent after several years of delay. These reforms will need to take account of the States’ overall policy objectives, in particular **sustainable public finances, the continuing transformation of the health and social care system, health and social care services that respect individual needs and promote independence and personal responsibility, and inclusion and quality of life.**

The critical observations made in the preceding section of this policy plan about funding health service benefits from social security contributions based on individuals’ earnings apply equally to the funding of long-term care benefits. Long-term care benefits, like health care benefits, are not income replacement benefits and therefore in the opinion of the Committee long-term care benefits should also be funded from general taxation, including taxes on all income and not just earned income. Therefore the future of long-term care funding is included in the aforementioned review being undertaken by the Committee and the Policy & Resources Committee and within the next 18 months the two Committees will jointly present proposals to the States to restructure the funding of long-term care as well as health care with the same States’ objectives in mind, namely the need for **sustainable public finances** and to **raise additional revenue as far as possible from individuals and entities most able to bear the burden.**

#### 8. equality and social inclusion, including in relation to disability

The present States, through the *Policy & Resource Plan Phase 1*, have placed social inclusion and equality firmly on their policy agenda. As well as familiar general statements such as **inclusion and equality of opportunity should exist from birth into adult life** and **Guernsey should be a place where no-one gets left behind**, there are specific commitments to **foster integration within our community** and to **monitor, understand and reduce poverty and income inequality in Guernsey**. The Committee welcomes these commitments, not only because the Committee’s very purpose is “*to foster a compassionate, cohesive and aspirational society...*” but also because there is considerable evidence which points to the success of a society being affected not just by how wealthy it is but also by how inclusive it is and how equal its people are.

Accordingly the States can expect to see a strong egalitarian theme running through the development of policies set out elsewhere in this policy plan, for example in relation to social insurance schemes, including the old age pension and secondary pensions, the SWBIC-led reforms and further improvements in social welfare, the minimum wage and

other employment legislation, the restructuring of funding for health care and long-term care, etc.

In 2013 the States approved a disability and inclusion strategy to be led by the then Policy Council, but progress on applying the strategy was slow to say the least. In the States' reforms of 2016 responsibility was transferred to the Committee and in November, 2016 the States agreed to **prioritise, resource and implement social policy initiatives which were agreed by the 2012-16 States, including in relation to disability and inclusion**. In this term the Committee will draft proposals which would allow for the States to adopt legislation to provide for equality for people with disabilities in all aspects of life and proposals which would allow for the States to establish an equality and rights organisation to promote the value of inclusion and accessibility, assist employers and service providers and advocate for people who face discrimination or exclusion. The States must acknowledge that enacting such legislation and introducing such an organisation would come at a cost to public finances.

In 2016 the Committee successfully proposed same-sex marriage legislation and will continue to work with the community and other States' committees to identify progressive changes in social policy and legislation, in particular where they could benefit groups of people who have too often been overlooked or felt excluded by society, and such changes help to fulfil the States' commitments to represent Islanders as **open, forward-looking people** and to **celebrate difference and diversity and freedom of expression**. The States wish to **progress work on signing up to appropriate and proportionate social...and justice standards** – and the Committee shares this aim, for example in relation to the Convention on the Elimination of all forms of Discrimination Against Women, the Rights of Persons with Disabilities, and the Elimination of Racial Discrimination, but limited resources mean that it may not be possible for some years yet to ratify or implement them fully and it would be unwise to pretend otherwise.

The States have committed to **prioritise, resource and implement social policy initiatives...including in relation to...children and young people** and to **deliver on responsibilities as corporate parent for all children in statutory care, including young care leavers**. The Committee will help to fulfil this responsibility by, where necessary, providing access to appropriate housing, employment support and training and financial support for young care leavers as they learn to become independent and responsible adults.

The Committee administers family allowance, which is a weekly universal benefit (i.e. it is not means-tested) funded from States' general revenue and payable to people living in Guernsey and Alderney who are bringing up children. The Committee's predecessor was generally opposed to universal benefits and on that ground favoured discontinuing family allowance. The present Committee is not opposed to universal benefits in principle – indeed it believes that universality can contribute positively to social cohesion and inclusion – but it does see considerable merit in the thinking behind a resolution made by the States in 2015 which directs the Committee to advise the States *“...on whether the universal payment of family allowances should be altered, reduced or ceased and the costs thereof redirected to allow the States to provide additional financial support for some or all of the following children's services: medical and paramedical, including but not limited to primary care, dental, optical and physiotherapy...and breakfast clubs, after school homework clubs, school meals and holiday clubs at States' schools.”* At this stage the Committee, pending further study and consultation with other States' committees, is inclined to believe that converting some or all of the expenditure on family allowance from a universal cash benefit into universal services could make a significant contribution to several objectives, including in relation to **healthy community, inclusion, social justice and quality of life** while possibly reducing public expenditure too.

The weekly rate of family allowance was reduced at the start of 2017 in order that the money saved could be reallocated to part-fund a new universal entitlement to pre-school education. The Committee reluctantly supported this reduction in family allowance as the only practical way of funding universal pre-school education, the introduction of which in Guernsey was long overdue having been recognised as essential in most other western jurisdictions some years ago. This budget reallocation was agreed very much on a *quid pro quo* basis: a portion of family allowance was lost specifically to pay for universal pre-school education. If, in the future, access to pre-school education is substantially limited beyond limitations agreed by the previous States, the Committee will immediately ask the States to restore the weekly rate of family allowance to its higher, 2015 level.

The previous States directed the Committee to consider *“...policy initiatives, including family-friendly policies, which would be capable of encouraging an increase in Guernsey's fertility rate [to] be as close as possible to the natural replacement rate...”*. The Committee considers that undertaking such work would be unproductive and unnecessarily consume considerable resources and therefore will ask the States to rescind their resolution. However, in general terms, the States can expect the

Committee to prioritise family-friendly considerations when developing policy across its mandate.

9. the unemployed and the various initiatives to encourage employment and re-employment

The personal and social costs of unemployment are significant. They can include financial hardship, debt, family tensions or breakdown, social exclusion, erosion of confidence and self-esteem, atrophy of work skills and ill health. They become more common, and are harder to address, the longer a person remains unemployed. In addition, unemployment tends to fall disproportionately on people in lower socio-economic groups. Unemployment – expressed at the time as idleness – was one of the five ‘giant evils’ of the Beveridge report of 1942 which has influenced so much social policy in the years since.

By international standards Guernsey has enjoyed extremely low rates of unemployment for the past 30 years. Between 2011 and 2016 unemployment increased somewhat as the economy grew more slowly, but for the past year it has again been falling consistently. The Committee considers it important that unemployment continues to reduce, as far as possible towards Guernsey enjoying full employment. The States understand well that **a strong economy is essential to maintain high rates of employment, low rates of unemployment and a diverse range of well-remunerated jobs** and acknowledge the role of government to **make sure those who want to work can work and to help them maximise their working lives**. Specifically the States have committed to **remove barriers that are discouraging or preventing some people from pursuing or remaining in paid employment and provide additional support to those who need it to find and sustain employment**.

The Job Centre, which is overseen by the Committee, plays a crucial role in keeping unemployment as low as possible by working with people in receipt of unemployment benefit, supplementary benefit or both. At the time of writing the Job Centre supports approximately 400 people registered as unemployed, around 350 supplementary beneficiaries who have a work requirement and about 65 people who are recovering from long-term illness. The activities of the Job Centre include advertising vacancies; one-to-one advice on job applications, interviews, etc.; courses to improve skills, primarily in conjunction with the College of Further Education; training schemes such as the community environmental project scheme; work rehabilitation for customers who

face particularly complex barriers to employment; and short-term trial placements with employers. Another employment-related scheme which was launched in 2015 and rolled out fully in 2016 is successfully reforming the management of sickness absence and sickness benefit claims with a view to reducing their incidence without compromising the health of the employee or the needs of the employer.

At the present time the Committee's responsibilities in relation to unemployment and re-employment can be met without the need to propose changes to policy or allocate additional resources. This would have to be reviewed, however, in the unhappy circumstances of a marked increase in unemployment, to which the Committee would wish to respond urgently and robustly. The Committee's main focus in this term will be to maintain and if possible enhance its many and varied successful schemes during a period of continuing financial restraint for the States. The Committee is also reviewing the presentation of statistics concerning employment and unemployment to ensure they are as clear and accurate as possible.

10. labour market legislation and practices

11. health and safety in the workplace

12. industrial relations

In accordance with a States' resolution made in 2014, this year the Committee will submit propositions necessary to introduce shared parental leave on the same terms as maternity leave. This would oblige employers to grant unpaid parental leave for employees who meet certain qualifying criteria, such as length of time working for their current employer. Any cost to public funds would be negligible. This legislation will contribute to some extent to the States' commitment to **recognise the value of the early years** and to **ensure every child has a nurturing and supportive start in life**, but the number of parents qualifying for unpaid leave and financially able to take advantage of it will necessarily be very limited. These commitments would be met best by enhancing existing provisions relating to leave and benefits enjoyed by new parents and the Committee's policy letter on shared parental leave will set out ways in which this might usefully be done in the future.

In the years ahead the labour market will need to evolve as demographics change, the proportion of older workers increases and the pension age rises. Some labour market legislation and practices will need to be reformed. The Committee is planning for these changes under its longer working lives project and in the first half of this term it will

report to the States with proposals to contribute to the States' commitments to deliver **sustainable public finances, maintain an appropriately-sized working population and encourage personal responsibility among individuals and families in planning for the future, including retirement.**

In 2016, in the first of its annual proposals since assuming responsibility for the minimum wage, the Committee successfully proposed increases slightly above the rate of inflation in the youth and adult minimum wage rates. Since January this year the adult rate has been £7.20 per hour, which is similar to rates in the other crown dependencies; but it should be noted that, unlike Guernsey, Jersey has no reduced youth rate. Since April this year the rate in the UK for workers aged 25 and over has been £7.50 per hour, which is around 55% of median earnings, and the UK Government has ambitions to raise it to around 60% of median earnings by the year 2020; whereas Guernsey's adult minimum wage is currently around 48% of median earnings. As required by legislation, the Committee will continue to propose minimum wage rates which take into account, *inter alia*, rates in comparable jurisdictions and changes in pay and economic and trading conditions in Guernsey. The States can expect the Committee to continue to propose increases above the rate of inflation, which would contribute to States' objectives in relation to **inclusion, social justice and reducing income inequality** – and also **sustaining public finances** because of the consequential reduced draw on in-work benefits funded from general revenue. In 2017 the Committee will change the consultation process on a trial basis and invite comments on the minimum wage rates it has in mind in advance of submitting final proposals to the States.

The Health and Safety Executive is a small but effective regulatory part of the Committee's mandate with separate statutory powers. Its primary function is to secure the health, safety and welfare of people at work and to protect others from risks to health and safety from workplace activity. Through inspection, advice and where necessary enforcement it regulates workplaces as diverse as onshore gas and petroleum facilities, farms, factories, construction, retail and hospitality. A great deal of health and safety legislation would benefit from modernisation and the Committee intends to start this work from 2018. The Committee is working with other States' committees where the Health and Safety Executive has identified improvements in areas of responsibility which fall to other committees. Increasingly, at an operational level, the Health and Safety Executive is working closely with other regulatory agencies which broadly have community protection responsibilities.

Industrial relations – in other words the resolution of disputes between employers and employees, with or without trade union representation – are managed through

legislation which dates back to 1993 and which would benefit from revision, but in this States' term the Committee is unlikely to be in a position to allocate resources to this work

### 13. legal aid

The Legal Aid Administrator is a statutory official created by the Legal Aid (Bailiwick of Guernsey) Law, 2003. The main purpose of the law is to provide financial assistance towards the costs of legal advice or representation to persons who might otherwise be unable to obtain legal advice or representation on account of their financial position.

The law includes provision for the making of ordinances and regulations to put the governance and rules of legal aid on a statutory footing. To date no subordinate legislation has been enacted, but the Committee is determined to bring the principal ordinance to the States in 2017. During this term the Committee will also review various policy aspects of legal aid, in particular the eligibility rules on grounds of low income, the use of legal aid by Sark and the rates paid to advocates. Legal aid helps to allow reasonable access to justice for persons who might otherwise be denied it and this is crucial in meeting States' commitments to promote **inclusion, equality of opportunity** and to maintain a **mature international identity** and **meet international standards in respect of social issues**.

### Assessment of Resources

The Office *of the* Committee *for* Employment & Social Security runs an effective programme management system which can support multiple projects, monitors their progress and identifies issues and risks. However officers who are essential to progressing projects are generally spread thinly and this has been thrown into sharper relief following the additional responsibilities assumed by the Office since the reorganisation of States' affairs in May, 2016.

Much of this Policy Plan includes the development and implementation of initiatives which will require the commitment of senior officers. Several of these are already under way, including social welfare benefit reform, secondary pensions and disability discrimination legislation. Existing staff resources should be sufficient to deliver these initiatives provided that they are prioritised in place of other sizeable initiatives which are considered less essential or less urgent.

This implies that other projects already in train or identified as desirable but which are yet to start may require additional officer resources or need to be put on hold or be more constrained in scope. One example of a project which will require considerable officer support is CATS (Contributions and Tax System), which is likely to last several years and place a burden in particular on the most senior and knowledgeable officers working in these areas. Such projects often require the dedicated attention of certain officers – and then those officers' normal duties need to be undertaken by others at additional cost charged to the project, although this option relies on the availability of skills and can require additional training.

Across the Committee's responsibilities there are numerous smaller projects which are considered desirable but which have not begun due to a general shortage of officers.

In terms of financial resources, and in accordance with the request made of Principal Committees by the Policy & Resources Committee, the initiatives set out in this Policy Plan to June, 2020 can be carried out within the Committee's existing budget – with one exception. Social welfare benefit reform, which was agreed by the previous States and which the current States have committed to prioritise, will have an annual cost to general revenue of £3-4million with a higher cost for the first two years during which some beneficiaries will gradually see their benefits reduced.

Some policy development could have an impact on the social insurance contributions paid by employed, self-employed and non-employed people and employers. These include potential alternative approaches to funding long-term residential and nursing care. Such changes may be unlikely to burden States' general revenue further and indeed may guard against increasing public expenditure in the future, but they could have an impact on the tax and contributions burden of the public and therefore also affect the scope for fiscal change in other areas of the States.

## Resolutions Recommended for Rescission

Year, Billet, Article	Subject	Resolution(s)
2001,19,9	<b>Housing Associations in Guernsey: Funding and Regulatory Issues</b>	<p>3. To note that the States Housing Authority will keep under review the need for specific Housing Association legislation and report to the States with its recommendations should it be concluded such legislation is required.</p> <p>19. To note that the States Housing Authority will in due course consider the merits of housing stock transfers and report to the States as appropriate.</p>
		<p>The Committee believe that Resolution 3 is, in effect, complete. Responsibility for social housing falls under the Committee's mandate and they will as a matter of political responsibility ensure that appropriate legislation and policy is in place.</p> <p>In relation to Resolution 19, the Committee has addressed this in its policy plan and notes it has no intention to transfer stock at this time.</p>
2002,9,9	<b>Survey of Guernsey's Housing needs</b>	6. To note the States Housing Authority's intention to implement the establishment of an "affordable" Housing Roll.
		The Committee do not currently intend to implement an "affordable" Housing Roll. Future policy will be informed by a report from KPMG regarding the Island's housing needs.
2003,21,14	<b>Proposals for Comprehensive Equal Status and Fair Treatment Legislation</b>	1. That Legislation shall be enacted along the lines set out in that Report to make discrimination unlawful and to promote equality of opportunity and diversity
This has since been superseded by other resolutions and commitments.		

2004,3,14	<b>Schemes for the Provision of Affordable Housing: Operational and Funding Arrangements</b>	5. To direct that the Housing Department investigate and report back to the States, as soon as possible with proposals for an Assisted Purchase Scheme along the lines of that set out in paragraphs 25-31 and appendix 3 of that Report, having first considered the relationship between such a scheme and the existing States Home Loans scheme.
	The Committee do not currently intend to implement an Assisted Purchase Scheme, a Partial Ownership Scheme is currently offered by the Guernsey Housing Association. Future policy will be informed by a report from KPMG regarding the Island's housing needs.	
2007,11,11	<b>An Integrated Corporate Strategy to Meet the Island's Needs for "Key Workers"</b>	<ol style="list-style-type: none"> <li>1. That based on the recommendations set out in the Key Worker Housing Group's report, an integrated corporate strategy be formulated on the recruitment and retention of "Key Workers" that encompasses the provision and funding of suitable "key worker" housing initiatives, and the adoption of tailored housing licence and remuneration policies.</li> <li>2. To direct that the Housing and Health and Social Services Departments to report back to the States by March 2008 (earlier if feasible) with firm proposals based on the further investigations required, taking into account the views expressed by the States, together with the consultations undertaken with "Key Workers" and other interested parties.</li> <li>3. To direct that all States Departments that are recommended to take action for specific matters in this report do so in accordance with the Action Plan set out in Annex A to that Report, to enable the Housing and Social Services Departments to report back to the States by March 2008</li> </ol>
	In its policy plan the Committee has noted its intention to work with the relevant Committees to review the provision of housing for Key workers, but believes that these Resolutions are too prescriptive.	

2007,20,7	<b>Legal Aid</b>	<p>1(1) To award contracts to the following firms of Advocates, subject to the successful outcome of post-tender negotiations: Atkinson Ferbrache Richardson, Carey Olsen, Albany Chambers, Ashton Barnes Tee, Babbé, F Haskins and Co, Randell and Loveridge Ozannes, Advocate L Strappini and co, Trinity Chambers.</p> <p>1 (2) To further authorise the Policy Council to continue to negotiate with the Guernsey Bar regarding the terms and conditions of the contract and the directions in the Practioners' Manual.</p>
	These Resolutions are no longer relevant to the development and establishment of the Legal Aid scheme.	
2010,11,8	<b>Corporate Housing Programme- Progress Against the 2009 Action Plans and Future Strategy</b>	2. To direct that the CHP Workstreams set out and prioritised in Appendix 3 of this report be included in the States Strategic Plan and or/relevant States Departments' Operational Plans, as appropriate
	This is no longer the tool for delivering new units of Social Housing.	
2012, 20, 14	<b>Contribution Rates for 2013</b>	11.To direct the Social Security Department to report to the States of Deliberation by no later than October, 2014 with proposals setting out any structural reforms and changes to contribution and/or benefit rates which it considers necessary in order to ensure the long-term sustainability of the Long-Term Care Insurance Fund.
	This Resolution has been superseded by SLAWS Resolutions.	
2015,24,1	<b>Maintaining Guernsey's working Population</b>	6. To agree that the future Committee <i>for</i> Employment & Social Security, in accordance with its responsibilities for equality and social policy, and the future

		Committee <i>for</i> Home Affairs, in accordance with its responsibilities for population management policies, shall consult with other relevant committees as may be necessary and shall jointly report to the States by no later than September 2017 setting out their opinion, together with any recommendations considered necessary, on policy initiatives, including family-friendly policies, which would be capable of encouraging an increase in Guernsey's fertility rate and would be as close as possible to the natural replacement rate as described in paragraph 3.6
	The Committee has noted in section 8 of its policy plan that it does not feel that it has sufficient resources to prioritise this work. It is our understanding that the Committee <i>for</i> Home Affairs is of a similar opinion.	
2015,4,1	<b>Planning a Sustainable Future- The Personal Tax, Pensions and Benefits Review</b>	3. To direct the Treasury and Resources Department and Social Security Department to co-ordinate their actions and report annually to the States on the transitional measures required as a result of the approval of Propositions 4 to 41 to ensure that any groups of people disadvantaged by the measures agreed are adequately protected throughout the transition period detailed in paragraphs 6.1.1 to 6.1.7 of that report.
	The Committee do not believe it is necessary to continue to report on these matters.	

<b>Extant Resolutions (excluding those recommended for rescission)</b>		
<b>Year, Billet, Article</b>	<b>Subject</b>	<b>Resolution(s)</b>
2010,20,5	<b>Traveling Allowance Grant</b>	13.That the Social Insurance (Guernsey) Law, 1978 and the Health Service (Benefit) (Guernsey) Law, 1990 be amended so that the Travelling Allowance Grant provisions are transferred to the Health Service (Benefit) (Guernsey) Law, 1990
		The Committee has not yet progressed this Resolution, but intends to do so when resources become available.
2013, 20, 8	<b>States support for the concept of a Guernsey based University of the Channel Islands</b>	2. To direct the Policy Council and any Departments that may be affected by the concept set out in that Report to report back to the States should they have reason to consider that any significant policy changes are required in order for a Guernsey based University of the Channel Islands to develop along the lines described in that report.
		The Committee is not aware of any significant policy changes required at this time but has not conducted an in depth investigation.
2014,21,5	<b>Benefit and Contribution Rates for 2015</b>	17.That the Social Security Department be directed to report to the States of Deliberation after the conclusion of the Personal Tax Pensions and Benefits Review and the publication of the Supported living and Aging Well Strategy, with proposals to achieve the long-term sustainability of the Long-Term Care Insurance Fund.
		The Committee is currently working on discharging the SLAWS recommendations including those related to funding.
2015,4,1	<b>Planning a Sustainable Future- The Personal Tax Pensions and Benefits Review</b>	<p>5. To direct the Treasury and Resources Department and Social Security Department, when making recommendations for changes in tax and benefits during the transitional period as detailed in paragraph 6.1.1 to 6.1.7 of that Report, to have regard to the numbers of people resident in Guernsey and Alderney, their demographic make-up and their level of economic activity and ability to pay.</p> <p>7. To direct the Social Security Department, in consultation with the treasury and Resources Department, to present the States of Deliberation for approval a report</p>

		<p>or reports outlining policies to ensure adequate personal or workplace pension provision in Guernsey and Alderney covering the following parameters:</p> <ul style="list-style-type: none"> <li>• The enhanced take up of private pension schemes</li> <li>• The creation of a pension scheme designed to capture those not currently making personal provision (outside of the existing statutory old-age pension scheme);</li> <li>• The enhancement of incentives for contribution to a private pension scheme through the tax system.</li> <li>• The desirability of devising a scheme whereby pensioners may, if they so wish, invest their pensions in a fund tracking the performance of the capital funds managed on behalf of the States of Guernsey.</li> </ul> <p>8. To agree that any additional pension scheme adopted as a result of Proposition 7 be made available to contributions no later than January 2020.</p> <p>9. To agree that long-term planning for statutory old-age pension provision be designed to maintain a buffer of at least two years of expenditure within the Guernsey Insurance fund.</p> <p>15. To direct the Social Security Department, in consultation with all other relevant departments, to investigate measures aimed at supporting longer working lives and assisting older people who wish to work to remain in the workforce, and to report to the States of Deliberation with its findings no later than December 2017.</p> <p>24A. To direct the Treasury &amp; Resources Department and the Social Security Department to reflect on the views expressed during debate of this report before presenting to the States any firm proposals on the matters dealt with by Propositions 19,20,23 and 24, and to outline the mitigating actions to be taken in respect of any group of people disadvantaged by these proposals.</p> <p>26. To acknowledge that there are risks and challenges associated with the States' considerable reliance- by international standards- on direct personal taxes and social insurance contributions; and to agree in principle that it would be</p>
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		<p>advantageous to diversify sources of States' income in ways which take account of the principle of 'ability to pay'.</p> <p>33. To direct the Social Security Department to review the assessment of Social Security Department to review the assessment of Social Security contributions to ensure that the treatment of contributors in different contribution classes is equitable; such review to have particular regard to the upper earnings limit on contributions, the rate charged for self-employment and non-employment contributors and the definition of income used in the assessment of contributions for non-employed contributors.</p> <p>33A. To direct the Social Security and Treasury and Resources Departments to investigate options to make the tax and social security system as a whole more progressive, through the withdrawal of personal tax allowances (such investigation to include consideration of the interaction with the upper earnings limit on Social Security contributions in order to avoid high marginal rates of taxation) and to report to the States with their findings no later than June 2017.</p> <p>34. To direct that, subject to the implementation of suitable administrative systems and suitable alternative sources of revenue, the Social Security Department further investigates a restructuring of Social Security contributions to apply an allowance for employed and self-employed individuals, such investigation to have regard to the findings of the report as described in proposition 27A in relation to high earners.</p>
	<p>The Secondary Pensions project has been allocated a full time officer resource and the Committee intend to report back in 2018 with more detailed proposals. The Longer Working Lives project is also progressing and is expected to report back to the States in December of this year or thereabouts. The sustainability of the Social Insurance funds is a key priority for the Committee, and they will keep reviewing the suitability of the current funding model in light of changing demographics and economic circumstances.</p>	
2015,14,18	<b>Extension of Non-Medical Prescribing</b>	<p>1. To amend the Health Service (Benefit) (Guernsey) Law, 1990 and related subordinate legislation to allow appropriately qualified non-medical health professionals who are</p>

		employed, contracted or engaged by the Health and Social Services Department, or otherwise authorised by the Department to work as such, to be empowered to issue medical prescriptions for the supply of pharmaceutical benefit for the purposes of the said Law within their own level of professional competence.
		Officers have prepared a first draft of the required Ordinance. It is expected that the legislation will be brought before the States before the end of the year.
2015,14,20	<b>Eligibility for Industrial Injuries Benefits</b>	<ol style="list-style-type: none"> <li>1. To amend Section 40(1) of the Social Insurance (Guernsey) Law, 1978, to the effect that a person directed by the Administrator to participate in an employment training programme or an employment training course operated by or on behalf of the Social Security Department, or approved by the Social Security Department, shall be deemed to be gainfully occupied under a contract of service for the purposes of the Part of the Law relating to entitlement to industrial injuries benefits.</li> <li>2. To amend Section 40 of the Social Insurance (Guernsey), 1978, to give the Social Security Department the power to prescribe by regulation additional categories of persons to be treated for the purposes of industrial injuries benefits as employed persons.</li> <li>3. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.</li> </ol>
		The Committee has not yet progressed this Resolution, but intends to do so when resources become available.
2015,14,24	<b>Minor Constitutional Changes to the Housing Appeals Tribunal and Appointment of Members to the Housing Appeals Panel</b>	<ol style="list-style-type: none"> <li>11. To approve the introduction into the regulations the means by which members may resign from the Housing Appeals Panel. This includes the introduction of new provisions which specify that panel members cease to be members when/if: <ol style="list-style-type: none"> <li>a) they reach the end of their term of appointment as specified by the States decision which confirmed their appointment;</li> <li>b) they reach the age of 72 years or, if the Royal Court sitting as a Full Court so determines, by reason of special circumstances in any particular case, 75 years;</li> <li>c) they resign from their duties: <ul style="list-style-type: none"> <li>• In the case of the chairman, submitting their resignation to the Bailiff; and</li> </ul> </li> </ol> </li> </ol>

		<ul style="list-style-type: none"> <li>• In the case of any other member, submitting their resignation to the Tribunal's Chairman.</li> </ul> <p>d) they are removed from office by the Royal Court sitting as a Full Court if the Court is satisfied that they:</p> <ul style="list-style-type: none"> <li>- have misbehaved in their office</li> <li>- are incapable of continuing as a member by reason of physical or mental illness</li> <li>- have been declared insolvent, or</li> <li>- have been unavailable without reasonable cause to sit as a member of the Tribunal for a period in excess of six consecutive months.</li> </ul> <p>12. To approve an amendment to Part II of the regulations to specify the maximum time period associated with the internal review process, as detailed in paragraph 7.3 of that Policy Letter.</p>
	The Committee has not yet progressed these Resolutions, but intends to do so when resources become available.	
2015,16,14	<b>Review of the Strategic Housing Target</b>	4a. To direct the Housing Department and Treasury and Resources Department (and their successors) to report back to the States with their findings and recommendations in respect of Proposition 4, annexed to which is a copy of the independent report, referred to in that proposition, no later than the end of July 2016
	The Committee will report on this Resolution after the Local Market Housing Review is published and the Committee has had time to consider its findings.	
2015,16,15	<b>Joint report on First Time Buyers Scheme</b>	4. To direct that the Housing Department and Treasury and Resources Department (and their successors) to report back to the States with their findings and recommendations in respect of Proposition 4, annexed to which is a copy of the independent report, referred to in that Proposition, no later than the end of July 2016.
	The Committee will report on this Resolution after the Local Market Housing Review is published and the Committee has had time to consider its findings.	

