



**X**  
**2022**

# **BILLET D'ÉTAT**

**TUESDAY, 28<sup>th</sup> JUNE, 2022**

***VOLUME 1***

***BUSINESS OF THE MEETING***

1. Policy & Resources Committee - Government Work Plan 2022, P.2022/41
2. Policy & Resources Committee - The States of Guernsey Accounts 2021, P.2022/44

# 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 **28<sup>th</sup> June, 2022** at **9.30 a.m.**, to consider the items listed in this Billet d'État which have been submitted for debate.

R. J. McMAHON  
Bailiff and Presiding Officer

The Royal Court House  
Guernsey

27<sup>th</sup> May, 2022

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

**POLICY & RESOURCES COMMITTEE**

GOVERNMENT WORK PLAN 2022  
Investing in Islanders, our Island and our Future

The States are asked to decide:-

Whether, after consideration of the policy letter entitled 'Government Work Plan 2022' dated 12<sup>th</sup> May 2022, they are of the opinion:-

1. To direct the Policy & Resources Committee to apply category 1 status to the following actions in the Government Work Plan:

*Housing:*

- i. Evaluate and implement actions to address private housing market capacity and affordability;*
- ii. Evaluate and implement actions to address key working housing capacity and affordability;*
- iii. Progress proposals to the States by December 2022 on housing need and on management of States' housing stock.*

2. To direct the Policy & Resources Committee to apply category 1 status to the following action in the Government Work Plan:

*Population:*

*Determine what the Island's future population and immigration policy needs to deliver and set out a pathway to address the challenges that are being faced by the economy today;*

3. To direct the Policy & Resources Committee to apply category 1 status to the following actions in the Government Work Plan:

*Skills and human capital development:*

- i. Agree a plan to skill our community to meet its needs; and*
- ii. Embed implementation to the end of the political term;*

4. To direct the Policy & Resources Committee to apply category 1 status to the following actions in the Government Work Plan:

*Improve living standards:*

- i. Review minimum income standards with initial focus on income support and winter fuel allowance; and*
- ii. Develop proposals on the funding options for long-term care.*

- 5. To direct the Policy & Resources Committee to apply category 1 status to the following actions in the Government Work Plan:

*Health recovery:*

- i. Determine proposals to provide targeted support based on affordability in respect of primary care appointments and access to aids and adaptations; and*
- ii. Establish whether or not to explore the introduction of a compulsory insurance scheme for primary care;*

- 6. To direct the Policy & Resources Committee to apply category 1 status to the following actions in the Government Work Plan:

*Support the next generation:*

- i. Resource work to conclude amendments to the primary Children Law and enabling Ordinances; and*
- ii. Invest in education delivery through operational support to be delivered within schools and settings following Ofsted Inspection;*

- 7. To direct the Policy & Resources Committee to apply category 1 status to the following actions in the Government Work Plan:

*Energy resilience:*

- i. Develop the electricity strategy for the Island; and*
- ii. Implement actions to improve the outlook for an increase in use of renewables;*

- 8. To direct the Policy & Resources Committee to apply category 1 status to the following actions in the Government Work Plan:

*Enabling climate change mitigation and adaptation:*

*Respond to the agreement in principle to extend the Paris Agreement to the Island by establishing an expert panel to scope a proportionate and pragmatic 'pathway to net zero' for consideration by the States in the 2023 Government Work Plan.*

- 9. To direct the Policy & Resources Committee to apply category 1 status to the following actions in the Government Work Plan:

*First steps for the blue and green economy:*

*Create plans, based on best available evidence, that maximise the sustainable social and economic use of our island and marine environments, including support*

*for emerging economic opportunities (including international trade agreements), tourism, Green Finance and renewable energy.*

10. To direct the Policy & Resources Committee to apply category 1 status to the following actions in the Government Work Plan:

*Regeneration - future harbour requirements:*

*Agree the preferred direction for Guernsey's future harbour requirements to ensure that any regeneration of the seafront is within a clear strategic framework.*

11. To agree that all Committees of the States will work with the Policy & Resources Committee to prioritise and resource the progression and completion of the priority recovery actions in the Government Work Plan;
12. To note the continued priority resourcing applied by the States of Guernsey in preparation for the MONEYVAL 2024 inspection as set out in the 'ensure compliance with agreed international agreements/standards' workstream under Priority 2 of the Government Work Plan 2022 framework.
13. To approve that actions are progressed in 2022 and 2023 under Priority Themes 1 and 2, and where resources permit, are progressed as set out in Priority Themes 3 and 4 of the Government Work Plan framework in Appendix 3 of this policy letter;
14. EITHER,
  - A. To direct –
    - i) the Committee *for* Health & Social Care to develop the action mandate and resource requirements necessary to implement Resolutions 1, 2 and 3 made by the States of Deliberation on 27<sup>th</sup> January 2022, following consideration of the policy letter entitled "Living Responsibly with COVID-19" (Billet d'État No. II of 2022, Article 1) and to submit the action mandate to the Policy & Resources Committee on or before 24<sup>th</sup> March 2023, and
    - ii) the Policy & Resources Committee to update the 2022 Government Work Plan accordingly, and, having consulted with the Committee *for* Health & Social Care, to include in the Government Work Plan Update to be debated in June 2023 the resource requirements for, and the impact of any prioritisation of this work on, the phasing and achievability of other actions in the Government Work Plan during this term of government.

OR, only in the event that Proposition 14A is not approved,

- B. To direct –

- i) the Committee *for* Health & Social Care to develop the schedule of work and resource requirements necessary to implement Resolution 3(iii) made by the States of Deliberation on 15<sup>th</sup> July 2020, following consideration of the policy letter entitled “Justice Review Report” (Billet d’État No. XV of 2020, Article 16), to enable the review of the legal status of cannabis to be undertaken and to submit the schedule to the Policy & Resources Committee on or before 24<sup>th</sup> March 2023, and
  - ii) the Policy & Resources Committee to update the 2022 Government Work Plan accordingly, and, having consulted with the Committee *for* Health & Social Care, to include in the Government Work Plan Update to be debated in June 2023 the resource requirements for, and the impact of any prioritisation of this work on, the phasing and achievability of other actions in the Government Work Plan during this term of government.
- 15. To rescind extant Resolutions as set out in Appendix 9 of this policy letter.
- 16. To approve the proposed Schedule of prioritised drafting of legislation as set out at Appendix 2 of this policy letter.
- 17. To note the revised schedules of costings for delivery of the Government Work Plan Priorities and authorise the Policy & Resources Committee to approve transfers of funding to 2022 Committee budgets and make specific allowance in recommended Cash Limits for 2023-2025 in order to resource:
  - i. Recovery actions (one-off and ongoing expenditure) over the period 2022-2025 for the specific initiatives detailed in Annex 3 of Appendix 8;
  - ii. Revenue impact of capital investment (ongoing expenditure) over the period 2022-2025 for the specific initiatives detailed in Annex 2 of Appendix 8; and
  - iii. Reshaping government initiatives (transformation) (one-off expenditure) over the period 2022-2025 for the specific initiatives detailed in Annex 2 of Appendix 8.

**THE STATES OF DELIBERATION**

**of the**  
**ISLAND OF GUERNSEY**

**POLICY & RESOURCES COMMITTEE**

**GOVERNMENT WORK PLAN 2022**  
**Investing in Islanders, our Island and our Future**

The Presiding Officer  
States of Guernsey  
Royal Court House  
St Peter Port

12<sup>th</sup> May 2022

Dear Sir

**Executive Summary**

- 1.1 The most critical work for the year ahead must respond to both local and international pressures. The actions of the States of Guernsey need to be focused and co-ordinated, to ensure that their limited resources are directed to deliver outcomes which:
- secure the Bailiwick's resilience;
  - maximise the community's collective potential; and
  - ensure we are competitive as an economy.
- 1.2 External influences continue to require significant resource. There is an ongoing demand to manage the impact of the post-Brexit arrangements with the UK and other jurisdictions; and also to demonstrate compliance with international standards to ensure the Bailiwick's long-term prosperity through trade agreements and compliance with international conventions, standards and norms. Significant among the latter is the continued preparation for a MONEYVAL inspection which will continue to be a priority for resourcing given its importance to our economic wellbeing and international reputation.
- 1.3 The Island's housing needs and the increasing cost of living are the two most pressing and immediate domestic pressures which the States must tackle.
- 1.4 The Policy & Resources Committee has considered the advice of the Committees of the States and consulted States' Members, and in its capacity to co-ordinate the work of the States it has phased actions in the Government Work Plan (GWP)

which balance the needs of the Island and Islanders, with an emphasis on housing, energy security, living standards, health and wellbeing, responding to climate change, and supporting long-term economic competitiveness.

- 1.5 The States are invited to consider these actions for priority resourcing as category 1 actions.
- 1.6 The wider recovery actions in Priority Theme 3 for this political term identify the category 2 work (i.e. the work that Committees have started) or the category 3 work (i.e. the work that Committees have recommended is commenced). The work in these categories either discharges extant Resolutions or seek to introduce new areas of work identified as important by the sponsoring Committee. The Committees are also seeking to rescind extant Resolutions where the passage of time has demonstrated that the work is no longer critical.
- 1.7 Year one of the GWP demonstrated that capacity is such that while delivering against the top ten recovery actions has generally been achieved, it has been challenging in the context of discharging actions related to the management of COVID-19 and Brexit, Re-shaping Government activity, and more recently work in relation to the impact of the Russian invasion of Ukraine.
- 1.8 It remains the case that the States need to identify their priority actions to use their resources to best effect. The Policy & Resources Committee identified this in the stage 1 policy letter<sup>1</sup> of 12<sup>th</sup> February 2021 -  
  
“The ambition of the new Assembly is prodigious and cannot easily be met, so the reality is that it will be making difficult decisions.”
- 1.9 Completing actions which have the most potential benefits for our community and economy, and taking a proportionate approach that reflects the Bailiwick’s scale and size, is increasingly important in the States’ decision-making. Where Committees are proposing new work, the Policy & Resources Committee is considering how such work can be managed given the overall picture.
- 1.10 The States must use their Plan to focus on what is a priority and to deprioritise or remove actions from the GWP where the resource, funding, implementation requirements and benefits are not yet clearly identified.
- 1.11 The 2022 GWP identifies -
  - i. The remaining activity to move to living responsibly with COVID-19;
  - ii. The essential external work for the Bailiwick to secure its resilience and maintain its competitive economy as it manages the effects of Brexit,

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moves to meet necessary international standards, and the response to external issues such as the Russian invasion of Ukraine;

- iii. The investment activity for this political term in the mechanisms to deliver government functions and maintain the Bailiwick's infrastructure; and
- iv. The phased recovery actions, now categorised as -
  - a. 2022 priority recovery actions in which to invest resource and funding for short and long-term benefits;
  - b. Other recovery actions for the coming 12-18 months which are resourced as far as possible, and which may be follow-on activity implementing previous actions, may result from previous decisions of the States, or may be new recommendations from Committees;
  - c. Recovery actions to commence within this political term which are scoped but capacity precludes earlier progress; and
  - d. Actions yet to be scoped, for which there is no resource at present and it is anticipated will commence in the next term. However the sponsoring Committee may scope the necessary work and submit to a future GWP update to accelerate the work, if competing demands and capacity permit and if the States support the next stage of the work.

1.12 Activity to support living responsibly with COVID-19 is drawing towards a close as pandemic response actions cease or are integrated into the normal business of providing health services. The Policy & Resources Committee therefore proposed revising the four prioritised work for the remainder of the term as two programmes of work, domestic and international.

1.13 The approach of the GWP supports the States of Deliberation manage the discharge of extant Resolutions and prioritise legislative drafting, which they coordinate with relevant new work to address current domestic and international opportunities and challenges.

1.14 The GWP is the closest yet that the States have come to achieving a costed and affordable plan in which all the significant actions of government are co-ordinated. The States are moving to a point where they will be managing their up-coming policy decisions and the implementation of all previous decisions annually, in a prioritised fashion, and with a report on progress against its priorities.

## **2 Introduction**

2.1 Rule 23 of the Rules of Procedure of the States of Deliberation and their Committees requires an annual report and review of States' policy planning and its implementation which should include:

- commentary on progress and emerging issues;
  - identification of States' Resolutions which remain outstanding and updates from responsible Committees; and
  - a proposed order of priority for the drafting of significant items of legislation for the year ahead.
- 2.2 The first of this political term's annual GWP monitoring reports is attached at Appendix 1. The Policy & Resources Committee also publishes biannual reports in January. Additionally the Scrutiny Management Committee explores by public hearing the work of the Committees of the States in discharging the GWP as well as of the Policy & Resources Committee in co-ordinating the Plan.
- 2.3 An analysis of extant Resolutions (section 11) demonstrates the improving delivery of the decisions of the States. The order of priority being applied to the drafting of significant items of legislation for the year ahead (Appendix 2) completes the reporting requirements set out by the States.
- 2.4 Drawing on the information received from Committees and States' Members, and in its capacity to co-ordinate the work of the States, the Committee has phased actions in the GWP which will drive the States' response to current and emerging issues by investing in the Island's resilience. This has required that the other activity of the States is revisited in order to secure affordability and achievability of priority actions. This has been assisted by categorising the actions subject to their maturity.
- 2.5 The GWP must resource the more pressing recovery actions. These are the actions raised by Committees in the workshops undertaken earlier this year and on which the Committee has already sought the views of States' Members.
- 2.6 The published framework (Appendix 3) sets out actions for the remainder of this political term based on achievability, affordability and impact, as far as can be estimated based on available information. This has resulted in some actions being recategorised (changes are recorded in tables at Appendix 4). Subject to resource availability in Committees, these may be revisited this term.

### **3 Current Context**

#### *Policy pressures*

- 3.1 The COVID-19 pandemic concentrated attention on individual and collective wellbeing, as illustrated by the consistent call to 'build back better' in almost every comparable jurisdiction. There is increasing interest globally in wellbeing frameworks and budgets to focus policy and investment decisions towards economically, socially, culturally, and environmentally sustainable outcomes.

The States have already established policies in these areas, such as the commitments to ensuring health outcomes and climate change impact are considered in all policy development.

- 3.2 The Bailiwick is now living responsibly with COVID-19 and responding to public health measures without emergency regulations. Some facilities are being stood down and staff are returning to their previous roles, but prevention measures and monitoring will have a sustained impact on the work of the Committee *for* Health & Social Care and the revenue budget.
- 3.3 The Island's housing needs and the increasing cost of living, are the two most pressing and immediate domestic pressures which the States must tackle. In addition the States must ensure that they learn from the pandemic experience and ensure their preparedness for the future with a determined focus on resilience and investing in Islanders' potential.
- 3.4 The extension of the post-Brexit Trade and Co-Operation Agreement has increased the level of compliance for Guernsey in respect of trade with other partners. Whilst this requires significant resource to support, it will support the Bailiwick's interests in the long-term.
- 3.5 Managing the impact of Brexit will be a sustained area of work for Committees across government throughout this political term, absorbing a diverse number of subject matter experts, policy officers and external advisors. The requirement for Guernsey to continue to meet international standards and norms across a number of areas is also a significant and ongoing workstream. These include evaluations by international bodies, which also require resources from both the States and other on-island agencies.
- 3.6 Economic and supply chain volatility in recent years has meant that the States need to redouble their efforts in order to maintain resilience across a number of critical areas – energy, transport connectivity, digital connectivity, infrastructure, skills and the workforce. The States have ownership and management of many of the Island's strategic assets, which makes them well-placed to meet these challenges, but they must ensure that planning and investment are long-term, that innovation is encouraged, and that they work collaboratively with other partners and other jurisdictions.
- 3.7 Global and national issues will continue to impact the Bailiwick, and the limited resources at the disposal of the States will necessarily be focused on these matters. The States are considering the implications of the Russian invasion of Ukraine, commencing a review of current government policies and how they apply to those who are seeking refuge. This is a significant workload.

### *Financial Context*

- 3.8 The Funding & Investment Plan is an integral part of the GWP and sets out the financial planning framework within which the States will operate and resource. It considers all aspects of income and expenditure including business as usual, previous policy decisions and service developments, Brexit, COVID-19, recovery actions and capital investment.
- 3.9 The Funding & Investment Plan financial model has been updated considering the 2021 outturn, bringing all figures to 2022 prices, and incorporating the latest projections around the GWP initiatives (Appendix 8).
- 3.10 Overall, improvements have meant that there is now unlikely to be a need for any further external borrowing in this term to fund the capital portfolio. This has been driven in large part by the faster than expected recovery in 2021. However execution of the GWP as currently set out will result in the majority of the States' financial reserves being exhausted over the remainder of this term.
- 4 Government Work Plan 2021 Monitoring Report**  
(full report at Appendix 1)

### *Priority 1 – Responding to the COVID-19 Pandemic*

- 4.1 Over the last twelve months, the Bailiwick's response to the pandemic has continued to focus on proportionately mitigating the risks of COVID-19 for islanders, the community and the economy. This has been achieved through the delivery of a successful vaccination programme, maintaining a proactive testing strategy throughout the community, proportionate border restrictions and the continued promotion of public health measures. The Bailiwick has responded flexibly and often very swiftly to evolving circumstances, including temporarily increasing restrictions in response to emerging variants of concern and removing restrictions as quickly as possible as the risk profile decreased.
- 4.2 In line with the Bailiwick Blueprint, the Civil Contingencies Authority ceased to use emergency powers from 17<sup>th</sup> February 2022, bringing with it the end to legally mandated self-isolation for COVID-19 cases and cessation of border restrictions. This has seen the management of COVID-19 risks become business as usual. Commendably, the Bailiwick reached this position ahead of comparable jurisdictions. Priority 1 is now drawing to a natural point of cessation as pandemic response actions stop, subject to further waves or new Variants of Concern, or are integrated into the normal business of health.

## *Priority 2 – Managing the Effects of Brexit; Meet International Standards*

- 4.3 The challenges and opportunities post-Brexit have continued to emerge, evolve and develop quickly, often beyond the States of Guernsey's control and alongside other geopolitical events (such as the Russian invasion of Ukraine). Along with the continued development of Guernsey's international identity and reputation, the Island requires a flexible approach to ensure that it can respond effectively for the benefit of the Bailiwick, using resources to best effect. This activity will continue to draw heavily on States' resources throughout this political term.
- 4.4 Significant progress has been made in the last 12 months on Guernsey's participation in UK trade agreements as the Island pursues opportunities that have arisen following Brexit. Access for trade in goods has been secured for the Bailiwick in UK agreements with *inter alia* the EEA EFTA, Japan, Australia, Singapore (digital) and New Zealand.
- 4.5 Work continues to implement changes to legislation, infrastructure, processes and procedures so that the Bailiwick can comply with the UK-EU Trade and Co-Operation Agreement (TCA) and the UK-Bailiwick Customs Arrangement.
- 4.6 A Channel Islands team has been established using existing resources to commence negotiations on the VAT Protocol with the EU. A timeframe and structure for the negotiations will need to be agreed during 2022. It remains of critical importance to Guernsey's international reputation that it continues to respond to changing international tax standards. Guernsey still plays an active role in the OECD work on Pillars 1 and 2, including participation in OECD technical meetings to develop model agreements, commentary, and detailed implementation plans. As more information emerges from the OECD, further work will be required to understand the full implications of the proposals and make recommendations on Guernsey's response.
- 4.7 Maintaining compliance with international standards on financial crime and regulation remains a priority. A critical focus for the next 12 months will be concluding preparations for the upcoming MONEYVAL assessment.
- 4.8 In June 2019 the States agreed to investigate and, if possible, negotiate a reciprocal health agreement with the UK Government. Despite some delays, primarily due to the impact of the COVID-19 pandemic, good progress has been made. Negotiations to finalise the detail are anticipated to conclude before the end of 2022, after which an implementation date will be confirmed.

### *Priority 3 – Delivering Recovery Actions*

- 4.9 Every effort has been made to maintain resource levels to support the 2021 top ten recovery actions; progress actions already in train; and commence a carefully selected but limited number of new strategic reviews such as the Justice Review Framework and Primary Care Review.
- 4.10 Committees have also been able to make progress on the other work the States had phased for year one of the GWP, using their existing resources with funding provided and agreed through the Funding & Investment Plan and 2022 Budget. A summary of progress is set out in the monitoring report attached at Appendix 1.

### *Priority 4 – Reshaping Government*

- 4.11 An important set of changes in how the States deliver services is being developed during this political term. This includes utilising technology, restructuring the public service and working more collaboratively with non-government partners.
- 4.12 The States have commissioned work to partners in the non-government sector across a number of areas of service delivery and continue to do so. For example this year the Committee for the Environment & Infrastructure has established a Nature Commission. This will create a partnership of government, the Guernsey Community Foundation and the significant expertise in the Island's voluntary sector to deliver the Strategy for Nature.
- 4.13 The States are now developing a consistent approach to commissioning which will enable greater collaboration with non-States partners to deliver services for the community. Working in partnership with expertise in the community will ensure services are more user-centric and focused on outcomes. The completion of an audit of commissioned services will enable further discussions on opportunities for this approach to be taken.
- 4.14 The States have undertaken a significant programme of public engagement as part of the tax review and have been exploring opportunities for operational savings. Independent analysis on corporate tax options has been commissioned to inform the decisions the States must make before the end of the year. The secondary pension proposals will also be considered by the States next month where they will be asked to appoint an on-island operator.
- 4.15 The terms of reference to review the machinery of government changes of 2016 have been published on gov.gg and proposals will be brought forward in 2023. The States have approved the new system that will usher in simultaneous electronic voting at States' Meetings. Next in this programme of work is a project to automate the electoral roll which will save recurring costs and importantly release staff resources as it is currently a resource-intensive process.

## **5 Government Work Plan 2022-2025: strategic aims**

- 5.1 The Policy & Resources Committee is firmly of the view that the actions of government need to be focused and co-ordinated, ensuring that its limited resources are directed to deliver outcomes which:

### Secure the Bailiwick's resilience:

- 5.2 Through recognising and responding to external opportunities and risks, by agreeing the Island's future population policy; by securing energy resilience; by taking steps to mitigate climate change; and by supporting critical infrastructure initiatives.

### Maximise the community's collective potential:

- 5.3 Through addressing the barriers which may lead to avoidable, unfair and ultimately costly differences in islanders' experiences, opportunities and ability to participate in island life. This means taking a prioritised approach to social (including all forms of justice), cultural, political, economic, commercial and environmental factors which affect islanders, and which can cumulatively affect not only their individual health and wellbeing (the wider determinants of health) but the health, productivity and success of the community as a whole.
- 5.4 If targeted improvements can be made to the conditions in which islanders are born, grow, learn, live, work, and age, then over time it will unlock social and economic benefits. This includes considering the affordability, accessibility and quality of housing; supporting islanders' skills and development; improving living standards; and the accessibility, affordability and focus of public services.

### Ensuring we are competitive as an economy:

- 5.5 Through enhanced connectivity, both digital and transport; and through increased productivity enabled by the development of skills and lifelong learning, enhanced participation in the workforce, and supporting migration where it enables those goals. In addition, we will continue to maximise the opportunities post-Brexit through trade agreements as well as meeting international standards and norms.

### *Engagement feedback from States' Members*

- 5.6 A survey of States' Members resulted in 88% of respondents supporting or partly supporting the strategic direction seeking to build resilience to instil confidence in the Island for islanders and businesses. Where respondents were not in full support, reasons provided by more than one States Member included a preference for an overt economic focus over social or environment issues and a

concern over a lack of specific strategic aims.

- 5.7 The need to develop clearer strategic aims is acknowledged. The starting point for the GWP was to accept it would be more operational in nature initially, while we learned to live responsibly with COVID-19. It was developed to 're-set' how the States managed their business; to improve the alignment of human and financial resources across all areas of government's responsibility; to instil discipline in how and when Committees brought forward policies to the States; and to ensure that the States led the process by considering the Island needed.
- 5.8 The Committee believes that the discipline of the GWP will become an important tool in government cost control. It is the closest yet that the States has come to achieving a costed and affordable plan in which all the significant actions of government are co-ordinated. The States are moving to a point where they will be managing their up-coming policy decisions and the implementation of all previous decisions, annually, and in a prioritised fashion. This is the transitional political term but already the benefits are visible with a decreasing list of extant Resolutions and more achievable list of legislative drafting. The States are informed and able to consider and prioritise the resources required to conclude, implement and monitor the decisions they make. This means that the GWP can be an important tool to constrain the growth of government services and thereby support greater financial discipline across the Committees of the States and on behalf of taxpayers.

## **6 Government Work Plan 2022 – Refresh Principles**

- 6.1 Conceived to organise work handed over by previous Assemblies, in the context of recovery from a pandemic and the impact of Brexit and addressing the work the new Assembly wished to deliver, the Policy & Resources Committee is assured that generally the top ten actions have been progressing well.
- 6.2 The limitations imposed by operating with constrained resource and funding when tackling both critical domestic issues and responding to global pressures have, however, led to frustrations in delivery of the wider GWP framework and some activity is unavoidably slower than is desirable. The Committees of the States must service their full mandate which is broader than just policy development and have had to prioritise their resources accordingly.
- 6.3 Neither are the States immune to the difficulties experienced in the wider economy with respect to staff recruitment and retention, with the reduction in working population and pressures on housing and the increasing cost of living. It is therefore even more important that the Committees of the States combine to focus their energies on the priority actions as directed by the Assembly.



**Table 1: Action categories and recommendations**

CATEGORY	DESCRIPTION	RECOMMENDATIONS	
		SUGGESTED RESOURCING	SUGGESTED PHASING
Category 1 – Priority Actions	Actions which have been identified as priorities for the 2022-2023 period and which need to be delivered to meet major challenges or take-up time sensitive opportunities.	Resource as a priority.	<b>Phase 1:</b> Start/continue in the 2022-2023 period
Category 2 – Actions in train	Actions which have started and have funding allocated (although not necessarily human resource).	Resource as far as possible considering priority actions.	<b>Phase 1:</b> Start/continue in the 2022-2023 period
Category 3 – Action scoped but not yet started	Actions where the work required for delivery has been scoped but which have not yet started	Consider for resource prioritisation in the context of higher category actions.	<b>Phase 2:</b> Commence within this term if/when possible.
Category 4 – Actions not yet scoped	Actions which have been identified but the work involved is not yet known.	No resource at present – sponsoring Committee may scope action further and submit to 2023 GWP refresh for resource allocation.	<b>Phase 3:</b> Do not commence this term. Consider for next term.
Category 5 – actions no longer required in the GWP	Actions which have been completed or superseded or which are no longer required.	No resourcing required.	No work will be undertaken.

- 6.4 The Committee believes that where time and money have been invested, that work should be completed unless there are evident reasons to the contrary. New work developing services or introducing legislation should be well understood and planned by the sponsoring Committee. It will be prioritised and resourced by the States after they evaluate competing recommendations annually from their Committees charged with advising on legislative, policy and service requirements that require a decision by the States.
- 6.5 The Policy & Resources Committee has now also applied a criteria (table 1) whereby generally if the action has not been scoped adequately it has not been prioritised or put forward to be considered for resourcing by the States. Policy development, new legislation and investment in service changes are no different

in this regard to capital investment, and instilling this discipline when resources are constrained would appear to the Committee to be the most appropriate approach at this time.

#### *Engagement feedback from States' Members*

6.6 The following principles were explored with States' Members:

- Completing to implementation the 2021 top ten actions;
- Introducing appropriate priority actions; and
- Re-phasing other actions to better match available resource within the current people and funding envelope, which may include making recommendations for some actions to be deferred until the next political term.

6.7 82% of respondents supported or partly supported these principles. Where respondents were not in full support, some States' Members suggested that the current resource envelope was not sufficient whilst others indicated that the 2021 actions did not represent their ideal starting point.

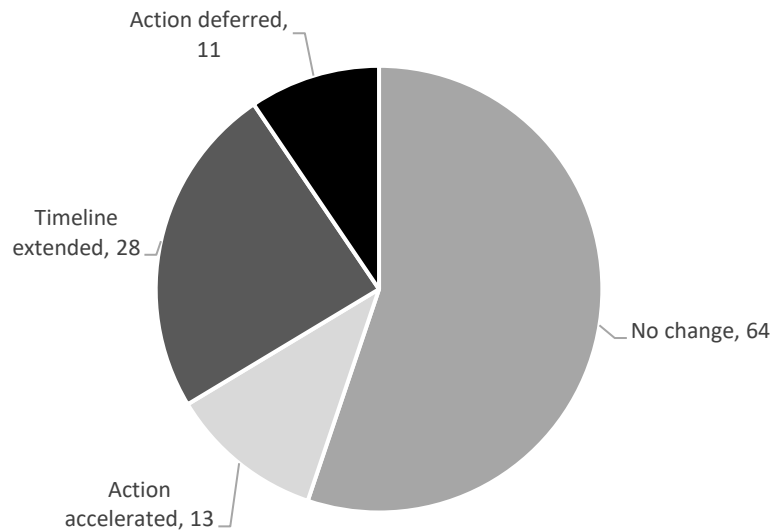
6.8 The Committee agrees that there are resource limitations in all areas of government which is why annually the States have to direct their Committees on the most important actions and instruct them to resource them as a priority.

6.9 Some respondents to the survey indicated that the 2021 top ten actions did not represent their ideal starting point, however the Committee notes that they were carried by 35 votes by the Assembly. Those not yet completed are on track to be considered by the States this year, and therefore the Committee does not, on balance, believe now is the time to divert.

### **7 Government Work Plan 2022 – Committee Priorities**

7.1 The Committee has led on actively seeking the views of Committees through officer-facilitated workshops in Q1 of this year. The Committees of the States have advised their priorities to support their service delivery; meet the States' strategic outcomes; and discharge the previous directions of the States as set out by Resolution (Appendix 5). In the majority of cases, where work is not complete, these remain those set out in the GWP 2021 framework, with some amendment to timeframes. The Committee provides some observations at Appendix 6 to assist the States consider the context of this work.

**Chart 1: Active 2021 actions – phasing changes**



7.2 Many Committees are impacted operationally by the pressure on the housing market and without doubt it is equally impacting both the community and the economy. The Policy & Resources Committee considers the supply of housing to be the most pressing domestic issue.

7.3 In spring 2021 the Housing Action Group (HAG) was established for 12 months (until June 2022) in order to provide critical housing issues with greater focus, impetus and delivery co-ordination. The work of HAG has helped to catalyse or deliver a number of positive outcomes at an accelerated pace, including:

- The purchase of the Kenilworth Vinery site;
- Identification of land for new development and in-fill development;
- Identification of the current pipeline of development and the barriers to some of those development projects;
- Acceleration of Guernsey Housing Association (GHA) schemes to support social housing; and
- The identification and prioritisation of the next stages of work that are needed.

7.4 In addition to this, the Committee *for* Employment & Social Security and the Policy & Resources Committee have continued to progress work exploring options for the States on the transfer of the States of Guernsey's social housing stock to the GHA.

7.5 The work on housing matters that will be undertaken during the remainder of the political term is:

- Market intervention project (including partial ownership schemes) – currently in start-up phase, the Committee *for the* Environment & Infrastructure will lead on implementation of approved schemes or where needed will seek States’ approval through 2022-23, working with others where mandates are engaged;
- States Strategic Housing Indicator – work on policy letter for later in 2022 and implementation of the States’ Resolutions; the lead is Committee *for the* Environment & Infrastructure;
- Potential transfer of States social housing stock to the GHA – ongoing through Committee *for* Employment & Social Security with the Policy & Resources Committee;
- Implementation of the General Housing Law in respect of housing standards through to 2024; the lead is Committee *for the* Environment & Infrastructure.
- Affordable housing development programme (including the ongoing work in the implementation of the affordable housing indicator) – ongoing work led by the Committee *for* Employment & Social Security, supported by the Policy & Resources Committee, and delivered by the GHA;
- Key worker housing – specific work, in addition to the other activity within the housing workstream that increases housing provision, which commences in early 2023 with the aim of having a report and recommendations to States in Q4 2023; the lead is Committee *for the* Environment & Infrastructure; and
- Review of accommodation for use in emergency circumstances – to be completed in 2023 for implementation of recommendations from 2024; the lead is the Committee *for* Employment & Social Security.

7.6 The Policy & Resources Committee has consistently allocated additional resource to housing matters and continues to do so. While the timescales are challenging, the Committee’s view is that if additional resource is needed to keep on schedule, this should be redeployed from other areas given the political and community acknowledgment that this is the Island’s main domestic priority.

7.7 Notwithstanding, the Committee agrees that this work must be phased due to resource limitations. It also needs to be phased in order to respond to, and be developed alongside, other areas of work, such as the Population and Immigration Review and the Skills and Human Capital Development Plan.

## **8 The Assembly's priorities for the next twelve months**

- 8.1 In the past 12 months, immediate investment in the finance sector has been delivered, as were significant decisions to invest in digital connectivity to secure Island-wide ubiquitous provision within five years and invest in the re-organisation of secondary and post-16 education. The digital infrastructure programme is in delivery through the States' critical network infrastructure partner. The education programme has just recently confirmed an extension to its delivery timeframe in response to risks to the programme impacting students. Both programmes of work are monitored and reported through the Delivery Portfolio and the specific actions are now closed within the definition of the GWP 2021 top ten actions.
- 8.2 With an air policy framework agreed and guiding further work by the States, and with discussions ongoing with Condor, the Ports of Jersey and the Government of Jersey on a long-term operating agreement, the associated ro-ro licensing legislation being prepared, and the States to receive a business case from the Committee *for* Economic Development considering the proposals to extend the Guernsey airport runway, the Policy & Resources Committee considers transport connectivity and infrastructure policy has been developed, agreed and is now being implemented to such an extent that the focus of the Assembly's Plan for the next twelve months can be refreshed.
- 8.3 The States must take a prioritised approach to social, cultural, political, economic, commercial and environmental factors which impact islanders but the health, productivity and success of the community and economy as a whole.
- 8.4 This means that a continued focus on housing, the conclusion of policy determination on population and immigration, and investment in skills all remain urgent. A determined emphasis now on energy security, climate change mitigation and adaptations, and the wider determinants of health such as living standards will provide the foundations for a thriving and sustainable community and economy.
- 8.5 Having considered the advice of the Committees of the States and consulted States' Members, and in its capacity to co-ordinate the work of the States, the Policy & Resources Committee must advise the States to consider a number of factors as they decide their priority actions for 2022. This includes progress to date: resource capacity; current income and expenditure; local and global context; and acknowledge that decisions have yet to be made to secure the future levels of income necessary for the States to maintain current services and infrastructure investment.

8.6 Most important to the community, industry and government is the provision of accommodation that meets the needs of islanders. The Committee is bringing its resource and focus to bear on this critical issue and will assist the Committee *for the Environment & Infrastructure* in its efforts to stimulate the market and the Committee *for Employment & Social Security* as it works to secure the range of suitable tenure properties for social needs.

8.7 The States are invited to agree their priority actions from the maximum that can reasonably be delivered in the coming year as set out in the Propositions and in Appendix 7.

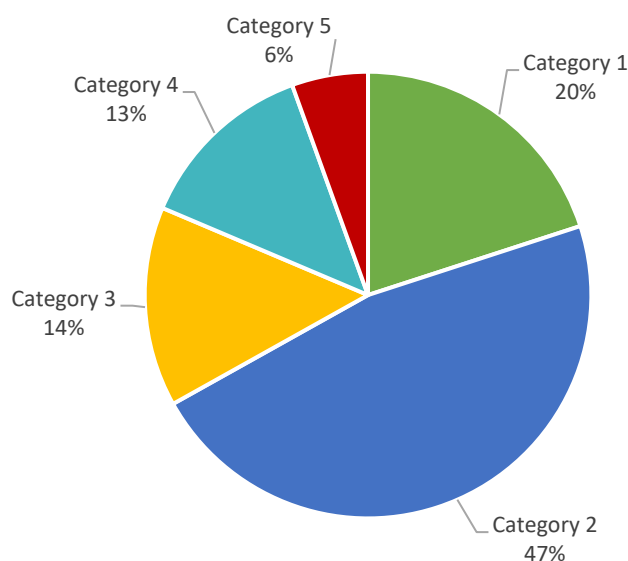
## 9 Phasing remaining work for this political term

9.1 The Policy & Resources Committee is optimistic that, subject to future Variants of Concern successfully being managed by the vaccination programme, States resources can increasingly return to planned business of government.

9.2 The Committee has taken the opportunity of the first refresh of the GWP and a faster than forecast economic bounce back to consider carefully how to move forward given the future funding of the current level of government services remains undetermined.

9.3 The Committee intends that its new categorisation of actions in the framework will assist in transparently presenting to the community what is being worked on and what has been identified for the future, subject to resource and funding requirements, and the costs and benefits, of the potential proposals.

**Chart 2: Distribution of action between categories in GWP 2022**



- 9.4 There remains a lot of active work, as illustrated in chart 2, which is to be expected but when considered against the reducing volumes of extant Resolutions and drafting requirements, this suggests an improving picture moving forward as an increasingly efficient government. Data collated annually for the longer-term impact monitoring will, in time, provide an indicator of effectiveness.

## **10 Funding the Priorities – Funding & Investment Plan Update**

- 10.1 Following a strong financial performance in 2021 and changes to priorities and actions in the GWP, the Funding & Investment Plan has been updated (Appendix 8). This is a high-level interim update on the five-year financial framework.
- 10.2 The income and expenditure position for 2021 was some £61m better than the estimates included in the Funding & Investment Plan. This, together with a slower rate of investment in infrastructure throughout 2021, meant the balance on the General Reserve was significantly higher than expected throughout the year. Therefore, with higher than anticipated investment returns, this has resulted in an improvement in investment income of approximately £28m which can be added to the overall result.
- 10.3 Together these factors have significantly improved the balance on reserves and uplifted the baseline position for some revenues, notably income tax. Given this improved position, the cumulative projections for 2022 to 2025 have improved by circa £68m. This is due to improvement to income and investment return forecasts, partly offset by forecast increases in expenditure on GWP actions and lower levels of savings overall due to delays in their delivery. This improvement has also been offset by an estimated increased cost of capital and transformation programmes totalling £13m.
- 10.4 Overall, the improvements mean that there is now unlikely to be a need for any new external borrowing in this term to fund the capital portfolio. This is an excellent result which has been driven in large part by the faster recovery in 2021. However, execution of the GWP will still result in the majority of the States' financial reserves being exhausted over the remainder of this term.
- 10.5 The revised projections indicate a surplus before capital expenditure over the Plan period which will fall from £25m in 2022 to £5m by 2025. The shrinking surplus comes about because of the demand pressures on public service expenditure, particularly in relation to health and care services, coupled with strain on revenues as a result of a reduction in the working population and the introduction of secondary pensions.
- 10.6 These small surpluses are not sufficient to fund the necessary investment in island infrastructure. They are too small even to fund the everyday replacement

of equipment and vehicles, renewal of roads and investment in property assets, classed as Minor Capital.

- 10.7 The underlying position remains a structural deficit beyond this term which, for General Revenue, is estimated to be approximately £50m when the long-term infrastructure funding needs are factored in. In addition, the States are running a deficit on the social security schemes, in particular the States' pension, which have a long-term funding requirement of £34m a year. Therefore, the overall structural deficit remains in line with previous forecasts of £80-90m.
- 10.8 The investment return on the reserves supports capital investment and makes the Plan affordable without any new borrowing in this term. However, the level of return can be volatile (as seen by the movement in investment markets in the first quarter of 2022) and cannot be relied on to support future expenditure since the reserves are being spent to support delivery of this Plan.

## **11 Discharge of extant States' Resolutions & legislative drafting prioritisation**

### *Extant States' Resolutions*

- 11.1 As reported in the 2021 GWP there were 405 extant States' Resolutions with the expectation that at least 100 were likely to be discharged through the delivery of the actions in the GWP going forward. The States also resolved to rescind a small number which were either superseded or no longer valid.
- 11.2 The recent GWP refresh process further updated the scope of the government's workload in terms of its extant Resolutions. This is an important element to understanding the priority Committees place on discharging Resolutions and their capacity to do so alongside new areas of policy and service development they wish to explore, especially within the current context of stretched financial and human resources.
- 11.3 An additional 100 Resolutions resulted from States' Meetings between July 2021 and April 2022, and with 367 extant Resolutions as at the end of April 2022, the total number has reduced by 131 over this time period. This demonstrates the importance of targeted resourcing.
- 11.4 The refresh process also identified 11 Resolutions that are proposed for rescission as generally they have been superseded by subsequent decisions. A full list of Resolutions proposed for rescission is at Appendix 9.
- 11.5 If these proposed rescissions are agreed by the States, the total number of extant Resolutions will be 356, with the majority of these to be discharged by GWP-related actions as shown in the table 2 below.



**Table 2: Extant Resolutions status summary**

<b>Number of Resolutions as at July 2021</b>	405
<b>Number of Resolutions rescinded in 2021 GWP policy letter</b>	12 (5 were then replaced)
<b>New Resolutions between July 2021 – April 2022</b>	100
<b>Resolutions discharged between July 2021 – April 2022</b>	131
<b>Rescissions proposed in 2022 GWP</b>	11
<b>Resolutions phased in 2022-25 GWP</b>	258
<b>Resolutions not prioritised (by year below)</b>	109
<b>2022</b>	3
<b>2021</b>	36
<b>2020</b>	23
<b>2019</b>	7
<b>2018</b>	10
<b>2017</b>	3
<b>2016</b>	9
<b>2015</b>	7
<b>2014</b>	3
<b>2012</b>	1
<b>2011</b>	3
<b>2007</b>	1
<b>2006</b>	2
<b>2003</b>	1

*Legislative drafting*

- 11.6 Since June 2021 there has been significant progress in respect of outstanding Resolutions of the States mandating the preparation of legislation. Just in the area of financial services and regulation, drafts have been prepared for a new Lending, Credit and Finance Law, as well as legislation providing for limited liability companies and the use of money in dormant bank accounts; important amendments to competition legislation have gone out for consultation; and the final Ordinances of the comprehensive law revision project relating to the regulation of financial services have been enacted.
- 11.7 Legislation has continued to be drafted for bodies other than the States, primarily the States of Alderney and the Chief Pleas of Sark (including the introduction of legislation regulating partnerships and limited partnerships in Alderney, and land reform and compulsory purchase legislation in Sark) and also other public bodies such as the Alderney Gambling Control Commission. The small team of legislation drafters at St. James's Chambers continues to balance

the demands of the States effectively with the demands of the other Bailiwick legislatures and bodies that it serves. The list of completed legislative drafting since June 2021 is in Appendix 10.

- 11.8 The introduction of the GWP has had several positive impacts on the progress of legislative drafting for the States. It has added rigour and simplicity to the prioritisation process for the drafting of legislation, making it simpler to make and justify prioritisation decisions by reference to the Plan, and making it easier to assess when to treat a new Resolution as high or medium priority before its formal consideration by the Prioritisation of Legislation Working Group and the Policy & Resources Committee.
- 11.9 The GWP has facilitated more targeted additional policy officer support to Committees in areas where it is most needed to facilitate the finalisation of draft legislation. Drafting legislation is typically an iterative process involving multiple exchanges between officer and drafter. It is not widely appreciated that the pace of drafting of legislation in Guernsey relies heavily on the capacity in Committees to prepare instructions on points raised by the drafter or provide comments in a timely fashion on draft provisions. The focus on GWP priorities in the preparation of legislation, and the ongoing dialogue between St. James's Chambers and officers working to the Policy & Resources Committee, have allowed resources to be provided to support these matters more swiftly than might otherwise have been the case and so more efficiently finalise the legislation drafts.
- 11.10 As has been the case for many areas of government, including from the perspective of drafting, the broader requirements of the GWP have had to be balanced since its introduction with the more immediate drafting and advisory demands of the States' response to the COVID-19 pandemic. In anticipation that those demands are now largely passed, going forward there can be a renewed focus on agreed strategic priorities, while recognising that unexpected, urgent work is always a possibility and must be catered for (as the invasion of Ukraine and the subsequent drafting of new sanctions provisions has shown).
- 11.11 Drafting pressures to be accommodated in the next 12 to 18 months include the preparation of the remaining legislation needed for the Bailiwick's audit by MONEYVAL and provisions required for the implementation of new post-Brexit trade arrangements. The full list of prioritised legislation is set out in Appendix 2.

## **12 Compliance with Rule 4**

- 12.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.
- 12.2 In accordance with Rule 4(1):

- a) The Propositions contribute to the States' objectives and policy plans by discharging the policy planning requirement set out in Rule 23 of The Rules of Procedure of the States of Deliberation and their Committees.
- b) In preparing the Propositions, consultation has been undertaken with all Principal Committees and all States' Members.
- c) The Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.
- d) The financial implications to the States of carrying the proposal into effect are detailed within the body of the Policy Letter and at Appendix 8.

12.3 In accordance with Rule 4(2):

- a) The Propositions relate to the Committee's mandate to co-ordinate the States' strategic planning process.
- b) The Policy & Resources Committee, pursuant to its mandate to coordinate the work and priorities of the States of Deliberation, unanimously puts forward the top recovery actions as representing those priorities presented to it by States Members and Committees in the development of the refreshed Government Work Plan 2022. The Committee, however is not unanimous in its agreement that all the actions listed in category one should be priority recovery actions when compared to other pressing issues and priorities, and as such this should not be seen as priority recovery actions of the Policy & Resources Committee.

Yours faithfully

P T R Ferbrache  
President

H J R Soulsby MBE  
Vice President

M A J Helyar  
J P Le Tocq  
D J Mahoney



# GOVERNMENT WORK PLAN

## MONITORING REPORT

July 2021- May 2022



INVESTING IN ISLANDERS, OUR ISLAND AND OUR FUTURE



# WHAT IS THE GOVERNMENT WORK PLAN?



**The Government Work Plan, or GWP, is the framework that sets out the prioritised work for this political term (2021 - 2025), linking it to the resources available both in terms of funding and people. It is a living document and refreshed annually every June so the States of Guernsey, as Guernsey's Government, can respond to changing circumstances and external pressures. This monitoring report sets out what the States have achieved in the last 12 months.**

# DEVELOPMENT OF THE GOVERNMENT WORK PLAN

After the 2020 election, the Policy & Resources Committee took a fresh look at its mandated responsibilities regarding facilitation, leadership, monitoring and reporting of the States' policy planning and reporting process. The States' intentions had out-stripped their financial and human resources, even before COVID-19 and Brexit's impact had taken their toll. The result had been a list of policy initiatives, capital projects and extant Resolutions that could not all progress in a timely manner, combined with a trend of underinvestment in critical infrastructure. The States agreed that what was needed was a single, integrated, phased and funded Government Work Plan to address the Island's immediate economic, social and environmental needs and position islanders for a thriving, sustainable future.

In March 2021, the Assembly agreed the Plan's four main priority areas: COVID-19, Brexit, Recovery and Reshaping Government. A Sub-Committee then went on to consider a provisional prioritised framework of recovery actions which the Policy & Resources Committee developed into the Government Work Plan. The GWP was approved by the Assembly in July 2021. It now assists the States in making sure they use funds and people for maximum impact. Importantly, it sets out an annual list of priority recovery actions which will evolve over the political term as each action is successfully concluded and the Assembly determines the next most critical actions for its attention.



In 2021 the States agreed four main priority areas:



**RESPONDING TO THE  
COVID-19 PANDEMIC**



**RE-SHAPING  
GOVERNMENT**



**MANAGING THE  
EFFECTS OF BREXIT  
AND MEETING  
INTERNATIONAL  
STANDARDS**



**DELIVERING  
RECOVERY ACTIONS**



# PRIORITY 1

## RESPONDING TO THE COVID-19 PANDEMIC

WORK STREAMS	AREAS OF FOCUS	PRIORITY
Deliver the vaccine programme	Mitigate current COVID-19 risks	Responding to the COVID-19 pandemic
Deliver the Bailiwick testing strategy		
Provide business support	Manage future COVID-19 risks as part of a new normal	
Live responsibly with COVID-19		

Over the last twelve months, the Bailiwick’s response to the pandemic has continued to focus on proportionately mitigating the risks of COVID-19 for islanders, the community and the economy. This has been achieved through the delivery of a successful vaccination programme, maintaining a proactive testing strategy throughout the community, proportionate border restrictions and the continued promotion of public health measures. The Bailiwick has responded flexibly and often very swiftly to evolving circumstances, including temporarily increasing restrictions in response to emerging variants of concern and removing restrictions as quickly as possible as the risk profile decreased.

Financial support for affected businesses continued but has been prioritised, with the Payroll Co-Funding Scheme closing at the end of September 2021 as normality gradually resumed. The tourism and hospitality sector, which was particularly affected by border restrictions on and off-island, benefited from specific schemes in respect of Visitor Accommodation and Visitor Attractions, which continued until the end of March 2022. Financial support to businesses in 2021 totalled £22.4 million, the majority of which related to the second lockdown period that stated in January 2021. In line with the Bailiwick Blueprint, the Civil Contingencies Authority ceased to use emergency powers from 17<sup>th</sup> February 2022, bringing with it the end to legally mandated

self-isolation for COVID-19 cases and cessation of border restrictions. This has seen the management of COVID-19 risks become business as usual. Commendably, the Bailiwick reached this position ahead of most other jurisdictions, and was the first place in the British Isles to do so.

However, the global pandemic continues and while specific legislative interventions for COVID-19 have been replaced with public health measures and guidance, the States continue actively to monitor the situation and plan for future unknown scenarios. This includes the potential emergence of Variants of Concern that render the vaccine less effective or which cause more severe disease. Guernsey’s vaccination drive has been one of the fastest and most successful vaccination programmes in the world.

A responsive risk-based testing strategy has now been developed with the ability to ‘step-up’ or ‘step-down’ the Bailiwick’s response. This is based on treating COVID-19 in a similar way to other existing respiratory illnesses, through encouraging personal and community responsibility using positive public

health messages. Individuals, community groups and businesses will be supported to make informed decisions on the management of risks of COVID-19 but with targeted support and guidance available from government in respect of high-risk outbreaks or cases.

Responding to COVID-19 has been a challenge and as the Bailiwick emerges from this difficult time, it provides opportunity to consider future preparedness and resilience. The response to the pandemic has had an impact across government and the community. While no-one has been immune from the effects of the pandemic, some islanders have been disproportionately affected, for example children and young people, and there is a need to provide focused support. Learning lessons from the Bailiwick’s response to date may highlight the benefit of other legislative changes or influence the progression of policy workstreams not currently prioritised in the GWP.

PRIORITY 2

MANAGING THE EFFECTS OF BREXIT; MEET INTERNATIONAL STANDARDS

WORK STREAMS	AREAS OF FOCUS	PRIORITY
<div>Enhance the Bailiwick’s constitutional resilience</div> <div>Ensure compliance with agreed international agreements/standards</div> <div>Seek opportunities for new beneficial arrangements</div> <div>Ensure customs agreement compliance</div>	International Agreements and Conventions	Managing the effects of BREXIT; meeting international standards
<div>Respond to and assist in shaping international tax standards</div> <div>Continue to meet economic substance requirements</div> <div>Meet the political commitments made to the EU in respect of assistance in collection of certain taxes</div> <div>Ensure ongoing alignment with the UK-EU Trade and Cooperation agreement (TCA)</div> <div>Implement Common Reporting Standards (CRS)/CRS v2</div>	Substance, Taxation and Reporting	



WORK STREAMS	AREAS OF FOCUS	PRIORITY
Implement required operational border infrastructure	<b>Borders</b>	<b>Managing the effects of BREXIT; meeting international standards</b>
Implement required customs and excise structure		
Ensure capacity and project support for border-related requirements		
GEMS development to achieve compliance with UK-EU Trade and Cooperation Agreement and new FTAs		
Implement required immigration and nationality service structure		
Maintain trade in goods	<b>Trade Arrangements</b>	
Maintain trade in services		
Maintain intellectual property protections		
Ensure compliance at the border with Trade and Cooperation Agreement (TCA) legislation		

The challenges and opportunities post-Brexit have continued to develop quickly, often beyond the States’ control and alongside other geopolitical events (such as the current war in Ukraine). Along with the continued development of Guernsey’s international identity and reputation, the Island requires a flexible approach to ensure that it can respond effectively for the benefit of the Bailiwick, using resources to best effect. This activity

will continue to draw heavily on States’ resources throughout this political term.

Trade Agreements

Significant progress has been made in the last 12 months on Guernsey’s participation in UK trade agreements as the Island pursues opportunities that have arisen following Brexit. In September 2021 the States decided the process and

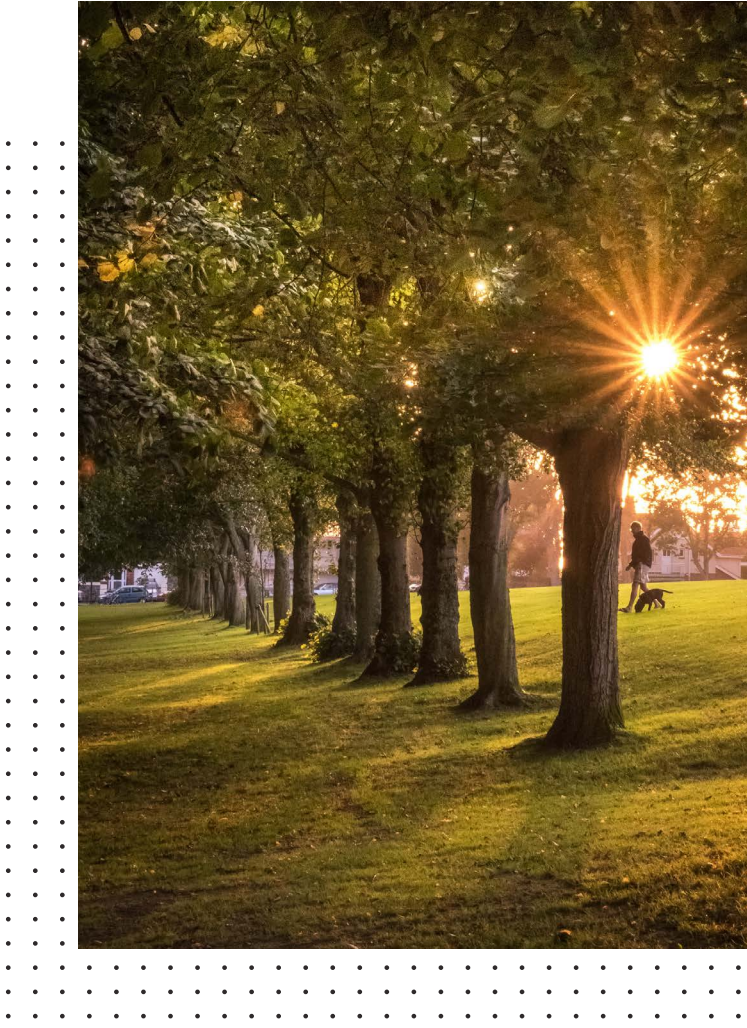
approach to Guernsey’s participation in UK trade arrangements with other jurisdictions. Relationships with key stakeholders have been strengthened, within and outside the Bailiwick, to assist in setting trade policy and identifying opportunities for Guernsey’s participation in such agreements where relevant, proportionate and practical (and for Alderney and Sark where appropriate).

Access for trade in goods has been secured for the Bailiwick in UK agreements with the EEA EFTA, Japan, Australia, Singapore (digital) and New Zealand. The focus for the coming months will be evaluating the potential benefits of Guernsey participating (with the UK) in the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), in addition to other agreements including those with the Gulf Cooperation Council and major economies such as India, Canada and Mexico.

Borders

Work continues to implement changes to legislation, infrastructure, processes and procedures so that the Bailiwick can comply with the UK-EU Trade and Co-Operation Agreement (TCA) and the UK-Bailiwick Customs Arrangement. This has included changes at the ports, such

as installing new customs infrastructure and IT, and increased staffing to deliver additional requirements post-Brexit. Engagement with local business has ensured that trade continues to flow between the Islands and trading partners. There is still a significant amount of work to do to ensure that pragmatic and proportionate legislation, systems and processes are in place. It will also be necessary to continue to monitor and identify any further changes that may be needed due to any new trade related agreements or amendments to existing agreements.





## Substance, Taxation and Reporting

The Bailiwick made political commitments, alongside the UK-EU TCA about cooperation with the EU on administrative assistance for certain taxes (referred to as a 'VAT Protocol'). This builds on Guernsey's long-established position as a cooperative jurisdiction for taxation. A Channel Islands team has been established to commence negotiations on the VAT Protocol with the EU. A timeframe and structure for the negotiations will need to be agreed during 2022.

