



# BILLET D'ÉTAT

WEDNESDAY 28th FEBRUARY 2007

VI  
2007

1. Policy Council – Panel of Members – Election of Chairman and Deputy Chairman, p. 435
2. Scrutiny Committee – New Member, p. 436
3. Scrutiny Committee – Scrutiny Review of the Staff Number Limitation Policy, p. 437

## *Statutory Instruments laid before the States*

- The Health Service (Medical Appliances) (Amendment) (No. 2) Regulations, 2006, p. 516
- The Social Insurance (Benefits) (Amendment) (No. 2) Regulations, 2006, p. 516
- The Social Insurance (Contributions) (Amendment) Regulations, 2006, p. 516
- The Social Insurance (Residence and Persons Abroad) (Amendment) (Guernsey) Regulations, 2006, p. 517
- The Immigration (Accession) (Workers from Bulgaria and Romania) (Guernsey) Rules, 2006, p. 517
- The Health Service (Payment of Authorised Suppliers) (Amendment) Regulations, 2007, p. 518

## APPENDICES

1. Social Security Department – Actuarial Review of Guernsey Health Service Fund, p. 519
2. Social Security Department – Actuarial Review of Long-Term Care Insurance Fund, p. 544
3. Education Department – Forest Primary School – Validation Report, p. 560
4. House Committee – Record of Members' Attendance at Meetings of the States of Deliberation, the Policy Council, Departments and Committees, p. 568
5. Policy Council – Index of Retail Prices at 31st December 2006, p. 584

# ***B I L L E T D ' É T A T***

---

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

---

I have the honour to inform you that a Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE, on WEDNESDAY, the 28<sup>th</sup> FEBRUARY, 2007,** immediately after the meetings already convened for that day, to consider the items contained in this Billet d'État which have been submitted for debate by the Policy Council.

G. R. ROWLAND  
Bailiff and Presiding Officer

The Royal Court House  
Guernsey  
9 February 2007

## **POLICY COUNCIL**

### **PANEL OF MEMBERS – ELECTION OF CHAIRMAN AND DEPUTY CHAIRMAN**

#### **Executive Summary**

This report proposes that Deputy W M Bell and Douzenier J R Domaille be elected as Chairman and Deputy Chairman respectively of the Panel of Members retrospectively from the 1<sup>st</sup> June 2005 to the 31<sup>st</sup> May 2007.

#### **Report**

1. Pursuant to sections 4(2) and 4(3) of the Administrative Decisions (Review) (Guernsey) Law, 1986, as amended the States are required to elect, every year, a Chairman and Deputy Chairman of the Panel of Members. Deputy W M Bell and Douzenier J R Domaille were elected to the respective offices with effect from 1<sup>st</sup> June, 2004. Unfortunately no election was held in either 2005 or 2006.
2. Consequently there has been no Chairman or Deputy Chairman since 31<sup>st</sup> May, 2005. Advice has been sought from the Law Officers as to how the matter can be rectified. They have advised that as the functions of the Chairman and Deputy Chairman are of a purely political nature the matter can be corrected by a retrospective resolution of the States. If their function had been to determine people's legal rights then an Order in Council would have been required to validate their actions. Fortunately this is not needed in the present case.
3. In May 2007 the States will be asked to elect a Chairman and Deputy Chairman of the Panel with effect from the 1<sup>st</sup> June, 2007.

#### **Recommendation**

4. The Policy Council therefore recommends the States to agree that Deputy W M Bell and Douzenier J R Domaille be elected as Chairman and Deputy Chairman respectively of the Panel of Members retrospectively from the 1<sup>st</sup> June 2005 to the 31<sup>st</sup> May 2007.

L C Morgan  
Chief Minister

22<sup>nd</sup> January 2007

The States are asked to decide:-

I.- Whether, after consideration of the Report dated 22<sup>nd</sup> January, 2007, of the Policy Council, they are of the opinion:-

To retrospectively elect Deputy W M Bell and Douzenier J R Domaille as Chairman and Deputy Chairman respectively of the Panel of Members from 1<sup>st</sup> June, 2005 to 31<sup>st</sup> May, 2007.

## **SCRUTINY COMMITTEE**

### **NEW MEMBER**

The States are asked:-

II.- To elect a sitting member of the States as a member of the Scrutiny Committee to complete the unexpired portion of the term of office of Alderney Representative R H Cox, who has ceased to be a Member of the States, namely to serve until May 2008 in accordance with Rule 7 of the Constitution and Operation of States Departments and Committees.

## **SCRUTINY COMMITTEE**

### **SCRUTINY REVIEW OF THE STAFF NUMBER LIMITATION POLICY**

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port

19<sup>th</sup> December 2006

Dear Sir

#### **1 EXECUTIVE SUMMARY**

This States Report sets out the background to, and the conclusions and recommended actions arising from, the Scrutiny Committee's review of the Staff Number Limitation Policy. The full Review Report is appended as Appendix I.

The Committee concluded that the strategic objectives of the Staff Number Limitation Policy remain valid. However, the Committee considers that, in its present form, the Staff Number Limitation Policy is no longer effective and in operation is contrary to the States overall requirement to restrain costs and increase efficiency.

The Scrutiny Committee recommends the replacement of the existing Staff Number Limitation Policy with some form of a cash-limit model. In doing so, the Committee cautions the Staff Number Limitation Policy is not the sole factor influencing issues such as flexibility, efficiency, distortion of priorities etc and its replacement is not a cure-all.

The Committee recommends that the Treasury and Resources Department put forward proposals for the revised policy, perhaps in its June 2007 Interim Financial Report. The Committee envisages that the proposals would firmly restate the objectives and set out how the model would work in practice with Departments being encouraged to be flexible within firm parameters agreed by the States of Deliberation. Annual reports should be presented to the States which should contain key information such as actual numbers of staff employed, vacancies, costs, public to private sector ratio, trends and a commentary on significant occurrences.

The Scrutiny Committee emphasises that it is imperative the flaws of the existing Staff Number Limitation Policy are not repeated with any new policy. Relevant checks and balances, with specific reporting requirements, are essential, with Departments being proactive and committed to a robust stance when considering their staffing needs.

## 2 BACKGROUND

The Scrutiny Committee's objective for this Review was:

*“To develop evidence based recommendations for improving policies for the effective control of States staffing resources within the context of overall States priorities and objectives.”*

The Committee's findings are based on its own research, written submissions from all States' Departments, the Policy Council and the Chief Executive, evidence presented at recorded hearings with five 'case study' Departments and comments from the general public and commercialised utilities.

With regard to Departments' submissions the Committee would not normally publish a Review before it had received the final comments of all relevant Departments. Members will note from the correspondence appended in Appendix A and Appendix B that, for the reasons stated, the Review was published before the final comments of the Social Security Department had been received.

For the avoidance of doubt the Committee is grateful to all Departments, including the Social Security Department, for their full co-operation with the Review and stresses that it fully appreciates the reasons of timetabling difficulties and pressure of work cited by the Department for not responding by the publication deadline.

The Committee has taken the Social Security Department's comments into consideration in the drafting of this States Report.

The Staff Number Limitation Policy was introduced in 1987 as a short-term measure to limit the growth of established staff employed within the Civil Service. It did not apply to all public service employees and was recognised as being a blunt tool, which would operate only until the introduction of an improved method of control.

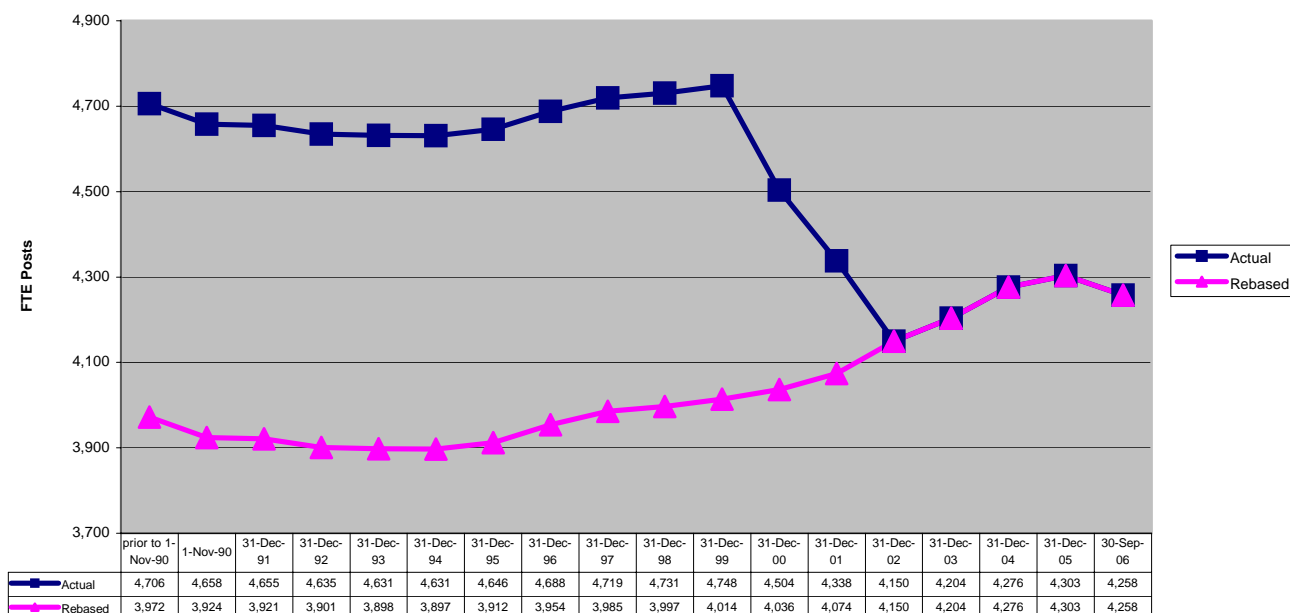
The improved method has never materialised, rather there has been a process of evolution. Importantly, within two years of its implementation the scope was extended to include non-established staff as well as established staff. The stated Policy aim has also changed over time, firstly from limiting the increase in the number of established staff to one of 'zero net growth' for the total States establishment. The aim was then amended to zero growth and where possible to reduce the total establishment. This aim was then amended to limit the growth to as close to zero as practicable with a long term aim to reduce numbers and then most recently to a wish to see a reduction of fifty staff per year.

## 3 PERFORMANCE OF THE POLICY

In its early years the Policy was reasonably successful with a reduction in the total number of posts being achieved. However, since 1995 the number of posts has risen by

over 10% up to the end of 2005. For 2006, with the adoption of a more robust approach by the Treasury and Resources Department, numbers have fallen but still remain significantly more than they were in 1990. Figure 1 summarises the changes in the number of FTE posts since the Policy's inception.

**Figure 1**                      The Number of FTE Posts From Prior to 1990 to 2006.



\*“Rebased” refers to the comparable number of public sector staff, excluding staff losses due to commercialisation.

The Scrutiny Committee has found an absence of reliable quantifiable data to ascertain whether the Staff Number Limitation Policy has met its stated objectives. The data that is accessible is not in a meaningful format, precludes a consistent comparison over time and is absent of performance indicators by which the Policy effects can be measured. The Scrutiny Committee considers this shortage of appropriate data to be unacceptable. It has also made it difficult for the Committee to evaluate the successes and failings of the Policy and its implementation.

### **Benefits of the Policy**

The Scrutiny Committee has identified the following benefits of the Policy: -

- The principle of controlling human resources and the Policy objectives of restricting the size of the public sector, restraining costs and population growth and maintaining the public/private sector balance are all commendable as prime components of a strategic policy.
- Although numbers have risen and the Policy has clearly not met its stated aim of zero growth, the Committee accepts that the growth in numbers is likely to have been even more had the Policy not been in force.

- The Policy has provided a downward pressure on staff resources and has encouraged Departments to give more thought to their staffing requirements.
- The Treasury and Resources Department's more stringent application of the Staff Number Limitation Policy and tighter controls on the replacement of staff has 'shaken up' the previous Policy procedures, which has forced Departments to prioritise within and fully justify and evaluate their staffing resources.
- The principle of having checks and balances and of annual reports to the States is sound.