2015, 18, 8	<b>Benefit and Contributions Rates for 2016</b>	<ol style="list-style-type: none"> <li>2. That the Social Security Department be directed to take the above guideline in Proposition 1 into account in its recommendation for the annual uprating of statutory old-age pensions, and to provide the States of Deliberation with detailed reasoning for any recommendation to deviate from it in its annual uprating report.</li> <li>3. That the Social Security Department be directed to review the guideline for the annual uprating of statutory old-age pensions no later than 2020, having regard to progress made in establishing support policies to enhance personal pension provision and the actuarial projections for the Guernsey Insurance Fund at that time.</li> <li>30. To agree that, after consultation with other relevant committees of the States, the Committee for Employment &amp; Social Security shall report to the States by no later than October 2017, setting out their opinion on whether the universal payment of family allowances should be altered, reduced or ceased and the costs thereof redirected to allow the States to provide additional financial support for some or all of the following children's services: medical and paramedical, including but not limited to primary care, dental, optical and physiotherapy provided either by States-employed clinicians or contracted private practitioners; and breakfast clubs, after school clubs, after school homework clubs, school meals and holiday clubs at State's schools.</li> <li>31. To agree that the Committee <i>for</i> Employment &amp; social Security shall report to the States by October 2017 setting out their opinion on the feasibility of medical and para-medical services being provided either by States –Employed clinicians or contracted private practitioners for adult Supplementary Benefit claimants.</li> <li>32. To agree that the Committee <i>for</i> Employment &amp; Social Security shall investigate the merits of including within the ambit of the Guernsey Health Service Fund the costs of healthcare and medical treatment incurred by Guernsey residents while travelling to the United Kingdom which would previously have been within the ambit of the States' reciprocal health agreement with her Majesties Government,</li> </ol>
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		<p>or alternatively of the States entering into partnership with one or more private insurance providers to ensure that any such insurance cover can be made available to Guernsey residents at reasonable cost; provided that such investigation shall be undertaken on the presumption that any such insurance scheme would most probably require any claim to be subject to both maximum and minimum conditions in relation to cost coverage; and further to agree that the Committee <i>for</i> Employment &amp; Social Security shall report to the States thereon by no later than October 2017; and further note that, for the purposes of Rule 15(2) (a) of the Rules of Procedure of the States of Deliberation, carrying into effect the proposals in this amendment, i.e. the carrying out of such an investigation, will not increase the expenditure of the States.</p>
	<p>The Committee is continuing to progress work towards establishing a secondary pensions system and has just completed a tender process for an economic impact statement. The Committee is also investigating the reallocation of family allowance and a scheme for off-island health cover and intends to report to the States by the end of the year.</p>	
2015,20,7	<b>Update on the Disability and Inclusion Strategy</b>	<p>1. To note the update on the implementation of the Disability and inclusion Strategy provided in that Policy Letter, and to direct the Committee with responsibility for the Disability and Inclusion Strategy to report back to the States on the implementation of the strategy no later than November 2017</p>
	<p>The Committee intend to report back to the States by November 2017.</p>	
2015,21,1	<b>States' Review Committee: The Organisation of States' Affairs- Third Policy Letter</b>	<p>12. To agree that, as set out in paragraph 5.3.4 of that Policy Letter, the Policy &amp; Resources Committee and the Committee <i>for</i> Employment &amp; Social Security shall review the case for maintaining and the case for reforming the arrangements in relation to which committee of the States should have political responsibility for the States " insurance funds and shall jointly report to the States by May 2017 setting out their findings and any recommendations considered necessary"</p>
	<p>This remains under review and is linked to work being undertaken with Policy &amp; Resources on Long Term Care and Health Care Financing.</p>	

2015,23,9	<b>Domestic Abuse Strategy</b>	5. To agree that the Committee for Employment & Social Security, in accordance with its responsibility “to advise the States and to develop and implement policies on matters relating to... equality and social inclusion” shall report to the States by no later than March 2017 setting out the progress made to date towards extending the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW) to Guernsey, together with details of the remaining work necessary to enable the convention to be extended to Guernsey, including a timetable for such work to be completed and the resource implications thereof.
	The Committee has commenced work on the underlying actions, but has made no progress on reporting to the States.	
2016,3,10	<b>The Review of the Financial Relationship between Guernsey &amp; Alderney</b>	8. To direct the Education Department, Health and Social Services Department, Home Department, Public Services Department & Social Security Department (and their successors) in Guernsey, which provide Transferred Services for Alderney, to review the services provided (including how they are provided) in line with Section 4 of Appendix A to that Policy Letter, and to reach outcome focused agreements with the appropriate authorities in Alderney, having due regard to cost effectiveness and efficiency for such services, and on a timescale to be agreed between the Policy Council (and its successors) and the Alderney Policy & Finance Committee.
	The Committee has not progressed this resolution at this time though continues to review its relationship with Alderney and the services provided.	
2016,3,4	<b>The Supported Living &amp; Aging Well Strategy</b>	1e To direct the Committee for Employment & social Security, in conjunction with the Policy & Resources Committee, to investigate in detail the implications for contributors, individuals and for the States of the application of the principle that the Long-term Care Insurance Fund should cover care and support costs only, and to report to the States with its findings and recommendations no later than October 2017.

		<p>1f To agree that investigation of this principle shall be limited, in the first stage, to the implications related to care and support provided to individuals in public and private sector residential and nursing homes.</p> <p>1h To agree, in principle, that the Long-Term Care Insurance Scheme should be extended to cover care and support costs for people living in their own homes (including those accommodated in their own homes in sheltered and extra care housing)</p> <p>1j To agree that the investigation of this principle should include: A review of the role of related benefits such as Severe Disability Benefit and Carer's Allowance; and Detailed investigation into the possibility of introducing personal budgets, including, if appropriate, the establishment of a pilot project to inform the research.</p> <p>1l To direct the Committee for Employment &amp; Social Security to keep under review whether there is a strategic, long-term financial need to introduce:</p> <ul style="list-style-type: none"> <li>i) the inclusion of capital assets in any means- testing of benefits associated with the provision of long-term care; and</li> <li>ii) the capping of care costs to set out the respective funding liabilities for individuals and for the States.</li> </ul>
	The Committee has allocated a full time staff resource to progress the SLAWS project and intends to report as soon as resources permit.	
2016,3,15	<b>Proposed Development of Secondary Pensions System for Guernsey &amp; Alderney</b>	<p>1. To approve in principle the introduction of automatic enrolment into private pension savings and the development of a Secondary Pension scheme based on the principles outlined in paragraph 161 of that Policy Letter, but subject to further research being carried out by the Committee for Employment and Social Security as to whether any distinction should be drawn between employer businesses of varying sizes.</p> <p>2. To direct the Committee for Employment and Social Security to report back to the States of Deliberation no later than 31 December 2017 with detailed proposals for</p>

		<p>the implementation of automatic enrolment into private pension saving and a Secondary Pension Scheme.</p> <p>3. To direct the Committee for Employment &amp; Social Security, in reporting back to the States, to provide an economic impact assessment of the proposals.</p>
	Officers have completed a tender process for the economic impact assessment and the Committee expect to report back to the States with detailed proposals and an economic impact assessment by September 2018.	
2016,7,9	<b>Comprehensive Social Welfare Benefits Model</b>	<p>To agree, subject to funding being available, from January 2017 or as soon as possible thereafter, and subject to indexation as will in due course be proposed by the Committee for Employment &amp; Social Security:</p> <ul style="list-style-type: none"> <li>a. the rent rebate scheme be closed over a transitional period of 3 years;</li> <li>b. the short-term rates and long-term requirement rates for supplementary benefit be as set out in paragraph 87 of that Policy Letter, except that the single non-householder long-term requirement rate shall be £128.63 (instead of £105.16).</li> <li>c. the capital cut off limits for eligibility for supplementary benefit shall be as set out in paragraph 113 of that Policy Letter;</li> <li>d. the provisions in the supplementary benefit legislation concerning assumed income on capital shall be repealed;</li> <li>e. the system of maximum rent allowances within the supplementary benefit system be extended to include maximum rent allowances for families with 1, 2, and 3 or more children at the rates set out in paragraph 126 of that Policy Letter;</li> <li>f. the assumed contribution from a non-dependent adult living in the household</li> </ul>

		<p>of a person receiving supplementary benefit shall be £75 per week;</p> <p>g. a non-householder rent allowance of a maximum £75 per week shall be introduced for non-dependent adults receiving supplementary benefit who are living in the household of another person;</p> <p>h. an extra needs allowance be introduced to the assessment of supplementary benefit, as set out in paragraphs 142 to 152 of that Policy Letter.</p> <p>2. To direct the Committee for Employment &amp; Social Security to report to the States of Deliberation, no later than October 2017, with recommendations for reform of the arrangements for winter fuel allowances to householders receiving supplementary benefit.</p> <p>3. To direct the preparation of such legislation as may be necessary to give effect to the above decisions.</p>
		The Committee intends to implement these resolutions from 1 July 2018, provided that funding is available.
	2016,27,4	<p><b>Benefit and Contribution rates for 2017</b></p> <p>26. To amend the Social Insurance (Guernsey) Law, 1978, and associated legislation, to rename 'invalidity benefit' as 'incapacity benefit'.</p>
		Officers have prepared drafts of the necessary legislation and will bring this legislation to the States in due course. Subject to approval of the Legislation Review Panel on 22 <sup>nd</sup> May, the legislation will go to the States for approval on the 6 <sup>th</sup> September 2017.

## Resolutions Completed Since 1 May 2016

Year, Billet, Article	Title	Resolution(s)
2015,4,1	<b>Planning a Sustainable Future- The Personal Tax Pensions and Benefits Review</b>	16. To direct the Social Security Department to bring into effect as soon as possible the various parental benefits as described in resolutions VI.10a to 10d of Billet d'État IV 2012, either by the levying of an additional 0.1% on employee social security contributions and an additional 0.1% on employee social security contributions, or by any other means deemed desirable and appropriate by the Department, in order to achieve the objective of the implementation of the said resolutions, independent of other pension and benefit considerations, and to report to the States on the progress that has been made towards such implementation, including timescales, in their 2015 annual uprating report.
2016,3,4	<b>The Supported Living &amp; Aging Well Strategy</b>	1a. To direct the Committee <i>for</i> Employment & Social Security to increase contribution rates to the Long-Term Care Insurance Fund for employed, self-employed and non-employed persons by no less than 0.5% from 1 <sup>st</sup> January 2017.
2016,3,18	<b>Introduction of Parental Benefits</b>	8. To direct preparation of such legislation as may be necessary to give effect to the above decisions.

2016,27, 4	<b>Benefit and Contribution Rates for 2017</b>	<ol style="list-style-type: none"> <li>1. To increase the percentage contribution rate for employees, self-employed persons, and non-employed persons under and over pension age, by 0.5 % with effect from 1<sup>st</sup> January 2017. This takes the current contribution rates from 6.1% to 6.6% for employees, 10.5% to 11% for self employed persons, 9.9% to 10.4% for non-employed persons under pension age, and 2.9% to 3.4% for non-employed persons at or over pension age.</li> <li>2. To set the upper weekly earnings limit and the upper monthly earnings limit for employed persons and employers at £2,667 and £11,557 respectively, from 1<sup>st</sup> January 2017.</li> <li>3. To set the lower weekly earnings limit and the lower monthly earnings limit for employed persons and employers at £134 and £580.67 respectively, from 1<sup>st</sup> January 2017.</li> <li>4. To set the annual upper and lower earnings limits for self-employed persons at £138,684 and £6,968 respectively, from 1<sup>st</sup> January 2017.</li> <li>5. To set the annual upper and lower income limits for non-employed persons at £138,684 and £17,420 respectively, from 1<sup>st</sup> January 2017</li> <li>6. To set the allowance for non-employed persons at £7,875 per year, from 1<sup>st</sup> January 2017</li> <li>7. To set the voluntary contribution for non-employed persons at £19.09 per week, from 1<sup>st</sup> January 2017.</li> <li>8. To set the overseas voluntary contribution at £91,17 per week for non-employed people and £100.79 per week for self-employed people, from 1<sup>st</sup> January 2017.</li> <li>9. To set the standard rates of pension and contributory social insurance benefits at the rates set out in Table 11 of that Policy Letter, from 2<sup>nd</sup> January 2017.</li> <li>10. To set the prescription charge per item of pharmaceutical benefit at £3.80 from 1<sup>st</sup> January 2017.</li> </ol>
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		<p>11. To set the contribution (co-payment) required to be made by the claimant of care benefit, under the Long-term Care Insurance Scheme, at £195.16 per week, from 2<sup>nd</sup> January 2017.</p> <p>12. To set the maximum weekly long-term care benefit at the rates set out below, from 2<sup>nd</sup> January 2017:</p> <ul style="list-style-type: none"> <li>a) £807.38 per week nursing care benefit for persons resident in a nursing home or the Guernsey Cheshire Home;</li> <li>b) £569.80 per week elderly mentally infirm (EMI) benefit for qualifying persons receiving respite care in a residential home; and</li> <li>c) £432.46 per week residential care benefit for persons resident in a residential home.</li> </ul> <p>13. To set the maximum weekly respite care benefit at the rates set out below from 2<sup>nd</sup> January 2017:</p> <ul style="list-style-type: none"> <li>a) 1,002.54 per week for persons receiving respite care in a nursing home or in the Guernsey Cheshire Home;</li> <li>b) £764.96 per week for the elderly mentally infirm (EMI) rate for persons receiving respite care in a residential home; and</li> <li>c) £627.62 per week for persons receiving respite care in a residential home.</li> </ul> <p>14. To set the supplementary benefit requirement rates at the rates set out in table 17 of that Policy Letter, from 6<sup>th</sup> January 2017.</p> <p>15. To set the weekly benefit limitations for supplementary benefit at the rates set out below, from 6<sup>th</sup> January 2017:</p> <ul style="list-style-type: none"> <li>a) £650.00 for a person living in the community</li> <li>b) £534.00 for a person who is residing in a residential home; and</li> <li>c) £766.00 for a person who is residing as a patient in a hospital, nursing home, the Guernsey Cheshire Home, or as an elderly mentally infirm resident of a residential home.</li> </ul>
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		<p>16. To set the amount of the personal allowance payable to persons in Guernsey and Alderney residential or nursing homes who are in receipt of supplementary benefit at £30.55 per week, from 6<sup>th</sup> January 2017.</p> <p>17. To set the amount of the personal allowance payable to persons in United Kingdom hospitals or care homes who are in receipt of supplementary benefit to £51.47 per week, from 6<sup>th</sup> January 2017.</p> <p>18. To set the supplementary fuel allowance paid to the supplementary beneficiaries who are householders at £26.03 per week, from 28<sup>th</sup> October 2016 to 28<sup>th</sup> April 2017.</p> <p>19. To set the rate of family allowance at £13.50 per week, from 2<sup>nd</sup> January 2017.</p> <p>20. To set the rates and annual income limits for severe disability benefit and carer's allowance at the rates and limit set out in Table 22 of that Policy Letter, from 2<sup>nd</sup> January 2017.</p> <p>21. To rescind Resolution XIV of January 1993 (Billet d'État 1 of 1993, Article 14 which states that:  "After consideration of the Report dated the 7<sup>th</sup> December, 1992, of the States Insurance Authority to make a grant to the Methodist Church Bailiwick of Guernsey Circuit of £9,000 in 1993 and of such amount as it may deem appropriate in subsequent years in accordance with such terms and conditions as the Authority may decide."</p> <p>22. To authorise, subject to the approval of proposition 21, the Committee <i>for</i> Employment &amp; Social Security to pay a grant to Every Child Our future of £31,265 in 2017, and in subsequent years, at such amounts as the Committee may deem appropriate within its budget allocation for grants to charitable organisations, for the provision of a pre-school to support vulnerable families whose children are not of the age where they would be entitled to free pre-school education.</p>
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		<p>23. To introduce a 5 year residence requirement as a condition of entitlement to the supplementary benefit rent allowance and personal allowance for people living in Part D Houses in Multiple Occupation.</p> <p>24. To give the Administrator the power, in exceptional circumstances, to award supplementary benefit, of such amount as he considers reasonable, to persons who do not meet the 5 year residence requirement.</p> <p>25. To amend the Supplementary Benefit (Implementation) Ordinance, 1971, to replace the seven day period required for the Administrator to respond to the notification of an appeal with a 28 day period.</p>
2016,27,5	<b>Amendments to Statutory Minimum Wage Arrangements to Come into Force on 1<sup>st</sup> January 2017</b>	<p>To approve, pursuant to section 31(3) of the Minimum Wage (Guernsey) Law,2009 (“the Law”), the Minimum Wage (Prescribed Rates and Qualifications) (Guernsey) Regulations, 2016 (as set out in Appendix 2 to this Report), which, pursuant to sections 1 (3) and 3(1) of the Law prescribe the hourly minimum wage rates set out below with effect from 1 January 2017:-</p> <ul style="list-style-type: none"> <li>-adult minimum wage rate: £7.20 per hour (for workers aged 18 and over), and</li> <li>-young person’s minimum wage rate: £6.50 per hour (for workers aged 16 and 17)</li> </ul>

**THE COMMITTEE *FOR THE* ENVIRONMENT & INFRASTRUCTURE**  
**COMMITTEE POLICY PLAN**

**Introduction**

This document comprises the Committee *for the* Environment & Infrastructure's response to phase one of the Policy & Resource Plan (P&R Plan) agreed by the States in November 2016. It sets out, at a high level, the policy priorities of the Committee *for the* Environment & Infrastructure (the Committee), the interdependencies and synergies between the policy areas, together with an outline of the anticipated benefits and the work needed to realise those benefits, plus an estimate of the resources required to deliver those pieces of policy work.

**Our responsibilities**

The purpose of the Committee is:

"To protect and enhance the natural and physical environment and develop infrastructure in ways which are balanced and sustainable in order that present and future generations can live in a community which is clean, vibrant and prosperous".

Those areas of its responsibility, on which it advises the States and develops and implements policy, most closely aligned with the themes/outcomes of phase one of the P&R Plan are:

- infrastructure, including but not limited to water, wastewater, the ports and the airports,
- spatial planning,
- climate change,
- protection and conservation of the natural environment,
- energy, including renewable energy,
- solid waste,
- general housing policy in relation to land use, spatial planning and infrastructure,
- the coast and coastal defences and the breakwater in Alderney,
- traffic and transport,
- biodiversity,
- agriculture, animal health and welfare and the sustainability of food and farming, and
- maritime affairs.

## **Policy Priorities for the Committee *for the* Environment & Infrastructure**

The Committee has undertaken a complete review of the key policy areas falling within its mandate as part of a prioritisation process. The Committee ranked the broad policy areas in order of importance in terms of delivering States priorities. These were ranked as high, medium or low. The policy areas and their ranking were subject to several reviews as part of an iterative process. Finally those policy areas given medium and low priority were not brought forward.

A total of five broad policy priority areas have been identified that the Committee considers are significant and critical to the delivery of the themes/outcomes identified in phase one of the P&R Plan. These are (in no particular order):

- Energy Policy
- Environmental Policy
- Infrastructure Policy
- Sustainable Integrated Transport Policy
- Waste Policy

During the prioritisation process the Committee identified some significant policy areas that are important but which, because of their stage in the policy cycle and the long term strategies already agreed and being implemented, are not priorities in terms of policy development at the moment. Examples are the Strategic Land Use Plan and the Solid Waste Strategy which have established long term strategies and are at the stage of strategy delivery through operational work streams. However, the Committee is conscious that policy areas, such as these, could become priorities if the States or other mechanisms direct a course of action (e.g. Island Development Plan (IDP) policy monitoring establishes that strategic land use policy needs to be re-examined). This scenario would have unexpected resource implications and would most likely lead to work that has been prioritised having to stop or be delayed.

There are also other work streams currently being carried out which are nearing completion and where a considerable amount of resource and work has already been invested (e.g. plant health legislation, electric car charging point provision). The Committee is of the view that not completing these work streams, even if not identified as specific priorities, would be a false economy and that their completion would contribute to delivery of the policy objectives.

### Identifying Policy & Resource Plan objectives that affect or will be affected by Committee *for the* Environment & Infrastructure policy priorities

The objectives of the P&R Plan relevant to the Committee's mandate and potential policy areas have been filtered out from the document's long list of "we will" statements, and those objectives considered to have the strongest connection with the Committee's mandate and potential policy priority areas have been identified.

All of the Committee policy priorities and identified strategies and work streams fit with the P&R Plan objectives. All of the P&R Plan objectives that require particular input from the Committee have been identified as a priority although there may be resource implications for delivery of some of the policy areas as discussed below. For each policy priority area work streams have been identified which either culminate in a strategy which will deliver the policy priority or which fulfil an existing strategy which delivers the policy priority.

### **Overview of resources needed to develop policy priorities**

In setting out the resources necessary to develop and implement the policy priority areas identified, the Committee has applied the principles of the Public Sector Reform Programme which has a published aim to build a single public sector organisation in order to enhance performance, achieve outcomes and end the silo approach to departmental working. Such an approach has been recognised as often creating departmental boundaries which can create unintended barriers to policy delivery. The Public Sector Reform framework identifies that removing departmental boundaries is crucial and the Committee agrees that being able to draw on skills and resources across the public sector as a whole is necessary to make the most of resources, add most value and deliver the States policy priorities. As such, it has no specific existing staff resource but can draw on the pool of skills across the organisation.