It remains of critical importance to Guernsey's international reputation that it continues to respond to changing international tax standards. Guernsey plays an active role in the OECD work on Pillars 1 and 2, including participation in OECD technical meetings to develop model agreements, commentary and detailed implementation plans. As more information emerges from the OECD, further work will be required to understand the full implications of the proposals and make recommendations on Guernsey's response.

## International Agreements and Conventions

Work continues to protect Guernsey's constitutional position and seek greater autonomy in international affairs, including:

- Discussions with the Ministry of Justice to seek modifications to the Bailiwick's legislative process, which is hoped to be achieved in 2022; and
- Negotiating and agreeing various tax agreements and a social security agreement (with Latvia).

Maintaining compliance with international standards on financial crime and regulation remains a priority. A critical focus for the next 12 months will be concluding preparations for the upcoming MONEYVAL assessment in 2023.

### Other beneficial agreements

In June 2019 the States agreed to investigate and, if possible, negotiate a reciprocal health agreement with the UK Government. Despite some delays, primarily due to the impact of the COVID-19 pandemic, good progress has been made in discussions with the UK Government. Negotiations to finalise the detail are happening and are anticipated to conclude before the end of 2022. The implementation date is not yet confirmed.

# PRIORITY 3 DELIVERING RECOVERY ACTIONS

WORK STREAMS	AREAS OF FOCUS	PRIORITY
Invest in the finance sector Accelerate the digital economy Unlock enterprise Invest in the visitor economy Invest in nature and the natural economy	<b>Sustainable Economic Recovery</b>	<b>Delivering Recovery Actions</b>
Enable opportunities for regeneration Secure future energy requirements Secure transport connectivity and infrastructure	<b>Connectivity and Infrastructure</b>	
Promote education, skills and learning Meet housing needs Keep the Island safe and secure Promote responsive population measures Support healthy living Enable accessible and affordable 21st century health and care services	<b>Community Investment</b>	

# TOP TEN RECOVERY ACTIONS

Ten recovery actions were agreed in 2021 as being of primary importance in addressing the Plan’s focus: ‘Investing in Islanders, our Island and our Future’.



**Housing** - scope and deliver urgent measures necessary to address housing pressures



The following has been achieved;

- The purchase of the Kenilworth Vinery site;
- Identification of land for new development and in-fill development;
- Identification of the current pipeline of development and the barriers to some of those development projects;
- Acceleration of Guernsey Housing Association schemes to support social housing.

In addition to this, an assessment on the options to transfer States of Guernsey’s affordable housing stock to the Guernsey Housing Association is on-going.



**Education** - commence the re-organisation of secondary and post-16 education pressures

The States reached a decision on the re-organisation of secondary education and post-16 provision in 2021 and as such this work is no longer a top ten action. In February 2022, the Committee *for* Education, Sport & Culture took the decision to delay the final handover date by up to a year after fully examining all

available options to overcome challenges that are largely outside its control. The greatest concern was to ensure that learners and the school communities were not disrupted by changing plans for their transition to different schools which was a significant potential risk from construction delays.



**Skills** - set out and resource proposals to grow knowledge and skills in our community

A plan will be published in Q3 2022 to invest in the potential of islanders, with work underway to establish clear data on the current skills gap in the Island as well as the future skills gap in relation to the economy.

A pilot to improve adult literacy and numeracy has also been commissioned, and work is continuing to explore the potential for a skills hub. In addition,

consultation with private and non-government sector parties is about to begin. This work is in part dependent on a review of our population and immigration system which is happening at the same time and which it will support by focusing on increasing productivity and enhancing workforce participation.





**Digital infrastructure** - determine and begin implementation of the approach to enhanced digital infrastructure

The Digital Infrastructure project is an ambitious programme of work to provide a universal fibre broadband network across the Island to increase broadband speeds. The contract has been awarded and the implementation and roll-out has commenced.

During the pilot phase nearly 2,000 homes were made ready for fibre and as at April 2022 some 200 of these are already connected to the network. The next stage will accelerate the roll-out with 700 homes every month connected to the new network with the roll-out and connection of 100% of Guernsey premises (including 30,000 homes) due for completion in March 2027.

The community will be able to track progress online of the phased roll-out. The increased percentage of households and premises connected to broadband by fibre will contribute to accelerating the digital economy.

Meanwhile work will continue on establishing a licensing framework for a 5G mobile network and to develop skills and pathways, and support innovation, transformation, and entrepreneurial growth in the digital industry.



**Children** - support vulnerable children through revision to the Children Law and action on the Outcomes Report

Amendments are being developed to the Children Law to reduce delays in determining positive outcomes for children and young people. All interested parties are involved in this work. It was

originally hoped that changes could be agreed by the end of the second quarter of 2022, but this is now expected in the next quarter of this year.



**Population** - assess the fitness for purpose of our population and immigration framework while recognising the need to balance economic needs with maintaining quality of life

The review is progressing on time and on budget. Work includes considering the challenges that are being faced by the economy today, what the Island's future population policy needs are, and what can be done in the short to medium-term. In addition, it is considering how, post-Brexit, the immigration and population approaches and processes need to be aligned and seeks to enhance the economic benefit of the Open Market.

An agreement in principle has also been made to recommend the introduction of a new Open Market residency policy, in which an older resident who has lived here for 14+ years can move to the Local

Market if they forfeit an inscription for an open market property.

Consideration is also being given to discontinue the Population Employment Advisory Panel, with the information required by the States to manage their population policies achieved through the Committee for Economic Development.

Proposals should be considered by the States in the third quarter of 2022 ahead of the debates on housing, tax and skills policies, all of which are highly interdependent.



**Finance and Tourism** - invest additional funding into promoting Guernsey's finance sector and establish a tourism plan and campaign to expand Guernsey's tourism offer

Against a backdrop of increasing competition, the States agreed additional funding to invest in Guernsey's major economic industry, the finance sector, for the next three years.

The 2022 tourism campaign is active, and work on a plan for development of the tourism sector will conclude this year. The

strategic economic focus will now move from tourism and direct support of the finance sector to other enabling activity to support the Island's competitive position and development of new opportunities.



**Transport** - set out a clear and co-ordinated transport connectivity and infrastructure policy and further develop the general and commercial aviation sector

A report on a possible runway extension is being finalised, and a land use and infrastructure masterplan is being developed for the airport. Further work is being undertaken on how the general and commercial aviation sector can be developed.

Discussions continue with Condor, the Ports of Jersey and the Government of Jersey on a long-term operating agreement, and associated ro-ro licensing legislation is being prepared. In addition, work is ongoing to assess what support can be given to investment in the ferry fleet. The air policy framework is now in place and agreed actions arising from it are being taken forward, such as the development of a route development strategy.



**Regeneration** - establish a Development Agency and enable work to begin on the development of the seafront masterplan

The structure for a new Development Agency has been agreed; a political steering group has been established which will provide oversight; and discussions are taking place on the next steps in relation to Guernsey's future harbour requirements and the land management transfer policy and delegation. The role of Chair of the

Development Agency will shortly be recruited through an open process. The Chair will then work with the political steering group on the formation of the executive and the open and transparent recruitment of the Development Agency Board.

All of the Development Frameworks for regeneration areas are now complete.



**Health Recovery** - support the physical and mental recovery of Islanders through scoping and delivering SOHWELL phase 3 programme and launching the pilot wellbeing centre jointly with third sector partners

Health recovery is another critical response to our wellbeing as we navigate living responsibly with COVID-19. Additional wellbeing support was provided over the 2021 festive season for individuals experiencing low to moderate stress, distress and isolation, recognising that it can be a difficult time of year, even without the relentless COVID headlines at the time. The partnership approach with the third sector will also be explored for the provision of an out-of-hours 'drop in' crisis support on a pilot basis.

The key elements of Phase 3 of the Supporting Occupational Health and Wellbeing initiative have been identified to build on vocational rehabilitation and occupational health services to transform the way in which short and long-term sickness is managed and to reduce the rising trend in long-term incapacity. The next stage will be developed through working with interested parties.





## Sustainable economic recovery

Plans are being scoped to develop on-island entrepreneurship with a framework of actions to be set out during 2022. Considerable co-ordinated effort is being applied to support emerging economic opportunities such as the pharmaceutical industry with its foundation in medicinal cannabis, with the first licence issued in November 2021 under the recently agreed Memorandum of Understanding with the UK.

Work on supporting and enabling innovation in FinTech continues, and a new tourism product development plan is being developed which incorporates heritage, arts, sport, and sustainability. Planning has started for the first steps

in the development of the blue and green economy to support the wider ambitions for a robust economy founded on sustainability principles which are increasingly important in attracting new business. The environmental pollution legislation is also being updated as part of the focus to invest in and protect the natural resources of the Island.

The Development Agency proposals were approved by the States in April 2022. It will support infrastructure investment, including in relation to the ports.

The Island's aggregate supply policy has also been agreed, bringing more certainty to the construction industry.

## Connectivity and infrastructure

Agreement in principle has been reached to extend the Paris Agreement to the Island which puts a renewed focus on energy resilience and climate change mitigation and adaptation. The electricity strategy is in the process of being updated and will include separate supply, demand and market elements, in addition to the establishment of an energy partnership. A critical component of that will be the creation of a framework for developing on-island renewables.

The previous hold baggage system at Guernsey Airport did not meet regulatory compliance and had reached the end of its life. The completion of the Hold Baggage System Phase 1 Project has substantively dealt with this. The second phase was focused on providing extra resilience and expansion opportunities. Further work is required to determine the best time to start this phase, taking into account passenger demand, the prevailing economic environment and the future decisions of the States with respect to the Tourism Product Development Plan and the runway extension.

## Community investment

The States will consider a justice framework in May 2022, and has funding identified to support some follow-on work.

A review of primary care services is also progressing and proposals will be put to the States later in the year. Any ongoing future revenue costs resulting from the recommendations will be additional costs to government.

The States are exploring the options for alternative and non-punitive approaches to the possession and use of small quantities of illegal drugs. This excludes any work on decriminalisation or legalisation of drugs at this stage in order to focus on non-punitive approaches and make any recommendations that may be necessary as soon as practicable. However at its meeting in June the States will be asked whether to direct work to explore the options for a review of the legal status of cannabis or develop proposals to explore a new Public Health Law as the next major area of health policy this term.

Important pieces of legislation to help Islanders have been progressed including the Lasting Powers of Attorney Ordinance under the Capacity Law and reforms to the Matrimonial Causes Law which

will be considered by the States shortly and should help families going through divorce. This latter work will assist with ongoing work to improve outcomes for children which was identified as a Top Ten action in 2021. In addition, the sexual offences legislation was passed (with further secondary legislation to come).

Key stakeholders have been consulted in respect of the draft Prevention of Discrimination Ordinance. Plans are in place to roll out free training and guidance materials well in advance of entry into force.

Work to identify the priority workstreams for strategic investment in continuous improvement in all phases of education is progressing and this provides a better understanding of the resource requirements for the period 2022-2025. This will address areas of development identified as a result of external inspection, improved school governance and quality assurance.

Good progress is being made on investment, resourcing and tendering approvals which are now underway for the Secondary and Post-16 facilities for a revised go live date of September 2025. There remain some concerns centred on construction, including

inflation and supply/demand; these are being monitored and managed. The final investment decision, prior to selecting the Les Ozouets Campus construction preferred bidder, is due for consideration by the Policy & Resources Committee in June 2022.

The Affordable Housing Programme is making good progress in bringing forward the funded schemes for affordable housing, in partnership with the Guernsey Housing Association. The development sites are currently at various stages in the process and subject to planning permission, contractors will be appointed.

The Princess Elizabeth Hospital Modernisation programme is underway, with the approvals to proceed and a contract now signed for Phase 1. This is for the first of three phases of the programme which includes additional facilities and Critical Care Units. The construction plan has now commenced, with contractors on site and work is underway. Phase 2 of the programme is also progressing well and it is anticipated that a planning application will be submitted for this future stage by the end of the year.

# PRIORITY 4 RE-SHAPING GOVERNMENT

WORK STREAMS	AREAS OF FOCUS	PRIORITY
Enable the transformation of public services to meet 21st century requirements	New Ways of Working	Re-shaping Government
Establish commissioning infrastructure		
Sustain government finances	Long-Term Sustainability	
Define future Bailiwick relationships		
Secure necessary evidence base		
Maintain essential infrastructure and systems	Effective Government	
Enhance the operation of government		

## Effective government

An important set of changes in how the States deliver services is being developed this political term as government is re-shaped in response to new technologies and changes in population that require new or changes to existing services.

The States are now developing a consistent approach to commissioning which will enable greater collaboration

with non-States partners to deliver services for the community. Working in partnership with expertise in the community will ensure services are more user-centric and focused on outcomes.

The States have undertaken a significant programme of public engagement as part of the Tax Review and have been exploring opportunities for operational savings. The Tax Review is exploring how



the States can raise more money and reduce costs to prevent a forecast annual position where it costs £85m more to run the services than is received through taxes and charges. The forecast deficit is based on the increased demand for essential services (such as healthcare and pensions) that will come from the Islands' changing population make-up, and reflects the services government currently provides or is already committed to. Unplanned additional cost pressures would require the forecast annual deficit to be revised, and will increase the need to increase revenues

or cut services elsewhere. This is why it is important that the States decide what work is most urgent and resource it through the GWP.

As part of this work independent analysis on corporate tax options has been commissioned to inform the decisions the States must make before the end of the year.

The secondary pension proposals will also be considered by the States next month where they will be asked to appoint an on-island operator.

The Terms of Reference to review the machinery of government changes of 2016 have been published on gov.gg with proposals being put forward in 2023. The States have approved the new system that will usher in simultaneous electronic voting in the Assembly. Next in this programme of work is a project to automate the electoral roll which will save recurring costs and importantly release capacity as it is currently a resource intensive process.

**Implementation of a new service model and associated IT systems for the Revenue Service**

The Revenue Service Transformation Programme has been in the implementation phase since May 2020. Since then, new working practices, management strategies and digital services have been introduced to improve the Revenue Service. This complex programme is on course to deliver valuable benefits for the States and their customers.

The Revenue Service has been the first major service to make use of the MyGov platform which has enabled the States to gain over 22,000 registered users, with 90% of those using the Revenue Service

digital services providing feedback that they would recommend the service. A total of 92% of survey respondents who have used the online Personal Tax Return have found the experience to be 'very good' or 'good'.

Work continues on the programme to progress IT developments and retire key legacy systems that are a critical risk to the operational effectiveness of the States' revenue collection. There has been some delay to the next stage of the programme due to the capacity of critical resources, resulting in a review of the timescale and approach for the next phases. This is being addressed and recovery actions put in place to ensure benefits will be secured within the revised timescale.

**New Ways of Working - Enabling the transformation of public services to meet 21st century requirements**

These programmes of investment are essential to the public service transformation agenda with the objective of building a more efficient and effective public service whilst continuously improving customer service experience.

The MyGov Programme includes several projects including the 'Customer Hub' to



deliver increased front facing customer services and a review of the service operating model for key strategic and enabling services. The delivery of the programme is planned with incremental change, starting with the first phases in Quarter 2 and Quarter 3 of this year. The new 'Customer Hub' will be located at Edward T Wheadon House, with services phased into the Hub during 2022.

The IT Transformation Programme continues and is in the latter stages of roll out of a programme to transform the States' IT infrastructure and devices (including end user computers and telephony infrastructure). Work continues to roll out the hosting services, security and further IT infrastructure. Two of the IT Transformation workstreams are substantially completed with three others in progress.

The Property Rationalisation Programme will provide more efficient, sustainable and effective use and repurposing of public building space, reducing the number of buildings required by public services. This has included the adoption of smarter rotational working practices and technology for improved collaborative working. Raymond Falla House has already been vacated and work is underway with the remaining properties in scope.

The Smart Court project has commenced the early stages of implementation and will provide a digital front office for the Courts. This will allow multiple engagements to happen digitally, with a corresponding back office for processing these elements. It will allow far safer and more cost-efficient storage of data, along with improved collation of that data and statistics to support government policy, particularly around criminal and social justice matters.

### Maintain Essential Infrastructure and Systems

- A new Electronic Patient Record System will replace the existing end of life legacy system and provide enhanced continuation of patient records management. The whole programme is anticipated to be completed by Quarter 3, 2024.
- The current bus fleet needs a phased replacement of buses that have reached the end of life. There have been some complexities relating to the procurement of Phase 3 of the bus fleet replacement, which will incur some delay to commissioning. A bus fleet lease arrangement is currently being utilised to meet service requirements.

- The Joint Clinical and Animal Waste Solution project is actively sourcing a technical adviser to assist with finalising the detailed specifications for the different options under consideration, so that the most suitable option can be determined.
- Initial work has commenced to review the repair or replacement options for the Castle Emplacement Bridge. It is currently anticipated that construction will commence in 2023.
- Tenders have now been received and the preferred contractor is due to start the repair of the Havelet Slipway during Quarter 3 of 2022.
- The options for the runway improvements and extension relating to the Alderney Airport Pavements Rehabilitation project have now been developed. Preparations are in place for bringing forward a proposal to consider the implications for a revised approach and change of scope. Communications on the options have included stakeholder workshops during February/March.
- A contractor commenced work in

February to reinstate Mont Crevelt Breakwater which is expected to be completed by December 2022. This will enable the continued fill of the remaining space for the inert waste disposal facility within the breakwater at Longue Hougue.

- The Inert Waste project is currently awaiting the potential for the strategic use of Les Vardes Quarry to be formalised. This includes an assessment as to whether it may be possible to accommodate dual use of the Quarry for water storage and inert waste management. Stockpiling of inert waste will be a short-term solution to managing inert waste when the existing facility at Longue Hougue reaches the end of its operational life.





Read more at [gov.gg/GWP](https://gov.gg/GWP)

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## APPENDIX 2

### LEGISLATION PRIORITISED FOR DRAFTING

No.	Committee sponsor(s)	Billet d'État & (Article No.)	Subject & comments	Status	P&R agreed priority	Responsibility for next step	Stage <sup>1</sup>
1	Development & Planning Authority	XXV/2021 (Art. IX)	<b>Review of the Land Planning and Development (Exemptions) Ordinance, 2007</b> Amendment of Land Planning and Development (Exemptions) Ordinance, 2007 and the Land Planning and Development (Use Classes) Ordinance, 2017 to provide new exemptions from the requirement to obtain planning permission and amend existing exemptions.	First draft of legislation sent to officers of the Committee for review and feedback.	High	Development & Planning Authority	4
2	Economic Development	XIV/2015 (Art. XV)	<b>Roll On/Roll Off Ferry Services</b> Licensing regime for Roll On/Roll Off services at St Peter Port Harbour	The Law has been drafted and is awaiting the outcome of the related commercial negotiations.	High	Committee for Economic Development	4

<sup>1</sup> <https://gov.gg/newlegislation>: which includes explanation of the stages

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3	Economic Development	VI/2010 (Art. XI)	<b>Limited partnerships</b> Re-enactment of the Limited Partnerships (Guernsey) Law, 1995 with miscellaneous amendments – e.g., transfer functions to company registrar, migrations, conversions, protected cells	Following consultation on an advanced draft of the Law the Committee has decided to revise the original proposal. A short supplementary Policy Letter will be required to confirm States approval of any revised drafting instructions.	High	Committee <i>for</i> Economic Development	4
4	Economic Development	VII/2020 (Art. VII)	<b>Development of Competition Legislation</b> Amendments to the Competition (Enabling Provisions) (Guernsey) Law, 2009, the Competition (Guernsey) Ordinance, 2012 and the Guernsey Competition and Regulatory Authority Ordinance, 2012	A working draft of the legislation was sent for consultation with the Guernsey Commercial Bar Association and Guernsey International Business Association in January 2022. Feedback has been received and is being reviewed by officers in the Finance Sector Development Unit.	High*	Committee <i>for</i> Economic Development	4
5	Economic Development	VIII/2021 (Art. II)	<b>Introduction of Limited Liabilities Companies legislation</b>	Draft legislation is with officers working to the Committee for review.	High*	Committee <i>for</i> Economic Development	4
6	Employment & Social Security	IV/2020 (Art. II)	<b>Secondary Pensions</b> Introduction of a statutory obligation on employers to automatically enrol their employees into a secondary	Draft legislation is close to finalisation. Consultation feedback is expected from the Guernsey Association of Pension Providers in early May.	High	Committee <i>for</i> Employment & Social Security	4

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			pension scheme and pay contributions into that scheme on their behalf. Also details the criteria to be met by pension schemes being used for this purpose and introduces provisions in respect of compliance and enforcement.				
7	Employment & Social Security	XV/2020 (Art. XV)	<b>Proposals for a new Discrimination Ordinance</b> 1. Preparation of an Ordinance under the Prevention of Discrimination (Enabling Provisions) (Bailiwick of Guernsey) Law, 2004 in relation to the prevention of discrimination on the grounds of disability, carer status, race, sexual orientation and religious belief. 2. Amendment of the Sex Discrimination (Employment) (Guernsey) Ordinance, 2005 to ensure it aligns with the new Discrimination Ordinance.	The Committee has completed consultation on the draft legislation for items 1 and 2.	High	Committee <i>for</i> Employment & Social Security; Law Officers	4

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No.	Committee sponsor(s)	Billet d'État & (Article No.)	Subject & comments	Status	P&R agreed priority	Responsibility for next step	Stage <sup>1</sup>
8	Employment & Social Security	XV/2020 (Art. XV)	<b>Proposals for a new Discrimination Ordinance</b> Amendment of the Employment & Discrimination Tribunal (Guernsey) Ordinance, 2005 to require Tribunal Chairs to be legally qualified (section 7.4.3. of the Policy Letter).	A draft Order has been prepared and reviewed by officers working to the Committee. The Order is not required to be made until towards the end of 2022.	High	Committee <i>for</i> Employment & Social Security; Law Officers	4
9	Environment & Infrastructure	XXI/2012 (Art. VI)	<b>Environmental pollution</b> Amendment of the Environmental Pollution (Guernsey) Law, 2004; water standards; exemptions from the Food and Environmental Protection Act for certain deposits in sea.	Drafting of the Water Pollution Ordinance is in its final stages. Officers working to the Committee are preparing a supplementary Policy Letter to address some policy changes since the 2012 policy was agreed.	High	Committee <i>for the</i> Environment & Infrastructure	4
10	Environment & Infrastructure	XXVI/2014 (Art. VI)	<b>Register of driving instructors</b> Legislation to provide for a register of driving instructors and subsequent amendments to the Driving Licences (Guernsey) Ordinance, 1995. A requirement under the Vienna Convention.	Law has been registered but Regulations implementing and commencing the new regime are required. Much of the legislation has already been drafted and consultation on this matter will take place in 2022. Finalisation of the legislation is	High*	Committee <i>for the</i> Environment & Infrastructure	4

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				expected in early 2023 and implementation in later 2023.			
11	Environment & Infrastructure	XIII/2020 (Art. VI)	<b>Proposed introduction of a general housing law</b> Introduction of enabling legislation to allow for the regulation of the Island's housing other than control of occupation. Amendment of other legislation relevant to housing standards is required.	The enabling Law was approved by the States on 15th October, 2021 and is currently awaiting Royal Sanction. Drafting of the secondary legislation will commence once instructions are received from the Committee.	High	Committee <i>for the</i> Environment & Infrastructure	2
12	Health & Social Care	VII/2016 (Art. III)	<b>Capacity Law</b> Secondary legislation is required to implement the different parts of the Law.	Ordinances commencing parts of the Law and supporting the introduction of Lasting Powers of Attorney were approved at the March 2022 States Meeting. The next part of the Law to be commenced relates to the Protective Authorisation	High	Committee <i>for</i> Health & Social Care	2

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				Scheme, which will take place when further policy and operational decisions have been made. The provisions in the Law relating to Adult Safeguarding are also being further considered.			
13	Health & Social Care	XV/2018 (Art. XIV)	<b>Organ donation - soft opt out scheme</b> Secondary legislation	An Ordinance to commence The Human Tissue and Transplantation (Bailiwick of Guernsey) Law, 2020 has been submitted for consideration at the 29th June States Meeting.	High	States of Deliberation	7
14	Health & Social Care	III/2019 (Art. V)	<b>Health and Care Regulation in the Bailiwick</b> Bailiwick wide enabling Law to establish, amongst other things, an independent Commission to regulate health and care provision.	The Committee intends to progress the development of the primary Law in line with the Government Work Plan timeframe. Secondary legislation will follow when capacity allows.	High	Committee <i>for</i> Health & Social Care	4
15	Home Affairs	V/2005 (Art. VII)	<b>Parole legislation</b> Ordinance to cover applications for parole, revocation and recall and the Parole Review Committee	The Law has received Royal Assent. A revised draft Ordinance and draft Regulations have been sent to the Committee for review and further instruction.	High	Committee <i>for</i> Home Affairs	4

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No.	Committee sponsor(s)	Billet d'État & (Article No.)	Subject & comments	Status	P&R agreed priority	Responsibility for next step	Stage <sup>1</sup>
16	Home Affairs	III/2016 (Art. XIX)	<b>Consumer Protection: Introduction of statutory consumer protection powers</b> Preparation of Ordinance under the Trading Standards (Enabling Provisions) (Guernsey) law, 2009	Draft legislation has been shared with officers at the Committee for review and feedback.	High	Committee <i>for</i> Home Affairs	4
17	Home Affairs	XIII/2011 (Art. IX)	<b>Sexual Offences</b> Secondary legislation	An Ordinance commencing part of the Law was approved by the States on the 16th February, 2022. The remaining secondary legislation will be commenced once further instructions are received from the Committee.	High	Committee <i>for</i> Home Affairs	2
18	Home Affairs	XVIII/2006 (Art. XIII)	<b>Terrorism</b> New offences based on Terrorism Act 2006	The Bailiwick's existing terrorism legislation is being compared against the UK's terrorism legislation in order to evaluate what additional provisions the Bailiwick should adopt. The review extends far beyond a comparison with the Terrorism Act 2006 and therefore notwithstanding that drafting instructions are in place, once the review is	High*	Committee <i>for</i> Home Affairs	2

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				complete a Policy Letter will be prepared which will include the revocation or modification of this Resolution.			
19	Home Affairs	XV/2013 (Art. X)	<b>Terrorist financing, money laundering and weapons proliferation</b> Legislation equivalent to the provisions of schedule 7 of the UK Counter Terrorism Act 2008	A first draft has been produced, and discussions are ongoing with the relevant UK authorities.	High*	Committee <i>for</i> Home Affairs	4
20	Home Affairs	XXIII/2021 (Art. IV)	<b>Legislation relating to financial crime and related matters</b> Amendments to the criminal justice framework for addressing financial crime: repealing and replacing the Forfeiture of Money, etc in Civil Proceedings (Bailiwick of Guernsey) Law, 2007; amendments to eight other pieces of legislation; and new legislation regarding liability for international assistance.	Draft Law and related Ordinance sent to officers of the Policy & Resources Committee for review and feedback.	High*	Committee <i>for</i> Home Affairs; Law Officers	4

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21	Policy & Resources	XI/2018 (Art. III)	<b>Transformation of Income Tax and Contributions Services</b> To develop a single service for the collection of Income Tax and Social Security Contributions; to establish the office of Director of Revenue Services and transfer functions of the Director of Income Tax and the operational contributions responsibilities of CfESS and the Administrator of the Social Insurance Law to that post.	An Ordinance dealing with the establishment of the new Revenue Service Tribunal was approved by the States and commenced on 1st January, 2022. A draft Ordinance dealing with the outstanding Resolutions concerning confidentiality/information exchange is being reviewed and finalised by officers of the Committee.	High	Policy & Resources Committee; Committee <i>for</i> Employment & Social Security	4
22	Policy & Resources	XXI/2019 (Art. I)	<b>States of Guernsey Annual Budget for 2020.</b> Provision for equity release mortgages (proposition 28)	This piece of legislation is contingent on the appropriate protection for consumers being in place to ensure regulation of lending by the Guernsey Financial Services Commission (item 16). A clause has been added to the Lending, Credit and Finance Law to enable equity release mortgages to be provided for by way of Ordinance (item 26).	High	Policy & Resources Committee	3

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No.	Committee sponsor(s)	Billet d'État & (Article No.)	Subject & comments	Status	P&R agreed priority	Responsibility for next step	Stage <sup>1</sup>
23	Policy & Resources	V/2020 (Art. I)	<b>Reform of the Matrimonial Causes Law</b> Reform of the law relating to divorce, annulment and judicial separation of marriage.	A final draft of the legislation has been approved by the Policy & Resources Committee, and endorsed by the Policy & Finance Committees of Alderney and Sark, and the Committee for Home Affairs. It is being submitted for consideration at the 30 <sup>th</sup> May Legislation Review Panel meeting.	High	Legislation Review Panel	6
24	Policy & Resources	IV/2021 (Art. V)	<b>Use of money in dormant accounts</b> Establishment of a statutory scheme to require the transfer of balances in dormant bank accounts in the Bailiwick to a statutory central fund called the Bailiwick Dormant Accounts Fund.	Draft legislation is with officers working to the Committee for review.	High	Policy & Resources Committee	4
25	Policy & Resources		<b>OECD Pillar 1 and 2 Proposals to address the tax challenges arising from the digitalisation of the economy</b> <i>The OECD has been developing new international tax</i>	<i>Technical discussions are ongoing in various OECD forums. It is anticipated that a Policy Letter will be brought to the States in 2022.</i>	High*	Policy & Resources Committee	2

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			<i>standards to tackle remaining Base Erosion and Profit Shifting (BEPS) issues. Aspects of Pillars 1 and 2 are minimum standards. These will require both signing of a multilateral agreement and domestic legislation.</i>				
26	Policy & Resources; Economic Development	IV/2021 (Art. VI)	<b>Lending, Credit and Finance legislation</b> Repeal of the Registration of Non-Regulated Financial Services Businesses (Bailiwick of Guernsey) Law, 2008 and the preparation of a new Lending, Credit and Finance Law.	The Lending, Credit and Finance Law has been drafted and was considered by the Legislation Review Panel on the 25 <sup>th</sup> April 2022.	High	Law Officers	6
27	Policy & Resources; Economic Development	XXV/2021 (Art. X)	<b>Investigation of Air Accidents and Incidents</b> Implementation of the Annex 13 to the Chicago Convention and Regulation (EU) 996/2010 on the investigation and prevention of accidents and incidents in civil aviation. This will require an Ordinance to	Drafting of the legislation is at an advanced stage. Consultation with the Department for Transport is required to finalise the provisions.	High	Law Officers	3

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			be made under the European Communities (Implementation) (Bailiwick of Guernsey) Law, 1994 and the making of an Order in Council to extend the UK Civil Aviation (Investigation of Air Accidents and Incidents) Regulations 2018 to the Bailiwick.				
28	Policy & Resources; Home Affairs	VIII/2021 (Art. V)	<b>Future Governance and operation of the Seized Asset Fund</b> Legislation to put the seized asset arrangements on a statutory footing.	An initial draft has been prepared and is being reviewed internally before being sent to officers of the Committee.	High	Law Officers	3
29	Employment & Social Security	XV/2020 (Art. XV)	<b>Proposals for a new Discrimination Ordinance</b> Preparation of legislation outlining the powers and functions of the statutory official who will lead the Employment and Equal Opportunities Service and to amend existing employment and discrimination legislation in order to transfer any	Drafting has commenced and a first draft of the Law is expected to be with officers of the Committee by Summer 2022. The Law will be commenced at the same time as the main Ordinance.	Medium	Law Officers	3

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			relevant powers to that official (section 7.4.2. of the Policy Letter)				
30	Environment & Infrastructure	III/2003 (Art. VI)	<b>Animal Welfare Legislation</b> Ordinance required for welfare of animals during international transport, regulation of professions and responsibilities and liabilities of animal owners.	The three Ordinances to be drafted are: 1) welfare in transport (WIT) (primarily during export) 2) licensing of businesses that work with animals 3) regulation of veterinary surgeons A draft of the Ordinance regarding welfare in transport (1) is being reviewed. Officers are considering how the draft will fit with proposed legislation in relation to Animal Health post Brexit and the general requirements relating to enforcement in the Official Controls EU Regulation.	Medium	Committee <i>for the</i> Environment & Infrastructure	4
31	Environment & Infrastructure	IX/2014 (Art. VI)	<b>On-Island Integrated Transport strategy</b> Resolution 10 - requirement to pass a theory test before driving on the road as a	Draft amendments to the Driving Licences (Guernsey) Ordinance, 1995 and a draft set of Regulations are substantially complete and have been agreed	Medium	Committee <i>for the</i> Environment & Infrastructure	4

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			provisional driving licence holder	by officers working to the Committee. The legislation will be finalised once practical arrangements, such as IT infrastructure, for its implementation are in place. The drafter awaits further instruction.			
<b>32</b>	Health & Social Care	VII/2016 (Art. V)	<b>Adoption</b> Repeal of the Adoption (Guernsey) Law, 1960 and all relevant legislation relating to adoption to be replaced by new legislation based on the provisions of the Adoption and Children Act 2002.	A draft of the legislation has been prepared but this workstream has not progressed due to lack of policy resource. It is estimated that work may recommence in Q3 2022.	Medium	Committee <i>for</i> Health & Social Care	4
<b>33</b>	Home Affairs	XXIV/2009 (Art. XII)	<b>People working with children and vulnerable adults:</b> Vetting and barring scheme	The 2009 policy decisions need to be revisited. The Committee is working to consider how this can be progressed.	Medium	Committee <i>for</i> Home Affairs	3
<b>34</b>	Economic Development	III/2016 (Art. XVII)	<b>Regulation of utilities</b> Remove postal services and electricity regulation by the Guernsey Competition and Regulatory Authority; amend Post Office and Electricity	The Committee is currently reviewing the 2015 States' Resolutions in the context of the direction to be set by the Energy Policy, to determine whether the Resolutions	Low	Committee <i>for</i> Economic Development	2

\* Automatically prioritised for drafting under GWP priority 2 - Managing the effects of Brexit; meet international standards

No.	Committee sponsor(s)	Billet d'État & (Article No.)	Subject & comments	Status	P&R agreed priority	Responsibility for next step	Stage <sup>1</sup>
			Laws to enable the CED to regulate those utilities	relating to Guernsey Electricity Limited, and the regulations of the electricity sector are aligned with the directions in the Energy Policy.			
35	Employment & Social Security	XI/2020 (Art. XII)	<b>Diffuse Mesothelioma Payment Scheme</b> Introduction of a statutory Diffuse Mesothelioma Payment Scheme	Since legislation is not necessary to facilitate the making of payments, work on this Resolution has been paused.	Low	Committee <i>for</i> Employment & Social Security	1
36	Employment & Social Security	XV/2020 (Art. XV)	<b>Proposals for a new Discrimination Ordinance</b> Rules of Procedure for the Employment and Discrimination Tribunal by Order under the provisions of paragraph 3 of the Schedule to the Employment and Discrimination Tribunal (Guernsey) Ordinance, 2005.	Drafting of legislation has not yet commenced.	Low	Committee for Employment & Social Security	1
37	Environment & Infrastructure	IX/2014 (Art. VI)	<b>On-Island Integrated Transport strategy</b> Extensive legislative proposals (e.g., presumed liability, speed limit review, motorcycle licensing requirements,	It is envisaged that the legislation on theory tests will be completed in this political term. IT infrastructure changes must take place in advance - see separate entry in respect of this	Low	Committee <i>for the</i> Environment & Infrastructure	3

\* Automatically prioritised for drafting under GWP priority 2 - Managing the effects of Brexit; meet international standards



No.	Committee sponsor(s)	Billet d'État & (Article No.)	Subject & comments	Status	P&R agreed priority	Responsibility for next step	Stage <sup>1</sup>
			amendments to theory tests, etc.)	Resolution with a higher priority. The remaining extant Resolutions requiring the drafting of legislation have been held in abeyance by the Committee.			
38	Environment & Infrastructure	XXV/2003 (Art. XI)	<b>Genetically modified crops</b> Legislation to regulate	The adoption locally of the Official Controls Regulation (Smarter Regulation for Safer Food) to ensure alignment with UK regulatory controls post-Brexit will result in this area having a higher priority to protect trade with the UK. The necessity and value of this legislation is being considered as part of an ongoing gap analysis looking at legislation that may be of value post-Brexit.	Low*	Committee <i>for the</i> Environment & Infrastructure	1
39	Environment & Infrastructure	XIV/2015 (Art. XIX)	<b>Residential On-Street Parking</b> Ordinance under the Road Traffic (Parking Fees and Charges) (Enabling Provisions)	Drafting of this legislation has been paused pending a full review of parking policy.	Low	Committee <i>for the</i> Environment & Infrastructure	3

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No.	Committee sponsor(s)	Billet d'État & (Article No.)	Subject & comments	Status	P&R agreed priority	Responsibility for next step	Stage <sup>1</sup>
			(Guernsey) Law, 2009 to provide for parking permits.				
40	Environment & Infrastructure	VIII/2006 (Art. IX)	<b>Plant Health (Guernsey) Ordinance</b> Non-Brexit related Ordinances may be required	Officers working to the Committee are considering the requirements for statutory controls covering noxious and invasive plants alongside enhancements to the framework for conservation legislation.	Low*	Committee <i>for the</i> Environment & Infrastructure	1
41	Home Affairs	XXI/2009 (Art. IV)	<b>Domestic Abuse Strategy</b> Amend the Domestic Proceedings and Magistrates Court (Guernsey) Law, 1988 Law in relation to breaches of Domestic Violence Injunctions.	Officers working to the Committee are considering further proposals relating to domestic violence legislation in other jurisdictions, as part of the review of the Domestic Abuse Strategy.	Low	Committee <i>for</i> Home Affairs	4
42	Home Affairs	XI/2008 (Art. XVIII)	<b>Sale of knives to under-18's</b> Amend the Police Powers and Criminal Evidence (Bailiwick of Guernsey) Law, 2003 and the Criminal Justice (Miscellaneous Provisions) (Bailiwick of Guernsey) Law, 2006	Draft legislation was provided to officers working to the Committee for review and feedback. This Resolution remains valid and, should time be available, will be pursued by officers.	Low	Committee <i>for</i> Home Affairs	4

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No.	Committee sponsor(s)	Billet d'État & (Article No.)	Subject & comments	Status	P&R agreed priority	Responsibility for next step	Stage <sup>1</sup>
43	Policy & Resources	XIX/2011 (Art. XI)	<b>States Official Gazette</b> Simplification of legislative requirements for Gazette Officielle publications	The Committee has recently considered the targeted consultation feedback and will present its recommended proposals to the States at the earliest opportunity.	Low	Policy & Resources Committee	4
44	Economic Development	VIII/2021 (Art. I)	<b>Control of the first sale and purchase of fish and shellfish landed in Guernsey</b> Legislation to amend the Fishing Ordinance, 1987	First draft of the legislation sent to officers to the Committee for review and feedback.	Not yet prioritised	Committee <i>for</i> Economic Development	4
45	Employment & Social Security	XV/2020 (Art. XV)	<b>Proposals for a new Discrimination Ordinance</b> Amend existing employment and discrimination legislation to ensure that a consistent approach is taken to offering pre-complaint conciliation with regards its effect on suspending the time limit for registering complaints and to enable other relevant time limits to be amended as may be considered appropriate.	Amendments are included in the draft Prevention of Discrimination (Guernsey) Ordinance.	Not yet prioritised	Committee <i>for</i> Employment & Social Security	4

\* Automatically prioritised for drafting under GWP priority 2 - Managing the effects of Brexit; meet international standards

No.	Committee sponsor(s)	Billet d'État & (Article No.)	Subject & comments	Status	P&R agreed priority	Responsibility for next step	Stage <sup>1</sup>
46	Home Affairs	XX/2014 (Art. XIII)	<b>Channel Islands lottery</b> New Ordinance under Gambling (Guernsey) Law, 1971 to permit other forms of lottery and allocation of proceeds	This has not yet been prioritised.	Not yet prioritised	Committee <i>for</i> Home Affairs	1
47	Policy & Resources	XXVI/2020 (Art. XII)	<b>King George the Fifth Memorial Playing Field Trust</b> Preparation of a Law to create a statutory trust to consolidate the King George the Fifth Memorial Playing Field Trust and the Friends of KGV Trust, alter the definition of 'King George's Fields' to allow the commercial parts of the trust property to be used as security, remove the Bailiff as Trustee and necessary and ancillary amendments.	This piece of legislation has not yet been prioritised.	Not yet prioritised	Policy & Resources Committee	1
48	Policy & Resources	XXVI/2020 (Art. I)	<b>States of Guernsey Annual Budget for 2021</b> Amendment of the Income Tax (Guernsey) Law, 1975 to clarify that income paid from an international savings plan is	A draft Ordinance is with the Guernsey Association of Pension Providers for comment. Fiduciary Regulations are also required, and they are with the	Not yet prioritised	Policy & Resources Committee	4

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No.	Committee sponsor(s)	Billet d'État & (Article No.)	Subject & comments	Status	P&R agreed priority	Responsibility for next step	Stage <sup>1</sup>
			exempt from tax in the manner set out in paragraphs 4.10 and 4.11 (Proposition 6)	GFSC and industry bodies for comment.			
49	Policy & Resources	XVII/2021 (Art. XVII)	<b>The Bailiwick's Participation in UK Free Trade Agreements</b> Legislation in respect of Free Trade Agreements	This piece of legislation has not yet been prioritised. This Resolution is forward-looking to provide a direction to legislate if it is required to enable the continued implementation of, or ensure continued compliance with obligations arising under, Free Trade Agreements.	Not yet prioritised*	Policy & Resources Committee	1
50	Policy & Resources	XXI/2021 (Art. I)	<b>States of Guernsey Annual Budget for 2022</b> Amendment of the Income Tax (Guernsey) Law, 1975 to provide that an interim assessment of a person's income in respect of a year of charge may be made prior to the commencement of that year.	Draft Ordinance under review by the technical team. Consideration is being given to implementation timeframes for the necessary IT changes to inform an effective date for commencing the legislation.	Not yet prioritised	Policy & Resources Committee	4

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No.	Committee sponsor(s)	Billet d'État & (Article No.)	Subject & comments	Status	P&R agreed priority	Responsibility for next step	Stage <sup>1</sup>
51	States' Assembly & Constitution	XVI/2020 (Art. X)	<b>Review of the Code of Conduct for Members of the States of Deliberation</b> Amendment of the Reform (Guernsey) Law, 1948 to empower a Commissioner for Standards to be established. Preparation of a new piece of legislation to provide, amongst other things, for the Commissioner's appointment, powers and duties, powers to summons people and to provide records, and offences for failing to appear/provide information.	A policy letter is expected to be presented at the States' Meeting on 29th June, proposing that the Reform (Guernsey) Law, 1948 will be amended to enable the establishment of a Commissioner for Standards and including the substantive new provisions underpinning the role of the Commissioner, rather than the two stage process originally envisaged. It is intended that this Law will be presented to the States before the end of 2022.	Not yet prioritised	States' Assembly & Constitution Committee	4

\* Automatically prioritised for drafting under GWP priority 2 - Managing the effects of Brexit; meet international standards

# KEY FOR ACTIONS

## APPENDIX 3

CATEGORY	RESOURCING	PHASING
1 – Priority Actions	Resource as a priority.	<b>Phase 1:</b> Start/continue in the 2022-2023 period
2 – Action in train - to be finished	Resource as far as possible considering priority actions.	<b>Phase 1:</b> Start/continue in the 2022-2023 period
3 - Action scoped but not started	Consider for resource prioritisation in the context of higher category actions.	<b>Phase 2:</b> Commence within this term if/when possible.
4 - Action not scoped	No resource at present – sponsoring Committee may scope action further and submit to 2023 GWP refresh for resource allocation.	<b>Phase 3:</b> Do not commence this term. Consider for next term.
5 – Action no longer required in the GWP	No resourcing required.	No work will be undertaken.

**L** Legislation required & on drafting schedule

**L** Legislation required but not yet on drafting schedule

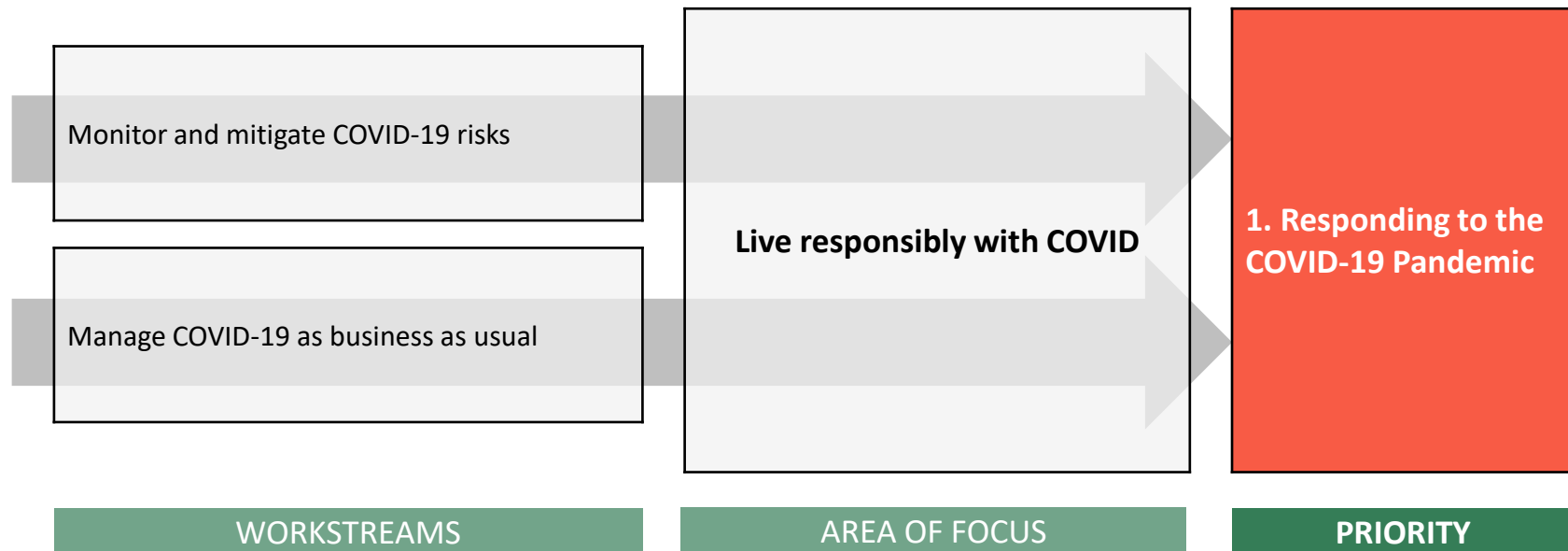
**C** Capital funding requirement

*A box with dashed lines and italic text indicates a follow on action. This action may take place once a decision or milestone has been reached in the preceding action.*

Actions outlined in orange have been introduced to the Government Work Plan framework since 2021.

# PRIORITY 1 – RESPONDING TO THE COVID-19 PANDEMIC

## WORKSTREAM SUMMARY





PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 1	
2022	2023	2024	2025	2026	MONITOR AND MITIGATE COVID-19 RISKS	AREA OF FOCUS: LIVE RESPONSIBLY WITH COVID
Continued rollout of vaccination programme in line with Joint Committee on Vaccination and Immunisation (JCVI) guidance, incorporating, as appropriate, any further booster requirements into the Bailiwick’s Immunisation Programme						
Develop, maintain and deliver a responsive risk-based testing strategy						
2022	2023	2024	2025	2026	MANAGE COVID-19 AS BUSINESS AS USUAL	
Support individuals and businesses to live responsibly with COVID-19 through engagement and awareness						
Provide proportionate, targeted support and guidance in respect of high-risk outbreaks or cases						

# PRIORITY 2 – MANAGING THE EFFECTS OF BREXIT; MEET INTERNATIONAL STANDARDS

## WORKSTREAM SUMMARY

Enhance the Bailiwick’s constitutional resilience	International Agreements and Conventions	2. Managing the effects of Brexit; meet international standards
Ensure compliance with agreed international agreements/standards		
Seek opportunities for new beneficial arrangements		
Ensure customs agreement compliance		
Respond to and assist in shaping international tax standards	Substance, Taxation and Reporting	
Continue to meet economic substance requirements		
Meet the political commitments made to the EU in respect of assistance in collection of certain taxes		
Ensure ongoing alignment with the UK-EU Trade and Cooperation agreement (TCA)		
Implement Common Reporting Standards (CRS)/CRS v2	Borders	
Implement required operational border infrastructure		
Implement required customs and excise structure		
Ensure capacity and project support for border-related requirements		
GEMS development to achieve compliance with UK-EU Trade and Cooperation Agreement and new Free Trade Agreements (FTAs)		
Implement required immigration and nationality service structure	Trade Arrangements	
Maintain trade in goods		
Maintain trade in services		
Maintain intellectual property protections		
Ensure compliance at the border with Trade and Cooperation Agreement (TCA) legislation		
WORKSTREAMS	AREAS OF FOCUS	PRIORITY

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 2	AREA OF FOCUS: INTERNATIONAL AGREEMENTS AND CONVENTIONS
2022	2023	2024	2025	2026	ENHANCE THE BAILIWICK'S CONSTITUTIONAL RESILIENCE	
Assert Guernsey's constitutional position						
Continue development of Guernsey's international identity						
2022	2023	2024	2025	2026	ENSURE COMPLIANCE WITH AGREED INTERNATIONAL AGREEMENTS/ STANDARDS	
Facilitate ongoing compliance with UK-EU TCA and other FTAs						
Review terrorism legislation incl. potential introduction of legislation in line w/UK Counter Terrorism Act 2008 <span>L</span>						
Maintain compliance with international standards on financial crime and regulation and prepare for international evaluations including: • Prepare for MONEYVAL 2024; Ongoing preparation for other periodic evaluations; Legislative changes & associated legal aspects of evaluations; Implement required Law Enforcement structure & upgrade systems <span>L</span>						
Cyber-security developments – update online security legislation and achieve necessary equivalence to the UK Telecoms security bill <span>L</span>						
Develop and deliver Periodic Testing Inspections for road transport						
Develop a register of driving instructors <span>L</span>						
Ensure ongoing compliance with treaties is maintained and developed where necessary						
Motor Insurers' Bureau						
Negotiation of mutual recognition & driving licence entitlement exchange agreements & individual EU Member States in liaison with DfT and continued participation in European Registration Authorities Group (EREG)						
Gsy's inclusion in the Comprehensive & Progressive Agreement for Trans-Pacific Partnership (CPTPP)						

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 2
2022	2023	2024	2025	2026	SEEK OPPORTUNITIES FOR NEW BENEFICIAL ARRANGEMENTS
Explore opportunities for Bailiwick participation in UK-Rest of World Free Trade Agreements (FTAs)					
Implementation of the Paris Agreement on climate change & ongoing compliance*					
Seek opportunities for participation in other relevant international agreements					
Consider and review wider implications of potential future Free Trade Agreements (FTAs) (including customs matters)					
Russian invasion of Ukraine – Refugee considerations					
2022	2023	2024	2025	2026	ENSURE CUSTOMS AGREEMENT COMPLIANCE
Achieve and maintain compliance with relevant customs and immigration International agreements and conventions:					
<ul style="list-style-type: none"> <li>Implementation of simplified procedures – for entry and defence records, duty deferment, simplified frontier declaration and aggregated decisions</li> <li>Compliance with World Customs Organisation requirements</li> <li>Review of primary customs legislation to meet obligations of Customs Arrangement</li> </ul>					
Fulfil the obligations required by the UK/Bailiwick Customs Arrangement:					
<ul style="list-style-type: none"> <li>Implementation of Safety and Security Declarations – requiring Memorandum of Understanding with HMRC, operational guidance, regulations for Entry Summary Declaration (ENS) system submission and Safety and Security profiles</li> <li>Manifesting of goods – new directions in the Customs Law, to be published and operationalised</li> <li>Control of Detained Goods – designation of sites, mechanism for movement of detained goods</li> <li>Customs Special Procedures – legislation, process, operational guidance</li> </ul>					

AREA OF FOCUS: INTERNATIONAL AGREEMENTS AND CONVENTIONS

\*Action is shown in green as it links to the priority actions on climate change in Priority 3

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 2	AREA OF FOCUS: SUBSTANCE, TAXATION AND REPORTING
2022	2023	2024	2025	2026	RESPOND TO AND ASSIST IN SHAPING INTERNATIONAL TAX STANDARDS	
Implement the requirements of OECD Pillars 1 and 2						
Respond to the EU Code of Conduct Group						
Amend Income Tax Legislation as required <span>L</span>						
2022	2023	2024	2025	2026	CONTINUE TO MEET ECONOMIC SUBSTANCE REQUIREMENTS	
Continue to meet economic substance requirements, including preparations for relevant evaluations and periodic reviews by OECD etc.						
2022	2023	2024	2025	2026	MEET POLITICAL COMMITMENTS IN ASSISTANCE IN COLLECTION OF CERTAIN INDIRECT TAXES	
Negotiate VAT Protocol with EU	Implement the VAT Protocol					
2022	2023	2024	2025	2026	ENSURE ONGOING ALIGNMENT WITH THE TCA	
Take measures to ensure that Guernsey taxation aligns to, and continues to align with, the EU-UK Trade and Cooperation Agreement (TCA)						
2022	2023	2024	2025	2026	IMPLEMENT COMMON REPORTING STANDARDS/ CRS v2	
Implement new Common Reporting Standards (CRS) requirements as they arise						
Prepare for OECD Global Forum on Transparency and Exchange of Information for Tax Purposes						

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 2	AREA OF FOCUS: BORDERS
2022	2023	2024	2025	2026	IMPLEMENT REQUIRED OPERATIONAL BORDER INFRASTRUCTURE	
Upgrade New Jetty facilities to accommodate additional staff <b>C</b>						
Implement changes at Alderney Harbour depending on necessary Sanitary and Phytosanitary Standards measures <b>C</b>						
					IMPLEMENT REQUIRED CUSTOMS AND EXCISE SERVICE STRUCTURE	
2022	2023	2024	2025	2026		
Identify, implement and maintain an appropriate Customs and Excise service structure that enables the delivery of the post-Brexit business-as-usual functions						
					ENSURE CAPACITY AND PROJECT SUPPORT FOR BORDERS- RELATED REQUIREMENTS	
2022	2023	2024	2025	2026		
Upskill and backfill staff to deliver business-as-usual functions post-Brexit						
Provide appropriate resource to support the GBA to deliver mandatory Brexit workstreams						

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 2	AREA OF FOCUS: BORDERS
2022	2023	2024	2025	2026	GEMS DEVELOPMENT TO ACHIEVE COMPLIANCE WITH UK-EU TCA AND NEW FTAS	
Implement further developments to respond to variations in the Customs Arrangement and future Free Trade Agreements						
2022	2023	2024	2025	2026	IMPLEMENT REQUIRED IMMIGRATION AND NATIONALITY SERVICE STRUCTURE	
Identify, implement and maintain an appropriate Immigration and Nationality service structure that enables the delivery of the post-Brexit business-as-usual functions						
Integrate systems between Immigration & Population Management for work permit applications						

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 2
2022	2023	2024	2025	2026	MAINTAIN TRADE IN GOODS
Develop market surveillance capability					
Contribute to UK Fisheries Management Centre and Export Service					
Identify and implement solution for French fishing vessel licensing and monitoring					
Follow-on actions re: the UK’s contracting party status with North East Atlantic Fisheries Commission to the Bailiwick in order to continue to meet international requirements					
Deliver necessary measures to ensure Sanitary and Phytosanitary Standards requirements are met, including: <ul style="list-style-type: none"><li>• Ongoing consultancy with Tautenay</li><li>• Computer database upgrade/replacement</li><li>• Explore Memorandum of Understanding with Jersey for Plant Health service</li></ul>					
Conduct further exploratory work to identify any actions (additional to the action above) needed to support plant and animal health/Sanitary and Phytosanitary Standards (SPS)					
Enhance and implement changes to the SPS border control model as necessary for the import and export of certain products, including animals/animal products and plants/plant products					
Consider additional Plant Health, Control of Plants and Plant Pests Legislation				L	
Ensure alignment with UK regulatory controls on genetically modified crops				L	