### **Failings of the Policy**

The Committee has identified the following failings in the Policy and the processes and procedures: -

- Simply controlling the number of staffing posts does not necessarily control staffing costs, nor does it ensure best value. In practice, payroll costs have risen faster than the growth in the number of posts. Departments' comments indicate that the Policy has added to costs by forcing Departments to employ temporary staff and incur additional overtime costs. It has also hampered income generation initiatives.
- The Policy has become entirely process driven with little regard for, or monitoring of, the achievement of its higher-level objectives.
- Departments generally do not have confidence in the Policy in its present form.
- In the life of the Policy, no proper corporate assessment has been made of Departments' resource needs. Consequently there may be a danger of service delivery being determined by resources available rather than a conscious decision being made on what level of service delivery is required and providing resources to fit.
- The Policy hinders efficient and effective service delivery, restricts Departments' flexibility for long term planning and restructuring initiatives, as well as contravening good business sense. The Staff Number Limitation Policy also distorts Departmental priorities and at times counters States resolutions, in particular regarding the staffing of corporate programme initiatives.
- Policy implementation has been fragmented and inconsistent and there is confusion between Departments regarding the roles and responsibilities of the Policy Council Human Resources Unit and the Treasury and Resources Department.
- The procedure of applying to the Treasury and Resources Department for new and replacement posts is cumbersome, largely inconsistent, a duplication of



Departments' own staffing replacement evaluations, time consuming, ambiguous and bureaucratic.

- While the Treasury and Resources Department's change in emphasis has led to a reduction in numbers, the procedure was implemented without Departmental consultation and there is a general lack of understanding regarding which staffing groups the change in procedure applies to.
- There has been poor communication between the Departments and the Treasury and Resources Department regarding their concerns and confusion about this change in the Policy emphasis and procedure.
- The Committee endorses the opinion expressed by the majority of contributors that individual Departments are best placed to evaluate their priorities and operational staffing requirements and interference by a third party, with only a superficial knowledge of a Department's requirements, does not add value.
- The reporting on the success or otherwise of the Policy has been poor. The reports there have been refer to number of posts, not number of people employed and they make no reference to costs, vacancies, trends, particular problems etc.
- Prior to this Review there has been no independent assessment of the Policy.

#### **4 CONCLUSION**

The Scrutiny Committee, along with all Departments, including the Treasury and Resources Department, does not consider the Staff Number Limitation Policy to be the most effective or efficient way of controlling public sector staffing levels. At its inception, the Policy was only intended to be a short-term implementation, until a more suitable method of control was devised.

There is still an essential requirement to control the number of staff employed within the public sector, with suitable checks and balances in place, but in today's financial climate the Staff Number Limitation Policy is no longer considered to be the optimum tool. In its place some form of cash-limit model is favoured by the Scrutiny Committee, all Departments, including the Treasury and Resources Department, and the Chief Executive.

It is considered that if a cash-limit model were to be implemented, it could provide Departments with the basis, along with the changes put forward within the Chief Executive's Modernisation Programme, on which to have sufficient flexibility to focus on meeting their service delivery requirements, whilst allocating and managing their staffing resources as they consider best. It puts the decision-making power on how to deliver the optimum service into the hands of the Departments.

The Scrutiny Committee expresses caution that if the same mistakes made with the Staff Number Limitation Policy, as identified in its Review Report, are repeated, then any alternative tool of control will have the same consequences. The Committee also cautions that the Staff Number Limitation Policy is not the only factor influencing issues such as flexibility, efficiency, distortion of priorities etc and its replacement is not a cure-all.

In this regard the Committee has noted the stated intention in the proposed Government Business Plan to present a concise policy statement on Human Resources to the States in July 2007. Consideration by the States of an alternative policy for controlling staff numbers before the policy statement is finalised will be an integral part of the process.

## **5 REVIEW RECOMMENDATIONS**

- The Staff Number Limitation Policy should not continue in its current format.
- In place of the existing Staff Number Limitation Policy, the Treasury and Resources Department should report back to the States of Deliberation, perhaps in the June 2007 Interim Financial Report, with an alternative policy for controlling staff numbers.
- The Treasury and Resources Department's report should include:
  - A clear and robust policy statement on the control of staff numbers (inclusive of all staffing groups).
  - Quantitative and qualitative benchmarks and performance indicators for ensuring delivery of the policy statement.
  - Clear guidelines on the respective roles and responsibilities of Departments and Committees.
- The Scrutiny Committee suggests that a cash-limit model be adopted that permits Departments and Committees to be responsible for controlling their staffing numbers and allocating their staffing resources, as they consider appropriate for delivering their mandated services, subject to them keeping within their allocated budgets.
- The need for restraint should be emphasised to Departments and Committees, who must demonstrate a proactive and robust approach when considering their staffing allocations.
- Departments and Committees should submit reports to the Treasury and Resources Department on specific staffing information, which will then collate this information and submit an annual report to the States of Deliberation for their information and monitoring.

- The content of this report will be determined by the Treasury and Resources Department, but the Scrutiny Committee would expect to see data included on:
  - Annual average total of number of staff employed by each Department/Committee
  - Annual average total number of vacancies within each Department/Committee
  - Annual average total staffing costs
  - Service delivery impact
  - Economic trends such as the public to private sector ratio
- The report should be of a standard format, which can be used as a comparison over time, to enable the close monitoring of staffing levels within the States of Guernsey.
- Pending the Treasury and Resources Department reporting back to the States, the Committee suggested that the Department liaise with all Departments and Committees to clarify and amend where appropriate the existing processes and procedures.

## **6 RECOMMENDATIONS TO THE STATES**

The Scrutiny Committee recommends the States:

- a) To approve the Committee's conclusions and recommendations as summarised in this States Report.
- b) To direct the Treasury and Resources Department to report back to the States with an alternative policy for controlling staff numbers, taking into account the Scrutiny Committee's recommendations in its Review Report.
- c) To note the Scrutiny Committee's intention to monitor the development and implementation of an alternative policy for controlling staff numbers.

Yours faithfully

Deputy J A Pritchard  
Chairman

**APPENDIX I**

# Scrutiny Review

## Staff Number Limitation Policy

## CONTENTS

SECTION	CONTENT	PAGE
1	EXECUTIVE SUMMARY	3
2	INTRODUCTION	7
3	PURPOSE, SCOPE AND METHODOLOGY	8
4	THE STAFF NUMBER LIMITATION POLICY	11
5	POLICY PERFORMANCE AGAINST OBJECTIVES	16
6	POLICY PROCESSES AND PROCEDURES	22
7	OPERATIONAL PERFORMANCE OF THE POLICY	27
8	THE WAY FORWARD	34
9	RECOMMENDATIONS	38
	GLOSSARY OF TERMS	40
	DOCUMENTS LODGED AT THE GREFFE	41
	<u>APPENDICES</u>	
	APPENDIX A – SCRUTINY PROPOSAL	
	APPENDIX B – CHIEF EXECUTIVE’S LETTER DATED 24 AUGUST 2006	
	APPENDIX C – POLICY COUNCIL AND DEPARTMENT COMMENTS ON FINAL DRAFT	

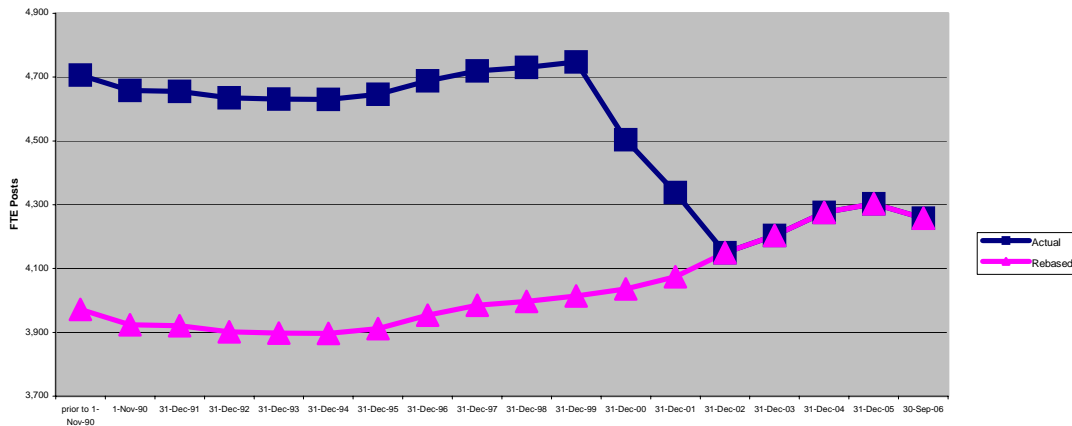
# 1 EXECUTIVE SUMMARY

- 1.1 The Scrutiny Committee's objective for this Review is:

*“To develop evidence based recommendations for improving policies for the effective control of States staffing resources within the context of overall States priorities and objectives.”*

- 1.2 The Committee's findings are based on its own research, written submissions from all States' Departments, the Policy Council and the Chief Executive, evidence presented at recorded hearings with five 'case study' Departments and comments from the general public and commercialised utilities.
- 1.3 The Staff Number Limitation Policy was introduced in 1987 as a short-term measure to limit the growth of established staff employed within the Civil Service. It did not apply to all public service employees and was recognised as being a blunt tool, which would operate only until the introduction of an improved method of control.
- 1.4 The improved method has never materialised, rather there has been a process of evolution. Importantly, within two years of its implementation the scope was extended to include non-established staff as well as established staff. The stated Policy aim has also changed over time, firstly from limiting the increase in the number of established staff to one of 'zero net growth' for the total States establishment. The aim was then amended to zero growth and where possible to reduce the total establishment. This aim was then amended to limit the growth to as close to zero as practicable with a long term aim to reduce numbers and then most recently to a wish to see a reduction of fifty staff per year.
- 1.5 In its early years the Policy was reasonably successful with a reduction in the total number of posts being achieved. However, since 1995 the number of posts has risen by over 10% up to the end of 2005. For 2006, with the adoption of a more robust approach by the Treasury and Resources Department, numbers have fallen but still remain significantly more than they were in 1990. Figure 1 below summarises the changes in the number of FTE posts since the Policy's inception.

**Figure 1**      The Number of FTE Posts From Prior to 1990 to 2006.



\* “Rebased” refers to the comparable number of public sector staff, excluding staff losses due to commercialisation.

1.6 The Scrutiny Committee has found an absence of reliable quantifiable data to ascertain whether the Staff Number Limitation Policy has met its stated objectives. The data that is accessible is not in a meaningful format, precludes a consistent comparison over time and is absent of performance indicators by which the Policy effects can be measured. The Scrutiny Committee considers this shortage of appropriate data to be unacceptable. It has also made it difficult for the Committee to evaluate the successes and failings of the Policy and its implementation.

1.7 The Scrutiny Committee has identified the following benefits of the Policy: -

- The principle of controlling human resources and the Policy objectives of restricting the size of the public sector, restraining costs and population growth and maintaining the public/private sector balance are all commendable as prime components of a strategic policy.
- Although numbers have risen and the Policy has clearly not met its stated aim of zero growth, the Committee accepts that the growth in numbers is likely to have been even more had the Policy not been in force.
- The Policy has provided a downward pressure on staff resources and has encouraged Departments to give more thought to their staffing requirements.
- The Treasury and Resources Department’s more stringent application of the Staff Number Limitation Policy and tighter controls on the replacement of staff has ‘shaken up’ the previous Policy procedures, which has forced Departments to prioritise within and fully justify and evaluate their staffing resources.

- The principle of having checks and balances and of annual reports to the States is sound.
- 1.8 The Committee has identified the following failings in the Policy and the processes and procedures: -
- Simply controlling the number of staffing posts does not necessarily control staffing costs, nor does it ensure best value. In practice, payroll costs have risen faster than the growth in the number of posts. Departments' comments indicate that the Policy has added to costs by forcing Departments to employ temporary staff and incur additional overtime costs. It has also hampered income generation initiatives.
  - The Policy has become entirely process driven with little regard for, or monitoring of, the achievement of its higher-level objectives.
  - Departments generally do not have confidence in the Policy in its present form.
  - In the life of the Policy, no proper corporate assessment has been made of Departments' resource needs. Consequently there may be a danger of service delivery being determined by resources available rather than a conscious decision being made on what level of service delivery is required and providing resources to fit.
  - The Policy hinders efficient and effective service delivery, restricts Departments' flexibility for long term planning and restructuring initiatives, as well as contravening good business sense. The Staff Number Limitation Policy also distorts Departmental priorities and at times counters States resolutions, in particular regarding the staffing of corporate programme initiatives.
  - Policy implementation has been fragmented and inconsistent and there is confusion between Departments regarding the roles and responsibilities of the Policy Council Human Resources Unit and the Treasury and Resources Department.
  - The procedure of applying to the Treasury and Resources Department for new and replacement posts is cumbersome, largely inconsistent, a duplication of Departments' own staffing replacement evaluations, time consuming, ambiguous and bureaucratic.
  - While the Treasury and Resources Department's change in emphasis has led to a reduction in numbers, the procedure was implemented without Departmental consultation and there is a general lack of understanding regarding which staffing groups the change in procedure applies to.