The Committee has identified and secured the majority of the resources required to deliver its policy priorities. However, there are some policy areas, notably in the areas of energy policy, infrastructure policy and waste policy, where the full resource requirement has not been able to be identified. Nevertheless the Committee considers that these significant policy areas are critical to the delivery of the themes/outcomes identified in phase one of the P&R Plan and the delivery of the Committee's mandate and that it would not be appropriate to simply deprioritise, curtail or delay policy development in these areas as a result. The Committee asks that the Policy & Resources Committee helps to identify the resources required to enable these priorities to progress. This is discussed further in the relevant sections below.

Other areas falling within the Committee's mandate relate to food supply and local food production, liquid waste, water supply and safety, Airport infrastructure (including runway extension) and stone reserves. The Committee has identified that any work streams relating to these areas are not a priority and could therefore stop. It is worth noting, however, that resources released from one project/programme may not always be suitable or have the skills or experience required to resource new projects/programmes. Any re deployment of existing resource always carries a risk of disrupting business as usual.

Notwithstanding the above, the Committee will still need the resources to deliver the operational requirements of its mandate and some capital projects, some of which are not insignificant in terms of financial resource requirements (e.g. annual inspection and maintenance of the Alderney breakwater, repair of sea defences etc.).

Please note that the resource requirements identified in this document are to deliver the Committee's identified policy priorities and do not cover the resources required to deliver or implement any projects or programmes resulting from those policies. However, where possible, future resource requirements are identified in very broad terms and where a known capital prioritisation has already been submitted, reference to the value is noted.

A further group of work streams may require expert external advice by way of consultants. The human and financial resource requirements in terms of the delivery of each policy area are set out below.

## **Context of Policy Priorities**

### **Energy Policy**

#### **Why is this policy a priority?**

Within its mandate the Committee has specific responsibility for energy, including renewable energy, infrastructure and security of supply of essential commodities. It is also responsible for the areas of climate change, traffic and transport, biodiversity and protection and conservation of the natural environment, maritime affairs, general housing policy and spatial planning which all have a direct influence on energy policy and are influenced by the supply of energy to the island.

The Energy Resource Plan, approved by the States in January 2012, recognises that energy is an essential commodity for the economic and social wellbeing of the island and that we need to provide affordable fuel security and resilience of our energy supplies, promoting efficient use of energy and recognising the environmental impacts of energy generation and use. The delivery of energy to the island in a safe, secure,

affordable and sustainable way and recognising the impacts of its generation and use remain essential and critically important. In the 2012 Energy Resource Plan the States committed to review its progress against the actions on an annual basis and to review the Energy Resource Plan objectives every four years (or earlier if external changes affect the underlying assumptions upon which the Energy Resource Plan is premised). The review is therefore already late and has now become more urgent with the rate of technological change. An updated Energy Resource Plan is also critical to inform, and will be informed by, the Renewable Energy work stream and the Hydrocarbons Supply Programme.

The review/updating of the island's energy policy to ensure it remains appropriate, robust and relevant and especially addressing risks to the supply chain, is essential. This is endorsed by stakeholders such as Guernsey Electricity, which recently highlighted the need for an up to date and robust energy policy for it to be able to fulfil obligations and make commercial investment decisions relating to the future electricity supply to the island.

Secure, reliable and affordable energy is a requirement to be able to fulfil most, if not all of the phase one objectives and will be necessary to deliver all of the priorities identified by Committees. It is certainly a basic requirement to deliver health and social services, education services, housing and to ensure conditions that foster enterprise and do not present barriers to business. The supply of energy, and how it is supplied, affects all life on Guernsey from maintaining air and sea links and promoting the island as an attractive place to live and work to protecting and enhancing the natural environment and preventing and mitigating the adverse effects of climate change and reducing our contribution to global climate change, all of which are phase one objectives. Energy policy has inter-dependence and synergy with the Committee's other policy priority areas of Environmental policy, Infrastructure policy and Integrated Transport policy.

#### Committee strategies and work streams.

There are three principal Committee strategies associated with delivering energy policy;

- The Hydrocarbons Supply Programme;
- The Renewable Energy Team (RET) Programme; and
- Review/updating of our energy policy.

The Renewable Energy Team Programme and the Hydrocarbons Supply Programme will both inform and be informed by the review of energy policy so it is essential that these three strategies align with regard to time frames. This is somewhat led by the Hydrocarbons Supply Programme which is on-going and which has engaged

consultants and where there may be additional costs should there be delays. There is no doubt however that the Hydrocarbons Supply Programme and the RET programme are essential to the review/updating of energy policy and delivery of the identified policy priority. The review of energy policy should also consider further building a pathway towards improvements in using energy wisely and efficiently by exploring creation of new services to deliver improved efficiency as agreed by the States in 2016 (Billet VI 2016 which required such measures to be considered as part of P&R's policy prioritisation process).

In order to achieve this policy priority the following work streams have been identified:-

- Deliver phase 1a of the Hydrocarbons Supply Programme to assess risk in the hydrocarbon supply chain, identify future demand and Guernsey's requirements and identify a long list of options - to be completed prior to the Capital Prioritisation debate at the end June 2017;
- Deliver phases 1b and 1c of Hydrocarbons Supply Programme (if funding agreed) to evaluate options and establish a preferred option and produce strategic outline case - by March 2018 (provided that required resources are available);
- Deliver the programme for the contribution of renewable energy to Guernsey's future energy requirements – approved by E&I on 14<sup>th</sup> April 2017;
- Delivery to the States of a policy letter reviewing/updating the Energy Resource Plan- by March 2018 (provided that required resources are available);
- Establish methodology for annual review against outcomes of Energy Resource Plan - by Q4 2018;
- Monitor effectiveness of Strategic Land Use Plan (SLUP) and Island Development Plan (IDP) policies to deliver renewable energy and energy infrastructure - annually

#### Anticipated benefits of policy development

The review/updating of the Island's energy policy, informed by the outcomes of the Hydrocarbon Supply Programme and the programme examining the contribution of renewable energy to Guernsey's future energy requirements, will ensure that it is appropriate, robust and relevant so that the States and commercial stakeholders can make confident investment decisions regarding the future supply of energy to the Island. An up to date energy policy allows for more comprehensive and longer-term planning of island infrastructure and will ensure compliance with international obligations where relevant. It will identify risks in the energy supply chain so that these can be minimised. Review of energy policy will afford the opportunity to promote

energy efficiency and, by identifying the best way to ensure resilience and security of supply, will support the social, environmental and economic priorities of the States.

#### Resources required to deliver the policy priority

Work streams related to two of the three strategies associated with delivery of this policy are underway; the Hydrocarbons Supply Programme and the Renewable Energy Team (RET) programme. Critically the third strategy, which draws the work streams together, the review/updating of energy policy, has not commenced and must be a priority if the other strategies are to inform and be informed by it. Due to the progress on the other two programmes and the timeline associated with them, particularly the Hydrocarbons Supply Programme where additional costs could be incurred through delay, there is therefore a significant need to resource the review/updating of the energy policy work stream as a priority.

Due to the significance of this strategy and the limited timeframe this work stream would require a lead officer and a programme officer spending most of their time on developing the strategy. The Committee has some resource available to partially address this from within the Renewable Energy Team, although it will be important that the energy policy review covers all energy provision, but one additional officer will be required which has not been identified (see below). The lead officer will need to have skills in consultation methods, research, strategic thinking, co-ordination and policy drafting. There is likely to be a requirement for legal advice and input from External Relations as well as engagement with the island's energy suppliers. Some external expert advice/consultancy is also likely to be required which could cost in the region of £100k. This is not identified in the Committee's existing budget and would require fresh funding. However, it is anticipated that, in a similar way to the funding of the Chouet/Les Vardes Quarry studies, the funds will be made available by P&R if the States agrees to the importance of developing energy policy.

The Hydrocarbon Supply Programme is under way and has engaged external expert advice. It is working on delivering phase 1a by the end of May 2017 with a view to moving swiftly on to phases 1b and 1c. There is a project team and Board resourced from across the organisation providing expert advice and oversight of the programme from within the organisation and a dedicated programme officer (who has been seconded to the Programme but only until July 2017) and this team would need to continue until the end of phase 1c to provide continuity and consistency.

The programme Board has identified a need for a second programme officer, or some support for the programme officer, following the capital prioritisation debate if further funding is allocated for the programme to proceed to the next stages through that debate, in order to meet challenging deadlines and requirements leading up to completion of the Strategic Outline Case (Q1/2 2018). If the existing seconded programme officer returns to original duties there would be a need for two

programme officers to be identified following the debate. It would be beneficial to secure the necessary resources from within the organisation as the project management skills learnt by the programme officer(s) could be transferred for the benefit of the States in the future and could be considered an investment in that regard. However, attempts to second resources from elsewhere in the organisation for appropriate periods of time have not proved successful to date. The Committee has not been able to identify these additional resources from within the organisation but some possible internal sources have been identified (although timescales have not permitted discussion with these teams). Alternatively the extra resources would have to be part of a funding request to P&R to enable external recruitment so that the programme can continue.

Additional resource from corporate communications may be required at key stages. Phase 1b and then 1c is dependent upon funding through the Capital Prioritisation process and thereafter Strategic Outline Case and any delay in the programme caused by funding delay may result in increased costs. **Inability to complete the Hydrocarbons Supply Programme will have serious impacts on the development of energy policy.**

The Renewable Energy Team Programme will input into energy policy, environmental policy and, potentially, infrastructure policy. The programme was agreed by the Committee on 14<sup>th</sup> April 2017. Although there will be a continued need to keep up to date with renewable energy technology advance and issues on an on-going basis the programme can be served by existing resources.

There is no specific capital requirement identified at this stage beyond the existing Hydrocarbons capital prioritisation submission estimating the total spend at £125m from 2017 to beyond 2020. Additional funding in the region of £100k may need to be allocated if expert advice is required as part of the energy policy review.

This overarching policy requirement is likely to require an additional two headcount which it would be beneficial to secure from within the organisation, but which the Committee has not been able to identify. The Committee has examined the resources available to it but has determined that the skills and expertise required could not be obtained by de-prioritising any other Committee strategies or work streams. The Committee considers that this significant policy area is critical to the delivery of the themes/outcomes identified in phase one of the P&R Plan and delivery of the Committee's mandate and that it would not be appropriate to simply deprioritise, curtail or delay policy development in this area because resources have not been identified. The Committee asks that the Policy & Resources Committee helps to identify the resources required to enable this important policy priority to progress.

## Environmental Policy

### Why is this policy a priority?

Within its mandate the Committee has specific responsibility for protection and conservation of the natural environment, biodiversity, climate change and maritime affairs. This priority area has direct links with, and overlaps, several of the Committee's other identified policy priority areas. Also relevant to the delivery of this priority area are spatial planning, energy policy, infrastructure policy, waste policy and sustainable integrated transport policy and the strategies and work streams sitting below these policy areas.

There is a raft of phase one objectives which would be fulfilled by this policy priority which illustrates the importance of the policy area. The phase one objectives of maintaining, enhancing and promoting Guernsey's rich marine and terrestrial environments as high value resources which underpin our economy; ensuring that the natural and built environments are of high quality reflecting our local distinctiveness; protecting and enhancing our natural environment; understanding and promoting the importance of our marine and coastal environment and ensuring that the potential for economic gain does not compromise their health; protecting and promoting our unique identity and rich natural and cultural heritage; promoting Guernsey as an attractive place to work and live and fostering individual and community participation in local nature conservation and enhancement to create a sense of ownership and responsibility, are all directly relevant to this policy area.

The phase one objectives include a need to be proactive in monitoring potential threats to our way of life and make provision to mitigate the effects. Climate change and its effects is one of the most certain threats we face. The impacts of extreme weather events, increased intensity of rainfall and sea level rise as a result of climate change can have a devastating negative effect on vital infrastructure, businesses and homes resulting in a significant threat to the Island's economy and way of life. This policy area seeks to draw together and address the issues and mitigate where possible, through policy development, including signing up to appropriate and proportionate environmental standards in accordance with phase one objectives and will therefore be of particular interest to the Committee *for* Economic Development. The need to ensure the Island is proactive in preparing for any threats that may impact on our safety, security or way of life was raised as a priority during the public consultation on phase one of the Plan in January 2017 and this policy area is of direct relevance to that concern. Also of direct relevance is the phase one objective to prevent and mitigate the adverse effects of climate change on our environment and reduce our contribution to global climate change.

This policy area reflects several of the priority statements that emerged from the public consultation on phase one of the Plan in January 2017 including maximising the use of the natural environment for economic benefit in a manner which also protects and values it; protecting and enhancing our natural environment and facilitating and encouraging opportunities for all our community to participate in protection and enhancement of our natural environment. With regard to this last priority statement one of the work streams identified to deliver the policy is to develop a methodology and programme for education and community participation in relation to Biodiversity and the natural environment.

#### Committee strategies and work streams.

There are three principal Committee strategy areas associated with delivering the environmental policy priority:-

- Protect, maintain and enhance Guernsey's marine and terrestrial environments, recognising local distinctiveness and quality of life;
- Encourage behavioural change, that will lead to the reduction of our carbon footprint and the wise long-term use and management of Island resources and that will promote climate change mitigation and adaptation and sustainable practices whilst respecting international requirements; and
- Develop a strategy approach across the States of Guernsey (and the wider Bailiwick where appropriate) which supports and embraces international requirements and best practice for a safe and protected marine environment and which complies with relevant international rules and regulations.

#### Protect, maintain and enhance Guernsey's marine and terrestrial environments recognising local distinctiveness and quality of life.

There are a number of existing work streams which it will be important to continue to contribute to delivery of this strategy area and environmental policy. The States approved the Biodiversity Strategy for Guernsey in 2015 and this sets out the vision for biodiversity on the island. One of the approved aims of the strategy is to ensure that biodiversity objectives and considerations are integral to all States policy and programmes. Continuing to develop a programme for implementation of the Biodiversity Strategy is therefore important to allow the agreed aim to be enacted.

Fundamental to the delivery of environmental policy is the establishment of a programme for Biodiversity Action Plans and their implementation which are likely to have a close policy connection with, and add to the protection of, Sites of Special Significance and Areas of Biodiversity Importance which are given levels of protection through policies in the IDP. There is likely to be a degree of co-working with the Planning Service in the development of Biodiversity Action Plans, and the production of supplementary planning guidance for Sites of Special Significance and review of the

Areas of Biodiversity Importance are relevant work streams of the Planning Service. Depending on the level of involvement in Biodiversity Action Plans some work streams intended by the Planning Service, such as producing supplementary planning guidance, development frameworks and/or the review of the protected buildings list may have to cease or slow (although it is acknowledged that guidance for Sites of Special Significance and the review and maintenance of the protected buildings list also have a part to play in delivery of the policy priority in terms of maintaining local distinctiveness, nature conservation and biodiversity and contributing to the value of the terrestrial environment).

There is also an active role in the delivery of the policy for the continued protection, review and audit of Farm Management Plans which currently takes place on an annual basis. Each dairy farm has a farm Biodiversity Action Plan and a form of General Binding Rules within an annual Farm Management Agreement which is quasi regulatory. Fourteen such Plans are in place in 2017 and this may decrease as retirements from farming take place. The Plans are an opportunity to review, and to ensure adherence to, standards regarding the intensity of land use, pollution, nutrient management, farmed land habitat management and preservation of managed countryside features (field boundaries/hedges etc.) and therefore play a significant part in protecting, maintaining and enhancing our environment. In fact the dairy industry and agriculture as a whole, is recognised as being of importance in terms of its role in managing land and its impacts on biodiversity but also in maintaining local distinctiveness in the Guernsey Cattle Breed. In this respect the current work stream associated with the Guernsey Cattle Breed Development Programme, which is part of the Strategy for Dairy Land approved by the States in 2014, is important to environmental policy in terms of maintaining local distinctiveness and the viability of the industry which is important because of its significant role in land management and maintenance of habitats and biodiversity.

Additional work streams will also be necessary in order to deliver the policy and implement the approved Biodiversity Strategy. There is a need to develop a methodology and programme to increase public awareness and encourage communities and individuals to be involved in the conservation of local biodiversity (which has a direct link also with a phase one objective). There is also a requirement to review/develop the statutory protection for biodiversity to give weight to and support the outcomes of the work streams.

In order to achieve this policy priority the following work streams have been identified:-

- Delivery to the States of a Maritime Strategy for Guernsey/Bailiwick which accords with IMO Instruments Implementation Code - by Q4 2017 (provided that required resources are available);

- Implementation of the Biodiversity Strategy in accordance with the programme for Biodiversity Action Plans approved by E&I on 17<sup>th</sup> March 2017;
- Delivery of a policy letter to the States reviewing and developing the statutory protection for biodiversity - by 2018-2019;
- Production, review and audit of Farm Management Plans - on an annual basis;
- Monitor the effectiveness of the IDP policies to deliver protection in SSS's, ABI's, Conservation Areas - on an annual basis;
- Develop a methodology and programme for education and community participation in relation to Biodiversity and the natural environment - from 2017

Encourage behavioural change that will lead to the reduction of our carbon footprint and the wise long-term use and management of Island resources and that will promote climate change mitigation and adaptation and sustainable practices whilst respecting international requirements.

As outlined above many of the work streams associated with this strategy area fall under the headings of other Committee policy priorities, notably energy policy, sustainable integrated transport policy and waste policy. Climate change mitigation and adaptation is particularly relevant to the provision of sea defences and flood management. The Guernsey Coastal Defence Strategy was approved by the States in 2013 and sets out the high level strategy and approach to flood management (by storm events and tidal surge which are both exacerbated by sea level rise). The States also agreed seven priority areas and an order of priority commencing with St Sampson/the Bridge. The States also resolved that the Strategy should be regularly reviewed and that measures also be explored to support self- help with regard to flood mitigation and ways to improve data collection and monitoring.

There is a need to identify and progress prioritised and targeted programmes to address these areas as well as reviewing/updating the Strategy itself within this political term. For the avoidance of doubt this work stream, although closely related, does not negate the need for a properly funded and prioritised programme of repairs to strategic areas of coastal defence which forms part of the maintenance programme (infrastructure provision) and is a capital project rather than policy but which will require significant resource allocation if vital infrastructure and businesses are to be protected (estimated £6,000,000 reducing as defences are repaired/put into place).

In order to achieve this policy priority the following work streams have been identified:-

- Delivery to the States of a policy letter reviewing/updating the Energy Resource Plan - by March 2018 (provided that required resources are available);
- Deliver the programme for the contribution of renewable energy to Guernsey's future energy requirements – approved by E&I on 14<sup>th</sup> April 2017;

- Implementation of the Coastal Defence Strategy by delivering the prioritised and targeted programme of establishment, repair and maintenance of sea defences - approved by E&I on 17<sup>th</sup> March 2017;
- Delivery of various work streams which deliver the Guernsey On Island Transport Strategy which provide transport choice and encourage modal shift – on-going;
- Monitor the effectiveness of IDP policies re: sustainable construction and design transport choice, renewable energy - annually

Develop a strategy approach across the States of Guernsey (and the wider Bailiwick where appropriate) which supports and embraces international requirements and best practice for a safe and protected marine environment and which complies with relevant international rules and regulations.

Guernsey is scheduled for mandatory audit by the International Maritime Organisation no later than 2020, along with the UK and the other Crown Dependencies, as well as the Overseas Territories. The strength of compliance with the International Maritime Organisation (IMO) Instruments Implementation Code by Guernsey, the UK and all of the Overseas Territories and Crown Dependencies will be of paramount importance in terms of achieving a successful audit. This work will need to be done well within this political term in order to not risk reputational damage or damage to the collective British status as a flag state or risk loss, of revenue/services if we don't meet recognised international standards for maritime safety and security. It is not clear at the moment whether the strategy will be for Guernsey or the Bailiwick and discussions are therefore continuing with Alderney and Sark. In addition there is a requirement for the strategy to be embedded across the States and so the policy prioritisation process is appropriate. This work stream is in progress and it is not anticipated that other work streams would need to stop to achieve delivery (but see resource issue below). The Maritime Strategy will be valuable to inform a Marine Spatial Plan; however the Committee will not be in a position to advance with a Marine Spatial Plan in this political term as this is not achievable within existing resources and, it considers, would place too great a resource burden on the States in this term.

Delivering the Maritime Strategy will require input from specific States officers with particular expertise – legal, operational and policy. This will be largely the Harbourmaster (STSB) together with Law Officers (a Crown Advocate and a paralegal or other support) and a Project/Co-ordinating Officer with drafting skills. P&R (External Relations) are likely to have an input, particularly if Alderney and Sark are involved. All other Committees will play a role in ensuring the Strategy is embedded across government. The Committee *for* Economic Development (CED) will be concerned that internationally recognised safety and security standards are maintained where the

absence of this could impact on business (e.g. visiting ships, cruise ships, ferry links etc.).

The Maritime Strategy will provide valuable evidence and guidance for the development of the St Peter Port Harbour Action Area master plan and Local Planning Brief. It may identify infrastructure requirements for the ports and adherence to safety and security standards are vital so that international ships continue to call at Guernsey to deliver required commodities and conduct business. Failure to maintain these standards could mean loss of revenue from business such as visiting cruise ships and could impact on sea links.

In order to achieve this policy priority the following work streams have been identified:-

- Delivery to the States of a Maritime Strategy for Guernsey/Bailiwick which accords with IMO Instruments Implementation Code - by Q4 2017 (provided that required resources are available);
- Evidence in States Strategies that the Maritime Strategy has been taken into account where appropriate – from Q4 2017;
- Regular monitoring and assessment of Maritime Strategy to measure Guernsey/Bailiwick compliance with III Code standards (gap analysis) – annually

#### Anticipated benefits of policy development

The development of environmental policy will ensure that the island's unique cultural identity, local distinctiveness, natural environment, vulnerable species (marine and terrestrial) and rich heritage are protected whilst the adverse effects of climate change are mitigated. A high quality natural environment and rich heritage are of recognised importance for the economy, particularly the tourist economy, as well as social wellbeing ensuring that Guernsey is a desirable and pleasant place to visit, live and work. A high quality natural environment has positive economic benefits in attracting individuals and businesses who wish to relocate to Guernsey. By signing up to international initiatives and standards where appropriate the island is also ensuring that its external reputation is good, which again has potential economic benefits in terms of attracting new businesses. In addition a safe and efficient harbour and maritime environment will help provide conditions that foster enterprise and remove barriers to business whilst keeping regulation proportionate and respecting environmental and social safeguards and will support the provision of reliable and sustainable sea links and ensure that there is fit for purpose infrastructure to achieve this. This policy area will therefore be of importance to a number of the priorities identified by the Committee *for* Economic Development.

A good quality natural environment, and access to it is also beneficial to the health and wellbeing of islanders, both physically and mentally and therefore also of importance to tackling unhealthy lifestyles through the priorities and strategies identified by the Committee for Health & Social Care. The protection of the island's unique cultural identity, local distinctiveness and rich heritage is consistent with the priority of the Committee for Education, Sport & Culture to develop policy to manage culture and heritage, including language and the arts.

#### Resources required to deliver the policy priority

The resources required to deliver environmental policy will be, to a great extent, those identified in the relevant related priority areas of energy policy, sustainable integrated transport policy and waste policy.

There is some existing agreed funding for the implementation of the Biodiversity Strategy and this would need to continue to be able to deliver the additional work streams associated with it. These and the other work streams noted are largely on-going and are likely to continue to be resourced by existing staff. There is a reliance on a Biodiversity Partnership Group which includes representatives of relevant Island special interest groups who provide, not only valuable external expert advice to inform consideration of options and priorities, but who is instrumental in, and a key resource for, implementing the biodiversity strategy. Legal advice will be required in relation to the review/development of statutory protection for biodiversity.

It is anticipated that the review of the Guernsey Coastal Defence Strategy and development of programmes for flood defence for St Sampson's (the States' identified and agreed top priority) and those relating to measures to support self-help with regard to flood mitigation and ways to improve data collection and monitoring, can be resourced from existing staff working on these work streams. The flood defence programme for St Sampson's is in the current 2017-2020 Capital Prioritisation at £1.5m. Some external expert advice/consultancy is also likely to be required which could cost in the region of £100k. This is not identified in the Committee's existing budget and would require fresh funding. However, it is anticipated that the funds will be made available by P&R if required if the States agrees to the importance of developing environmental policy.