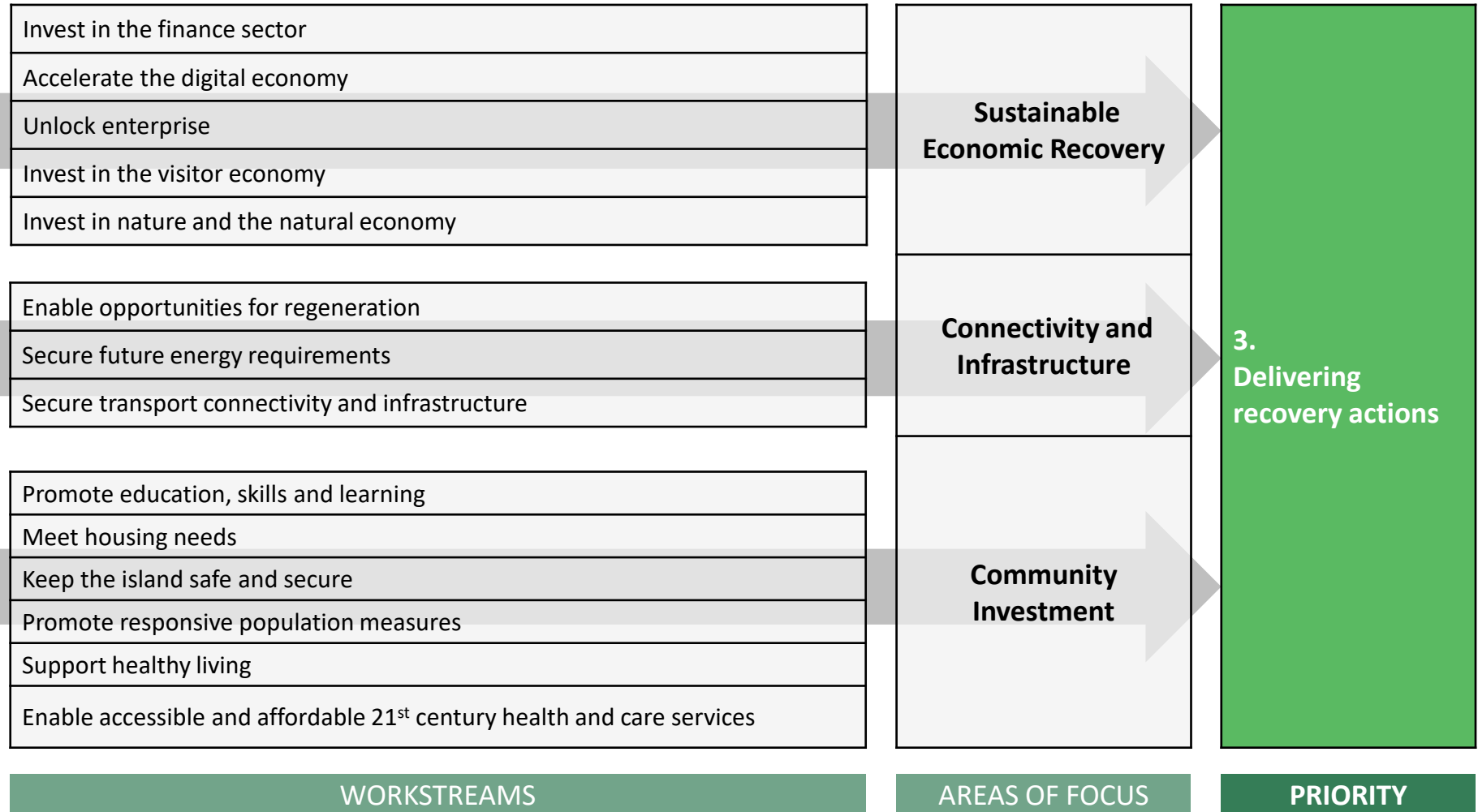
PRIORITY 2	
AREA OF FOCUS: TRADE ARRANGEMENTS	



PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 2	AREA OF FOCUS: TRADE ARRANGEMENTS
2022	2023	2024	2025	2026		
Prepare Limited Liability Companies Legislation <span>L</span>	Implement legislation				MAINTAIN TRADE IN SERVICES	
Develop necessary Competition Legislation <span>L</span>	Implement legislation					
Carry out exploratory work to identify actions needed to maintain trade in services						
2022	2023	2024	2025	2026		MAINTAIN INTELLECTUAL PROPERTY PROTECTIONS
Carry out exploratory work to identify actions needed to maintain intellectual property protections	Deliver the agreed actions					
2022	2023	2024	2025	2026		ENSURE COMPLIANCE WITH TCA LEGISLATION AT THE BORDER
Ongoing communication between States Committees to ensure that all legislation which relies on border controls is enforced						

## PRIORITY 3 – DELIVERING RECOVERY ACTIONS

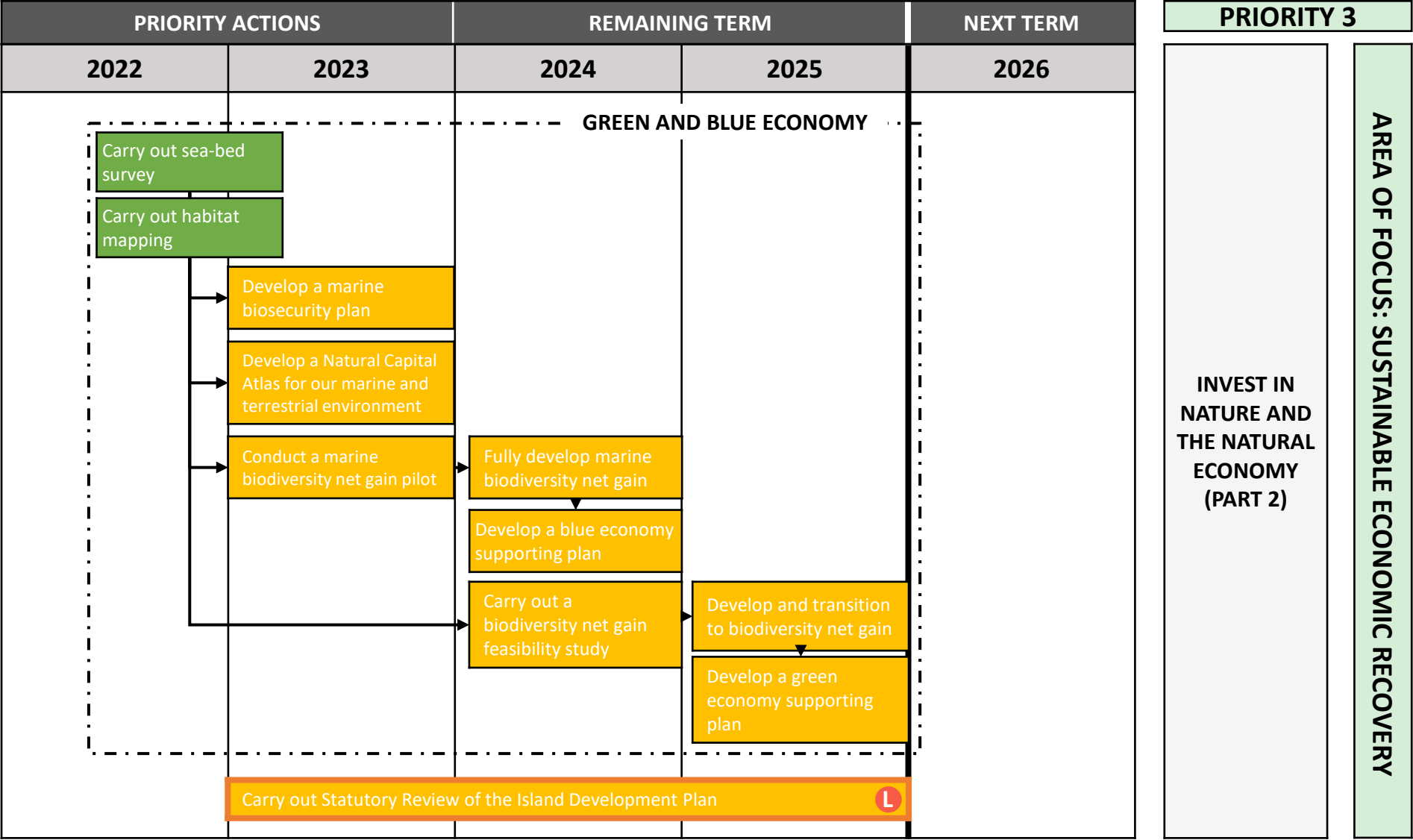
### WORKSTREAM SUMMARY



PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 3	AREA OF FOCUS: SUSTAINABLE ECONOMIC RECOVERY
2022	2023	2024	2025	2026	INVEST IN THE FINANCE SECTOR	
Continued investment in promoting Guernsey’s finance sector						
2022	2023	2024	2025	2026	ACCELERATE THE DIGITAL ECONOMY	
				DIGITAL FRAMEWORK		
Digital Framework and action plans – invest in and develop the local digital economy						
Continued support for digital skills and pathways						
Promote and support innovation, transformation and entrepreneurial growth in the digital sector (scale-ups)						
Establish regulation and legislation to enable the digital sector						
Implement a universal fibre broadband network						
	Establish a 5G licensing framework					

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 3	
2022	2023	2024	2025	2026		
Scope requirements for an Enterprise Plan	Consider the options for Guernsey enterprise zones	If agreed, implement appropriate enterprise zones	ENTERPRISE PLAN		UNLOCK ENTERPRISE	
	Consider the options for Enterprise Investment Schemes	If agreed, implement appropriate investment schemes				
	Introduce investor/entrepreneur visas					
Support emerging economic opportunities						
Explore opportunities for further development of the general and commercial aviation sectors						
Amend Guernsey's approach to Limited Partnerships and update the Law						
					</	





PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 3	
2022	2023	2024	2025	2026	ENABLE OPPORTUNITIES FOR REGENERATION	AREA OF FOCUS: SUSTAINABLE ECONOMIC RECOVERY
Implement agreed aggregate supply solution						
Determine the future strategic use of Les Vardes	Purchase negotiation C					
Conclude decision making on the future inert waste facility	SEE PRIORITY 4 – deliver the future inert waste facility C					
Agree preferred direction for future harbour requirements & seek approval	Continue harbour planning and investigation as required. Prioritise essential and time dependent work. C			FUTURE HARBOUR REQUIREMENTS		
Establish Development Agency & develop strategic framework for States approval	Prepare for and implement a long-term development plan C					
Develop and agree a Bridge Strategy (excluding St Sampson’s Harbour)	Implement the Bridge Strategy					
Complete Local Planning Briefs for the Harbour Action Areas						
Conclude appraisal of government involvement in developing Leale’s Yard						
Amend the Land Planning and Development Ordinances to provide for further planning permission exemptions L						

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 3
2022	2023	2024	2025	2026	AREA OF FOCUS: CONNECTIVITY AND INFRASTRUCTURE
Develop the electricity strategy for the Island	Implement actions to improve the outlook for an increase in use of renewables;				
Develop a licensing framework to support on-Island renewable energy				Review licensing framework and regulation of utilities <b>L</b>	SECURE FUTURE ENERGY REQUIREMENTS
2022	2023	2024	2025	2026	SECURE TRANSPORT CONNECTIVITY AND INFRASTRUCTURE
Support air route connectivity					
Create a proportionate licensing regime for Roll On/Roll Off ferry services <b>L</b>					
Upgrade airport baggage handling system – Phase 1 <b>C</b>					
Upgrade airport baggage handling system – Phase 2 <b>C</b>					
Conclude Guernsey Airport runway extension decision	Respond to decision				
Update Investigation of Air Accidents & Incidents legislation <b>L</b>					
				Scope the repeal and replacement of island road traffic legislation to discharge elements of Integrated Transport Strategy <b>L</b>	



PRIORITY ACTIONS		REMAINING TERM		NEXT TERM
2022	2023	2024	2025	2026
Address the areas where COVID-19 has negatively affected learning and the school environment				
Strategic investment in continuous education improvement				
	Strategic and operational support to be delivered within schools and settings following Ofsted Inspection.			
Implement the reorganisation of secondary and post-16 education				
Plan and deliver digital transformation for schools (including hardware and soft skills such as behaviour, culture etc.)				
Plan and deliver the Guernsey Institute				
Implement recommendations of the nasen Report on SEND provision				
Repeal and replace the Education Law – Projet & Policy Development		Replace the Education Law – Ordinances	Implement the Education Law	
Develop an action plan to successfully grow knowledge and skills to meet community needs (including immediate action delivery where possible)	Continued delivery of human development capital plan actions			
				Review the delivery of primary education

### PRIORITY 3

PROMOTE  
EDUCATION,  
SKILLS AND  
LEARNING

AREA OF FOCUS: COMMUNITY INVESTMENT

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 3
2022	2023	2024	2025	2026	
Housing Action Group: scope and deliver urgent measures to relieve pressures in the housing market					MEET HOUSING NEEDS
	Evaluate and prioritise development of the more impactful policy interventions to the private housing market to increase its capacity and affordability	Implement agreed recommendations			
Progress proposals to the States on the States Strategic Housing Indicator	Respond to housing indicator requirements, specifically developments and funding to, in partnership with the GHA, to provide more affordable housing to meet requirements				
Progress proposals to the States on the potential transfer of the States’ social housing stock to the GHA	If the States agree to the proposals, implementation of stock transfer				
Evaluate and implement interventions to address key worker housing capacity and affordability	Implement agreed recommendations				
Implement the General Housing Law - improving Housing Standards (phase 1)					
	Implement the General Housing Law – Rent protection deposit scheme (phase 2)				
		Review availability, provision and funding of accommodation for elderly people	Implement decisions from the review of accommodation for elderly people		
		Review the provision of emergency accommodation in Guernsey	Implement review recommendations		
					AREA OF FOCUS: COMMUNITY INVESTMENT

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 3	
2022	2023	2024	2025	2026	KEEP THE ISLAND SAFE AND SECURE (PART 1)	
Develop Justice Framework						AREA OF FOCUS: COMMUNITY INVESTMENT
Review the grounds governing the Appeals Law	Policy work for Appeals Law	Drafting of legislation L	Implementation			
Enhance domestic abuse services in line with the updated domestic abuse, sexual abuse and violence strategy (including a Sexual Assault Referral Centre (SARC) three year pilot) L						
Update parole legislation L		Implement legislation				
Update sexual offences legislation – secondary legislation L	Implement legislation					
Explore options for alternative and non-punitive approaches to the possession and use of small quantities of illegal drugs L	Implement changes as agreed					
Rescope Vetting and Barring scheme and revisit legislative requirements L						
Frame and commission of legal aid in context of justice framework		Implementation				
				Update RIPL (Regulation of Investigatory Powers) legislation L		
				Update PPACE (Police and Criminal Evidence) legislation L		
				Sentencing review L		
JUSTICE FRAMEWORK ACTIONS						

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 3
2022	2023	2024	2025	2026	
	Evaluate, appraise learning from the Bailiwick's COVID response		Implement outcomes		<div>KEEP THE ISLAND SAFE AND SECURE (PART 2)</div> <div>AREA OF FOCUS: COMMUNITY INVESTMENT</div>
Reform the Adoption Law (primary legislation) <span>L</span>	Develop secondary legislation and implement Adoption Law changes				
Conclude and implement Matrimonial Causes Law reforms incl. amendments to Domestic Proceedings Law <span>L</span>	Implement changes				
Implement the Capacity Law <span>L</span>					
Conclude Children Law policy and legislative development <span>L</span>		Implement agreed changes			
Prepare a new Credit and Finance Law <span>L</span>					
				Repeal & replace Fire Law <span>L</span>	

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 3	
2022	2023	2024	2025	2026	KEEP THE ISLAND SAFE AND SECURE (PART 3)	AREA OF FOCUS: COMMUNITY INVESTMENT
Develop policy & introduce Phase 1 of Discrimination Ordinance (incl. grounds of religious belief & sexual orientation) <span>L</span>						
	Develop policy and introduce Phase 2(A) of the Discrimination Ordinance: Age and Sex Grounds (Preparation for Phase 2 will need to commence ahead of the end of Phase 1) <span>L</span>			Develop policy and introduce Phase 2(B) of the Discrimination Ordinance: Equal Pay for Work of Equal Value <span>L</span>		
Conclude primary legislation for regulation of health & care <span>L</span>			Introduce secondary legislation & implementation for the regulation of health & care <span>L</span>			
	Advance legislation re: requirement to pass theory test prior to driving on road as provisional licence holder <span>L</span>	Implement legislation				
			Review Health & Safety legislation <span>L</span>			
				Consideration of further employment protection measures		

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 3	AREA OF FOCUS: COMMUNITY INVESTMENT
2022	2023	2024	2025	2026	ENABLE RESPONSIVE POPULATION MEASURES	
Review population policy and set out a pathway to address the challenges faced by the economy	Deliver actions necessary to implement the population review recommendations agreed by the States					
2022	2023	2024	2025	2026	SUPPORT HEALTHY LIVING	
Scope & deliver improvements to occupational health & wellbeing services post-COVID-19						
Implement a system to reduce backlogs and waiting times in health and care services						
	Plan and agree the structure & location of a Community Hub	Design and deliver a Community Hub (including consideration of children and family services and a wellbeing centre)				
Scope tier 3 and 4 weight services	Introduce tier 3 and 4 weight services					
Conclude Footes Lane refurbishment						
	Review minimum income standards with initial focus on income support and winter fuel allowance	Follow on actions to implement recommendations as agreed by the States; and commence the next area of focus				
				Improve access to personalised health & care information		
				Review of the purpose and need for industrial medical benefit		

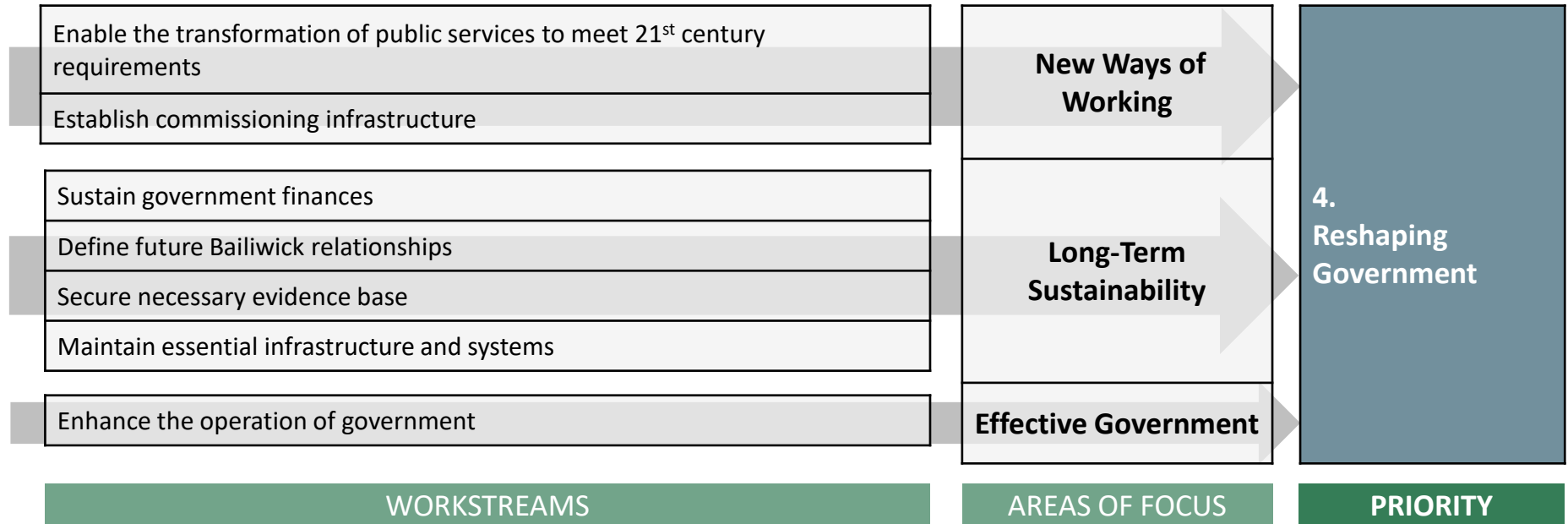
PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 3	
2022	2023	2024	2025	2026	AREA OF FOCUS: COMMUNITY INVESTMENT	
Determine proposals to increase affordability of primary care appointments and aids & adaptations and establish whether to explore the introduction of a compulsory insurance scheme <i>(including an update on the Bailiwick Social Prescribing Pilot)</i>	Implementation and ongoing review of the primary care model					
Develop & run an enhanced mental health service pilot						
Commence Human Tissue & Transplantation Law	Implement the Human Tissue & Transplantation Law					
Implement NICE TA drugs - Tranche 2 – ICER per QALY of up to £40k	Review of practical application and next stages					
Enable indemnity insurance for health & care providers						
Deliver Our Hospital Modernisation – Phase 1						
Deliver Our Hospital Modernisation – Phases 2&3 (including PEH Energy and Pathology and Laboratory services)						
				Review of the Medicines Law		
				Review end-of-life care		
ENABLE ACCESSIBLE AND AFFORDABLE 21 <sup>ST</sup> CENTURY HEALTH AND CARE SERVICES (PART 1)						

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 3	
2022	2023	2024	2025	2026		
	<div>Supported Living and Ageing Well Strategy (SLAWS): Review funding options for Long-term Care and develop proposals</div> <div>L</div>	<div>Develop and implement proposals to extend Long-term Care benefits to include care in people's own homes</div> <div>Explore a higher rate of benefit for complex cases with exceptional needs in care homes</div> <div>Develop a digital care needs assessment model to address increased demand and variety of benefit rates</div>	SUPPORTED LIVING AND AGEING WELL STRATEGY		ENABLE ACCESSIBLE AND AFFORDABLE 21 <sup>ST</sup> CENTURY HEALTH AND CARE SERVICES (PART 2)	AREA OF FOCUS: COMMUNITY INVESTMENT
	<div>Review operations of health benefit funding following transfer to the Committee for Health &amp; Social Care</div>			<div>Design and implement a scheme for the Funding of Medical Treatment for Guernsey and Alderney Residents Travelling in the UK</div>		



# PRIORITY 4 – RESHAPING GOVERNMENT

## WORKSTREAM SUMMARY



PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 4	AREA OF FOCUS: NEW WAYS OF WORKING
2022	2023	2024	2025	2026	ENABLE THE TRANSFORMATION OF PUBLIC SERVICES TO MEET 21 <sup>ST</sup> CENTURY REQUIREMENTS	
Implement 21 <sup>st</sup> Century front facing public services <b>C</b>						
Implement 21 <sup>st</sup> Century strategic services for government <b>C</b>						
Design and implement 21 <sup>st</sup> Century property and facilities management services across government <b>C</b>						
Transform public service IT <b>C</b>						
Deliver digital transformation of the Royal Court <b>C</b>						
Carry out public service workforce planning						
Prepare for, plan and deliver the further rationalisation of States property <b>C</b>						
Prepare for, plan and deliver the rationalisation of the Home Affairs Estate <b>C</b>						
2022	2023	2024	2025		2026	
Develop and establish an approach to commissioning						
Review commissioned services						
Explore the options for a Nature Commission	→ If agreed, implement Nature Commission					

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 4	
2022	2023	2024	2025	2026	SUSTAIN GOVERNMENT FINANCES	AREA OF FOCUS: LONG-TERM SUSTAINABILITY
Agree a sustainable taxation policy	→ Implement the agreed taxation policy					
Implement secondary pensions <span>L</span>						
Introduce the new governance model for Seized Asset Fund <span>L</span>						
Establish the Dormant Accounts Fund <span>L</span>						
Implement International Public Sector Accounting Standards						
Define the universal health offering						
Deliver the Revenue Service Target Operating Model & associated IT replacement <span>L</span> <span>C</span>						
	Provide for equity release mortgages in Guernsey <span>L</span>					
	Consider options for covering waste charge shortfall					

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 4	AREA OF FOCUS: LONG-TERM SUSTAINABILITY
2022	2023	2024	2025	2026	MAINTAIN AND STRENGTHEN BAILIWICK RELATIONSHIPS	
Strengthen the relationship between Guernsey and Sark						
Strengthen the relationship between Guernsey and Alderney						
2022	2023	2024	2025	2026	SECURE NECESSARY EVIDENCE BASE	
Implement/maintain minimum necessary measures to monitor the impact of government work						

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 4	
2022	2023	2024	2025	2026		
					MAINTAIN ESSENTIAL INFRASTRUCTURE AND SYSTEMS	
Replace the bus fleet – complete phases 1 & 2 and commence phase 3 C						AREA OF FOCUS: LONG-TERM SUSTAINABILITY
Replace the cremator C						
Replace the Electronic Patient Record System C						
Replace St Sampson’s fire main pump C						
Replace Virtual Machine Environment (VME) C						
Provide Tetra PSN (public safety network) C						
Clinical and animal waste incinerator C						
Complete Alderney Airport pavement rehabilitation C						
Replace Guernsey Registry IT systems C						
Carry out necessary SAP system updates C						
Reinstate Mont Crevelt Breakwater C						

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 4	
2022	2023	2024	2025	2026	MAINTAIN ESSENTIAL INFRASTRUCTURE AND SYSTEMS	AREA OF FOCUS: LONG-TERM SUSTAINABILITY
Implement an online passport system				C		
Deliver the future inert waste facility				C		
Repair Havelet slipway						
Repair/replace Castle Emplacement Bridge				C		
Repair Fermain wall	C					
				Purchase & install additional MRI scanner		
				Refurbish Castle Cornet		
				Replace CCTV systems		
				Deliver further coastal flood defences		
				Deliver solution for Territorial Seas & Fisheries Enforcement		
				Plan & deliver the HSC Digital Roadmap		
				Deliver the future Guernsey Dairy	C	

PRIORITY ACTIONS		REMAINING TERM		NEXT TERM	PRIORITY 4		
2022	2023	2024	2025	2026	ENHANCE THE OPERATION OF GOVERNMENT	AREA OF FOCUS: EFFECTIVE GOVERNMENT	
Secure changes to Royal Sanction				L			
Identify options to independently determine States Members and Non-States Members remuneration							
Review how government works to meet islanders’ needs							
Automate the electoral roll							
Introduce simultaneous electronic voting in the assembly							
Review of Code of Conduct for States’ Members							

## GOVERNMENT WORK PLAN 2022 – ACTION CATEGORIES

All actions within Priority 3 (Delivering Recovery Actions) of the Government Work Plan framework, and particular priority actions in the other Priorities, are included in the tables below. Each table is a category of action and has been used to develop the proposed phasing in the GWP. Actions marked as ‘follow on action’ are dependent on the completion of the preceding action in order to commence.

CATEGORY	DESCRIPTION	RECOMMENDATIONS	
		SUGGESTED RESOURCING	SUGGESTED PHASING
Category 1 – Priority Actions	Actions which have been identified as priorities for the 2022-2023 period and which need to be delivered to meet major challenges or take-up time sensitive opportunities.	Resource as a priority.	<b>Phase 1:</b> Start/continue in the 2022-2023 period
Category 2 – Actions in train	Actions which have started and have funding allocated (although not necessarily human resource).	Resource as far as possible considering priority actions.	<b>Phase 1:</b> Start/continue in the 2022-2023 period
Category 3 – Action scoped but not yet started	Actions where the work required for delivery has been scoped but which have not yet started	Consider for resource prioritisation in the context of higher category actions.	<b>Phase 2:</b> Commence within this term if/when possible.
Category 4 – Actions not yet scoped	Actions which have been identified but the work involved is not yet known.	No resource at present – sponsoring Committee may scope action further and submit to 2023 GWP refresh for resource allocation.	<b>Phase 3:</b> Do not commence this term. Consider for next term.
Category 5 – actions no longer required in the GWP	Actions which have been completed or superseded or which are no longer required.	No resourcing required.	No work will be undertaken.



**CATEGORY 1: PRIORITY ACTIONS – Committees’ priorities for States’ consideration**

ACTION DESCRIPTION	ACTION BREAKDOWN	PHASING	YEAR ADDED TO THE GWP		
<b>Housing</b> Evaluate and prioritise development of the more impactful policy interventions to the private housing market to increase its capacity and affordability; implement the General Housing Law with regards improving Housing Standards (considering any potential negative impact on private rental stock in terms of its priority over other policy development work and implementation dates); and progress proposals to the States by December 2022 on (1) housing need, and (2) management of States’ housing stock.	Evaluate and prioritise development of the more impactful policy interventions to the private housing market to increase its capacity and affordability	2022-2023	2021	Meet Housing Needs	Community Investment
	Evaluate and implement interventions to address key worker housing capacity and affordability	2022	2021		
	Progress proposals to the States on the States Strategic Housing Indicator	2022	2021		
	FOLLOW ON ACTION: Respond to housing indicator requirements, specifically developments and funding to, in partnership with the GHA, to provide more affordable housing to meet requirements	2023 - 2026	2021		
	Progress proposals to the States on the potential transfer of the States’ social housing stock to the Guernsey Housing Association	2022	2021		
<b>Population</b> Determine what the Island’s future population policy needs to deliver and set out a pathway to address the challenges that are being faced by the economy today; and resource actions for the remainder of this term as a critical enabler.	Review population policy to determine what the Island’s future population policy needs to deliver and set out a pathway to address the challenges that are being faced by the economy today	2022	2021	Responsive Population Measures	
	FOLLOW ON ACTION: Deliver actions necessary to implement the review recommendations as agreed by the States	2023-2025	2021		

<b><u>Skills and human capital development</u></b> Agree a plan to enable a community skilled to meet its needs; and embed operationally to implement actions to the end of the political term; and plan for a continued delivery mechanism into the following political term.	Develop an action plan to successfully grow knowledge and skills to meet community needs (including immediate action delivery where possible)	2022	2021	Promote Education, Skills and Learning	
	FOLLOW ON ACTION: Continued delivery of human development capital plan actions	2022-2025	2021		
<b><u>Support the next generation</u></b> Resource work to conclude Children’s Law enabling Ordinances and their implementation; and invest in education delivery through the strategic and operational support to be delivered within schools and settings following Ofsted Inspection.	Strategic and operational support to be delivered within schools and settings following Ofsted Inspection.	2022-2024	2021	Keep the Island Safe and Secure	
	Conclude Children’s Law policy and legislative development	2023	2021		
	FOLLOW ON ACTION: Implement agreed changes to the Children’s Law	2024	2021		
<b><u>Health Recovery</u></b> Agree proposals to provide targeted support based on affordability in respect of primary care appointments and access to aids and adaptations; and establish whether or not to explore the introduction of a compulsory insurance scheme for Primary Care.	Develop future model for primary care and access to aids and adaptations and explore interest in a compulsory insurance scheme (including an update on the Bailiwick Social Prescribing Pilot)	2022	2021	Enable Accessible and Affordable 21 <sup>st</sup> Century health and Care Services	
	FOLLOW ON ACTION: Follow on actions – implementation and ongoing review of the model	2023-2025	2021		
<b><u>Improve Living Standards</u></b> Conclude a review of minimum income standards with initial focus on income support and winter fuel allowance; and conclude proposals for the funding options for long-term care.	Supported Living and Ageing Well Strategy (SLAWS): Review funding options for Long-term Care and develop proposals	2022-2023	2021	Support Healthy Living	
	Conclude review of minimum income standards with initial focus on income support and winter fuel allowance	2023-2024	2022		
	FOLLOW ON ACTION: Implement the review recommendations as agreed by the States	2024-2025	2022		

<b><u>Energy Resilience – Electricity and Renewables</u></b> Develop the electricity strategy for the Island; and resource priority action in year one of its implementation plan to improve the outlook for an increase in use of renewables.	Develop the electricity strategy for the Island	2022	2021	Secure Future Energy Requirements	Connectivity and Infrastructure
	FOLLOW ON ACTION: Implement actions to improve the outlook for an increase in use of renewables.	2023-2024	2021		
<b><u>Enabling Climate Change Mitigation and Adaptation</u></b> Respond to the agreement in principle to extend the Paris Agreement to the Island by establishing an expert panel to scope a proportionate and pragmatic pathway to net zero for funding consideration by the Assembly within the next 12 months.	Establish climate change expert panel and scope a proportionate and pragmatic path to net zero	2022-2023	2022	Invest in Nature and the Natural Economy	Sustainable Economic Recovery
	FOLLOW ON ACTION: Implement agreed recommendations	2023-2026	2022		
<b><u>First Steps for the blue and green Economy</u></b> Create plans, based on best available evidence, that maximise the sustainable social and economic use of our island and marine environment, including support for emerging economic opportunities (including international trade agreements), tourism, Green Finance and renewable energy.	Blue Economy: Carry out sea-bed survey	2022-2023	2021		
	Green Economy: Carry out habitat mapping	2022-2023	2021		
<b><u>Future Harbour Requirements</u></b> Agree the preferred direction for Guernsey's future harbour requirements to ensure that any regeneration of the seafront is within a clear strategic framework.	Agree the preferred direction for Guernsey's future harbour requirements and seek States approval	2022	2021	Enable Opportunities for Regeneration	
	FOLLOW ON ACTION: Continue work towards the preferred direction for Guernsey's future harbour requirements	2023-2025	2021		
	Establish Development Agency and develop a strategic framework for States approval	2022	2021		

<p><b><u>Maintain compliance with international standards</u></b></p> <p>Maintain compliance with international standards on financial crime and regulation and prepare for international evaluations.</p>	<p>Maintain compliance with international standards on financial crime and regulation and prepare for international evaluations including:</p> <ul style="list-style-type: none"> <li>• Prepare for MONEYVAL 2024; Ongoing preparation for other periodic evaluations; Legislative changes &amp; associated legal aspects of evaluations; Implement required Law Enforcement structure &amp; upgrade systems</li> </ul>	2022-2025	2021	Ensure compliance with agreed international agreements/standards	International agreements and conventions
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## **CATEGORY 2: ACTIONS IN TRAIN**

All actions in category 2 were included in the 2021 Government Work Plan framework.

**It is recommended that these actions continue to form part of the Government Work Plan and are provided with human resources as far as possible.** This should help to ensure that the States gain the greatest benefit from resources which have already been committed.

ACTION	ANTICIPATED END-DATE	YEAR ADDED TO THE GWP		
Continued investment in promoting Guernsey’s finance sector	2023	2021	Invest in the Finance Sector	Sustainable Economic Recovery
Digital Framework action plans – invest in and develop the local digital economy	2025	2021	Accelerate the Digital Economy	
Continued support for digital skills and pathways	2025	2021		
Promote and support innovation, transformation and entrepreneurial growth in the digital sector (scale-ups)	2025	2021		
Establish regulation and legislation to enable the digital sector	2023	2021		
Implement a universal fibre broadband network	2026	2021		
Establish a 5G licensing framework	2024	2021		
Scope requirements for an Enterprise Plan	2022	2021	Unlock Enterprise	
Consider the options for Guernsey enterprise zones	2023	2021		
FOLLOW ON ACTION: If agreed, implement enterprise zones	2024	2021		
Consider the options for Enterprise Investment Schemes	2023	2021		
FOLLOW ON ACTION: If agreed, Implement Enterprise Investment Schemes	2024	2021		
Introduce investor/entrepreneur visas	2024	2021		
Support emerging economic opportunities	2026	2021		
Explore opportunities for further development of the general and commercial aviation sectors	2023	2021		

Amend Guernsey’s approach to Limited Partnerships and update the Law	2022	2021	
Finalise Tourism Product Development Plan;	2022	2021	Invest in the Visitor Economy
FOLLOW ON ACTION: Implement tourism Product Development Plan; prepare & invest in tourism product & accommodation including: <ul style="list-style-type: none"><li>Events celebrating arts, culture, heritage &amp; sports</li><li>Guernsey’s unique heritage,</li><li>Guernsey’s arts &amp; culture,</li><li>Eco-tourism, and</li><li>Modernisation of the accommodation sector.</li></ul>	2023 – 2026	2021	
Update the Environmental Pollution Law	2022	2021	
FOLLOW ON ACTION: Implement the Environmental Pollution Water Ordinance	2023	2021	
Prepare and implement updated animal welfare legislation	2023	2021	
Amend legislation to support the regulation of the first sale and purchase of fish and shellfish	2022	2022	
Implement agreed aggregate supply solution	2025	2021	Enable Opportunities for Regeneration
Determine the future strategic use of Les Vardes	2023	2021	
FOLLOW ON ACTION: Purchase negotiation	2024	2021	
Conclude decision making on the future inert waste facility	2022	2021	
Develop and agree a Bridge Strategy (excluding St Sampson’s Harbour)	2022	2021	
FOLLOW ON ACTION: Implement the Bridge Strategy	2025	2021	
Complete local planning briefs for the Harbour Action Areas	2024	2021	
Amend the Land Planning and Development Ordinances to provide for further planning permission exemptions	2023	2022	

Support air route connectivity	2025	2021	Secure Transport Connectivity & Infrastructure	Connectivity & Infrastructure
Create a proportionate licensing regime for Roll On/Roll Off ferry services	2022	2021		
Upgrade the airport baggage handling system – Stage 1	2022	2021		
Upgrade the airport baggage handling system – Stage 2	2025	2021		
Conclude Guernsey Airport runway extension decision	2022	2021		
FOLLOW ON ACTION: Respond to runway decision	2025	2021		
Update Investigation of Air Accidents & Incidents legislation	2022	2022		
Implement the reorganisation of secondary and post-16 education	2025	2021	Promote Education, Skills & Learning	Community Investment
Implement recommendations of the nasen Report on SEND provision	2025	2021		
Repeal and replace the Education Law – Projet & Policy Development (Ordinances and implementation in Category 3)	2023	2021		
Address the areas where COVID-19 has negatively affected learning and the school environment	2022-2024	2022		
Strategic investment in continuous education improvement	2026	2021		
Plan and deliver digital transformation for schools (including hardware and soft skills such as behaviour, culture etc.)	2024	2021		
Plan and deliver the Guernsey Institute	2025	2021		
Scope and deliver urgent measures to relieve pressures in current housing market	2022	2021	Meet Housing Needs	
Implement the General Housing Law – Phase 1 – Improving Housing Standards and Phase 2 – rent protection deposit scheme	2022-2024	2021		
Develop Justice Framework (building on the criminal justice strategy to respond to social justice needs)	2022	2021	Keep the Island Safe & Secure	
Update parole legislation	2024	2021		
FOLLOW ON ACTION: Implement legislation	2025	2021		
Update sexual offences legislation – secondary legislation	2023	2021		
FOLLOW ON ACTION: Implement legislation	2023	2021		

Enhance domestic abuse services in line with the updated domestic abuse, sexual abuse and violence strategy (including a Sexual Assault Referral Centre (SARC) three-year pilot)	2025	2021	
Rescope approach to vetting and barring scheme and revisit legislative requirements	2023	2021	
Explore options for alternative and non-punitive approaches to the possession and use of small quantities of illegal drugs	2022	2021	
FOLLOW ON ACTION: Implement agreed recommendations of the exploration into alternative & non-punitive approaches	2023	2021	
Reform the Adoption Law (primary legislation)	2022	2021	
FOLLOW ON ACTION: Develop secondary legislation and implement Adoption Law changes	2025	2021	
Conclude and implement Matrimonial Causes Law reforms incl. amendments to Domestic Proceedings Law	2023	2021	
Implement the Capacity Law	2023	2021	
Prepare a new Credit and Finance Law	2022	2021	
Develop policy & introduce Phase 1 of Discrimination Ordinance (incl. grounds of religious belief & sexual orientation)	2023	2021	
Conclude primary legislation for regulation of health & care	2023	2021	
Advance legislation re: requirement to pass theory test prior to driving on the road as a provisional licence holder	2023	2021	
FOLLOW ON ACTION: Implement legislation	2024	2021	
Evaluate, appraise learning from the Bailiwick's COVID response	2024	2022	
FOLLOW ON ACTION: Implement outcomes	2025	2022	
Review the grounds governing the Appeals Law	2022	2022	
FOLLOW ON ACTION: Develop, legislate, and implement Appeals Law	2025	2022	
Scope & deliver improvements to occupational health & wellbeing services post-COVID-19	2023	2021	Support Health Living
Implement a system to reduce backlogs and waiting times in health and care services	2025	2021	
Plan and agree the structure & location of a Community Hub	2023	2021	
FOLLOW ON ACTION: Design and delivery of the Community Hub	2025	2021	
Conclude Footes Lane refurbishment	2024	2021	
Scope tier 3 and 4 weight services	2022	2022	
FOLLOW ON ACTION: Introduce tier 3 and 4 weight services	2025	2022	



Develop and run an enhanced mental health service pilot	2022	2021	Enable Accessible & Affordable 21st Century Health & Care Services
Commence the Human Tissue & Transplantation Law	2022	2021	
FOLLOW ON ACTION: Implement the Human Tissue and Transplantation Law	2023	2021	
Implement NICE TA drugs	2023	2021	
Tranche 2 – ICER per QALY of up to £40k			
Enable indemnity insurance for health & care providers	2022	2021	
Our Hospital Modernisation – phase 1	2024	2021	
Our Hospital Modernisation – phase 2	2026	2021	

### **CATEGORY 3: ACTIONS SCOPED BUT NOT STARTED**

Actions in this category have been scoped but have not yet been started, **It is recommended that the actions are progressed within this term.**

ACTION	PHASING	YEAR ADDED TO THE GWP		
Carry out Statutory Review of the Island Development Plan	2023 – 2025	2022	Invest in Nature & the Natural Economy	Sustainable Economic Recovery
Develop a Natural Capital Atlas for our marine and terrestrial environment	2023	2021		
Blue Economy: Conduct a marine biodiversity net gain pilot	2023	2021		
Blue Economy: Fully develop marine biodiversity net gain	2024	2021		
Blue Economy: Develop a blue economy supporting plan	2024	2021		
Blue Economy: Develop a marine biosecurity plan	2023	2021		
Green Economy: Carry out a biodiversity net gain feasibility study	2024	2021		
Green Economy: Develop and transition to biodiversity net gain	2025	2021		
Green Economy: Develop a green economy supporting plan	2025	2021		
Develop a licensing framework to support on-Island renewable energy	2022 – 2023	2021	Secure Future Energy Requirements	Connectivity & Infrastructure
FOLLOW ON ACTION: Replace the Education Law – Ordinances & implementation	2024 – 2025	2021	Promote Education, Skills & Learning	Community Investment
Frame and commission of legal aid in context of justice framework	2022 – 2023	2022	Keep the Island Safe & Secure	
Review Health & Safety legislation	2025	2022		
Develop policy & introduce Phase 2(A) of the Discrimination Ordinance: Age & Sex Grounds (Preparation for Phase 2 will need to commence ahead of the end of Phase 1)	2023 – 2024	2021		
FOLLOW ON ACTION: Develop policy & introduce Phase 2(B) of the Discrimination Ordinance: Equal Pay for Work of Equal Value	2026	2021		
Review of practical application of NICE TA changes and consider the next stages	2023	2021	Enable Accessible & Affordable 21st Century Health & Care Services	
Review operations of health benefit funding following transfer to the Committee <i>for</i> Health & Social Care	2023	2021		

#### **CATEGORY 4: ACTIONS NOT SCOPED**

Actions in this category have not yet been scoped by their sponsoring Committees, as such, these actions are not funded or resourced at this stage. **It is recommended that these actions are scheduled to commence next term, however Committees have the flexibility to scope the actions further and put them forward for prioritisation in the 2023 refresh.**

ACTION	PHASING	YEAR ADDED TO THE GWP		
Review licensing framework and regulation of utilities	2026	2021	Secure Future Energy Requirements	Connectivity & Infrastructure
Scope the repeal and replacement of island road traffic legislation to discharge elements of Integrated Transport Strategy	2026	2021	Secure Transport Connectivity & Infrastructure	
Review the delivery of primary education	2026	2021	Promote Education, Skills & Learning	Community Investment
Review availability, provision and funding of accommodation for elderly people	2024	2021	Meet Housing Needs	
FOLLOW ON ACTION: Implement decisions from the review of accommodation for elderly people	2025-2026	2021		
Review the provision of emergency accommodation in Guernsey	2024	2021		
FOLLOW ON ACTION: Implement emergency accommodation review decisions	2025-2026	2021		
Update RIPL (Regulation of Investigatory Powers) legislation	2026	2021	Keep the Island Safe & Secure	
Update PPACE (Police and Criminal Evidence) legislation	2026	2021		
Sentencing Review	2026	2021		
Repeal & replace Fire Law	2026	2022		
Regulation of health & care secondary legislation and implementation	2026	2021		
Consideration of further employment protection measures	2026	2022		
Review of the purpose and need for industrial medical benefit	2026	2022		
Improve access to personalised health and care information	2026	2021		
Review of the Medicines Law	2026	2022		
Review end-of-life care	2026	2021		
Design and implement a scheme for the Funding of Medical Treatment for Guernsey and Alderney Residents Travelling in the UK (likely to be superseded – see Appendix 1)	2026	2021		

FOLLOW ON ACTION: SLAWS: Develop and implement proposals to extend Long-term Care benefits to include care in people's own homes	2024	2021		
FOLLOW ON ACTION: SLAWS: Explore a higher rate of benefit for complex cases with exceptional needs in care homes	2024	2022		
FOLLOW ON ACTION: SLAWS: Develop a digital care needs assessment model to address increased demand and variety of benefit rates	2024	2022		

**CATEGORY 5: ACTIONS NO LONGER REQUIRED IN THE FRAMEWORK**

Actions in this category are no longer required in the Government Work Plan framework. Actions may have been completed or may have been superseded or deprioritised. **It is recommended that the Government Work Plan update seek to rescind relevant Resolutions where required to remove superseded actions.**

ACTION	FRAMEWORK STATUS		
Establish Future Telecoms Strategy	COMPLETED	Accelerate the Digital Economy	Sustainable Economic Recovery
Determine the future aggregate supply policy	COMPLETED	Enable Opportunities for Regeneration	
Conclude appraisal of government involvement in developing Leale’s Yard	SUPERSEDED		
Agree cost reflective tariff for electricity	COMPLETED	Secure Future Energy Requirements	Connectivity & Infrastructure
Determine air and sea links policy	COMPLETED	Secure Transport Connectivity & Infrastructure	
Provide for parking permits for residential on-street parking	SUPERSEDED		
Conclude the policy decisions on the reorganisation of secondary and post-16 education	COMPLETED	Promote Education, Skills and Learning	Community Investment
Implement NICE TA drugs Tranche 1 – ICER per QALY of up to £30k	COMPLETED	Enable Accessible & Affordable 21st Century Health & Care Services	

## SUMMARY OF KEY ACTIONS RAISED BY COMMITTEES

**Committee *for* Education, Sport & Culture****Recovering from the pandemic**

- 1.1 While the continued efforts of staff, parents, and learners – coupled with the wider community adherence leading to relatively short lockdowns in the Bailiwick – has left the Bailiwick in a favourable position and has significantly mitigated the effects of the pandemic on children and young people, educational delivery has unavoidably been affected.
- 1.2 Through both periods of lockdown, and the subsequent resumption of services, the Committee *for* Education, Sport & Culture, supported by educational leaders, has sought to understand the pandemic's effects on progress and attainment as well as mental health and wellbeing across the workforce and student population. While many learners have been able to adjust successfully to the unprecedented circumstances, the Committee *for* Education, Sport & Culture has considered how to provide more focused support to those most affected.
- 1.3 The Committee has identified several areas where the available data indicates the need for specific action and has already started to address issues. While benefits are being seen, the Committee believes that further, targeted activity is necessary through one-off measures of £1.314m over 2022-2024.

**Strategic investment in continuous education improvement**

- 1.4 In addition to the direct effects of the pandemic detailed above, the longer-term development of continuous educational improvement has been affected indirectly by the pandemic with resources necessarily focusing on the immediate provision of services, leaving insufficient capacity to progress wider work. This has unavoidably led to several workstreams being affected including:
  - Building resilience in education delivery – The Committee *for* Education, Sport & Culture is seeking an ongoing funding requirement of £1.04million per annum from 2023 as an additional revenue spend for the 'Strategic investment in continuous education improvement' in the GWP to permanently increase the capacity and resilience in education services. The Committee advises this investment is necessary to bring about a more sustainable delivery model able to respond flexibly in the future, resilient to disruption, and ultimately to bring about improved outcomes.

- The implementation of the Guernsey and Alderney SEND Review by the National Association for Special Educational Needs. Completed in Spring 2021, this sets out a number of recommendations over the short and medium term including the staged elevation of the level of universal provision, updates to the SEN Code of Practice, and greater strategic and operational alignment between Education Services and Health and Social Care Services. The recommendations were approved in full by the Principal Committees involved and baseline funding for additional resources was agreed through the GWP last year. The work now requires the allocation of resources in the short term to lead and implement the work:- a one-year post to develop and establish implementation plans for a new SEND Code of Practice, and a two-year post to lead on the operational integration of relevant services across Education Services and Health and Social Care services.
- School inspections have resumed this academic year following extensive work with Ofsted to develop a new local inspection framework which acknowledges the unique education system, will allow schools to demonstrate the breadth of curriculum, and how they contribute towards learners' broader development. The framework provides opportunity for independent and impartial feedback to schools, supporting their continued improvement and the development of learners' skills and resilience, linking to the ongoing work in respect of skills and human capital development. A two-year post is needed to lead on the strategic and operational support, ensuring schools receive appropriate monitoring, support, and challenge while the new inspection framework embeds.
- The repeal and replacement of the outdated Education Law is an ongoing and necessary enabler for the 21<sup>st</sup> Century education system the Bailiwick deserves. The Committee recommends that the high-level policy development work which would underpin a new enabling law be brought forward to commence in 2023 to ensure it is concluded this political term, noting that subsequent secondary legislation will be needed but this work has not been scoped. This will be best accelerated by securing short-term additional support additional to the capacity within the Committee's Office.

### **Committee for Employment & Social Security**

#### **Long Term Care Insurance Scheme**

- 1.5 Since the introduction of the Long-term Care Insurance Scheme in 2003 to assist eligible islanders with the cost of care in private nursing and residential homes, there has been an acknowledged challenge in balancing islanders' fair access to care and ensuring the long-term sustainability of funding.

- 1.6 In 2016, the States directed that the Policy & Resources Committee would be responsible for ensuring that the Supported Living and Ageing Well Strategy continues to be taken forward. In August 2020, the States considered a subsequent Policy Letter entitled 'The Supported Living and Ageing Well Strategy: Extending the Life of the Long-term Care Insurance Scheme'<sup>1</sup> which sought to stabilise the care market; encourage investment to meet growing demand; extend long-term-care benefits to incorporate care provided at home; and secure the long-term sustainability of the Scheme.
- 1.7 The Policy & Resources Committee, as part of the Review of Taxation and in consultation with the Committee *for* Employment & Social Security, was directed to identify a suitable source of funding to ensure the long-term stability of the Long-term Care Insurance Fund.
- 1.8 Short-term action has been taken to address the viability of the sector through increases to the weekly rates of long-term care benefits and the co-payment paid by individuals.
- 1.9 However, longer-term actions remain outstanding: the extension of funding to incorporate care at home (addressing the complexity of current arrangements and the resultant inequalities and inconsistencies); and the introduction of a higher rate of benefit payable for exceptional and complex cases. These need to be re-assessed.
- 1.10 Operational issues centre on the establishment of contractual arrangements with providers in order to provide certainty of income for the care home and certainty on the number of beds available at 'States rates'; and measures to ensure the financial sustainability of the Long-term Care Insurance Fund in the context of the changing demography also remain outstanding.
- 1.11 The strategic and operational importance of securing a sustainable future approach to long-term care, and the detrimental impact of current arrangements on islanders, providers, and the States of Guernsey, continues.
- 1.12 There is currently insufficient bed capacity within the care home sector to meet demand. This has consequentially placed increased pressure on Health and Social Care services, leading to islanders remaining in less appropriate care settings. This detrimentally affects the individual, their families, and the wider care system as the reduced patient-flow through the hospital contributes towards the regrettable, but necessary, postponement of other healthcare interventions. Managing the consequences, rather than addressing the root causes of the current challenges, risks a short term, reactionary approach and the Committee *for* Employment & Social Security has suggested a concerted effort by the States

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<sup>1</sup> [Billet d'État XVI of 2020](#)



is required to assist the market and provide support to affected islanders in a sustainable manner.

- 1.13 The Committee *for* Health & Social Care has strong working relationships with the care home sector which have been developed further, and formalised, over the course of the pandemic. However, it is recognised that the success of these operational relationships is ultimately reliant on the appropriate legislative and financial framework. In addition to giving effect to the strategic direction set through the Supported Living and Ageing Well Strategy, there are outstanding commitments to enhance the governance arrangements that exist at an operational level to ensure, and demonstrate, safety. It has been recognised since 2007<sup>2</sup> that there is opportunity to strengthen the existing regulation in the care sector and the planned, incremental introduction of regulation across the health and care system can help support this and be prioritised accordingly by the Committee *for* Health & Social Care once the Regulation Projet de Loi has been finalised. The need for appropriate adult safeguarding arrangements is well recognised and will become increasingly important as care models diversify to allow care at home, linking to the vetting and barring legislative work. Both these actions remain in the GWP and are phased to align with the developing funding model for long term care.
- 1.14 The population is ageing and the coordination of services, relationships with providers and clarity of services on offer is of increasing importance. It is a complex area and will draw heavily on both clinical subject matter experts and the States' policy team. It cannot currently be resourced by either Committee.

#### Minimum income standards

- 1.15 The increasing cost of living, and the associated effects of social conditions and inequalities in health and wellbeing, is acknowledged internationally and brings into increasing focus the efficacy of state support. There are a number of extant States' Resolutions which collectively have identified the need to ensure that local benefit rates are set at the right level, enabling islanders to participate in society, contribute to the economy, and achieve positive health and social outcomes for themselves and their families.
- 1.16 It is widely recognised that there is a strong correlation between low incomes and poor social outcomes in terms of health and education on an inter-generational basis. Income levels contribute towards an unequal ability for individuals to engage in meaningful work, secure housing, develop self-esteem, and maintain health behaviours. Recognising the longer-term benefits for individuals, the community and the economy, the States have previously made a number of commitments, including:

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<sup>2</sup> [Billet d'État XX of 2007](#)

- To make use of any opportunities to improve health or reduce health inequalities, across all government policies<sup>3</sup>;
- To commission an independent analysis in order to update the minimum income standard for Guernsey.<sup>4</sup> This was undertaken last year and even when adjusted by the Committee *for* Employment & Social Security to remove items deemed to be non-essential for benefit purposes, has illustrated, in some cases, significant misalignment with the current Income Support requirement rates;
- To co-ordinate an investigation of the most effective means of addressing energy poverty;<sup>5</sup>
- To address the future of the benefit limitation, earnings disregard and personal allowances<sup>6</sup> to provide a greater incentive to work and thus support the work to invest in the Island's human capital.

1.17 The Committee *for* Employment & Social Security recommends that these workstreams are consolidated and accelerated through a prioritised focus on Income Support through 2022 and 2023. The Committee *for* Employment & Social Security places such importance on this work – given that those on low incomes are most likely to be affected by sudden or unforeseen economic changes – that it considers it necessary to deprioritise other workstreams, such as SLAWS, in order to reallocate its resources.

### **Committee *for the* Environment & Infrastructure**

#### **Maximise the sustainable social and economic use of our island and marine environment**

1.18 The Committee *for the* Environment & Infrastructure is leading on the policy areas seeking to mitigate the impacts of climate change that are critical to our sustainability and resilience. If we use Guernsey's natural assets unsustainably, without some investment now, we will either irrevocably damage those assets or we will need to spend more to repair and sustain them in the future.

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<sup>3</sup> [Billet d'État XXIV of 2017](#)

<sup>4</sup> [Billet d'État XXI of 2019](#)

<sup>5</sup> [Billet d'État XI of 2020](#)

<sup>6</sup> [Billet d'État XXIII of 2018](#)

- 1.19 The Committee is working to reduce dependence on hydrocarbons for fuel; to extend the Paris Agreement to the Island; and to create plans that maximise the sustainable social and economic use of our island and marine environment. The latter will include working with the Committee *for* Economic Development on exploring areas such as renewable energy.
- 1.20 The Committee has sought support in restructuring funding and allocation of additional resource to accelerate the three interdependent areas of policy – electricity and renewables; enabling climate change mitigation and adaptation; and the first steps for the blue and green economy.
- 1.21 The Committee has also worked with the Guernsey Community Foundation and other partners to establish a Nature Commission, which will support a community partnership approach to the Strategy for Nature. The benefits are many fold for both islanders’ wellbeing and our competitiveness in a number of economic sectors important to the Bailiwick where demonstratable commitment to our natural environment is important.