- There has been poor communication between the Departments and the Treasury and Resources Department regarding their concerns and confusion about this change in the Policy emphasis and procedure.
  - The Committee endorses the opinion expressed by the majority of contributors that individual Departments are best placed to evaluate their priorities and operational staffing requirements and interference by a third party, with only a superficial knowledge of a Department's requirements, does not add value.
  - The reporting on the success or otherwise of the Policy has been poor. The reports there have been refer to number of posts, not number of people employed and they make no reference to costs, vacancies, trends, particular problems etc.
  - Prior to this Review there has been no independent assessment of the Policy.
- 1.9 While the strategic objectives of the Staff Number Limitation Policy remain valid, the Scrutiny Committee considers that, in its present form, the Staff Number Limitation Policy is no longer effective and in operation is contrary to the States overall requirement to restrain costs and increase efficiency.
- 1.10 The Scrutiny Committee recommends the replacement of the existing Staff Number Limitation Policy with some form of a cash-limit model. In doing so the Committee cautions that the Staff Number Limitation Policy is not the sole factor influencing issues such as flexibility, efficiency, distortion of priorities etc and its replacement is not a cure-all.
- 1.11 The Committee recommends that the Treasury and Resources Department put forward proposals for the revised policy, perhaps in its June 2007 Interim Financial Report. The Committee envisages that the proposals would firmly restate the objectives and set out how the model would work in practice with Departments being encouraged to be flexible within firm parameters agreed by the States of Deliberation. Annual reports should be presented to the States which should contain key information such as actual numbers of staff employed, vacancies, costs, public to private sector ratio, trends and a commentary on significant occurrences.
- 1.12 The Scrutiny Committee emphasises that it is imperative that the flaws of the Staff Number Limitation Policy are not repeated with any new policy. Relevant checks and balances, with specific reporting requirements, are essential, with Departments being proactive and committed to a robust stance when considering their staffing needs.

## 2 INTRODUCTION

- 2.1 The need for, and the effectiveness of, the Staff Number Limitation Policy was raised in the Scrutiny Committee's informal meetings with Department Ministers in 2004. These discussions were a key influence on the Committee's decision to carry out a Review of the States policies regarding limiting and reducing staff numbers. This Report details the results of that review process.
- 2.2 The Scrutiny Panel members for this Review were:
- Deputy Jean Pritchard, Scrutiny Committee and Panel Chairman
  - Deputy Duncan Staples, Scrutiny Committee Member
  - Deputy Brian de Jersey, Scrutiny Committee Member and Hearing Chairman
  - Deputy Eric Walters, Scrutiny Committee Member (withdrew due to conflict of availability)
- 2.3 Work was initiated in July 2005 and all Departments and the Policy Council have contributed to this Review. In accordance with the Scrutiny Committee's guidelines, Departments' and the Policy Council's comments are appended to this Report.
- 2.4 The Scrutiny Committee would like to thank all contributors including the Policy Council and States Departments and Committees for their full cooperation with this Scrutiny Review. The Committee is particularly grateful to those Ministers and Officers who attended hearings to answer Panel Members' questions.
- 2.5 The proposals for the establishment of the Scrutiny Committee made it clear that:
- “The emphasis of the scrutiny process would be on examining policy and service delivery in a constructive and objective manner. The focus of each ‘review’ would be to assist departments and the States as a whole to improve in these areas.”<sup>1</sup>*
- 2.6 The Committee has adopted this approach. It is not for the Scrutiny Committee to direct Departments, but instead to assess performance. The conclusions and recommendations made in this report are designed to assist Departments and are not intended to be prescriptive.

---

<sup>1</sup> Advisory and Finance Committee: Future Machinery of Government in Guernsey, Billet d'Etat VII 2003.

- 2.7 This Report sets out the development of the Staff Number Limitation Policy, assesses its performance against its stated objectives and identifies the processes and procedures for implementing the Policy and the operational consequences of these processes. The Report then considers alternatives and concludes with firm recommendations on the way forward.

### 3 PURPOSE, SCOPE AND METHODOLOGY

#### Purpose and Scope

- 3.1 This Review directly relates to the delivery of services by all States Departments and provides a valuable insight into States policies regarding staffing, its most valuable, and costly, resource. The objective of the Review is:

**To develop evidence based recommendations for improving policies for the effective control of States staffing resources within the context of overall States priorities and objectives.**

- 3.2 The focus is directed towards:

- Investigating how the Staff Number Limitation Policy is implemented and the processes used for the allocation of staff resources to Departments.
- Considering the measures being adopted to reduce staff numbers.
- Assessing the effectiveness of the Staff Number Limitation Policy in meeting its objectives.
- Reviewing the need for controls on staff numbers and consideration of alternative forms of control.
- Considering how the Staff Number Limitation Policy links with other policies and its 'fit' with the corporate approach and priorities.

- 3.3 In carrying out the Review, the Scrutiny Panel was mindful of the Chief Executive's 'Modernising the Civil Service' initiative, in particular the intention to increase the flexibility of staffing resources within and across Departments.

- 3.4 A copy of the Scrutiny Proposal setting out the scope, rationale, background etc to the Review in more detail is attached as Appendix A.

#### Methodology

- 3.5 The Review has been conducted in accordance with the Committee's mandate and processes and procedures, as set out in the document entitled *A Guide to Scrutiny in Guernsey* (the *Guide*), issued by the Scrutiny Committee in January 2005. Copies of the *Guide* are available from the Scrutiny Committee's offices and can be downloaded from the Internet at [www.gov.gg/scrutiny](http://www.gov.gg/scrutiny).

- 3.6 The Panel appointed to carry out the Review determined the approach to be adopted and the following sets out the key events and actions from inception to the completion of the Review: -

#### **2004**

- Concerns regarding the difficulties of working within the constraints of the Policy were first raised at a series of meetings between Scrutiny Committee representatives and Department Ministers and Chief Officers in the latter part of 2004.

#### **2005**

- The Committee undertook initial research into the matter early in 2005.
- In June the Committee wrote to the Policy Council, all States Departments and States Committees requesting their written comments on the effectiveness and effects of the Staff Number Limitation Policy.
- The Committee issued a media release in August announcing its intention to carry out a Review and inviting public comments. Two representations were received.
- In October work was put on hold pending the carrying out of the Milk Review.
- In December the States approved a change in emphasis to the Policy.

#### **2006**

- Work restarted on the Review in February.
- The Panel wrote to Guernsey Post Limited, Guernsey Electricity Limited and Cable and Wireless Guernsey Limited seeking their comments.
- In March a Scrutiny Proposal was agreed and the Scrutiny Panel appointed.
- A 'familiarisation meeting' with the Treasury and Resources Department Minister, the Department's Chief Officer and the Policy Council's Head of Human Resources, was held in March to enable the Panel to better understand the change in emphasis and procedures for the Staff Number Limitation Policy.
- In April the Panel wrote to all Department Ministers, excluding the Treasury and Resources Department, inviting them to comment on the change in emphasis of the Policy and the new administration processes the Panel then understood to be in place.

- During May all responses were analysed and, on the basis of those responses, and the attributes of individual Departments, Ministers and staff representatives from five Departments were asked to attend individual recorded hearings.
- The selected Departments were:
  - Education Department
  - Environment Department
  - Health and Social Services Department
  - Home Department
  - Housing Department
- The hearings were limited to five Departments for reasons of practicality and as a 'case study' sample to provide an indication of the issues affecting all the Departments. For the avoidance of doubt all Departments' responses have been given equal consideration and weighting.
- The four Departments not invited to attend a hearing were informed of the hearings and asked to inform the Panel if any events subsequently occurred that would be relevant to the Review. The Treasury and Resources Department were also informed that the hearings were taking place.
- The above hearings were held in July and Ministers were informed in advance of the general issues the Panel wished to discuss. The detailed set of questions the Panel prepared, which are linked directly to the focus of this Review, are lodged at the Greffe.
- In August, the Chief Executive was asked for his comments on the fit of the Staff Number Limitation Policy with his modernising of the Civil Service initiative. His response is attached as Appendix B. The Chief Executive also attended the Scrutiny Committee meeting on 04 October 2006 to expand on his comments.
- The five Departments that attended a hearing were sent the relevant transcript and were asked to notify the Committee of any obvious errors or omissions.
- The Scrutiny Panel drafted its Report and subsequently wrote to the Treasury and Resources Department, on 25 September, outlining its preliminary conclusions and recommendations and requesting comment. The Treasury and Resources Department's response was analysed and the draft Report amended accordingly.
- The Scrutiny Committee agreed a draft version of the Report on 23 October. On 24 October the draft report, minus Executive Summary and Recommendations, was sent to all Departments, asking them to inform the Committee of any factual errors, any further information they would wish to

draw to the Committee's attention and whether or not they agreed with the responses recorded to date.

- The Scrutiny Committee then considered all responses received and amended the Report as it felt appropriate.
- The Committee then sent a complete draft of the Report to Departments asking for their feedback, these responses are attached in Appendix C.
- The final draft of the Report was agreed by the Committee and sent to the Policy Council for its comment. This response is also attached in Appendix C.
- The Final Report was sent to all Committees, Departments, the Policy Council and States Members before it was published on the Committee's website and hard copies made available for the public at Sir Charles Frossard House.

3.7 Copies of written representations, correspondence with the Policy Council, Departments and Committees, the notes from the 'familiarisation meeting' with the Treasury and Resources Department, and full transcripts of the recorded hearings have been lodged at the Greffe for public access.

## 4 THE STAFF NUMBER LIMITATION POLICY

### 4.1 INITIATING THE POLICY

4.1.1 Strong concern arose in the 1980s with regard to the overall net increase in the number of full time established staff. Between May 1980 and May 1984 the increase was approximately 1% per annum. This annual increase grew to 5% between May 1986 and May 1987. It was this growth that prompted the then Civil Service Board to put forward proposals to the States for controlling the number of established staff within the Civil Service, the "Staff Number Limitation Policy".

4.1.2 At their meeting in December 1987 the States of Deliberation approved the Civil Service Board's proposals **to limit the net increase in number of established staff to 2% growth (30 full time equivalents), on the then Committee establishments, for the following 12 months.**

4.1.3 The reasons given for restricting the growth of **the Civil Service** were:

- Although the Island at that point in time could sustain the Civil Service at its then existing size, it could become more difficult if the economy was not so buoyant in the future.
- If the Civil Service continued to grow it would become increasingly difficult to recruit sufficient numbers of staff of the right calibre.

- A growing Civil Service could increase the pressure on wage inflation.
- It could create greater problems for small, local employers in recruiting and retaining staff.
- Through increasing the number of people available for work within the private sector, the Staff Number Limitation Policy reduced the staffing influxes into the Island, therefore acting as a tool in restraining population growth.

4.1.4 The States agreed that all requests for additional civil service posts would be examined by the Civil Service Board and employing Committees were required to meet with the Board to justify any requested establishment increases. Importantly a key aspect of the Policy was the facility for employing committees to ‘trade off’<sup>2</sup> posts, which would enable the employing committees to determine priorities between the services they provided.

4.1.5 In agreeing the new policy the States recognised it was **an interim control** until an improved method could be introduced and that the Civil Service Board would be reporting back to the States on the effectiveness of the 2% growth limit. The Policy Letter emphasised that this proposal was not for the long term stating that:

*“The Board recognises that the proposed arrangement is not ideal but considers that there is a need to take action to restrict the growth in the number of established staff and that an arbitrary limit on the lines suggested in this report is the only action which can be effectively taken in the short-term”* (Billet d’Etat XXV 1987 : 1319).

## 4.2 POLICY DEVELOPMENT

4.2.1 At the end of 1988 the States agreed the number of established staff should continue to be limited for another year and for growth to again not exceed 30 full time equivalents.

4.2.2 In 1989, the Policy was **extended to include and ‘control’ non-established staff**.

4.2.3 In 1991 the States agreed the aim of the Policy should shift to one of **‘zero net growth’ for the total States establishment, excluding Police Officers and States of Guernsey staff working in Alderney and Sark**. The ‘philosophy’ of the policy was summarised as:

---

<sup>2</sup> Where an existing post is deleted, for example due to a service being discontinued or was provided by fewer staff, and that post could be automatically replaced by a new post without increasing the overall number of established staff.

*“The (Civil Service) Board will be principally concerned with net growth and, subject to certain not particularly restrictive provisos, committees will have the authority and autonomy to decide on and manage their own total staffing needs, with a total agreed establishment, enabled by the increased flexibility to create / delete / ‘trade off’ posts and the review of arrangements”.*<sup>3</sup>

4.2.4 Annual reviews took place from 1991 onwards and the States consistently agreed each year that the ‘zero growth’ Policy objective should be maintained. From 1992 onwards, the Policy became tighter still whereby **the aim was not only to maintain ‘zero growth’, but also, where possible, to reduce the total States establishment.**

4.2.5 **In 1995 it was agreed that until such a time as the States resolved otherwise, the Civil Service Board would continue to control the total States establishment, reporting annually on the Policy.** At this time, the benefits the Island derived from the Policy were stated as being:

- The proportion of the work force available to the profit making private sector was enhanced.
- It played a part and set an example to the private sector in limiting the demand for labour and hence pressures for population growth.
- It encouraged Departments to make the best and most efficient use of limited staff resources.
- It reinforces the budget capping financial procedures in restraining staff costs, the major element of States expenditure.