Work is currently on-going on the development of a document similar to the MCA's draft UK IIC Maritime Strategy to capture the relevant information for audit purposes. The working party are in the process of mapping out the key legislation and the stakeholders that have responsibility for relevant functions across the Bailiwick. There is a critical delivery time for this work stream (deadlines not yet known, but well before 2020) to ensure that Guernsey's Maritime Strategy is in place as part of the UK's audit. Although the project is in progress the Project/Co-ordinating Officer has recently been seconded to another project and there is an urgent need to provide a

replacement officer with co-ordination and drafting skills if the work stream is not to suffer. Although there is an existing post which could provide the required resource that post is vacant and recent efforts to fill it have been unsuccessful. Alternatively the Committee may seek a States graduate officer to fulfil the role. Other resources required are in place. However, these resources relate to the Maritime Strategy development and do not cover the unknown cost of any identified implementation projects. This could be in the region of £100k. Although there is unlikely to be any specific costs to other Committees in developing the strategy, once adopted there would be a requirement for relevant Committees to ensure that the Maritime Strategy is taken into account in their own strategies where appropriate. **It should be noted that the economic and reputational cost of not doing this could be significant.**

The Committee will not be in a position to advance with a Marine Spatial Plan in this political term as this is not achievable within existing resources and, it considers, would place too great a resource burden on the States in this term.

## Infrastructure Policy

### Why is this policy a priority?

The policy intention is to provide a targeted Infrastructure Plan (IP) which focusses on the identification, co-ordination and prioritisation of the Infrastructure required to deliver the States identified priorities for this political term and for the next 10 years (or other agreed period). The development and creation of a mature IP is essential if the States priorities are to be realised and will fit very well with and help coordinate many of the work streams that the Committee has identified to deliver its policy priorities as well as those of other Committees. It is intended that the IP will extend beyond identification of assets and fiscal requirements to identify future requirements in accordance with States priorities, so that, once approved by the States, it will be a valuable tool from an Island wide and (in the future) marine planning and development perspective as well as highlighting where public/private partnership might be beneficial to deliver infrastructure and the scale of resources needed to deliver this essential infrastructure. However, in order to be effective in the delivery of the States priorities it is critical that the IP be established as quickly as possible following the States prioritisation process, to avoid lost opportunities, lack of co-ordination or focus of resources on the wrong areas. Ensuring that we have fit for purpose infrastructure to enable us to deliver services appropriately was one of the top priorities identified through the public consultation on phase one of the Plan in January 2017.

Although the Committee has the specific responsibility within its mandate for infrastructure, including ports and airports, water and waste water, good infrastructure is essential to or supports delivery of most of what the States is seeking

to achieve and the co-ordinated delivery of infrastructure will influence, or impact on, delivery of most of the phase one objectives. In terms of the Committee's mandate it also impacts on the delivery of nearly all of its responsibilities including, spatial planning, coastal defence including the Alderney breakwater, waste, water and stone reserves, solid waste, energy (including renewable energy), housing policy, Traffic and Transport and the road network, Maritime affairs, climate change, protection of the natural environment and the security of supply of essential commodities.

As well as a targeted Infrastructure Plan, there are a number of strategy areas falling within the Committee's mandate which have been identified as priorities for providing the infrastructure required to deliver the phase one objectives. These relate to housing supply, development of the St Peter Port Harbour Action Area (SPPHAA) and providing for the security of Alderney Harbour.

#### Committee strategies and work streams.

There are four principal Committee strategy areas associated with delivering Infrastructure policy:

- Provide a co-ordinated approach to the delivery of the infrastructure required to deliver the identified priorities of the States of Guernsey (an Infrastructure Plan);
- Provide for the supply of an appropriate amount of housing of the required mix of types, tenures and sizes to meet the island's housing needs in an affordable and sustainable way (Housing Supply Strategy)
- Develop and co-ordinate the policies for the development of the St Peter Port Harbour Action Area;
- Develop a strategy which provides for the security of Alderney harbour by having and maintaining a breakwater.

#### Provide a co-ordinated approach to the delivery of the infrastructure required to deliver the identified priorities of the States of Guernsey (an Infrastructure Plan).

A work stream to produce an Island Infrastructure Plan (as one of the four Island Resource Plans identified in the States Strategic Plan) was commenced and progressed until 2015 and a considerable amount of work on this has been carried out and will be useful to the strategy going forward. However, this was progressed more along the lines of a detailed asset register than a policy or strategy for identification of infrastructure priorities and delivery.

The development of the IP will require input from all Committees, including STSB and DPA, as a matter of priority so that infrastructure required to deliver the States priorities can be identified, co-ordinated and planned for in a timely way.

In order to achieve the IP the following work streams have been identified:-

- Formulate a methodology with a States wide approach, to identify and consider the infrastructure requirements over the next 10 years (or other agreed period) which are likely to be required to deliver the identified priorities of the States - by Q4 2017 (dependant on the identification of sufficient resources);
- Develop a strategic level plan that identifies the long-term infrastructure requirements of the States (beyond the 4yr capital portfolio investment cycle) in order to deliver identified priorities - by Q4 2018 (dependant on the identification of sufficient resources);
- Establish a mechanism to provide guidance and coordination to achieve delivery - by Q4 2018 (dependant on the identification of sufficient resources) ;
- Establish a method for monitoring and review - by Q2 2019.

Provide for the supply of an appropriate amount of housing of the required mix of types, tenures and sizes to meet the island's housing needs in an affordable and sustainable way (Housing supply strategy).

Housing supply has clear links with the phase one objectives of improving housing options to improve availability, quality and affordability, improving the availability of supported accommodation to assist independent living and helping to foster integration within our community. This policy priority will be important to the delivery of social housing and the Supported Living and Ageing Well Strategy identified by the Committee *for* Employment & Social Security. However the provision of an appropriate amount of housing of the required mix and types to meet the Island's housing needs is also important in terms of the phase one objectives to promote Guernsey as an attractive place to work and live and will impact on retention of workforce and attracting people to live on the island so will also be important to the delivery of many of the priorities identified by the Committee *for* Economic Development. Housing is part of the essential infrastructure of the island including providing accommodation for residents on low incomes or who require specialised housing. This strategy area, and the work streams necessary to achieve it, has direct relevance to the priority statement that emerged from the public consultation on phase one of the Plan in January 2017 to improve housing options to ensure appropriate availability, quality and affordability.

At the time of writing the Committee is expecting the Housing Market Review, which has been carried out by external consultants, in Q3 2017. It is the Committee's intention to publish the report soon and thereafter to carry out various work streams in order to deliver the Housing Supply Strategy. These are setting a Strategic Housing Target (including an Affordable Housing Target); identifying a programme for future surveys; updating the Corporate Housing Programme (CHP)/Housing Strategy (if

required); setting out proposals for a first time buyers scheme (if appropriate); setting out provision for a Deposit Protection Scheme; investigation of quality and supply in the private rental sector. Much of this work has been planned for and it is not anticipated that any work streams would need to stop to be able to achieve this.

The work streams will require close collaboration with the Committee *for* Employment & Social Security and are likely to require shared resources, joint media and consultation and joint policy letter/s. The Committee *for* Health & Social care (HSC) will also have an input in terms of identifying the need for specialised housing. Close working with the Development & Planning Authority (DPA) will be required particularly with regard to the provision of affordable housing (planning covenants), the identification of housing sites, monitoring of supply and demand and, essentially, contributing to the 5 year housing supply review for the IDP.

In order to achieve this policy priority the following work streams have been identified:-

- Publish The Housing Market Review by KPMG - by Q3 2017;
- Deliver a policy letter to the States (E&I and ESS) analysing and responding to the Housing Market Review by KPMG, setting a strategic housing target and affordable housing target and a programme for future surveys, updating CHP/housing strategy if required, setting out proposals for a first time buyers scheme (if appropriate), setting out any further work streams arising from the Housing Market Review - by Q4 2017;
- Deliver Policy Letter on Deposit Protection scheme - by Q2 2018;
- Develop methodology for approach to work on quality and supply in the private rental sector - by Q3 2018;
- Deliver Policy Letter on quality and supply in the private rental sector - by Q4 2019;
- Regular monitoring of demand for affordable housing, key worker and specialised housing (lists, house prices etc.) - annually;
- Input into IDP 5 year housing land supply review to identify types of housing required and sites where appropriate - from Q4 2019;
- Monitor the effectiveness of IDP policies to deliver appropriate housing supply - every 6 months

#### Develop and co-ordinate the policies for the development of the St Peter Port Harbour Action Area.

This identified strategy area has a specific link with the phase one objective to facilitate development of a thriving and vibrant harbour and town sea front that people want to

use, visit and invest in. The comprehensive and co-ordinated consideration of the requirements for, and potential of, SPPHAA also relates to phase one objectives of providing reliable, sustainable and affordable sea links, and also ensuring fit for purpose infrastructure. The work stream will also be relevant to the phase one objective of ensuring that States assets are maximised making an appropriate return to the States by identifying and maximising the worth of portfolio in the harbour area in terms of social, environmental and economic potential. Also of importance when considering the development of SPPHAA will be the phase one objectives of ensuring a high quality natural and built environment and promoting the importance of the marine and coastal environments, reflecting local distinctiveness which meets the needs of the entire community whilst mitigating the adverse effects of climate change and sea level rise through development.

The Committee recognises that this strategy area will be of interest to, and will require input from, several Committees as well as the 3<sup>rd</sup> sector and the private sector. However, owing to the range of its mandate (infrastructure, including ports, spatial planning, climate change and coastal defence, traffic and transport and the road network, maritime affairs, protection of the natural environment and the security of supply of essential commodities), the Committee considers that it will be best placed to oversee, co-ordinate and promote this policy area. This policy area is considered important because it will enable a comprehensive and co-ordinated approach to development in the SPPHAA which will maximise its potential socially, economically and environmentally (and will provide balance between those areas) whilst ensuring operational security, fit for purpose infrastructure, with the potential for positive reputational enhancement, giving confidence, direction and certainty to investors and developers. The public consultation on phase one of the Plan in January 2017 established that facilitating the development of a thriving and vibrant harbour and town seafront is considered a priority by the community.

It is anticipated that this work stream would take in the order of two to two and half years. The work stream would be to produce a master plan for the SPPHAA as part of a Local Planning Brief (LPB), to complete consultation and engagement and the statutory processes including a planning inquiry and to deliver the LPB to the States for consideration and approval. Thereafter a further work stream would need to consider the next steps to implement any initiatives and/or proposed development, funding, expected return on investment (socially, fiscally and environmentally) as well as monitoring and review. The work stream to deliver the LPB to the States will involve considerable cross Committee working and involvement, particularly CED, STSB, ECS and DPA as well as exploring and encouraging the possible contribution and investment potential of the 3<sup>rd</sup> and private sectors.

The work stream is likely to require expert advice from within the organisation, particularly from the planning service as the DPA (and planning law) holds the delivery mechanism (the LPB process including the planning inquiry). It will be important that resources are available at critical points in the work stream in order that it progresses. As the planning service will need to play a significant role in developing the LPB and also in taking it through the planning inquiry and to the States, some work streams such as preparing some Supplementary Planning Guidance and other guidance and development frameworks and advancement with conservation area appraisals and the Protected Building Review may slow or have to be put on hold. Other expert advice from within the organisation is likely to be required in relation to engineering, ports operational and security matters (STSB), comprehensive evaluation and appraisal of conservation and heritage assets (DPA), traffic and transport (E&I), Law Officers (LPB and planning inquiry).

In order to deliver the SPPHAA Local Planning Brief to the States the following work streams have been identified:-

- Develop a programme strategy/project plan including detailed KPI's relating to individual aspects/stages of the project to deliver the Local Planning Brief to the States through the statutory process – within 3 months of project commencement (dependant on the identification of sufficient resources);
- Delivery of the Local Planning Brief to the States - within 2 years of project commencement and against milestones (dependant on the identification of sufficient resources);
- Develop a communications plan and engagement and consultation strategy to ensure consultation depth and breadth as part of process (e.g. number/type of bodies/organisations consulted, % response rates etc.) – within 6 months of project commencement (dependant on the identification of sufficient resources);
- Monitor degree of private sector involvement and investment in the process and third sector involvement (e.g. number/type of bodies/organisations involved, degree and length of involvement) – throughout project;

The strategy area relates to St Peter Port Harbour Action Area and the Committee will not be in a position to advance with consideration of St Sampson Harbour Action Area in this political term as this is not achievable within existing resources and, it considers, would place too great a resource burden on the States in this term.

Develop a strategy which provides for the security of Alderney harbour by having and maintaining a breakwater.

Delivery of a strategy for the security of Alderney Harbour by having and maintaining a breakwater, will enable effective financial planning and asset management and will establish the best way to utilise resources. At present there is no long-term plan for the maintenance of the breakwater and an element of the unknown in terms of effect or cost should a major breach occur. Total actual annual costs (net of Alderney contribution) since 1987 range from approx. £1,148,000pa to £450,000pa with no end purpose or plan. A longer term strategy may result in savings over time.

Additionally, there are international obligations and risks to consider. The maintenance of the breakwater fulfils Guernsey's obligations to the UK in lieu of international representation and defence. The breakwater has a significant impact on the way of life in Alderney and is one of its lifeline links in terms of protecting the harbour (sea links, fishing, tourism), adding to its unique and cultural identity and protecting the adjacent coastline (environment and homes from sea level rise).

This is an on-going project; however it has suffered in the past, principally due to a lack of resources, from being set aside so that other projects may be completed. A lot of work has already been done and research and evidence gathered regarding various options. Although this will now need to be reviewed and updated the benefits of investment to date will be lost if the work stream is not completed. A programme of communication and engagement with Alderney is required and the results will need to be taken into consideration in developing the strategy approach.

In order to achieve this strategy the following work streams have been identified:-

- Deliver a policy letter to the States which sets out the options, including a preferred option, for the long-term maintenance and security of Alderney harbour including impacts and costs - by Q2 2018 (dependant on the identification of sufficient resources);
- Develop a communications plan and engagement and consultation strategy to ensure consultation depth and breadth as part of process (e.g. number/type of bodies/organisations consulted, % response rates etc.) – by Q3 2017 (dependant on the identification of sufficient resources).

#### Anticipated benefits of policy development

The development and creation of a mature Infrastructure Plan is essential to identify and prioritise the infrastructure required to deliver the States priorities in the short and medium term so that it can be planned, coordinated and adequately resourced. Comprehensive consideration of short to medium term infrastructure requirements will identify synergies between projects and infrastructure requirements across the States supporting a co-ordinated approach to infrastructure provision, targeted investment and informed capital prioritisation. In turn this will allow consideration of

options for delivery partnerships and evaluation of innovative options for funding and finance of infrastructure projects.

A Housing Supply Strategy will ensure that the housing stock is appropriate to meet the needs of islanders into the future and has the potential to make a significant contribution to two of the outcomes set out in phase one of the P&R Plan, namely an inclusive and equal community and a healthy community. There are, of course other links to be found to a number of social, economic and environmental factors.

Life expectancy in Guernsey is high, which is a positive thing, but elderly people have specific housing needs that cannot always be met at present. This means that it can be more difficult for people to stay in their own homes as they age, which has implications for health and social care services (including private providers) because elderly people sometimes have no choice but to stay in hospital or to enter residential care. Clearly there is a cost to the public purse but also there are social costs for the individual, who is likely to resent the loss of independence. If houses are built to facilitate the ability for occupants to remain in them as they age, or as they acquire or live with disability, this will engender more of a sense of inclusion in society. Whilst it is unlikely to enable public expenditure to be cut, it will help to ensure that such expenditure is targeted on areas of greatest need, which aligns with the Committee *for* Health & Social Care's transformation agenda and move to a new target operating model.

The provision of affordable housing options will assist local residents to find suitable accommodation that is within their means. This will contribute to social inclusion, as well as potentially encouraging people to stay in Guernsey.

The delivery of a Master Plan and Local Planning Brief for the SPPHAA will ensure that the harbour area and seafront is considered and planned comprehensively so that it works efficiently whilst maximising how it can contribute to and support the economy of the Island whilst maximising social benefits and ensuring that environment and culture is maintained and where possible enhanced. The brief will direct development to maximise estate value and will give direction and confidence to investors/developers whilst exploring and capitalising on the potential for private and third sector involvement and investment such as through delivery partnerships and innovative options for funding and finance. The development of SPPHAA in a planned a co-ordinated way has potential for positive improvements in island reputation.

The protection of Alderney harbour is essential to maintain lifeline cargo and passenger facilities at Braye. A strategy for the security of Alderney harbour will enable a less reactive approach to the maintenance of the breakwater and will consider

options in relation to its retention to provide for long- term planning of the maintenance programme. This will result in more targeted spending and better use of scarce resources whilst ensuring that we fulfil international requirements /obligations (contribution to UK for Defence and international representation). The establishment of a long-term strategy will support other work such as identification and consideration of potential/options for positive development (i.e. marina, association with FAB link etc.) and will provide full understanding of the vulnerability/ impacts of breakwater failure in terms of sea defence and associated impacts on land (coastal flooding) and sea (harbour, sea links etc.).

#### Resources required to deliver the policy priority

##### Provide a co-ordinated approach to the delivery of the infrastructure required to deliver the identified priorities of the States of Guernsey (an Infrastructure Plan).

This will become a critical project as the States' priorities are set and will have to be delivered in a timely way if it is to be effective in identifying, prioritising and co-ordinating the delivery of the infrastructure which is essential to deliver those priorities. It is anticipated that, initially, the work stream will require at least a lead officer and a project officer to identify the infrastructure requirements, to co –ordinate and prioritise the requirements, determine costs and resource requirements, to look for synergies and benefits to delivery and to liaise with the private sector. This resource may be found within the organisation but the Committee has not been able to identify it from its existing resources. It has examined the resources available to it but has determined that the skills and expertise required could not be obtained by de-prioritising any other Committee strategies or work streams. The Committee considers that this strategy is critical to the delivery of the States priorities and delivery of the Committee's mandate and that to deprioritise, curtail or delay an Infrastructure Plan because resources have not been identified would have serious consequences for delivery of the P&R Plan. The Committee asks that the Policy & Resources Committee helps to identify the resources required to enable this important strategy to progress.

In summary, the development of this plan will require a lead officer and programme officer resourced internally if possible but may need to be outsourced as early delivery will be critical to achieving the States priorities. It is hoped to deliver an IP to the States by Q4 2018, given the right resources, but there will be a requirement beyond that to establish monitoring and review.

##### Provide for the supply of an appropriate amount of housing of the required mix of types, tenures and sizes to meet the island's housing needs in an affordable and sustainable way (Housing supply strategy).

At the time of writing the consultant's report regarding The Housing Market Review is expected by the Committee in Q3 2017 and has no specific resource implications that have not already been agreed. The various work streams following that report will be

delivered through the Housing Policy and Strategy Team with appropriate support. However it is crucial that E&I has access to these resources to achieve the outcomes.

In summary, there is already £60k funding in place for a Housing Market Review although under resourced by way of open internal headcount yet to be replaced. There may be a requirement for external expertise to inform the design of a first time buyer's scheme and a deposit protection scheme for the Guernsey context as well as investigation of the quality and supply of housing in the private rental sector, with an estimated cost of £100k. There will also be a requirement for regular review and update of the Housing Targets but the frequency of review has yet to be determined by the States. If this falls within this political term it could be approximately £60k based on the cost of surveys in the past. As no budget was transferred to the Committee from the former Housing Department to complete this work fresh funding will be required.

This strategy area is likely to have interdependency with any work streams/policy priorities that ESS may have regarding the provision of social housing (including specialised) and intermediate housing and with DPA work streams regarding identifying and monitoring land supply for housing. Energy policy and work streams to promote a wider choice of accessible, convenient, affordable and sustainable on-island travel will also have an impact on the quality and affordability of housing and supporting independent living. Policies protecting our terrestrial environment and seeking to reduce our carbon footprint will be relevant in terms of sensitive and sustainable housing development including building in climate change mitigation.

#### Develop and co-ordinate the policies for the development of the St Peter Port Harbour Action Area.

As previously set out it will be important that relevant Committees are willing to commit resources and engage in the process at critical points in the work stream in order that it progresses. It is vitally important that this strategy area is resourced adequately or it will surely fail as other ventures have done so in the past, leaving a lack of direction with regard to development within the SPPHAA. The development of a Master Plan and Local Planning Brief is likely to require a lead officer and one project officer dedicated to the co-ordination of the process for the majority of their time. The Committee recommends that this resource should come from within the organisation in order that the States retain control over the process and development of the Master Plan and Local Planning Brief. External consultancy will be required to provide expert advice and evidence and technical reports and for the creation of a Master Plan that will form the basis of the Local Planning Brief. Together with the requirement to resource the required statutory process (a planning inquiry) this could require £500k+. This relates to the delivery of the Local Planning Brief to the States and does not

include any costing of specific development. However, many developments facilitated by a LPB for SPPHAA would potentially include third party funding and revenue development opportunities which would each need to be considered on their own merits at the time.

The SPPHAA has only relatively recently been identified, and the policy provision for its delivery put into place, in the IDP which was approved by the States in November 2016. Therefore, this is a new strategy area but its importance and potential has been highlighted specifically in the phase one objectives. However, because of its recent emergence the Committee does not have any existing resources in terms of budget or human resources available to co-ordinate and promote and help deliver the strategy. The phase one objectives consider this strategy area to be important but it is crucial that it is resourced to an appropriate standard in order, not only to deliver the Local Planning Brief but also to realise the significant positive potential of the SPPHAA. To fail to resource the strategy adequately could result in medium and long-term lost opportunities to ensure that the harbour area and seafront is considered and planned comprehensively to provide modern and fit for purpose facilities and to maximise how it can contribute to and support the economy of the Island and social and environmental benefits whilst maximising estate value. The Committee asks that the Policy & Resources Committee helps to identify the resources required to enable this important strategy to progress.

Develop a strategy which provides for the security of Alderney harbour by having and maintaining a breakwater

This strategy area has been on-going for some time but has suffered in the past from a lack of human resources to draw it to conclusion which does not represent value for money in terms of the outlay of resource historically on the work stream, particularly if it is not completed. The work stream will require a Project/Co-ordinating Officer with skills in research, co –ordination, communication and drafting. An additional resource may be required during period/s of engagement with Alderney. It is anticipated that this resource could be secured from within the existing organisation. Additionally the work stream is likely to require expert advice on engineering, external relations and constitutional issues and legal advice which would be expected to be obtained from within the existing organisation.

This strategy will impact upon the Committee *for* Economic Development who will have an interest in terms of how the various options will impact on maintaining sea links to/from Alderney or affect the economy there. P&R may be affected in terms of policies relating to external relations with the UK and the creation of a Maritime Strategy will be relevant. Environmental policy (climate change mitigation and

adaptation protection, maintenance and enhancement of the marine environment and local distinctiveness) will also be relevant.

Although the project is in progress the Project/Co-ordinating Officer has recently been seconded to another project and there is an urgent need to provide a replacement officer with co-ordination and drafting skills if the work stream is not to suffer.

Although there is an existing post which could provide the required resource that post is vacant and recent efforts to fill it have been unsuccessful. Alternatively the Committee may seek a States graduate officer to fulfil the role. There are already regular extensive budgets expended in this area, such as the breakwater upkeep and maintenance. The strategy should help define long term policy and ensure efficient resource utilisation.

## Sustainable Integrated Transport Policy

### Why is this policy a priority?

The delivery of sustainable and integrated transport policy is fundamental to social equity and has an important role in fostering integration by providing for freedom of movement and access to transport for all whilst safeguarding vulnerable road users. It also plays an important role in making housing more affordable and accessible and provides essential support for the sustainable growth of the island's economy. Inadequate transport will be a barrier to the delivery of many of the priorities identified by Committees.

Walking and cycling are at the top of our transport hierarchy and delivery of the policy is therefore instrumental in encouraging modal shift and the promotion of health and wellbeing. Sustainable Integrated Transport policy will support the Healthy Weight Strategy and the Active Health Strategy identified as priorities by the Committee for Health & Social Care and mobility and accessibility will be essential to the Long Term Care Strategy also identified by HSC and the Supported Living and Ageing Well Strategy and the Disability and Inclusion Strategy highlighted as priorities by the Committee for Employment & Social Security.

A sustainable and integrated transport strategy is fundamental to the sustainable growth of the island's economy, supporting tourism and the island's imaging and marketing, and essential to the effective operation and growth of retail and business functions identified by the Committee for Economic Development. The policy will have a direct influence on the successful delivery of policies to develop the SPPHAA and the seafront to create vibrant, attractive and thriving locations and will be critical to the effectiveness of the Master Plan and Local Planning Brief for this area.

Whilst providing for infrastructure essential for the Island's economy and social wellbeing the policy also addresses (and mitigates) issues to do with the adverse effects of climate change on our environment, which in turn could have significant adverse effects on the island's economy, and seeks to reduce our contribution to global climate change and environmental pollution by reducing harmful emissions.

Within its mandate the Committee has responsibility for traffic and transport and the road network as well as infrastructure. Given the vision and aims of the Guernsey On-Island Integrated Transport Strategy and extant resolutions of the States, responsibilities in the Committee's mandate relating to climate change, energy, spatial planning, and protection and conservation of the natural environment are also relevant. This policy priority links to many of the phase one objectives. The policy also has a role to play in safeguarding the environment and providing access to clean open spaces and Guernsey's rich natural and cultural environment. The policy area has links to infrastructure policy, environmental policy and energy policy.