#### **Committee *for* Health & Social Care**

##### **Review of the legal status of cannabis**

- 1.22 Through the GWP, the Assembly agreed that work to *‘Explore options for alternative and non-punitive approaches to the possession and use of small quantities of illegal drugs’* should progress as resource became available.
- 1.23 The Non-punitive Approaches (NPA) Project Board was established with Members from both the Committee *for* Home Affairs and the Committee *for* Health & Social Care. At the start of its work, the NPA Project Board considered the relevant Resolution alongside the NPA timeline and the overall Bailiwick context. In considering the section 3(iii) *‘the potential for moving from a regime governed by the criminal law towards a partly or wholly regulatory approach to all aspects of personal drug use’*, the NPA Project Board used the following definitions:
- Decriminalisation – ceasing to treat something as illegal or as a criminal offence.
  - Legalisation – a regime in which a drug or drugs is/are decriminalised and aspects that may include production, distribution and taxation are controlled by government.

- 1.24 It was agreed that exploration of decriminalisation or legalisation would not be included as part of the NPA work, preferring a phased approach in order to make progress. In reaching this decision the NPA Project Board considered the wider Bailiwick context including the developing Justice Framework, and the cannabis industry and its Memorandum of Understanding (MOU) with the UK Government which makes any review of the legal status of illegal drugs, and cannabis in particular, a complex area of policy.
- 1.25 The review of the legal status of cannabis in this political term remains an objective of the Committee *for* Health & Social Care, notwithstanding it recognises that this would require detailed consideration of various political, reputational, and commercial aspects and comprehensive engagement with the community.
- 1.26 The work to consider a regulatory framework would likely require the additional involvement of the Committee *for* Home Affairs in relation to the Justice Framework; the Policy & Resources Committee will be engaged through its external relations mandate; and the Committee *for* Economic Development in relation to the cannabis industry. Indeed, views would likely also be sought from the Committee *for* Education, Sport & Culture, the third sector, clinical professionals, and the community, to inform any recommendations.
- 1.27 Subject to other demands associated with any potential future waves of COVID-19, the Committee *for* Health & Social Care has indicated, by a majority, that it would utilise its limited capacity within Public Health Services to scope the project in quarter 1 of 2023. The Committee would then bring forward through the 2023 GWP refresh its recommendation on whether to proceed, or not, together with the terms of reference and timeframe for the review, outlining its objectives and benefits, and its resourcing requirements, for consideration against competing areas of policy by the States.

#### Public Health Law review

- 1.28 In January 2022, the States considered a Policy Letter entitled ‘Living Responsibly with COVID-19’<sup>7</sup>. By Resolution, the GWP must consider the discharge of extant Resolutions to draft a new Public Health (Enabling Provisions) Law, disband the roles of Medical Officer of Health and Chief Medical Officer, and transfer functions. This needs to include impact of any prioritisation of this work during this term of government on the phasing and achievability of other actions in the GWP, having consulted with the Committee *for* Health & Social Care which was also directed to bring proposals as soon as is practicable to amend the Public Health Ordinance, 1936.

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<sup>7</sup> [Billet d’État II of 2022](#)

- 1.29 The Committee *for* Health & Social Care advises it has limited capacity to conclude current actions and is cautious to not over commit with new activity until they are completed. It would prefer to direct Public Health Services to complete a number of actions during 2022 that were paused due to the need to respond to the pandemic. This will preclude any swift activity to develop proposals to amend the Ordinances. Equally it wishes to conclude work on key secondary legislation and its implementation as set out in the GWP and not dilute the efforts of its small policy development team or Public Health Services.
- 1.30 Public Health Law is a complex area and will draw heavily on both professional and legal subject matter experts, and the policy team. Rather than approaching this legislative review in a piecemeal way, the Committee *for* Health & Social Care intends to scope the work associated with all extant States' Resolutions relating specifically to Public Health legislation to ensure an efficient and effective approach to this new area of work. Notwithstanding that the first Resolution dates from 2014, the Committee *for* Health & Social Care has on balance decided that this is not a priority and by a majority is not scheduling this work at this time. This view will be revisited annually as part of its contribution to the GWP refresh process.

#### Review of primary care

- 1.31 In 2021, through resourcing as work of strategic importance to the GWP, the Committee *for* Health & Social Care and the Committee *for* Employment & Social Security established a joint Working Group to consider the accessibility and affordability of primary care, its interrelationship with the wider health and care system and the effect of the current arrangements on health outcomes. This work seeks to understand and address current barriers to care, while safeguarding the current strengths of the system – high quality care, minimal waiting times, and strong continuity of care – with the aim of supporting islanders to access the care they need, when they need it, at rates they can afford. This is one aspect of a programme of work to reduce the rate over time at which health and care costs are rising, and improve islanders' experiences of healthcare through increased integration.
- 1.32 Proposals are due to be presented to the States later this year, seeking to address the most immediate political concern, affordability, while laying the groundwork for wider change in the future.
- 1.33 The proposals will consider the reallocation of existing States' expenditure to achieve better value through targeting funds more effectively. It is envisaged that any changes, if approved, could be phased for introduction over the rest of this political term.

- 1.34 The GWP identified last year the need to review the current Bailiwick Social Prescribing pilot so a decision can be made regarding the longer-term approach and associated funding and it is understood that this may also be accelerated through the review of primary care.
- 1.35 Opportunity will be taken through the policy letter to introduce potential insurance-based solutions, with the view that, if so directed by the States, more detailed modelling and costings would be developed as follow-on action established in the GWP for the Committee to resource and requiring some funding for engaging external insurance expertise. This will provide important information for a longer-term fundamental review of the way primary care is funded should that be needed.
- 1.36 In addition, to support user-centred care the review will discharge the extant States' Resolutions from June 2019 by considering the funding of disability-related equipment, aids, and adaptations. This will seek to address the acknowledged weaknesses of the current system while considering how the appropriate provision of aids and adaptations can help address wider system challenges. The cost implications and funding options are maturing.

#### Healthy Weight

- 1.37 The Committee *for* Health & Social Care is mindful that it will be considering proposals to introduce Tier 3 and 4 weight services under the 2016 Healthy Weight Strategy within the coming 12-month period, in collaboration with the Health Improvement Commission. Through the GWP, with its focus on achieving potential and addressing inequalities (obesity is disproportionately a disease of the poorer), the States need to acknowledge that failure to address these specific issues with intensive medical-based interventions will continue to cost the health service significant sums of money.
- 1.38 The interventions are proven to work. They are supported by the highest level of evidence and without a Tier 3 service the approved NICE drugs cannot be introduced.
- 1.39 The Committee, working with the Health Improvement Commission, hopes to attract additional funding for this important initiative alongside States funding of up to £150k per annum.

#### Committee *for* Home Affairs

##### Review laws governing grounds of appeal

- 1.40 The Committee *for* Home Affairs is working with the Guernsey Bar on the review of law governing appeals which is due to report by the end of 2022. Taking this

work forward will require policy development and legislative drafting support in 2023 depending on the findings and which the Committee is keen in principle to progress. It may be that not overly complex amendments are required to address issues, but more than one law is involved. Phased over 2022 to 2025, the Committee believes it can conclude this long overdue work within its own staffing, notwithstanding that it was not previously established in the GWP.

#### Domestic Abuse Strategy – including sexual abuse and violence

- 1.41 The Committee *for* Home Affairs is proposing that the Domestic Abuse Strategy be extended to cover sexual abuse and violence and consulted with Principal Committees in April 2022. This is in response to the 2015 Resolution ‘to investigate the merits of establishing a Violence Against Women and Girls (VWAG) Strategy’ which resulted from Amendment to the 2016-2020 Strategy<sup>8</sup>. Tackling domestic and sexual abuse is, and will continue to be, a key priority for the Committee during this political term.
- 1.42 It recognises the importance of cross-committee engagement and working collaboratively with the private and third sectors, to challenge and address the societal attitudes and behaviours that contribute towards domestic and sexual abuse. It has identified establishing a Sexual Assault Referral Centre (SARC) pilot as one of its priorities. Work to progress this key service has commenced with the Committee supporting the establishment of a multi-agency Steering Group to oversee the project. The objective is to develop a pilot SARC which will be evaluated after three years.
- 1.43 Initial costing for a SARC was prepared on the assumption that existing [police] premises would be used, however, after further assessment of what a SARC will provide it is not considered suitable to support the delivery of the full range of services. Scoping work has commenced and the current pressure on existing therapeutic services is acknowledged by the Committee which will likely result in additional investment in this area being part of the solution which is currently unfunded.

#### Vetting and barring legislation

- 1.44 It has become clear that the policy decisions made by the States in 2009 cannot be brought to conclusion as envisaged with regards to the Vetting and Barring Scheme.
- 1.45 The Committee *for* Home Affairs is concerned that this long-standing area of risk must be addressed and given the thwarted attempts to conclude the path originally established, it now intends to bring a further policy letter to inform the

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<sup>8</sup> Billet XXIII 2015

States of the changes made to the UK system in the intervening period and consider updates to Bailiwick legislation including the introduction of relevant offences equivalent to the UK Safeguarding Vulnerable Groups legislation. Local rehabilitation of offenders legislation will also be reviewed against the UK legislation as part of this work stream.

- 1.46 On this basis the Resolution remains valid, however the approach to discharge it will change. The Committee *for* Home Affairs advises that the GWP Framework should be amended to reflect a considerably longer timeframe for conclusion to implementation of this work which it is intending to resource internally.

#### Review of legal aid provision

- 1.47 The Committee *for* Home Affairs has acknowledged the benefits to a number of current GWP actions of undertaking a review of legal aid provision, as particularly identified through its political consultation on the Justice Framework by the Committee *for* Employment & Social Security which is mandated for the provision of the service.
- 1.48 Whilst important, it cannot be funded or resourced as a priority by the Committee *for* Employment & Social Security which itself is seeking to lead on other matters in the coming 12-24 months while still progressing the Discrimination Ordinance through to implementation. Given the wide-ranging touch points engaging a number of Committees' mandates, the Committee *for* Home Affairs has recommended that this new action is considered for resourcing by the Justice Review funding within the GWP. It would work with the Committee *for* Employment & Social Security and the Legal Aid Administrator to develop a terms of reference, on which it would consult other Principal Committees and the Policy & Resources Committee, but would require resource to manage both this preparatory work and the tender process, and to develop the cross-Committee proposals for the States' response to the findings.

#### Sentencing review

- 1.49 The high-level scoping with respect to objectives, benefits and risks has been completed with the Committee *for* Home Affairs expressing strong interest to accelerate this work by accessing the Justice Review funding. There are several approaches that need to be evaluated before the funding and resource requirement can be confirmed.
- 1.50 The Committee *for* Home Affairs will require resource from the very start of this work, to develop a terms of reference, to manage the tender process and develop any cross-Committee proposals for the States' response to the findings.

#### Cyber-security developments



- 7.43 In order to continue to meet international standards, and in collaboration with our partners in the UK and the other Crown Dependencies, Guernsey will need to further enhance its cyber-security actively in two critical areas. The first is to update online security legislation and scoping of that work is beginning. The extent of the work that follows will be dependent on the response, though if it is limited to enacting equivalent communications offences from the UK Online Safety Bill into domestic legislation this should not be onerous, though it will require policy and legislative resource. The second relates to ensuring equivalence in a number of areas to the UK Telecoms Security Bill. This work is also being scoped and will also require policy and legislative resource. These are essential actions which support the cyber focus in the priority 2 workstreams.

### **Development & Planning Authority**

#### **Review of the Island Development Plan**

- 1.51 There is a statutory requirement for the Authority 'from time to time' to consider whether any alterations to the Development Plan (currently the Island Development Plan - IDP) are necessary and, if they are, to then amend the Plan. The Land Planning and Development (Plans) Ordinance, 2007, clarifies that the Plan has a life of ten years which would take the current IDP to November 2026. There is also a provision within the Ordinance for the States to extend the Plan by Resolution in which case it shall have effect until the date specified in that Resolution, but this does not override the requirement in the Ordinance to review a Development Plan at least every ten years.
- 1.52 Having considered the potential options concerning review of the IDP, the Authority favours a proportionate and responsive approach, focusing on a targeted consideration of policies which have been identified through monitoring, or are required to meet new strategy direction or priorities.
- 1.53 The Authority advises that the review and updating of spatial policies are of the utmost importance to ensure that the land use planning process continues to be an enabler and is not an impediment to the achievement of government objectives and priorities. The Authority would wish this review process to be completed within the current political term, if practicable, to include, if required, the States adding new policies into the Plan. The IDP review process would ideally commence in Q1 of 2023 with the intent of completion before the General Election in 2025.
- 1.54 Even a pragmatic and targeted IDP review process will require additional resource and funding, albeit the focus on those limited number of policies identified as needing review will enable a more cost-effective allocation of resources.

## **States' Assembly & Constitution Committee**

### **Next General Election**

- 1.55 The GWP envisaged that this term would see the delivery of a number of specific improvements to government processes and systems which will complement any wider reform, including changes to Royal Assent processes, the automation of the electoral roll and the introduction of simultaneous electronic voting in debates.
- 1.56 The States have agreed the implementation of electronic voting in debates, steered through by the States' Assembly & Constitution Committee. Its interest now is in the work of the Committee *for* Home Affairs which has to create a new electoral roll for the General Election every four years. Both the Committee *for* Home Affairs (the sponsoring Committee) and the States' Assembly & Constitution Committee support the progression of the extant Resolution to automate the electoral roll.
- 1.57 Since 2013, the intention of the States have been for Phase Two of the Rolling Electronic Census project led by the Policy & Resources Committee to provide for the automated generation of a list of persons eligible to vote, which could be used in the automation of the electoral roll. This has been completed and scoping is underway for the next phase led by the Committee *for* Home Affairs which will require both IT development and legislative changes.

## **States' Trading Supervisory Board**

### **New dairy**

- 1.58 The States determined their portfolio investment intentions for this term as part of their considerations of the GWP in July 2021 in order to finalise their funding and investment requirements in the F&IP. The requirement for a replacement dairy was identified as a pipeline project to be considered for funding in the next political term.
- 1.59 The strategic case for the Island to maintain a dairy operation has been reaffirmed by the Committee *for the* Environment & Infrastructure which considered "the appropriateness and relevance of the policy approach and the feasibility of other potential delivery models for a single dairy. The assessment did not consider the costs to the States of building and operating a new dairy, or the site selection process and any costs associated with it".

- 1.60 The States' Trading Supervisory Board has advised that the current dairy is no longer fit-for-purpose; that the level of ongoing maintenance represents a significant risk to the ongoing operation of the dairy; and that the cost of maintenance is likely to be up to £8.7 million over four years.
- 1.61 The Policy & Resources Committee is of the view that it is important that the financial and policy matters are now considered together and so the Committee is working with the States' Trading Supervisory Board to review the detailed breakdown of the costs of the project and the forecast cost of maintenance for the next four years.

## OBSERVATIONS OF POLICY &amp; RESOURCES COMMITTEE

1.1 The Policy & Resources Committee has carefully considered all the matters raised in today's context and in light of the strategic aims for this term:

- secure the Bailiwick's resilience;
- maximise the community's collective potential; and
- ensure we are competitive as an economy.

**Committee *for* Economic Development**

1.2 The Committee *for* Economic Development has played a key role in delivering four of the 2021 top ten recovery actions which were identified in the GWP in 2021 as being key to delivering a sustainable economic recovery: Digital, Skills, Finance and Tourism, and Transport.

1.3 During 2021 the Committee worked closely with the Policy & Resources Committee to establish a universal broadband fibre network by 2026 which was a top ten action because it will significantly enhance the digital connectivity for both Bailiwick businesses and residents which is a key economic enabler.

1.4 In support of this investment the Digital Framework has been published and a series of Action Plans will now be developed which focus on enabling infrastructure, developing skills and pathways, and innovation, transformation, and entrepreneurial growth.

1.5 The Committee is working jointly with the Committee *for* Education, Sport & Culture on a Human Capital Development Plan to enhance the knowledge and skills of Bailiwick residents which will be considered by the States this year and continues to be a prioritised action.

1.6 The Committee has increased Government's support for the finance industry by increasing the States of Guernsey's investment in Guernsey Finance to £2.5 million per annum from 2022 to 2024. The Committee is working jointly with the Policy & Resources Committee to bring proposals for new Lending, Credit and Finance Legislation during Q2 2022 alongside other work on the Island's legislative structure to support development of the industry. It is also keen to promote and enhance the tourism and hospitality sector and will bring a policy letter on the Tourism Product Development Plan during 2022.

- 1.7 The Committee is under a States' Resolution to bring a business case to the States that will examine the costs and benefits of extending the runway at Guernsey Airport to at least 1,700m, and having accelerated work on transport policy as a top ten action in 2021, it continues to invest energy in the Island's connectivity and transport, currently through developing the licensing regime for roll on/ roll off ferries.
- 1.8 Considerable resource is dedicated to workstreams within GWP Priority 2 - Managing the effects of Brexit - by working closely with industry and focusing on trade agreements to ensure that the Bailiwick remains a highly competitive and attractive jurisdiction.
- 1.9 The Committee has also actively invested in the work to promote responsive population measures which is coming to the States in Q2 2022. Housing remains a critical issue for the economy which the Committee feels is a key economic enabler and needs to be addressed as a matter of priority.
- 1.10 It now acknowledges a shift to focus on other enablers will support broadening the economy through renewable energy and green and blue economy supporting plans.

#### **Committee for Education, Sport & Culture**

- 1.11 The Policy & Resources Committee acknowledges the importance of the work proposed by the Committee for Education, Sport & Culture in improving educational outcomes, noting the longer-term impact on health outcomes, economic prosperity and potential resultant pressure on public services.
- 1.12 The use of available data to identify a targeted programme of work to support those most affected by the pandemic in those settings where the need is greatest is welcomed, as it should ensure a proportionate and focused programme of investment. The Committee for Education, Sport & Culture has redistributed funds to start the work which has already provided some investment in primary education and supporting services.
- 1.13 Looking across the four nations of the UK, current plans for education catch-up spending show that spending per pupil is due to be £400 in Wales, £310 in England, and about £230 in Scotland and Northern Ireland. However, plans for England currently extend through to 2022-23 and beyond, whilst they only apply for 2021-22 in Wales, Scotland and Northern Ireland. It seems highly likely that these plans will be extended once the devolved administrations learn the implications of England's spending plans for the 2022-23 grants they will receive.

In comparison, education catch-up plans for the Netherlands (£2,100 per pupil) and US (£1,800 per pupil) are far larger and more ambitious<sup>1</sup>.

- 1.14 Based on 5000 learners, this request for Bailiwick students represents an injection of £262 per pupil over two years. The States will be aware that one-off investments in other services immediately impacted by the pandemic were agreed last year through the GWP, such as the surgical catch-up programme. The Committee *for* Education, Sport & Culture made it clear at that time that it was premature to submit funding requests through the F&IP as it continued to make internal adjustments and until that process concluded with the actions fully scoped, it would not estimate its requirements. Given the established impact on the education and wellbeing of the Bailiwick's children, and the dependence of the future prosperity in the hands of future generations, this targeted one-off investment over three years to accelerate their educational recovery is supported by the Policy & Resources Committee.
- 1.15 However, the Policy & Resources Committee is concerned that the long-term programme to build resilience and flexibility that requires 35 new posts – which is dependent on recruitment in a difficult market compounded by the well-established housing difficulties and cost of living pressures – may prove challenging to resource in this ambitious timeframe. This may result in a need to prioritise within the programme the operational developments which address the most immediate, and challenging, concerns.
- 1.16 The Committee *for* Education, Sport & Culture has confirmed that it is unable to resource this sustained programme within its existing budget given the work already undertaken to redistribute its resources to areas of greatest need. Therefore, an uplift in baseline costs should be considered as a permanent increase in operating cost.
- 1.17 The impact of the pandemic on the ability to progress wider workstreams illustrates the challenges of adequately resourcing the strategic projects to secure the benefits for the community; a number of short-term roles have been identified to recover the lost time on this work.
- 1.18 The Policy & Resources Committee supports the use of short-term roles for targeted acceleration of deliverables, over the use of external consultants or longer employment contracts, where there is a capacity shortfall and pressing urgency and where the impact of not doing so exacerbates the problems and impacts government services in the longer term. There are, however, potential recruitment and retention difficulties associated with short-term contracts.

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<sup>1</sup> [Comparing education catch-up spending within and outside the UK - Education Policy Institute \(epi.org.uk\)](https://epi.org.uk)

- 1.19 The work proposed by the Committee *for* Education, Sport & Culture understandably at this time focuses on the educational aspects of its mandate, however it is important to note that resources were agreed last year to invest for a three-year period in the delivery of Active 8: A Plan for Sport and to establish the Language Commission.
- 1.20 In response to the work led by the Committee *for* Economic Development to develop a Tourism Product Development Plan, the Committee *for* Education, Sport & Culture may in 2023 need to consider the role of arts and culture, its strategic direction with regards to heritage management, and the reprioritisation of the current funding.

### **Committee *for* Employment & Social Security**

- 1.21 The Policy & Resources Committee acknowledges that the work proposed by the Committee *for* Employment & Social Security directly links to maximising the community's collective potential and addressing the barriers which some islanders face. Both the ageing demographic and future pressures on household finances are likely to result in increased demands on public services over the coming years and the Policy & Resources Committee considers the focussed attention in these areas to be prudent.
- 1.22 The Committee *for* Health & Social Care is already affected by the challenging operating circumstances in the care sector, compounded by the continued effects of the pandemic. Until it is possible to maximise hospital resources through a reduction in delayed discharges, efforts to address health backlogs will be curtailed. The Policy & Resources Committee recognises the complexity of addressing this challenge, and the need to prioritise tactical policy development which addresses the most immediate, and challenging, operational concerns.
- 1.23 Similarly, the Policy & Resources Committee is mindful that given the increasing cost pressures on individual households, it is opportune to undertake a proportionate and pragmatic appraisal of today's situation in order to expedite any amendments to policy.
- 1.24 The work proposed by the Committee *for* Employment & Social Security may have potentially significant financial implications; needs to be considered in the context of the ongoing tax review to ensure long term sustainability; and is a considerable portfolio of policy work which will be challenging to resource. They are important areas of policy in terms of the community's resilience and ensuring equity for islanders and the Policy & Resource Committee agrees these need to be addressed this political term.

- 1.25 Having considered the advice of the Committee and the local context affecting islanders, and in its capacity to co-ordinate the work of the States, the Policy & Resources Committee has listed the theme ‘improve living standards’ as a priority set of actions for the States to consider. While resourcing is challenging, it will do all it can to ensure the best available knowledge and skills within the States expedite the work in both areas of policy. The first actions are to appraise income supports levels and review funding options for long-term care.

### **Committee *for the Environment & Infrastructure***

- 1.26 The Policy & Resources Committee recognises these three interdependent areas of policy – electricity and renewables; enabling climate change mitigation and adaptation; and the first steps for the blue and green economy – where, left unmanaged and without interventions, would expose the Island to higher costs and decreasing competitiveness, weakening its resilience.
- 1.27 In determining their Climate Change Policy and Action Plan in 2020, the States directed the Committee *for the Environment & Infrastructure* to investigate the necessary steps to establish an independent advisory body to provide advice to government and others on climate change matters, and to report back to the States by the end of 2021. The Committee was also directed to bring a policy letter to the States before the end of 2021, which set out proposals to adapt the Island to the effects of climate change.
- 1.28 This was not included in the recovery actions last year but is a follow-on action from the work seeking extension of the Paris Agreement that was given priority by the States as an action under P2 – Brexit and International Standards. The sponsoring Committee is keen to progress. However, it is a new Committee and mindful that as a small jurisdiction some solutions adopted elsewhere will be incompatible, the approach directed by Resolution is being adapted. The Committee *for the Environment & Infrastructure* will appoint an expert panel of appropriately skilled people tasked to develop pragmatic, proportionate and affordable climate change mitigation and adaptation proposals drawing on the wealth of data and activity in reference jurisdictions, with a focus on the areas that Guernsey can deliver more effectively and have the most impact. It intends to report ahead of the GWP refresh in 2023.
- 1.29 This is important to islanders and the economy alike, given an increasing focus on Environmental, Social and Governance (ESG) delivery and reporting. The States must address emerging risks and opportunities for the Bailiwick as a jurisdiction, namely international obligations, geo-political events, and climate change. With an eye on the long-term strategic needs of the Island, the Policy & Resources Committee is facilitating the States’ consideration of assigning recognition to these issues and the priority resourcing afforded priority actions.



- 1.30 Supporting plans that maximise the sustainable social and economic use of the Island's natural assets will ensure Guernsey can continue to promote itself as a leader in Green Finance; improve its energy resilience; and mitigate wider risks to our health and wellbeing. On this basis, and with the strategic aim of the GWP to ensure a competitive economy, the Policy & Resources Committee is again facilitating the States' consideration of assigning recognition to these issues established by their Strategy for nature approved in 2020, and thereby the resourcing afforded a priority recovery action.

**Committee *for* Health & Social Care**

- 1.31 There is considerable work to conclude in the GWP that engages the Committee *for* Health & Social Care's mandate including the delivery phase of the review of primary care to be resourced by the Committee further to the prioritised GWP resourcing for 2022 that the States will consider that would ensure the Committee can bring proposals to the States this year. There is also the continued GWP investment in the amendments to the primary Children Law to be considered, which has phase 2 work on secondary legislation which will also require resourcing by the Committee upon the conclusion of the first stage of work.
- 1.32 Its policy agenda has other important legislation yet to be fully implemented, as set out in the GWP Framework, notwithstanding there may be a planned pause with secondary legislation pursuant to the introduction of health and care regulation. There are also delays in hospital services to address, in part through policy approaches to long term care funding and service provision to release capacity in the hospital.
- 1.33 It also has to undertake reviews of NICE drugs and TAs, and Bailiwick Social Prescribing in the coming 12 months.
- 1.34 Operationally the Committee *for* Health & Social Care is overseeing very significant investment projects and managing challenging service delivery while embedding COVID-19 protocols into routine business.
- 1.35 It has raised two other policy matters in its consideration of prioritisation; both would progress work to discharge extant Resolutions. The first seeks to scope the work required to review the legal status of cannabis which has been held in abeyance by the project board discharging the extant Resolution to explore non-punitive approaches to small quantities of illegal drugs; the second, to scope the work required to progress with a new Public Health Law.

- 1.36 The Committee *for* Health & Social Care has identified capacity in quarter 1 of 2023 to scope the next priority health policy action that the States require addressed. It has recommended, by a majority, the preparation for a review of the legal status of cannabis take precedent.
- 1.37 By way of background, in July 2021 the States of Guernsey signed a Memorandum of Understanding (MoU) with the UK Home Office in order to strengthen and develop the nascent cannabis cultivation and processing sector in Guernsey. In response to this, the domestic licensing regime has been strengthened through the establishment of the Bailiwick of Guernsey Cannabis Agency, bringing together the different licensing and regulatory authorities.
- 1.38 The agreement of the MoU was complex and is based in part on the fact that Guernsey has a consistent and clear position on wider cannabis-related matters. It is essential that as the MoU is implemented, any change in policy with regard to the legal status of cannabis should consider the impact on the relationship with the UK Home Office and the licensing regime that is being put in place which is based on close consultation with the UK on the same matter. Any recommendations in relation to a shifting position in this respect could impact the developing industry and any associated agreements or negotiations.
- 1.39 The Policy & Resources Committee has, as a consequence of this becoming public knowledge, received strong and unanimous representation against listing this work in the GWP from the Committee *for* Home Affairs on the basis that in recommending the work in the GWP it risks absorbing limited resources on a very complex area of policy.
- 1.40 The States of Guernsey will be stretched to support this additional area of cross-Committee policy development given the other actions set out in the GWP, especially with respect to managing Brexit and meeting international obligations. Additionally, it has not been identified as a current and pressing matter by any other Committee that would be significantly involved. Furthermore, there are concerns that legalisation will require a regulatory function that will need to be established through legislation, and resourced, although it is noted these concerns may be mitigated through the terms of the review and/or funded by licensees.
- 1.41 On this basis a scoping exercise to establish the approach and resource requirements to review the legal status of cannabis would be necessary as a first step as recommended by the Committee *for* Health & Social Care but could be considered premature given the wider concerns facing the Bailiwick.

- 1.42 The Policy & Resources Committee notes the Committee *for* Health & Social Care's view that to progress a new Public Health (Enabling Provisions) Law is not urgent given it was first identified by Resolution in 2014; work has not been prioritised by successive health committees; and when necessary, in a pandemic scenario, the Island was able to respond within its wider legislature.
- 1.43 Nevertheless, the Policy & Resources Committee understands there are risk mitigation benefits in scoping the work to develop new legislation, as a new Law would more easily support activity where use of emergency regulations will not be an option (when the definitions within the Civil Contingencies Law are not met in order for such regulations to be made).
- 1.44 The Policy & Resources Committee is under Resolution that having consulted with the Committee *for* Health & Social Care, it shall give full consideration in the Government Work Plan Update to be debated in June 2022 to the impact of any prioritisation of a review of the Public Health Law during this term of government on the phasing and achievability of other actions.
- 1.45 The Committee has decided to set out the matter as a separate Proposition so the States can instruct the Committee *for* Health & Social Care to undertake the work they direct and also update the GWP framework accordingly through direction to the Policy & Resources Committee.

#### **Committee *for* Home Affairs**

- 1.46 The Committee *for* Home Affairs advises that the Justice Framework actions already prioritised through the GWP should remain the priorities for the States. This reflects well on the prioritisation decisions made previously. Future justice actions, where resourcing needs are identified and/or are cross-Committee in nature, that cannot be funded or resourced from within existing resources, will have to be considered for prioritisation through the GWP, alongside all other government matters.
- 1.47 The Policy & Resources Committee supports the Committee *for* Home Affairs in its determination to conclude through to implementation all the justice actions set out in the GWP. It is also cognisant of the significant draw on resources, both managing the Island's response to Brexit at the borders and the immigration issues flowing from the Russian/Ukraine conflict, including cyber security, are having on its operational and specialist staff which will make the workload challenging.

- 1.48 The Committee *for* Home Affairs is also leading on the work coming to the States later this term addressing the top ten action centred on population and immigration policies which will very likely have follow-on actions that the Committee will need to resource. The Committee has also secured funds for a pilot Sexual Assault Referral Centre (SARC) through the GWP, the exploratory work for which is progressing, and some resource issues are being flagged.
- 1.49 This extensive programme of work across the Committee's mandate is recognised by the Committee *for* Home Affairs which has identified the areas it advises the States are the top priorities for justice and is either seeking resourcing support or is developing in partnership with local entities such as the Guernsey Bar.
- 1.50 The scoping of work for the review of laws governing grounds for appeal is already progressing; has long been necessary; and should proceed to conclusion which the Committee advises it is resourcing. Likewise, the community has been waiting for the security that will be provided through an updated vetting and barring scheme underpinned by new legislation and it is an enabler for other actions important to the States with respect to provision of care services.
- 1.51 The Policy & Resources Committee is concerned that the States do not commence multiple new workstreams where funds are expended but there is not the capacity to either develop proposals for service changes or legislative support for new laws, nor to implement them successfully. On this basis and given the breadth of work already stretching the services that will deliver it, the Policy & Resources Committee is concerned that not all the actions are achievable within the next year.
- 1.52 The review of legal aid provision together with the conclusion of current actions and the new action centred on grounds for appeal would seem a full portfolio for the Committee *for* Home Affairs, given the continuing and demanding work in other areas under its mandate. Therefore, the recommendation is that the sentencing review should not be brought forward in the GWP, as has been requested, but that the legal aid review should be funded from 2023 if appropriate project management and policy development resource can be secured to support the Committee. The GWP Framework has been updated accordingly.
- 1.53 Significant pieces of legislation under the Justice Framework Action Plan have yet to be scoped but have been listed in the GWP. These therefore now meet the criteria for category 4 in the GWP; this does not preclude the service areas for which these are important legislative tools setting out the action mandate which the Committee *for* Home Affairs can bring forward for resourcing consideration in the next GWP refresh. Neither the Regulation of Investigatory Powers (RIPL) nor the Police and Criminal Evidence (PPACE) legislation were originally phased for the next 12 months and therefore this does not materially change the intent

but does ensure that work commences only when the States have the capacity to conclude and implement it.

- 1.54 Finally, the enhancement of Guernsey's cyber-security legislative framework is critical, in terms of domestic safety and meeting external requirements and standards. This work will need to begin in 2022 and be concluded during this political term, and it may be that external expertise and resource can support its completion in due course. Priority 2 – meeting international standards - has been updated accordingly.

### **Development & Planning Authority**

- 1.55 The Policy & Resources Committee has carefully considered the volume of work a review of the Island Development Plan (IDP) may generate, and not only for the Authority and its officials but also the other Committees of the States which already have a fully committed programme of work. As such, and in considering the information set out in Appendix 6, the Committee was attracted to seeking a Resolution of the States to extend the life of the current IDP in order not to commit resource to additional reviews this political term and to defer this for the next political term. However, it is also cognisant of the statutory requirement for the Authority to carry out a review the IDP within ten years of its adoption which would negate considerably the benefit of that approach.
- 1.56 The Committee also acknowledges that there are significant benefits to the priority recovery actions of government in undertaking a review of the IDP sooner, as the land use planning process is a key enabler in the delivery of government priorities and actions. It appreciates that the States require up to date, robust and relevant policies reflective of their strategic direction and priorities to progress housing, population, energy resilience, climate change mitigation and adaptation, the first steps for the blue and green economy, biodiversity, and tourism policies, and explore land use with respect to employment and agriculture.
- 1.57 The Committee understands the review can generally be resourced internally if supported with specialist consultancy, but necessary resources and funding will also need to be identified through the GWP to manage public engagement activity, the planning inquiry (which falls within the mandate of the Committee *for the Environment & Infrastructure*) and conclude publication of proposals in a policy letter. This could total up to £400k across 2023, 2024 and 2025.
- 1.58 It will also be necessary for the Authority to manage, at the same time, Local Planning Briefs for the Harbour Action Areas and potentially other strategic sites; major development proposals for housing, health and education; and plans for other key Island infrastructure; and to make legislative changes and other contributions to support the achievement of GWP priorities.

- 1.59 It will therefore be very important that the Authority adopts a proportionate approach to its management of a carefully scoped and targeted review to ensure it can conclude the work this political term which the Committee agrees is more preferable to long-term policy decisions immediately facing a new Assembly when the policy development has been driven by the previous States.
- 1.60 On balance, therefore, the Policy & Resources Committee has included funding provision for the review of the IDP from January 2023 on the basis it will be carefully managed and concluded in this political term following States consideration of the findings.

**States' Trading Supervisory Board**

- 1.61 The States' Trading Supervisory Board has approached the Policy & Resources Committee seeking a recommendation that the dairy replacement project should now be moved from a pipeline project to a delivery project in the GWP. The Committee does not currently agree with that recommendation (Appendix 6 refers) and is working with the States' Trading Supervisory Board to review the detailed breakdown of the costs of the project and the forecast cost of maintenance for the next four years.

**2022 RECOVERY ACTIONS**

Category 1

Housing

- Evaluate and implement actions to address private housing market capacity and affordability;
- Evaluate and implement actions to address key working housing capacity and affordability; and
- Progress proposals to the States by December 2022 on housing need and on management of States' housing stock.

Population

- Determine what the Island's future population and immigration policy needs to deliver and set out a pathway to address the challenges that are being faced by the economy today.

Skills and human capital development

- Agree a plan to skill our community to meet its needs; and
- embed implementation to the end of the political term.

Improve living standards

- Review minimum income standards with initial focus on income support and winter fuel allowance; and
- develop proposals on the funding options for long-term care.

Health recovery

- Determine proposals to provide targeted support based on affordability in respect of primary care appointments and access to aids and adaptations; and
- establish whether or not to explore the introduction of a compulsory insurance scheme for primary care.

Support the next generation

- Resource work to conclude amendments to the primary Children's Law and enabling Ordinances; and
- invest in education delivery through operational support to be delivered within schools and settings following Ofsted Inspection.

### Energy resilience

- Develop the electricity strategy for the Island; and
- implement actions to improve the outlook for an increase in use of renewables.

### Enabling climate change mitigation and adaptation

- Respond to the agreement in principle to extend the Paris Agreement to the Island by establishing an expert panel to scope a proportionate and pragmatic 'pathway to net zero' for consideration by the States in the 2023 Government Work Plan.

### First steps for the blue and green economy

- Create plans, based on best available evidence, that maximise the sustainable social and economic use of our island and marine environments, including support for emerging economic opportunities (including international trade agreements), tourism, Green Finance and renewable energy.

### Regeneration - future harbour requirements

- Agree the preferred direction for Guernsey's future harbour requirements to ensure that any regeneration of the seafront is within a clear strategic framework.



**FUNDING & INVESTMENT PLAN UPDATE**

**1. Executive Summary**

- 1.1. Following a strong financial performance in 2021 and changes to priorities and projects in the Government Work Plan (GWP), the Funding & Investment Plan has been updated. This is a high-level interim update on the five-year financial framework.
- 1.2. The income and expenditure position for 2021 was some £61m better than the estimates included in the Funding & Investment Plan. This, together with a slower rate of investment in infrastructure throughout 2021, meant the balance on the General Reserve was significantly higher than expected throughout the year. Therefore, with higher than anticipated investment returns, this has resulted in an improvement in investment income of approximately £28m which can be added to the overall result.
- 1.3. Together these factors have significantly improved the balance on reserves and uplifted the baseline position for some revenues, notably income tax. Given this improved position, the cumulative projections for 2022 to 2025 have improved by circa £68m. This is due to improvement to income and investment return forecasts, partly offset by forecast increases in expenditure on GWP actions and lower levels of savings overall due to delays in their delivery. This improvement has also been offset by an estimated increased cost of capital and transformation programmes totalling £13m.
- 1.4. Overall, the improvements mean that there is now unlikely to be a need for any new external borrowing in this term to fund the capital portfolio. This is an excellent result which has been driven in large part by the faster recovery in 2021. However, execution of the plan will still result in the majority of the States' financial reserves being exhausted over the remainder of this term.
- 1.5. The revised projections indicate a surplus before capital expenditure over the Plan period which will fall from £25m in 2022 to £5m by 2025. The shrinking surplus comes about because of the demand pressures on public service expenditure, particularly in relation to health and care services, coupled with strain on revenues as a result of a reduction in the working population and the introduction of secondary pensions.
- 1.6. These small surpluses are not sufficient to fund the necessary investment in island infrastructure. They are too small even to fund the everyday replacement of equipment and vehicles, renewal of roads and investment in property assets, classed as Minor Capital.

- 1.7. The underlying position remains a structural deficit beyond this term which, for General Revenue, is estimated to be approximately £50m when the long-term infrastructure funding needs are factored in. In addition, the States are running a deficit on the social security schemes, in particular the States' pension, which have a long-term funding requirement of £34m a year. Therefore, the overall structural deficit remains in line with previous forecasts of £80-90m.
- 1.8. The investment return on the reserves supports capital investment and makes the Plan affordable without any new borrowing in this term. However, the level of return can be volatile (as seen by the movement in investment markets in the first quarter of 2022) and cannot be relied on to support future expenditure since the reserves are being spent to support delivery of this Plan.

## **2. Background**

- 2.1. The Funding & Investment Plan is an integral part of the GWP and sets out the financial planning framework within which the States will operate and resource. The Plan considers all aspects of income and expenditure including business as usual, previous policy decisions and service developments, Brexit, COVID-19, recovery actions and capital investment.
- 2.2. As set out in the 2021 Funding & Investment Plan, the process of building it incorporated all financial matters known at the time of preparation (Spring 2021). This was then augmented by best estimates based on informed assumptions to forecast future outcomes. It is not intended to be a firm plan of what will happen over the period and illustrates a wide range of possible outcomes derived through flexing the key assumptions.
- 2.3. The Funding & Investment Plan was compiled as the financial planning framework for this term of government and therefore spanned the five years 2021 – 2025. However, it is the intention of the Policy & Resources Committee to undertake a periodic review and high-level re-forecast of the plan based on experience in the previous year, any changes in the economic climate or outlook and any changes to the States' priorities.
- 2.4. Therefore, the Plan has been updated to incorporate the financial outturn from 2021, any changes to forecasting assumptions based on economic conditions or changes to the baseline. It also incorporates the financial implications of any proposed changes to GWP workstreams so that these can be budgeted in future years.
- 2.5. The Plan has been updated with 2021 actual income and expenditure and the estimates for 2022 to 2025 updated with the latest projections. All forward projections have been included at 2022 prices apart from the estimates for capital

schemes not yet commenced which have incorporated future years' inflation estimates.

### 3. 2021 Financial Outturn

- 3.1. The outturn for 2021 was significantly better than had been estimated when the 2021 Budget was compiled in mid-2020 as the financial and economic impacts of the global pandemic were at their most acute; and when the Funding & Investment Plan was compiled in the Spring of 2021.
- 3.2. The table below compares the actual performance in 2021 with that set out in the Funding & Investment Plan. It also contains the equivalent numbers for 2019 (being the last true baseline year ahead of the impact of COVID-19) and 2020 for comparison purposes:

	2019 Actual £m	2020 Actual £m	2021 F&I Plan <sup>1</sup> £m	2021 Actual £m
<b>General Revenue Income</b>	<b>476.8</b>	<b>473.8</b>	<b>475.0</b>	<b>512.8</b>
Income Tax – Personal	276.6	267.0	279.7	290.3
Income Tax – Other	72.5	61.4	64.6	71.3
Customs Duties	44.5	51.3	42.3	48.1
Document Duty	18.2	23.0	21.5	32.3
Company Fees	11.0	9.9	9.9	10.6
TRP	25.3	29.1	29.3	28.8
Other Income	28.7	32.0	27.7	31.4
<b>General Revenue Expenditure</b>	<b>418.5</b>	<b>517.7</b>	<b>521.6</b>	<b>498.0</b>
Committee Cash Limits	408.8	426.0	468.5	452.3
Business Support	-	51.2	26.8	22.4
Aurigny Loss	9.7	35.2	14.0	14.7
Guernsey Ports	-	5.3	12.3	8.6
<b>Surplus/(Deficit)</b>	<b>58.3</b>	<b>(43.9)</b>	<b>(46.6)</b>	<b>14.8</b>
<b>Investment Income</b>	<b>34.5</b>	<b>22.7</b>	<b>9.6</b>	<b>37.7</b>

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<sup>1</sup> The impact of the transfers in respect of the Guernsey Health Service Fund – contribution income, service expenditure and grants to the Committee for Employment & Social Security have been removed from these estimates as these changes did not take place until January 2022

3.3. Revenue income generated an additional £38m against the Funding & Investment Plan estimate. This was driven predominantly by:

- Income tax – Personal

The growth in ETI between 2020 and 2021 was 7% representing a sharp bounce back from reduced revenues during the COVID effected year. Comparing ETI to the last baseline year of 2019 shows growth of 6% indicating that the trajectory has recovered to pre-COVID levels. There were no material changes in the numbers of either employers or employees.

Collections from non-ETI individuals showed a significant bounce back – of 16% - versus 2020 which was heavily impacted by COVID. When compared to 2019, more modest growth of 1.4% is evident.

In total, personal income tax in 2021 exceeded the Funding & Investment Plan estimate by £10.6m or just under 4% and showed 5% nominal growth on 2019 (a real terms reduction of 1.3%).

- Income Tax – Other

Income tax collections from businesses and through distributions exceeded the Funding & Investment Plan estimate in total by some 10%, or £6.7m. Broadly, these revenue streams bounced back to where they would have been expected to be if forecasting pre-COVID nominal levels.

- Customs Duties

2021 was another good year for Customs Duties overall.

Approximately half of the income in this category is derived from fuel duty. Lockdowns in 2020 and 2021 led to a reduction in the volumes of fuel consumed (in addition to the reduction assumed in relation to the transition to electric cars) resulting in a reduction in fuel duty collected. Overall, fuel duty receipts fell by 9% between 2019 and 2021.

The remainder of the duties levied on tobacco and alcohol continued to benefit from the restrictions on travel and resulting lack of access to duty free purchases. This heightened revenue is not expected to continue in 2022.

- Document Duty

The total number of property conveyances in 2021 was 7% ahead of 2020 and 12% up on 2019. However, document duty receipts have grown by 40% against

2020 and 77% against 2019 due to a combination of the mix of properties conveyed and the significant increase in residential property prices over the period (11.8% increase in 2020 and a further 11.7% in 2021).

- 3.4. The improvement against the Funding & Investment Plan estimates on revenue income in 2021 was accompanied by lower than estimated expenditure overall.
- 3.5. Principal Committees collectively spent less than the previous estimates by a total of £11m. The overall pay budget was 1.3% underspent and the non-pay budget was some 4.6% less than budgeted. The large majority of these underspends are attributable to the exceptional conditions resulting from the ongoing pandemic and expenditure is expected to recover to more normal levels in 2022.
- 3.6. A balance of £11m remained unspent in the Budget Reserve at the end of the year. The majority of this can be accounted for by pay awards costing less than had been allowed in the budget and the full amount set aside for COVID related costs (in particular the vaccination and testing programmes) not being required.
- 3.7. Further to this, £6.5m set aside to fund service developments in line with the GWP was not required. The budgeted allowance for such development was £10.2m in 2021.
- 3.8. Largely due to the impact of COVID, many of these developments were implemented later than had originally been planned, meaning that the in-year cost in 2021 was only £3.7m. However, half of the £10m total was to fund NICE drugs and treatments. While the roll out of these drugs and treatments commenced later than planned and therefore saved £4m in 2021, the baseline will still have increased as a result and the funding will be required in 2022 and future years.
- 3.9. These improvements were offset by the delay in the delivery of planned savings through the transformation of public services. There was a shortfall in this area of £6m in 2021 caused by continuing management of the pandemic absorbing critical resources and delaying the delivery of projects. A sizeable proportion of those savings are now expected to be delivered in 2022 & 2023.
- 3.10. As highlighted in the Funding & Investment Plan, 2021 saw significantly higher than budgeted expenditure on business support because of the second lockdown and the decision to support a limited number of sectors throughout 2021. This led to an additional £17m being spent versus the original budget to support the economy, which has contributed to very low levels of unemployment and the sharp recovery of industry, as demonstrated by the positive Income Tax results and low number of business failures. However, the ultimate expenditure was £4.4m less than was set out in the Funding & Investment Plan due to those sectors being supported performing better than anticipated in the second half of 2021.

- 3.11. All these factors resulted in what had been budgeted as a deficit of £33m and a Funding & Investment Plan forecast deficit of £47m, becoming a surplus for the year of £15m. The improvement against the estimates set out in the Plan was therefore £61m meaning that the General Reserve balance has increased accordingly.
- 3.12. The improvement above and a slower rate of investment in infrastructure throughout 2021 meant the balance on the General Reserve was significantly higher than expected throughout the year. 2021 was also an excellent year for investments with the portfolio in which the General Reserve is invested achieving a return of 9.7%. When this is added to the fact that the return was achieved on higher than anticipated balances, an improvement in investment return of £28m can be added to the overall result.
- 3.13. In total then, the improvement in 2021 amounts to £89m for general revenue. This has had a significantly positive impact on the overall position and resulted in additional reserves being available to support necessary investment in national infrastructure. However, it is not expected that the full value of this improvement will persist and become part of the baseline. The economic recovery was faster than anticipated and the exceptional circumstances experienced in 2021 are considered to be temporary, particularly in relation to the high levels of document duty receipts as a result of the exceptionally strong housing market; and customs duties which have benefitted from reduced access to duty free products as a result of travel restrictions.

#### 4. Changes for 2022-2025

- 4.1. The Funding & Investment Plan financial model has been updated taking into account the 2021 outturn, bringing all figures to 2022 prices, and incorporating the latest projections around the GWP initiatives. The revised financial position over the period to the end of 2025 is shown in the table below and explained further where there have been changes:

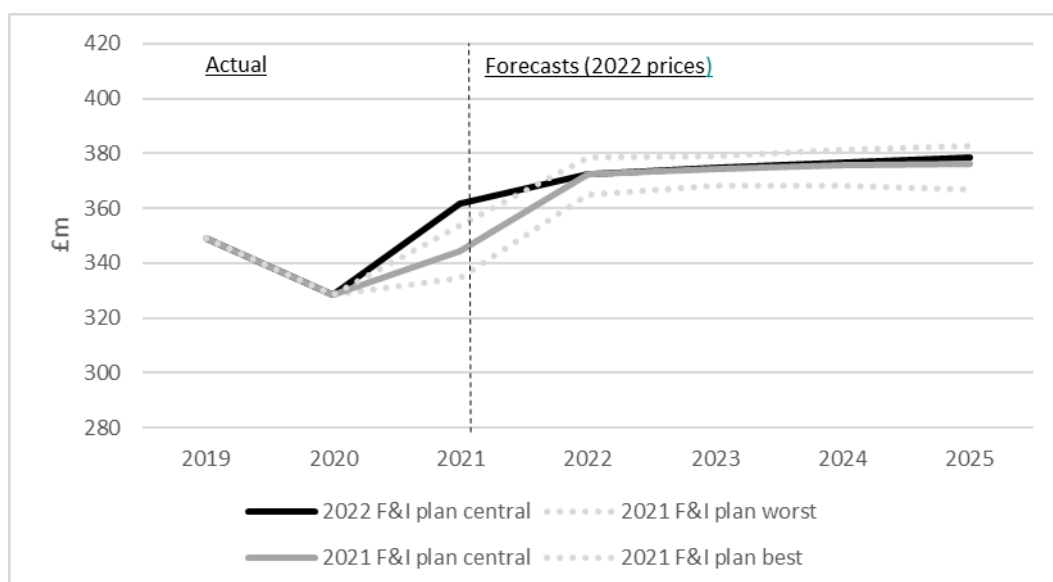
<u>£m</u>	<b>MIDDLE CASE</b>				
	2021	2022	2023	2024	2025
<b>General Revenue Income</b>	<b>541.9</b>	<b>541.8</b>	<b>545.4</b>	<b>545.5</b>	<b>546.4</b>
Income Tax - Personal	290.3	302.1	303.5	303.1	303.8
Income Tax - Other	71.3	70.6	71.0	71.4	71.7
Contributions (GHSF)	29.1	29.1	31.1	31.3	31.5
Customs Duties	48.1	47.8	47.2	46.7	46.1
Document Duty	32.3	23.0	23.3	23.5	23.8
Company Fees	10.6	10.8	10.9	11.0	11.1
TRP	28.8	32.8	32.8	32.8	32.8
Other Income	31.5	25.8	25.6	25.8	25.6
<b>General Revenue Expenditure</b>	<b>(505.3)</b>	<b>(516.6)</b>	<b>(528.4)</b>	<b>(532.0)</b>	<b>(537.4)</b>
Committee Cash Limits	(482.9)	(509.7)	(527.5)	(531.1)	(536.5)
COVID-19 Management	(22.4)	(8.0)	(2.0)	(2.0)	(2.0)
Unallocated Savings	-	1.1	1.1	1.1	1.1
<b>Baseline - surplus/(deficit)</b>	<b>36.6</b>	<b>25.2</b>	<b>17.0</b>	<b>13.5</b>	<b>9.0</b>
States Trading Assets *	(23.4)	-	-	-	-
Capital Income		3.0	1.0	1.0	1.0
<b>Adjusted Baseline Position</b>	<b>13.2</b>	<b>28.2</b>	<b>18.0</b>	<b>14.5</b>	<b>10.0</b>
<b><u>GWP Revenue Impact</u></b>					
Brexit	-	(0.9)	(1.0)	(1.1)	(1.1)
Recovery (on-going)	-	(2.0)	(6.1)	(5.7)	(5.5)
Transformation Savings	-	-	0.9	1.8	2.6
RICE	-	(0.8)	(1.3)	(2.4)	(3.6)
Budget Measures	-	-	1.0	2.0	3.0
<b>Overall Surplus/(Deficit)</b>	<b>13.2</b>	<b>24.6</b>	<b>11.4</b>	<b>9.2</b>	<b>5.3</b>
Net Investment Return	37.7	46.1	26.6	16.0	10.2
<b>Position after Investment Return</b>	<b>50.9</b>	<b>70.6</b>	<b>38.0</b>	<b>25.2</b>	<b>15.5</b>

#### *Baseline*

- 4.2. The 2022 to 2025 baseline projections have improved by circa £68m in aggregate.



- 4.3. All revenue income baselines have been updated to the 2022 starting position and growth assumptions applied. The main assumptions have remained largely unchanged.
- 4.4. However, the projections in the 2021 Funding & Investment Plan relating to income tax receipts assumed a more gradual recovery than has occurred. As a result, whilst income tax receipts were significantly higher in 2021 than anticipated, they are expected to grow considerably more slowly through 2022 to 2025 and return to more usual growth patterns. In particular, it should be noted that high levels of inflation may suppress real growth in incomes during 2022 if wage growth does not keep pace with RPIX.
- 4.5. The chart below illustrates the difference between income tax forecasts in the original Plan and following this update. It shows that there is expected to be a £2m improvement in the 2025 baseline position when adjusted for inflation.



- 4.6. Although Committee expenditure was lower than budgeted during 2021, it is expected that this will now bounce back to budgeted levels. However, the net position on expenditure has worsened slightly due to the impact of a delay in the delivery of savings and those achieved to date being lower than planned.
- 4.7. Although it is anticipated that expenditure in relation to COVID (largely testing and vaccinations) will be lower than budgeted in 2022, this budget was higher than the amount assumed in the last version of the Funding & Investment Plan and therefore this has been adjusted accordingly.

## GWP Impact

- 4.8. As part of the refresh, the financial implications of all changes to priorities have been captured and the costs of the existing priorities refreshed. This has resulted in a total net increased cost impact of £7.5m over the period 2022-2025. This is made up of a combination of one-off and ongoing funding which is set out in the table below:

GWP Priorities - Recovery - Revenue Expenditure (one-off and on-going) £'000	F&I Plan 2021	Refresh 2022	Change	Ref.
Invest in the Finance Sector	3,000	3,000	-	
Accelerate the digital economy	-	-	-	
Unlock enterprise	1,700	1,650	- 50	1
Invest in the Visitor Economy	-	-	-	
Invest in Nature and the Natural Economy	711	1,539	828	2
Enable opportunities for regeneration	975	1,075	100	3
Secure future energy requirements	-	350	350	4
Secure transport connectivity and infrastructure	3,200	3,200	-	
Promote Education, Skills and Learning	4,400	9,409	5,009	5
Meet Housing Needs	-	332	332	6
Keep the Island safe and secure	3,908	4,088	180	7
Promote responsive population measures	-	-	-	
Support healthy living	8,550	8,050	- 500	8
Enable Accessible and Affordable 21st Century Health and Care Services	150	1,410	1,260	9
<b>TOTAL REVENUE SPEND</b>	<b>26,594</b>	<b>34,103</b>	<b>7,509</b>	

1. Delayed start to "Explore opportunities for further development of the general and commercial aviation sectors".
2. This is comprised of new actions: "Statutory review of the IDP" (£400k one-off), "Establish path to net zero" (£250k one-off) and "Prepare and implement updated animal welfare legislation" (£50k pa on-going, £200k in plan to 2025).
3. This is an additional cost in respect of an existing priority: "Determine future use of Les Vardes Quarry" for an environmental impact assessment (£100k one-off).
4. This one-off funding supports updating the Electricity Strategy and developing a business case for energy generation mix (£350k).
5. This comprises new action "Education Recovery" (£1.3m one-off across 2022-24 plus £1m per annum on-going from 2023) plus £640k funds to implement nasen SEND provision, £160k to invest in Ofsted inspection response and £75k to support Education Law review. These have been part offset by lower funds expected for action "Agree plan to skill our community to meet its needs (£300k).