4.2.6 In 1997, the Civil Service Board, in close cooperation with the former Advisory and Finance Committee, undertook a review into the aims and application of the Staff Number Limitation Policy.

4.2.7 The review found that:

- There was overwhelming support for the Staff Number Limitation and its continuation.
- 75% of Committees considered the Policy to have brought benefits to the Island.
- 70% of Committees stated that the Policy had benefited their Committee and its working efficiency.

---

<sup>3</sup> Billet d’Etat XXIV 1995



- Whilst the majority of Committees supported the aims of the Policy ‘in principle’, many felt that the long-term aim of a reduction in staff was unrealistic.
- Several Committees expressed concern over the inevitable lowering of services and in meeting the public expectations of service delivery.
- Committees criticised the unfairness of the Policy as it impacted on different Committees in different ways, specifically relating to the ‘slack’ that some Departments had.
- Committees would like to see the States evaluate long-term corporate and strategic priorities and for priority, and non-priority, areas to be defined with staffing resources allocated in conjunction.
- Increased flexibility of the Policy was sought by Committees.

4.2.8 Following this Policy review, the States agreed the Staff Number Limitation Policy should be **made permanent with the short term aim to limit any growth to as close to zero as practicable and the long-term aim to achieve a reduction in current numbers.**

4.2.9 The States further agreed that human resource considerations would be integrated into the States policy planning process. Committees were asked to include in their submissions to the annual Policy and Resource Plan a statement of the key human resource issues they had identified in relation to their strategic and corporate objectives. Subsequently, from these annual submissions a progress report on the achievement of the aims and application of the Policy was published in the Policy and Resource Plans.

### 4.3 CHANGE OF EMPHASIS

4.3.1 Following the Machinery of Government restructuring in May 2004 responsibility for the Policy passed to the Treasury and Resources Department.

4.3.2 Within the Treasury and Resources Department’s first Budget Report, published in November 2004 and approved by the States in December, the Department stated that it,

*“... is very concerned about the apparently ever-increasing demand for resources, both financial and human, and is looking to all Departments to curtail their demands as far as possible. The Department therefore requires extremely compelling reasons for any increase in resources.”*

4.3.3 In December 2005 the States approved the Treasury and Resources Department’s 2006 Budget Report. The Department stated in the Report that, in light of the ‘Black Hole’ and the resulting public sector financial constraints, it anticipated it would support very few, if any, staff increases in the foreseeable future. It also stated that **if the States of Guernsey was to achieve the**

**necessary public sector expenditure reductions, overall staffing levels would need to fall and the Department would wish to see a reduction of 50 staff per year.**

- 4.3.4 **Importantly the Report replaced what in practice had been the almost automatic replacement of existing staff with a requirement for applications to be made to the Department for not only increases in staff but also for the replacement of staff who had left whether through retirement, resignation or promotion.**
- 4.3.5 The change in procedure was intended to apply to all staff, both established and non-established, with the only exclusions being Police Officers and civil servants in Alderney.
- 4.3.6 The Treasury and Resources Department acknowledged that this represented a “*radical change of culture and direction*” of the Staff Number Limitation Policy. Subsequently the Department introduced new processes to complement this more aggressive approach to new and replacement staff.
- 4.3.7 It was following this shift in Policy emphasis and procedures that the Scrutiny Committee re-launched its Review into the Staff Number Limitation Policy and upon which this Report is based.

#### **4.4 SCRUTINY COMMITTEE’S CONCLUDING COMMENTS**

- 4.4.1 The Policy was introduced as a blunt tool to stop an uncontrolled expansion of the Civil Service.
- 4.4.2 It was originally intended to be a short term measure pending the introduction of an improved method of control.
- 4.4.3 The Committee believes that the underlying Policy objectives remain valid.
- 4.4.4 The aim of the Policy has evolved over time in an attempt to meet changing circumstances and in recognition that it became more difficult for Departments to either reduce or restrict staff numbers in light of increasing demands for public services.
- 4.4.5 Extending the scope of the Policy in 1989 to include all staff employed within the public sector was a significant development.
- 4.4.6 The Treasury and Resources Department’s change in approach and the change in procedure, whereby the almost automatic replacement of staff was replaced by a requirement for application to the Treasury and Resources Department for all staff, were also significant developments.

- 4.4.7 There has been no independent review of the performance and operational consequences of the Policy until this Scrutiny Review.

## 5 POLICY PERFORMANCE AGAINST OBJECTIVES

### 5.1 CURTAILED GROWTH OF PUBLIC SECTOR

- 5.1.1 The former Civil Service Board stated that growth had been rising over the four years preceding the introduction of the Staff Number Limitation Policy, with a 5% and 7% growth in the two years immediately before the Policy's implementation.<sup>4</sup>

- 5.1.2 The perception of most Departments is that the Staff Number Limitation Policy has been a successful tool in limiting growth in numbers of staff employed within the public sector. It has been acknowledged by some Departments that without the Policy, in particular within the early years of its implementation, the size of the public sector would probably have continued to grow, reaching a much larger size than it currently is today.

*“It is not possible to predict what the States establishment would have been today without the policy but one can only suspect it would have been noticeably higher than it is now.”* (Public Services Department written submission 14 July 2005).

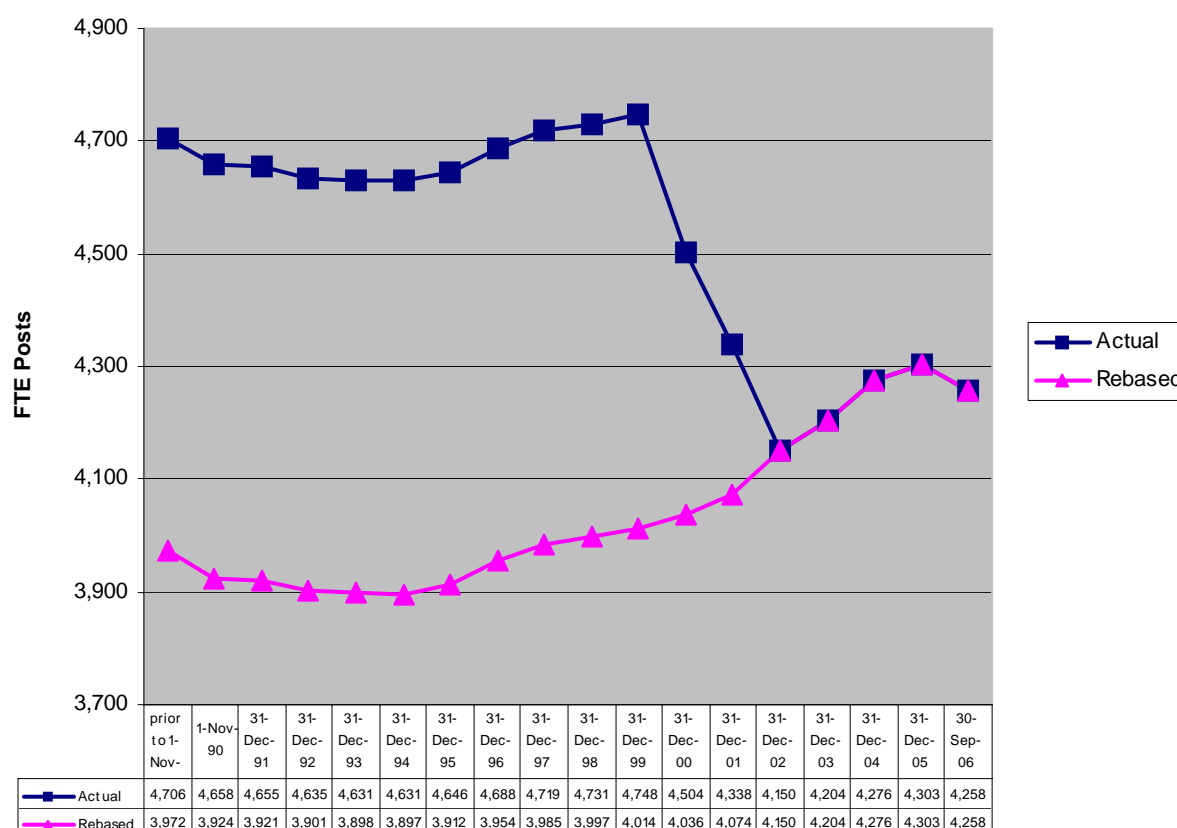
- 5.1.3 Anecdotally, two Departments felt that the existence of the Staff Number Limitation Policy has encouraged better prioritisation within Departments, which has helped keep the staff numbers down. The Culture and Leisure Department and the Public Services Department acknowledged that, by working under the Staff Number Limitation Policy, Departments have been made to work harder and to look for continual efficiencies within. Instead of recruiting staff at random, prioritisation has taken an essential role within the Departments, which ensures that the requirement for a staffing post is carefully evaluated and fully justified, with alternative options and consequences taken into account, before recruitment is considered.
- 5.1.4 The recorded figure for full time equivalent (FTE) staff as of 31<sup>st</sup> December 2005 was 4,303, compared to 4,706 prior to 1<sup>st</sup> November 1990, which is an overall reduction of 403 posts since the Staff Number Limitation Policy was introduced. However, between 2000 and 2002 there was a reduction of 734 FTEs due to the commercialisation of Guernsey Telecoms, Guernsey Post Office and Guernsey Electricity. If the figures are rebased to exclude these staff from the statistics, then **the overall growth from pre-November 1990 to the end of 2005 is 331 FTE posts.**

---

<sup>4</sup> Billet XXV 1988 p1131

5.1.5 The graph in Figure 1 below shows the actual number of public sector staff posts and the trend of growth if the figures are rebased to exclude the losses through commercialisation. It shows that the Staff Number Limitation Policy initially achieved its objective of limiting and reducing the number of staff posts up until 1994, with an overall reduction of 75 since its introduction in 1988. The graph also shows that once the reduction due to commercialisation has been discounted, the total number of staff grew by 406 between 1995 and 2005, a 10% growth in 10 years<sup>5</sup>.

**Figure 1**      The Number of FTE Posts From Prior to 1990 to 2006.



5.1.6 The Committee accepts the Chief Executive's view, as stated in his letter dated 24 August 2006, that the increase in posts occurred at least in part because:

<sup>5</sup> The statistics in Figure 1 are compiled from the Treasury and Resources Department's Financial Reports 2005- 2006 and the Policy and Resource Plan 2001-3. It should be noted that the FTE figures outlined are based on the number of posts, not necessarily the number of people. The figures relating to the exact number of people, rather than posts, is not available to the Scrutiny Committee.

*“...over the last few years those Departments (and their predecessor Committees) have argued strongly under the SNLP<sup>6</sup> that savings in staff have not been possible, and those arguments have been strong enough to have been accepted by those responsible for administering the Staff Number Limitation Policy.”*

- 5.1.7 In his letter, the Chief Executive also outlined that since the tightening of the Policy in December 2005, real staff reductions have been achieved in several Departments. The Treasury and Resources Department recently stated that during 2006 no increases in staff have been agreed, approximately 25 temporary posts have been lost, 45 permanent posts have been returned to the Treasury and Resources Department and a few posts have been replaced with lower graded staff. In addition, the Committee understands there are a number of vacant posts that are under review, a fair proportion of which will be returned to the Treasury and Resources Department.

## **5.2 PUBLIC TO PRIVATE SECTOR BALANCE**

- 5.2.1 One of the key reasons for restricting the growth of the public sector was to make employees available for employment within the private sector, in order to ensure that economic growth could be maximised.

- 5.2.2 A submission from a member of the public outlined their view on the importance of maintaining a public to private sector balance and stated that,

*“...(the number of public sector staff) detracts from those available to work in the private sector to generate the external income the Island needs.”*

- 5.2.3 The Treasury and Resources Department stated during its ‘familiarisation meeting’, and within its written submission dated 29 September 2006, that it is of the opinion the Policy has aided economic growth in the Island, whilst also minimising the pressure on wage inflation. It feels that this situation might have been hindered had the Staff Number Limitation Policy not been implemented in 1988.

- 5.2.4 The Committee has not been able to identify reliable quantitative information to assess the Policy’s performance in this area. However, by way of indication, the Scrutiny Committee has referred to the States of Jersey’s “*Benchmarking the Provision of Public Services 2003*” Report, carried out by KPMG Channel Islands Limited, to ascertain a comparison of the proportion of public to private sector workers between Guernsey, Jersey, Isle of Man and Gibraltar.