#### Committee strategies and work streams.

In order to implement the States approved Guernsey On-Island Integrated Transport Strategy and extant resolutions the Committee's objective is to promote a wider choice of accessible, convenient and affordable on-island travel options for all, that encourage behavioural change, in a safe and sustainable way and which support the efficient delivery of goods, services and people around the island. In order to achieve this priority work streams and programmes have been/are in the process of being identified which will help to deliver the policy objective and reflect the principal themes of the Guernsey On-Island Integrated Transport Strategy and extant resolutions of the States.

The highest priority work streams fall into the categories of improving safety for all road users, especially the most vulnerable (including the provision and condition of our pavements, cycle paths and roads, the competence of road users and the standards of vehicles); promoting alternative forms of transport (including walking, cycling and bus use); enabling accessibility for all (e.g. through physical improvement schemes); considering external influences/requirements in relation to driving and vehicle standards. A range of specific work streams sit under each of these high priority work streams.

There will be a need to liaise with the DPA with regard to any land supply or development issues related to the delivery of the policy. On-going liaison regarding the effectiveness of the IDP to help deliver the Committee's policy will also be required. As the adequacy of transport and transport choice can affect businesses, industry and

tourism, liaison with CED with regard to its policies relating to these areas will be required both in terms of the impacts of the policy on the economy but also on the environment which is recognised as also playing an important role in the economy. CED may also have a role in promoting innovative transport alternatives. ESS may have an involvement to ensure housing provision is accessible and affordable and HSC regarding the promotion of health and wellbeing by offering alternative transport options to the car and providing for transport options for all. Law Officers input will be necessary for any legislation required to enact the work streams.

In order to achieve this policy priority, the on-going implementation of the Guernsey On-Island Integrated Transport Strategy and extant resolutions of the States and the work streams identified above the following specific work streams have been identified:-

- Analysis of the effectiveness of measures implemented to provide transport choice and identification of further changes that may be required;
- Delivery to the States of a policy letter reviewing/updating the Guernsey Integrated on-Island Transport Strategy to include analysis of the effectiveness of the measures implemented to provide transport choice and encourage modal shift, and recommendations in relation to changes that may be required in order to continue to deliver the Strategy Vision - by December 2018.

#### Anticipated benefits of policy development

The identification of work streams to implement the Guernsey Integrated on-Island Transport Strategy (ITS) and the analysis of the effectiveness of measures implemented to provide transport choice will help to identify the strategic requirements for transport related infrastructure. The implementation of the strategy will support an inclusive society by providing for freedom of movement and access to transport for all and will support sustainable economic growth by ensuring efficient and safe delivery and movement of goods, people and services around the Island whilst safeguarding vulnerable road users.

#### Resources required to deliver the policy priority

Various work streams have been or are in the process of being prioritised by the Committee in order to deliver the policy. There are several areas where consultancy input will be required to deliver the work streams, e.g. for data collection and analysis. However there is some financial resource available through the Guernsey On Island Integrated Transport Strategy funding and, if this is used wisely and effectively, little more may be required to help deliver the policy aims. The ITS has its own funding mechanism specifically agreed by the States which is tied into income derived from

First Registration Duty and Bus Fare Income as well as the, yet to be introduced, Residents' Parking Permit fees. Any reduction in funding for the ITS would therefore, have to consider carefully these areas of revenue generation as well.

Although various work streams will be prioritised, and existing human resources will be available to deliver these, this policy has no specific end date as the Committee will strive to carry out as many work streams as it is able to achieve the overall policy objective and principal themes of the States approved ITS and the more resource made available the more work streams can be completed whereas fewer resources could mean that some will have to fall away depending on their ranking in the identified priorities. Some work streams of less priority may have to stop. In summary, the Guernsey On Island Integrated Transport Strategy is already resourced and this should not demand further funding. There may be a need occasionally for external resource.

## Waste policy

### Why is this policy a priority?

The Committee has a specific mandate regarding solid waste. It also has within its mandate responsibility for infrastructure, spatial planning, climate change, protection and conservation of the natural environment and biodiversity which are all also relevant to this policy. Phase one objectives which relate to this policy include ensuring fit for purpose infrastructure but also signing up to appropriate and proportionate environmental standards, preventing and mitigating the adverse effects of climate change and reducing our contribution to global climate change, protecting and enhancing the natural environment and being proactive in monitoring potential threats to our way of life.

Generally the Solid Waste Strategy is in the latter stages of the policy cycle and the long term strategy already agreed is being implemented and is not therefore identified as a policy priority. The current residual inert waste site at Longue Hougue has a predicted site capacity of at best December 2021 or at worst August 2019 so there is a pressing need to identify the next site for disposal of residual inert waste in order to provide continuity of fit for purpose infrastructure.

However, although this work stream is on-going, with some urgency, there is a lack of an overarching strategy for inert waste disposal which goes beyond the consideration of residual inert waste disposal and the identification of the next sites, and which provides a framework for the future which can be taken into account by Islanders and businesses (e.g. construction industry). Such a strategy needs to develop policies that

enable the sustainable and appropriate management, disposal and use of the island's inert waste whilst respecting international requirements where appropriate and will consider the various options for the disposal of inert waste in the future. This will include consideration of inert waste minimisation, recycling and reuse and how this will impact on maximising capacity in identified residual disposal sites, reducing our contribution to climate change, as well as the environmental impacts and the impacts of likely large scale construction projects (including States development).

#### Committee strategies and work streams.

The work stream to identify the next potential site(s) and solutions for the disposal of residual inert waste for the next 20 years is on-going and, as set out above, it is crucial that this work stream continues to be resourced if continuity of infrastructure is to be achieved. Failure to agree the next site could have very negative consequences for our way of life and for the environment of Guernsey. Ideally this work stream would have been progressed after the development of a States agreed inert waste strategy and would be in line with it, but a strategy is not yet in place and is therefore highlighted as a policy priority. It is therefore quite critical that the inert waste strategy is progressed at least alongside the current work stream to identify the next residual disposal sites to ensure that they remain consistent. The current work stream has engaged expert consultants and a key stage report was delivered in May 2017 and includes some work towards longer term options for inert waste disposal which can be taken forward into the strategy development.

The inert waste strategy is likely to require a statutory Environmental Impact Assessment and there will have to be close consultation with the Planning Service (DPA) both with regard to this process and any land planning issues arising from the policy options (and any potential changes to IDP policy required as a result). Depending on the level of involvement this may require the Planning Service to stop some work towards the production of Supplementary Planning Guidance and general guidance documents and possibly development frameworks for the development of some sites. Changes arising from an inert waste strategy will be required to be reflected in the Waste Management Plan which will require the involvement of STSB and the Law Officers. The involvement of the cross committee Inert Waste Strategy Team will be essential for consistency. Successful implementation of IDP policies regarding the requirement for the use of sustainable building techniques and waste management plans will be influential in the success or otherwise of a strategy for inert waste minimisation. The Committee *for* Economic Development will be involved in terms of impacts on industry, particularly the construction industry.

In order to achieve this policy priority the following work streams have been identified:-

- Report to E&I on results and findings of consultants Royal Haskoning - Q3 2017;

- Delivery of an inert waste strategy to the States for the identification and delivery of optimal solution(s) for the management, use and disposal of Guernsey's inert waste over the next 20 years (in accordance with statutory process and key milestones within the project including high level EIA and resulting changes to the Waste Management Plan and Waste Strategy) - by Q4 2017 (dependant on the identification of sufficient resources);
- Delivery of a policy letter to the States for the identification of preferred site(s) for residual inert waste disposal (in accordance with statutory process and key milestones including detailed EIA, Local Planning Brief, Planning Inquiry etc.) - by Q4 2020;
- Development of a methodology and programme for regular monitoring of how much inert waste is reused, how much inert waste is recycled, the management of residual waste, compliance with legislation and international requirements - by Q4 2018

#### Anticipated benefits of policy development

The development of an inert waste strategy will provide a clear policy framework and consistent approach for the future which will ensure compliance with Environmental Protection Legislation and which can be taken into account by the construction industry and other islanders. It will establish a longer term solution so that infrastructure and land use requirements can be comprehensively considered in a timely way and continuity of fit for purpose infrastructure can be assured. A strategy will improve the likelihood of efficiencies and best use of resources (e.g. identifying where more than one States objective may be delivered by combining projects).

#### Resources required to deliver the policy priority

The work stream to establish the residual inert waste site(s) for the next 20 years is on-going and is resourced but this will need to continue and funding for the next stages of the project provided, including for detailed Environmental Impact Assessment and Planning Inquiry. The input from members of the Inert Waste Strategy Team, which is a cross Committee team and project managed by resources primarily working to STSB, will be essential to provide knowledge and consistency and some further liaison with the consultants (Royal Haskoning) may be required.

The work stream to deliver the inert waste strategy will require a lead officer with research, co-ordination, communication and drafting skills. The Committee has not been able to identify this resource from existing resources. It has examined the resources available to it but has determined that the skills and expertise required could not be obtained by de-prioritising any other Committee strategies or work streams. The Committee considers that this policy area is critical to the delivery of the themes/outcomes identified in phase one of the P&R Plan and delivery of the

Committee's mandate and that it would not be appropriate to simply deprioritise, curtail or delay inert waste strategy development because resources have not been identified. The Committee asks that the Policy & Resources Committee helps to identify the resources required to enable this important policy priority to progress.

Expert advice from within the organisation will be required from DPA (Planning service), STSB (recycling and reuse of waste), Law Officers (international requirements and changes to Waste Management Plan).

In summary, Inert Waste already has a Capital Prioritisation submission for £40m spread evenly in 2019/20 but this is to identify the options for the next residual inert waste site(s). The initial phase of this project is already underway but the overarching strategy requires development to ensure that the identified site(s) are consistent with an agreed inert waste strategy. Given the right resources the strategy and any changes to the Waste Disposal Plan should be reported to the States by Q4 2017 but then work on the identification of the next residual inert waste site will need to continue using the existing resources working on it until delivery of the preferred option to the States anticipated as Q4 2020 and, thereafter, there will be a need to establish monitoring and review.

**THE COMMITTEE FOR HEALTH & SOCIAL CARE**  
**COMMITTEE POLICY PLAN**

**Introduction**

This document comprises the Committee *for* Health & Social Care's response to Phase One of the Policy and Resource Plan agreed by the States in November 2016. It sets out, at a high level, the policy priorities of the Committee *for* Health & Social Care, together with an outline of the anticipated benefits and the work needed to realise those benefits, plus an estimate of the resources required to deliver those pieces of policy work.

**Our responsibilities**

The main purpose of the Committee *for* Health & Social Care (CHSC) is to protect, promote and improve the health and wellbeing of individuals and the community through the development and implementation of policy directed at the following categories:

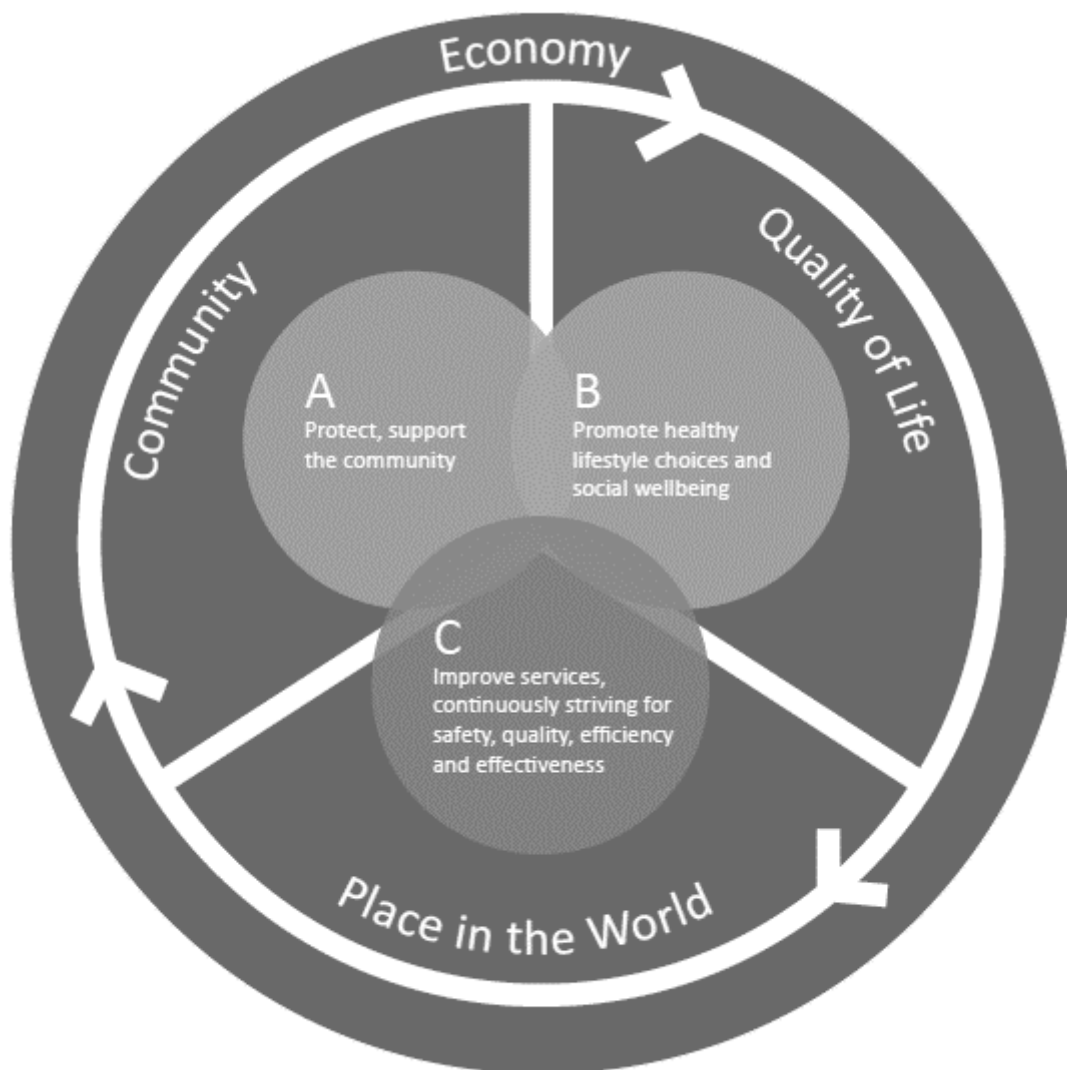
- adult social care;
- the welfare and protection of children, young people and their families;
- the prevention, diagnosis and treatment of acute and chronic diseases, illnesses and conditions;
- mental health;
- care of the elderly;
- health promotion;
- environmental health; and
- public health.

It is not surprising that the responsibilities of CHSC have the strongest links to the themes of "Our Quality of Life" and "Our Community" in Phase One of the Policy and Resource Plan – Future Guernsey. There are also links to "Our Economy", in particular "Sustainable Public Finances".

The CHSC 'Future 2020 Vision of the Health and Social Services System' as well as the 2013 update (referred to as 2020 Vision henceforth) is centred around the three themes of CHSC's mandate: protect, promote, improve and the infographic below summarises how these three themes clearly link into Phase One of the Plan. CHSC's

Policy and Resource Plan is heavily influenced by the key points contained within the 2020 Vision and CHSC has used the key points of this document together with extant States Resolutions to consider which matters to prioritise.

*Figure 1: '2020 Vision' and its link to the 'Policy and Resource Plan – Phase One'*



### **The Transformation of Health and Social Care and the Target Operating Model (TOM)**

The most significant priority that will face CHSC over the next four years is the responsibility for the implementation of the TOM. This is in line with the outcome “Healthy Community” in Phase One, and fulfils the commitment to “support the continuing transformation of the health and social care system, across and in partnership with the public, private and voluntary sectors”. There is also a direct link to

“Our Economy” as it will provide a sustainable health model that not only will deliver a good outcome for service users but will contribute to maintaining sustainable public finances. Going forward, CHSC is committed to reviewing the health needs of islanders to inform where it needs to prioritise and allocate resources in order to improve health and reduce health inequalities amongst the population.

The future demands on health and social care requirements of the Bailiwick will increase owing to its ageing demographic, the expectations of the public and the rising costs associated with medical inflation. To ensure that these costs and expectations are sustainable CHSC will need to redesign its existing model into one that represents better value for money and achieves the principles set out in the 2020 Vision which was approved by the States in May 2011 and provides a useful basis for responding to the priorities set out in Future Guernsey.

The next four years will be a critical period for CHSC as it continues the process of transformation, with the development of a TOM, which will include much greater integration between the core elements of the existing system, including primary care, secondary care, community services and the 3<sup>rd</sup> sector, together with the various private and commercial businesses involved in the provision of care. Change cannot be delivered in isolation and the process that CHSC adopts will remain aligned to the wider transformational journey underway for the States of Guernsey’s public service.

During 2017, CHSC will work with a partner to progress the development of a TOM and by the end of the year a policy letter will be submitted to the States which will set out its plans for system transformation and the transition process required to achieve the proposed TOM.

In other words, in keeping with the Future Guernsey “Healthy Community” outcome and associated objectives, and the principles of the 2020 Vision, CHSC will redesign services across the health and social care system to be appropriate, flexible, and sustainable for the next 30 years and beyond.

CHSC will design and implement a Target Operating Model for the health and social care system, which builds on the benchmarking of local services, costs and outcomes by BDO and reflects CHSC’s ambition for transformation of health and social care (first set out in the 2020 Vision), within Health & Social Care and with private and third-sector organisations, including MSG and Primary Care. We will improve the way that we commission and manage health and social care services – including by publishing annual Commissioning Intentions – and find ways to work in partnership with staff and service users, as well as other organisations, to deliver better health and social care.

We will develop services and care pathways so that they enable people to live independent, fulfilled lives. We will provide care closer to home, and use every contact with the health and social care system to promote good health and wellbeing. Wherever possible, we will deliver coordinated, “one-stop” services: this will be underpinned by the creation of a physical Community Hub intended for the King Edward VII site.

CHSC has always made it clear that transformation of the health and social care system will require upfront investment in design and implementation, and the States has generally recognised this. Given that the alternative is an increasingly unsustainable pattern of rising demand and increasing cost of delivery, this is an important and essential part of making our health and social care system fit for the future.

### **Policy Priorities for the Committee for Health & Social Care**

CHSC was very supportive of the public and stakeholder consultation that took place in January 2017 ahead of the formulation of Phase Two of the Policy and Resource Plan and is confident that the transformation process and the implementation of the strategies that it leads on, or is part of, meets the expectations of these groups. A priority of this transformation is to focus on the needs of the service user which will cover the whole population, as every member of the community will more than likely use the services of CHSC at some point in their life.

CHSC has a wide ranging remit which is reflected in the areas of policy it has prioritised. Its policy work mainly centres around the ‘Healthy Community’ and ‘One Community: inclusive and committed to social justice’ but this must be carefully managed in order to keep public finances sustainable so there is also a strong link to ‘Sustainable Public Finances’ and a lesser but still significant link to “Strong, sustainable and growing economy”. These links to the outcomes in the Policy & Resource Plan are outlined further as follows:

#### **‘HEALTHY COMMUNITY’**

CHSC provides health and social care to the population of Guernsey and Alderney so it is no surprise that the main drivers of policy will focus on maintaining a healthy community. It links closely to CHSC’s mandated responsibilities for health promotion, public health, and the prevention and diagnosis of acute and chronic conditions.

In pursuit of the outcome of a healthy community, Future Guernsey includes a commitment to: “focus on the promotion of health and wellbeing, and the prevention of, early intervention in, and protection from negative health outcomes”.

For its part, CHSC will tackle the lifestyle factors that lead to much preventable ill-health and premature mortality: smoking, excessive drinking, lack of physical activity, overweight and obesity, and poor mental wellbeing. Through public health strategies (including Tobacco Control, Healthy Weight, Drug & Alcohol and Mental Health & Wellbeing) targeting these key issues, which give people of all ages the tools and knowledge to manage their health and wellbeing, we will aim to achieve significant improvements in islanders' health and quality of life. We will promote good sexual health and healthy relationships through our Sexual Health Strategy, and aim to reduce harmful drug use and addiction through CHSC's leadership of the Drug & Alcohol Strategy.

CHSC will review the screening programmes we currently have in place, to detect diseases at an early stage, and ensure that these reflect the latest evidence on effectiveness and acceptability, and are accessible and affordable to the target population. We will continue with our routine vaccination programmes, and continue to monitor the development of new vaccine programmes in other jurisdictions. We will recognise the importance of the wider community in supporting population health and wellbeing, and explore opportunities to develop community referral (otherwise known as social prescribing) as non-medicalised forms of early intervention where appropriate.

CHSC will strive to provide a health and social care service that puts the service user at the centre, respecting individual needs and focuses on prevention and early intervention of diseases as well as providing services that are open, transparent and fair to all.

**We will understand the current and emerging health and social care needs of the population, and plan to meet them effectively.**

Health Needs Assessments – to establish the health of islanders, issues and gaps in services, now and in the future – are essential to CHSC's planning and transformation work. We will seek the resources to carry out a comprehensive Health Needs Assessment. We will also improve the way we collect and use data about the health and wellbeing of the island, in order to assist future planning.

CHSC will explore opportunities to be involved in research relating to the development of new treatments and technologies, ensuring that Guernsey residents can benefit from next generation healthcare at the earliest opportunity.

This crosses all parts of CHSC's mandate, but especially the responsibility to advise the States on public health. It reflects the "Healthy Community" objectives of the Policy and Resource Plan: especially supporting the continuing transformation of health and

social care, and focusing on the promotion of health and wellbeing, and the prevention of, early intervention in, and protection from negative health outcomes. It is also linked to the Policy and Resource Plan's ambition for Guernsey to become a "Centre of Excellence and Innovation", whether through digital developments or other forms of new science and technology in health and social care.

**We will ensure that the funding of health and social care reflects the population's needs, that resources are distributed equitably between services, and that the poorest are not priced out of good health.**

CHSC will participate in the review of health and social care funding which is being led by the Policy & Resources Committee (P&RC) and the Committee for Employment & Social Security (CESS). We will introduce robust and repeatable methods of setting priorities and allocating resources within health and social care, and establish program areas for the purposes of long-term planning, service development, investment and disinvestment.

CHSC will ensure that criteria for access to services are transparent and fair, with the creation of a Care and Support Framework for community services. We will seek to ensure that mental health is given equal priority to physical health, at all stages. We will review the affordability and accessibility of primary healthcare (GPs and other first-point-of-contact services) and seek to ensure that low income is no barrier to good health.

Again, this crosses all parts of CHSC's mandate. It ties in with the "Healthy Community" objectives of the Policy and Resource Plan (especially providing timely and appropriate diagnosis, treatment, support and care, based on need, for all those who need to access it, and treating mental health with equal consideration and priority to physical health) and the objective under "One Community: inclusive and committed to social justice" that relates to monitoring, understanding and reducing poverty and inequality in Guernsey.

CHSC will encourage social inclusion among Islanders through the provision of services that are non-discriminatory that take into account the equality of rights, equity and dignity of individuals.

**We will ensure that people with progressive and terminal conditions, and fatal injuries, are respected and their preferences valued in every aspect of their care.**

It is always essential to ensure that the patient, and their needs, preferences and concerns, are at the centre of the care we provide. This remains the case when a focus on recovery or rehabilitation may no longer be appropriate or helpful. CHSC is

conscious of the importance of enabling people to have a good death, and the often central role of the health and social care system in doing so. We will continue to deliver compassionate palliative care, and will work to improve the control that people have over the decisions that affect them in that important last stage of life, ranging from treatment to place of death. We will ensure that there are safeguards in place to protect people who may not have the capacity to make their own decisions. We will work with community organisations to provide whole-person care at the end of life, and sensitive support after bereavement for carers, families and friends.

This touches many areas of CHSC's mandate, and aligns with the objectives under the "Healthy Community" section of the Policy and Resource Plan, to support the continuing transformation of the health and social care system, across and in partnership with the public, private and voluntary sectors, and to provide health and social care services that respect individual needs.

**We will safeguard the health and wellbeing of those who come into contact with our services, and strive for continuous improvement in quality and safety.**

Working with Jersey, CHSC will develop effective and proportionate regulation of acute and community services across the health and social care system, filling a significant gap in the legal framework which currently exists. In order to protect individuals, we will introduce a Capacity law, and will strengthen our adult safeguarding framework. We will continue to embed strong governance across the organisation, and reflect the Care Values Framework in everything we do.

CHSC will create opportunities for the public and staff to be more involved in shaping health and social care services, particularly through the creation of a representative forum known as CareWatch. As well as this vital human feedback, we will improve our collection and use of key data in order to monitor and manage the performance of the services we provide and commission.