6. An increased one-off cost to “implement housing market intervention options” (2022-23 £250k one-off) plus “Develop, legislate and implement housing standards” (£82k).
7. New actions “Evaluate and appraise learning from COVID response” (£40k one-off) and “Review of Public Health Law/legal status of cannabis review” (2024 £100k one-off), plus an increase of £40k for the implementation of updated domestic abuse strategy.
8. This reduced cost is the net impact of a £900k reduction in funding for the waitlist initiative by part offset by the cost of a new action “Tier 3 & 4 healthy weight strategy” (£150k pa on-going, £450k in the plan to 2025).
9. This is comprised of:
  - a. New actions:
    - i. “Design and implement a scheme for the Funding of Medical Treatment for Guernsey and Alderney Residents travelling in the UK” (£300k pa, £900k in plan)
    - ii. “Review funding options for long-term care” (£150k one-off)
  - b. Changes to funding requirements:
    - i. “Enhanced mental health pilot” (£150k one-off)
    - ii. “Determine proposals to increase affordability of primary care appointments and aids & adaptations and establish whether to explore the introduction of a compulsory insurance scheme (including an update on the Bailiwick Social Prescribing Pilot) ” (£60k one-off).

4.9. The total impact of these changes across 2022-2025 is £7.5m with an ongoing increase in the baseline expenditure of £2m per annum by 2025.

4.10. The forecast costs accompanying the listed recovery actions are best estimates only at this stage. It is recognised that ultimate funding requests may be higher or lower than the figures provided and some of the priorities which currently show no funding required might, in due course, need to be funded. There will be appropriate review and challenge undertaken prior to any funding being recommended or released.

### *Capital & Transformation Programmes*

- 4.11. The funding requirements of the portfolio of programmes – both capital and transformation – have been reviewed and updated and the changes from the original Funding & Investment Plan are captured in the table below:

Capital & Transformation Spend (2021 to 2025) £m	F&I Plan 2021	F&I Plan Refresh 2022	2022 vs 2021	Ref.
Major Capital	433	439	(6)	1
Minor Capital	123	95	28	2
Contingency	13	35	(23)	3
Transformation	26	39	(13)	4
<b>Total Capital &amp; Transformation</b>	<b>594</b>	<b>608</b>	<b>(13)</b>	

1. £14m of costs have been moved between capital and transformation due to the nature of the spend. When comparing to the 2021 Funding & Investment Plan, this means there is an actual **increase of £20m** in major capital expenditure projections.

Estimates for capital projects have been inflated in each year assuming the following inflation rates: 2023 – 3.5%; 2024 – 2.5%; 2025 – 2.5%. It is acknowledged that there is a risk that the inflationary impact on capital projects may be significantly more which has been allowed for through increased contingency (3 below), and covered in the section on Risks & Opportunities.

2. The expenditure in 2021 was £13m less than anticipated and the ability to complete minor capital projects continues to be constrained by limited resources. Therefore, projections have been reduced by circa £4m per annum in this update from £24m to circa £20m per annum.
3. The contingency has been increased due to uncertainty around inflation.
4. The increase is due only to the transfer of programme running costs which were previously categorised as capital.

- 4.12. The net impact of the updated position in respect of capital and transformation programmes is increased cost of £13m over the plan period.

### *Investment Income*

- 4.13. As set out in section 3 above, the combination of a surplus in 2021, slower expenditure on capital programmes than planned and good investment return resulted in investment income of £37.7m in 2021 which will be used to fund future expenditure.
- 4.14. Given that the starting position is now £93m improved, the benefit of higher investment returns (which are assumed at inflation plus 2.5% throughout the plan period) persists throughout the period.
- 4.15. It had previously been assumed that investment income would be available to service borrowing costs. Given the improvement in the overall position over the period and the likely removal of the borrowing requirement, investment income will no longer be needed for that purpose which further improves the position and the amount available to fund capital expenditure.

## **5. Funding & Financing**

- 5.1. The 2021 Funding & Investment Plan ensured that all the priorities for this term of government were fully funded through use of a combination of reserves and borrowing.
- 5.2. The table below summarises the funding required for one-off activities over the remainder of the period (that is having factored in the expenditure which has already taken place in 2021). This shows that it is now expected that £583m will be required between 2022 and 2025:

<b>Funding Required 2022-2025</b>	<b>£m</b>
Major Capital	410
Minor Capital	84
Contingency	35
<b>Total Capital</b>	<b>528</b>
Recovery (one-off)	18
Transformation	37
<b>Total One-Off Spend</b>	<b>55</b>
<b>Total Capital &amp; One-Off</b>	<b>583</b>

- 5.3. The Policy & Resources Committee had previously recommended that a minimum balance be retained on the General Revenue Reserve of £150m to provide resilience, guard against future shocks and ensure that limited reserves are available for the next States. The Committee also recommended that the Health Service Reserve be used to fund the implementation of the changes to the availability of NICE approved drugs and treatment and to cover the cost of

reducing the backlog of elective procedures because of COVID-19, as prioritised in the GWP.

- 5.4. The Committee has retained the same assumptions in this update.

Existing Reserves/Bond £m	Balance 31.12.21	Available to Use
General Revenue Reserve	587	437
Health Service Reserve	120	41
Surplus 2022-2025		149
<b>Available Reserves</b>	<b>707</b>	<b>627</b>
Funds Required		583
<b>Borrowings required</b>		<b>nil</b>

- 5.5. The table above also includes the annual estimated surplus from 2022 to 2025. This was not included in the 2021 Plan since it was assumed that any surpluses would be accumulated to service and/or repay the borrowing. Given the improved position overall, these surpluses are now available to support the required investment.
- 5.6. This means that sufficient reserves are now available to support the desired investment over the remainder of this term without any recourse to borrowing which compares to the borrowing requirement of £200m previously identified. The table below explains the attribution of this improvement:

F&I Plan Movement	£m
2021 net result	93
2022 - 2025 net result	68
Assumed servicing of borrowing in F&IP	79
Capital & Transformation forecast spend	(13)
GWP one-off	(3)
Higher transfer from bond reserve	10
Increase use of Health Service Fund	7
Other	8
<b>Total Movement</b>	<b>249</b>

- 5.7. This is an excellent result which has been driven in large part by the faster recovery in 2021. A Resolution from the debate on the GWP in 2021 allows the Policy & Resources Committee to enter into new external borrowing facilities up to a total maximum of £200m. According to the latest update, it is not anticipated that such borrowing will now be required. However, due to the continued uncertain economic conditions, the Committee does not wish to ask at this stage that the

Resolution is rescinded. When the Funding & Investment Plan is reviewed in 2023, the forecast will be re-evaluated again. If it is still estimated that no new long-term borrowing will be required, the Committee will ask the Assembly to rescind that Resolution.

- 5.8. Although it is not now anticipated that new long-term borrowing will be required to fund the Plan, its execution will still result in most of the States' financial reserves being exhausted over the remainder of this term.

<u>£m</u>	MIDDLE CASE				
	2021	2022	2023	2024	2025
Net Result Surplus/(Deficit)	13.2	24.6	11.4	9.2	5.3
Investment Return	37.7	46.1	26.6	16.0	10.2
Net Result (incl. investment return)	50.9	70.6	38.0	25.2	15.5

- 5.9. The table above shows the estimated overall surplus before capital expenditure over the Plan period. The baseline position shows a surplus of £24.6m in 2022 falling to £5.3m by 2025. The shrinking surplus comes about because of the demand pressures on public services, particularly in relation to health and care services, coupled with strain on revenues as a result of changes to the working population and the introduction of secondary pensions.
- 5.10. These small surpluses are not sufficient to fund the necessary investment in Island infrastructure. They are too small even to fund the everyday replacement of equipment and vehicles, renewal of roads and investment in property assets, classed as Minor Capital.
- 5.11. The investment return on the reserves supports capital investment and makes the Plan affordable without any new borrowing in this term. However, the level of return can be volatile (as seen by the movement in investment markets in the first quarter of 2022) and cannot be relied on to support future expenditure since the reserves are being spent to support delivery of this Plan.
- 5.12. The only usable reserves remaining after delivery of this plan would be £150m in the General Revenue Reserve, £80m in the Health Service Reserve and an assumed £197m in the Core Investment Reserve (£179m at the end of 2021 with return assumed at inflation plus 2.5% each year thereafter). This would give a total reserves balance of £427m against an annual turnover of approximately £540m. This is a total reserves ratio of only 79% whereas the States have a policy of the Core Investment Reserve alone having a balance of 100% of revenues.
- 5.13. The best- and worst-case scenarios set out in Annex 1 illustrate the range of possible likely outcomes and that the surplus by 2025 could be higher at around £28m or be converted into a deficit of £29m. However, the trend remains the same with surpluses shrinking/deficits growing. With the continued and essential need

to invest in infrastructure both to maintain and replace current assets and develop new ones, there remains a significant underlying structural deficit which must be addressed.

## **6. Risks & Opportunities**

### **Inflation**

- 6.1. During 2021 and the first quarter of 2022, worldwide inflation has been increasing because of the economic disruption caused by the pandemic and the disruption it has caused to global shipping and, latterly, the impact of the conflict in Ukraine. RPIX is currently well above recent averages (5.9% in March 2022) and is expected to increase further through the second and third quarters, before reducing in 2023. This represents a real risk to the States' financial position. Should inflation increase both revenues and expenditure equally, then the impact will be minimal. However, should price inflation increase sharply and revenues do not keep pace in real terms, then it could result in a significant deterioration in the financial position.
- 6.2. One very real risk around inflation is centred on capital investment, particularly given the extent of the current price pressure on construction costs resulting both from the strength of demand and the difficulty in obtaining supplies. The States have started to observe significant increases, especially in the price of certain raw materials. Although inflation assumptions have been factored into the capital requirements, these might prove to be insufficient.

### **COVID-19**

- 6.3. The Plan update has continued to assume no further lockdowns, travel restrictions or business support. Based on the levels of immunity in the population and current policy, these are reasonable assumptions. Any changes to the current approach, as a result of a new variant or other similar developments, could have a cost risk.

### **Public Service Transformation**

- 6.4. A risk adjustment has already been made in this Plan in relation to the delivery of savings from Public Service Transformation. The middle case assumes that 60% of the savings forecast will be achievable. However, there is still a notable risk that savings will not be fully realised and that there will be a shift in the cost of delivering transformation activity. Conversely, there is an opportunity overall should the level of projected savings be delivered which would considerably strengthen public finances.



## **Financial Implications of the GWP Priorities**

- 6.5. The GWP actions have been costed using the best information available. However, many actions continue to be in the early stages of development with many unknown factors about how they might be delivered. Experience over the last year has revealed that some workstreams have costed more than indicated or that costs were simply not foreseen. As set out in this update, additional actions with cost have been identified and costs relating to other actions have increased. There is a significant risk that costs will be higher or lower than the financial estimates included in this Plan.

## **General Cost Pressures**

- 6.6. There is a risk that when preparing the budget each year further cost pressures or service developments not included in the Plan are identified

## **Housing Stock Transfer**

- 6.7. A project to explore the transfer of all States' housing stock to the GHA has been initiated. The preferred model would be that the housing stock would be sold to the GHA which would take ownership and day to day responsibility of its management. If such a transfer did happen then this would result in a negative net impact to general revenue of approximately £12m per annum although this would be compensated by a capital receipt for the sale.

## **Guernsey Waste**

- 6.8. The States have agreed a waste strategy which is being implemented by Guernsey Waste. The original expectation was that over the life of the strategy, it would break even with the overall costs of collection and processing balanced by various charges. However, largely because of the significant reduction in the number of black bags being disposed of, Guernsey Waste currently has an accumulated deficit of circa £3.5m with ongoing deficits forecast in the range of £1.1-1.5m per annum. Should a self-funding solution not be found which does not run counter to the strategy, then this cost pressure could fall to general revenue.

## **Conflict in Ukraine**

- 6.9. The conflict in Ukraine is having and will continue to have far reaching implications. Inflation has already been highlighted as a risk which could be (and already has been) exacerbated by the situation in Ukraine. Any escalation of the conflict will only intensify these risks.

6.10. In addition, the Bailiwick is also welcoming refugees from the war through the Family and Homes for Ukraine schemes. There will be consequential costs although it is too early to estimate the extent of these.

### **Economic Factors**

6.11. The economic environment is both a risk and an opportunity to the Funding & Investment Plan. As experienced in 2021, recovery and economic growth rates can have a significant impact on general revenue income. The measures prioritised in the GWP to enhance and encourage growth of the Bailiwick's economy, if successful, could present a sizeable boost to both the economy and general revenue income.

6.12. However, the availability of suitable labour and the increasing cost of housing have been widely cited by industry representatives as limiting factors on economic expansion.

## ANNEX 1

£m	WORST CASE					MIDDLE CASE					BEST CASE				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
<b>General Revenue Income</b>	<b>541.9</b>	<b>527.7</b>	<b>529.4</b>	<b>529.4</b>	<b>530.3</b>	<b>541.9</b>	<b>541.8</b>	<b>545.4</b>	<b>545.5</b>	<b>546.4</b>	<b>541.9</b>	<b>560.0</b>	<b>561.8</b>	<b>561.9</b>	<b>562.8</b>
Income Tax - Personal	290.3	294.5	295.9	295.5	296.2	290.3	302.1	303.5	303.1	303.8	290.3	309.6	311.1	310.7	311.4
Income Tax - Other	71.3	67.1	67.5	67.8	68.1	71.3	70.6	71.0	71.4	71.7	71.3	74.1	74.6	74.9	75.3
Contributions (GHSF)	29.1	29.6	29.8	29.9	30.1	29.1	29.1	31.1	31.3	31.5	29.1	32.7	32.9	33.1	33.3
Customs Duties	48.1	46.6	46.0	45.5	45.0	48.1	47.8	47.2	46.7	46.1	48.1	49.0	48.4	47.8	47.3
Document Duty	32.3	20.7	20.9	21.2	21.4	32.3	23.0	23.3	23.5	23.8	32.3	25.3	25.6	25.9	26.1
Company Fees	10.6	10.8	10.9	11.0	11.1	10.6	10.8	10.9	11.0	11.1	10.6	10.8	10.9	11.0	11.1
TRP	28.8	32.8	32.8	32.8	32.8	28.8	32.8	32.8	32.8	32.8	28.8	32.8	32.8	32.8	32.8
Other Income	31.5	25.8	25.6	25.8	25.6	31.5	25.8	25.6	25.8	25.6	31.5	25.8	25.6	25.8	25.6
<b>General Revenue Expenditure</b>	<b>(505.3)</b>	<b>(531.3)</b>	<b>(542.4)</b>	<b>(546.1)</b>	<b>(551.6)</b>	<b>(505.3)</b>	<b>(516.6)</b>	<b>(528.4)</b>	<b>(532.0)</b>	<b>(537.4)</b>	<b>(505.3)</b>	<b>(514.2)</b>	<b>(527.2)</b>	<b>(530.9)</b>	<b>(536.2)</b>
Committee Cash Limits	(482.9)	(522.4)	(540.7)	(544.4)	(549.9)	(482.9)	(509.7)	(527.5)	(531.1)	(536.5)	(482.9)	(509.7)	(527.5)	(531.1)	(536.5)
COVID-19 Management	(22.4)	(9.6)	(2.4)	(2.4)	(2.4)	(22.4)	(8.0)	(2.0)	(2.0)	(2.0)	(22.4)	(6.4)	(1.6)	(1.6)	(1.6)
Unallocated Savings	-	0.7	0.7	0.7	0.7	-	1.1	1.1	1.1	1.1	-	1.9	1.9	1.9	1.9
<b>Baseline - surplus/(deficit)</b>	<b>36.6</b>	<b>(3.6)</b>	<b>(13.0)</b>	<b>(16.6)</b>	<b>(21.3)</b>	<b>36.6</b>	<b>25.2</b>	<b>17.0</b>	<b>13.5</b>	<b>9.0</b>	<b>36.6</b>	<b>45.8</b>	<b>34.5</b>	<b>31.0</b>	<b>26.6</b>
States Trading Assets*	(23.4)	-	-	-	-	(23.4)	-	-	-	-	(23.4)	-	-	-	-
Capital Income	0.0	3.0	1.0	1.0	1.0	0.0	3.0	1.0	1.0	1.0	0.0	3.0	1.0	1.0	1.0
<b>Adjusted Baseline Position</b>	<b>13.2</b>	<b>(0.6)</b>	<b>(12.0)</b>	<b>(15.6)</b>	<b>(20.3)</b>	<b>13.2</b>	<b>28.2</b>	<b>18.0</b>	<b>14.5</b>	<b>10.0</b>	<b>13.2</b>	<b>48.8</b>	<b>35.5</b>	<b>32.0</b>	<b>27.6</b>
<b>GWP Revenue Impact</b>															
Brexit (on-going)	-	(1.0)	(1.2)	(1.2)	(1.2)	-	(0.9)	(1.0)	(1.1)	(1.1)	-	(0.8)	(0.9)	(0.9)	(0.9)
Priority Actions (on-going)	-	(2.2)	(7.1)	(6.6)	(6.5)	-	(2.0)	(6.1)	(5.7)	(5.5)	-	(1.8)	(5.0)	(4.7)	(4.6)
<b>Baseline after GWP</b>	<b>13.2</b>	<b>(3.7)</b>	<b>(20.3)</b>	<b>(23.5)</b>	<b>(28.0)</b>	<b>13.2</b>	<b>25.3</b>	<b>10.9</b>	<b>7.8</b>	<b>3.4</b>	<b>13.2</b>	<b>46.1</b>	<b>29.6</b>	<b>26.4</b>	<b>22.1</b>
Savings	-	-	0.6	1.2	1.7	-	-	0.9	1.8	2.6	-	-	1.5	3.0	4.3
RICE	-	(0.8)	(1.4)	(2.6)	(4.0)	-	(0.8)	(1.3)	(2.4)	(3.6)	-	(0.7)	(1.2)	(2.2)	(3.3)
Budget Measure	-	-	0.5	1.0	1.5	-	-	1.0	2.0	3.0	-	-	1.5	3.0	4.5
<b>Overall Surplus/(Deficit)</b>	<b>13.2</b>	<b>(4.6)</b>	<b>(20.6)</b>	<b>(23.9)</b>	<b>(28.8)</b>	<b>13.2</b>	<b>24.6</b>	<b>11.4</b>	<b>9.2</b>	<b>5.3</b>	<b>13.2</b>	<b>45.4</b>	<b>31.4</b>	<b>30.3</b>	<b>27.6</b>
Investment Return	37.7	43.9	21.9	9.1	0.4	37.7	46.1	26.6	16.0	10.2	37.7	47.9	30.8	22.1	18.8
<b>Position after Investment Return</b>	<b>50.9</b>	<b>39.4</b>	<b>1.2</b>	<b>(14.8)</b>	<b>(28.4)</b>	<b>50.9</b>	<b>70.6</b>	<b>38.0</b>	<b>25.2</b>	<b>15.5</b>	<b>50.9</b>	<b>93.4</b>	<b>62.1</b>	<b>52.4</b>	<b>46.4</b>

## ANNEX 2

### (a) RICE Forecast – Revenue Impact of Capital Expenditure

<b>Cumulative RICE Forecast (net spend) £'000</b>	<b>2022 Forecast</b>	<b>2023 Forecast</b>	<b>2024 Forecast</b>	<b>2025 Forecast</b>
Revenue Service	-	1,204	1,204	1,204
Our Hospital Modernisation				
SAP Roadmap	-			
Transforming Education Digital	-	-	200	600
THSC Programme		-	-	-
Guernsey Registry IT Systems Replacement			250	1,000
SMART Court	-	-	500	500
Budget 2022 RICE	700			
<b>Total RICE (not in Baseline)</b>	<b>700</b>	<b>1,204</b>	<b>2,154</b>	<b>3,304</b>

### (b) Transformation Expenditure Forecast

<b>Transformation Costs £'000</b>	<b>2022 Forecast</b>	<b>2023 Forecast</b>	<b>2024 Forecast</b>	<b>2025 Forecast</b>	<b>Total</b>
MyGov T2 - Revenue spend	4,402				<b>6,612</b>
MyGov T3 - Next phase		5,000	5,000	5,000	<b>15,000</b>
Organisational Restructure	390	2,000	2,000	2,000	<b>6,390</b>
Transforming Health & Social Care	800	1,000	1,000	1,000	<b>4,178</b>
Transforming Education	2,340	1,980	1,730	1,120	<b>7,170</b>
<b>Total Transformational Spend</b>	<b>7,932</b>	<b>9,980</b>	<b>9,730</b>	<b>9,120</b>	<b>39,351</b>

### (c) Brexit Expenditure Forecast

<b>MANAGING BREXIT &amp; MEETING INTERNATIONAL STANDARDS £'000</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Health & Safety and Trading Standards -Capacity & Expertise	109	109	109	109
Trading Standards - software license	10	10	10	10
Sea Fisheries - Services	15	15	15	15
Revenue Service - Capacity	98	98	98	98
Revenue Service - Software license	20	20	20	20
Economic Development - Delivery of trade obligations	200	200	200	200
Borders, Law Offices - Project support	30	30	30	30
Borders, Law Offices - Capacity & Service Development	147	155	163	171
Customs & Excise - Service Development	180	210	210	210
Immigration - Capacity & Service Development	75	75	75	75
SPS/border control - Consultant retainer	8	8	8	8
Environmental Health - Capacity & Expertise	50	50	50	50
General provision	100	100	100	100
<b>TOTAL ADDITIONAL FORECAST REVENUE SPEND</b>	<b>1,042</b>	<b>1,080</b>	<b>1,088</b>	<b>1,096</b>
Amount built into baseline via budget 2022 cash limit	(250)	(250)	(250)	(250)
<b>INFLATED TO 2022 PRICES (Less amount included in baseline)</b>	<b>£ 833</b>	<b>£ 873</b>	<b>£ 881</b>	<b>£ 889</b>

### ANNEX 3

#### RECOVERY ACTIONS

<b>Accelerate the Digital Economy (£'000)</b>	<b>New/Funding change</b>	<b>On-going/ One-off</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
Digital framework and action plans - invest in and develop the local digital economy	-						-
Establish regulation and legislation to enable the digital sector	-						-
Continued Support for digital skills and pathways	-						-
Promote and support innovation, transformation and entrepreneurial growth into the digital sector (scale-ups)	-						-
Establish Future Telecoms Strategy	-						-
Implement a universal fibre broadband network	-						-
Establish 5G licensing framework	-						-
<b>SUB TOTAL</b>			-	-	-	-	-

<b>Invest in Nature and the Natural Economy (£'000)</b>	<b>New/Funding change</b>	<b>On-going/ One-off</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
Carry out sea-bed survey	-						-
Develop a Natural Capital Atlas for our marine and terrestrial environment	Change	One-off		72			<b>72</b>
Blue economy – conduct a marine biodiversity net gain pilot	-	One-off					-
Blue economy – fully develop marine biodiversity net gain	-	One-off		40	40		<b>80</b>
Develop a Blue Economy Supporting Plan	-	One-off			215		<b>215</b>
Develop a Marine Biosecurity Plan	-	One-off					-
Carry out habitat mapping	-	One-off	82				<b>82</b>
Develop a Natural Capital Atlas for our marine and terrestrial environment	New	One-off		82			<b>82</b>
Green economy - carry out a biodiversity net gain feasibility study	Change	One-off		50			<b>50</b>

Green economy - develop and transition to biodiversity net gain	New						-
Green economy - develop a green economy supporting plan	New	One-off				100	100
Carry out Statutory Review of the Island Development Plan	New	One-off		250	150		400
Update the Environmental Pollution Law	New	On-going	2	2	2	2	8
Establish climate change expert panel and scope a proportionate and pragmatic path to net zero	New	One-off	250				250
Prepare and implement updated animal welfare legislation	New	On-going	50	50	50	50	200
SUB TOTAL			384	546	457	152	1,539

Enable Accessible and Affordable 21st Century Health and Care Services	New/Funding change	On-going/ One-off	2022	2023	2024	2025	Total
Implement NICE TA Drugs - Tranche 1 <i>(cost built into baseline)</i>	-	On-going					-
Implement NICE TA Drugs - Tranche 2 <i>(cost built into baseline)</i>	New	on-going					-
Review practical application and next stages [of NICE TA Drugs]	-	One-off		150			150
Review funding options for Long-term Care and develop proposals	New	One-off	50	100			150
Develop and implement proposals to extend Long-term Care benefits to include care in people's own homes	New						-
Explore a higher rate of benefit for complex cases with exceptional needs in care homes	New						-
Develop a digital care needs assessment model to address increased demand and variety of benefit rates	New						-
Determine proposals to increase affordability of primary care appointments and aids & adaptations and establish whether to explore the introduction of a compulsory insurance scheme (including an update	Change	One-off		60			60

on the Bailiwick Social Prescribing Pilot)							
Implementation and ongoing review of the primary care model	New						
Develop and run an enhanced mental health service pilot	Change	One-off	150				150
Commence the Human Tissue and Transplantation Law							
Review operations of health benefit funding following transfer to the Committee for Health & Social Care	-						-
Enable indemnity insurance for health and care providers	-						-
Deliver out Hospital Modernisation - Phase 1	-						-
Deliver out Hospital Modernisation - Phases 2&3 (including PEH Energy and Pathology and Laboratory services)	New						-
Design and implement a scheme for the Funding of Medical Treatment for Guernsey and Alderney Residents travelling in the UK	New	On-going		300	300	300	900
SUB TOTAL			200	610	300	300	1,410

Enable Opportunities for Regeneration £'000	New/Funding change	On-going/ One-off	2022	2023	2024	2025	Total
Conclude appraisal of government involvement in developing Leale's Yard	-						-
Implement agreed aggregate supply solution	-						-
Conclude decision making on the future inert waste facility	-						-
Determine the future Strategic use of Les Vardes quarry	Change	One-off	100				100
Agree preferred direction for future harbour requirements & seek approval	-						-
Continue harbour planning and investigation as required. Carry out essential and time dependent work	-						-
Establish Development Agency & develop strategic framework for States approval	-	One-off	975				975
Prepare for and implement a long-term development plan	-						-

Complete local planning briefs for the Harbour Action Areas							
Amend the Land Planning and Development Ordinances to provide for further planning permission exemptions							
Develop and agree a Bridge Strategy (excluding St Sampson's Harbour)	-						-
<b>SUB TOTAL</b>			1,075	-	-	-	<b>1,075</b>

<b>Meet Housing Needs</b>	<b>New/Funding change</b>	<b>On-going/ One-off</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
Housing Action Group: scope and deliver urgent measures to relieve pressures in current housing market	-						-
Implement the General Housing Law - improving Housing Standards (phase 1)	New	On-going	73	3	3	3	<b>82</b>
Implement the General Housing Law – Rent protection deposit scheme (phase 2)	New						-
Progress proposals to the States on the potential transfer of the States' social housing stock to the GHA							-
Progress proposals to the States on the States Strategic Housing Indicator	-						-
Respond to housing indicator requirements, specifically developments and funding to, in partnership with the GHA, to provide more affordable housing to meet requirements	-						-
Evaluate and implement interventions to address private housing market capacity and affordability	-						-
Implement long-term housing market intervention options	New	One-off	100	150			<b>250</b>
Review availability, provision and funding of accommodation for elderly people							
Evaluate and implement interventions to address key worker housing capacity and affordability	-						-
Review the provision of emergency accommodation in Guernsey	-						-



SUB TOTAL			173	153	3	3	332
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Invest in the Finance Sector £'000	New/Funding change	On- going/ One-off	2022	2023	2024	2025	Total
Continued investment in promoting Guernsey's finance sector <i>(2022 built into baseline)</i>	-	One-off	1,000	1,000	500		2,500
SUB TOTAL			1,000	1,000	500		2,500

Invest in the Visitor Economy £'000	New/Funding change	On- going/ One-off	2022	2023	2024	2025	Total
Finalise Tourism Product Development Plan							
Implementation of Tourism Product Development Plan							
SUB TOTAL			-	-	-	-	-

Keep the Island Safe and Secure £'000	New/Fund ing change	On-going/ One-off	2022	2023	2024	2025	Total
Conclude primary legislation for regulation of health and care	-						-
Introduce secondary legislation & implementation for the regulation of health & care	-	On-going		194	165	140	499
Implement Capacity Law	-	On-going		100	100	100	300
Develop justice framework	-	One-off	1000				1,000
Review the grounds governing the Appeals Law	New						-
Enhance domestic abuse services in line with the updated domestic abuse strategy (including a Sexual Assault Referral Centre (SARC) three-year pilot)	-	On-going	382	589	589	589	2,149
Reform the Adoption Law - Primary Legislation	-						-
Conclude Children's Law legislative development	-						-
Implement agreed changes to the Children's Law							-
Develop policy and introduce Phase 1 of Discrimination Ordinance (incl. grounds of	-						-

religious belief and sexual orientation)							
Develop policy and introduce Phase 2(A) of the Discrimination Ordinance: Age and Sex Grounds (preparation for Phase 2 will need to commence ahead of Phase 2)	-						-
Rescope Vetting and Barring scheme and revisit legislative requirements	-						-
Update sexual offences legislation - secondary legislation	-						-
Update parole legislation	-						-
Explore options for alternative and non-punitive approaches to the possession and use of small quantities of illegal drugs	-						-
Scope and commission review of Legal Aid	New						-
Conclude & implement Matrimonial Causes Law Reforms incl. amendments to Domestic Proceedings Law	-						-
Advance legislation re: requirement to pass theory test prior to driving on road as provisional licence holder							-
Review of Public Health Law or review legal status of cannabis	New	One-off		50	50		100
Evaluate and appraise learning from the Bailiwick's COVID response	New	One-off	40				100
Review Health & Safety legislation	New						
Consideration of further employment protection measures	New						
Prepare a new Credit and Finance Law	New						-
<b>SUB TOTAL</b>			1,422	933	904	829	<b>4,088</b>

<b>Enable Responsive Population Measures £'000</b>	<b>New/Funding change</b>	<b>On-going/ One-off</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
Review population policy and set out a pathway to address the challenges faced by the economy							-

Deliver actions necessary to implement the population review recommendations agreed by the States	New						-
SUB TOTAL							

Promote Education, Skills and Learning £'000	New/Funding change	On-going/ One-off	2022	2023	2024	2025	Total
Implement the reorganisation of secondary and post-16 education							
Agree a plan to skill our community to meet its needs	Change	On-going	400	700	500	500	2,100
Repeal and replace the Education Law - Project and policy development	Change	One-off		75			75
Replace the Education Law - Ordinances							
Implement the Education law	New						
Implement the recommendations of the nasen Report on SEND provision (2022 included in ESC cash limit)	Change	On-going	600	770	670	600	2,040
Support inspection response	New	One-off		80	80		160
Strategic Investment in continuous education improvement	Change	On-going		1,040	1,040	1,040	3,120
Education recovery - address the areas where COVID-19 has negatively affected learning and the school environment	New	One-off	393	625	296		1,314
Plan and deliver the Guernsey Institute							
Plan and deliver digital transformation for schools							
SUB TOTAL			793	3,290	2,586	2,140	8,809

Secure Future Energy Requirements £'000	New/Funding change	On-going/ One-off	2022	2023	2024	2025	Total
Update Electricity Strategy – including consideration of renewable energy sources	Change	One-off	350				350
Implement electricity strategy changes	New						

Develop a licensing framework to support on-island renewable energy							
<b>SUB TOTAL</b>			350				<b>350</b>

<b>Secure Transport Connectivity and Infrastructure £'000</b>	<b>New/Funding change</b>	<b>On-going/ One-off</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
Support air route connectivity		On-going	800	800	800	800	<b>3,200</b>
Upgrade the airport baggage handling system - stage 1							
Upgrade the airport baggage handling system - Phase 2							
Conclude Guernsey Airport runway extension decision							
Create a proportionate licensing regime for Roll On/Roll Off ferry services	New						
Update Investigation of Air Accidents & Incidents legislation	New						
<b>SUB TOTAL</b>			800	800	800	800	<b>3,200</b>

<b>Support Healthy Living £'000</b>	<b>New/Funding change</b>	<b>On-going/ One-off</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>Total</b>
Scope and deliver improvements to occupational health and wellbeing services post COVID-19		On-going		250	250	250	<b>750</b>
Plan and agree the structure and location of a Community Hub							
Design and deliver a Community Hub (including consideration of children and family services and a wellbeing centre)							
Tier 3 and 4 healthy weight strategy	New	On-going		150	150	150	<b>450</b>
Implement a system to reduce backlogs and waiting times in HSC	Change	One-off	1,000	1,950	1,950	1,950	<b>7,800</b>
Conclude Foote's Lane Refurbishment	New						
Conclude review of minimum income standards in the context of improving living standards	New						
Follow on actions to implement the Review recommendations as agreed by the States	New						

Improve access to personalised health and care information							
SUB TOTAL			1,000	2,350	2,350	2,350	<b>8,050</b>

Unlock Enterprise	New/Funding change	On-going/ One-off	2022	2023	2024	2025	Total
Scope requirements for an Enterprise Plan		One-off		417	417	417	<b>1,250</b>
Explore opportunities for further development of the general and commercial aviation sectors		On-going	100	100	100	100	<b>400</b>
Support emerging economic opportunities							
Scope the options for Enterprise Investment Schemes							
Introduce investor/entrepreneur visas							
Amend Guernsey's approach to Limited Partnerships and update the Law	New						
SUB TOTAL			100	517	517	517	<b>1,650</b>

TOTAL SPEND £'000	2022	2023	2024	2025	TOTAL
ON-GOING TOTAL	2,407	5,048	4,719	4,624	<b>16,798</b>
ONE-OFF TOTAL	5,490	5,151	3,698	2,467	<b>16,805</b>
GRAND TOTAL	7,897	10,199	8,417	7,091	<b>33,603</b>

## EXTANT STATES' RESOLUTIONS RECOMMENDED FOR RESCISSION

No.	Year	Billet d'État	Committee / Authority sponsor(s)	Policy Letter Title	Resolution	Reason for Rescission
1.	2020	X	Committee <i>for</i> Economic Development	Requête - Ensuring that a Policy Letter on the Policy Governing 5G Technology is Debated by the States Assembly	1. To direct the Committee <i>for</i> Economic Development to present a policy letter to the States of Deliberation no later than the end of 2020, detailing its recommended policy on 5G technology, including specific reference to the licence conditions and criteria.	This Resolution has been superseded by the Committee <i>for</i> Economic Development's 'Delivering Next Generation Digital Infrastructure' policy letter which was debated in October 2021.
2.	2020	XVI	Policy & Resources Committee	Improving Living Standards	1. To direct the Policy & Resources Committee to incorporate within the scope of the Recovery Action Plans for the Recovery Strategy, the vision and objectives for Improving Living Standards set out in Section 4 of the Policy Letter; and	The Recovery Strategy has been superseded by the GWP, in which the objectives and outcomes of Improving Living Standards have been accommodated.
3.	2020	XIII	Policy & Resources Committee	Revive and Thrive: Our Recovery Strategy for	2. To direct the Policy & Resources Committee to consult further in preparing the Recovery Action Plans for the Recovery Strategy and report back to the States as soon as practicable.	This has been superseded by the GWP and its processes of engagement.

No.	Year	Billet d'État	Committee / Authority sponsor(s)	Policy Letter Title	Resolution	Reason for Rescission
				Guernsey Together		
4.	2020	Rule 18	Policy & Resources Committee	COVID-19 Pandemic - Funding of Financial Response	2c. To agree that the Policy & Resources Committee will ensure that regular reviews, as referenced in 2(b)(iii), take place to provide assurance on the Recovery Plan and its delivery, initially on a six-monthly basis.	This has been superseded by the performance monitoring framework process of the GWP.
5.	2019	XVI	Policy & Resources Committee	Transforming Education Programme & Putting into Effect the Policy Decisions made by the States in 2018	2. To note that the capital costs of the policy of organising further and higher education in purpose-built facilities on a single site, which was agreed by the States on the 19th of January 2018, will be up to a maximum of £51.1 million; direct the Policy & Resources Committee to add this project to the capital portfolio 2021 – 2025; and delegate authority to the Policy & Resources Committee to approve expenditure up to a maximum of £51.1 million charged to the Capital Reserve (in respect of the total project costs comprising building; transformation and transition) subject to the approval of appropriate business cases submitted by the Committee <i>for</i> Education, Sport & Culture which must demonstrate that the financial resources requested for the construction and	This has been superseded by the Committee <i>for</i> Education, Sport & Culture's policy letter on Reorganisation of Secondary & Post-16 Education debated in June 2021.

No.	Year	Billet d'État	Committee / Authority sponsor(s)	Policy Letter Title	Resolution	Reason for Rescission
					operation of the preferred option balance cost and outcomes and therefore represent value for money in the development of The Guernsey Institute at Les Ozouets as part of the Transforming Education Programme.	
6.	2019	XVI	Policy & Resources Committee	Transforming Education Programme & Putting into Effect the Policy Decisions made by the States in 2018	<p>3. To direct the Policy &amp; Resources Committee to exercise the authority delegated to it through rigorous review and challenge of the business cases presented and, in particular, an assessment as to whether the final proposals balance costs and benefits and therefore use public resources in a way that creates and maximises public value, including:</p> <p>(a) the full capital costs of the project consisting of transformation, transition and community co-location costs in addition to building costs;</p> <p>(b) a baseline costed staffing structure, appropriately benchmarked, and explaining any deviation from existing policies;</p> <p>(c) a cost benefit justification for any additional investment required to operate the proposed staffing structure for the preferred model;</p> <p>(d) a cost benefit justification for any increased</p>	This has been superseded by the Committee <i>for</i> Education, Sport & Culture's policy letter on Reorganisation of Secondary & Post-16 Education debated in June 2021.



No.	Year	Billet d'État	Committee / Authority sponsor(s)	Policy Letter Title	Resolution	Reason for Rescission
					<p>space requirements above the agreed baseline;</p> <p>(e) a cost benefit justification for any proposed additional space above the baseline to accommodate any further projected increase in student numbers, including a justification as to why additional numbers cannot be accommodated within existing contingencies for student numbers;</p> <p>(f) a cost benefit justification for any repurposing and refurbishment works proposed at the Les Beaucamps High School and St Sampson's High School sites;</p> <p>(g) detail as to how the savings on revenue costs of operating the new model contribute to the "Balance of Budget Reduction" of £2.3million expected to be remaining for the Committee <i>for</i> Education, Sport &amp; Culture after 2021;</p> <p>(h) the adequacy of SEND provision within the new schools, together with Le Murier and Les Voies, and whether the proposals are sufficiently flexible to accommodate a range of possible outcomes arising from the scheduled</p>	

No.	Year	Billet d'État	Committee / Authority sponsor(s)	Policy Letter Title	Resolution	Reason for Rescission
					review of SEND provision taking place as part of the work to update the Education Law.	
7.	2019	XVI	Policy & Resources Committee	Transforming Education Programme & Putting into Effect the Policy Decisions made by the States in 2018	<p>6b. Pursuant to the Resolution made by the States on 7th June 2018, after consideration of the policy letter entitled 'Optimising the Use of the States Land and Property Portfolio' of the States' Trading Supervisory Board dated 26 April 2018, that "the future operating model for the management and administration of States land and property shall be such that the States' Trading Supervisory Board acts as Landlord (unless there is a good reason for it not to do so) and the Policy &amp; Resources Committee the Tenant, on behalf of itself and other Committees of the States as Occupiers" (Item VIII.1 on Billet d'État No. XVI of 2018 and P.2018/37), to direct the Policy &amp; Resources Committee to:</p> <p>(i) work with the Committees <i>for</i> Education, Sport &amp; Culture and Health &amp; Social Care to define the space requirements for the proposed range of health, care and community services, commissions and other bodies which provide services on behalf of the States;</p>	This has been superseded by the Committee <i>for</i> Education, Sport & Culture's policy letter on Reorganisation of Secondary & Post-16 Education debated in June 2021.

No.	Year	Billet d'État	Committee / Authority sponsor(s)	Policy Letter Title	Resolution	Reason for Rescission
					(ii) work with the States' Trading Supervisory Board to identify the most suitable site for these services taking into account other requirements for public service provision; and (iii) return to the States with conclusions and any propositions considered necessary by December 2020.	
8.	2019	XIII	Policy & Resources Committee	Island Development Plan	6. To direct the Policy & Resources Committee to consult with the Committee <i>for</i> Economic Development, the Committee <i>for the</i> Environment & Infrastructure, the Committee <i>for</i> Employment & Social Security, the Committee <i>for</i> Health & Social Care, the Development & Planning Authority, and the principal owner of the land within Leale's Yard Regeneration Area, and to report to the States, no later than April 2020, with propositions and a supporting policy letter containing recommendations to enable the progression of development at the Leale's Yard Regeneration Area, including consideration of States' involvement in the delivery of the development, if appropriate, including consideration of incentives and mechanisms to	The landowner is progressing the development of the Leale's Yard Regeneration Area as a private commercial enterprise.

No.	Year	Billet d'État	Committee / Authority sponsor(s)	Policy Letter Title	Resolution	Reason for Rescission
					facilitate the development of the site and the funding of the same.	
9.	2019	IX	Policy & Resources Committee; Committee <i>for</i> Employment & Social Security	Policy & Resource Plan - 2018 Review and 2019 Update	1. To direct: h) the Policy & Resources Committee, guided by existing States Resolutions on in-work poverty and working with the Committee <i>for</i> Employment & Social Security, other States Committees and the third sector, to undertake preparatory investigations of policies successful in breaking poverty, with a specific focus on generational focus.	The Resolution should be rescinded as co-ordination of policy reviews and new policy development is now driven through the GWP.
10.	2017	XXIV	Committee <i>for</i> Education, Sport & Culture; Committee <i>for</i> Health & Social Care	A Partnership of Purpose: Transforming Bailiwick Health & Care	13. To direct the Committee <i>for</i> Education, Sport & Culture, together with the Committee <i>for</i> Health & Social Care, to review the training and education provided by the Institute for Health and Social Care Studies to ensure that it continues to meet the health and care needs of the Bailiwick, and to explore options for supporting a wider range of on- and off-island training opportunities;	This Resolution has been superseded by the 2018 Resolution (Billet II, Res. 16) from the Committee <i>for</i> Education, Sport & Culture's policy letter titled 'The Future Structure of Secondary and Post-16 Education in the Bailiwick'.
11.	2012	III	States' Trading Supervisory Board	Future Business Environment for Guernsey Water and	4. To agree that the water utility Sector Law described in proposition 3 shall also provide for regulation by the Director of Environmental Health and Pollution Regulation in regard to water quality.	This Resolution arises as a consequence of - and refers to - Proposition 3, which was rescinded by the States in

No.	Year	Billet d'État	Committee / Authority sponsor(s)	Policy Letter Title	Resolution	Reason for Rescission
				Guernsey Wastewater		2021. Proposition 4 therefore needs to be rescinded.

APPENDIX 10

LEGISLATION APPROVED AND/OR COMMENCED since June 2021

No.	Committee / Authority sponsor(s)	Policy decision/s made	Billet d'État and Article No.	Legislation title	Date legislation approved by the States	Commencement date
1	Home Affairs	2011 and 2020	<a href="#">Billet d'État XIII of 2011, Article IX</a> and <a href="#">Billet d'État V of 2020, Article VII</a>	The Sexual Offences (Bailiwick of Guernsey) Law, 2020	17/06/2020	01/03/2022
2	Policy & Resources	2011	<a href="#">Billet d'État XIX of 2011, Article XII</a>	The Court of Appeal (Guernsey) (Amendment) Law, 2021	29/09/2021	07/02/2022
3	Economic Development	2015	<a href="#">Billet d'État IX of 2015, Article VI</a>	The Public Thoroughfares (Guernsey)(Amendment) Law 2021	15/07/2021	13/12/2021
4	Policy & Resources	2015	<a href="#">Billet d'État XVIII of 2015, Article V</a>	The Financial Services Business (Enforcement Powers) (Bailiwick of Guernsey) Law, 2020	18/08/2020	01/11/2021
5	Policy & Resources	2015	<a href="#">Billet d'État XVIII of 2015, Article V</a>	The Insurance Business (Bailiwick of Guernsey) (Amendment) Ordinance, 2021	10/09/2021	01/11/2021
6	Policy & Resources	2015	<a href="#">Billet d'État XVIII of 2015, Article V</a>	The Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) (Amendment) Ordinance, 2021	10/09/2021	01/11/2021

No.	Committee / Authority sponsor(s)	Policy decision/s made	Billet d'État and Article No.	Legislation title	Date legislation approved by the States	Commencement date
7	Health & Social Care	2016	<a href="#">Billet d'État VII of 2016, Article III</a>	The Capacity (Bailiwick of Guernsey) Law, 2020	22/04/2020	Some provisions in the Law commenced on 01/04/2022 including Lasting Powers of Attorney (item 8).
8	Health & Social Care	2016	<a href="#">Billet d'État VII of 2016, Article III</a>	Capacity (Lasting Powers of Attorney) (Bailiwick of Guernsey) Ordinance 2022	30/03/2022	01/04/2022
9	Policy & Resources	2018	<a href="#">Billet d'État Xi of 2018, Article III</a>	The Director of Income Tax (Transfer of Functions) (Guernsey) Ordinance, 2018	15/12/2021	01/01/2022
10	Policy & Resources	2018	<a href="#">Billet d'État Xi of 2018, Article III</a>	Guernsey Revenue Service Tribunal Ordinance, 2021	15/12/2021	01/01/2022
11	Policy & Resources	2019	<a href="#">Billet d'État X of 2019, Article VII</a>	The Health Service Benefit (Amendment and Miscellaneous Provisions) (Guernsey) Law, 2021	24/02/2021	03/01/2022
12	Policy & Resources	2019	<a href="#">Billet d'État X of 2019, Article VII</a>	The Health Service Benefit (Amendment and Commencement) Ordinance, 2021	15/12/2021	15/12/2021

No.	Committee / Authority sponsor(s)	Policy decision/s made	Billet d'État and Article No.	Legislation title	Date legislation approved by the States	Commencement date
13	Policy & Resources	2019	<a href="#">Billet d'État XXIV of 2019, Article XVII</a>	The Income Tax (Guernsey) (Amendment) Ordinance, 2021	14/07/2021	15/07/2021
14	Employment & Social Security	2020	<a href="#">Billet d'État XV of 2020 Article XV</a>	The Health and Safety at Work (Equality Provisions) Ordinance, 2021	15/07/2021	15/07/2021
15	Employment & Social Security	2020 and 2021	<a href="#">Billet d'État XVI of 2020, Article XIII</a> and <a href="#">Billet d'État XXI of 2021, Article II</a>	The Family Allowances (Guernsey) (Amendment etc.) Ordinance, 2021	15/12/2021	03/01/2022
16	Environment & Infrastructure	2020	<a href="#">Billet d'État XIII of 2020, Article VI</a>	The Housing (Standards and Regulation) (Enabling Provisions) (Guernsey) Law, 2021	15/10/2021	Awaiting Royal Sanction
17	Health & Social Care	2020	<a href="#">Billet d'État XIII of 2020, Article V</a>	The Abortion (Guernsey) (Amendment) Law, 2021	15/07/2021	02/02/2022
18	Home Affairs	2020	<a href="#">Billet d'État I of 2020, Article VII</a>	The Police Force (Bailiwick of Guernsey) (Amendment) Law, 2021	24/02/2021	31/03/2022
19	Policy & Resources	2020	<a href="#">Billet d'État XI of 2020, Article X</a>	The Beneficial Ownership (Miscellaneous Amendments) (Guernsey) Law, 2022	16/02/2022	16/02/2022



No.	Committee / Authority sponsor(s)	Policy decision/s made	Billet d'État and Article No.	Legislation title	Date legislation approved by the States	Commencement date
20	Development & Planning	2021	<a href="#">Billet d'État XXV of 2021, Article VIII</a>	The Land Planning and Development (Visitor Accommodation) (Amendment) Ordinance, 2022	26/01/2022	27/01/2022
21	Economic Development	2021	<a href="#">Billet d'État XX of 2021, Article XV</a>	Public Holidays Ordinance 2022	16/02/2022	16/02/2022
22	Employment & Social Security	2021	<a href="#">Billet d'État VIII of 2021, Article X</a>	The Long-term Care Insurance (Guernsey) (Rates) (Amendment) Ordinance, 2021	16/06/2021	05/07/2021
23	Employment & Social Security	2021	<a href="#">Billet d'État XX of 2021, Article XI</a>	The Long-term Care Insurance (Guernsey) (Rates) Ordinance, 2021	24/11/2021	03/01/2022
24	Employment & Social Security	2019 and 2021	<a href="#">Billet d'État X of 2019, Article VII</a> and <a href="#">Billet d'État XX of 2021, Article XI</a>	The Social Insurance (Rates of Contributions and Benefits, etc.) Ordinance, 2021	24/11/2021	01/01/2022 other than section 8 - 03/01/2022
25	Employment & Social Security	2021	<a href="#">Billet d'État XXI of 2021, Article II</a>	The Income Support (Implementation) (Amendment) (No. 3) Ordinance, 2021	15/12/2021	07/01/2022
26	Employment & Social Security	2021	<a href="#">Billet d'État XXI of 2021, Article II</a>	The Severe Disability Benefit and Carer's Allowance (No. 2) Ordinance, 2021	15/12/2021	03/01/2022

No.	Committee / Authority sponsor(s)	Policy decision/s made	Billet d'État and Article No.	Legislation title	Date legislation approved by the States	Commencement date
27	Home Affairs	2021	<a href="#">Billet d'État XIX of 2021, Article VIII</a>	Customs and Excise (General Provisions) (Bailiwick of Guernsey) (Amendment) Law, 2022	16/02/2022	Awaiting Royal Sanction
28	Home Affairs	2021	<a href="#">Billet d'État XXIII of 2021, Article III</a>	The Economic and Financial Crime Bureau and Financial Intelligence Unit (Bailiwick of Guernsey) Law, 2022	26/01/2022	Awaiting Royal Sanction
29	Policy & Resources	2021	<a href="#">Billet d'État XX of 2021, Article VI</a>	The Sanctions (Bailiwick of Guernsey) (Amendment) Ordinance, 2022	16/02/2022	16/02/2022
30	Policy & Resources	2021	<a href="#">Billet d'État XX of 2021, Article VII</a>	The Human Rights (Bailiwick of Guernsey) (Amendment) Law, 2022	27/04/2022	Awaiting Royal Sanction
31	Policy & Resources, Economic Development; STSB	2021	<a href="#">Billet d'État XXVII of 2021, Article V</a>	The Electricity (Guernsey) Law, 2001 (Amendment) Ordinance, 2022	16/02/2022	21/02/2022
32	Policy & Resources; Employment & Social Security	2021	<a href="#">Billet d'État No. VIII of 2021, Article XI</a>	The Machinery of Government (Transfer of Functions) Ordinance, 2021	15/07/2021	15/07/2021

No.	Committee / Authority sponsor(s)	Policy decision/s made	Billet d'État and Article No.	Legislation title	Date legislation approved by the States	Commencement date
32	States' Trading Supervisory Board (STSB)	2021	<a href="#">Billet d'État XIII of 2021, Article XI</a>	The Pilotage (Amendment) Ordinance, 2022	26/01/2022	27/01/2022

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

**POLICY & RESOURCES COMMITTEE**

THE STATES OF GUERNSEY ACCOUNTS 2021

The States are asked to decide:-

1. Whether they are of the opinion to agree with the Policy & Resources Committee's approval of the States of Guernsey Accounts for the year ending 31 December 2021.

The above Proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.



THE STATES OF GUERNSEY  
ACCOUNTS 2021

# CONTENTS

	Page
States Treasurer's Report	1
Statement of Responsibilities for the Preparation of Annual Accounts	16
Statement of Internal Financial Controls	16
Independent Auditor's Report	17
 <b>Primary Accounts</b>	
Statement of Financial Performance	21
Movement in Reserves Statement	22
Statement of Financial Position	23
Cash Flow Statement	24
Notes to the Accounts	25
 Appendix I – Glossary	75
Appendix II – Segmental Analysis	80
Appendix III – Analysis of Pay Costs and FTE Totals	81
Appendix IV – Expenditure on Capital Projects	82
Appendix V – Loans Outstanding from the States of Guernsey Bond Issue	84
Appendix VI – Consolidated Health and Social Care Accounts	85
Appendix VII – Analysis of Income and Expenditure Attributable to Alderney	87
Appendix VIII – Use of Delegated Financial Authority	92
Appendix IX – Valuation of Fixed Assets	98

# STATES TREASURER'S REPORT

## 1. Introduction

- 1.1. Guernsey is a Crown Isle situated in the Bay of St. Malo west of the Normandy coast, with its own laws and customs based originally on Norman practice. Effectively independent, yet coming under the protective wing of the British Government, Guernsey is a part of the British Isles but not the United Kingdom (UK). The UK Government is responsible only for the Bailiwick's international representation and defence.
- 1.2. The Parliament is referred to as the States of Deliberation, and has the power to raise taxation, determine expenditure and pass legislation within the Bailiwick. The States of Guernsey (States) refers to the function of government. The Policy & Resources Committee is the senior Committee of the States and has mandated responsibility for submitting the annual Accounts to the States.

## 2. Scope

- 2.1. The income and expenditure of the States contained within this Report is for the income principally accruing from general taxation and the expenditure funded therefrom – 'General Revenue', and does not include all government income and expenditure.
- 2.2. Income does not include revenues from Social Security contributions paid into the Social Security Funds or contributory benefits and pensions paid from these Funds. The consolidated accounts of the Social Security Funds are published in full in this Billet. These Accounts include only the General Revenue grants to Social Security Funds, non-contributory benefits and some general administration costs.
- 2.3. There is currently no consolidation in respect of the States' internal trading entities (Guernsey Ports, Guernsey Water, Guernsey Dairy, States Works and Guernsey Waste) or for the States' Trading Companies (Guernsey Post Ltd, Guernsey Electricity Ltd, the Aurigny Group and JamesCo750 Ltd). The Accounts for the States' internal trading entities are published in this Billet; those of Guernsey Post Ltd and Guernsey Electricity Ltd are published as an item for debate in a Billet d'État; the Accounts of the Aurigny Group (with minor redactions) are publicly released. For reasons of commercial confidentiality, the full Accounts of JamesCo750 Ltd are not published.
- 2.4. As part of the changes to the Statement of Accounts (Section 3), single entity Accounts will be prepared, and it is the intention to commence with incorporation of the Social Security Contributory Funds in the 2022 Accounts.

# STATES TREASURER'S REPORT

## 3. Changes to the Statement of Accounts

- 3.1. The States currently prepare a form of single entity accounts, which are audited and presented to the States of Deliberation for approval. The accounts have evolved with consideration for both the budgetary framework by which the States govern the finances of the organisation, as well as accounting principles. There is some divergence between the budgetary framework and accounting principles that exist within internationally recognised accounting standards. Consequently, the Accounts are currently prepared in accordance with the stated accounting policies rather than a recognised accounting framework.
- 3.2. The States have decided<sup>1</sup> to implement International Public Sector Accounting Standards (IPSAS), a recognised accounting framework which is aligned to International Financial Reporting Standards and focuses on the requirements of the public sector. As such, this framework should be more applicable to the financial reporting requirements of the States than other accounting frameworks. This accounting framework, which will be transitioned to over a number of years, has a proposed methodology for first time adoption which sets out specific exemptions or provisions that impact upon the preparation of the financial statements and the extent of compliance, within prescribed timeframes.
- 3.3. In recognition of the substantial resource implications required for such a transition, IPSAS is being introduced in a phased manner. This is due to the requirement to develop and embed the systems and processes necessary for generating the appropriate financial information for the accounts.
- 3.4. The current phase of the transition is primarily concentrating on the identification, classification and valuation of General Revenue tangible fixed assets as well as developing an asset register to accurately record, manage and report upon them going forward. The fixed asset portfolio will be reported for the first time in the 31 December 2022 Statement of Financial Position together with 2021 comparative balances.
- 3.5. Whilst the majority of fixed assets have been identified and measured for their initial recognition at 1 January 2021, work is still ongoing. Appendix IX to this set of Accounts presents an initial overview of the likely carrying value of the majority of the States of Guernsey fixed assets as at 1 January 2021.
- 3.6. The intention is that the full transition to IPSAS compliant Accounts will be completed by the 2024 financial statements.