- 5.2.5 This Report outlined that in 2003 the percentage of staff employed in the public sector, as a percentage of the total workforce, in Guernsey was 13.56%. This

---

<sup>6</sup> SNLP is an abbreviation for Staff Number Limitation Policy.

was higher than Jersey's equivalent result (11.66%), but lower than both the Isle of Man's (16.53%) and Gibraltar's (22.97%). The Committee has not sought to extend the analysis to compare other important indicators such as Gross Domestic Product, economic trends, unemployment figures etc.

- 5.2.6 The classification of public sector staff within each jurisdiction might vary and therefore these statistics must be treated with caution. As more data is not available, it is not possible to tell how much impact, if any, the Staff Number Limitation Policy has had on the public to private sector balance.

### **5.3 POPULATION GROWTH**

- 5.3.1 In theory restricting the growth of the public sector should help maximise the number of employees available to the private sector, which in turn should subsequently reduce the need for local employers to import staff into the Island to fulfil their staffing and service delivery requirements.
- 5.3.2 However, there are a number of other significant influences on population growth and there is no data available either to support or negate this hypothesis.

### **5.4 FINANCIAL RESTRAINT**

- 5.4.1 During the Review, Departments outlined experiences of how working under the Staff Number Limitation Policy itself incurred increased costs to their Departments and hindered, and contradicted, the objective of reducing staffing costs within the public sector. The Treasury and Resources Department stated in its written submission of 29 September 2006 that the, "*impact is clear to see that payroll costs have increased dramatically*".
- 5.4.2 With the assistance of the Treasury and Resources Department staff, the Committee has analysed payroll costs compared to staff numbers for the years 2003 to 2005. This analysis shows that the number of posts rose by 2.11% (92.41FTE), and the payroll costs for the same period rose by 15.67% (£21,897,000)<sup>7</sup>. The Scrutiny Committee cautions that it is not possible to compare exactly like for like. This analysis compares account figures and actual costs incurred with the Staff Number Limitation Policy establishment figures, not the actual numbers of FTEs employed during that time. The most meaningful assessment is that staff expenditure has gone up by almost 16% between 2003 and 2005, which indicates that the Staff Number Limitation Policy has not controlled staff costs.

---

<sup>7</sup> These figures do not include staff costs charged directly to capital votes, e.g. EDP contract staff or Minor headings e.g. HSSD Accommodation Fund, CI Lottery, and States of Alderney.

### Overtime Costs

- 5.4.3 The Environment Department, Health and Social Services Department, Home Department, Housing Department and Public Services Department outlined that due to restrictions on establishment under the Policy, their staff have increased workloads in attempting to meet service delivery requirements. In order to meet these service demands, the staff work overtime, often excessively, which incurs a cost to the Department. Aside from the detrimental impact on staff welfare this creates, the Departments state that in paying this overtime, it is actually more costly to the Department than it would be to employ an additional member of staff to cover the additional workload. The Departments state that this is again counterproductive to the Policy's revised focus of controlling staffing costs, whilst also hindering the efficiency of the Department.
- 5.4.4 The Environment Department provided figures that showed that the Vehicle Registration and Licensing team of 13 members of staff worked an average of 87 hours a month in overtime over a six-month period, at a cost to the Department of £8,979 (paid at a rate of time and a half for those working over 36 hours a week). It may be that that the Department could afford to take on a supernumerary or part-time member of staff instead of the existing staff working overtime. However, this would not take into account the additional long-term cost to the States of an established member of staff's pension and sick leave and assumes that overtime might no longer be required.

### Restructuring Costs

- 5.4.5 Departments said that by working within the Staff Number Limitation Policy staff changes and restructuring initiatives were restricted, which in turn could result in a negative impact on a Department's overall cost efficiencies. The Education Department exemplified this by outlining its ambition to follow the UK restructuring model, whereby one teacher post in a school is replaced with two teaching assistant posts. This would raise the pupil-teacher ratio, but lower the pupil-adult ratio, and would subsequently lower the overall staffing cost incurred by the Department. The Department has confirmed the need for Guernsey to implement such changes, for efficiency gains and to maintain parity in Conditions of Service for local teachers with those in the UK. This remodelling is critical to the Department's ability to recruit teachers for Guernsey schools. The Department, in its written submission dated 27 July 2005, stated that,

*“(the Department's) ability to implement such an agenda locally is almost irretrievably impaired by Staff Number Limitation Policy. The Department is not able to alter the total number of employees within the service; nor is it able to adjust the ratios of different categories of employees.”*

### Temporary Staff Costs

- 5.4.6 Departments stated that in order to deliver mandated services and work within the Staff Number Limitation Policy they have to employ temporary staff. They said that this could be a cost effective way of meeting short term temporary needs, but when such staff are employed to meet long term core needs then the opposite can be the case, particularly when temporary staff replace temporary staff and have to be trained.

### Trade-Off Post Costs

- 5.4.7 At times under the previous procedures, a lower-grade ‘trade-off’ post would be traded for a higher-grade post. Therefore, although remaining within the permitted staffing establishment of a Department, staffing costs increased. The Housing Department and the Public Services Department, in particular, cited this example as contradicting the Policy objective of controlling staffing costs.
- 5.4.8 However, the only statistical information readily available to analyse this relates to established staff only, rather than total States employees. The data indicates that the increase in proportion of established staff Senior Officer graded posts in comparison to lower graded posts rose from 16% in 2002 to 17% in 2006<sup>8</sup>. Details on this salary grade comparison are lodged at the Greffe.

### Income Generation Initiative Restrictions

- 5.4.9 The Home Department and the Housing Department outlined that the Staff Number Limitation Policy hinders income generation opportunities. A number of service areas could be increased, if additional staff were appointed, which would subsequently increase revenue. However, under the Staff Number Limitation Policy an increase in establishment within these areas, for example traffic wardens or Customs and Excise Officers, is not permitted and therefore stifles such initiatives.

## **5.5 SCRUTINY COMMITTEE’S CONCLUDING COMMENTS**

- 5.5.1 The Committee considers that the Staff Number Limitation Policy has been generally successful in meeting its primary objective of controlling the number of staff employed within the public sector and the Committee accepts that the public sector would probably be much larger than it currently is, had the Policy not been in place.
- 5.5.2 Since the change in emphasis of the Policy, there have been reductions in the number of posts. However, the Committee attributes this more to the financial restraint placed upon Departments, and the Treasury and Resources

---

<sup>8</sup> Billet d’Etat XXII 2002 and Billet d’Etat XIII 2006.



Department's robust approach, rather than to the Staff Number Limitation Policy.

- 5.5.3 The Committee does not have sufficient reliable information to successfully assess the performance of the Policy against its objectives of maximising private sector employment or in limiting population growth.
- 5.5.4 Evidence shows that the Staff Number Limitation Policy has not been successful in its objective of curtailing expenditure on public sector staffing, with payroll costs rising faster than inflation between 2003 and 2005. In addition, submissions from Departments suggest that extra costs have been incurred as a consequence of the Policy's implementation. A control on staff numbers is not necessarily a control on costs, as it does not automatically restrict pay.
- 5.5.5 There has been no in depth analysis of the performance of the Policy since inception and the Scrutiny Committee has identified an acute shortage of appropriate data by which the success or otherwise of the Policy can easily be assessed. The data that is available is not in a meaningful format and there are no identified benchmarks by which the Policy effects can be measured.

## **6.0 POLICY PROCESSES AND PROCEDURES**

### **6.1 ROLES AND RESPONSIBILITIES**

- 6.1.1 The Treasury and Resources Department has responsibility for the Staff Number Limitation Policy. The Policy Council Human Resources Unit's staff assist the Treasury and Resources Department in carrying out the administration of the Policy, in particular with regard to Departments' applications.
- 6.1.2 The majority of Departments outlined their confusion regarding the roles and responsibilities of the Treasury and Resources Department and the Policy Council Human Resources Unit concerning the practical implementation of the Staff Number Limitation Policy. The Departments demonstrated an inconsistent understanding of who has the decision-making power for the Policy and who has operational power for administering it.

### **6.2 2006 POLICY CHANGE IMPLEMENTATION**

- 6.2.1 Departments' Chief Officers received notification of the shift in the Staff Number Limitation Policy emphasis in a briefing paper, circulated by the States Treasurer, at the Chief Officer Group meeting held on 11 November 2005.
- 6.2.2 The briefing paper was raised as an agenda item on financial restraints and cut backs and emphasised that overall staffing levels needed to fall, with the Treasury and Resources Department introducing much stricter controls for each and every vacancy in the public sector.

- 6.2.3 The minutes identify strong objections to the proposals raised by some Chief Officers, one of which was the absence of consultation, but they were informed that, *“it was a political decision driven by the imperative to reduce States expenditure and that the Chief Officers needed to make it work”*.
- 6.2.4 The minutes of the meeting were presented to the Policy Council for information at a subsequent meeting.
- 6.2.5 The 2006 Budget Report, which included the above change in Policy emphasis was then published at the end of November 2005 and agreed by the States of Deliberation on 14 December 2005. Notwithstanding the above, in their submissions, Departments appeared to be confused as to the extent of the revisions and the exact impact they would have on them. In addition, strong objections to the revised controls applying to all vacancies were expressed. However, when asked during the Hearings, no Department had raised their objections at a political level either with the Treasury and Resources Department or with the Policy Council.

### **6.3 DEPARTMENTS’ INTERNAL EVALUATION PROCESSES**

- 6.3.1 All Departments confirmed that whenever a post becomes vacant, a full internal evaluation is conducted which justifies, or not, the replacement of that post. Most Departments cited that this process included determining whether a reorganisation could be more efficient, whether duties could be reassigned or phased out, whether a more cost effective approach was possible (for example contracting work out or temporary appointments), whether the post should still be of the same grade and whether the post and its related provision of service was in line with the Department’s Business Plan. The Departments’ Chief Officers then consider the replacement justification applications and ultimately apply to the Treasury and Resources Department if the replacement is deemed necessary.
- 6.3.2 As well as individual post assessments, some Departments have carried out a major review of all their staffing requirements. The Education Department has carried out a ‘root and branch’ review, which has required the Department to analyse and determine the total number of staff allocated to each school and service, resulting in a fall of 13.5 FTE established posts and a further 10 within the school services.
- 6.3.3 The Home Department’s staffing is also, and continues to be, subjected to external evaluation. Within the first year of its formation, the Home Department undertook a National Audit Review entitled “A Review of Staffing and Operations”, which evaluated and made recommendations on the staffing structures within each of the Services within the Department. The Services within the Home Department, with the exception of the Customs and Immigration Service, are also subject to Her Majesty’s Inspectorate Reports, every 3 years, which specify minimum manning requirements.

## 6.4 THE APPLICATION PROCESS

6.4.1 When a vacancy arises, the Departments are required to apply to the Treasury and Resources Department, justifying the need for the post to be replaced. The States Treasurer sent a memorandum to Departments, dated 13 February 2006, enclosing a “Permanent Established Staff Replacement Form”. A copy of this memorandum is lodged at the Greffe. This form provided a template for justifying applications that Departments could follow if they wished.

6.4.2 The Head of Human Resources, Policy Council, outlined at the ‘familiarisation meeting’, the process that is worked through when an application for a **new** post is received from a Department. The applications should be made directly to the Treasury and Resources Department Minister, which then get passed to the Head of Human Resources, Policy Council. The Head of Human Resources prepares background research on the following:

- What the changes in establishment of that Department have been in recent years.
- What opportunities there were for efficiencies within the Department.
- What opportunities there were for outsourcing work.
- If there were any current vacancies and if a trade-off facility could be utilised.
- Any other alternatives that could be considered rather than increasing the staff establishment.

This report then gets passed to the Chief Officer Treasury and Resources Department for further research and analysis, including:

- Whether the application was tied to an approved States Report.
- The budgetary requirements within the Department.
- Whether there will be any savings if this position is accepted.
- Property issues.
- IT considerations.

Based on this amalgamated research, a recommendation for the increase in establishment is put to the Board of the Treasury and Resources Department for their consideration.

6.4.3 The Policy Council Human Resources Unit outlined that when an application is received for a **replacement** post the following checks are considered:

- Whether the post is permanent.
- If there are any posts already traded-off against it.
- Whether the Department is carrying any supernumerary posts that could be made vacant using this post as a trade off.

Based on this assessment, the Policy Council Human Resources Unit completes a form and either recommends, or not, the replacement of the post to the Treasury and Resources Department Board.

- 6.4.4 The Treasury and Resources Department estimated that the Human Resources Unit manages approximately twelve replacement applications per month and stated that applications were normally turned around within a week. It stated that each application took the Policy Council Human Resources Unit only about ten minutes to process as most were straightforward and the Departments usually present a good case for filling the post.<sup>9</sup>
- 6.4.5 Departments confirmed in their submissions to the Panel that they believed the turnaround of applications to be quick considering the information that has to be processed. Most cited one to two weeks as being the norm. Departments stated they were unaware of the assessment methods used by the Human Resources Unit.