Quality and safety are essential to every part of CHSC's mandate. They reflect the objective of transforming the health and social care system (under the "Healthy Community" section of the Policy and Resource Plan); of being proactive in monitoring potential threats (under the "Safe and Secure Place to Live" section); and of establishing appropriate and proportionate social and justice standards (under "Mature International Identity").

**We will invest in our workforce, valuing and developing those who have committed their working lives to the island's health and social care system.**

Working together with P&RC, CHSC will review staff terms and conditions to ensure that living and working in Guernsey is an attractive option, in light of the competitive global market for health and social care professionals. We will create more opportunities for people to train in health or social care, with our support; and promote continuous professional development.

CHSC will continue to implement its skills mix review, to ensure that all service areas are optimally staffed for patient safety as well as efficiency. We will demonstrate commitment to the health and wellbeing of our own workforce, through the implementation of our People Plan; and will ensure objectives are set throughout the organisation, in accordance with the States' competency framework and our own business plan.

This affects every part of CHSC's mandate, and every objective under the "Healthy Community" section of the Policy and Resource Plan, especially in relation to the transformation of health and social care – as an effective, motivated workforce is integral to its success. It also relates closely to the objectives under the "Sustainable Public Finances" section, especially the achievement of a balanced budget, which is very dependent on the way human resources are deployed.

#### **'ONE COMMUNITY: INCLUSIVE AND COMMITTED TO SOCIAL JUSTICE'**

Much of CHSC's social care work and social policy is centred around this outcome and the strategies CHSC is particularly involved in are:

- Mental Health & Wellbeing Strategy
- Disability & Inclusion Strategy
- Supported Living & Ageing Well Strategy (SLAWS)
- Children & Young People's Plan (CYPP)

As explained previously, CHSC is committed to putting the individual's needs at the heart of what it provides and these strategies will provide the vehicle to enable this to happen. In addition to the strategies listed above, CHSC will introduce a Capacity Law as well as developing frameworks that protect adults and children.

CHSC recognises the importance of encouraging personal responsibility which has a close link to the prevention of avoidable disease and has a number of Public Health Strategies that will strengthen this outcome. CHSC is committed to promoting personal responsibility and that process must begin early on. The CYPP will enable the States of Guernsey to nurture and support every child and their family on the Island to provide the best start in life and to give them the opportunity to achieve their full potential.

This is supported by a number of other strategies and policies including: the 1001 Critical Days; the Strengthening Families initiative; and the Corporate Parenting Strategy.

**We will ensure that all health and social care services are oriented around recovery and independence as far as possible, respecting the dignity and self-direction of people who use our services.**

CHSC will ensure that a focus on recovery and independence is reflected in both acute and community services. We will redesign care pathways as part of the transformation of health and social care, aiming to reduce average lengths of stay in hospital and to provide care closest to home wherever possible. For people in need of long-term care, CHSC will work with CESS and P&RC to redesign the funding system, ensuring that there is an equitable funding system for people who receive care in their own homes and those who enter a nursing or residential home.

CHSC will improve the availability of supported accommodation options, enabling people to live independent lives close to home, whatever their care needs. This may include bringing some people home from long-term off-island placements. Through the Mental Health & Wellbeing Strategy, and service frameworks for people with dementia, autism, learning disabilities and communication difficulties, CHSC will identify gaps in services and opportunities for improvement.

This reflects CHSC's mandated responsibilities for the treatment of acute and chronic conditions, adult social care, mental health and care of the elderly. It aligns with the objectives of the "Healthy Community" section of the Policy and Resource Plan, especially to provide health and social care services that respect individual needs and promote independence and personal responsibility, to treat mental health with equal consideration and priority to physical health, and to provide timely and appropriate treatment, support and care, based on need, for all who need to access it. It also reflects the objectives, under "One Community: Inclusive and committed to social justice", to focus on community-based provision of social care services and to provide support to informal carers.

**We will recognise the important role of informal carers, including family and friends, and ensure they are supported and cared for themselves.**

Working with other States' Committees and organisations through the implementation of SLAWS, CHSC will help to develop a Carers' Strategy, providing practical assistance and emotional support to people who care for family and friends. As part of the work on developing a Care and Support Framework, we will seek to provide or commission a

range of suitable short break / respite care options for children and adults, including older adults.

Informal carers are people who help to look after, or support, a family member, relative or friend, often on a more than full-time basis. As such, this touches on many areas of CHSC's mandate, including adult social care, the welfare of children, young people and their families, the treatment of acute and chronic diseases, illnesses and conditions, mental health, and care of the elderly. It is directly reflected in the objective, under "One Community: Inclusive and committed to social justice", to provide support to informal carers.

**We will put the voice and needs of children and young people at the heart of all we do, with special responsibility towards those who are in our care.**

Through the CYPP, CHSC will work to ensure that all children are protected from harm and have opportunities to achieve their full potential. We will provide parents with support, from before birth, to raise their children in nurturing, supportive families, with enhanced support (such as the 1001 Critical Days program) for those families who most need it.

CHSC will continue to improve coordination between the many organisations involved in supporting children, young people and families, through the Multi-Agency Support Hub (MASH) and more effective commissioning. We will continue to intervene early to improve outcomes for children who are at risk or in need. We will keep developing our fostering and adoption service, including specialist fostering; and will work towards greater placement stability, especially for older children.

As Corporate Parent, the States of Guernsey has a duty to provide the children it is responsible for with the care, support and opportunity that any reasonable parent would provide. We will work, with others, to improve outcomes for those children, including greater emotional resilience and psychological wellbeing, higher academic achievement and successful transitions into adulthood, with access to appropriate housing, employment and training opportunities.

This reflects CHSC's mandated responsibility for the welfare and protection of children, young people and their families. It supports the Policy and Resource Plan objectives, under "One Community: Inclusive and committed to social justice", to recognise the value of the early years, partnering with families and communities to ensure every child has a nurturing and supportive start in life, and to help deliver the States' shared responsibilities, as Corporate Parent, towards all children in statutory care, including young care leavers.

**We will ensure that people who are less likely to have good health outcomes, including people with mental health conditions or disabilities, people from minority groups and people on lower incomes, are thought about in our planning and policy making.**

CHSC recognises the importance of ensuring that people do not fall through the cracks of the health and social care system. In many ways, strategies such as the Mental Health & Wellbeing Strategy and the Disability & Inclusion Strategy, are designed to help prevent this and CHSC will fulfil its role in their implementation. We will also seek, in particular, to understand how poverty affects health, and the extent of health inequalities in the island. In doing so, we will consider whether there are opportunities, as part of the review of the funding of health and social care, to mitigate some of these inequalities.

This touches on many aspects of CHSC's mandate, and is particularly linked to its responsibility for public health. It relates to the Policy and Resource Plan objectives, under "One Community: Inclusive and committed to social justice", to implement various agreed social policy initiatives and to monitor, understand and reduce poverty. It also recognises the many social determinants of health (including socio-economic status) which can have an impact on people's health and wellbeing, as in the final objective under the "Healthy Community" section.

### **'SUSTAINABLE PUBLIC FINANCES'**

CHSC is committed to maintaining sustainable public finances and is demonstrating this through the transformation of the organisation and the services that it provides. CHSC must transform the way in which it currently operates to take into account the ageing population, medical inflation and the increasing expectation from the public, which will continue to increase the demand on public expenditure if it remains unchecked.

CHSC is also committed to a programme of priority setting which will inform how resources are allocated, including investment and disinvestment in service areas. It will also review how health and social care services are commissioned and will be held to account through the publication of annual Commissioning Intentions.

In 2016, CHSC underspent its budget by £600,000 and it will continue expenditure restraint. **However, while transformation of services may allow some of the costs of health and social care to be contained, and managed more sustainably, the pressures of rising population demand and increasing medical inflation mean it is not possible**

**for CHSC to commit firmly to achieving no real-terms growth in its budget in the medium term.**

As well as focusing on the services it provides, CHSC will work with P&RC to ensure that it recruits the best staff possible at the right remuneration to keep levels of retention high and ensuring staff remain motivated. The skills mix review will ensure that service areas are staffed appropriately to achieve the best outcomes.

As part of its responsibility under SLAWS, CHSC, together with CESS and P&RC will undertake a review of how health and social care services are funded and, in particular, how the Long-Term Care Fund is accessed to allow more flexibility to fund people remaining at home rather than going into residential or nursing care.

#### **ADDITIONAL LINKS TO THE OUTCOMES OF THE PLAN**

**CHSC's involvement in delivering the other principal outcomes of the Plan is less significant, but various CHSC objectives will still contribute to progress in these areas.**

It contributes towards a strong, sustainable and growing economy through the development of policies that aim to maintain an appropriately sized working population by keeping people healthy to remain economically active. It has policies that cover whole life-span to ensure equality of opportunity to live independent and fulfilled lives.

**We will explore opportunities to provide healthcare on a commercial basis, in order to reinvest income in service delivery and help mitigate the costs of rising demand.**

CHSC will investigate opportunities to create a health tourism offer, which may focus on physical or mental health, working together with the Committee *for* Economic Development. We will also ensure that our on-island private facilities offer an attractive and competitive alternative to off-island private treatment, with any income raised through this route being returned to the health and social care system, to support service delivery and transformation.

This is likely to be most closely linked to CHSC's mandate for the treatment of acute and chronic conditions, and for mental health care. It reflects the objectives in the "Strong, Sustainable and Growing Economy" section of the Policy and Resource Plan, including by making Guernsey an attractive place to live and work, and ensuring conditions that encourage enterprise. It is also linked to the Plan's ambition to make Guernsey a "Centre of Excellence and Innovation."

CHSC is supportive of lifelong learning and will create more opportunities to offer training to people to work in health and social care and to continue their development to fulfil their potential.

CHSC will promote innovation through investigating opportunities to create a health tourism offer, it will explore opportunities to be involved in research relating to the development of new treatments. All the above will enhance Guernsey's reputation as being a centre of excellence and innovation.

Finally, it will contribute to Guernsey's international identity through the development of pragmatic regulatory and governance standards in health and social care.

### **Achievability of delivering objectives**

The key barrier to any of the work streams is that of resources. Against the back drop of Public Sector Reform and sustainable public finances, CHSC is committed to delivering a model that is sustainable through the implementation of the TOM.

As stated in the attached table, to enable successful implementation of the TOM, CHSC will need to have access to sufficient resources. The design of the TOM will include a baseline budget which will be based on the needs of the population and which will take into account the ageing demographic, the costs of medical inflation and the increasing expectation from the public of the level of services that CHSC is able to provide to them.

If CHSC is unable to implement the TOM it will continue to run as it is and the costs of providing the current service will rise to a level that the States will not be able to afford.

CHSC will ensure that all of its objectives are delivered through its Business Plan, which will set out its priorities over the next four years, mirroring the Policy and Resource Plan. It is the intention of CHSC to monitor progress through an Operational Plan which will set targets and milestones to measure the progress of policies through the planning and implementation phases.

**The anticipated benefits of the prioritised actions are illustrated against the strategies they belong to below:**

#### 2020 Vision

The 2020 Vision will inform the transformation of health and social care services. It sets out a number of recommendations to ensure that the provision of health and social care meets the changing needs of the population and is sustainable and equitable.

The key benefits of implementing the 2020 Vision are to enable people to live healthy, independent lives through the promotion of healthy lifestyle choices and social wellbeing as well as improving services and protecting the community. This will, in turn, ensure that the community becomes less reliant on the services provided by CHSC and help prevent expenditure from increasing to unsustainable levels.

### SLAWS

Through a range of policies, some of which will be led by CHSC, there will be improved coordination in the provision of care and support. The implementation of the strategy will also identify gaps and address existing needs which are not currently met. It has strong links to the 2020 Vision because it addresses the growing issue of an ageing demographic against decreasing public revenues due to the shrinking working population.

This strategy will produce positive outcomes for the community because it is centred around the needs of the individual through a co-ordinated approach. Focusing on meeting people's needs and encouraging them to take responsibility to maintain an independent life for as long as possible, will also reduce costs in the long-term.

### CYPP

The CYPP sets out a number of commitments which focus on early help and prevention which will reduce the demand on costly services in the future. It will also ensure that there is equality of access to services for children and their families to enable all children and young people to get the help they need to enjoy a fulfilled life.

Improvements to data collection and IT systems will ensure staff work more effectively but, importantly, will also provide a better understanding of the level and nature of need to plan appropriate services in the future.

### Healthy Weight Strategy

Implementing the Healthy Weight Strategy will help to reduce the prevalence of overweight and obesity, which are one of the principal causes of premature death and preventable disease in the Bailiwick. Obesity is a risk factor for a range of chronic

diseases such as heart disease, cancer and diabetes. It also focuses on preventing children from becoming obese to ensure that they grow into healthy adults.

It will encourage individuals to take personal responsibility and adopt healthy lifestyles which will decrease the demand on health and social care services. The Healthy Weight Strategy will have a direct effect on maintaining a healthy economically active workforce which is important in the context of an ageing demographic and a decrease in the working population.

### Mental Health & Wellbeing Strategy

The presence of positive mental health can have wide benefits including healthier lifestyles, better physical health, improved recovery, fewer limitations in daily living, higher educational attainment, greater productivity, employment and earnings, better relationships, greater social cohesion and engagement and improved quality of life. Implementing the strategy will result in the provision of more effective and accessible support for people to enable them to live healthy, meaningful lives. Effective early intervention will give people the best chance of recovering from a mental illness, which will improve outcomes for Islanders and reduce the incidence of long-term mental health problems. This in turn, over time, should lead to reduced reliance on mental health services provided by CHSC.

### Disability & Inclusion Strategy

Implementing this strategy will enable people with disabilities and their carers to live in accessible and well-designed communities, offering the opportunity to participate in social, economic, sporting and cultural life. People will be offered a range of support that will assist them to live independently and encourage personal responsibility. In addition, people with disabilities and their carers will be encouraged to achieve their full potential through their participation in an education system that is responsive to their needs.

### Breastfeeding Strategy

It has been proven that breastfeeding an infant improves the health of both baby and mothers. Breastfed infants have important health advantages over non-breastfed infants. In the short term, breastfeeding reduces the risks of infections and diarrhoea and in the longer term there is a lower risk of developing, for example, allergic disease, diabetes and obesity.

Benefits for the mother include a lower risk of cancer, hip fracture and delayed return of menstruation.

It is important, therefore, that CHSC encourages mothers to breastfeed to ensure that infants have the best start in life. The more breastfeeding becomes the norm through work carried out in the strategy, the more mothers will choose to breastfeed and maintain good health.

#### Tobacco Control Strategy

Smoking is a principal cause of premature death and preventable disease. Its impact is also estimated to cost the Bailiwick approximately £14.25 million per annum. Implementing the strategy will reduce the number of people who could die prematurely through cancers and respiratory diseases. It will also prevent people from smoking in the first place through initiatives aimed at young people and through the protection of children from second-hand smoke.

#### Sexual Health Strategy

The benefits of delivering a Sexual Health Strategy will be to reduce the teenage pregnancy rate, the prevalence of undiagnosed sexually transmitted infections and sexual health inequalities between the general population and those who are vulnerable and socially disadvantaged.

It is committed to the principles of keeping the community healthy, as well as contributing to an inclusive community by treating customers with dignity and respect.

It will empower the young community by enabling them to make life choices and encourage personal responsibility.

#### Drug & Alcohol Strategy

CHSC will be taking responsibility as the lead Committee for this strategy in the future. Implementing this Strategy will result in a reduction in the numbers of adults and children using drugs and alcohol at damaging levels. The fewer people abusing drugs and alcohol will reduce the incidence of related disorders, anti-social behaviour, violence and crime which will benefit the community as a whole.

#### **Overview of policy delivery and outline of resources needed to develop and implement**

There are strong interdependencies between the Committee *for* Health & Social Care and the Committees *for* Employment and Social Security, Home Affairs and Education, Sport and Culture as well as the Policy & Resources Committee, the latter of which offers a co-ordinating role for many of the cross-cutting strategies.

The implementation of the above strategies will require additional resources. It is envisaged that, wherever possible, funds will be re-allocated from savings made through the transformation programme. However, to realise the full benefits, additional resources may be required, as indicated with an asterisk below.

It is not possible to report the indicative cost of those actions marked with <sup>TOM</sup> until the work in developing the future Target Operating Model is concluded and considered by the States of Deliberation in the fourth quarter of 2017.

#### OUR QUALITY OF LIFE

- Regulation of Care
- Public Needs Assessment and Strategy
- Reablement Strategy (to enable part of SLAWS) <sup>TOM</sup>
- Mental Health and Wellbeing Strategy
- Sexual Health Strategy \*
- Healthy Weight Strategy \*
- Tobacco Control Strategy \*
- Breastfeeding Strategy \*

\* Approximate additional funding required: **£1.03 million**

#### OUR COMMUNITY

- Dementia Framework <sup>TOM</sup>
- Capacity Legislation \*
- Learning Disability Framework \*
- Autism Framework
- Strengthening Families \*
- Advocacy \*
- Amendments to Children's Law \*
- Short Break Care for Children with Disabilities \*
- Specialist Fostering \*
- Adoption Law \*

\* Approximate additional funding required: **£450,000**

## OUR ECONOMY

- Target Operating Model <sup>TOM</sup>
- Skills Mix Part 1 and 2
- Care Values Framework
- Public Health Work Force Planning

**COMMITTEE FOR HEALTH & SOCIAL CARE – POLICY AND RESOURCE PLAN SUMMARY 2017 - 2021**

<b>Strong, sustainable and growing economy</b>	<b>How are we going to make this happen? (SMART objectives)</b>	<b>Any links to existing strategies?</b>	<b>Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?</b>	<b>Other Committees involved</b>
<b>We will</b> ensure conditions that encourage and foster enterprise and remove barriers to business, keeping regulation appropriate and proportionate, whilst respecting environmental and social safeguards				
<b>We will</b> ensure the provision of reliable, sustainable and affordable sea and air links				

Strong, sustainable and growing economy	How are we going to make this happen?  (SMART objectives)	Any links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> focus on maintaining an appropriately-sized working population	Various CHSC policies designed to improve the health of the population (described below) will help to keep people well enough to work for longer, and will tackle some of the main causes of ill-health among people of working age, including poor mental wellbeing. In particular, CHSC will focus on continuing the implementation of the Healthy Weight Strategy with the aim of encouraging the population to maintain a healthy weight from an early age to prevent obesity-related diseases.	Healthy Weight (HW), Tobacco Control (TC), Mental Health & Wellbeing (MH&W), Supported Living & Ageing Well (SLAWS), Drug & Alcohol (D&A)	Employment Statistics  KPIs embedded in strategies	Employment & Social Security (CESS) Education, Sport and Culture (CESC)

<b>Strong, sustainable and growing economy</b>	<b>How are we going to make this happen?  (SMART objectives)</b>	<b>Any links to existing strategies?</b>	<b>Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?</b>	<b>Other Committees involved</b>
<b>We will</b> look to remove barriers that are discouraging or preventing some people from pursuing or remaining in paid employment and provide additional support to those who need it to find and sustain employment	CHSC policies to provide equality of opportunity to young care leavers, to support independent and fulfilled lives for people with disabilities and others who rely on long-term support from health or social care services, and to support informal carers (all described below) will help to challenge some of the barriers to work which are faced by these groups of island residents in particular.	Children & Young People's Plan (CYPP), Disability & Inclusion (D&I), SLAWS, 2020 Vision	KPIs embedded in strategies	CESS, CESC, Home Affairs (CHA)
<b>We will</b> promote Guernsey as an attractive place to work and live in order to encourage the retention of our current workforce, the return of those who have chosen to gain life experience in other jurisdictions, and to attract those who may bring valuable skills to the island	CHSC will continue to provide a high quality general health and social care system, and ensure our private offer is also attractive, recognising the importance of good healthcare in attracting people to live and work on island.		KPIs included in Service Level Agreement with the Institute of Health and Social Care Studies	CESC
<b>We will</b> maintain, enhance and promote Guernsey's rich marine and terrestrial environment as a high value resource which underpins our economy				

<b>Sustainable public finances</b>	<b>How are we going to make this happen?  (SMART objectives)</b>	<b>Any links to existing strategies?</b>	<b>Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?</b>	<b>Other Committees involved</b>
<b>We will</b> adhere to the fiscal rules contained within the Fiscal Policy Framework	See below.			
<b>We will</b> present a credible fiscal strategy as part of phase two of the Plan in June 2017 which will reflect the commitment of the States to encourage economic growth; restrain public expenditure by requiring further efficiency savings and the prudent management of financial resources, people and physical infrastructure; and raise additional revenue as far as possible from individuals and entities most able to bear the burden	CHSC will participate in the review of health and social care funding being carried out by P&RC and CESS, and ensure this supports effective transformation of health and social care.	2020 Vision, SLAWS	Metrics	Policy & Resources Committee (P&RC), CESS
<b>We will</b> achieve and maintain a balanced budget in the short-term and surplus in the medium-term without contravening any part of the States' Fiscal Policy Framework	CHSC will design a Target Operating Model (TOM) for the health and social care system that meets the changing needs of the population and is sustainable and equitable. Without this, achieving balanced budgets and remaining within the overall fiscal framework will be impossible for the States.	2020 Vision		Various

Sustainable public finances	How are we going to make this happen?  (SMART objectives)	Any links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
	CHSC will introduce robust and repeatable methods for setting priorities and allocating resources, including investment and disinvestment in service areas.			
<b>We will</b> continue expenditure restraint and ensure no real terms' growth in expenditure while the budget remains in deficit	<p>Where CHSC provides services that support the private or commercial provision of healthcare, it will ensure that there is an appropriate return to public funds.</p> <p>CHSC will continue expenditure restraint and ensure no real terms' growth in expenditure save for the pressures and increased demands brought about by the ageing demographic which cannot be addressed by transformation alone.</p>			

Sustainable public finances	How are we going to make this happen?  (SMART objectives)	Any links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> provide leadership of the transformation agenda and support the Public Service Reform agenda in order to manage both short and long term spending pressures	CHSC will continue to develop and implement its transformation plans for the whole of health and social care, both within CHSC and with private and third-sector organisations, including MSG and Primary Care.	2020 Vision		
	CHSC will improve the way that health and social care services are commissioned and managed, including by publishing annual Commissioning Intentions.			
<b>We will</b> ensure that the States' commercial and semi-commercial entities and other States' assets are maximised, making an appropriate return to the States but without placing a disproportionate burden on customers, many of whom are inevitably on low incomes				

Sustainable public finances	How are we going to make this happen?  (SMART objectives)	Any links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> prioritise capital investment aligned with the Plan	As part of the design of the TOM, CHSC will consider the optimisation of its estate, which will include reprofiling of the PEH and the creation of a community hub at the KEVII site.			
<b>We will</b> ensure competitive recruitment and retention of quality, skilled professionals, balanced with appropriate scrutiny including control and review of staffing costs, grading and pay awards, and effective performance management within the public sector	Working with P&RC, CHSC will review staff terms and conditions, to ensure competitive recruitment and retention of professionals, while working to ensure the health, wellbeing and morale of the whole workforce.			P&RC
	CHSC will continue to implement its skills mix review, to ensure service areas are staffed optimally for patient/user safety as well as efficiency.	Skills Mix		

Healthy community	How are we going to make this happen?  (SMART objectives)	Any links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> focus on the promotion of health and wellbeing, and the prevention of, early intervention in, and protection from negative health outcomes	CHSC will continue to promote, implement and develop public health strategies and invest in tackling the lifestyle factors that lead to much preventable ill-health and premature mortality: incl. smoking, excessive drinking, lack of physical activity, overweight and obesity, poor mental wellbeing, risky sexual behaviours and substance misuse.	2020 Vision, TC, HW, D&A, MH&W, Sexual Health, Breastfeeding		CESC, CESS, CHA
	CHSC will review the affordability and accessibility of primary healthcare (incl. GPs and other first-point-of-contact services).			
<b>We will</b> support the continuing transformation of the health and social care system, across and in partnership with the public, private and voluntary sectors	As part of the design of the TOM and improved commissioning, CHSC will develop services and care pathways so that they enable people to live independent, fulfilled lives.	Care Values Framework, Skills Mix, 2020 Vision	To be developed	CESS

Healthy community	How are we going to make this happen?  (SMART objectives)	Any links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
	CHSC will commission a Health Needs Assessment to establish a picture of the Bailiwick's current and future health needs, to help plan ahead.			
	Wherever possible, CHSC will deliver coordinated, "one-stop" all age services, in partnership with other agencies, supported by the creation of a Community Hub at the KEVII site.	Corporate Parenting, CYPP, D&I, SLAWS		Various
	CHSC will work with Jersey to introduce a regulatory system for all health and social care that is appropriate and proportionate. CHSC will also actively work with Jersey on other common issues, eg Public Health. Within CHSC services, the Care Values Framework will be embedded and governance strengthened on an ongoing basis.	2020 Vision, Care Values Framework		

Healthy community	How are we going to make this happen?  (SMART objectives)	Any links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> provide health and social care services that respect individual needs and promote independence and personal responsibility	CHSC will recognise the benefits of providing care closest to home and will facilitate this wherever possible, promoting independence, personal responsibility and reducing lengths of stay in hospital.	SLAWS		
<b>We will</b> provide timely and appropriate diagnosis, treatment, support and care, based on need, for all those who need access to it	CHSC will review all screening programmes to ensure effectiveness, acceptability and accessibility to the target population.			
	CHSC will ensure that the criteria for access to services are transparent and fair, with the creation of a Care and Support Framework for community services.			