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<sup>1</sup> Billet d'État V, 2012



# STATES TREASURER'S REPORT

## 4. External Audit

- 4.1. Grant Thornton Limited has performed the audit of the States' 2021 financial statements in accordance with International Standards on Auditing and applicable law. The Auditor's Report gives the opinion that *"the financial statements for the year ended 31 December 2021 are prepared, in all material respects, in accordance with the accounting policies stated in note 1 to the financial statements."*

## Financial Performance

- 5.1. The overall surplus for 2021 was £61.3m (2020: deficit of £63.8m). The following table analyses the surplus between General Revenue (ie in accordance with the Budget framework) and the Reserves and Funds:

	Total £'000s	General Revenue £'000s	Reserves and Funds £'000s
Income	574,206	558,794	15,412
Pay Expenditure	(264,781)	(264,588)	(193)
Non-Pay Expenditure	(272,430)	(258,866)	(13,564)
<b>Operating Surplus</b>	<b>36,995</b>	<b>35,340</b>	<b>1,655</b>
Investment Returns	82,519	45,980	36,539
Finance Charges and Other Costs	(36,914)	(25,465)	(11,449)
Transfer of Seized Assets Fund	17,487	-	17,487
Capital Receipts	1,231	2	1,229
Capital Expenditure	(40,010)	-	(40,010)
<b>Surplus</b>	<b>61,308</b>	<b>55,857</b>	<b>5,451</b>
Adjustments:			
Insurance Deductible Fund	-	(1,620)	1,620
Channel Islands Lottery (Guernsey) Fund	-	700	(700)
Bond Reserve	-	(2,417)	2,417
<b>Adjusted Surplus</b>	<b>61,308</b>	<b>52,520</b>	<b>8,788</b>

# STATES TREASURER'S REPORT

- 5.2. The following table compares the actual outturn in 2021 to the original budget and the forecast included in the 2022 Budget Report.

	Actual £m	Probable Outturn £m	Original Budget £m
Revenue Income	512.8	503.6	460.6
Revenue Expenditure	(452.3)	(459.2)	(464.6)
COVID-19 business and personal support	(22.4)	(25.1)	(5.0)
<b>Revenue Surplus / (Deficit)</b>	<b>38.1</b>	<b>19.3</b>	<b>(9.0)</b>
Capital Income	-	1.0	1.0
<b>Operating Surplus / (Deficit)</b>	<b>38.1</b>	<b>20.3</b>	<b>(8.0)</b>
Provision for Aurigny Loss	(14.7)	(16.1)	(14.0)
Provision for Ports overdraft	(8.6)	(12.2)	-
<b>Net Surplus / (Deficit)</b>	<b>14.8</b>	<b>(8.0)</b>	<b>(22.0)</b>
<b>Investment Income</b>	<b>37.7</b>	<b>3.5</b>	<b>-</b>

[Note: the figures in this table are presented in line with the Budget framework].

- 5.3. The General Revenue surplus of £14.8m compares to the original budget for 2021 which was a deficit of £22m and a forecast deficit of £8m. The improvement is due to a combination of higher income and lower expenditure.
- 5.4. The improved financial position in 2021, coupled with a slower rate of investment in infrastructure in 2021 meant the balance on the General Reserve was significantly higher than expected throughout the year. 2021 was also an excellent year for investments within the portfolio in which the General Reserve is invested achieving a return of 9.7%. When this is added to the fact that the return was achieved on higher than anticipated balances, an investment return of £37.7m in 2022 made a large contribution to the overall 2021 result.
- 5.5. Appendix II is a schedule of the Income and Expenditure Account presented in the same format as included within the annual Budget Report and previous Accounts including expenditure by Committee<sup>2</sup>.

<sup>2</sup> For the purposes of this Report, the term 'Committee' includes the seven Principal Committees (Policy & Resources Committee; Committee for Economic Development; Committee for Education, Sport & Culture; Committee for Employment & Social Security; Committee for the Environment & Infrastructure; Committee for Health & Social Care; and Committee for Home Affairs) plus the following that are also allocated General Revenue Cash Limits: Development & Planning Authority, Overseas Aid & Development Commission, States' Trading Supervisory Board, Scrutiny Management Committee, Corporate Services; Pooled Budgets, Royal Court, Law Officers and States of Alderney.

# STATES TREASURER'S REPORT

5.6. It shows that net revenue expenditure (excluding the expenditure on the COVID-19 support schemes) increased by £26.2m between 2020 and 2021 which is an increase of 6.2% in nominal terms / £6.8m or 1.6% in real terms. However, this includes expenditure of approximately £10m in 2021 which, in previous years, would have been met from separate Funds and Reserves but is now directly funded within General Revenue (paragraphs 8.12 to 8.16).

5.7. All Committees contained expenditure within their Authorised Budget with, overall, expenditure being £12.4m lower than Original Budget comprising:

- £11.3m remaining unallocated of the Budget Reserve of £29.9m mainly due to no pay awards for the majority of employee groups and the full provision for COVID-19 related expenditure not being required;
- £10.6m net underspends by Committees;
- £6.5m of service development funding set aside in the 2020 Budget Report for service developments was not required. Largely due to the impact of COVID-19, many of the service developments were implemented later than had originally been planned or deferred until 2022. This includes £4m of the £5m allocated for funding NICE drugs and treatments as the roll out commenced later than planned. However, the baseline will have increased and the funding will be required in 2022 and future years;

Offset by:

- £10.3m of expenditure which, in previous years, would have been met from separate Funds and Reserves but is now directly funded within General Revenue (paragraphs 8.12 to 8.16); and
- £5.8m of planned savings through the transformation of public services which were not delivered in 2021. This is due to the continuing management of the pandemic absorbing critical resources and delaying the delivery of projects. A sizeable proportion of these savings are now expected to be delivered in 2022 and 2023.

5.8. The Budget Reserve is the instrument used to hold provision for pay awards; manage overall budget contingencies and deal with any one-off, unexpected, in-year cost pressures. Individual Committees do not routinely hold specific budget contingencies, which invariably would not be fully utilised every year. Funding is instead available for any Committee from the Budget Reserve and the Policy & Resources Committee has delegated authority to approve use of the Budget Reserve (detailed in Appendix VIII).

# STATES TREASURER'S REPORT

5.9. In 2021 there was a Budget Reserve of £29.9m of which £18.6m was utilised for the following:

- £8.2m for COVID-19 specific expenditure (vaccination; on-island testing and travel testing);
- £6.6m for funding pay awards (including £2.9m in respect of 2020 pay awards which had not been settled at the time of the preparation of the 2021 budget). The only 2021 pay awards given were to the Public Service Employees (2.4%) and Agenda for Change staff (5%);
- £2.8m for the Public Service Obligation (PSO) contract<sup>3</sup> which has been put in place with Aurigny that secures the operation of Alderney's air services to and from Guernsey and Southampton; and
- £1.0m for other in-year revenue expenditure.

## 6. Income

### *Income Tax*

- 6.1. Income tax receipts increased from £328.5m in 2020 to £361.5m in 2021, an increase of £33m (10%). The majority of income tax is collected from individuals and this revenue stream increased by £23.2m to £290.3m which is an 8.7% nominal or 4.1% real increase.
- 6.2. In terms of ETI (Employees Tax Instalment Scheme), which is the best real-time indicator of economic performance, there was growth of 7% nominal or 2.4% real between 2020 and 2021. When compared to 2019, ETI shows growth of 6% which indicates recovery to pre-COVID-19 levels. As there were no material changes in the numbers of either employers or employees, the growth was in remuneration levels.
- 6.3. In respect of companies, income tax receipts increased by £4.7m to £57.6m. Broadly, these revenue streams have bounced back to where they would have been expected to be, based on forecasting pre-COVID nominal levels.

### *Other Taxes<sup>4</sup>*

- 6.4. The income from Other Taxes, comprising Excise and Import Duties; Tax on Real Property; Document Duty and Vehicle First Registration Duty, totalled £110.1m in 2021 an increase of £5.8m from 2020.

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<sup>3</sup> This contract had not been finalised at the time of preparation of the 2021 Budget, so provision was included within the Budget Reserve. The ongoing budget for this contract now forms part of the expenditure baseline.

<sup>4</sup> As part of the revised financial arrangements with Alderney that were introduced in 2021; the States of Alderney retains income raised in Alderney from: Tax on Real Property (now part of Alderney Property Tax)(2020: £1.1m); excise duty on motor fuel (2020: £0.4m); and document duty (2020: £0.3m). This was offset by a commensurate adjustment to the States of Alderney Cash Limit.

## STATES TREASURER'S REPORT

- 6.5. Income from Excise and Import Duties decreased by £3.2m compared to 2020, despite the effect of the increases in excise duty rates approved as part of the 2021 Budget Report. The major components of this decrease are Tobacco (a decrease of £2.2m) due to additional stockholdings held in 2020 diminishing and Import duties (decrease of £1.4m) following Brexit.
- 6.6. Tax on Real Property income decreased by £0.3m (increase of £0.8m excluding the effect of Alderney income) and reflects the revised tariffs approved as part of the 2021 Budget Report including :
- a 1.5% increase in domestic tariffs;
  - a 1.5% increase in commercial tariffs except those for Hostelry and Food Outlets and Self-catering Accommodation; and
  - the second phase of an increase in the tariff for the General Office and Ancillary Accommodation category.
- 6.7. Document Duty receipts in 2021 were £32.3m which is £9.3m (40.4%) higher than 2020. Overall, the number of transactions increased from 1,029 in 2020 to 1,108 in 2021 and the 2021 budget for Document Duty of £19.5m was exceeded by £12.8m. This is a result of a combination of increases in the number of properties conveyed, changes in the mix of properties conveyed and significant growth in residential property prices which rose by 11.7% in 2021 (2020: 11.8%).
- 6.8. The number of open market transactions increased from 92 in 2020 to 124 in 2021 with the accompanying Document Duty receipts increasing significantly to £10.5m (2020: £6.1m).

### *Income from Operating Activities*

- 6.9. Income from Operating Activities increased by £8.2m to £64.2m in 2021 which mainly relates to income generated by the Committee *for* Health & Social Care, including £3m of fees for COVID-19 testing, predominantly border testing, which partially recovered associated costs incurred.

### *Other Corporate Income*

- 6.10. Other Corporate Income, which includes States' housing rental income; company fees; and dividend income from States' trading entities, remained at £38.4m in 2021 although there were minor compensating variances in headings within this category.

# STATES TREASURER'S REPORT

## 7. Expenditure

### *Pay Costs*

- 7.1. The total expenditure on pay (which includes temporary and agency staff together with States Members' remuneration) during 2021 was £264.8m (2020: £251m) which, is a nominal increase of £13.8m or 5.5% (real terms increase of 0.9% or £2.2m). However, this did include £5.0m on specific COVID-19 measures (vaccine centre; on-island testing and border testing) compared to £1.0m in 2020.
- 7.2. Pay costs continue to form the largest single item of expenditure totalling 49.3% of total revenue spend (51.3% excluding COVID-19) (2020: 51.3%). There was a paid workforce of 4,862 Full Time Equivalent staff (FTEs), an increase of 142 FTEs compared to 2020. The increase in the number of FTEs is attributable to services provided within Health & Social Care which increased by 148 including an additional 100 FTE specifically working on COVID-19 initiatives (vaccine centre: 41FTE [2020: nil]; on-island testing: 40FTE [2020: 15FTE]; and border testing: 39FTE [2020: 5FTE]) and an additional 35FTE in Adult Disability Services.
- 7.3. Note 5 details the number of employees whose gross cost of employment exceeds £90,000. This £90,000 threshold does not simply relate to employees' salary or wages but to the total costs of employment which include employer pension and social insurance contributions along with any other ancillary costs. An employee with a total cost of employment of £90,000 is likely to earn in the range of £70-75,000 per annum (including overtime and allowances).
- 7.4. The first banding has been revised to start at £90,000 to reflect the increase in inflation since it was revised to £80,000 in 2016. Future pay awards will lead to additional salary scales falling within the criteria each year.
- 7.5. The increase of sixteen employees between 2020 and 2021 is predominantly in the lower bandings. The following table analyses the number of employees whose total costs of employment are above £90,000 by pay group:

Pay Group	2021	2020	Change
Established staff	124	122	2
Nurses	52	43	9
Medical consultants	34	32	2
Teachers and lecturers	21	21	-
Police, Fire, Prison and Guernsey Border Agency Officers	18	15	3
Crown Officers and Judges	7	7	-
<b>Total</b>	<b>256</b>	<b>240</b>	<b>16</b>

# STATES TREASURER'S REPORT

- 7.6. The increase in the number of Nurses whose total costs of employment are above £90,000 is considered to be due to the effect of the 5% pay increase awarded to Agenda for Change staff with effect from 1 January 2021 meaning that a certain grade which was below the threshold in 2020 is now above it. In addition, there were a substantial number of additional hours worked by a number of Nurses as part of the pandemic response and this has resulted in their total cost of employment temporarily exceeding the threshold.
- 7.7. The following table analyses the fifteen employees (2020: thirteen) whose total costs of employment are above £190,000 by group:

Pay Group	2021	2020	Change
Established staff	2	2	-
Medical consultants	8	8	-
Crown Officers and Judges	5	3	2
<b>Total</b>	<b>15</b>	<b>13</b>	<b>2</b>

## *Non-Pay*

- 7.8. Non-pay expenditure totalled £272.4m in 2021 which is a decrease of £22m compared to 2020. This is primarily due to expenditure on COVID-19 business support measures reducing by £28.9m from £51.3m in 2020 to £22.4m in 2021; offset by £6.0m on specific COVID-19 measures (vaccine centre; on-island testing and border testing) compared to £1.0m in 2020.

## *Investment Returns*

- 7.9. In 2021, there was an investment return of £82.5m compared to £66.4m in 2020. This includes £5.8m of interest from loans made from the proceeds of the States of Guernsey Bond Issue and a gain of £76.7m from the Consolidated Investment Fund (paragraphs 8.4 to 8.11 are commentary on the financial investments). This investment gain has been allocated to various reserves, based upon their individual balance throughout 2021. These include the General Revenue Reserve (£37.7m); Core Investment Reserve (£16.2m); and Bond Reserve (£13.2m).

## *Impairment for Cabernet Limited Losses*

- 7.10. Cabernet Limited is the holding company for Aurigny Air Services Limited and Anglo-Normandy Engineering Limited. The States of Guernsey owns all of the shares in Cabernet Limited. The States provide funding and financing to Cabernet Ltd through various forms, including share capitalisation, long term loans, temporary overdraft facilities, and guaranteeing loan facilities from other lenders.

# STATES TREASURER'S REPORT

- 7.11. On 15 October 2021, the States approved the recommendations in “*The Aurigny Group – Financial Sustainability*” policy letter including :

*“To approve the recapitalisation of the Aurigny Group in respect of its cumulative losses up to 31st December, 2020, in the sum of £46.8m in accordance with the provisions of section 6 of that policy letter and in accordance with such terms as the Policy & Resources Committee and the States’ Trading Supervisory Board shall deem appropriate; and*

*To approve the recapitalisation of the Aurigny Group in respect of its losses for the year-ending 31st December, 2021, in accordance with the provisions of section 6 of that policy letter and in accordance with such terms as the Policy & Resources Committee and the States’ Trading Supervisory Board shall deem appropriate.”*

- 7.12. The first phase of the recapitalisation, in the sum of £46.8m, was completed on 29 December 2021. The second phase, in respect of the losses for the year-ending 31 December 2021, will be completed when the Aurigny Group’s 2021 Accounts have been finalised (expected by the end of quarter 3 - 2022).
- 7.13. As COVID-19 continued to have an adverse impact upon its trading activities, there was a 2021 loss reported by Cabernet Limited (included within its draft 2021 Accounts) of £14.9m which includes £3.9m of impairment charge in respect of the valuation of aircraft. Taking into account the recapitalisation and the 2021 loss, the States of Guernsey Accounts includes an impairment against the overdraft and loan balances due from Cabernet Limited of £18.4m (2020: £50.4m).

## *Impairment for Guernsey Ports Losses*

- 7.14. The COVID-19 pandemic had a severe impact on the 2020 and 2021 trading results of Guernsey Ports which experienced a significant and sustained reduction in passenger numbers as a result of the travel restrictions. The Policy & Resources Committee made available a short-term loan facility to Guernsey Ports as it was unable to meet its operational cash requirements from within its existing resources. As agreed by the States as part of the 2022 Budget Report (Billet d’État XXI, 2021), transfers have been made in 2021 from General Revenue to Guernsey Ports of a total of £13.9m which has cleared the balance of the short-term loan facility.

## **8. Statement of Financial Position**

- 8.1. The Statement of Financial Position provides a snapshot of the financial position as at 31 December 2021. It sets out the assets and liabilities of the States. However, it should be noted that the assets are limited to financial assets as it is currently not the policy of the States to capitalise fixed assets. However, the intention is that these will be included within the 2022 Accounts.



# STATES TREASURER'S REPORT

- 8.2. This Statement of Financial Position does not include the deficit on the Superannuation Fund. Note 47 includes disclosures showing pension costs and changes in the pension liability based upon specified assumptions.
- 8.3. At the year end the States' net assets had increased to £754m (2020: £693m) as a result of the overall surplus.

## *Financial investments (Consolidated Investment Fund and Cash Pool)*

- 8.4. The total amount of financial investments at the year-end was £2,683m (2020: £2,496m) comprising the Consolidated Investment Fund of £2,652m (2020: £2,466m) and the Cash Pool of £31m (2020: £30m). The States manage the Consolidated Investment Fund as a single portfolio of investments and all investments are held in the name of the States and accounted for as an asset within the Statement of Financial Position. Note 13 to the Accounts includes a list of the managers of the Consolidated Investment Fund.
- 8.5. The Statement of Financial Position includes Depositors, who are separate entities or parties which have deposited cash balances with the States, as current liabilities. This includes £1,749m (2020: £1,610m) in respect of the Superannuation Fund.
- 8.6. With economies beginning to re-open and recover from the effects of COVID-19 during 2021, this was reflected in equity markets with gains throughout the year. At 31 December 2021, global equity markets, as measured by the MSCI All Countries World Index, had increased by 19.6% over the year in sterling terms. UK government bonds, as measured by the FTSE UK Government Bond Index, recorded a negative return of 4.7%. Sterling traded in a wide range during the year, weakening during the second half of the year before firming up in the last couple of weeks, ending 2021 1.3% down versus the US dollar.
- 8.7. The Consolidated Investment Fund, through its diversified portfolio of investments, recorded an investment return of 9.7% in 2021 which was 2.1% below the target of UK RPI plus 4%.
- 8.8. The following table details the returns achieved by the Consolidated Investment Fund compared to the targets:

	Trailing 1 Year	Trailing 3 Years pa	Trailing 5 Years pa
Return	9.7%	10.0%	7.4%
Target: UK Retail Price Index +4%	11.8%	7.8%	7.7%

# STATES TREASURER'S REPORT

8.9. The following table summarises the corresponding asset allocation:

Asset Allocation	Equities	Bonds and Fixed Interest Securities	Alternatives	Property	Cash
2021	56%	16%	13%	11%	4%
2020	53%	17%	13%	10%	7%

8.10. The Policy & Resources Committee's Investment & Bond Sub-Committee (IBSC) was responsible for investment policy, strategy and implementation, on advice from an external advisor (currently International Asset Monitor Limited). The IBSC oversaw the management and performance of the Consolidated Investment Fund, as well as regularly reviewing the risk management policies and procedures underpinning the management of the Fund and ensuring that they are complied with by investment managers and other responsible parties.

8.11. Following States approval of a policy letter entitled *"Improving the Governance of the States of Guernsey's Investment Funds"* (Billet d'État VIII, 2021), with effect from 1 January 2022, the responsibility for the management of all States' investment funds, including the Social Security Funds, transferred to the States' Investment Board which is a sub-committee of the Policy & Resources Committee.

## *General Revenue Reserve*

8.12. As part of the 2021 Budget Report, the States approved the creation of the General Revenue Reserve by the closure of:

- The Capital Reserve (£290.2m);
- The Transformation and Transition Fund (£12.3m);
- The Future Guernsey Economic Fund (£2.8m);
- The Corporate Housing Programme Fund (£21.3m);
- The Insurance Deductible Fund (£13.7m);
- The Brexit Transition Fund (£2.3m); and
- The General Revenue Account Reserve (Unallocated Balance) (£43.4m)

8.13. Together with £4.1m of other minor balances, the General Revenue Reserve had a balance of £390.1m at the end of 2020, of which £376.4m was unallocated .

# STATES TREASURER'S REPORT

- 8.14. The unallocated balance has increased to £427.3m at the end of 2021 as a result of the revenue surplus of £52.5m; the transfer from the Bond Reserve of £37m; and net capital expenditure of £38.8m comprising expenditure of £40m and receipts of £1.2m. Appendix IV details the capital expenditure which comprises £29.1m of major capital projects and £10.9m of minor capital spend on the everyday replacement of equipment and vehicles, renewal of roads and investment in property assets.
- 8.15. The States agreed that any outstanding obligations, liabilities and commitments on the use of the Funds and Reserves which were closed would transfer to General Revenue. This included funding for: transformation expenditure; grants for supporting development of social housing; ongoing commitments for Guernsey Finance, Locate Guernsey and Digital Greenhouse; and the operating costs of the capital portfolio.
- 8.16. In respect of the General Revenue Account Reserve (Unallocated Balance), The States have a policy<sup>5</sup> for an amount equivalent to 5% of annual revenue income to be retained within the General Reserve to be used to manage any in year shortfalls in income, short term cyclical variations and any other timing issues. This would require a balance of £27m to be retained.

## *Core Investment Reserve*

- 8.17. The Core Investment Reserve is a long-term reserve, the capital value of which is only available to be used in the exceptional and specific circumstances of severe and structural decline or major emergencies. The States have a policy for the target balance of the Core Investment Reserve being 100% of General Revenue income.
- 8.18. The movements on this Reserve are summarised in the following table:

	2021 £m	2020 £m
<b>Opening Balance</b>	<b>162.7</b>	<b>195.7</b>
Plus:		
Transfer to General Reserve	-	(50.0)
Net Investment Return	16.2	17.0
<b>Closing Balance</b>	<b>178.9</b>	<b>162.7</b>

- 8.19. As part of the 2021 Budget Report, the States agreed the transfer of £50m from the Core Investment Reserve in 2020 to part-fund the impact of the COVID-19 pandemic on General Revenue.
- 8.20. The balance of the Core Investment Reserve represents 33% of the 2022 General Revenue income budget. An amount of approximately £370m would need to be added to this Reserve to attain the target balance of 100% of General Revenue income.

<sup>5</sup> Billet d'État XII, 2017

# STATES TREASURER'S REPORT

## *Bond Issue*

- 8.21. At the end of 2021, there was a balance of £311m (2020: £158m) outstanding in respect of loans made from the proceeds of the £330m States of Guernsey bond issue (Appendix V). These loans have been made at rates of interest fixed in accordance with a formula which reflects the term of the borrowing, any change in market conditions compared to when the Bond was issued in 2014 and the 'credit-risk' of each entity, and range from 3.625% to slightly in excess of 4%. The model put in place by the IBSC is designed to ensure that the Bond issue can be serviced fully - that is, the annual coupon payments made, the costs of issuance recovered and the capital sum repaid in full at the end of the term without recourse to General Revenue.
- 8.22. In June 2021, following consideration of the Government Work Plan 2021-2025 (Billet d'État XV), £160m of the unlent proceeds of the States of Guernsey bond issue were allocated to General Revenue to be used to finance capital expenditure which is part of the States capital portfolio. The States also agreed to transfer the balance of the Bond Reserve (£37m) to the General Revenue Reserve. The balance on the Bond Reserve had arisen due to the investment returns on the Bond issue proceeds which were not yet lent on exceeding the coupon rate.

## *Superannuation Fund*

- 8.23. The Superannuation Fund exists to pay the pensions of the employees of the States of Guernsey and other members of the Scheme. It is predominantly a defined benefit scheme funded by contributions from both the employer and employee. In 2015, the States agreed revised pension arrangements for members joining after 1 May 2015 and for service from 1 March 2016 for those members who are not protected members (those close to retirement age). The revised arrangements replace the final salary defined benefit arrangements with defined benefits on a career average re-valued earnings (CARE) basis up to a salary cap (£94,081 as at 31 December 2021) with a defined contribution scheme for earnings in excess of this cap. The revised arrangements include a fixed cost ceiling (excluding the investment risk) on the employer's future contribution rate.
- 8.24. The transactions on the Fund are summarised in the table below:

<b>Superannuation Fund</b>	<b>2021 £m</b>	<b>2020 £m</b>
<b>Opening Balance</b>	<b>1,615.3</b>	<b>1,501.7</b>
<b>Plus:</b>		
Contributions	50.8	53.0
Net appreciation of investments	158.5	127.7
<b>Less:</b>		
Pensions and lump sums paid	(70.5)	(67.1)
<b>Closing Balance</b>	<b>1,754.1</b>	<b>1,615.3</b>

# STATES TREASURER'S REPORT

- 8.25. Although the deficit in the Fund is not included in the Statement of Financial Position, detailed disclosures pertaining to the Superannuation Fund are included as Note 47. The funding level, prepared under accounting assumptions, has increased to 57.6% (2020: 57.1%). Once the accounting standard IPSAS 39 (Employee Benefits) is applied, the full impact of any increase in the pension deficit will be charged to the States' reserves. This compares to a funding level of 93.5% included within the actuarial valuation undertaken as at 31 December 2016.
- 8.26. The reason for the difference between the accounting position and the funding position reported within the Actuarial Valuation is because the discount rate assumption used in the accounting position is based solely on the yield on government bonds and does not reflect the actual asset classes in which the Superannuation Fund is invested in.
- 8.27. The Fund is largely invested in return seeking assets which are expected to provide substantially higher returns than corporate bonds over the long-term. The investment funds have a target rate of return of inflation plus 4% and, as set out in paragraph 8.8, actual returns over the last 5 years have averaged 3.7% above inflation per annum. The 2016 Actuarial Valuation was based on an assumption of investment returns of inflation plus 2.5% (which is in line with that used when determining the revised pension arrangements) compared to the accounting based assumption of inflation less 1.4% (the return on an AA corporate bond) used to calculate the 2021 accounting position. The two bases result in material differences in the calculation of liabilities and the resultant net funding position of the scheme.

## 9. Cash Flow Statement

- 9.1. This statement summarises the total cash movements during the year for both capital and revenue purposes, arising from income and payments and movements in working capital. The cash flow shows a net increase in cash of £8.2m (2020: decrease of £10.3m).

# **STATEMENT OF RESPONSIBILITIES FOR THE PREPARATION OF ANNUAL ACCOUNTS**

The Policy & Resources Committee is responsible for the preparation of accounts for each financial year and for selecting suitable accounting policies. In preparing those accounts the Policy & Resources Committee relies on information supplied by States' Committees, Authorities and the States' Trading Supervisory Board. Each States' Committee, Authority and Board is expected to:

- apply the accounting policies on a consistent basis; and
- make judgements and estimates that are reasonable and prudent.

Each States' Committee, Authority and Board acknowledges responsibility for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the States of Guernsey.

## **STATEMENT OF INTERNAL FINANCIAL CONTROLS**

It is the responsibility of each Committee, Authority and Board to identify and install a system of internal controls, including financial control, which is adequate for its own purposes. Thus each Committee, Authority and Board is responsible for safeguarding the assets of the States in their care and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each Committee, Authority and Board is also responsible for the economical, efficient and effective management of public funds and other resources entrusted to it.

It is acknowledged that each States' Committee, Authority and Board is subject to financial and manpower restrictions. Nevertheless, they have a duty to ensure that they fulfil their obligations to install and maintain adequate internal controls and safeguard the States resources for which they are responsible.

The States' internal financial controls and monitoring procedures include:

- An annual budget and planning process to allocate, control and monitor the use of resources;
- Review and appraisal by States Internal Audit of the soundness, adequacy and application of internal controls;
- Collation of risk registers, which are subject to regular review and update in compliance with internal Risk Management Directives;
- The requirement for all audit reports to be tabled at a meeting of the relevant States' Committee, Authority or Board to ensure that all Committee, Authority or Board members are aware of their financial affairs; and
- Regular review of the performance and security of the States' financial assets.

Through their staff recruitment and training, each States' Committee, Authority and Board strives to ensure that all those with financial responsibilities have the necessary skills and motivation to discharge their duties with the proficiency that the community has the right to expect.

The States' internal controls and accounting policies have been and are subject to continuous review and improvement.

# **INDEPENDENT AUDITOR'S REPORT TO THE POLICY & RESOURCES COMMITTEE**

## **Opinion**

We have audited the financial statements of the States of Guernsey (the "States") for the year ended 31 December 2021 which comprise the Statement of Financial Performance, the Movement in Reserves Statement, the Statement of Financial Position, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements for the year ended 31 December 2021 are prepared, in all material respects, in accordance with the accounting policies stated in note 1 to the financial statements.

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the States in accordance with the ethical requirements that are relevant to our audit of the financial statements in Guernsey, including the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Emphasis of matter – Basis of Accounting and Restriction on Distribution and Use**

We draw attention to note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the States in complying with their financial reporting obligations. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Policy & Resources Committee (the "Committee") and should not be distributed to or used by parties other than the Committee. Our opinion is not modified in respect of this matter.

## **Other information**

The Committee are responsible for the other information. The other information comprises the States Treasurer's Report, the Statement of Responsibility for the Preparation of Annual Accounts and the Statement of Internal Financial Controls.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

# **INDEPENDENT AUDITOR'S REPORT TO THE POLICY & RESOURCES COMMITTEE**

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where our engagement letter requires us to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not obtained all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

## **Responsibilities of the Committee for the Accounts**

As explained more fully in the Statement of Responsibilities for the Preparation of Annual Accounts, the Committee is responsible for the preparation of the financial statements in accordance with the accounting policies in note 1 to the financial statements. The Committee is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **Auditor's responsibilities for the audit of the financial statements**

In preparing the financial statements, the Committee is responsible for assessing the States' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Committee either intend to liquidate the States or to cease operations, or have no realistic alternative but to do so.



# INDEPENDENT AUDITOR'S REPORT TO THE POLICY & RESOURCES COMMITTEE

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the States' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the States' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the States to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

# INDEPENDENT AUDITOR'S REPORT TO THE POLICY & RESOURCES COMMITTEE

## Use of our report

This report is made solely to the Committee in accordance with our engagement letter dated 7 September 2017. Our audit work has been undertaken so that we might state to the Committee those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Committee, for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Grant Thornton', with a stylized flourish at the end.

## **Grant Thornton Limited**

Chartered Accountants

St Peter Port, Guernsey

Date: 26 May 2022

# STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 31 December 2021

	Note	2021 £'000s	2020 £'000s
<b>Income</b>			
Income Taxes	2	361,513	328,450
Other Taxes and Duties	3	110,052	104,308
Income from Operating Activities		64,212	56,009
Other Corporate Income	4	38,429	38,443
		574,206	527,210
<b>Expenditure</b>			
Pay	5	(264,781)	(250,976)
Staff Related Non-Pay Costs	6	(6,141)	(6,021)
Support Services	6	(48,698)	(47,847)
Premises	6	(26,703)	(27,147)
Third Party Payments	6	(135,572)	(162,625)
Transport	6	(1,422)	(1,272)
Supplies and Services	6	(53,894)	(49,566)
		(537,211)	(545,454)
<b>Operating Surplus/(Deficit)</b>		<b>36,995</b>	<b>(18,244)</b>
<b>Other Income and Expenditure</b>			
Finance Charges and Other Costs	8	(36,914)	(68,747)
<b>Investment Returns</b>			
Net Returns from the Consolidated Investment Fund		76,686	60,202
Interest Receivable on Loans and Overdraft Facilities Granted		5,833	6,153
		82,519	66,355
<b>Amounts Transferred to/(from) Reserves from/(to) Other Entities</b>			
Balance of Seized Asset Fund Transferred from Depositor Account	9	17,487	-
Balance of Wilfred Carey Purchase Fund Transferred to Depositor Account	9	-	(3,855)
		17,487	(3,855)
<b>Capital Receipts and Expenditure</b>			
Capital Receipts	10	1,231	1,229
Capital Expenditure	11	(40,010)	(40,586)
		(38,779)	(39,357)
<b>Net Surplus/(Deficit) for the Year</b>		<b>61,308</b>	<b>(63,848)</b>
<b>Retained by:</b>			
General Revenue Reserve	21	37,608	-
General Reserve	26	-	(63,631)
Capital Reserve	41	-	(17,206)
Bond Reserve	40	7,533	-
Core Investment Reserve	42	16,167	16,989
		<b>61,308</b>	<b>(63,848)</b>

# MOVEMENT IN RESERVES STATEMENT

For the Year Ended 31 December 2020

	Total Usable Reserves	General Revenue Reserve	General Reserve	Bond Reserve	Capital Reserve	Core Investment Reserve	States' Trading Entities Reserve
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Opening Balance	756,985	-	127,068	-	305,883	195,726	128,308
(Deficit)/ Surplus for Year	(63,848)	-	(63,631)	-	(17,206)	16,989	-
Transfers In-Year	-	-	63,710	-	1,500	(50,000)	(15,210)
Transfers At Year End	-	390,127	(127,147)	27,197	(290,177)	-	-
<b>Closing Balance</b>	<b>693,137</b>	<b>390,127</b>	<b>-</b>	<b>27,197</b>	<b>-</b>	<b>162,715</b>	<b>113,098</b>

For the Year Ended 31 December 2021

	Total Usable Reserves	General Revenue Reserve	General Reserve	Bond Reserve	Capital Reserve	Core Investment Reserve	States' Trading Entities Reserve
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Opening Balance	693,137	390,127	-	27,197	-	162,715	113,098
Surplus for Year	61,308	37,608	-	7,533	-	16,167	-
Transfers In-Year	-	34,583	-	(34,583)	-	-	-
<b>Closing Balance</b>	<b>754,445</b>	<b>462,318</b>	<b>-</b>	<b>147</b>	<b>-</b>	<b>178,882</b>	<b>113,098</b>

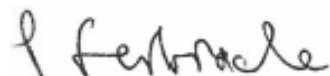
The Bond Reserve was reported as a separate reserve on the Statement of Financial Position from 31 December 2020. Any changes to the balance of the Bond Reserve up to that date, were reported as part of the General Reserve. Following the closure of the Capital Reserve on 31 December 2020, capital expenditure was charged, and capital receipts credited to the General Revenue Reserve during the reporting year 2021.

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Note	2021 £'000s	2020 £'000s
<b>Non-Current Assets</b>			
Shareholdings in States' Trading Entities	12	113,098	113,098
Investments	13	2,683,092	2,496,355
Receivables	14	136,135	149,561
		<b>2,932,325</b>	<b>2,759,014</b>
<b>Current Assets</b>			
Cash and Cash Equivalents		10,256	2,019
Receivables	14	91,999	85,067
Stock		6,932	6,417
Prepayments		11,517	9,213
		<b>120,704</b>	<b>102,716</b>
<b>Current Liabilities</b>			
Revolving Credit Facility	15	(75,000)	(75,000)
Creditors	16	(46,344)	(39,763)
Short-Term Provisions		(160)	(288)
Depositors	17	(1,802,168)	(1,677,947)
Currency in Circulation	18	(56,966)	(57,957)
		<b>(1,980,638)</b>	<b>(1,850,955)</b>
<b>Non-Current Liabilities</b>			
Bond Issue	19	(317,946)	(317,638)
<b>Net Assets</b>		<b>754,445</b>	<b>693,137</b>
<b>Represented by:</b>			
General Revenue Reserve	21	462,318	390,127
Bond Reserve	40	147	27,197
Core Investment Reserve	42	178,882	162,715
States' Trading Entities Reserve	43	113,098	113,098
<b>Reserves</b>		<b>754,445</b>	<b>693,137</b>

These financial statements were approved by the Policy & Resources Committee on 24 May 2022.



Deputy Peter Ferbrache  
President of the Policy & Resources Committee



Bethan Haines  
States Treasurer

# CASH FLOW STATEMENT

For the Year Ended 31 December 2021

	Note	2021 £'000s	2020 £'000s
<b>Net Cash Flows from Operating Activities</b>	44	14,968	(27,303)
<b>Cash Flows from Investing Activities</b>			
Capital Expenditure		(40,010)	(40,586)
Capital Receipts		1,231	1,229
Net Sale of Investments		53,499	36,170
Dividends Received		1,800	1,944
Issue of New External Loans Financed from the Bond		-	(2,000)
Net Cash Funding Provided to Trading Entities		(15,354)	(48,911)
Repayment of External Loans Financed from the Bond		3,761	5,714
Net Cash Flows from Investing Activities		4,927	(46,440)
<b>Cash Flows from Financing Activities</b>			
Short Term Borrowings (Revolving Credit Facility)		-	75,000
Interest Paid		(11,658)	(11,585)
Net Cash Flows from Financing Activities		(11,658)	63,415
Net Increase/(Decrease) in Cash at Bank and in Hand		8,237	(10,328)
Cash and Cash Equivalents at the Beginning of the Year		2,019	12,347
<b>Cash and Cash Equivalents at the End of the Year</b>		<b>10,256</b>	<b>2,019</b>

# NOTES TO THE ACCOUNTS

## 1. States of Guernsey Accounting Policies

### **Basis of Accounting**

- i. The Accounts of the States of Guernsey, set out on pages 21 to 73, are prepared in accordance with the accounting policies included within note 1. The Accounts are prepared under the historical cost convention, except for financial investments that are measured at re-valued amounts or fair values at the end of each reporting period. Unless detailed otherwise below, income and expenditure is accounted for on an accruals basis.
- ii. The accounting policies noted below may depart from rules within internationally recognised accounting frameworks, in order to adhere to internal reporting conventions. Consequently these accounts have not been prepared in accordance with a particular accounting framework, but instead follow the accounting policies as noted.

### **Going Concern**

- iii. The Policy & Resources Committee, at the time of approving the Accounts, has a reasonable expectation that the States have adequate resources to continue in operational existence for the foreseeable future. This is based on the income, expenditure, financial position and cash flows monitored and projected for the States. Thus it continues to adopt the going concern basis of accounting in preparing the financial statements.

### **Income Taxes**

- iv. Income tax is normally treated as revenue income when a taxable event has occurred. However, some elements of that revenue income can only be confirmed in subsequent years and therefore consideration is given to future cash flows that may arise from assessments relating to the reporting period (and earlier), as well as levels of recoverability.
- v. The total income tax reported in the Statement of Financial Performance is net of any repayment of tax receipts, reduction in tax assessments or balances written off for previous years.

### **Bad Debts**

- vi. Bad debts written off during the year are charged to the Statement of Financial Performance within the expenditure category Finance Charges and Other Costs.
- vii. Any increase in the bad debt provision will also result in a charge to that category of expenditure. Conversely, any reduction in bad debt provision will result in a credit to that expenditure category.
- viii. Provisions are based on the assessment of non-recoverability of debts as at the year-end date. The receivables balance shown on the Statement of Financial Position and detailed in the Notes to the Accounts is net of any bad debt provision.

### **Charging for Services Across States' Functions**

- ix. The States currently recharges between different parts of the reporting entity, in other words for a particular transaction, one function will report income and another expenditure (of an equal and opposite value). These amounts have not been eliminated within the Statement of Financial Performance.

# NOTES TO THE ACCOUNTS

## Rendering of Services

- x. The net income relating to contracts to provide services is recognised by reference to the stage of completion of the contract. This is estimated according to when the majority of services are provided.

## Lease Payments

- xi. The accounting treatment adopted for Finance Leases and Operating Leases is the same. The entire value of the lease payment is charged as an expense in the financial year to which it relates. Neither an asset nor a liability will be recognised on the Statement of Financial Position, even where substantially all the risks and rewards incidental to ownership are transferred to the States.

## Investment Returns

- xii. The States manage a portfolio of investments that generates dividend income, bond interest income, as well as realised and unrealised gains/losses on financial investments. Adjustments are made to the investment returns to reflect the amounts earned rather than cash received.
- xiii. There are associated costs with managing the portfolio including investment management fees and other charges. Adjustments are made to the investment fees and other costs, in order that they are charged in the reporting period to which they relate, as opposed to when they are paid.
- xiv. The net investment return or charge reported within the Statement of Financial Performance equates to the amount attributable to the States. The net investment return or charge attributable to a depositor is credited or debited directly to the individual depositor's balance and is not reported within the Statement of Financial Performance. The performance of the entire investment portfolio during the reporting period is included within the Notes to the Accounts.

## Capital Receipts

- xv. Capital receipts generated from the sale of property are accounted for on a completion basis.
- xvi. Where the States have provided a capital contribution to an external entity and accounted for it as capital expenditure in a previous financial year, any refund of that contribution in the current reporting period will be accounted for as a capital receipt.

## Capital Expenditure

- xvii. The States do not capitalise expenditure related to the purchase or construction of fixed assets. Expenditure is written off during the financial year in which it is incurred.

## Pay Costs

- xviii. The total pay costs within the Statement of Financial Performance also includes amounts relating to agency staff, who are legally employed by another entity but work for the States providing operational capacity. However, it excludes any pay costs that are charged to capital projects. This only occurs where additional staff are directly employed to progress the capital project or to backfill for those seconded to the project. These costs are included within the Statement of Financial Performance under the heading of Capital Expenditure.



# NOTES TO THE ACCOUNTS

## **Retirement Benefit Costs and Pension Disclosures**

- xix. The pension costs charged within the Statement of Financial Performance are the contributions paid by the States on behalf of its employees, in accordance with the latest triennial actuarial valuation. The accounting approach is similar to that used for a defined contribution scheme, such that the net asset/liability position of the Consolidated Superannuation Fund is not recognised in the Statement of Financial Position.
- xx. Details of the Consolidated Superannuation Fund are included within the Notes to the Accounts. Whilst the disclosure of pension costs, income, assets and liabilities follow a prescribed format, it is important to note that it differs insofar as the transactions and balances relating to the Defined Contribution Scheme (Public Servants' Pension Scheme) are included within these reported totals.

## **States of Alderney**

- xxi. The States of Alderney receive an annual revenue allocation from the States of Guernsey each year to part-fund the provision of certain services. The amount that is paid by the States of Guernsey to the States of Alderney is treated as a grant payment and reported within the Statement of Financial Performance.

## **Current Assets and Non-Current Assets**

- xxii. An asset is classified as current when it meets any of the following criteria -
  - (a) It is expected to be realised, or is held for sale or consumption, in the States' normal operating cycle (usually 12 months);
  - (b) It is held primarily for the purpose of being traded;
  - (c) It is expected to be realised within 12 months after the reporting period or;
  - (d) It is cash or considered to be a cash equivalent.

All other assets are classified as non-current.

## **Current Liabilities and Non-Current Liabilities**

- xxiii. A liability is classified as current when it meets any of the following criteria -
  - (a) It is expected to be settled in the States' normal operating cycle;
  - (b) It is held primarily for the purpose of being traded or;
  - (c) It is expected to be settled within 12 months after the reporting period.

All other liabilities are classified as non-current.

## **Financial Investments**

- xxiv. Investments are measured at fair value as at the year-end date.
- xxv. Those investments that are listed or quoted on a recognised market are valued at the mid-market price in the relevant market as at the year-end date.

# NOTES TO THE ACCOUNTS

- xxvi. Where investments are part of an investment fund that is neither quoted nor listed, then the valuation will be based upon the latest information available. That information will be provided by the underlying investment fund. Where the valuation date for the investment fund is not coterminous with the year end of the States, the most recent valuation before the valuation date, as received from the underlying fund manager or administrator, is used as the basis of the valuation. This basis is then adjusted for underlying fund level cash flows that have occurred between the last valuation date and the year-end date. From time to time, non-cash flow related adjustments may also be made if deemed to be of a material nature. The net asset value reported by the fund manager or administrator may be unaudited and in some cases, the notified net asset value is based on estimates.
- xxvii. Derivative contracts are recognised at fair value on the date at which they are entered into and are subsequently re-measured at their fair value. Fair value is determined using market observable inputs and recognised valuation models used by third party service providers.
- xxviii. Where investments are in a currency other than pounds sterling (being the currency the financial statements are presented in), then these are translated into pounds sterling at the rate of exchange ruling as at the year-end.
- xxix. Where the States have future funding commitments on investments these are disclosed in the Notes to the Accounts. These are not recognised as a liability as at the year-end.

## **Investments in States' Trading Entities**

- xxx. Investments in respect of Guernsey Post Limited and Guernsey Electricity Limited reflect the basis of the transfer valuation attributed to the net undertaking transferred from the States Trading Boards to the commercialised entities in accordance with The States Trading Companies (Bailiwick of Guernsey) Law, 2001. There is no on-going impairment review for these entities. If shares are re-purchased by Guernsey Post Limited or Guernsey Electricity Limited, then an adjustment will be made to the carrying value of the investment on the Statement of Financial Position.
- xxxi. All other incorporated trading entities are accounted for at cost less impairment/provision for losses.
- xxxii. The unincorporated trading entities are not accounted for within the principal financial statements. The value of net assets for each of the unincorporated trading entities is disclosed within the Notes to the Accounts.
- xxxiii. Where the accumulated losses incurred by an incorporated trading entity exceed the gross value of the investment, then the impairment charged to the Statement of Financial Performance will be limited to an amount that reduces the carrying value of the investment down to nil. Thereafter consideration for excess losses is accommodated through appropriations between the General Reserve and the States' Trading Entities Reserve.

## **Stock**

- xxxiv. Stock is valued at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those costs incurred to bring the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion.

# NOTES TO THE ACCOUNTS

## Loans Receivable

- xxxv. Loans made by the States, which have fixed or determinable payments and are not quoted in an active market, are measured at their outstanding capital value as at the year-end date. They are not subject to a formal impairment review for accounting purposes, but will be assessed for recoverability during the repayment period. Where the loans have been made from the proceeds of the States of Guernsey Bond Issue, then the interest received from borrowers is credited to the Statement of Financial Performance and allocated to the Bond Reserve.
- xxxvi. Some of the loans made by the States are internal to the organisation. These loans are linked with trading functions that operate within the States. The expenditure is capitalised and written off over the period of the internal loan, which is similar to an expected life of the related asset. These internal loans have been disclosed separately within the Notes to the Accounts.

## Currency in Circulation

- xxxvii. The States issue banknotes and coins in the name of The States of Guernsey. The States may issue commemorative notes and coins from time to time. All banknotes and coins issued by the States can be exchanged or redeemed at face value.
- xxxviii. The value of notes and coins in circulation is accounted for as a liability within the Statement of Financial Position.
- xxxix. Demand for the States' issued currency may fluctuate, consequently the liability may rise or fall depending upon the value of notes and coins in circulation at any point in time. At the end of their useful life, they are removed from circulation and destroyed. At that time they will be treated as being withdrawn from circulation, such that both the asset and liability will reduce accordingly. Any cost associated with the issue or destruction of notes and coins will be charged to the Statement of Financial Performance.
- xl. The net liability takes account of the intrinsic value of coinage in circulation and an estimation of the value of notes and coins in circulation that are unlikely to be redeemed.
- xli. Banknotes and coins that have not been issued previously, are recognised as stock and measured at the cost of either printing or minting. When these notes and coins are issued, their corresponding stock value will be charged to the Statement of Financial Performance.

## Long Term Liabilities

- xl.ii. The issue of a States of Guernsey Government Bond has been categorised as a long term liability. Long term liabilities are valued in the Statement of Financial Position at amortised cost. Any costs associated with the States Bond will be met from the Bond Reserve.
- xl.iii. The amortised cost is the amount at which the bond loan is measured at initial recognition, less any principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

# NOTES TO THE ACCOUNTS

- xliv. The effective interest method is the means of calculating the amortised cost of the bond loan and of allocating the interest charge over the period of the loan. The effective interest rate is the rate that exactly discounts the future cash payments through the expected life of the bond. The calculation includes all fees associated with the issuance of the bond.

## **Reserves**

- xlv. All income and expenditure is included within the Statement of Financial Performance. Any net surplus or deficit reported within the Statement of Financial Performance will be credited or debited only to a reserve.
- xlvi. Not all of the net surplus or deficit is attributed to the General Revenue Reserve, as the States have earmarked a number of reserves for specific purposes. The Movement in Reserves Statement provides details of the surplus or deficit for the financial year relating to those earmarked reserves. This surplus or deficit is separate from any transfer between the reserves. Any transfer between reserves is classified as an appropriation.
- xlvi. The balance of reserves will amount to the value of the net assets of the States.

## **Cash Flow Statement**

- xlvi. The Cash Flow Statement identifies the sources of cash inflows, the items on which cash was expended during the reporting period, and the cash balance as at the reporting date. It is presented using the indirect method, whereby the overall surplus or deficit is adjusted for the effects of transactions of a non-cash nature, as well as items that are classified as either an Investing or Financing Activity.
- xlix. The investment managers may hold cash balances on behalf of the States to be used for investment purposes. Any such balances held at the reporting date will be classified as investments, and not cash or cash equivalents.
  - i. Coupon payments associated with the bond loan and interest charges for the revolving credit facility are classified as Financing Activities. Any other interest charges are included within Operating Activities.
  - ii. Receipts generated from interest received are included within Operating Activities.

## **Restatement**

- lii. 2020 Accounts columns marked with “#” includes figures that have been restated for comparative purposes.

# NOTES TO THE ACCOUNTS

## 2. Income Taxes

	2021 £'000s	2020 £'000s
Individuals	290,257	267,019
Companies (including banks)	57,616	52,905
Distributed profits	13,640	8,526
<b>Total Income Taxes</b>	<b>361,513</b>	<b>328,450</b>

## 3. Other Taxes and Duties

	2021 £'000s	2020 £'000s
Customs - Excise and Import Duties		
Beer	3,916	3,946
Cider	932	1,003
Motor fuel	18,914	18,845
Spirits	5,625	5,221
Tobacco	11,689	13,850
Wine	6,648	6,717
Import duties	370	1,730
	48,094	51,312
Tax on Real Property	28,766	29,075
Document Duty - Conveyancing	32,341	23,029
Vehicle First Registration Duty	851	892
<b>Total Other Taxes and Duties</b>	<b>110,052</b>	<b>104,308</b>

## 4. Other Corporate Income

	2021 £'000s	2020 £'000s
Housing rental income	20,866	20,828
Company fees	11,477	10,894
Rental income from commercial property	3,079	2,974
Dividend income from States' trading entities	1,800	1,944
Public donations towards COVID-19 expenditure	-	272
Other income	1,207	1,531
<b>Total Other Corporate Income</b>	<b>38,429</b>	<b>38,443</b>

# NOTES TO THE ACCOUNTS

## 5. Pay

<b>Pay Costs by Pay Group</b>	<b>2021 £'000s</b>	<b>2020 £'000s</b>
Established staff	93,345	90,178
Public service employees	17,022	16,769
Nurses and medical consultants	78,457	69,504
Teachers, lecturers and learning support assistants	46,628	45,923
Fire officers	3,542	3,527
Police officers	9,013	9,182
Home support staff	2,537	2,487
Border Agency officers	3,952	3,610
Prison officers	3,688	3,664
Crown Officers and Judges	1,803	1,644
Other pay groups	2,890	2,567
	<b>262,877</b>	<b>249,055</b>
States Members remuneration	1,904	1,921
<b>Total Pay Costs by Pay Group</b>	<b>264,781</b>	<b>250,976</b>

<b>Full Time Equivalents by Pay Group Included Within Pay Costs</b>	<b>2021 Average FTE</b>	<b>2020 Average FTE</b>
Established staff	1,656	1,644
Public service employees	487	531
Nurses and medical consultants	1,380	1,256
Teachers, lecturers and learning support assistants	878	839
Fire officers	59	58
Police officers	145	148
Home support staff	51	51
Border Agency officers	73	67
Prison officers	76	76
Crown Officers and Judges	8	6
Other pay groups	49	44
<b>Total Full Time Equivalents by Pay Group Included Within Pay Costs</b>	<b>4,862</b>	<b>4,720</b>

The average number of Full Time Equivalents (FTE) includes all employees (permanent, temporary, casual and agency) and takes account of additional hours worked through overtime etc. For example, one member of Established Staff (full time hours 36) working an average of 18 hours a week over six months of the year would be included above as 0.25 FTE. Equally, one member of Established Staff working on average 39 hours per week over a period of a year, would be included above as 1.08 FTE.

The figures contained in the tables headed 'Pay Costs by Pay Group' and 'Full Time Equivalents by Pay Group Included within Pay Costs', do not include those staff charged to capital projects. Those pay costs and associated FTEs are detailed within Appendix III.

# NOTES TO THE ACCOUNTS

## Senior Employees<sup>6</sup> Gross Cost Analysis

	2021 Number of Employees	2020 Number of Employees
£90,000 to £109,999	122	110
£110,000 to £129,999	49	48
£130,000 to £149,999	26	26
£150,000 to £169,999	26	30
£170,000 to £189,999	18	13
£190,000 to £209,999	6	6
£210,000 to £229,999	1	2
£230,000 to £249,999	1	-
£250,000 to £269,999	1	2
£270,000 to £289,999	3	2
£290,000 to £309,999	2	-
£310,000 and above	1	1
	<b>256</b>	<b>240</b>

The bandings in the table above relate to the total cost incurred by the States in employing those individuals. The total cost will include the gross salary and any other forms of remuneration, the related pension contribution made by the States, as well as social insurance contributions. An employee with a total cost of employment of £90,000 is likely to earn in the range of £70-75,000 per annum (including overtime and allowances).

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<sup>6</sup> This includes the four Crown Officer posts which, although paid by the States of Guernsey, are not employees.

# NOTES TO THE ACCOUNTS

## 6. Operating Expenditure (Non-Pay) by Category

	2021 £'000s	2020 £'000s
Staff Related Non-Pay Costs		
Recruitment	3,900	4,155
Training	1,734	1,390
Other staff costs	507	476
	6,141	6,021
Support Services		
Advertising, marketing and public relations	1,800	1,970
Audit fees	221	244
Bank charges	418	910
Communications and IT	3,471	2,580
Consultants fees	5,291	3,497
Contracted out work	32,954	34,848
Incidental and other costs	66	56
Postage, stationery and printing	1,330	1,243
Risk management and insurance	3,147	2,499
	48,698	47,847
Premises		
Equipment, fixtures and fittings	1,018	907
Rents and leasing	4,546	4,490
Repairs, maintenance and servicing	15,258	16,184
Utilities	5,881	5,566
	26,703	27,147
Third Party Payments		
Benefit payments	62,628	62,498
Grants and subsidies	72,944	100,127
	135,572	162,625
Transport		
Vehicles and vessels	1,422	1,272
Supplies and Services		
Services	35,184	34,759
Supplies	18,710	14,807
	53,894	49,566
<b>Total Operating Expenditure (Non-Pay) by Category</b>	<b>272,430</b>	<b>294,478</b>



# NOTES TO THE ACCOUNTS

## 7. Formula-led Costs

Whilst the costs associated with Formula-led activities have been allocated across the different income and expenditure categories in the Statement of Financial Performance, the total expenditure per activity is noted below.

	2021 £'000s	2020 £'000s
Policy & Resources Committee		
Costs incurred in relation to States Members	1,923	1,980
Committee for Employment & Social Security		
Legal Aid	1,602	1,992
Concessionary TV Licences for the Elderly	-	30
Family Allowance	8,592	8,459
Severe Disability Benefit and Carers' Allowance	7,262	6,749
Social Insurance Grant	17,687	16,332
Income Support Scheme	46,627	46,910
	81,770	80,472
<b>Total Formula-led Costs</b>	<b>83,693</b>	<b>82,452</b>

## 8. Finance Charges and Other Costs

	2021 £'000s	2020 £'000s
Bond interest charges	11,450	11,439
Revolving credit facility interest charges including non-utilisation fees	516	444
Bad debt expenses and adjustment for impairment of receivables	(21,913)	56,084
Notional loan charges	61	780
Impairment of investment value of trading Entities	46,800	-
<b>Total Finance Charges and Other Costs</b>	<b>36,914</b>	<b>68,747</b>

The COVID-19 pandemic had a significant impact on the trading activities of Cabernet Limited and Ports, and in particular their ability to repay amounts owing to the States.

During 2021, Ports' short term loan facility with the States was written down to nil at the year end. An impairment provision created in 2020 was reversed, such that the overall charge to the Statement of Financial Performance in 2021 was £8.622m.

Following the recapitalisation of Cabernet Limited in 2021, the short term loan facility with the States was reduced by £46.800m. However, as Cabernet Limited continued to make losses in 2021, an impairment provision was still required as at the year end. This amounted to £18.350m, compared with the position at the previous year end of £50.419m.