## **6.5 AGREED EXEMPTIONS**

- 6.5.1 Within the 'familiarisation meeting' that took place, the Treasury and Resources Department Chief Officer outlined that exemption agreements had been set up with some Departments, which he identified as those that had demonstrated a firm approach to manpower within their Department. It was specified that these agreements were in place for 2006 only, after which they would be reconsidered.
- 6.5.2 The Education Department, Health and Social Services Department and Home Department have specific exemption agreements in place from the revised Staff Number Limitation Policy procedure of having to apply to the Treasury and Resources Department for replacement posts.
- 6.5.3 These Departments have set up their exemption agreements directly with the Treasury and Resources Department, on a case-by-case basis, and in doing so outlined their planned staffing models and intended staffing reduction plans. The Home Department and Health and Social Services Department were unaware of when their exemption agreements expire. The Education Department's exemption expired in September 2006, however the Department has entered into negotiations with the Treasury and Resources Department regarding an extension.

---

<sup>9</sup> Treasury and Resources submission dated 29<sup>th</sup> September 2006.

- 6.5.4 Departments are confused with regard to the details of the exemption agreements that other Departments have in place, with some Departments stating that they were unaware that other Departments were exempt from the process at all.

#### Non-Established Staff

- 6.5.5 The memorandum outlined in Section 6.4.1, stated that the States Treasurer would soon be writing to Departments regarding the procedure for non-established staff. In the event, following requests from Chief Officers, it was agreed that Departments would not have to apply to the Treasury and Resources Department for the replacement of non-established staff, nevertheless some Departments have elected to still do so.
- 6.5.6 The Health and Social Services Department and Housing Department outlined that the non-established staff that they employ are not subject to the revised replacement post procedures and that applications are not made to the Treasury and Resources Department justifying their replacement.
- 6.5.7 The Departments employing non-established staff that stated they followed the procedures in respect of applying to the Treasury and Resources Department for these posts were the Home Department and the Culture and Leisure Department. The Committee also understands that the Public Services Department makes requests to the Treasury and Resources Department for the replacement of its non-established staff.

### **6.6 SCRUTINY COMMITTEE'S CONCLUDING COMMENTS**

- 6.6.1 Departments were informed, but not consulted, on the change in emphasis of the Policy. Two-way communication between the Departments and the Treasury and Resources Department regarding the procedures, and their impact, has been generally poor. Departments have not informed the Treasury and Resources Department, at a political level, of their concerns or lack of understanding regarding the Policy and its revised procedures.
- 6.6.2 Departments are confused regarding the roles and responsibilities of the Treasury and Resources Department and the Policy Council Human Resources Unit within the implementation and management of the Policy.
- 6.6.3 The implementation of the Policy appears to be fragmented and inconsistent with different arrangements for established and non-established staff. Departments are confused with regard to exemptions of the procedures and, in some cases, Departments are not aware that other Departments have agreed exemptions at all.
- 6.6.4 The "Permanent Established Staff Replacement Form" provides a useful template for Departments in compiling the content of their applications for

replacement posts. However, it was produced two months after the change in procedure being agreed by the States of Deliberation, does not provide guidelines on what determines a successful application and is only applicable to established staff. The position with regard to non-established staff is unclear.

- 6.6.5 Departments themselves evaluate the need for posts when determining whether a vacant post should be replaced. The Treasury and Resources Department duplicates the majority of this process in its own evaluation assessment, which is considered to be bureaucratic and an inefficient function.

## **7 OPERATIONAL PERFORMANCE OF THE POLICY**

### **7.1 INADEQUATE ASSESSMENT OF DEPARTMENTS' NEEDS**

- 7.1.1 The Housing Department, Environment Department, Home Department and Public Services Department cited one of the flaws of the Staff Number Limitation Policy as being its implementation at inception. At that time no objective assessment was made of different Committees' operational requirements, staffing structures or future staffing requirements.

- 7.1.2 As a consequence, some Departments were considered to be in a better position than others when the Policy was implemented. In its written submission dated 05 August 2005, the Housing Department summarises this inequality in the following terms:

*“...as a result, some committees had more ‘fat’ than others and were therefore more able to work within the policy, ‘trading off’ staff to meet their business needs. Arguably, Committees that were operating more efficiently were penalised by the SNLP as they were less able to meet their business needs in this way.”*

- 7.1.3 The Culture and Leisure Department expressed concern that, prior to the current replacement post procedures, Departments would hoard staff in order to retain their establishment when they have no real need to. This meant that some Departments are/have been working inefficiently, with more staff than required, which contradicts the intention of the Staff Number Limitation Policy and has continued the inequality of resources between Departments.

- 7.1.4 The Housing Department and Home Department outlined that upon the implementation of the Machinery of Government no objective assessment of the resource requirements of the new Departments was undertaken, which meant that the Staff Number Limitation Policy continued to operate differently across the States, benefiting some Departments more than others.

- 7.1.5 The Housing Department also outlined in its written response, dated 05 August 2006, that the Staff Number Limitation Policy hides the real staffing needs of a Department:

*“...the Staff Number Limitation Policy is, in fact, helping to mask staffing needs because of its focus on conditioned hours – i.e. the number of hours staff are contracted to work. In reality, staff are working in excess of these hours, often unpaid, and it is these figures that would give a truer reflection of the States’ staffing needs.”*

## **7.2 BUREAUCRATIC ADMINISTRATION AND DUPLICATION OF EFFORT**

- 7.2.1 The majority of Departments considered the requirement to apply for replacement posts to be unnecessarily bureaucratic and an inefficient use of States resources. The Treasury and Resources Department acknowledged in its 29 September 2006 submission that it,

*“...needed to introduce a new system whereby vacancies weren’t just routinely filled without any thought. It was a sledgehammer to crack a nut but was necessary and has clearly worked...It is accepted that sometimes the administrative procedures were burdensome and time consuming”.*

- 7.2.2 The Health and Social Services Department stated during its hearing that it believes the process to *“create an awful lot of work... for no real reasons, as well as being an inconvenience to Departments”*.
- 7.2.3 The Environment Department estimates that it spends approximately 2 hours completing and approving the Staff Replacement Forms, followed by additional time taken to chase the Policy Council Human Resources Unit every few days to ensure as prompt a turnaround as possible. The Department added that the Treasury and Resources Department had turned around its 17 applications in approximately 2 weeks each, which the Department considered to be relatively quick and efficient. However, it did point out that this represented a delay in recruitment of 34 weeks, which was lost solely through having to apply to the Treasury and Resources Department.
- 7.2.4 The majority of Departments have outlined that they consider the analysis process that the Treasury and Resources Department conducts to be a duplication of the evaluation process that they individually undertake when a post becomes vacant.
- 7.2.5 All the Departments consider their internal evaluation process to be sufficient and question the role the Treasury and Resources Department undertakes in analysing and determining how best to resource Departments, as referred to in Section 6.4. The contributors stated that they know their individual service delivery requirements and business objectives in more detail than an outside Department and as such should be able to determine the staffing requirements. The Commerce and Employment Department commented in their submission dated 05 May 2006, and which is symptomatic of the other Departments, that,

*“...we would be concerned if the considered opinion of the Board, its Chief Officer and senior staff in relation to a proposed staffing change were questioned or even overruled by staff within other Departments who are in what we would consider to be a ‘weaker’ position from which to determine the merits or otherwise of an application.”*

7.2.6 The Health and Social Services Department Minister stated in the hearing that,

*“(the procedure) assumes that the centre knows best, and they don’t. We’ve had previous understanding and experience, the centre has complete lack of understanding of what posts actually do.”*

### **7.3 TEMPORARY STAFF**

7.3.1 Departments said that the implementation of the Policy forced them to outsource areas of work and take on temporary staff, which all fall outside the remit of the Staff Number Limitation Policy. The Public Services Department, in its written submission dated 15 July 2005, summarised that,

*“...the use of temporary or contract staff to support a vital role is not necessarily the most effective or efficient means and does not provide for continuity”.*

7.3.2 Departments cited that the employment of temporary staff can incur unnecessary and additional costs to them, which might have been avoided had an additional, permanent established post been permitted.

7.3.3 Departments also recognised that temporary staff can provide flexibility in meeting changing requirements. The Public Services Department considers that these staff can be of benefit, in that there are no ‘hidden’ costs in these employees, for example, paying for annual leave, maternity leave, sickness absence and pension provisions, which is financially beneficial, in these terms, for the Department.

7.3.4 The Scrutiny Committee is aware that the Public Accounts Committee is currently researching the employment of consultants within the public sector. This will provide relevant information, which would be applicable to this Review, on a staffing group that are employed outside the remit of the Staff Number Limitation Policy. The Scrutiny Committee awaits this Report.

### **7.4 SERVICE DELIVERY**

7.4.1 Departments cited a number of key areas where, through complying with the Staff Number Limitation Policy, the effectiveness and efficiency of their service delivery has been encumbered. These key areas are set out below:



### Inflexibility of Managing Resources

- 7.4.2 All the Departments commented that working within the constraints of the Staff Number Limitation Policy hindered the adoption of, and adjustment to, new service initiatives. They stated that the Policy does not allow for any flexibility in controlling departmental staffing resources, restricting efficiency restructuring and new service delivery programmes. The Home Department specified that the Staff Number Limitation Policy prevented Departments from having the autonomy to employ people for the jobs that needed to be done.
- 7.4.3 The Minister of the Environment Department believes that Departments should be given a high degree of flexibility when balancing the management of their three key resources - staff, revenue and capital resources. However, he considers this to be prohibited under the application of the Staff Number Limitation Policy. The Minister stated in the respective hearing that,

*“the current situation is that it (the Staff Number Limitation Policy) is a blunt tool ... and I don’t see that (if we continue with the Staff Number Limitation Policy) we are ever going to ... gain the efficiencies that I certainly believe are probable or are possible to achieve in the future.”*

### Flexibility of Staff

- 7.4.4 The Chief Executive is currently undertaking a “Modernisation of the Civil Service” programme, an important aspect of which is to promote increased flexibility of staffing resources. The Chief Executive outlined in his letter to the Scrutiny Committee, dated 24 August 2006, that within this programme he foresees job descriptions being broader with staff belonging to a professional or service providing ‘community’, either within a Department or across Departments, that could allow movement and development of careers within these communities. The Chief Executive outlined that the rigid staff establishments in place within the Staff Number Limitation Policy conflicted with this programme.
- 7.4.5 The Housing Department outlined, that in the employment climate of today, the focus is on employers enabling their employees to achieve an acceptable work/life balance through provisions such as family friendly policies, flexible working, term-time only contracts, and generally increased flexibility within the working environment. However, the Housing Department feels that the Staff Number Limitation Policy makes it exceedingly difficult for Departments to have the flexibility to comply with best practice.

### Business Approach

- 7.4.6 The majority of Departments outlined that complying with the Staff Number Limitation Policy contravened general business sense and good business management.

7.4.7 The Housing Department Minister stated that,

*“...the public have the right through the taxes that they pay to have proper service delivery, and I am afraid that the Staff Number Limitation Policy and the service delivery policies are in many ways diametrically opposed, and have been for a long time.”*

It is considered by the Housing Department that the States should first ascertain which services it should deliver. Thereafter it should ensure that each of these services is resourced with the right number of people, rather than dictating the level of service with a restriction on staff.

7.4.8 The Health and Social Services Department summarised, in its written submission dated 15 July 2006, that *“not only is the policy no longer needed, but it works actively against efficient and effective delivery of services.”* It considers that the amount of time that its staff have spent on complying with the Policy, to be an inefficient use of States resources that contravenes good business sense.

7.4.9 Cable and Wireless Guernsey Limited and Guernsey Electricity Limited both indicated that since commercialisation and the removal of controls such as the Staff Number Limitation Policy, they have been able to adjust their staffing structures and with the adoption of a more business minded culture have achieved significant staffing efficiencies.

#### Lack of Continuity

7.4.10 Departments expressed concern at the lack of continuity that the Staff Number Limitation Policy imposes upon them. The Environment Department evidenced this by outlining the restrictions that the Staff Number Limitation Policy has created for the Department’s succession planning for their Trainee and Planning Officer posts, as well as the resulting lack of continuity that arises within the Driver and Vehicle Licensing Office.

### **7.5 HINDERING ACTION ON STATES DECISIONS**

7.5.1 The Staff Number Limitation Policy is considered by some Departments to undermine agreed priorities in service delivery. The Health and Social Services Department outlined its frustration of the Policy when the States agrees the introduction of a new service, and acknowledges that staffing posts will be required to implement the service, but, due to a Department’s restrictions under the Staff Number Limitation Policy, this increase in establishment is not permitted unless a ‘trade-off’ takes place.