Healthy community	How are we going to make this happen?  (SMART objectives)	Any links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
	Through strategies and service frameworks, including for people with dementia, autism, learning disabilities and communication difficulties, CHSC will identify gaps in services and opportunities for improvement.	SLAWS, D&I		
	CHSC will work towards a legislative framework that provides an aggregated patient record which can be shared between health and social care professionals and those working in supporting roles.			
<b>We will</b> treat mental health with equal consideration and priority to physical health	CHSC will implement the Mental Health & Wellbeing Strategy and promote good mental health at all levels, from prevention to treatment of the most acute conditions.	MH&W	Embedded in strategy	

Healthy community	How are we going to make this happen?  (SMART objectives)	Any links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> encourage and facilitate active lifestyles, and access to Guernsey's rich natural and cultural environment, for the benefit of the community's health and mental wellbeing, recognising the many social determinants of health	CHSC will recognise the role of the wider community in promoting good health and wellbeing, and will explore opportunities to promote non-medicalised interventions (e.g. social prescribing/community referral) wherever possible.			

Safe and secure place to live	How we are going to make this happen?  (SMART objectives)	What links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> be proactive in monitoring potential threats to our way of life both internally and externally and, where necessary, make provision to mitigate the effects	CHSC will ensure that Guernsey's health system can respond quickly to emergencies, through the commissioning of the emergency ambulance service, and the pursuit of transformation across both the ambulance service and the Emergency Department.			CHA, CESS
<b>We will</b> ensure that we are well prepared for any major incident that might pose a threat to our safety, security or way of life	CHSC will continue to participate in States-wide planning for major incidents, and support the monitoring of potential risks to health and life.			P&RC, CHA
<b>We will</b> improve housing options to ensure appropriate availability, quality and affordability				

Safe and secure place to live	How we are going to make this happen?  (SMART objectives)	What links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> improve availability of supported accommodation to assist independent living	CHSC will work with CESS to improve the availability of supported accommodation options on Island, enabling people to live independent lives close to home, whatever their care needs.	Corporate Parenting, D&I, MH&W, SLAWS		CESS
	For people in need of long-term care, CHSC will work with CESS and P&RC to ensure that there is parity between people who receive care in their own homes and people who enter care homes, in terms of the way these are funded.	SLAWS		P&RC, CESS
<b>We will</b> ensure we have fit-for-purpose infrastructure to enable us to deliver services appropriately				

Safe and secure place to live	How we are going to make this happen?  (SMART objectives)	What links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> facilitate the development of a thriving and vibrant harbour and town seafront that people will want to use, visit and invest in, by ensuring that local planning briefs are prepared for the Harbour Action Areas				
<b>We will</b> provide clean, open and accessible public spaces				
<b>We will</b> ensure the natural and built environments are of a high quality, reflecting our local distinctiveness and meeting the needs of the entire community in Guernsey				
<b>We will</b> prevent and mitigate the adverse effects of climate change on our environment and reduce our contribution to global climate change				
<b>We will</b> understand and promote the importance of our marine and coastal environments and ensure the potential for economic gain does not compromise their health or protection				

Safe and secure place to live	How we are going to make this happen?  (SMART objectives)	What links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> prioritise, resource and implement extant environmental strategies and policies				
<b>We will</b> protect and enhance our natural environment				

One community: inclusive and committed to social justice	How we are going to make this happen?  (SMART objectives)	What links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> prioritise, resource and implement social policy initiatives which were agreed by the 2012-16 States, including in relation to: disability and inclusion; supported living and ageing well; children and young people; mental health and wellbeing; and a social welfare system which unifies housing and income benefits and directs financial assistance to those in most need, as developed by the former Social Welfare Benefits Investigation Committee	CHSC will help to prioritise and fulfil the Mental Health & Wellbeing Strategy, the Disability & Inclusion Strategy, the Supported Living & Ageing Well Strategy and the Children & Young People’s Plan.	MH&W, D&I, SLAWS, CYPP		Various
	CHSC will seek to understand how poverty affects health, the extent of health inequalities in the island, and how these might be mitigated.			
<b>We will</b> foster integration within our community	CHSC will support care closest to home and to bring people back home to minimise the need for long term treatment and care off-Island.	SLAWS		CESS
<b>We will</b> focus on community-based provision of social care services	As described above, CHSC will work to provide care closest to home wherever possible, and will work in partnership with community organisations in doing so.	SLAWS		CESS

One community: inclusive and committed to social justice	How we are going to make this happen?  (SMART objectives)	What links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
	Working with Jersey, CHSC will develop effective and proportionate regulation of acute and community services across the health and social care system.			
	In order to protect individuals, CHSC will introduce a Capacity law, and will strengthen the safeguarding framework for adults and children.			
<b>We will</b> provide support to informal carers	CHSC will participate in the development of a Carers' Strategy, providing practical assistance and emotional support.	D&I, SLAWS		
	CHSC will seek to provide and/or commission a range of suitable respite / short break services for children and adults, including older adults, which meet their needs and those of their carers.	D&I, SLAWS		CESS
<b>We will</b> implement the improvements required to monitor, understand and reduce poverty and income inequality in Guernsey				

One community: inclusive and committed to social justice	How we are going to make this happen?  (SMART objectives)	What links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> promote community participation, and consider where and when it may be more effective for government to enable the community to act or support the community's needs rather than act itself.	CHSC will create opportunities for the public and staff to be more involved in shaping health and social care services, particularly through the creation of a representative forum known as CareWatch.			
<b>We will</b> encourage personal responsibility among individuals and families in planning for the future, including retirement	Through an increased investment in prevention and early intervention, CHSC will recognise the importance of people taking individual responsibility for their health and wellbeing.	Public health strategies		Various
	In respect of the end of life, CHSC will continue to deliver compassionate palliative care, working with professional partners and community organisations to provide whole-person care at the end of life, and sensitive support after bereavement for carers, families and friends.			

One community: inclusive and committed to social justice	How we are going to make this happen?  (SMART objectives)	What links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> support, nurture and promote access to sports and the arts through the dynamic and efficient use of all resources available				
<b>We will</b> recognise the value of the early years, partnering with families and communities to ensure every child has a nurturing and supporting start in life	Through the Children & Young People's Plan, CHSC, together with other Committees such as CESC, will work to ensure that all children are protected from harm and have opportunities to achieve their full potential	CYPP, MASH Corporate Parenting		CESC, CHA
	CHSC will provide parents with support, from before birth, to raise their children in nurturing, supportive families, with enhanced support for those families who most need it.	CYPP, MASH, Corporate Parenting		CESC, CHA

One community: inclusive and committed to social justice	How we are going to make this happen?  (SMART objectives)	What links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> deliver on our responsibilities as Corporate Parent for all children in statutory care, including young care leavers	CHSC will continue to intervene early to improve outcomes for children who are at risk or in need, and to improve coordination between the many organisations involved in supporting children, young people and families, through the Multi-Agency Support Hub and more effective commissioning.	Corporate Parent Strategy	Embedded in strategy	CESC
	CHSC will keep developing the fostering and adoption service, including specialist fostering; and will work towards greater placement stability, especially for older children.	CYPP		
	CHSC will work, with others, to improve outcomes for children in statutory care, and help them to make successful transitions to adulthood in due course.	CYPP		

Lifelong learning	How we are going to make this happen? (SMART objectives)	What links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> ensure everyone in our community has the fullest opportunity to develop the knowledge and skills needed to pursue happy, healthy and fulfilling lives meeting the needs of our economy today and in the future				
<b>We will</b> provide and encourage opportunities for continuous personal development to all in our community	CHSC will create more opportunities for people to train in health or social care, with our support, and promote continuous professional development.			CESC
<b>We will</b> improve digital and financial literacy across our community, for young and old				
<b>We will</b> foster individual and community participation in local nature conservation and enhancement to create a sense of ownership of and responsibility for our unique island environment amongst all ages				

Centre of excellence and innovation	How are we going to make this happen?  (SMART objectives)	Any links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> invest in digital infrastructure to improve reliability and reduce costs	With the support of P&RC, CHSC will ensure that its IT infrastructure will support the delivery and transformation of services through its Digital Strategy	Digital		P&RC
<b>We will</b> encourage the growth of digital and information businesses through the Future Guernsey Economic Fund				
<b>We will</b> ensure the provision of reliable, sustainable and affordable air and sea links				
<b>We will</b> ensure conditions that encourage enterprise				
<b>We will</b> remove barriers to business, keeping regulation appropriate and proportionate, whilst respecting social and environmental safeguards				
<b>We will</b> define the level of risk with which Guernsey is comfortable				

Centre of excellence and innovation	How are we going to make this happen?  (SMART objectives)	Any links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> promote innovation within the public sector and its partners, and in pursuit of the realisation of government policies and strategies	CHSC will investigate opportunities to create a health tourism offer, which may focus on physical or mental health, working together with the Committee for Economic Development.			Economic Development
	CHSC will explore opportunities to be involved in research relating to the development of new treatments and technologies, ensuring that Guernsey residents can benefit from next generation healthcare at the earliest opportunity.			
	CHSC will increase its capacity to collect and use data about the health and wellbeing of the island, in order to assist future planning, as well as involving ideas from staff and service users in shaping health and social care services.			

Centre of excellence and innovation	How are we going to make this happen?  (SMART objectives)	Any links to existing strategies?	Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?	Other Committees involved
<b>We will</b> promote the pursuit of skills in science, technology, engineering and mathematics, providing opportunities for men and women to gain the strong technical skills that underpin a creative, innovative society				

<b>Mature international identity</b>	<b>How are we going to make this happen? (SMART objectives)</b>	<b>Any links to existing strategies?</b>	<b>Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?</b>	<b>Other Committees involved</b>
<b>We will</b> ensure our interests are taken into account in the UK / EU exit agreement and seek new opportunities where possible				
<b>We will</b> ensure Guernsey continues to meet existing and emerging international standards in relation to market access				
<b>We will</b> progress work on signing up to appropriate and proportionate social, environmental and justice standards	CHSC will aim to develop a Target Operating Model which meets international standards in terms of health and social care.			
	The development of sensible regulatory and governance standards for health and social care, and safeguarding for children and vulnerable adults, is described above. CHSC will seek to participate in various donation schemes throughout the UK.	CYPP, D&I, MH&W, SLAWS	Embedded in strategies	
<b>We will</b> seek greater autonomy from the UK in respect of the legislative process and international agreements				

<b>Mature international identity</b>	<b>How are we going to make this happen? (SMART objectives)</b>	<b>Any links to existing strategies?</b>	<b>Key Performance Indicator(s) – i.e. how do we know when and how well we have achieved our objective?</b>	<b>Other Committees involved</b>
<b>We will</b> protect and promote our unique identity, language and rich natural and cultural heritage, including through our culture and arts				
<b>We will</b> increase access to and participation in arts and culture for all in our community				

**THE COMMITTEE FOR HOME AFFAIRS**  
**COMMITTEE POLICY PLAN**

**1. Introduction**

- 1.1 This document comprises the Committee *for* Home Affairs' response to Phase One of the Policy & Resource Plan agreed by the States in November 2016. It sets out, at a high level, the policy priorities of the Committee *for* Home Affairs, together with an outline of the anticipated benefits and the work needed to realise those benefits, plus an estimate of the resources required to deliver those pieces of policy work.

**2. Our responsibilities**

- 2.1 The primary purpose of the Committee *for* Home Affairs is to support a high standard of living and quality of life by maintaining and promoting a safe, stable and equitable society which values public protection and justice and respects the rights, responsibilities and potential of every person. The Committee considers that, to achieve this, there is a particular emphasis on maintaining a safe and secure community.
- 2.2 The Committee also seeks to achieve this through the delivery of key areas of policy including Justice Policy, the strategic policy underpinning the operational delivery of front line services, population management, data protection and consumer protection and to be tough on crime and the causes of crime.
- 2.3 The work of the Committee *for* Home Affairs has clear and direct links with the themes of Future Guernsey and their related outcomes, in particular
- Our quality of life- Safe and secure place to live;
  - Our community- inclusive and equal;
  - Our place in the world- centre of excellence and innovation.
- 2.4 As set out within Phase 1 of the Policy & Resources Plan, Guernsey is a safe place where crime rates are low. We want to ensure that this remains the case by continuing to deliver high quality operational Services. Guernsey Police, Guernsey Border Agency, Financial Investigation Unit, Guernsey Fire & Rescue Service, Guernsey Probation Service, Guernsey Prison and the Joint Emergency Control Centre, together with partner agencies, collectively seek to keep the Bailiwick safe and secure by delivering services focussed on maintaining and enhancing public safety, tackling crime and ensuring secure borders. To successfully deliver these services, we need to be accessible and

responsive to the public. We need to deliver visible and tangible benefits in a manner which the public can have confidence, and which adopts a culture of continuous learning and development.

- 2.5 Within criminal justice, Law Enforcement's principal duty is to uphold the law and keep people safe. Combatting and preventing crime, including identifying and confiscating the proceeds of crime are key elements of Law Enforcement. We need to identify those islanders who break the law, using professional expertise and technology to tackle crime, which is ever increasing in its sophistication. We will give appropriate prioritisation to supporting and developing our prevention of terrorism legislation and our anti-terrorism systems, in partnership with HM Government, the UK police and Security Services and our Jersey counterparts. To ensure that Law Enforcement is delivering the high quality services meeting the public's expectations, we have commissioned an independent review of Law Enforcement by Her Majesty's Inspectorate of Constabulary during 2017.
- 2.6 We will continue to provide high immigration and customs control standards, ensuring that our borders are secure and we have appropriate control over who may enter our community. We will be mindful of our international obligations to support global efforts to tackle people trafficking, drug syndicates and money laundering.
- 2.7 We will ensure that operational services are readily accessible to the public, most importantly in times of crisis and need. A key part of this is effective and efficient call handling and Emergency Services dispatch through the Joint Emergency Services Control Centre.
- 2.8 We need to bring law breakers to account and to commit to supporting the rehabilitation of offenders so that reoffending is reduced. Probation support the courts by providing high quality, evidence based reports and offender management programmes. Through Guernsey Prison, individuals committed by the courts to custody are kept safely and securely. However Prison is not simply about the housing of individuals for public protection. We must continue to commit to working with offenders, addressing the causes of their offending behaviour and providing them with the values, skills, education and experience so that upon release, they may contribute positively to our community. We must have a Prison based on personal development, where offenders have access to meaningful work and education opportunities so to best reintegrate into the community on release. In so doing, we must continue working with outside agencies and businesses to support prisoners. As a core part of the Prison regime, we also focus on prisoners' wellbeing and mental health.

- 2.9 Through the Family Proceedings Advisory Service, we ensure that there are independent trained professionals to represent the interests of children and young people at the direction of the courts in public and private legal proceedings. Where appropriate, we provide mediation between parents where the care of children is an issue. In line with the recommendations from the Marshall Report (2015), we are committed to ensuring the transparency of the Service, and have commissioned an independent review by Ofsted.
- 2.10 Through the Fire & Rescue Service, we promote public safety through all aspects of firefighting and fire prevention. We recognise the value and importance of education and awareness programmes, emphasising prevention. We support community engagement; visiting schools, inspecting licensed premises and tourist attractions as well as working with professionals in industry. Through the Emergency Planning function we must support emergency preparedness, ensuring that as a Bailiwick we have appropriate plans to respond to possible threats, using the skills and expertise of trained emergency services and partners in the third sector.
- 2.11 Like many other jurisdictions, the profile of Guernsey's population is changing. The States have taken a pro-active approach to this issue, recognising the importance of making sure Guernsey has the right number of people, recognising the challenges associated with aging demographic and the pressures on our public sector infrastructure. But more than that, they also recognise the need to ensure that the population is made up of the right people to help the States meet their economic, social and environmental objectives. This establishes the high level Population Objective set by the States. The more detailed policies relating to the management of the Island's population are set by the Committee *for* Home Affairs. These set out the types of people, often by looking at their employment skills and experience, who will be able to come to live and work in Guernsey. Working in conjunction with the Population Employment Advisory Panel, Skills Guernsey and relevant Committees, the policies are continuously monitored to be adapted with the Islands' needs and in accordance with the States' strategic aims as they change over time.
- 2.12 Through Trading Standards, we work to protect consumers from illegal trading practices and support businesses to comply with consumer protection legislation. We recognise that when islanders buy products and services, they must be safe, of an adequate quality and function as described. By ensuring that consumers have rights and businesses have clear responsibilities to their customers, we are facilitating a fair and competitive market, which in turn promotes positive economic growth.

- 2.13 Centrally, we administer mandated functions such as the liquor licensing process, the Electoral Roll and gambling applications. Additionally, we support independent panels, facilitating community engagement and recognising the benefits of working with partners outside of the States of Guernsey. We develop and support initiatives falling under the Criminal Justice Strategy and Domestic Abuse Strategy.
- 2.14 Across the Committee *for* Home Affairs, we need to identify on behalf of the Bailiwick opportunities for the development of different working practices so as to optimise resources across our services and recognise our Islands' respective needs. This means that we have to identify core functions, champion best practice, and support and encourage innovation and collaboration so as to ensure sustainable and affordable future service-provision with the flexibility to respond to evolving needs, and we will therefore continue to work closely with colleagues in Jersey.

### **3. Policy Priorities for the Committee *for* Home Affairs**

- 3.1 In response to Phase one of the Policy and Resources Plan the Committee *for* Home Affairs has identified its policy priorities as:
- We need to work with the UK Government and the Policy & Resources Committee to secure and protect the Islands' interests as the UK works to leave the European Union, identifying opportunities for the future.
  - We need to develop an inclusive Justice Policy, building on the work of the Criminal Justice Strategy, recognising and supporting the role of all partners who administer justice in its various forms. This includes:-
    - Tackling crime and its causes,
    - Identifying and recovering the proceeds of crime,
    - Securing the borders and managing the impact of Brexit,
    - Ensuring appropriate statutory frameworks for dealing with corruption, extradition and fraud,
    - Transforming the way we tackle domestic violence, alcohol related harms and hate crimes,
    - Playing our part in global efforts in defeating modern slavery, people trafficking and violence against children
    - Ensuring a modern legislative framework in respect of sexual offences, violence against women, inciting terrorism and hate crime and other matters of major public concern.
  - We need to develop good practice surrounding information assurance, both in terms of new data protection legislation to ensure that the Islands retain adequacy with the European Union, and in the promotion of cyber security and data security management.

#### **4. Managing the Implications and Identifying Opportunities as a result of Brexit**

4.1 The formal relationship between the Channel Islands and the EU is enshrined in Protocol 3 of the UK's 1972 Accession Treaty. Currently, under Protocol 3, the Islands are part of the Customs Union and are essentially within the Single Market for the purposes of trade in goods, but are third countries in all other respects. With the UK's withdrawal from the EU, Protocol 3 will fall away and we will need to implement new customs and immigration regimes. In line with the Policy & Resources Plan, we need to work in conjunction with Policy & Resources Committee and the Committee *for* Economic Development to understand the impact upon the Islands of the UK's decision to leave the European Union, both in terms of the free movement of goods and the free movement of people.

4.2 In conjunction with States' colleagues, we need to recognise that withdrawal of a Member State from the EU is unprecedented, and we need to be proactive in our engagement with the UK to ensure that the implications on the Bailiwick are appropriately taken account of. We need to:-

- consider the impact of possible changes to the free movement of people, the continued status of the extended Immigration Acts and the Common Travel Area;
- ensure that wherever possible, local businesses that will be affected by changes to regulation, are provided with certainty and clarity;
- in accordance with the Policy & Resources Plan, seek to ensure conditions that encourage and foster enterprise;
- protect our strong and historic ties with the UK, and ensure that post-Brexit solutions are practical and best meet the needs of our community;
- ensure that Guernsey is best able to protect and promote its interests in international trade and retains market access;
- retain flexibility and commitment to respond proactively to developments as they emerge;
- recognise that the withdrawal of the UK from the European Union will impact upon the Bailiwick's domestic legislation and we need to ensure that EU measures which are currently applicable in the Bailiwick through Protocol 3 are preserved as appropriate.

4.3 The successful management of the implications and opportunities as a result of Brexit is fundamental to sustainable public finances. We need to create the appropriate environment to sustain successful local industry and encourage growth and new opportunity. We cannot allow local businesses, and in turn our economy, to be detrimentally affected by these changes.

## **5. Justice Policy**

- 5.1 Justice Policy is a newly defined addition to the Committee's mandate from 2016, and there is much work to be completed in order to explore and scope the breadth of this mandated responsibility. The Committee is mindful that in order to best discharge this area of work, we must interpret justice policy in its widest form, incorporating the full mandate of policing and border security including crime prevention, intelligence gathering and the protection of life and vulnerable persons.
- 5.2 Justice must be tangible and accessible; we cannot allow justice to simply be an abstract concept- it must be seen to be fair and conducted in a professional manner. We must recognise the impact that crime has both on individuals and the collective life of the community and be proactive in our stance on crime and its causes, whilst providing support and care for victims. In line with the Policy & Resources Plan, successful Justice Policy is about maintaining a community that is safe and secure but which is also inclusive and committed to social justice. We need to protect what makes Guernsey a safe, secure and attractive place to live and do business and ensure that our efforts are focused on sustainable solutions.
- 5.3 We must have a justice system that proactively pursues the guilty, striving to identify the perpetrators of crime. All islanders and local business have a right to go about their business without fear of being the victim of a crime. We have a duty to bring those who commit crimes to justice and ensure that individuals do not benefit from the proceeds of crime.
- 5.4 We have a community of people who genuinely see themselves as global citizens, attuned to the use of modern technology, and we need to embrace and foster the benefits which this brings. However, as criminals also seek to use technology, and criminality increases in sophistication, we must be appropriately prepared to respond to this. This is particularly relevant in respect of financial crime, asset recovery and our "high tech" crime capabilities, where the Bailiwick's continued international reputation is largely dependent upon external inspection.
- 5.5 We need to be mindful that, as with all prosperous and peaceful societies across the world, there are individuals who wish to threaten and harm the values upon which our community is based. Terrorists and violent extremists pose a direct and indirect security challenge the world over, and Guernsey cannot be complacent to this. Continuing to secure our borders efficiently and effectively in light of this global threat, whilst enabling the seamless legitimate movement of people and goods, is essential to ensuring Guernsey remains a successful society.