# NOTES TO THE ACCOUNTS

## 9. Amounts Held as a Reserve Transferred to Other Entities

In March 2021, the States considered a policy letter entitled “The Future Governance and Operation of the Seized Asset Fund” (Billet d'État VIII, 2021) and agreed to establish a new Seized Asset Fund with the Policy & Resources Committee being authorised to approve the use of this Fund. Consequently, the balance of the previous Seized Asset Fund which was previously accounted for as a deposit balance within the States' Accounts (held on behalf of the HM Receiver General), was set up as a separate earmarked reserve within the General Revenue Reserve.

The balance of the previous Seized Asset Fund at 31 March 2021 was £17.487m. This was transferred from the depositor account to the General Revenue Reserve on that date, and resulted in a credit balance being applied to the Statement of Financial Performance, in order to reflect the increase in the net assets of the States.

During 1990, the States approved the sale of two paintings and the establishment of the Wilfred Carey Purchase Fund. The proceeds were credited to the Fund and were to be used solely for the purchase of items of specific local interest to add to the museum's collection. The income and expenditure associated with the Fund has been reported within the Statement of Financial Performance.

The balance of the Fund at 31 December 2020 amounted to £3.855m. This was included as an earmarked fund within the General Reserve. This was transferred to a deposit account on 31 December 2020. As a result, the balance of this earmarked fund has been written down to nil and a corresponding charge included within the Statement of Financial Performance, to reflect the reduction in the net assets of the States.

## 10. Capital Receipts

	2021 £'000s	2020 £'000s
Repayment of capital grant from - Guernsey Water	1,229	1,229
Property Sales - Sale of other property, plant and equipment	2	-
<b>Total Capital Receipts</b>	<b>1,231</b>	<b>1,229</b>

In previous years, the States have funded the cost of a range of capital projects implemented by Guernsey Water. The capital contributions were paid to Guernsey Water as the expenditure was incurred. These amounts were written off by the States in the year that the payments were made.

# NOTES TO THE ACCOUNTS

The States' Trading Supervisory Board took a decision to repay during 2021, £1.229m of the contribution previously paid to Guernsey Water. During 2020, the States' Trading Supervisory Board repaid £1.229m received by Guernsey Water.

Given that the contributions were treated as capital expenditure in the year that they were paid and written off within the Statement of Financial Performance, any repayment of the contributions are treated as capital receipts and credited to the Statement of Financial Performance.

## 11. Capital Expenditure

The following is a breakdown of the capital expenditure associated with the purchase or creation of fixed assets. The States' accounting policy is to write off the expenditure in the year in which it was incurred.

### Capital Expenditure Charged to the Statement of Financial Performance

Capital works on land, buildings and infrastructure  
IT projects and equipment  
Equipment, machinery and vehicles

### Total Capital Expenditure Charged to the Statement of Financial Performance

2021	2020
£'000s	£'000s
18,654	13,302
13,348	23,054
8,008	4,230
<b>40,010</b>	<b>40,586</b>

# NOTES TO THE ACCOUNTS

## 12. Investments in States' Trading Entities

The States have shareholdings in a small number of incorporated trading entities and these are shown at cost on the Statement of Financial Position. The values presented in the accounts may therefore not represent the amount that the States could realise upon any sale of their holdings.

They also control a number of un-incorporated trading entities and the Social Security Contributory Funds, but these have not been attributed any cost or value within the States' Statement of Financial Position.

### Incorporated Trading Entities

	2021 £'000s	2020 £'000s
<b>Guernsey Electricity Limited</b>	105,209	105,209
<b>Guernsey Post Limited</b>	7,886	7,886
<b>Cabernet Limited</b>		
Purchase cost	5,060	5,060
Re-capitalisation during 2016	25,212	25,212
Re-capitalisation during 2021	46,800	-
	77,072	30,272
Provision for amounts written down due to accumulated losses	(30,272)	(30,272)
Impairment charged during the financial year	(46,800)	-
	(77,072)	(30,272)
Balance as at 31 December	-	-
<b>Alderney Electricity Limited</b>	3	3
<b>Balance at 31 December</b>	<b>113,098</b>	<b>113,098</b>

### Guernsey Electricity Limited

The States own all of the allotted and fully paid shares of Guernsey Electricity Limited.

The States did not receive a dividend during 2021 (2020: nil).

The total value of Guernsey Electricity Limited's net assets as at 30 September 2021 was £96.087m (2020: £91.291m restated balance). However, this is after provision has been made for a pension deficit reported under FRS102 of £15.810m (2020: £21.441m restated balance).

### Guernsey Post Limited

The States own all of the allotted and fully paid shares of Guernsey Post Limited.

The States received a dividend of £1.3m (2020: £1.444m).

The total value of Guernsey Post Limited's net assets as at 31 March 2021 was £26.862m (£23.969m as at 31 March 2020).

# NOTES TO THE ACCOUNTS

## Cabernet Limited

Cabernet Limited (holding company of Aurigny Air Services Limited and Anglo Normandy Engineering Limited) was initially purchased by the States in 2003 for the amount of £5.060m.

In 2016, the States provided funding to recapitalise the group's balance sheet. The States' shareholding increased by £25.212m in 2016. During 2021, the States agreed to a further recapitalisation of £46.8m.

Cabernet Limited has continued to report losses during the intervening period. The accumulated losses reported up to the end of December 2021 amounts to £88.582m (2020: £73.673m), compared with the share capital owned by the States of £72.012m (2020: £25.212m).

The total value of the investment including the recapitalisation in 2016 and 2021, has been written down from £77.072m to nil. This includes the full impairment of the investment made during 2021. A further adjustment has been made to the carrying value of the long term loans and the short term loan facility provided by the States during 2021, to reflect the continued losses and the potential for Cabernet Limited to repay the amounts due, given their current financial position. A provision of £18.350m (2020: £50.419m) has been made against those receivable amounts within the Statement of Financial Position.

## Alderney Electricity Limited

The States of Guernsey own 17.1% of the ordinary share capital of Alderney Electricity Limited.

## JamesCo750 Limited

The States of Guernsey own the two ordinary £1 shares of JamesCo750 Limited.

## Social Investment Fund

During 2020, the States established the Social Investment Fund LBG, which is a company limited by guarantee. No share capital has been issued. The Fund is registered as a charity and managed by a Board of Directors, comprising three independent members and two States' representatives. Its primary purpose is to use funds to invest in the Bailiwick's charitable and community sector organisations.

## Un-incorporated Trading Entities

The following table shows each of the States' un-incorporated trading entities, which are controlled by the States' Trading Supervisory Board, along with their net asset value at the year end. These amounts are not reported in the Statement of Financial Position.

	2021 £'000s	2020 £'000s
Ports	219,803	215,674
Guernsey Water	136,769	137,229
Guernsey Waste	24,465	26,967
States Works	11,531	11,106
Guernsey Dairy	3,400	3,623
<b>Balance at 31 December</b>	<b>395,968</b>	<b>394,599</b>

The States received a dividend of £0.5m (2020: £0.5m) from States Works.

# NOTES TO THE ACCOUNTS

The States have funded from their reserves, the purchase or construction of property, plant and equipment for the benefit of the un-incorporated trading entities with a charge being made to the Statement of Financial performance.

Both Ports and Guernsey Waste account for these transactions as capital contributions, which increases the value of the net assets of that entity, by an equivalent amount.

Guernsey Water account for these transactions as a capital grant. Consequently, any contribution from the States' reserves to Guernsey Water, will not result in a corresponding increase in the value of their net assets.

The table below shows the contributions made by the States to the un-incorporated trading entities for capital projects during the reporting period.

	2021 £'000s	2020 £'000s
Guernsey Waste	41	244
Ports	3,816	-
<b>Balance at 31 December</b>	<b>3,857</b>	<b>244</b>

## Social Security – Contributory Funds

The Committee *for* Employment & Social Security manages and controls the Social Security Contributory Funds. The balances in the table below reflect the net value of each fund as at the end of the financial year. These funds are held in order to meet future obligations (benefit payments). The adequacy of each Contributory Fund is subject to actuarial review at least once every five years to determine contribution rates that would be levied in future years.

	2021 £'000s	2020 £'000s
Guernsey Insurance Fund	749,414	705,251
Guernsey Health Service Fund	120,159	115,437
Long-Term Care Insurance Fund	118,407	100,964
<b>Balance at 31 December</b>	<b>987,980</b>	<b>921,652</b>

## 13. Investments

The States manages a single portfolio of investments through different investment managers. In 2015, the States transferred all of the investments held by the Superannuation Fund into this portfolio of investments. These investments totalling £1.4bn were not segregated for the benefit of the Superannuation Fund, but became part of a larger investment portfolio. The portfolio of investments is controlled solely by the States and all investments are held in the name of the States. It is for this reason that all investments within that portfolio are accounted for as an asset within the States' Statement of Financial Position.

The States continually reviews their cash balances and where necessary transfers amounts into or out of the investment portfolio, depending on whether there is a surplus or a shortfall in cash balances held.

# NOTES TO THE ACCOUNTS

The Long-Term and Medium-Term Funds were amalgamated at the start of 2018, into a single fund called the Consolidated Investment Fund under the existing guidelines of the Long-Term Fund.

The Consolidated Investment Fund is managed by a number of different investment managers, and these are listed below.

## **Consolidated Investment Fund Managers - 2021**

Aberdeen Asset Managers Limited	Newton Investment Management Limited
AMP Capital Investors Limited	Odey Wealth Management (C.I.) Limited
Blackstone Strategic Capital Advisors LLC	Osmosis (Holdings) Limited
Brooks Macdonald Asset Management (International) Limited	Partners Group (Guernsey) Limited
Canaccord Genuity Wealth (International) Limited	Ravenscroft Investment Management
CBRE Global Investors (UK) Funds Limited	Rocq Capital Management Limited
Credit Suisse (Channel Islands) Limited	Royal London Asset Management Limited
Federated Hermes	Sarasin & Partners LLP
FIL Pensions Management Limited	Schroders Investment Management Limited
JP Morgan Asset Management	State Street Global Advisors
Bank Julius Baer & Co Limited Guernsey Branch	Sustainable Growth Management GP Sàrl
MitonOptimal Portfolio Management (CI) Limited	Wellington Management International Limited
Morgan Stanley Investment Management Limited	White Star Capital Guernsey Limited

The governance of the Funds is supported by the custodian, Northern Trust and a professional investment advisor, International Asset Monitor Limited (trading as IAM Advisory).

The table below shows the change in the value of the investment portfolio during the financial year.

	<b>2021 £'000s</b>	<b>2020 £'000s</b>
Balance at 1 January	2,496,355	2,339,766
Returns on investments (including realised and unrealised gains/(losses) on revaluation of investments) net of investment management fees and other expenses	240,236	192,759
Net withdrawal of cash during the year	(53,499)	(36,170)
<b>Balance at 31 December</b>	<b>2,683,092</b>	<b>2,496,355</b>

The net investment return of £240.236m (2020: £192.759m) is shared between the States and certain depositors, dependent upon their carrying balances during the year.

# NOTES TO THE ACCOUNTS

The tables below show a breakdown of the financial investments that are included within the Statement of Financial Position at 'fair value'. The measurement of this fair value can in some cases be subjective, and can depend on the inputs used in the calculations.

The investments have been classified using a fair value hierarchy. There are three different levels.

- Level 1 – Fair values are measured using quoted prices in an active market (one where transactions are taking place regularly on an arm's length basis);
- Level 2 – Fair values are measured using Inputs, other than quoted prices included within Level 1 that are observable either directly (that is, as prices) or indirectly (that is, derived from prices) and;
- Level 3 – Fair values are measured using inputs and assumptions that are not based on observable market data.

Where Collective Investment Funds are held and the underlying investments comprise of a variety of different asset types, effort has been made to broadly identify the proportions of each asset category when classifying the portfolio. However the assessment of where the holding sits within the Fair Value Hierarchy relates to the Fund security itself. This is because liquidity can only be achieved through selling the Fund securities i.e. the investor has no direct access to the underlying investments. As such, where cash is held by the Fund, this cash will be assessed for Fair Value based on the overall Fund and therefore may likely not be considered Level 1.

An investment that is categorised within Level 2 or 3 would include instances where there are few transactions for the instrument, the price is not current, price quotations vary substantially either over time or among market makers (for example, some brokered markets) or there is little publicly available information.

The States employ the services of Northern Trust to provide valuations of investments held within the portfolio, through their network of independent and internal pricing sources.

Investments Measured at Fair Value	Level 1 2021 £'000s	Level 2 2021 £'000s	Level 3 2021 £'000s	Total 2021 £'000s
Cash (held by investment managers)	118,250	8,499	-	126,749
Equities	1,315,552	158,480	-	1,474,032
Alternatives	12,766	179,299	-	192,065
Bonds and fixed interest securities	307,556	116,432	-	423,988
Property	30,677	206,965	52,993	290,635
Private market investments	-	-	175,623	175,623
<b>Balance at 31 December</b>	<b>1,784,801</b>	<b>669,675</b>	<b>228,616</b>	<b>2,683,092</b>



# NOTES TO THE ACCOUNTS

Investments Measured at Fair Value	Level 1 2020 £'000s	Level 2 2020 £'000s	Level 3 2020 £'000s	Total 2020 £'000s
Cash (held by investment managers)	161,335	20,156	-	181,491
Equities	990,622	304,514	-	1,295,136
Alternatives	8,672	187,285	-	195,957
Bonds and fixed interest securities	321,384	113,443	-	434,827
Property	18,194	188,201	54,328	260,723
Private market investments	-	-	128,221	128,221
<b>Balance at 31 December</b>	<b>1,500,207</b>	<b>813,599</b>	<b>182,549</b>	<b>2,496,355</b>

The States had the following commitments in Private Equity Funds as at 31 December 2021.

	Total Commitment 31 December 2021 £'000s	Drawn Commitment 31 December 2021 £'000s	Undrawn Commitment 31 December 2021 £'000s	Undrawn Commitment 31 December 2020 £'000s
AMP Capital Investors Limited	7,420	(7,420)	-	-
Blackstone Strategic Capital Holdings	18,550	(2,981)	15,569	-
CBRE Global Investors (UK) Funds Limited	269,577	(269,149)	428	2,720
Guernsey Investment Fund PCC Limited GIF Property Cell	40,000	(6,600)	33,400	33,400
Guernsey Investment Fund PCC Limited GIF Technology and Innovation Cell	31,250	(27,541)	3,709	3,709
JP Morgan Asset Management	7,420	(7,126)	294	553
Morgan Stanley	36,962	(21,553)	15,409	13,406
Partners Group (Guernsey) Limited	7,420	(6,784)	636	629
Partners Group (Guernsey) Limited	14,840	(6,604)	8,236	-
Sustainable Growth Fund	8,398	(8,381)	17	28
White Star Capital	7,420	(7,420)	-	587
White Star Capital III	14,840	(5,194)	9,646	-
<b>Total Commitments</b>	<b>464,097</b>	<b>(376,753)</b>	<b>87,344</b>	<b>55,032</b>

The capital calls for the undrawn commitments will be met by the States through active management of the investment portfolio.

# NOTES TO THE ACCOUNTS

## 14. Receivables

	Non-Current	Current	Non-Current	Current
	2021 £'000s	2021 £'000s	2020 £'000s	2020 £'000s
<b>External Loans</b>				
Guernsey Housing Association LBG*	87,819	2,833	90,652	2,730
Cabernet Limited* <sup>7</sup>	11,797	-	20,735	-
Guernsey Electricity Limited*	13,000	-	13,000	-
JamesCo750 Limited*	8,265	717	8,982	690
Guernsey Water*	7,959	205	8,164	198
Home Loans Scheme	697	96	832	48
Alderney Housing Association*	2,670	69	2,739	66
Guernsey Dairy*	684	17	701	17
Higher Education Loans Fund	8	4	13	7
Farm Loans Fund	-	21	83	32
Sports Loans Fund	14	6	37	6
Guernsey Harbour*	2,157	96	2,253	125
Office of the Data Protection Authority	999	142	1,241	-
	136,069	4,206	149,432	3,919
<b>Internal Loans</b>				
Company Registry*	66	63	129	61
<b>Other Receivables</b>				
Income tax	-	48,372	-	42,559
Other taxes and duties	-	3,399	-	3,807
	-	51,771	-	46,366
Trade debtors	-	29,708	-	28,128
Other debtors	-	6,251	-	6,593
	-	35,959	-	34,721
<b>Balance at 31 December</b>	<b>136,135</b>	<b>91,999</b>	<b>149,561</b>	<b>85,067</b>

The loans marked \* refer to those that have been funded using proceeds from the States of Guernsey Bond Issue. The loans have been issued at rates of interest fixed in accordance with a formula set by the Investment & Bond Sub-Committee of the Policy & Resources Committee.

Taxation and duties that are receivable, represent all liabilities due to the States that have been established as at the year end. This is irrespective of whether the amounts are due or overdue as at that date.

<sup>7</sup> The carrying balance of the loans has been reduced by £12.353m (2020: £6.9m) to reflect the impairment of amounts receivable from Cabernet Ltd.

# NOTES TO THE ACCOUNTS

## 15. Revolving Credit Facility

During 2020, the Policy & Resources Committee entered into an agreement for a Revolving Credit Facility (RCF) of up to £225m underwritten by a syndicate of five Banks comprising: Lloyds Bank Corporate Markets plc, Guernsey Branch; Butterfield Bank (Guernsey) Limited; The Royal Bank of Scotland International Limited; HSBC Bank PLC, Guernsey Branch; and Barclays Bank PLC.

This RCF provides the States with additional liquidity and the lenders are under obligation to advance money when requested. The facility agreement has an initial termination date of two years and contains an option for the States, which they are not obliged to exercise, to extend the termination date of the facility by two 1 year periods. The RCF is unsecured and the States do not have to provide any assets as security.

The revolving element of the facility allows for separate loan tranches to be drawn and repaid over a period of either 1, 2, 3 or 6 months. During 2021, the States were provided with loans that had repayment periods of 3 months and at the end of 2021, the States had drawn 2 loans totalling £75m (2020: £75m).

## 16. Creditors

	2021 £'000s	2020 £'000s
Trade creditors	44,539	36,991
Deferred income	1,409	2,506
Other creditors	396	266
<b>Balance at 31 December</b>	<b>46,344</b>	<b>39,763</b>

## 17. Depositors

	2021 £'000s	2020 £'000s
Superannuation Fund	1,749,421	1,610,042
States incorporated trading entities	8,218	8,943
States un-incorporated trading entities	6,986	8,020
HM Receiver General, charity and other deposit balances	37,543	50,942
<b>Balance at 31 December</b>	<b>1,802,168</b>	<b>1,677,947</b>

The depositors are considered separate entities or parties that have deposited cash balances with the States. All assets reported within the Statement of Financial Position are held in the name of the States, including any balances transferred to the States by the depositors.

# NOTES TO THE ACCOUNTS

## 18. Currency in Circulation

	2021 £'000s	2020 £'000s
All notes and coins in circulation at 1 January	67,933	60,181
<i>Issued during the year</i>	70,120	75,874
<i>Withdrawn during the year</i>	(70,943)	(68,122)
All notes and coins in circulation at 31 December	67,110	67,933
Nominal value of notes and coins which are considered unlikely to be either redeemed or exchanged at 31 December		
<i>Commemorative coins</i>	(8,044)	(7,876)
<i>General notes and coins</i>	(2,100)	(2,100)
	(10,144)	(9,976)
<b>Estimated Value of Liability at 31 December</b>	<b>56,966</b>	<b>57,957</b>

Although the nominal value of the notes and coins in circulation amounted to £67.110m as at 31 December 2021 (2020: £67.933m), it has been estimated that a certain proportion of this total would not be redeemed at any point in the future. Consequently, it has been assumed that the liability would reduce accordingly.

This estimate has been calculated using formulae, which considers the type of note or coin, as well as the levels of redemption in past years.

With regard to commemorative coins, the nominal value of coins issued as at 31 December 2021 was £8.602m (2020: £8.419m). The liability has been reduced by £8.044m (2020: £7.876m), due to the negligible levels of redemption in previous years. The commemorative coins may have a market value that exceeds their nominal value, due to either the value of the metals contained within the coins, and/or their demand within the market place.

## 19. Bond Issue

The States issued a public bond for general sale in December 2014. It was admitted to the Official List of the Channel Islands Securities Exchange Authority Limited on 12 December 2014. The notional value of the bond amounted to £330m, and is due to be fully repaid on a maturity date of 12 December 2046.

The total costs associated with the issuance of the bond amounted to £14.589m and the annual coupon payment amounts to £11.141m. The bond has been valued at amortised cost, such that the issuance costs and the coupon payments have been used to determine an effective interest rate. The effective interest rate has been used to calculate the amount that is charged to the Statement of Financial Performance and the carrying balance of the loan on the Statement of Financial Position.

# NOTES TO THE ACCOUNTS

## 20. Financial Instruments

The following note provides a breakdown of balances that relate to financial instruments. A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Consequently, there are some balances within the Statement of Financial Position that are not deemed to be financial contracts and therefore excluded from the table below.

The following table shows the different categories of financial instruments held by the States, and the valuation technique that has been applied to calculate their carrying amount as reported in the Statement of Financial Position.

<b>Financial Assets Classified as Financial Instruments</b>	<b>2021 £'000s</b>	<b>2020 £'000s</b>
Financial assets at fair value		
Consolidated Investment Fund	2,683,092	2,496,355
Financial assets at amortised cost		
External loans (associated entities)	138,288	151,052
External loans (other external parties)	1,987	2,299
Trade debtors	29,708	28,128
Other debtors	2,256	2,671
Cash and cash equivalents	10,256	2,019
	182,495	186,169
Financial assets at cost		
Shareholdings in States' Trading Entities	113,098	113,098
<b>Total Financial Assets Classified as Financial Instruments</b>	<b>2,978,685</b>	<b>2,795,622</b>
<b>Financial Liabilities Classified as Financial Instruments</b>		
Financial liabilities at fair value		
Depositors	(1,802,168)	(1,677,947)
Financial liabilities at amortised cost		
Trade creditors	(44,539)	(36,991)
Bond issue	(317,946)	(317,638)
	(362,485)	(354,629)
Financial liabilities at cost		
Revolving credit facility	(75,000)	(75,000)
<b>Total Financial Liabilities Classified as Financial Instruments</b>	<b>(2,239,653)</b>	<b>(2,107,576)</b>

# NOTES TO THE ACCOUNTS

## 21. General Revenue Reserve

As part of the 2021 Budget Report (Billet d'État XXVI, 2020), the States approved the creation of the General Revenue Reserve with the transfer on 31 December 2020 of various earmarked funds and the unallocated balance previously held within the General Reserve and the balance of the Capital Reserve.

The purpose was to create a simplified structure that would increase flexibility around the use of funding; provide clarity on uses authorised by the States and delegated authority given; and increase transparency. It also progresses alignment of the Budgeting Framework towards that used for the preparation of the Accounts.

Within the General Revenue Reserve there are a small number of earmarked funds that were created for a specific purpose. The remaining balance is unallocated and thus available to meet future funding commitments, as may be decided upon at a later date. The Insurance Deductible Fund has been amended from that previously reported in the 2020 Accounts, to be included as an earmarked fund instead of within the unallocated Balance of the General Revenue Reserve. This change has no impact upon the total balance of the General Revenue Reserve as at the end of 2020.

	Note	2021 £'000s	2020# £'000s
Earmarked funds at 31 December –			
Seized Asset Fund	23	20,710	-
Insurance Deductible Fund	24,29	14,259	13,674
		34,969	13,674
Unallocated balance at 31 December	22	427,349	376,453
<b>Balance at 31 December</b>		<b>462,318</b>	<b>390,127</b>

The following table shows the surplus/(deficit) for each of the earmarked reserves, as well as the unallocated balance of the General Revenue Reserve.

	Note	2021 £'000s	2020 £'000s
Earmarked funds -			
Seized Asset Fund	23	20,867	-
Insurance Deductible Fund	24,29	(1,035)	-
Channel Islands Lottery (Guernsey) Fund	25	700	-
		20,532	-
Unallocated balance of General Revenue Reserve	22	17,076	-
<b>Total Surplus Reported Within the General Revenue Reserve</b>		<b>37,608</b>	<b>-</b>

# NOTES TO THE ACCOUNTS

## 22. General Revenue Reserve (Unallocated Balance)

The table below shows the movement in the unallocated balance of the General Revenue Reserve, including appropriations to and from other ring-fenced reserves.

	Note	2021 £'000s	2020# £'000s
Balance at 1 January		376,453	-
Revenue Surplus		55,857	-
Net Capital Expenditure		(38,781)	-
		17,076	-
Appropriations to (31 December) -			
Insurance Deductible Fund	24	(1,620)	(13,674)
Bond Reserve	40	(2,417)	-
		(4,037)	(13,674)
Appropriations from (31 December) -			
Bond Reserve	40	37,000	-
Channel Islands Lottery (Guernsey) Fund	25	700	-
Seized Asset Fund	23	157	-
Capital Reserve	41	-	290,177
General Reserve (Unallocated Balance)	26,27	-	43,350
Corporate Housing Programme Fund	28	-	21,342
Insurance Deductible Fund	29	-	13,674
Transformation & Transition Fund	30	-	12,344
Future Guernsey Economic Fund	31	-	2,761
Brexit Transition Fund	32	-	2,251
Higher Education Loans Fund	33	-	1,135
Participatory Budgeting Fund	34	-	1,000
Overseas Aid & Development Impact Investment Fund	35	-	982
Overseas Aid & Development Commission Fund	36	-	842
Sports Loans Fund	37	-	269
		37,857	390,127
<b>Balance at 31 December</b>		<b>427,349</b>	<b>376,453</b>

# NOTES TO THE ACCOUNTS

## 23. Seized Asset Fund

	2021 £'000s	2020 £'000s
Balance at 1 January	-	-
Transfer of balance from HMRG (depositor account) as at 1 April	17,487	-
Net investment return	1,341	-
Operating Income	2,385	-
Operating expenditure	(346)	-
Net surplus for the year	3,380	-
Appropriation -		
To Unallocated Balance of General Revenue Reserve	(157)	-
<b>Balance at 31 December</b>	<b>20,710</b>	<b>-</b>

## 24. Insurance Deductible Fund (General Revenue Reserve)

	2021 £'000s	2020# £'000s
Balance at 1 January	13,674	-
Operating expenditure	(1,035)	-
Appropriation 31 December -		
From Unallocated Balance of General Revenue Reserve	1,620	13,674
<b>Balance at 31 December</b>	<b>14,259</b>	<b>13,674</b>

## 25. Channel Islands Lottery (Guernsey) Fund

	2021 £'000s	2020 £'000s
Balance at 1 January	-	2,442
Operating income	13,027	12,920
Operating expenditure	(11,496)	(11,493)
Contributions to third parties	(831)	(2,824)
Net surplus/(deficit) for the year	700	(1,397)
Appropriations -		
To General Reserve	(700)	(1,045)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>



# NOTES TO THE ACCOUNTS

## 26. General Reserve

The balance on the General Reserve was reduced to nil as at 31 December 2020, following the decision to create a simplified structure of reserves.

	Note	2021 £'000s	2020 £'000s
Earmarked funds at 31 December			
Bond Reserve	40	-	27,197
Corporate Housing Programme Fund	28	-	21,342
Insurance Deductible Fund	29	-	13,674
Transformation and Transition Fund	30	-	12,344
Future Guernsey Economic Fund	31	-	2,761
Brexit Transition Fund	32	-	2,251
Higher Education Loans Fund	33	-	1,135
Participatory Budgeting Fund	34	-	1,000
Overseas Aid & Development Impact Investment Fund	35	-	982
Overseas Aid & Development Commission Fund	36	-	842
Sports Loans Fund	37	-	269
		-	83,797
Unallocated balance at 31 December	27	-	43,350
Amount held in General Reserve prior to year-end appropriations		-	127,147
Appropriations -			
To General Revenue Reserve		-	(99,950)
To Bond Reserve (as a separate reserve)	40	-	(27,197)
<b>General Reserve Balance at 31 December</b>		-	-

The following table shows the (deficit)/surplus for each of the earmarked reserves, as well as the unallocated balance of the General Reserve.

	Note	2021 £'000s	2020 £'000s
Earmarked funds at 31 December			
Channel Islands Lottery (Guernsey) Fund	25	-	(1,397)
Corporate Housing Programme Fund	28	-	(2,318)
Insurance Deductible Fund	29	-	(885)
Transformation and Transition Fund	30	-	(2,819)
Future Guernsey Economic Fund	31	-	(1,792)
Brexit Transition Fund	32	-	(313)
Higher Education Loans Fund	33	-	91
Overseas Aid & Development Impact Investment Fund	35	-	(18)
Overseas Aid & Development Commission Fund	36	-	(2,686)
Sports Loans Fund	37	-	(50)
Wilfred Carey Purchase Fund	38	-	(3,556)
Health and Social Care Accommodation Fund	39	-	(762)
Bond Reserve	40	-	9,377
		-	(7,128)
Unallocated balance of General Reserve		-	(56,503)
<b>Total Deficit Reported Within the General Reserve</b>		-	<b>(63,631)</b>

# NOTES TO THE ACCOUNTS

## 27. General Reserve (Unallocated Balance)

	2021 £'000s	2020 £'000s
Balance at 1 January	-	38,754
Revenue Deficit	-	(56,503)
	-	(17,749)
Appropriations from		
Channel Islands Lottery (Guernsey) Fund	-	1,045
Core Investment Reserve	-	50,000
States Trading Entities Reserve	-	15,210
	-	66,255
Appropriations to		
Capital Reserve	-	(1,500)
Overseas Aid & Development Commission Fund	-	(2,036)
Insurance Deductible Fund	-	(1,620)
	-	(5,156)
<b>Balance at 31 December</b>	<b>-</b>	<b>43,350</b>

## 28. Corporate Housing Programme Fund

	2021 £'000s	2020 £'000s
Balance at 1 January	-	23,660
Operating expenditure	-	(2,318)
<b>Closing Balance Prior to Transfer</b>	<b>-</b>	<b>21,342</b>
Appropriations -		
To General Revenue Reserve	-	(21,342)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>

# NOTES TO THE ACCOUNTS

## 29. Insurance Deductible Fund (General Reserve)

	2021 £'000s	2020 £'000s
Balance at 1 January	-	12,939
Operating expenditure	-	(885)
Appropriations - From General Reserve	-	1,620
<b>Closing Balance Prior to Transfer</b>	<b>-</b>	<b>13,674</b>
Appropriations - To General Revenue Reserve	-	(13,674)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>

## 30. Transformation and Transition Fund

	2021 £'000s	2020 £'000s
Balance at 1 January	-	15,163
Operating income	-	114
Operating expenditure	-	(2,933)
Net deficit for the year	-	(2,819)
<b>Closing Balance Prior to Transfer</b>	<b>-</b>	<b>12,344</b>
Appropriations - To General Revenue Reserve	-	(12,344)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>

# NOTES TO THE ACCOUNTS

## 31. Future Guernsey Economic Fund

	2021 £'000s	2020 £'000s
Balance at 1 January	-	4,553
Operating income	-	175
Operating expenditure	-	(1,967)
Net deficit for the year	-	(1,792)
Appropriations -		
From General Reserve	-	-
<b>Closing Balance Prior to Transfer</b>	<b>-</b>	<b>2,761</b>
Appropriations -		
To General Revenue Reserve	-	(2,761)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>

## 32. Brexit Transition Fund

	2021 £'000s	2020 £'000s
Balance at 1 January	-	2,564
Operating expenditure	-	(313)
<b>Closing Balance Prior to Transfer</b>	<b>-</b>	<b>2,251</b>
Appropriations -		
To General Revenue Reserve	-	(2,251)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>

## 33. Higher Education Loans Fund

	2021 £'000s	2020 £'000s
Balance at 1 January	-	1,044
Investment return	-	88
Interest received on loans issued	-	1
Operating expenditure (adjustment for impairment of loan balances)	-	2
Net surplus for the year	-	91
<b>Closing Balance Prior to Transfer</b>	<b>-</b>	<b>1,135</b>
Appropriations -		
To General Revenue Reserve	-	(1,135)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>

# NOTES TO THE ACCOUNTS

## 34. Participatory Budgeting Fund

	2021 £'000s	2020 £'000s
Balance at 1 January	-	1,000
Appropriations - To General Revenue Reserve	-	(1,000)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>

## 35. Overseas Aid & Development Impact Investment Fund

	2021 £'000s	2020 £'000s
Balance at 1 January	-	1,000
Investment charge	-	(18)
<b>Closing Balance Prior to Transfer</b>	<b>-</b>	<b>982</b>
Appropriations - To General Revenue Reserve	-	(982)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>

## 36. Overseas Aid & Development Commission Fund

	2021 £'000s	2020 £'000s
Balance at 1 January	-	1,492
Total grants payable	-	(2,686)
Appropriations - From General Reserve	-	2,036
<b>Closing Balance Prior to Transfer</b>	<b>-</b>	<b>842</b>
Appropriations - To General Revenue Reserve	-	(842)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>

# NOTES TO THE ACCOUNTS

## 37. Sports Loans Fund

	2021 £'000s	2020 £'000s
Balance at 1 January	-	319
Operating expenditure	-	(50)
<b>Closing Balance Prior to Transfer</b>	<b>-</b>	<b>269</b>
Appropriations - To General Revenue Reserve	-	(269)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>

## 38. Wilfred Carey Purchase Fund

	2021 £'000s	2020 £'000s
Balance at 1 January	-	3,556
Investment return	-	308
Operating expenditure	-	(9)
Net surplus for the year	-	299
<b>Closing Balance Prior to Transfer</b>	<b>-</b>	<b>3,855</b>
Balance Transferred to Depositor Account	-	(3,855)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>

## 39. Health and Social Care Accommodation Fund

	2021 £'000s	2020 £'000s
Balance at 1 January	-	762
Net investment (charge)/return	-	(42)
Operating income	-	2,435
Operating expenditure	-	(3,155)
Net deficit for the year	-	(762)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>

# NOTES TO THE ACCOUNTS

## 40. Bond Reserve

The Bond Reserve was previously reported as an earmarked reserve within the General Reserve. However, from 31 December 2020 this has been reported as a separate reserve on the Statement of Financial Position.

	2021 £'000s	2020 £'000s
Balance at 1 January	27,197	17,820
Investment return	13,217	14,779
Interest received from loans	5,814	6,084
Total income	19,031	20,863
Interest charge	(11,449)	(11,439)
Other expenses	(49)	(47)
Total expenditure	(11,498)	(11,486)
Net surplus for the year	7,533	9,377
Appropriations -		
To General Revenue Reserve	(37,000)	-
From General Revenue Reserve	2,417	-
<b>Balance at 31 December</b>	<b>147</b>	<b>27,197</b>

## 41. Capital Reserve

	2021 £'000s	2020 £'000s
Balance at 1 January	-	305,883
Investment return	-	22,701
Capital receipts	-	1,229
Expenditure on capital votes	-	(40,586)
Operating expenditure	-	(550)
	-	(17,206)
Appropriations -		
From General Reserve	-	1,500
<b>Closing Balance Prior to Transfer</b>	<b>-</b>	<b>290,177</b>
Appropriations -		
To General Revenue Reserve	-	(290,177)
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>

# NOTES TO THE ACCOUNTS

## 42. Core Investment Reserve

	2021 £'000s	2020 £'000s
Balance at 1 January	162,715	195,726
Investment return	16,167	16,989
Appropriations - To General Reserve	-	(50,000)
<b>Balance at 31 December</b>	<b>178,882</b>	<b>162,715</b>

## 43. States' Trading Entities Reserve

	2021 £'000s	2020 £'000s
<b>Alderney Electricity Limited</b>	3	3
<b>Guernsey Electricity Limited</b>	105,209	105,209
<b>Guernsey Post Limited</b>	7,886	7,886
<b>Cabernet Limited</b>		
Balance at 1 January	-	15,210
Appropriations - From General Reserve	-	-
To General Reserve	-	(15,210)
Balance at 31 December	-	-
<b>Total Balance at 31 December</b>	<b>113,098</b>	<b>113,098</b>

In previous years, a balance was set aside within the States' Trading Entities Reserve, to provide for losses incurred by Cabernet Limited. With the impairment of the balance of receivables due from Cabernet Limited being charged to the Statement of Financial Performance in 2020, there was no longer a requirement to continue with this approach. Consequently, the amount of £15.210m which had been set aside up to the end of 2019, was transferred to the General Reserve during 2020.



# NOTES TO THE ACCOUNTS

## 44. Reconciliation of Overall Surplus/(Deficit) to Net Cash Flows from Operating Activities

	2021 £'000s	2020 £'000s
Overall surplus/(deficit)	61,308	(63,848)
Adjustment for net capital expenditure charged to revenue	40,010	40,586
Adjustment for net capital receipts credited to revenue	(1,231)	(1,229)
Adjustment for dividends received	(1,800)	(1,944)
Adjustment for interest payments	11,658	11,585
Adjustment for Effective Interest Rate charged to amortised loan	308	298
Adjustment for impairment of carrying value of Cabernet Ltd as an investment held by the States	46,800	-
Adjustment for impairment of short term loan facilities provided to trading entities	(22,415)	54,604
Gains on revaluation of investments	(240,236)	(192,759)
Increase in stocks	(515)	(1,300)
(Increase)/decrease in debtors and prepayments	(8,947)	8,478
Decrease/(Increase) in other loan balances	345	(966)
Increase in depositor balances	124,221	112,544
Increase in creditors and short term provisions	5,462	6,648
<b>Net cash inflows/(outflows) from Operating Activities</b>	<b>14,968</b>	<b>(27,303)</b>

The surplus/(deficit) reported within the Statement of Financial Performance includes elements of income and expenditure that are either not a cash transaction, or they are categorised as an Investing or Financing Activity within the Cash Flow Statement. Consequently an adjustment has been made to exclude them from Operating Activities and re-categorise them accordingly.

## 45. Analysis of Cash Balances

	At 1 January 2020 £'000s	Movements During 2020 £'000s	At 31 December 2020 £'000s	Movements During 2021 £'000s	At 31 December 2021 £'000s
Cash at banks	12,306	(10,337)	1,969	8,240	10,209
Cash in hand	41	9	50	(3)	47
<b>Total</b>	<b>12,347</b>	<b>(10,328)</b>	<b>2,019</b>	<b>8,237</b>	<b>10,256</b>

# NOTES TO THE ACCOUNTS

## 46. Reconciliation of Liabilities Arising from Financing Activities

	At 1 January 2021 £'000s	Cash Flows During 2021 £'000s	Non-Cash Changes During 2021 £'000s	At 31 December 2021 £'000s
<b>Long Term Borrowings</b>				
Bond issue	317,638	-	308	317,946
<b>Short Term Borrowings</b>				
Revolving credit facility	75,000	-	-	75,000
<b>Total Liabilities from Financing Activities</b>	<b>392,638</b>	<b>-</b>	<b>308</b>	<b>392,946</b>

	At 1 January 2020 £'000s	Cash Flows During 2020 £'000s	Non-Cash Changes During 2020 £'000s	At 31 December 2020 £'000s
<b>Long Term Borrowings</b>				
Bond issue	317,340	-	298	317,638
<b>Short Term Borrowings</b>				
Revolving credit facility	-	75,000	-	75,000
<b>Total Liabilities from Financing Activities</b>	<b>317,340</b>	<b>75,000</b>	<b>298</b>	<b>392,638</b>

# NOTES TO THE ACCOUNTS

## 47. Consolidated Superannuation Fund

The tables below show the movement in the different funds, which arise from income and expenditure for that financial year.

	At 1 January 2020 £'000s	Movements in Net Funds 2020 £'000s	At 31 December 2020 £'000s	Movements in Net Funds 2021 £'000s	At 31 December 2021 £'000s
Combined Pool	1,437,157	109,914	1,547,071	134,306	1,681,377
Teachers' Fund	60,524	3,605	64,129	4,394	68,523
States Members' Fund	4,037	102	4,139	63	4,202
<b>Total</b>	<b>1,501,718</b>	<b>113,621</b>	<b>1,615,339</b>	<b>138,763</b>	<b>1,754,102</b>

### Combined Pool

	2021 £'000s	2020 £'000s
Employers' contributions	32,386	33,072
Employees' contributions	16,858	17,160
Refund of contributions repaid	122	94
Transfer values received	1,121	2,315
	50,487	52,641
Pensions	(53,729)	(51,595)
Lump sum payments	(11,844)	(11,053)
Contributions refunded to employees	(2,084)	(1,509)
Transfer values paid	(379)	(898)
	(68,036)	(65,055)
Returns on investments (including realised and unrealised gains on revaluation of investments) net of investment management fees and other expenses	151,855	122,328
<b>Net Increase in Fund for the Year</b>	<b>134,306</b>	<b>109,914</b>

# NOTES TO THE ACCOUNTS

## Teachers' Fund

Employers' contributions  
Teachers' contributions

Pensions  
Lump sum payments

Returns on investments (including realised and unrealised gains on revaluation of investments) net of investment management fees and other expenses

**Net Increase in Fund for the Year**

2021 £'000s	2020 £'000s
119	139
60	70
179	209
(1,568)	(1,496)
(479)	(201)
(2,047)	(1,697)
6,262	5,093
<b>4,394</b>	<b>3,605</b>

## States Members' Pension Fund

Capital payment

Pensions  
Transfer values paid

Returns on investments (including realised and unrealised gains on revaluation of investments) net of investment management fees and other expenses

**Net Increase in Fund for the Year**

2021 £'000s	2020 £'000s
114	163
(293)	(295)
(152)	(85)
(445)	(380)
394	319
<b>63</b>	<b>102</b>

## Consolidated Superannuation Fund

Employers' contributions  
Employees' contributions  
Capital payments  
Refund of contributions repaid  
Transfer values received

Pensions  
Lump sum payments  
Contributions refunded  
Transfer values paid

Returns on investments (including realised and unrealised gains on revaluation of investments) net of investment management fees and other expenses

**Net Increase in Fund for the Year**

2021 £'000s	2020 £'000s
32,505	33,211
16,918	17,230
114	163
122	94
1,121	2,315
50,780	53,013
(55,590)	(53,386)
(12,323)	(11,254)
(2,084)	(1,509)
(531)	(983)
(70,528)	(67,132)
158,511	127,740
<b>138,763</b>	<b>113,621</b>

## NOTES TO THE ACCOUNTS

The employees of the States are members of the States of Guernsey Public Servants' Pension Scheme. These arrangements provide defined benefits on a career average revalued earnings (CARE) basis up to a salary cap (£94,081 as at 31 December 2021) for members joining from 1 May 2015 and, on a different CARE basis, for the service from 1 March 2016 of members who joined before 1 May 2015. There is a defined contribution section for earnings in excess of this salary cap. The arrangements for service before 1 March 2016 for members who joined before 1 May 2015 and for the future service of those closer to pension age remains final salary. The scheme is funded by contributions from both employer and employee. The employer rates for the defined benefits are determined on the basis of independent actuarial advice, and calculated to spread the expected cost of benefits payable to employees over the period of those employees' expected service lives.

The scheme is a multi-entity arrangement and the States have contracted the fund's qualified independent actuaries to identify the actuarial account of each entity and therefore the value of the pension scheme assets and liabilities attributable to each entity. The fund is under the control of the Policy & Resources Committee, which has arranged for it to be invested by professional advisers in a wide range of securities.

Employer contributions to the pension scheme are charged to staffing costs so as to spread the cost of pensions over employees' working lives with the States. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The assumptions which have the most significant effect on the results of the valuations are those relating to the rate of return on investments and the rates of increase in salaries and pensions. Contributions to the scheme were last increased from 1 January 2010 based on the actuarial recommendations of the valuation undertaken as at 31 December 2007.

A full actuarial valuation of the Fund as at 31 December 2016 was carried out. The results of this valuation were reported to the States in July 2018 (Billet d'État XIX, 2018), and it was agreed that the base employer rate (including teachers) would remain at 14.1%.

The Statement of Financial Performance includes only net amounts contributed by the States to the Superannuation Fund for staff employed during the reporting period.

The States have contracted the fund's qualified independent actuaries to calculate the pension obligation based upon accounting assumptions that allow for comparisons to be made with other entities. The approach taken to valuing the pension obligation for accounting purposes is different to that applied for determining contribution rates and associated funding levels.

The actuarial balances disclosed for accounting purposes have not been incorporated within the principal financial statements, and the deficit on the Consolidated Superannuation Fund is not included in the Statement of Financial Position.

## NOTES TO THE ACCOUNTS

Accounting rules require the pension assets to be presented at their current value. However, these rules specify that the future pension liability be discounted at a prescribed rate. This discount rate should have regard to the current rates of return on high quality corporate bonds of a currency and term consistent with the Consolidated Superannuation Fund's liabilities. The actuary has applied a discount rate of 1.8% (2020: 1.4%) which is equivalent to a bond that has been rated at a level of AA or equivalent status.

This compares with the discount rate of over 6%, used by the actuary in determining future funding levels and contribution rates. The lower discount rate applied for accounting purposes, results in a much greater pension liability and pension deficit. It should also be noted that for accounting purposes, the assumptions are reviewed annually and may be subject to short term fluctuations, whereas the valuation for funding and contribution rates, is normally carried out every 3 years taking account of medium and longer term trends.

The valuation for accounting purposes was updated by the actuary as at 31 December 2021.

The major assumptions used by the actuary in this valuation were:

	<b>31 December 2021 % p.a.</b>	<b>31 December 2020 % p.a.</b>
Discount rate	1.80%	1.40%
Rate of inflation	3.20%	2.70%
Increases to deferred benefits during deferment - Teachers Scheme	2.90%	2.40%
Increases to deferred benefits during deferment - Other Schemes	3.20%	2.70%
Increases to pensions in payment - Teachers Scheme	2.90%	2.40%
Increases to pensions in payment - Other Schemes	3.20%	2.70%
Increases to salaries	3.95%	3.45%
Mortality assumptions:		
Female pensioners aged 65 will live until	89	88
Male pensioners aged 65 will live until	87	86
Female employees aged 45 will live until	90	90
Male employees aged 45 will live until	88	88

The following tables also include amounts attributed to the Defined Contribution Scheme.

# NOTES TO THE ACCOUNTS

## Analysis of Changes in Scheme Deficit

Movements in the scheme deficit for the year were as follows

	2021 £'000s	2020 £'000s
Current service cost	72,593	63,429
Net interest on net defined liability		
Interest on obligation	39,138	48,067
Interest on assets	(22,477)	(28,399)
	16,661	19,668
Cumulative amounts of re-measurements		
Return on assets (not included in interest)	(136,786)	(100,174)
Actuarial losses/(gains) on obligation	153,896	204,036
	17,110	103,862
Administration expenses	751	833
	107,115	187,792
Contributions by employer	(32,619)	(33,374)
<b>Net Increase in Deficit for the Year</b>	<b>74,496</b>	<b>154,418</b>

Movements in the present value of the defined benefit obligations in the year were as follows:

	2021 £'000s	2020 £'000s
Defined benefit obligation at 1 January	2,830,243	2,562,204
Service cost	72,593	63,429
Contribution by members	16,918	17,230
Benefits paid	(69,286)	(64,723)
Interest on obligation	39,138	48,067
Experience gains	56,684	(39,879)
Losses from changes in assumptions	97,212	243,915
<b>Defined Benefit Obligation at 31 December</b>	<b>3,043,502</b>	<b>2,830,243</b>

Movements in the fair value of Fund assets in the year were as follows:

	2021 £'000s	2020 £'000s
Fair value of fund assets at 1 January	1,615,339	1,501,718
Interest on assets	22,477	28,399
Return on assets (not included in interest)	136,786	100,174
Contributions by employer	32,619	33,374
Contributions by members	16,918	17,230
Benefits paid	(69,286)	(64,723)
Administration expenses	(751)	(833)
<b>Fair Value of Fund Assets at 31 December</b>	<b>1,754,102</b>	<b>1,615,339</b>

# NOTES TO THE ACCOUNTS

The major categories of Fund investments as a percentage of the total Fund investments are as follows:

	2021 £'000s	2021 %	2020 £'000s	2020 %
Cash (held by investment managers)	82,443	4.7	117,439	7.3
Equities	963,002	54.9	838,055	51.9
Alternatives	126,295	7.2	126,800	7.9
Bonds and fixed interest securities	277,148	15.8	281,368	17.4
Property	189,443	10.8	168,708	10.4
Private market investments	115,771	6.6	82,969	5.1
<b>Total Fund Assets</b>	<b>1,754,102</b>	<b>100.0</b>	<b>1,615,339</b>	<b>100.0</b>

The States operates a Defined Contribution Account which holds balances for those staff that receive pensionable benefits in the form of defined contributions, as well as those members who have made additional voluntary contributions. This balance is held by BWCI and is separate to the amount deposited with the States. The total amount held by BWCI at the end of December 2021 was £3.069m (2020: £2.606m).

All other investments held by the Consolidated Investment Fund are in the name of the States, therefore the figures presented in the table above reflect an equivalent share of that portfolio. Any cash introduced to or withdrawn from the Superannuation Fund during the reporting period, is directly managed through the States' operating cash balances, and not the Consolidated Investment Fund.

The Total Fund Assets valued at £1,754m (2020: £1,615m) reported in the table above includes amounts deposited with both the States and BWCI.

The employer expects to contribute £34m to the Fund from 1 January 2022 to 31 December 2022.

The overall scheme deficit is as follows:

	2021 £'000s	2020 £'000s
Defined benefit obligation at 31 December	3,043,502	2,830,243
Fair value of fund assets at 31 December	(1,754,102)	(1,615,339)
<b>Net defined benefit liability</b>	<b>1,289,400</b>	<b>1,214,904</b>

On 27 January 2012 the States agreed that the existing States Members pension scheme be closed for service for current or new States Members with effect from 30 April 2012 and Members and former States Members be provided with the additional option to transfer accrued benefits in respect of all service into alternative pension arrangements on terms to be advised by the actuary.



# NOTES TO THE ACCOUNTS

## **48. Non-Audit Services**

Grant Thornton Limited did not provide any non-audit services during 2021.

In 2020, Grant Thornton Limited was contracted to undertake forensic investigations for Guernsey Border Agency. The total paid to Grant Thornton Limited in 2020 for these non-audit services amounted to £30,000, and the service provided did not affect the audit process.

## **49. Contingent Liabilities**

The following guarantees are considered to be contingent liabilities. A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the States. The obligation has not been recognised as a liability within the Statement of Financial Position, because there is a current expectation that no payment will be required to settle that obligation.

### **Cabernet Limited**

On 29 June 2005 (Billet d'État IX, 2005), the States authorised the provision of guarantees relating to borrowings from third parties by Cabernet Limited (the holding company of Aurigny Air Services Limited and Anglo Normandy Engineering Limited).

On 20 December 2018, the States guaranteed a loan facility entered into by Aurigny Air Services Limited with the Royal Bank of Scotland International Limited (RBSI) for the replacement of ATR72-500 aircraft with three ART72-600 aircraft subject to a maximum amount guaranteed of £51m. The guarantee includes provision for any interest rate and/or currency exchange swap agreements that may be required. The balance drawn against this facility as at 31 December 2021 amounted to £40.8m (2020: £43.0m).

The States guarantees the company's trading operational loan facilities with RBSI comprising of an overdraft facility up to a maximum of £1.25m. The balance drawn against this overdraft facility as at 31 December 2021 amounted to £nil (2021: £nil).

### **Guernsey Housing Association Limited (by Guarantee)**

During 2017, the Policy & Resources Committee provided a letter of comfort in respect of a revolving credit facility for £15m with the Royal Bank of Scotland International Limited. This agreement commenced in April 2017, and the balance drawn against this facility as at 31 December 2021, amounted to £1.5m (2020: £2.0m). The facility will expire on 31 March 2022.

# NOTES TO THE ACCOUNTS

## **Alderney Housing Association Limited (by Guarantee)**

Under the terms of the Framework Agreement between the States of Alderney and the Alderney Housing Association Limited (AHA), the States of Alderney have Step-In rights for the assets and liabilities of the AHA in the event that the latter was unable to meet its obligations.

If it becomes necessary for the States of Alderney to exercise their Step-In rights, then all assets and liabilities of the AHA would revert to the States of Alderney at that time. The net assets of AHA as at 31 December 2021 amounted to £8.0m (2020: £9.5m) and comprised of year-end reserves adjusted to include a revaluation to market value of property and excluding the States of Alderney grant liability in respect of deferred income. The States of Guernsey have agreed to 'step-in' if the States of Alderney were unable to service the facility or repay any amounts due.

In June 2013 the States of Alderney provided a Step-In Letter in respect of the AHA's overdraft facility of £3m with a private financial institution. In August 2013 the States of Guernsey guaranteed the obligations of the States of Alderney under the Step-In Letter.

## **Loan Guarantee Scheme**

In March 2020 the States authorised the Policy & Resources Committee to facilitate a Loan Guarantee Scheme to enable additional liquidity support to be made available to Bailiwick businesses during the COVID-19 outbreak.

The States have entered into agreements with four local banks and will provide underwriting guarantees of up to 80% of additional lending up to a maximum of £40m. The Scheme does not provide underwriting support for lending in place prior to the introduction of the Scheme, so there is no transfer of existing risk to the States. The original scheme was agreed until 31 December 2020. An extension of up to six months was approved on 22 December 2020.

As at 31 December 2021, 54 businesses (2020: 49) have existing loans drawn under the Scheme with a total exposure to the States of £2.4m (2020: £3.1m).

## **The Ladies' College, Guernsey**

The Ladies' College has a bank loan with the Royal Bank of Scotland International Limited (trading as NatWest) to assist with building development. The loan of £3 million is repayable over 20 years from January 2017. The States have undertaken to assume The College's obligations to the Bank under the loan agreement should there be an event of default under that loan agreement. As at 31 December 2021, the balance of the loan was £2.33m (2020: £2.48m).

# NOTES TO THE ACCOUNTS

## 50. Table of Grants and Subsidies Payable

The States provides grant funding and subsidies to a number of different entities. Details of amounts that were payable during 2021 and 2020 are as follows.

Description	2021 £'000	2020 £'000
COVID-19 Business Support	22,567	50,919
Social Insurance Fund Grant	17,687	16,332
Overseas aid grants (various)	2,132	2,686
Aurigny Limited (PSO)	2,755	-
St John Ambulance and Rescue Service	2,515	2,466
Guernsey Finance LBG	2,000	1,500
Pre-schools (various)	1,861	1,964
Elizabeth College (College Grant)	1,823	1,896
Guille-Alles Library	1,669	1,668
The Ladies' College (College Grant)	1,519	1,613
Guernsey Housing Association	1,509	1,219
Dairy farm management payments (various)	1,025	1,025
Health Improvement Commission	947	879
Social Investment Fund LBG	822	2,494
H E Lieutenant Governor	692	674
Guernsey Training Agency	628	628
Youth Commission	617	601
Guernsey Sports Commission	478	503
Guernsey Employment Trust	501	500
Action for Children	451	299
Blanchelande College (College Grant)	419	416
Priaulx Library	334	335
Guernsey Sports Commission (Sport Strategy)	321	-
Channel Islands Brussels Office	319	317
States of Alderney	300	1,973
Dyslexia Day Centre	253	262
Guernsey Competition and Regulatory Authority	386	244
Flybe Limited (Heathrow Air Route Subsidy)	-	200
Guernsey Contraceptive Service	145	145
Grow Limited	141	141
Events Group	126	128
Guernsey Arts Commission	114	114
2023 Island Games	100	325
Guernsey Retail Group LBG	85	110
Friends of St James Association	87	58
Health Improvement Commission (Sport Strategy)	52	-
Bright Beginnings	50	-
Guernsey Enterprise Agency (Start Up Guernsey)	-	11
Other grant payments less than £50,000 (various)	5,514	5,482
<b>Total Grants and Subsidies Payable</b>	<b>72,944</b>	<b>100,127</b>

# NOTES TO THE ACCOUNTS

## 51. Payments to States Members

In accordance with the Resolutions of the States of 27 January 2012 (Billet d'État III) and 13 December 2012 (Billet d'État XXV), the Policy & Resources Committee is publishing the total remuneration received during the preceding calendar year by each States Member in respect of his or her performance of States business.