7.5.2 The Education Department, Health and Social Services Department and Home Department outlined instances where corporate programmes were undermined,

for example with the Drug and Alcohol Strategy, the States Resolution permitted for a 'Co-ordinator' post to be created with the funding available from within the corporate programme's budget. However, the post itself represented an increase in the establishment of the public sector, and therefore, was not permitted under the Staff Number Limitation Policy. Subsequently, one of the Departments working within this corporate partnership was required to find a 'trade-off' post to allow the new corporate programme post to be created.

## **7.6 STAFF MORALE**

- 7.6.1 The Environment Department and Housing Department outlined that compliance with the Staff Number Limitation Policy has a negative effect on staff morale within the Department. Staff are under increased pressures to maintain the service delivery of the Department and as such work additional hours, with no particular end in sight. This causes increased stress within the workplace and ultimately reduces staff morale, leading to increased sickness absence then further requirements for overtime, culminating in a circle of decline.
- 7.6.2 As highlighted by the Housing Department, the 2003 and 2005 Employee Surveys stated that only 50% and 43% of respondents feel that they have sufficient time to do their job effectively. The Department considers this to be concerning, in particular when considered in light of the December 2004 "Health and Safety Executive Management Standards", which stated that in order to avoid stress, staff should be able to cope with the demands of their job.
- 7.6.3 The Housing Department also cited the inability for managers to control the decision making process of the Staff Number Limitation Policy as having an adverse effect on staff morale. Often staff would approach the senior management of the Department requesting an update on the application for a post replacement but the senior management could not provide the answers, or reassurances, on a decision that was with the Treasury and Resources Department. This in turn causes tension between staff.
- 7.6.4 The Environment Department and Culture and Leisure Department expressed concern over the lack of recognition that staff in the public sector receive for doing a good job or putting exceptional effort into their work in order to meet the service delivery requirements of their Department. The Departments believe that if this was recognised, and perhaps rewarded, efficiencies could be made, but under the Staff Number Limitation Policy grading issues are restricted and as such influences the morale, and recruitment, of staff.

## **7.7 SCRUTINY COMMITTEE'S CONCLUDING COMMENTS**

- 7.7.1 The Staff Number Limitation Policy was initially implemented as a short term measure of control. As a result there was an absence of a proper assessment of the needs of individual Departments, which when the Policy became long term

was a fundamental flaw in its operation. As a consequence the Policy has impacted on Departments differently, which has led to inconsistencies and inefficiencies.

- 7.7.2 The Treasury and Resources Department's duplication of the work undertaken by Departments in assessing the need for posts is wasteful of States resources and effects service delivery.
- 7.7.3 While the principle of checks and balances is sound, the Committee does not consider a third-party Department to be best placed to determine the staffing requirements of a Department, which ultimately undermines the decision-making power of the Departments. The Committee considers Departments to be best placed to determine their own staffing assessment needs.
- 7.7.4 The employment of temporary staff to maintain service delivery, solely because of the Staff Number Limitation Policy, may prevent the employment of permanent staff and can be an inefficient and inconsistent use of both staffing and financial resources. It also restricts the long-term planning initiatives of Departments and the continuity and availability of appropriately trained staff.
- 7.7.5 The Scrutiny Committee has concluded that the Staff Number Limitation Policy is a factor that hinders and skews service delivery. The Policy is inflexible in its approach and restricts Departments from restructuring and adapting to meet service demands, contravening a business-style ethos. It is difficult to quantify what services might have been affected, and to what extent, or whether such services might have been considered priority issues. What is clear is that inter-Department or cross-Department 'trade-offs' are not being corporately prioritised and what prioritisation there is occurs as a by-product of administrative processes rather than through a service delivery focus. It is not transparent to policymakers, service providers or service users.
- 7.7.6 The Staff Number Limitation Policy can be counterproductive to the decision-making, and perhaps corporate prioritisation and budget setting, of the States of Deliberation.
- 7.7.7 Today's working environment requires increased flexibility, a viewpoint that is at the centre of the Chief Executive's Civil Service Modernisation Programme. The Staff Number Limitation Policy hinders this initiative by restricting the flexible deployment of employees within the States of Guernsey.
- 7.7.8 The implementation of the Staff Number Limitation Policy has led to increased pressure on, and uncertainty for, staff, which in turn has reduced staff morale. This is considered as a hidden cost for Departments, impacting negatively on service delivery.

## 8 THE WAY FORWARD

### 8.1 THE NEED FOR CONTROL

- 8.1.1 All Departments and the Chief Executive agreed that there was a need for a tool or policy to be in place to control and restrain the number of staff working within the public sector. However, the majority of Departments were strongly in favour of abolishing the Staff Number Limitation Policy in its current format.
- 8.1.2 In its written submission, dated 29 September 2006, the Treasury and Resources Department stated that it considers that:

*“SNLP could be suspended as long as [there is] overall acknowledgement that the public sector can’t grow to the detriment of the wealth generating, private sector. We also have to be careful that if SNLP is suspended it is not seen as an ‘open season’ for Departments to recruit, the message needs to be that restraint is still necessary.”*

### 8.2 AN ALTERNATIVE APPROACH

#### Objective Assessment

- 8.2.1 The Home Department and Housing Department consider it a necessity for an objective assessment to be carried out of the staffing needs across the Departments, with any surplus staff redistributed to wherever the need is greatest at that given time. This would offset the perceived inequalities between Departments, as explained in Section 7.1. These Departments felt that this needed to be co-ordinated corporately to ensure parity between Departments and to take into account the needs of corporate policy prioritisation.

#### Flexibility

- 8.2.2 Departments consider that they should be permitted to allocate staffing resources within their individual Departments, as they consider appropriate, adjusting and restructuring their workforce in order to deliver services in the most effective and efficient method.
- 8.2.3 The Environment Department Minister would like there to be flexibility with, what he considers to be, the three key interlinking resources that need to be considered if Departments are to deliver their mandates efficiently - capital, revenue and staff resources.
- 8.2.4 The Chief Executive’s “Modernisation of the Civil Service” programme focuses on the proactive management of and flexibility of staff. While he considers this programme to be compatible with the need for control, as outlined above, it is not compatible with a number of States practices, including the Staff Number Limitation Policy in its current format.

### Profession Planning

- 8.2.5 The Home Department would like the Head of Professions for IT, Finance and HR to consider the appropriate staffing levels for their professions throughout the States of Guernsey, as if it were one central pool. These staffing levels would be agreed in consultation with the Chief Officers of each Department.
- 8.2.6 This view is supportive of the Chief Executive's Modernisation of the Civil Service programme. This programme would see the creation of "communities" of professions, including for example IT, Finance and HR, with employees appointed within these profession communities and having the flexibility to move between Departments in order to gain experience and respond principally to service delivery requirements.

## **8.3 ALTERNATIVE METHODS OF CONTROL**

### Adapted Staff Number Limitation Policy

- 8.3.1 The Education Department believes that if the Staff Number Limitation Policy was to remain in place, or when its successor is implemented, then it should be applicable to all staffing groups, except "professional staff" such as teachers, police officers and fire officers. The Department does not see the merit in controlling these staff due to their alignment to UK models, and the subsequent reduced flexibility.
- 8.3.2 The Health and Social Services Department Minister suggested that, if it was decided that the Policy had to remain, there were three main levels on which it could be operated. One being the status quo, which is considered the most restrictive, and the second to revert to the historical approach of only applying for 'trade offs' or new posts and not applying for every like-for-like replacement. The third level would be to introduce a cap on the total number of staff for each Department but allow Departments the flexibility to structure staff within this total as it deemed most effective and efficient. The Departments would therefore be responsible for managing and prioritising within themselves. If the Departments then required additional staff on top of the original allocation, they would have to apply to the Treasury and Resources Department.
- 8.3.3 The Health and Social Services Department Minister felt that this would be the best solution if a Staff Number Limitation Policy were to be retained, but he stated that he was strongly in favour of abolishing the Staff Number Limitation Policy, and for it to be replaced with a cash-limit model.

### Cash-Limit Model

- 8.3.4 Departments consider that in place of the Staff Number Limitation Policy, and in today's financial climate, restrictions on Departmental budgets are a more

efficient tool for keeping a sufficient limit, and far tighter control, on the number of employees within the public sector.

- 8.3.5 Financial restrictions have been the driver of Departments' recent endeavours to find efficiencies and savings wherever possible. The Treasury and Resources Department attributes its recent success in limiting and reducing staff numbers to the budget pressures impacting on Departments. One of the consequences of these financial restrictions, and the hunt for cost efficiencies, has been the requirement for Departments to assess staffing needs and to conduct restructuring initiatives within their individual Departments. The Treasury and Resources Department stated in its written submission of 29 September 2006 that,

*“The financial position for Departments has changed. The environment which had persisted of year on year budget growth has fundamentally altered. As a result Departments are taking much greater note of their financial resources and are responding accordingly and are much more aware of the cost of employing staff.”*

- 8.3.6 Departments would like to operate and determine their staffing requirements within the financial constraints imposed by their budgets. The Departments generally outlined that through operating under a cash limit system they would be permitted the flexibility to adapt to service delivery demands, which would enable them to operate more efficiently and effectively through managing and controlling their own resources.
- 8.3.7 The Housing Department specifically stated that in order for a cash-limit model to be successful a more sophisticated budget setting process would need to be implemented, which it anticipates to arise with the introduction of the corporate Government Business Plan.

#### **8.4 CHECKS AND BALANCES**

- 8.4.1 Although the Departments favour the cessation of the Staff Number Limitation Policy and for it to be replaced with a cash-limit model, a number of them recognised that it may not be feasible to rely solely on cash-limits if the current financial restrictions were to be eased. A number of Departments outlined that specific checks and balances would still need to be in place to monitor the progress and performance of a cash-limit model of control.
- 8.4.2 The Education Department outlined that one form of control could be that Departments should only be permitted to spend an agreed percentage of their budget on staffing resources. This would ensure some form of check being in place to monitor the proportion of a Department's budget spent on staffing. The Department also acknowledged that if the financial constraints were to be alleviated then a new Policy would need to be in place working alongside other

key policies such as the Population Policy and Housing Control Law, in order to ensure that the growth of the public sector was constrained.

8.4.3 The Environment Department considers that although it believes the Departments should be given autonomy to manage their capital, revenue and staffing resources, there is still a need for the Treasury and Resources Department and the Policy Council Human Resources Unit to monitor their effectiveness of achieving this. The Environment Department acknowledged that this ‘check’ needs to be controlled centrally and, as such, proposed a number of methods:

- A five year Business Plan for each Department, linking staff requirements to the budget.
- Monitoring the cost effectiveness of service delivery, which should be undertaken by the Public Accounts Committee.
- Capital projects over a certain amount would need to be approved the Treasury and Resources Department or the States of Deliberation.

8.4.4 The Health and Social Services Department consider an annual return on staffing numbers to be beneficial to maintain a check on individual Departments’ staffing resources.

8.4.5 The Housing Department believes that the Public Accounts Committee should be responsible for ensuring that the Departments’ budgets are being best spent and it would also like the Scrutiny Committee to be responsible for ensuring that the service delivery policies of Departments are appropriate.

8.4.6 The Scrutiny Committee has noted aspects of the Isle of Man’s and Jersey’s approach to controlling staffing numbers within their public sectors. The Committee noted specific checks and balances and reporting structures, that could be utilised locally<sup>10</sup>.

## **8.5 SCRUTINY COMMITTEE’S CONCLUDING COMMENTS**

8.5.1 The Scrutiny Committee, along with all Departments, including the Treasury and Resources Department, does not consider the Staff Number Limitation Policy to be the most effective or efficient way of controlling public sector staffing levels. At its inception, the Policy was only intended to be a short-term implementation, until a more suitable method of control was devised.

8.5.2 There is still an essential requirement to control the number of staff employed within the public sector, with suitable checks and balances in place, but in

---

<sup>10</sup>The source documents are – “A Review of the Scope and Structure of Government in the Isle of Man”, September 2006 and Jersey’s “Treasury and Resources’ Report on Public Sector Manpower June 2006”.



today's financial climate the Staff Number Limitation Policy is no longer considered to be the optimum tool. In its place some form of cash-limit model is favoured by the Scrutiny Committee, all Departments, including the Treasury and Resources Department, and the Chief Executive.

- 8.5.3 It is considered that if a cash-limit model were to be implemented, it could provide Departments with the basis, along with the changes put forward within the Chief Executive's Modernisation Programme, on which to have sufficient flexibility to focus on meeting their service delivery requirements, whilst allocating and managing their staffing resources as they consider best. It puts the decision-making power on how to deliver the optimum service into the hands of the Departments.
- 8.5.4 The Scrutiny Committee expresses caution that if the same mistakes made with the Staff Number Limitation Policy, as outlined in this report, are repeated then any alternative tool of control will have the same consequences. The Committee also cautions that the Staff Number Limitation Policy is not the only factor influencing issues such as flexibility, efficiency, distortion of priorities etc and its replacement is not a cure-all.