- 5.6 We must support and assist those who are the victims of crime, and we must similarly support and assist those who offend to understand the consequences of their actions and to prevent reoffending.
- 5.7 We must reflect upon the current Criminal Justice Strategy, spanning the years 2013-2020, and ensure that government and public services are focused on providing coordinated and effective criminal justice services. We must consider amendments to Committee mandates from May 2016, in particular the reference in the Committee *for* Home Affairs' mandate to Justice Policy as opposed to the Criminal Justice Policy. We must seek to identify what a successful justice system looks like, ensuring that it contributes positively to the development of a responsible, tolerant and inclusive society, where everyone is safe and secure and the rights of victims are protected. We need to develop and evolve current processes so that they are better, faster, simpler and cheaper and we need to be proactive in considering new initiatives.
- 5.8 In building upon the solid foundation of the Criminal Justice Strategy in partnership with key Committees and agencies, Justice Policy can provide the platform upon which a safe and inclusive community can be built. We need to work towards clear outcomes such as:-
- Identifying and tackling the causes of crime
  - A reduction in the levels of crime and fear of crime
  - Ensuring value for money services within the Justice System
  - An increase in confidence in justice institutions and processes
  - The promotion and delivery of the correct interventions at the right time
  - A reduction in reoffending
  - Identifying and confiscating the proceeds of crime
  - Ensuring the association between justice policy and social policy
- 5.9 A primary focus of this term, in conjunction with those outlined in 3.1, will be ensuring we continue to meet international standards and obligations, both in terms of financial crime and criminal justice legislation. Particular initiatives to help progress and develop Justice Policy during the course of 2017 include:-
- We will continue to tackle crime and its causes, identify and recover the proceeds of crime and to secure the borders;
  - Continue to develop new primary legislation so as to ensure that Guernsey Law Enforcement and the Guernsey Probation Service are working within a framework appropriate for the twenty-first century;

- The introduction of new sexual offences legislation to modernise existing definition of sexual offences;
  - Implementation of new Parole legislation;
  - External independent inspections of Law Enforcement;
  - External independent inspection of the Family Proceedings Advisory Service;
  - A commissioned review of the Joint Emergency Services Control Centre;
  - A review of the Police Complaints legislation;
  - The 2017 Crime and Justice Survey- a public engagement piece to ensure that the services are reflective of the public's expectations;
  - Continued implementation of the Domestic Abuse Strategy and its underlying action plan.
- 5.10 In respect of justice initiatives, we need to ensure that Guernsey can demonstrate its commitment to international standards by considering the extension of relevant conventions. We need to recognise international good practice and reflect this locally in our legislation and working practices.
- 5.11 Successful Justice Policy will enable us to deliver the right interventions at the right time to the right people. This will both support and divert those individuals from criminality, but importantly will save money in the long term. By creating an environment that is just, safe and secure, we will assist in ensuring that Guernsey is an attractive place to work and live.
- 6. Information Assurance**
- 6.1 As was set out within Phase 1 of the Policy & Resources Plan, our success lies in our ability to move quickly, be flexible and take advantage of opportunities as they arise. Guernsey already has a respected international identity, and has had recognised adequacy status for data protection purposes with the European Union since 2003.
- 6.2 It is however, a rapidly evolving world and the implementation of new EU legislation with effect from May 2018, represents the biggest global change in data protection in well over a decade and is relevant to every individual and organisation, irrespective of size or sector. The legislation consists of two legal instruments, the General Data Protection Regulation ("GDPR") and a separate Directive relating to the processing of personal data for the purposes of the prevention of crime ("the Law Enforcement Directive").
- 6.3 The GDPR has the principle of extraterritoriality and represents an international standard that we must comply with in order to retain the Bailiwick's adequacy status. We must do so in order to enable the local finance and digital sectors to continue to access EU markets. We must also

use this opportunity to award all Islanders with the same level of privacy rights as EU citizens through the approval of new data protection legislation.

- 6.4 Proactive consideration of how best to develop our cyber security as a jurisdiction is essential for our continued success as an international financial services and digital centre. We need to ensure that Guernsey continues to be seen as a stable, secure and attractive place to live and do business, in both the physical and digital worlds. As noted within Phase 1 of the Policy & Resources Plan, to maintain our success in a rapidly evolving world of increased digitisation, connectivity and unprecedented advances in the availability and use of technology, we need to have the correct infrastructure. We need to ensure that existing legislation is fit for purpose, and has appropriate flexibility to respond to evolving threats to optimum effect. We need to ensure that we have the correct expertise and capability across the public sector so to best respond to evolving opportunities. We need to raise and promote cyber awareness across businesses and individuals. In order to maximise this, and in recognising the pan island nature of many businesses, we will continue working with colleagues in Jersey to develop efficiencies and share knowledge.
- 6.5 We must successfully adopt and embrace new opportunities as they arise. In adopting new data protection legislation and cyber security strategy and information security management, we will be supporting successful local industries and encouraging growth and new opportunity. We must protect individuals, local businesses and in turn our economy and not allow them to be detrimentally affected by external changes.

## **7. Context**

- 7.1 We have identified the work streams above as priorities for the Committee *for* Home Affairs given their alignment with the Policy & Resources Plan and the potential that they have to benefit the Bailiwick. We have carefully considered the outcomes from the workshops and public drop-ins arranged by the Policy & Resources Committee in January 2017. Whilst titled the Committee's plan, we are clear that this plan must be a plan formed with, and for, the community, reflecting our collective priorities. We are conscious that there is a clear desire for the States to prioritise and implement social policy initiatives and the evolution of the criminal justice strategy to justice policy in its wider context, as set out above, will seek to support this. Importantly, we are keen to ensure that embedded within our service delivery is a clear commitment to inclusion and accessibility, ensuring that all members of the community are appropriately considered.

- 7.2 We support the Children and Young People's Plan (CYPP) and its six key commitments which set out how the States will add value to children's lives. We will work collaboratively with other Committees and the third sector to support the delivery of the identified priority outcomes in the CYPP. In particular through our work in Justice Policy, we will work to protect children and young people from abuse, neglect or harm both at home and in the community.
- 7.3 Aside from our core operational purpose of keeping Guernsey safe and secure, we are mindful that a primary concern for the community is our economy and ensuring that we create conditions that encourage and foster businesses to start-up, grow and operate. Our priorities reflect this and our commitment to ensure Guernsey's international identity and reputation
- 7.4 We believe that the development of justice policy goes to the very core of Home Affairs' mandated responsibility to maintain and promote a safe, secure, stable and equitable society which values public protection and justice. Successful delivery of justice policy will result in a community where crime rates are low and where the money that is invested in the criminal justice system truly is invested in securing better outcomes for the victims and the rehabilitation of offenders.
- 7.5 We believe that the requirement to respond proactively to Brexit and to implement a cyber security strategy and information security management and new Data Protection legislation is inescapable given the external factors impacting on both of these work streams. In wishing to be a mature international jurisdiction, Guernsey must accept and embrace opportunity to sustain and grow our economy in line with evolving requirements, ensuring wherever possible that the Bailiwick's interests are best represented. We must commit to ensuring the Bailiwick's continued respected international identity, leading by example by investing in training across the States.
- 7.6 In focusing on these areas of priority, it is inevitable that the progression of other workstreams will have to slow given the limited resources available. These will be internally prioritised, assessing the origins of the workstream, its maturity and the implications of not proceeding. This detailed information will be included in our Delivery Plan.

## **8. Achievability of delivering objectives**

- 8.1 We acknowledge that one of the key barriers to the delivery of the policies prioritised is the availability of the necessary resources. While Home Affairs has a large mandate, the majority of our resources are directed to front line services. In our commitment to achieving significant financial savings, we have

in the last few years saved almost £3 million through major reorganisations and reductions in staff numbers. We have, conscious of our primary duty to the community, sought to ensure that front line services were not negatively impacted.

- 8.2 As a result we are fully committed to a transformation programme, Home Operational Services Transformation ("HOST") which will achieve a new operating model, ensuring sustainable and affordable future service-provision. This will enable us to continue to provide excellent public safety and customer services to the community, best supported by appropriate multi-disciplinary working, joined-up business and support functions, modernised ways of working and the co-location of appropriate services. Better joint working will strengthen our service delivery, deliver significant savings to the taxpayer and – most importantly – enable us to better protect the public. It will also importantly assist in assuring that we are better placed to progress our policy objectives.
- 8.3 Whilst the programme is designed to achieve long term sustainable financial savings, there is significant capital investment initially required to develop the required physical infrastructure to support the introduction of new working practices and co-location.
- 8.4 In respect of Brexit, we are mindful that the withdrawal of a Member State from the EU is unprecedented and accordingly the scope of work necessary is constantly developing. We are also mindful that we are working to a timescale that is being predominantly set by the UK's negotiations, which may mean that expedient legislative changes will be needed so to ensure that Guernsey's position is not unduly affected. We are grateful for Policy & Resources' assurances that dedicated resources will be provided.
- 8.5 The transition to Justice Policy from the Criminal Justice Strategy represents a significant change and scoping will be required to explore the practical implications of this, and importantly how this translates into tangible projects, the benefits of which will be felt by the public. We need to build upon, scope and develop the working relationships within the Criminal Justice Strategy by seeking out further opportunities for collaboration and strategic alliances both within statutory bodies and the third sector. Whilst there is not currently dedicated resources to this work stream, either financial or personnel, we are confident that we can utilise existing resources to progress the scoping phase and will be seeking to ensure that appropriate resources are allocated to support this work stream in the future.

8.6 In respect of the introduction of new data protection legislation so to comply with EU standards, challenges include the tight timeframe and the complexity of this multifaceted project. In introducing new legislation of this type, we will need to work closely with local industry to communicate the new requirements on their businesses. This process is ongoing in conjunction with Jersey colleagues.

8.7 In developing an Information Management and Cyber Security Strategy, we need to be mindful of the importance of ensuring flexibility in our plans. This is an area which constantly evolves and adapts, there will be increasing demands to provide services of a greater sophistication. We need to ensure that we have appropriate technical expertise and infrastructure so to deliver this. We need to have a particular emphasis on prevention, communicating proactively with local individuals and businesses on the steps that they take to increase their personal cyber security. This is a significant work stream, and to ensure that we are best able to move forward, incorporating best practice and expertise, we are developing joint working opportunities with Jersey and the UK. We need to be clear in our resource and budget allocation and our future requirement for permanent resources.

**9. Overview of policy delivery and outline of resources needed to develop and implement**

9.1 In developing the above policy priorities, we will be working closely with our colleagues across the States. For both Brexit and Information Assurance, we are working closely with the Policy & Resources Committee and the Committee *for* Economic Development and will continue to do so. In respect of Justice Policy, as the scoping of this develops, we will seek to work collaboratively across the States and the third sector.

9.2 In relation to the resource requirements, we are acutely conscious of the need to deliver these projects successfully and efficiently whilst conducting business as usual priorities. We welcome P&R's assistance with providing appropriate resources to progress this. For Brexit, we are unaware of the longer term requirements, but in the short term dedicated resources are needed to assess the practical implications and assist in the negotiation process. Longer term, it is probable that Brexit will impact on how we are able to deliver immigration and customs services, including passport issuance, and this may require additional resources. Although with much certainty, it is difficult to be more specific.

- 9.3 In respect of the implementation of new data protection legislation to comply with EU requirements, we have resources secured for the project implementation. However, once the legislative changes are delivered, there will be a need for permanent roles across the States to manage this important area including the implementation of training in respect of new ways of working and to develop education and awareness for the public. This could be up to 5 full time members of staff with the likelihood of one dedicated role at Home Affairs.
- 9.4 In the long term, the new regulatory regime shall be self-funding, with the regulator able to generate its own income in place of the current general notification fees. However this will not be possible in the short term, anticipated to last from 2017 to 2019. In this period, investment will be required from both the States of Guernsey and the States of Jersey so as to enable the Regulator to appropriately establish itself upon implementation of new regime.
- 9.5 The additional funding required from Guernsey is estimated to be in the region of:- £400k in set up costs, to cover IT development and office relocation to another suitable States owned property. Up to £550k per annum for two years, a total of £1.1 million will be required for additional staffing and running costs. Further discussion will be required in relation to the question of whether or not the Commissioner's Office is to pay any, or all of this sum, back to the States of Guernsey
- 9.4 Under justice policy, we need to scope and develop the existing Criminal Justice Strategy into a wide ranging justice policy. Whilst there are not currently dedicated resources to this work stream, either financial or personnel, it is felt there are sufficient resources to undertake the initial scoping work but this will be a large piece of work potentially over a number of years and whilst it is hoped to continue the work within existing resource with the sheer scale unknown the possibility of requiring additional support cannot be discounted.
- 9.6 In order to best progress cyber security, we need appropriate resources to develop this policy in the first instance and moving to manage and support this moving forward. Whilst working collaboratively with Jersey and the UK will help share the burden, the development phase will likely bring the need for additional resources on top of the some of the existing resources that can be deployed from Home Affairs. There is likely to be a requirement for additional ongoing revenue, although at this time this cannot be quantified. In addition, it must be noted that there is likely to be a need for Capital Investment the costs

of which are difficult to estimate ahead of the initial work but indicatively this could in the region of £1 million.

**STATES' RESOLUTIONS TO BE RESCINDED**

**Committee for Education, Sport & Culture**

<b>Year</b>	<b>Billet</b>	<b>Article</b>	<b>Subject</b>	<b>Resolution</b>	<b>Comments</b>
2010	XV	3	<b>Parochial Legislation Working Party</b>	<b>3.</b> To direct the Culture and Leisure Department, in association with the Constables of St Peter Port, to review and report back to the States on the present day issues regarding itinerant performers and street entertainers.	The rationale (organisational need) for this piece of public policy development is no longer a priority. Its provenance is as the remaining area of review outstanding from an earlier resolution and is dependent on legal resources where competing demands will result in its indefinite delay. The absence of this review will not impact the Island or individuals. It is recommended to rescind this resolution.
2013	XX	8	<b>Guernsey based University of the Channel Islands</b>	<b>2.</b> To direct the Policy Council and any Departments that may be affected by the concept set out in that Report to report back to the States should they have reason to consider that any significant policy changes are required in order for a Guernsey based University of the Channel Islands to develop along the lines described in that Report.	It is recognised in discussion with the Policy & Resources Committee that it would be more effective for the Policy and Resources Committee to co-ordinate the States' interest in defining the objectives of establishing a Guernsey-based University of the Channel Islands and working with identified stakeholders including the Committee for Education, Sport & Culture in scoping and appraising options. Therefore it is recommended that this resolution is either revised or rescinded and replaced.

**Committee for Employment & Social Security**

<b>Year</b>	<b>Billet</b>	<b>Article</b>	<b>Subject</b>	<b>Resolution(s)</b>	<b>Comments</b>
2001	XIX	9	<b>Housing Associations in Guernsey: Funding and Regulatory Issues</b>	<b>3.</b> To note that the States Housing Authority will keep under review the need for specific Housing Association legislation and report to the States with its recommendations should it be concluded such legislation is required.	The Committee for Employment & Social Security believe that Resolution 3 is, in effect, complete. Responsibility for social housing falls under the Committee's mandate and they will as a matter of political responsibility ensure that appropriate legislation and policy is in place.
				<b>19.</b> To note that the States Housing Authority will in due course consider the merits of housing stock transfers and report to the States as appropriate.	In relation to Resolution 19, the Committee for Employment & Social Security has addressed this in its policy plan and notes it has no intention to transfer stock at this time.
2002	IX	9	<b>Survey of Guernsey's Housing needs</b>	<b>6.</b> To note the States Housing Authority's intention to implement the establishment of an "affordable" Housing Roll.	The Committee for Employment & Social Security do not currently intend to implement an "affordable" Housing Roll. Future policy will be informed by a report from KPMG regarding the Island's housing needs.
2003	XXI	14	<b>Proposals for Comprehensive Equal Status and Fair Treatment Legislation</b>	<b>1.</b> That legislation shall be enacted along the lines set out in that Report to make discrimination unlawful and to promote equality of opportunity and diversity.	This has since been superseded by other resolutions and commitments.

2004	III	14	<b>Schemes for the Provision of Affordable Housing: Operational and Funding Arrangements</b>	<p>5. To direct that the Housing Department investigate and report back to the States, as soon as possible with proposals for an Assisted Purchase Scheme along the lines of that set out in paragraphs 25-31 and appendix 3 of that Report, having first considered the relationship between such a scheme and the existing States Home Loans scheme.</p>	<p>The Committee for Employment &amp; Social Security do not currently intend to implement an Assisted Purchase Scheme, a Partial Ownership Scheme is currently offered by the Guernsey Housing Association. Future policy will be informed by a report from KPMG regarding the Island's housing needs.</p>
2007	XI	11	<b>An Integrated Corporate Strategy to Meet the Island's Needs for "Key Workers"</b>	<p>1. That based on the recommendations set out in the Key Worker Housing Group's report, an integrated corporate strategy be formulated on the recruitment and retention of "Key Workers" that encompasses the provision and funding of suitable "key worker" housing initiatives, and the adoption of tailored housing licence and remuneration policies.</p> <p>2. To direct that the Housing and Health and Social Services Departments to report back to the States by March 2008 (earlier if feasible) with firm proposals based on the further investigations required, taking into account the views expressed by the States, together with the consultations undertaken with "Key Workers" and other interested parties.</p>	<p>In its policy plan the Committee for Employment &amp; Social Security has noted its intention to work with the relevant Committees to review the provision of housing for Key workers, but believes that these Resolutions are too prescriptive.</p>

				<p><b>3.</b> To direct that all States Departments that are recommended to take action for specific matters in this report do so in accordance with the Action Plan set out in Annex A to that Report, to enable the Housing and Social Services Departments to report back to the States by March 2008.</p>	
2007	XX	7	<b>Legal Aid</b>	<p><b>1(1).</b> To award contracts to the following firms of Advocates, subject to the successful outcome of post-tender negotiations: Atkinson Ferbrache Richardson, Carey Olsen, Albany Chambers, Ashton Barnes Tee, Babbé, F Haskins and Co, Randell and Loveridge Ozannes, Advocate L Strappini and co, Trinity Chambers.</p> <p><b>1(2).</b> To further authorise the Policy Council to continue to negotiate with the Guernsey Bar regarding the terms and conditions of the contract and the directions in the Practioners' Manual.</p>	These Resolutions are no longer relevant to the development and establishment of the Legal Aid scheme.
2010	XI	8	<b>Corporate Housing Programme- Progress Against the 2009 Action</b>	<p><b>2.</b> To direct that the CHP Workstreams set out and prioritised in Appendix 3 of this report be included in the States Strategic Plan and or/relevant States Departments' Operational Plans, as appropriate</p>	This is no longer the tool for delivering new units of Social Housing.

			<b>Plans and Future Strategy</b>		
2012	XX	14	<b>Contribution Rates for 2013</b>	<b>11.</b> To direct the Social Security Department to report to the States of Deliberation by no later than October, 2014 with proposals setting out any structural reforms and changes to contribution and/or benefit rates which it considers necessary in order to ensure the long-term sustainability of the Long-Term Care Insurance Fund.	This Resolution has been superseded by SLAWS Resolutions.
2015	XXIV	1	<b>Maintaining Guernsey's working Population</b>	<b>6.</b> To agree that the future Committee <i>for</i> Employment & Social Security, in accordance with its responsibilities for equality and social policy, and the future Committee <i>for</i> Home Affairs, in accordance with its responsibilities for population management policies, shall consult with other relevant committees as may be necessary and shall jointly report to the States by no later than September 2017 setting out their opinion, together with any recommendations considered necessary, on policy initiatives, including family-friendly policies, which would be capable of encouraging an increase in Guernsey's fertility rate and would be as close as possible to the natural replacement rate as described in paragraph 3.6.	The Committee has noted in section 8 of its policy plan that it does not feel that it has sufficient resources to prioritise this work. It is our understanding that the Committee <i>for</i> Home Affairs is of a similar opinion.

**Committee *for the* Environment & Infrastructure**

<b>Year</b>	<b>Billet</b>	<b>Article</b>	<b>Subject</b>	<b>Resolution</b>	<b>Comments</b>
2007	XXV	3	<b>Use of Planning Covenants</b>	2. To direct the Housing and Environment Departments to develop the mechanism by which planning covenants can be applied to the Housing Target Areas, for applications as and when required.	Resolution 2 specifies to direct the Housing and Environment Departments to develop the mechanism by which planning covenants can be applied to the housing target areas of application as and when required. This is now been superseded by the Island Development Plan.
2010	XI	8	<b>Corporate Housing Programme</b>	2. To direct that the CHP workstreams set out and prioritised in Appendix 3 of this Report be included in the States Strategic Plan and/or relevant States Departments' Operational Plans, as appropriate.	Corporate Housing progress against the 2009 action plans and future strategy. Resolution 2 specifies "to direct that the CHP Workstream set out and prioritise in appendix 3 of this report be included in the State Strategic Plan and/or relevant States Department operational plans as appropriate". This has also been superseded by developments and should therefore be rescinded.

**Committee for Health & Social Care**

<b>Year</b>	<b>Billet</b>	<b>Article</b>	<b>Subject</b>	<b>Resolution</b>	<b>Comments</b>
2013	III	5	<b>Mental Health and Wellbeing Strategy</b>	<b>2.</b> To direct the Health and Social Services Department to report back to the States on the progress of the Strategy, as part of the next update on the 2020 Vision.	The Committee for Health & Social Care wish to rescind this Extant Resolution because the progress of the Mental Health and Wellbeing Strategy forms an integral part of the future Target Operating Model and will be included in regular updates to the States on the transformation of the Committee for Health & Social Care.
2013	VIII	9	<b>113<sup>th</sup> Medical Officer of Health Annual Report</b>	<b>3.</b> To direct that in recognition of the aim of Recommendation 5 of the Medical Officer of Health's 113 <sup>th</sup> Annual Report any Propositions laid before the States of Deliberation by States departments in connection with the comprehensive review of personal taxes, pensions and benefits will, subject to existing resources available to the States, take into account the potential impact on health, well being and health equity among the population.	Committee for Health & Social Care wish to rescind this Extant Resolution because much of this work has been carried out by Employment & Social Security through the Committee for Employment & Social Security delivery of the Supported Living and Aging Well Strategy.
2015	VII	7	<b>Tobacco Control Strategy</b>	<b>7.</b> To instruct the Health and Social Services Department to develop specific proposals to submit to the States to seek approval to prepare legislation to prevent smoking in	The Committee for Health & Social Care wish to rescind this Resolution, which forms a suite of Resolutions within the Strategy, because all public children's playgrounds have designated

				<p>children's playgrounds and designated outside eating areas, in consultation with relevant departments and agencies.</p>	<p>smoke-free play areas without the need for legislation. There are also a number of States' owned sites which have become smoke-free on a voluntary basis and there have been no reports of this posing enforcement issues and compliance has been achieved through social acceptance.</p> <p>It would now appear disproportionate to introduced legislation to provide a legislative framework and associated legal penalties which would require resourcing. Instead the Committee for Health &amp; Social Care will continue to promote the benefits of smoke-free areas to businesses and demonstrate how voluntary compliance can be introduced and maintained.</p>
2015	VII	7		<p><b>9.</b> To agree to work towards smoke-free grounds in States properties; and if the Health and Social Services Department considers it appropriate, for the Health and Social Services Department to develop specific proposals to submit to the States to seek approval to prepare legislation to achieve this objective, in consultation with relevant departments and agencies.</p>	<p>The Committee for Health &amp; Social Care wish to rescind this Resolution because many States' owned sites have become smoke-free on a voluntary basis and the intention is that all States' owned properties will move towards this. Accordingly it seems pointless preparing legislation for a proposal that is already successfully being implemented.</p>

2016	III	16	<b>Ambulance Service</b>	<p>1. To agree the transfer of the budgetary and non-clinical oversight role for the Emergency Ambulance Service from the Health and Social Services Department (and its successor) to the Home Department (and its successor), at a future date to be determined but not before January 2017, thereby providing the Home Department (and its successor) with the combined oversight role for all “blue light” emergency services as they work increasingly jointly to their ‘best practice interoperability’ agenda.</p>	<p>Since the Resolutions were agreed, it became evident that this may not represent the most appropriate governance structure and developments within emergency ambulance provision are a significant element to the transformation of health and social care; accordingly, the Committee for Health &amp; Social Care wish to rescind this Resolution.</p>
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## **APPENDIX 10**

### **KEY PERFORMANCE INDICATORS FOR POLICY & RESOURCE PLAN**

<b>Indicator</b>		<b>Details</b>	<b>Availability</b>	<b>Source</b>
<b>Housing</b>	Rooms per person	Average rooms in house per person	Proxy available (bedrooms per person)	Rolling Electronic Census
	Housing expenditure*	Percentage spend on housing and maintenance	Currently collected	Household Expenditure Survey
<b>Income</b>	Household income	Equivalised median household income after tax and social transfers	Currently collected	Rolling Electronic Census
<b>Jobs</b>	Employment rate	Percentage of employed people aged 15 to 64	Currently collected	
	Unemployment rate	Percentage of workforce unemployed	Currently collected	Rolling Electronic Census
<b>Community</b>	Quality of support network	Percentage of people with friends and/or family network to provide support	New data required	Add to Healthy Lifestyle Survey
<b>Education</b>	Secondary education	Percentage of people with at least secondary education	Currently collected	Healthy lifestyle survey
	Educational attainment*	Percentage of people aged 25 to 65 with a 2:1 degree or higher	Currently collected	
<b>Environment</b>	Air pollution	Level of particulates, weighted by population size	Currently collected	Environmental Health
	Water quality*	Bathing water quality	Currently collected	

<b>Civic engagement</b>	Voter turnout	Percentage of eligible voters who vote	Currently collected	Rolling Electronic Census
<b>Health</b>	Life expectancy	Life expectancy at birth	Currently collected	Rolling Electronic Census
	Mortality Rate	Age adjusted mortality rate (per 1000 people)	Currently collected	Health & Social Care
<b>Life Satisfaction</b>	Life satisfaction	Weighted sum of people's responses to questions on their day-to-day life	New data required	Add to Healthy Lifestyle Survey
<b>Safety</b>	Murder rate	Murders per year per 1,000 people	Currently collected	Guernsey Police
	Criminal offences reported*	Criminal offences per year per 1,000 people	Currently collected	Guernsey Police
<b>Access to services</b>	Access to broadband	Percentage of households with broadband access	External source	Sure
<b>Economic</b>	GDP per capita*	GDP per capita (real)	Currently collected	Policy & Resources
<b>Fiscal</b>	Permanent balance*	5-year average surplus/deficit	Currently collected	States of Guernsey accounts

\* Denotes an indicator specifically adapted to fit Guernsey