	2021	2020	2020	2020
	Total	1 January to 15 October	16 October to 31 December	Total
	£	£	£	£
S E Aldwell	40,521	-	8,496	8,496
C P Blin	40,521	-	8,496	8,496
B L Brehaut	-	43,265	-	43,265
A H Brouard	54,167	43,265	11,479	54,744
Y Burford	54,744	-	11,479	11,479
T L Bury	40,521	-	8,496	8,496
A Cameron	40,521	-	8,496	8,496
D de G De Lisle	38,813	30,646	8,138	38,784
H L De Sausmarez	54,744	32,025	11,479	43,504
M H Dorey	-	32,025	-	32,025
A C Dudley-Owen	54,744	32,025	11,479	43,504
J F Dyke	40,521	-	8,496	8,496
S Fairclough	40,521	-	8,496	8,496
S J Falla	40,521	-	8,496	8,496
M J Fallaize	-	43,265	-	43,265
P T R Ferbrache	68,245	30,646	14,309	44,955
A Gabriel	40,521	-	8,496	8,496
J A B Gollop	40,521	32,025	8,496	40,521
R H Graham LVO, MBE	-	30,646	-	30,646
C J Green	-	43,265	-	43,265
S T Hansmann Rouxel	-	29,738	-	29,738
S P Haskins	40,521	-	8,496	8,496
M A J Helyar	54,744	-	11,479	11,479
N R Inder	54,744	43,265	11,479	54,744
A Kazantseva-Miller	40,521	-	8,496	8,496
J Kuttelwascher (Deceased)	-	3,231	-	3,231
S L Langlois	-	28,458	-	28,458
M K Le Clerc	-	43,265	-	43,265
P R Le Pelley	-	30,646	-	30,646
C J Le Tissier	20,867	-	8,138	8,138
J P Le Tocq	54,744	43,265	11,479	54,744
M P Leadbeater	40,521	32,025	8,496	40,521
M M Lowe	-	38,446	-	38,446
D J Mahoney	54,744	-	11,479	11,479
A D S Matthews	40,521	-	8,496	8,496
L J McKenna	40,521	-	8,496	8,496
E A McSwiggan	-	29,738	-	29,738
C P Meerveld	54,744	32,025	11,479	43,504
J S Merrett	-	32,025	-	32,025

# NOTES TO THE ACCOUNTS

	2021	2020	2020	2020
	Total	1 January to 15 October	16 October to 31 December	Total
	£	£	£	£
N G Moakes	40,521	-	8,496	8,496
J I Mooney	-	32,025	-	32,025
R C Murray	38,813	-	8,138	8,138
V S Oliver	40,521	32,025	8,496	40,521
B J E Paint	-	30,646	-	30,646
C N K Parkinson	38,813	41,403	8,138	49,541
R G Prow	52,437	28,457	10,995	39,452
L B Queripel	-	29,738	-	29,738
L C Queripel	38,813	30,646	8,138	38,784
S Roberts	21,422	16,914	4,492	21,406
P J Roffey	54,744	32,025	11,479	43,504
J C S Smithies	-	30,646	-	30,646
E A J Snowdon	22,365	17,676	4,689	22,365
H J R Soulsby MBE	54,744	43,265	11,479	54,744
G A St. Pier	40,521	56,309	8,496	64,805
T J Stephens	-	41,403	-	41,403
A W Taylor	40,521	-	8,496	8,496
D A Tindall	-	32,025	-	32,025
R H Tooley	-	32,025	-	32,025
L S Trott	40,521	43,265	8,496	51,761
S P J Vermeulen	40,521	-	8,496	8,496
<b>Total Payments</b>	<b>1,752,615</b>	<b>1,349,718</b>	<b>371,364</b>	<b>1,721,082</b>

States Members are considered to have self-employed status for social security purposes.

The total cost reported above differs from the amount disclosed within Note 7. This is because the figure above excludes pension payments in respect of previous service, Non States Members attendance allowances, IT equipment expenditure and expenses incurred in respect of the travel expenses of Alderney Representatives.

The entry regarding Deputy J Kuttelwascher relates to the period from 1 January 2020 to 23 January 2020 (the date of his death).

# NOTES TO THE ACCOUNTS

## 52. Related Party Transactions

There were no material related party transactions that require to be disclosed in accordance with the reporting requirements approved by the States (Billet d'État XVIII, 1997).

All States Members are required to provide Declarations of Members' Interests, which are available at the Greffe for public inspection and published on the States' website.

## 53. Events After the Reporting Date

In June 2019 (Billet d'État X), the States considered the Policy & Resources Committee's policy letter entitled "Reform of Health Care Funding" and agreed the proposals to bring the governance of all health services provision unambiguously under the mandate of the Committee for Health & Social Care. The intention is to make the provision and funding of health services more transparent, effective and efficient.

The revenues will continue to be collected via the social security contributions system, but the contributions currently directed towards the Guernsey Health Reserve will be credited to General Revenue.

The Social Security Contributory Funds have accounted for the transactions and balance of the Guernsey Health Service Fund up to 31 December 2021. Thereafter, the Guernsey Health Service Fund will be discontinued and the fund balance transferred to the Guernsey Health Reserve, which is a new ring-fenced fund within the General Revenue Reserve.

The value of the Guernsey Health Service Fund as at 31 December 2021 was £120.159m.

## 54. Segmental Analysis

The States prepared the 2021 Budget in a format that is different to that reported within these accounts. It is important to note that the Segmental Analysis (Appendix II) only includes income and expenditure attributed to Committee functions and certain corporate activities (recovery of taxes and other non-exchange transactions, capital receipts etc.). Equally, the totals within the segmental analysis includes amounts that are treated as an appropriation between reserves, within these accounts.

The following is a reconciliation between the totals included within these financial statements and the overall surplus/(deficit) included within the segmental analysis.

# NOTES TO THE ACCOUNTS

## Reconciliation Between Totals Reported in Statement of Financial Performance and the Segmental Analysis

	Note	2021 £'000s	2020 £'000s
Surplus/(deficit) for the year as per the Statement of Financial Performance		61,308	(63,848)
Adjustments for (surplus)/deficit on earmarked balances within the General Revenue Reserve			
Seized Asset Fund	23	(20,867)	-
Insurance Deductible Fund	24	1,035	-
Lottery Fund	25	(700)	-
		(20,532)	-
Adjustments for (surplus)/deficit on earmarked balances within the General Reserve			
Corporate Housing Programme Fund	28	-	2,318
Insurance Deductible Fund	29	-	885
Transformation and Transition Fund	30	-	2,819
Future Guernsey Economic Fund	31	-	1,792
Brexit Transition Fund	32	-	313
Higher Education Loans Fund	33	-	(91)
Overseas Aid & Development Impact Investment Fund	35	-	18
Overseas Aid & Development Commission Fund	36	-	2,686
Sports Loans Fund	37	-	50
Bond Reserve	40	-	(9,377)
Wilfred Carey Purchase Fund	38	-	3,556
Channel Islands Lottery (Guernsey) Fund	25	-	1,397
Health and Social Care Accommodation Fund	39	-	762
		-	7,128
Adjustment for capital expenditure and capital receipts	10,11, 43	38,781	17,206
Adjustment for balances credited to the Bond Reserve	40	(7,533)	-
Adjustment for balances credited to the Core Investment Reserve	42	(16,167)	(16,989)
		15,081	217
Other adjusting items included within the Segmental Analysis			
Transfer to Insurance Deductible Fund	24,29	(1,620)	(1,620)
Transfer to Bond Reserve	40	(2,417)	-
Transfer from Channel Islands Lottery (Guernsey) Fund	25	700	1,045
Transfer to Overseas Aid & Development Commission	36	-	(2,036)
Adjustment for balances credited from the States' Trading Entities Reserve	43	-	15,210
		(3,337)	12,599
<b>Surplus/(Deficit) reported within the Segmental Analysis</b>		<b>52,520</b>	<b>(43,904)</b>

The following pages do not form part of the audited financial statements and are presented for information purposes only.



## Accounting Boundary

The functions noted within Category A and B in the table below denote the constituent parts of the States of Guernsey that are included for the purpose of preparing this set of financial statements.

Only those functions noted within Category A are included within the Income and Expenditure Account, which is reported as part of the Segmental Analysis (Appendix II).

### Category A

General Revenue Income  
 Corporate Services  
 Committee *for* Economic Development  
 Committee *for* Education, Sport & Culture  
 Committee *for* Employment & Social Security  
 Committee *for the* Environment & Infrastructure  
 Committee *for* Health & Social Care  
 Committee *for* Home Affairs  
 Policy & Resources Committee – Core Services  
 Scrutiny Management Committee  
 Development & Planning Authority  
 Transport Licensing Authority  
 Overseas Aid & Development Commission  
 States' Trading Supervisory Board  
 Royal Court  
 Law Officers  
 Pooled Budgets  
 COVID-19 Business and Personal Support  
 States of Alderney

### Category B

Insurance Deductible Fund  
 Channel Islands Lottery (Guernsey) Fund  
 Seized Asset Fund (as part of the General Revenue Reserve)  
 Bond Reserve  
 Core Investment Reserve  
 States' Trading Entities Reserve  
 Corporate Housing Programme Fund  
 Transformation and Transition Fund  
 Future Guernsey Economic Fund  
 Wilfred Carey Purchase Fund  
 Brexit Transition Fund  
 Overseas Aid & Development Commission Fund  
 Health and Social Care Accommodation Fund  
 Overseas Aid & Development Impact Investment Fund  
 Participatory Budgeting Fund  
 Higher Education Loans Fund  
 Sports Loans Fund  
 Capital Reserve

# GLOSSARY

## Appendix I

*Accruals Basis* - is a basis of accounting under which transactions and other events are recognised when they occur, and not when cash or its equivalent is received or paid. Consequently the transactions and events are included in the financial statements for the periods to which they relate.

*Appropriation* – the transfer of a balance between two or more reserves.

*Assets* - resources controlled by the States as a result of past events, and from which future economic benefits or service potential are expected to flow.

*Bond Reserve* – an earmarked reserve, used to hold the issue proceeds prior to any onward allocation and to accumulate funds for eventual repayment at the end of the life of the bond. The Bond Reserve also funds the issue costs and any ongoing expenses.

*Brexit Transition Fund* – an earmarked reserve used to support urgent and necessary measures to manage Brexit in a controlled and timely manner and mitigate against any risks that may arise, without adversely impacting on funding for existing States' priorities. This will be used to implement projects, inter alia, concerning: amendments to the customs and immigration systems; extension of the UK's membership of the World Trade Organization to Guernsey; and participating in any new economic partnership agreed by the UK, such as Free Trade Agreements. It could also be used to: manage any contingency risk including in relation to supply chains; implement measures to minimise risk to transport links; and maintain critical infrastructure. This Fund was closed on 31 December 2020 and the balance transferred to the General Revenue Reserve.

*Capital Reserve* - is an earmarked long term reserve. It has been created to provide funding for the States' programme of capital expenditure. The profile of funding may differ markedly year on year from the programme of expenditure. The Capital Reserve allows for the funding and expenditure to be managed over the longer term, without there being any significant impact on other reserves. This Reserve was closed on 31 December 2020 and the balance transferred to the General Revenue Reserve.

*Channel Islands Lottery (Guernsey) Fund* - an earmarked reserve that is used to report income and expenditure associated with the operation of the Channel Islands Lottery.

*Contingent Liability* – A possible obligation that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The obligation is not recognised as a financial liability within the Statement of Financial Position because it is not probable that an outflow of resources will occur (in order to settle the obligation) or the amount cannot be quantified with any sufficient reliability.

*Core Investment Reserve* – an earmarked long term reserve, the capital value of which is only available to be used in the exceptional and specific circumstances of severe and structural decline in public sector finances or major emergencies.

*Cost* – the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction.

*Coupon payment* – is the interest payment made by the States to the bond holders.

*Credit Risk* – the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

# GLOSSARY

## Appendix I

**Currency Risk** – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

**Depositors** – external parties and entities (outwith those functions noted in the Accounting Boundary) who place surplus funds with the States of Guernsey.

**Earmarked Reserve** - an amount that is set aside for a specific purpose.

**Effective Interest Rate** – a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest returns or charges over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument. These cash flows will consider all contractual terms of the financial instrument (including all fees, premiums, discounts and other transactions costs).

**Financial Year/Reporting Period** – the States' financial statements are prepared for accounting periods that span the calendar year. The year end is 31 December.

**Future Guernsey Economic Fund** - an earmarked reserve used to provide funding for initiatives which deliver on the objectives within the Future Guernsey Programme for Government (in Phase One of the Policy & Resources Plan) and which ensure that the right conditions exist for businesses to set up, grow and operate; improve or protect economic growth; and have measurable economic and fiscal benefits. This Fund was closed on 31 December 2020 and the balance transferred to the General Revenue Reserve.

**General Reserve** – retains the net balance of surpluses and deficits arising from the operational activities of the States. Within the General Reserve there are a number of earmarked funds that have been created for a specific purpose and these are detailed within the Note to the Accounts. Also within the General Reserve is the Unallocated Balance, which is used for managing any in year shortfalls in income, short term cyclical variations and other timing issues. The States have a policy for the Unallocated Balance to maintain a value that equates to 5% of annual General Revenue income. This Reserve was closed on 31 December 2020 and the balance transferred to the General Revenue Reserve.

**General Revenue Reserve** - retains the net balance of surpluses and deficits arising from the operational activities of the States. Within the General Revenue Reserve there are a number of earmarked funds that have been created for a specific purpose and these are detailed within the Note to the Accounts. Also within the General Revenue Reserve is the Unallocated Balance, which is used for managing any in year shortfalls in income, short term cyclical variations and other timing issues.

**Health and Social Care Accommodation Fund** - an earmarked reserve that is used to report income and expenditure associated with the provision of accommodation for staff employed by the States working for the Committee for Health & Social Care. This Fund was closed during 2020.

**Higher Education Loans Fund** - an earmarked reserve that is used to fund the issue of loans to students and to record operating income (interest receivable) and expenditure associated with the scheme. No new loans have been issued in recent years. This Fund was closed on 31 December 2020 and the balance transferred to the General Revenue Reserve.

*Impairment* - a diminution in value of an asset resulting from particular circumstances.

*Insurance Deductible Fund* - an earmarked reserve that is used to fund expenditure on the self-insured element of insurance settlements that are paid during the financial year.

*Interest Rate Risk* – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

*IPSAS* – are International Public Sector Accounting Standards that are issued by the International Public Sector Accounting Standards Board (IPSASB). The IPSASB encourages public sector entities to adopt the accrual basis of accounting — which will improve financial management and increase transparency resulting in a more comprehensive and accurate view of a government’s financial position.

*Liabilities* - are present obligations of the States arising from past events, the settlement of which is expected to result in a future outflow of assets.

*Liquidity Risk* – the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

*Market Risk* – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three different elements, namely currency risk, interest rate risk and other price risk.

*Materiality* - an item is material if its omission, non-disclosure or misstatement in the financial statements could be expected to lead to a distortion of the view given by the financial statements.

*Movement in Reserves Statement* – presents a reconciliation of the balances held in reserves at the start and the end of the financial year, and the summary changes that have come about during that reporting period.

*Non-exchange Transactions* – this type of transaction occurs when an entity either receives value from another entity without directly giving approximately equal value in return, or gives value to another entity without directly receiving approximately equal value in exchange.

*Other Price Risk* – the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or the issuer, or factors affecting all similar financial instruments traded in the market.

*Overseas Aid & Development Commission Fund* - is an earmarked reserve that is used to make grant payments associated with programmes of overseas aid and development, as well as contribute to emergency and disaster relief schemes. This Fund was closed on 31 December 2020 and the balance transferred to the General Revenue Reserve.

*Overseas Aid & Development Impact Investment Fund* – is an earmarked reserve to provide funding for investments designed in a manner to have the ability to make a different, more lasting impact in the world’s least developed countries and with sustainable objectives in mind. This Fund was closed on 31 December 2020 and the balance transferred to the General Revenue Reserve.

# GLOSSARY

## Appendix I

*Participatory Budgeting Fund* – is an earmarked reserve. Participatory (or community) budgeting is a means of the community engaging with government and deciding where to spend part of a public budget. This is an increasingly popular initiative in other communities which should deliver social and economic dividends including through community building by participants prioritising projects requiring one-off funding that they assess will address the greatest community need. This reserve is a pilot scheme for funding initiatives identified through the participatory budgeting process. This Fund was closed on 31 December 2020 and the balance transferred to the General Revenue Reserve.

*Reserves* – collectively the total balances held within the reserves equate to the net assets of the States as at 31 December.

*Sports Loans Fund* – an earmarked reserve that is used to provide funding for the issue of loans (subject to certain conditions) to sporting organisations or playing field authorities. This Fund was closed on 31 December 2020 and the balance transferred to the General Revenue Reserve.

*Statement of Financial Performance* - presents the total revenue income generated and expenditure incurred by the States during the calendar year (in accordance with the accounting policies).

*Statement of Financial Position* - presents the value, as at 31 December, of the assets, liabilities and other balances recognised by the States (in accordance with the accounting policies).

*States' Trading Entities Reserve* - is an earmarked long term reserve. It represents the book value of the shares held in Guernsey Electricity Limited and Guernsey Post Limited (ie the value of the assets transferred at commercialisation less any subsequent share buy-backs), as well as Alderney Electricity Limited. It also includes amounts held for potential liabilities or future impairments that may arise in respect of Cabernet Limited.

*Taxable Event* – an event that the States have determined will be subject to taxation and result in a liability for either an individual or external entity.

*Wilfred Carey Purchase Fund* - an earmarked reserve that is used to report expenditure on the purchase of items of specific local interest from this Fund. This Fund was closed on 31 December 2020 and the balance transferred to a depositor account.

## SEGMENTAL ANALYSIS

2021 Original Budget £'000s	2021 Total Authorised £'000s	
460,550	460,550	Revenue Income
1,000	1,000	Capital Income
461,550	461,550	Total Income
		<b>Net Revenue Expenditure</b>
42,645	46,799	<i>Corporate Services</i>
6,045	8,573	<i>Committee for Economic Development</i>
82,655	85,072	<i>Committee for Education, Sport &amp; Culture</i>
93,660	96,032	<i>Committee for Employment &amp; Social Security</i>
12,990	13,030	<i>Committee for the Environment &amp; Infrastructure</i>
135,275	149,733	<i>Committee for Health &amp; Social Care</i>
32,700	33,481	<i>Committee for Home Affairs</i>
10,640	14,388	<i>Policy &amp; Resources Committee – Core Services</i>
540	549	<i>Scrutiny Management Committee</i>
1,345	1,251	<i>Development &amp; Planning Authority</i>
2,320	2,321	<i>Overseas Aid &amp; Development Commission</i>
1,345	1,832	<i>States' Trading Supervisory Board</i>
2,590	2,686	<i>Royal Court</i>
5,880	6,276	<i>Law Officers</i>
525	527	<i>Pooled Budgets</i>
300	300	<i>States of Alderney</i>
10,180	6,517	<i>Government Work Plan/Service Developments</i>
29,915	11,344	<i>Budget Reserve</i>
(7,000)	(5,846)	<i>Savings Targets</i>
464,550	474,865	<b>Total Cash Limits</b>
5,000	5,000	<i>COVID-19 Business and Personal Support</i>
(8,000)	(18,315)	<b>Net Surplus/(Deficit)</b>
14,000	14,000	<i>Impairment of Loans and Short Term Loan Facilities Provided to Cabernet Limited</i>
-	-	<i>Impairment of Loans and Short Term Loan Facilities Provided to Ports</i>
(22,000)	(32,315)	<b>Net Surplus/(Deficit) to/(from) General Revenue Reserve</b>

## Appendix II

2021 Actual £'000s	2020 Actual £'000s
550,534	473,843
2	-
550,536	473,843
45,713	42,189
8,006	5,746
84,190	81,242
93,796	91,352
12,617	12,355
147,749	134,231
32,165	31,868
13,164	10,666
474	518
923	1,204
2,169	2,081
1,780	1,556
2,427	3,032
6,263	5,451
493	527
300	1,973
-	-
-	-
-	-
452,229	425,991
22,434	51,257
75,873	(3,405)
14,731	35,209
8,622	5,290
52,520	(43,904)

# ANALYSIS OF PAY COSTS AND FTE TOTALS

## Appendix III

Committee	2021 Actual £'000s	2021 Average FTE	2020 Actual £'000s	2020 Average FTE
Corporate Services	19,257	305	18,181	299
Committee <i>for</i> Economic Development	3,092	44	2,737	35
Committee <i>for</i> Education, Sport & Culture	62,962	1,238	61,206	1,199
Committee <i>for</i> Employment & Social Security	4,035	71	4,119	85
Committee <i>for the</i> Environment & Infrastructure	3,061	56	3,100	56
Committee <i>for</i> Health & Social Care	117,605	2,298	104,878	2,150
Committee <i>for</i> Home Affairs	29,329	531	29,038	532
Policy & Resources Committee – Core Services	8,072	129	7,840	129
Scrutiny Management Committee	470	6	469	6
Development & Planning Authority	2,257	37	2,305	39
Overseas Aid & Development Commission	35	-	40	-
States' Trading Supervisory Board	1,703	25	1,919	27
Royal Court	3,798	52	3,820	51
Law Officers	5,998	51	5,476	50
Pooled Budgets	492	7	527	10
	262,166	4,850	245,655	4,668
<b>Other Functions</b>				
Transformation and Transition Fund	-	-	1,448	16
Guernsey Registry	432	7	485	7
Future Guernsey Economic Fund	-	-	446	8
Brexit Transition Fund	-	-	192	3
Portfolio Team	-	-	315	6
Channel Islands Lottery (Guernsey) Fund	70	1	68	1
Health and Social Care Accommodation Fund	-	-	265	7
Corporate Housing Programme Fund	-	-	93	2
Notes and Coins Trading Account	86	2	88	2
Seized Asset Fund	123	2	-	-
	711	12	3,400	52
States Members	1,904	-	1,921	-
<b>Total expenditure reported as Pay Costs within the Statement of Financial Performance and equivalent FTE's</b>	<b>264,781</b>	<b>4,862</b>	<b>250,976</b>	<b>4,720</b>
Capital Projects	-	-	1,440	17
<b>Total Pay Costs and Equivalent FTE's</b>	<b>264,781</b>	<b>4,862</b>	<b>252,416</b>	<b>4,737</b>

# EXPENDITURE ON CAPITAL PROJECTS

## Appendix IV

	2021 £'000s	2020 £'000s
<b>Policy &amp; Resources Committee</b>		
IT Transformation	5,038	9,431
MyGOV Programme	3,792	6,296
Cremator and Emissions Equipment – replacement	1,628	466
Contributions System - replacement	398	335
Botanical Gardens (Grant)	93	-
Property Rationalisation	56	-
St James LBG (Grant)	54	123
IT Transition	15	598
Strategic Air and Sea Links Infrastructure	-	36
St Peter Port Christmas Lights (Grant)	-	3
Revenue Service Programme	(343)	2,675
Future Digital Services	(524)	26
<b>Committee for Economic Development</b>		
Seafront Enhancement Area	7	5
Runway Extension	-	182
<b>Committee for Education, Sport &amp; Culture</b>		
Transforming Education Digital	1,430	164
Guernsey Institute: Les Ozouets Campus - construction	1,067	931
Transforming Education Programme Delivery Costs	95	-
Footes Lane - refurbishment	2	117
11-18 Schools	-	780
Castle Cornet - refurbishment	-	4
Education Estates Development – Phase 1	-	(16)
<b>Committee for Employment &amp; Social Security</b>		
Kenilworth Vinery & Excelsior House, Saltpans and land & derelict glasshouse, Lowlands (conveyed to Guernsey Housing Association)	6,500	-
<b>Committee for the Environment &amp; Infrastructure</b>		
Admiral Park North Piling Work	-	2
<b>Committee for Health &amp; Social Care</b>		
Hospital Modernisation – Phase 1	1,515	1,949
Radiology Equipment - replacement	802	583
Electronic Patient Record System - replacement	441	305
COVID-19 – border testing facility	398	468
COVID-19 Vaccination Programme – IT system	168	236
COVID-19 Surveillance Testing – IT system	29	-
Clinical & Animal Waste incinerator – replacement	3	-
Health & Social Care Local Area Network	-	104
<b>Committee for Home Affairs</b>		
Tetra Public Service Network	695	-
St Sampson Fire Main	405	7
Home Affairs Estate Rationalisation	142	8
Upland Road Business Centre - refurbishment	14	-
CCTV - replacement	-	24
Turntable Fire Appliance - replacement	-	1



## EXPENDITURE ON CAPITAL PROJECTS

## Appendix IV

	2021 £'000s	2020 £'000s
<b>Royal Court</b>		
Courts IT system - upgrade	230	-
<b>States' Trading Supervisory Board</b>		
Guernsey Airport Hold Baggage System	3,556	-
Sarnia Cherie Ballast Water Management System	321	238
Future Guernsey Dairy	250	149
Airport Pavements Rehabilitation	234	-
Alderney Airport Runway Rehabilitation	227	193
Future Harbour Requirements	167	565
Land Reclamation and Development -Environment Impact Assessment	89	245
Household Waste Recycling Centre	24	48
Airport Radar - replacement	24	-
Waste Transfer Station	17	196
St Peter Port Harbour Crane Strategy	2	-
Mont Crevelt Breakwater - reinstatement	-	9
<b>Total Major Capital Project Costs</b>	<b>29,061</b>	<b>27,486</b>
<b>Minor Capital Projects</b>		
Property maintenance and minor works	6,120	6,834
Information technology	1,657	2,885
Medical equipment	1,554	2,252
Vehicles and other equipment	1,618	1,129
<b>Total Minor Capital Project Costs</b>	<b>10,949</b>	<b>13,100</b>
<b>Total Project Expenditure Charged to Reserves</b>	<b>40,010</b>	<b>40,586</b>
<b>Portfolio Administration Costs</b>	-	550
<b>Total Expenditure Charged to Reserves</b>	<b>40,010</b>	<b>41,136</b>

# LOANS OUTSTANDING FROM THE STATES OF GUERNSEY BOND ISSUE

## Appendix V

The following loans from the proceeds of the States of Guernsey bond issue were outstanding at the end of 2021:

Entity	Amount Agreed £m	Outstanding 31/12/2021 £m	Anticipated Repayment Date(s)	Purpose
<b>Approved in 2015:</b>				
Guernsey Housing Association LBG	51.0	44.8	2045	Refinancing of existing borrowings for social housing development
Guernsey Housing Association LBG	24.0	18.9	2036	Refinancing of existing borrowings for social housing development
Cabernet Ltd	27.1	18.2	2024 - 2025	Refinancing of existing borrowings for purchase of aircraft (plus purchase of a new Dornier aircraft)
JamesCo750 Ltd	13.1	9.0	2028	Refinancing of existing borrowings for purchase of two tankships
<b>Approved in 2016:</b>				
Cabernet Ltd	7.0	6.0	2028	Purchase of a new Dornier aircraft
Guernsey Housing Association LBG	5.1	4.5	2046	Development of social housing
Guernsey Housing Association LBG	10.0	9.2	2046	Development of social housing
<b>Approved in 2017:</b>				
Guernsey Registry	0.3	0.1	2023	Introduction of a Beneficial Ownership Register
Guernsey Water	9.0	8.2	2046	Refinancing of Belle Greve Long Sea Outfall replacement
<b>Approved in 2018:</b>				
Alderney Housing Association LBG	2.9	2.7	2046	Refinancing of existing borrowings for social housing development
Guernsey Dairy	0.8	0.7	2046	Site purchase
Guernsey Harbour	2.5	2.2	2039	Refinancing of works on Berths 4/5/6
<b>Approved in 2019:</b>				
Guernsey Housing Association LBG	14.0	13.3	2046	Development of social housing
Guernsey Electricity Ltd	13.0	13.0	2045	Part-funding the replacement of the GJ1 cable
<b>Approved in 2021:</b>				
General Revenue	160.0	160.0	2046	Part-fund the capital portfolio
<b>Total</b>		<b>310.8</b>		

# CONSOLIDATED HEALTH AND SOCIAL CARE ACCOUNTS

## Appendix VI

These consolidated Health & Social Care Accounts comprise net income and expenditure incurred by the Committee *for* Employment & Social Security (E&SS), the Committee *for* Health & Social Care (H&SC) and within Pooled Budgets (PB).

	2021			
	Total £'000s	E&SS £'000s	H&SC £'000s	PB £'000s
<b>Primary Health Care</b>				
<i>Ambulatory Services</i>	2,600	-	2,600	-
<i>Emergency Department</i>	2,213	-	2,213	-
<i>COVID-19 Primary Care Support</i>	15	-	15	-
<i>GP and Nurse Consultation Grants</i>	3,494	3,494	-	-
	8,322	3,494	4,828	-
<b>Secondary and Tertiary Health Care</b>				
<i>Acute Services provided Off-Island</i>	9,565	-	9,565	-
<i>Guernsey Therapy Group Services</i>	2,886	2,886	-	-
<i>Hospital Services</i>	62,064	7,868	54,196	-
<i>Medical Specialist Group Services</i>	20,604	20,604	-	-
<i>Prescription Drugs and Medicines</i>	17,674	17,674	-	-
<i>Travel Costs</i>	3,542	3,221	321	-
	116,335	52,253	64,082	-
<b>Community Care</b>				
<i>Children and Adult Disability Services</i>	16,390	184	16,206	-
<i>Children and Adult Mental Health Services</i>	13,908	532	13,376	-
<i>Community and Social Care Services</i>	29,501	-	29,008	493
<i>Older People Services</i>	29,797	23,074	6,723	-
	89,596	23,790	65,313	493
<b>Public Health Services</b>				
<i>Prevention and Awareness</i>	12,617	91	12,526	-
<i>Treatments</i>	365	-	365	-
	12,982	91	12,891	-
<b>Net Cost of Providing Health and Social Care Services</b>	<b>227,235</b>	<b>79,628</b>	<b>147,114</b>	<b>493</b>

# CONSOLIDATED HEALTH AND SOCIAL CARE ACCOUNTS

## Appendix VI

	2020			
	Total £'000s	E&SS £'000s	H&SC £'000s	PB £'000s
<b>Primary Health Care</b>				
<i>Ambulatory Services</i>	2,551	-	2,551	-
<i>Emergency Department</i>	1,905	-	1,905	-
<i>COVID-19 Primary Care Support</i>	1,105	-	1,105	-
<i>GP and Nurse Consultation Grants</i>	3,284	3,284	-	-
	<u>8,845</u>	<u>3,284</u>	<u>5,561</u>	<u>-</u>
<b>Secondary and Tertiary Health Care</b>				
<i>Acute Services provided Off-Island</i>	8,470	-	8,470	-
<i>Guernsey Therapy Group Services</i>	2,665	2,665	-	-
<i>Hospital Services</i>	56,193	4,442	51,751	-
<i>Medical Specialist Group Services</i>	20,472	20,472	-	-
<i>Prescription Drugs and Medicines</i>	17,674	17,674	-	-
<i>Travel Costs</i>	2,868	2,586	282	-
	<u>108,342</u>	<u>47,839</u>	<u>60,503</u>	<u>-</u>
<b>Community Care</b>				
<i>Children and Adult Disability Services</i>	14,745	243	14,502	-
<i>Children and Adult Mental Health Services</i>	14,524	472	14,052	-
<i>Community and Social Care Services</i>	26,763	-	26,236	527
<i>Older People Services</i>	27,267	20,753	6,514	-
	<u>83,299</u>	<u>21,468</u>	<u>61,304</u>	<u>527</u>
<b>Public Health Services</b>				
<i>Prevention and Awareness</i>	6,355	98	6,257	-
<i>Treatments</i>	350	-	350	-
	<u>6,705</u>	<u>98</u>	<u>6,607</u>	<u>-</u>
<b>Net Cost of Providing Health and Social Care Services</b>	<u><b>207,191</b></u>	<u><b>72,689</b></u>	<u><b>133,975</b></u>	<u><b>527</b></u>

### Notes:

The above includes an element of administrative and central costs amounting to £20.9m (2020: £19.7m) that have been apportioned across each of the expenditure lines. It excludes costs attributable to the States' Analyst, which are funded from the Committee *for* Health & Social Care's revenue budget.

Income and Expenditure relating to Non-Government providers of health and social care services, such as General Practitioner's (GPs) is not included. However, the Committee *for* Employment & Social Security does fund an element of GP and Nurse Consultation Fees.

# ANALYSIS OF INCOME AND EXPENDITURE ATTRIBUTABLE TO ALDERNEY

## Appendix VII

In February 2016 (Billet d'État III, 2016) the States considered a Policy Letter from the Policy Council entitled *"The Review of the Financial Relationship between Guernsey and Alderney"* and resolved, inter alia: *"To direct the Treasury and Resources Department (and its successors) (in liaison with Departments and Committees) to produce and publish annually best estimate figures for the income derived from sources based in Alderney, and expenditure incurred from the Guernsey Budget on public services provided for Alderney...."* and *"....to establish a simple formulaic method to estimate annually in arrears with effect from December 2016 the contributions to both islands of the e-Gaming sector in Alderney"*.

It was also agreed that the financial arrangements between the two islands would be modified such that:

- Guernsey retains responsibility to fund all transferred services, and the Social Security Funds, through the pooled income sources of Income Tax and Social Security Contributions; and
- the States of Alderney are responsible for funding all other public services in Alderney (including the harbour, drainage [foul and surface water], roads, coastal defences and water), from all other levies, rates, taxes, permit fees, rents, duties and other income collected from sources based in Alderney (such as tax on real property, occupiers' rates, import duties and excise duties, fees in lieu of Congé, document duty, numismatic and philatelic profits, and company registration fees).

As part of the revised financial arrangements with Alderney that were introduced in 2021, the States of Alderney retains income raised in Alderney from: Tax on Real Property (now part of Alderney Property Tax) (2020: £1.1m); excise duty on motor fuel (2020: £0.4m); and document duty (2020: £0.3m). This was offset by a commensurate adjustment to the States of Alderney grant which, from 2022, will be nil. However, there was a grant of £0.3m provided to the States of Alderney for the transitional year of 2021. The States of Alderney is now expected to raise sufficient income to fund its expenditure on all public services which are not transferred services.

# ANALYSIS OF INCOME AND EXPENDITURE ATTRIBUTABLE TO ALDERNEY

## Appendix VII

	Note	2021 £'000s	2020 £'000s
<b>Income</b>			
Taxation and duty revenue received by the States of Guernsey	1	6,890	8,275
States of Alderney - Net Revenue Income	2	1,282	-
States of Alderney - capital receipts		196	8
Alderney Gambling Control Commission		1,666	1,246
<b>Total Income</b>		<b>10,034</b>	<b>9,529</b>
<b>Expenditure</b>			
States of Alderney - Net Revenue Expenditure	2	-	1,710
States of Alderney - Capital Expenditure		1,798	1,286
States of Alderney - Economic Development Expenditure		300	300
Transferred Services - Net Revenue Expenditure	3	12,309	11,646
Transferred Services - Capital Expenditure	4	912	645
Aurigny operating loss in respect of Alderney routes		2,755	3,500
COVID-19 Business Support Expenditure		360	1,175
<b>Total Expenditure</b>		<b>18,434</b>	<b>20,262</b>
<b>Net Cost</b>		<b>8,400</b>	<b>10,733</b>

The total direct gross economic contribution to the Bailiwick of the e-Gaming Sector in Alderney is estimated to be £29.6m in 2021 (2020: £28m) which comprises £4m in respect of Alderney (2020: £4.6m) and £25.7m in respect of Guernsey (2020: £23.4m) including £1.84m (2020: £1.66m) in personal income tax and social security contributions.

	2021 £'000s	2020 £'000s
<b>Income</b>		
Contributions		
Guernsey Insurance Fund	2,367	2,169
Guernsey Health Service Fund	871	803
Long-Term Care Insurance Fund	586	545
States Grant	355	319
<b>Total Income</b>	<b>4,179</b>	<b>3,836</b>
<b>Benefits and Administration Costs</b>		
Guernsey Insurance Fund	5,903	5,839
Guernsey Health Service Fund	1,883	1,806
Long-Term Care Insurance Fund	1,018	915
<b>Total Expenditure</b>	<b>8,804</b>	<b>8,560</b>
<b>Investing Activities</b>	<b>3,639</b>	<b>151</b>
<b>Net Deficit</b>	<b>986</b>	<b>4,573</b>

# NOTES

## 1. Taxation and duty revenue received by States of Guernsey

### Income Tax

Individuals - ETI
Individuals - Other
Companies
Banks
Distributions

### Total Income Tax

### Customs - Excise and Import Duties

### Tax on Real Property

### Document Duty

# Appendix VII

2021 £'000s	2020 £'000s
3,281	3,222
2,358	1,906
182	163
23	24
111	131
5,955	5,446
935	1,405
-	1,080
-	344
6,890	8,275

## 2. States of Alderney - Net Revenue Expenditure

### Building and Development Control Services

Expenditure
Income

### General Services Committee

Expenditure
Income

### Policy and Finance Committee

Expenditure
Income

2021 £'000s	2020 £'000s
87	65
(48)	(26)
39	39
1,475	1,400
(105)	(42)
1,370	1,358
1,500	1,554
(4,191)	(1,241)
(2,691)	313
(1,282)	1,710

## 3. Transferred Services - Net Revenue Expenditure

### Corporate Services

Digimap services
Information Systems & Services
Shared Services Centre
States' Property Services
Cadastre
Alderney civil service
Insurance

2021 £'000s	2020 £'000s
(23)	(7)
262	232
17	21
21	23
19	16
80	87
59	56
435	428

# NOTES

## 3. Transferred Services - Net Revenue Expenditure (continued)

# Appendix VII

	2021 £'000s	2020 £'000s
<b>Committee for Economic Development</b>	6	15
<b>Committee for Education, Sport &amp; Culture</b>		
St Anne's School	1,659	1,712
Special Schools	5	6
College of Further Education	199	244
Higher Education	132	120
Institute of Health & Social Care Studies	91	-
Travel, Subsistence and Accommodation	7	11
School and Pupil Support Services	1	1
Central support services and management	130	106
Special Needs Support	44	51
Other	95	87
	2,363	2,338
<b>Committee for Employment &amp; Social Security</b>		
Administration	72	74
Legal Aid	37	48
Severe Disability Benefit and Carers' Allowances	233	210
Family Allowance	164	152
Income Support	872	1,030
Concessionary TV Licences for the Elderly	-	2
Social Insurance Fund – Grant	355	319
	1,733	1,835
<b>Committee for the Environment &amp; Infrastructure</b>		
Alderney Breakwater	80	88
Other	(33)	(28)
	47	60
<b>Committee for Health &amp; Social Care</b>		
Mignot Memorial Hospital	2,298	2,108
Princess Elizabeth Hospital - inpatient	473	432
Diagnostic Services and Hospital Administration	780	785
Emergency & Day Patient Hospital Services	177	161
Private patient income	(287)	(304)
Children's Services	104	87
Adult Services	123	95
Off island - complex placement	-	12
Acute Off islands treatment	277	245
Management & Strategy	590	440
	4,535	4,061



# NOTES

## 3. Transferred Services - Net Revenue Expenditure (continued)

### Policy & Resources Committee - Core Services

Policy & Strategy
External Affairs
Payments to States Members
HE Lieutenant Governor
Revenue Service
Treasury

### Committee *for* Home Affairs

Domestic Abuse Strategy
Law Enforcement
Probation Service
Trading Standards

### Scrutiny Management Committee

### Overseas Aid & Development Commission

### Law Officers

### States' Trading Supervisory Board

Alderney Airport

## 4. Transferred Services - Capital Expenditure

### Committee *for the* Environment & Infrastructure

Alderney Breakwater

### Committee for Health & Social Care

### States' Trading Supervisory Board

Alderney Airport

# Appendix VII

	2021 £'000s	2020 £'000s
	34	42
	19	19
	58	59
	27	26
	72	73
	23	33
	233	252
	6	4
	1,102	1,066
	2	2
	-	1
	1,110	1,073
	15	16
	70	65
	322	288
	1,440	1,215
	12,309	11,646

	2021 £'000s	2020 £'000s
	541	434
	145	-
	226	211
	912	645

# USE OF DELEGATED FINANCIAL AUTHORITY

## Appendix VIII

The States financial procedures require the Policy & Resources Committee to report annually on the use of delegated financial authority.

The Committee approved the following increases in 2021 revenue budgets:

	£
<b>Pay Awards</b>	6,563,500
<b>COVID-19 response</b>	
Guernsey Finance – additional grant	500,000
Guernsey Competition and Regulatory Authority - investigations	200,550
<b>Committee for Health &amp; Social Care</b>	
COVID-19: on-island testing	3,728,000
COVID-19: vaccine programme	2,639,000
COVID-19: border testing	1,606,000
<b>Policy &amp; Resources Committee – Core Services</b>	
Alderney air services – Public Service Obligation	2,754,966
<b>States' Trading Supervisory Board</b>	
Alderney Airport runway – urgent repairs	269,500
Alderney Airport – impact of COVID-19	211,300
<b>Miscellaneous non-recurring cost pressures</b>	238,167
<b>Total</b>	<b>18,710,983</b>

The following capital projects have been approved, funded from the General Reserve:

Major Capital Projects	£
Digital Infrastructure – upgrade	12,500,000
MyGOV Programme	7,800,000
Affordable Housing Developments – grants to Guernsey Housing Association LBG	6,500,000
Upland Road Business Centre – refurbishment	5,310,000
Guernsey Institute: Les Ozouets Campus - construction	4,295,000
Electronic Patient Record system – replacement	4,111,000
Secondary Education Model: Les Varendes Pool – re-purposing	2,500,000
Hospital Modernisation (Phase 1) - project planning	1,920,000
Revenue Service Programme	1,565,000
Property Rationalisation	1,291,000
Transforming Education Programme – project planning	1,200,000
Mont Crevelt Breakwater – reinstatement	1,147,000
Education end user devices – life cycle refresh	919,000
Havelet Slip – repairs	610,000
Footes Lane – refurbishment	507,000
Guernsey Registry IT Systems – replacement	276,000
Courts IT system upgrade – project planning	234,649
Clinical & Animal Waste Incinerator – project planning	190,000
Alderney Airport Runway Rehabilitation – project planning	155,000
COVID-19 Surveillance Testing – IT system	100,000
COVID-19 Vaccination Programme - IT System	70,000
<b>Total Major Capital Projects</b>	<b>53,200,649</b>

# USE OF DELEGATED FINANCIAL AUTHORITY

## Appendix VIII

### Minor Capital Projects

#### Housing: Committee for Employment & Social Security

£

Housing modernisation projects – refurbishment	844,278
Clos de Bordage – refurbishment	450,503
	<b>1,294,781</b>

#### Information Technology

£

##### Corporate

Network Platform - upgrade	421,000
SAP upgrade – process integration	418,184
End user devices – replacements	293,256
Microsoft Office 365 – additional licences	225,000
Accounting system module – upgrade	220,000
Network remediation	190,000
Vaccination certificates – IT software	126,140
Contribution System – upgrade	105,000
Business Support Claim Software - upgrade	95,000
Royal Court audio system – upgrade	53,000
Payroll system – additional licences	51,638
Other (less than £50,000 per project)	148,756
	<b>2,346,974</b>

#### Committee for Employment & Social Security

Benefits system – upgrade	<b>60,845</b>
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#### Committee for Home Affairs

Guernsey Border Agency Electronic Freight Manifest System – upgrade	<b>55,000</b>
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#### Total Information Technology

**2,462,819**

#### Medical Equipment: Committee for Health & Social Care

£

Hospital beds – replacements	205,745
Electrocardiogram machines – replacements	172,730
Electro cardiology recorders – replacements	152,293
Haemodialysis machines – replacements	150,000
Orthopaedic power tools – replacements	106,000
Continuous positive airway pressure machines – replacement	101,080
Ears, nose and throat microscope – replacement	99,761
States Analytical Laboratory testing equipment - replacement	78,500
Non-invasive ventilation equipment – replacements	68,000
Other (less than £50,000 per project)	313,126

#### Total Medical Equipment

**1,447,235**

# USE OF DELEGATED FINANCIAL AUTHORITY

## Appendix VIII

### Property Maintenance and Minor Works

£

#### Corporate

Public Conveniences – refurbishment	110,000
St Barnabas air conditioning – replacement	60,000
Network Cabling – building alterations	60,000
St John’s Residential Home boiler – replacement	12,144

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**242,144**

#### Committee for Education, Sport & Culture

St Martins School roof – replacement	232,633
Delancey Campus pitched roof – replacement (phase 3)	175,000
Dave Ferguson Hall – repairs	152,000
La Houquette School roof – replacement	120,000
Rosaire Building roof – replacement	102,000
Castel School wiring – replacement	55,400
Other (less than £50,000 per project)	41,897

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**878,930**

#### Committee for the Environment & Infrastructure

Alderney Breakwater – maintenance contract	400,000
La Vallette Bathing Pools - refurbishment	354,770
Other (less than £50,000 per project)	182,777

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**937,547**

#### Committee for Health & Social Care

Princess Elizabeth Hospital building management system control - replacement	164,046
Princess Elizabeth Hospital Kitchen – repairs	95,918
COVID-19 Sequencing Testing laboratory – construction / adaption	82,103
Other (less than £50,000 per project)	140,792

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**482,859**

#### Committee for Home Affairs

Prison hot water cylinder – replacement	50,000
Other (less than £50,000 per project)	26,002

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**76,002**

### Total Property Maintenance and Minor Works

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**2,617,482**

#### Coastal Repairs: Committee for the Environment & Infrastructure

£

St George’s Esplanade Sea Wall - repointing and repairs	310,000
Grand Port Area Sea Wall – repointing and repairs	200,000
Havelet Bay Sea Wall – repointing and repairs	175,000
Catioroc to Perelle Sea Wall – repointing and repairs	150,000
Douit Du Moulin Slipway – repair	70,000
Other (less than £50,000 per project)	30,044

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**935,044**

#### Integrated Transport Strategy: Committee for the Environment & Infrastructure

£

Accessibility Infrastructure – pavement upgrades	125,000
Bus Infrastructure – new website and bus shelter upgrades	75,000
Other (less than £50,000 per project)	85,000

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**285,000**

### Total Integrated Transport Strategy

# USE OF DELEGATED FINANCIAL AUTHORITY

## Appendix VIII

<b>Road Resurfacing and Reconstruction: Committee <i>for the</i> Environment &amp; Infrastructure</b>	<b>£</b>
Route Militaire	240,000
Port Soif (Drainage)	202,000
Les Banques	166,000
Route du Camp du Roi	165,000
Church Road	164,000
Les Mauxmarquis	145,000
Les Rouvets Road	130,000
La Fosse De Haut	128,000
Camp Code Lane	123,000
La Vrangue and Rue Thomas	123,000
Portinfer Road	121,000
La Vequesse	121,000
Rue Des Clercs	118,000
Jerboung Road	114,000
Sandy Hook	114,000
Route De Vaugrat	112,000
La Rue Des Fontenelles	112,000
Guelles Lane and Guelles Road	110,000
Union Street	107,000
George Road	104,000
Vale Road	102,000
Vale Avenue	100,000
Route De Pleinmont (part)	99,000
La Route Des Coutures	97,000
Rue De Tertre, Castel	97,000
Rue Des Annevilles	93,000
Sir William Place and Hospital Lane	91,000
Rue De La Hurette	91,000
Port Soif Lane	90,000
Kings Road (part)	90,000
La Gibauderie	90,000
Rue Des Buttes and Rue Des Brehauts	88,000
Rue du Hechet and La Grande Lande	87,000
Les Merriennes (Footway)	84,000
Rue De Landes	81,000
Belval Road	77,000
Route St. Clair	77,000
Rue De La Planque	77,000
Damouettes Lane	76,000
Ruette De Fries	75,000
Stanley Road and St Stephen's Hill (Junction)	71,000
La Couperderie	70,000
Route de L'Issue, St Andrews	70,000
Les Vieux Beaucamps	68,000
Lowlands Road	66,000
La Route De Capelles	65,000
Saline Lane	62,000
Rue Colin	59,000
La Biloterie Road	58,000
Route De Tertre, Vale	58,000
La Couture (Footway) and Collings Road (Junction)	54,000
Carriere Lane	52,000
Rue des Hauts	51,000
Other (less than £50,000 per project)	824,199
<b>Total Road Resurfacing and Reconstruction</b>	<b>6,109,199</b>

# USE OF DELEGATED FINANCIAL AUTHORITY

## Appendix VIII

<b>Vehicles &amp; Other Equipment</b>	<b>£</b>
<b>Corporate</b>	
Electric vehicle charging infrastructure	580,000
St John Ambulance & Rescue Service Ambulances – replacements	298,000
Other (less than £50,000 per project)	83,695
	<b>961,695</b>
<b>Committee for Economic Development</b>	
Other (less than £50,000 per project)	30,000
	<b>30,000</b>
<b>Committee for Education, Sport &amp; Culture</b>	
Other (less than £50,000 per project)	148,528
	<b>148,528</b>
<b>Committee for the Environment &amp; Infrastructure</b>	
Other (less than £50,000 per project)	81,625
	<b>81,625</b>
<b>Committee for Health &amp; Social Care</b>	
Vehicles - replacements	85,000
Other (less than £50,000 per project)	39,094
	<b>124,094</b>
<b>Committee for Home Affairs</b>	
Fire Appliance vehicles – replacements	486,000
Guernsey Border Agency X-Ray machines – replacements	172,551
Bomb disposal remotely operated vehicle	150,000
Breathing Apparatus – replacements	135,000
Fire Service Personal Protective Equipment - replacement	92,500
Other (less than £50,000 per project)	14,200
	<b>1,050,251</b>
<b>Total Vehicles &amp; Other Equipment</b>	<b>2,396,193</b>
<b>Total Minor Capital</b>	<b>17,547,753</b>
<b>States of Alderney</b>	<b>£</b>
Royal Connaught Care Home - upgrade (Phase 3)	737,000
Water Board Improvements (Phase 17 - Quality Control System)	60,000
Other (less than £50,000 per project)	729,000
<b>Total States of Alderney</b>	<b>1,526,000</b>

# USE OF DELEGATED FINANCIAL AUTHORITY

## Appendix VIII

The following property purchases and sales have been approved by the States' Trading Supervisory Board:

<b>Purchases</b>	<b>£</b>
<b>Conveyance</b>	
Kenilworth Vinery & Excelsior House, Saltpans (conveyed to Guernsey Housing Association)	5,946,924
Land and derelict glasshouse, Lowlands	553,076
<b>Total Purchases</b>	<b>6,500,000</b>
<b>Sales</b>	
<b>Conveyance</b>	
Kenilworth Vinery & Excelsior House, Saltpans and land & derelict glasshouse, Lowlands (conveyed to Guernsey Housing Association)	1
	<b>1</b>
<b>Conveyance by way of exchange and agreement (definition of boundaries)</b>	
Area of land at Monument Gardens	1,000
Area of land at Rue de L'Essart / Carriere Lane	184
Area of land at St Jacques	-
Burton Battery	-
Land forming part of Montville and Tyre Yard, La Charroterie	754
	<b>1,938</b>
<b>Total Sales</b>	<b>1,939</b>

# VALUATION OF FIXED ASSETS

## Appendix IX

### Carrying Values of States of Guernsey Fixed Assets as at 1 January 2021

#### Introduction

As a part of the move towards adopting International Public Sector Accounting Standards (IPSAS), the States of Guernsey (General Revenue) will report its significant fixed asset (non-current assets) portfolio for the first time in its 31 December 2022 Statement of Financial Position together with 2021 comparative balances, requiring 1 January 2021 values to be determined for the asset categories set out in Table A below. Currently, expenditure on fixed assets is expensed to revenue as it is incurred.

This extensive project involves the identification, classification and valuation of assets as well as developing an asset register to accurately record, manage and report upon them going forward.

For many assets information about their original cost is available, such as for vehicles, plant and equipment. However, other assets such as land, buildings and infrastructure assets, for which reliable cost information does not exist, require specialist knowledge to determine suitable valuations for their initial recognition as at 1 January 2021.

It is important to note that such valuations are provided solely for financial reporting purposes, consistent with accounting requirements, and reflecting the use of the assets in the provision of the States' public services. They cannot be relied upon for any other purpose, including loan valuations, disposal and asset swaps.

#### Project Status

The schedule set out in **Table A** below provides an initial overview of the carrying values of the States' asset portfolio by asset class and is based on the project work undertaken so far. However, the information presented may be subject to further change based on the matters set out below.

Whilst the majority of States' assets have been identified and measured for their initial recognition at 1 January 2021, there is still some valuation work that requires to be completed in order to determine the final value of fixed assets for inclusion in the financial statements for 2022 and for the purpose of completing the audit. In particular, work is on-going in connection with the identification and measurement of the States' Information Technology assets (both tangible and intangible assets) as well as the measurement of coastal defences and features which, because of their complex nature, require specialist knowledge to determine their valuation. These asset types are marked as 'TBA' in Table A.

In addition, although the valuation exercise for land and buildings is largely complete, valuations for some properties are still outstanding and these are not included in the overall value of £976m.

This means that the information presented in Table A is subject to further change due to these outstanding matters. However, this work will be complete in time for inclusion in the 31 December 2022 Statement of Financial Position and will be audited as a part of the overall 2022 audit process.



# VALUATION OF FIXED ASSETS

## Appendix IX

Table A, which includes draft carrying values for the States' *General Revenue* fixed assets, does not include the assets of the States' trading entities. The carrying value of these assets as at 31 December 2020 was approximately £417m and are reported in the separate financial statements of each trading entity.

### Carrying Values of the States of Guernsey (General Revenue) Fixed Assets as at 1 January 2021 Summarised by Asset Class

**Table A**

*[The 1 January 2021 carrying values presented in this table are subject to review by the States' Property Services and IPSAS Implementation teams as well as audit scrutiny and agreement]*

Asset Categories	Asset Class				
	Land & Buildings	Infrastructure	Other	Land & Buildings leased to 3rd parties	Total
	£'m	£'m	£'m	£'m	£'m
Land including Public Open Spaces; Strategic Land and Landfill	16.8				16.8
Operational Administration: Land & Buildings	90.9				90.9
Schools, Leisure facilities, Libraries and Museums	399.6				399.6
Social Housing, Key Worker and Residential Care Accommodation	215.5				215.5
Healthcare including General and Mental Health Hospitals	203.2				203.2
Other Operational assets	50.2				50.2
Road Network		144.0			144.0
Coastal Defences & Features		TBA*			TBA
Vehicles & Vessels			6.0		6.0
Plant & Equipment			9.0		9.0
Information Technology			TBA**		TBA
Investment properties & land				74.5	74.5
<b>Carrying Value at 1 January 2021</b>	<b>976.2</b>	<b>144.0</b>	<b>15.0</b>	<b>74.5</b>	<b>1,209.7</b>
<b>Measurement Approach for initial recognition at 1 January 2021 (Table B below)</b>	<i>Mainly determined by External Valuers</i>	<i>Determined by States' relevant Experts</i>	<i>Obtained from cost of purchase information</i>	<i>Mainly determined by External Valuers</i>	

\* Valuation of the States' coastal infrastructure assets is on-going and will be completed for inclusion in the 2022 financial statements.

\*\* Identification and measurement of the States' Information Technology assets is still on-going and will be completed for inclusion in the 2022 financial statements.

# VALUATION OF FIXED ASSETS

## Appendix IX

### Valuation Methods used to Measure the States' (General Revenue) Land & Buildings and Infrastructure Assets

The valuation methods used by both external valuers and the States' internal experts to establish a deemed cost for land & buildings and infrastructure assets, for which reliable cost information was not available, are set out in the following Table B.

**Table B**

Valuation Method	Description	Asset Type
Market value	Market Value is the estimated price that a property will be sold for.	Non-operational (surplus) assets.
Market value - in existing use (EUV)	EUV is similar to market value, but with the additional assumption that the properties will be used in their existing use for the foreseeable future.	Non-specialised property assets such as administration land & buildings used in the provision of services.
Existing use value for social housing (EUV-SH)	EUV-SH is similar to market value, but with specific additional assumptions reflecting the continued use of the properties for social housing. This valuation method reflects the constraints of a controlled sector, including the level of rents at which properties may be let, which must remain affordable, and a prescribed standard of maintenance. Therefore, it typically produces opinions of value which are considerably lower than market value with vacant possession.	Social Housing.
Depreciated Replacement Cost (DRC)	DRC is used where there is no active market for the asset. It represents the current cost of replacing an asset with its modern equivalent, adjusted for physical deterioration and obsolescence to reflect its current condition.	Specialised assets such as schools; hospitals and infrastructure assets.