## **9 RECOMMENDATIONS**

- 9.1 The Staff Number Limitation Policy should not continue in its current format.
- 9.2 In place of the existing Staff Number Limitation Policy, the Treasury and Resources Department should report back to the States of Deliberation, perhaps in the June 2007 Interim Financial Report, with an alternative policy for controlling staff numbers.
- 9.3 The Treasury and Resources Department's report should include:
- A clear and robust policy statement on the control of staff numbers (inclusive of all staffing groups).
  - Quantitative and qualitative benchmarks and performance indicators for ensuring delivery of the policy statement.
  - Clear guidelines on the respective roles and responsibilities of Departments and Committees.
- 9.4 The Scrutiny Committee suggests that a cash-limit model be adopted that permits Departments and Committees to be responsible for controlling their staffing numbers and allocating their staffing resources, as they consider appropriate for delivering their mandated services, subject to them keeping within their allocated budgets.

- 9.5 The need for restraint should be emphasised to Departments and Committees, who must demonstrate a proactive and robust approach when considering their staffing allocations.
- 9.6 Departments and Committees should submit reports to the Treasury and Resources Department on specific staffing information, which will then collate this information and submit an annual report to the States of Deliberation for their information and monitoring.
- 9.7 The content of this report will be determined by the Treasury and Resources Department, but the Scrutiny Committee would expect to see data included on:
- Annual average total of number of staff employed by each Department/Committee
  - Annual average total number of vacancies within each Department/Committee
  - Annual average total staffing costs
  - Service delivery impact
  - Economic trends such as the public to private sector ratio
- 9.8 The report should be of a standard format, which can be used as a comparison over time, to enable the close monitoring of staffing levels within the States of Guernsey.
- 9.9 Pending the Treasury and Resources Department reporting back to the States, the Committee suggests that the Department liaise with all Departments and Committees to clarify and amend where appropriate the existing processes and procedures.

## GLOSSARY OF TERMS

<b>Total States Establishment</b>	The sum total of all States Committees'/Departments' establishments.
<b>Establishment</b>  but	The number of permanent established staff and non-established staff posts (full time equivalents),  excluding Police Officers and States of Guernsey staff working in Alderney and Sark if their employment costs are not effectively met by the States of Guernsey and if such staff are not taken from the Guernsey employment pool.
<b>Established Staff</b>	Permanent full time or part time officers whose duties are wholly or mainly administrative, professional, technical or clerical.
<b>Non-Established Staff</b>	Comprise of all other States employees, for example teachers, nurses, manual workers, police officers.
<b>FTE</b>	Full-time equivalent posts, for example 2 part-time posts equals 1 FTE.

## DOCUMENTS LODGED AT THE GREFFE

- Submissions by, and correspondence with, the Policy Council, States Departments and Committees, and the Chief Executive.
- Submissions by commercialised utilities.
- Submissions by members of the public.
- Notes from the familiarisation meeting with the Treasury and Resources Department.
- Set of questions and issues raised with each Department during the hearing.
- Transcripts of the Departmental hearings.
- Supporting information provided by the Treasury and Resources Department, including:
  - Salary grade comparisons of established staff between 2002 and 2006.
  - States Treasurer's memorandum dated 13 February 2006.
  - Establishment staff numbers and costs for 2003 and 2005.
  - Chief Officer Group Briefing Paper and extract of the minutes of the Chief Officer Group meeting, dated 11 November 2006.
- Isle of Man Government Report, "*A Review of the Scope and Structure of the Government in the Isle of Man: An Independent Report to the Council of Ministers.*" September 2006
- Jersey Treasury and Resources Department Report, "*Report on Public Sector Manpower.*" June 2006
- Relevant extract from the States of Jersey Report, "*Benchmarking the Provision of Public Services.*" 2004 KPMG Channel Islands Limited

## APPENDICES

A – THE SCRUTINY PROPOSAL

B – THE CHIEF EXECUTIVE'S LETTER DATED 24 AUGUST 2006

C - POLICY COUNCIL AND DEPARTMENT COMMENTS ON FINAL DRAFT

## **APPENDIX A**

### **THE SCRUTINY PROPOSAL**

**A SCRUTINY PROPOSAL**

**FOR**

**REVIEWING STATES POLICIES REGARDING LIMITING/REDUCING**

**STAFF NUMBERS**

**Background**

The need for and the effectiveness of the Staff Number Limitation Policy was raised in the Committee's informal meetings with Department Ministers. The comments made by some Ministers indicated that certain Departments considered the Policy to have a detrimental effect on service delivery and, while it had been beneficial when introduced, circumstances had changed and it was no longer effective or required. The Committee nominated three Members, Deputy Pritchard, Deputy Le Moignan and Deputy Gollop to research the matter.

The Chairman wrote to the Chief Minister, Ministers and Chairmen asking for the Policy Council's and the respective Departments and Committee's comments on the effectiveness and effects of the Staff Number Limitation Policy. Respondents were offered the opportunity to comment on any issues or areas of research they wished to bring to the Committee's attention.

The responses, further research undertaken and the impact of recent Budget proposals to reduce staff numbers have led to the Members presenting this Scrutiny proposal to the Committee for its consideration.

**Benefits and Disadvantages of a Review**

Advantages.

- Will provide a valuable insight into States Policies for its most valuable, and costly, resource.
- Will have a direct bearing on the effective delivery of all States services.
- Findings and research will have significant implications for other important policy and service delivery areas e.g. prioritisation and other human resource policies.
- Will increase public awareness and understanding of the workings of the States.

Disadvantages

- May raise unrealistic expectations.
- May lower staff morale.
- The findings are unlikely to be well received by all.
- Will require the commitment of a significant amount of the Committee's resources.
- Could cross over into Operational Issues

### **Support for the Review**

Responses from Departments have expressed majority support for a Review of the Staff Number Limitation Policy.

While external bodies have not been consulted the Committee has issued a press release stating its intention to carry out this Review and the public response through the media and in direct contact with the Committee has been supportive of a Review being carried out.

### **Applicable Criteria**

- It is of significant public concern
- Concerned with a significant issue i.e. Human Resources
- Concerned with service delivery
- Concerned with corporate policy that effects the performance of all States Departments
- Committee Members raised the matter because of concern that SNLP is not effective; supported by comments made by Department Ministers
- No other body is better placed to carry out an independent review
- The Committee has adequate resources to carry out the Review
- The topic is timely, and concerned with priorities

### **Purpose of the Review**

The draft terms of reference for this Scrutiny Review are:

*To review States policies for controlling and reducing the number of public sector staffing resources*

The Review will particularly focus on the effectiveness and effects of the existing Staff Number Limitation Policy and the measures being adopted to reduce staff numbers.

The Review is within the context of a wider investigation by Scrutiny into the application of States Resources to ensure the effective delivery of services.

### **Objective**

**To develop evidence based recommendations for improving policies for the effective control of States staffing resources within the context of overall States priorities and objectives.**

### **Rationale for the Review**

The former Civil Service Board's 1987 Policy Letter to the States, on the recommendation of which the States first introduced SNLP on a formal basis, recognised that the policy was an 'arbitrary' arrangement that was 'not ideal' and the "only action which can be effectively taken in the short-term".

The 1987 Policy Letter and subsequent yearly ‘reviews’ of this policy further recognised a number of disadvantages that limitation of staffing resources would have on the ability of Departments to effectively deliver services. The Committee is concerned with what measures have been taken to mitigate these negative effects. The Scrutiny Committee believes that an independent review of this policy is long overdue for its effectiveness to be objectively assessed.

This policy Review is consistent with the Committee’s mandate, in particular to determine the effectiveness of policies and services and promoting changes in policies if the evidence suggests that these need amending. The effective allocation of staffing resources impacts on the delivery and prioritisation of States services generally. Consequently, particularly in relation to the appropriate use of States resources, this is an issue of significant public concern.

### **Scope of the Review**

The Review will include:

- an investigation into how the Staff Number Limitation Policy is implemented and processes used for the allocation of staff resources to Departments;
- consideration of the measures being adopted to reduce staff numbers;
- an assessment of the effectiveness of the Staff Number Limitation Policy in meeting its objectives;
- a review of the need for controls on staff numbers and consideration of alternative forms of control; and
- consideration of how Staff Number Limitation Policy links with other policies and its ‘fit’ with the corporate approach and priorities.

The Review will take into account the recent Chief Executive’s initiative to modernise the Civil Service, the Treasury and Resources Department’s stated requirement for overall staff levels to fall and its wish to see a reduction of the order of 50 per year.

It is **not** within the scope of this Review to seek either an increase or reduction in staffing resources or to carry out a cost cutting exercise. Rather, the purpose of the Review is to examine the appropriateness of **policies** relating to control and allocation of staffing resources and identify how these may be better managed and prioritised. However, in doing so, this may coincidentally **indicate**, but not develop, areas in which efficiencies may be made through more effective policy and implementation.

The Committee recognises that this Review will have an impact on the work of the Public Accounts Committee and vice-versa. The Committee will be working closely with the Public Accounts Committee to ensure that work streams are not duplicated and that related subjects are coordinated.

The Committee regards its Reviews as an evolutionary process and continues to monitor the implementation and effectiveness of its recommendations.

### **Outputs**

The Outputs of the Review will include:

- Desktop research and written consultation with interested parties.



- Face to face fact-finding and discussions with consultees / responsible parties (format to be decided).
- Published Review Report

### **Programme**

<b>Schedule</b>	<b>Start</b>	<b>Finish</b>
Stage 1 – Scoping (One Week)	03/02/06	10/02/06
Key Lines of Enquiry (Three weeks)	10/02/06	03/03/06
Stage 2 – Research and Familiarisation (Four weeks)	03/03/06	31/03/06
Stage 3 – Written Evidence Submission and Analysis (Seven weeks)	13/03/06	19/05/06
Stage 4 – Public Hearings Evidence Submission (Three weeks)	19/05/06	19/06/06
Stage 5 – Supplementary Research/Deliberation/Option Appraisal (Two weeks)	9/06/06	23/06/06
Stage 6 – Recommendations and Reporting (Five weeks)	23/06/06	28/07/06

#### **Stage 7 – Ongoing Monitoring**

The above programme includes an allowance for the continuation of the Committee's other work-streams. However experience has shown that estimating the amount of evidence to be collected is difficult and the above should be regarded as target dates.

### **Examples of Potential Contributors**

The Minister Treasury and Resources Department and his Chief Officer.

The Chief Minister and the Head of Human Resources.

The Chief Executive

Ministers / Senior staff of employing Departments and Committees

The Public

Representatives from Commercialised States services.

Private Sector bodies, e.g. The Chamber of Commerce, Institute of Directors.

Staff Representatives.

### **Has anyone else examined this issue?**

Not to our knowledge.

### **Resources**

Scrutiny Panel Members:

Deputy J Pritchard (Chairman)

Deputy E Walters

Deputy D Staples

Staff Support:

Mr Roger Domaille Chief Scrutiny Officer  
Mrs A Martel, Scrutiny Officer  
Miss L Bougourd, Junior Executive

Minute Taker.

Typist.

Review Venue.

Consumables.

**Success Indicators**

- Implementation of recommendations
- Departmental response
- Public/Media response
- Monitor performance indicators to be established for any new policies developed as a result of the Review

## **APPENDIX B**

### **THE CHIEF EXECUTIVE'S LETTER DATED 24 AUGUST 2006**



Deputy J A Pritchard  
Chairman  
Scrutiny Committee  
Sir Charles Frossard House  
La Charroterie  
St Peter Port  
GUERNSEY  
GY1 1FH

Sir Charles Frossard House  
PO Box 43, La Charroterie  
St Peter Port, Guernsey  
GY1 1FH  
Telephone +44 (0) 1481 717000  
Facsimile +44 (0) 1481 717299  
+44 (0) 1481 713787  
Email [mike.brown@gov.gg](mailto:mike.brown@gov.gg)  
[www.gov.gg](http://www.gov.gg)

24 August 2006

Dear Deputy Pritchard

#### **STAFF NUMBER LIMITATION POLICY (SNLP)**

Thank you for your letter of 2 August 2006 concerning your review of the SNLP and in particular the way in which it should fit with the modernising of the Civil Service process..

The timing of your letter is fortuitous in that I was intending to write to you shortly to ask whether you would be kind enough to let me attend a forthcoming Scrutiny Committee meeting to provide an update of the modernisation process. If you are content for me to do that we could perhaps also discuss in more detail the brief comments set out below in connection with the SNLP review.

The first thing I would say about SNLP is that it must be right for the States to have a robust and well defined policy on staffing numbers. A crucial element in the economic dynamics of any community is the division of the overall workforce between the revenue generating private sector and the essential service delivering public sector. The comments in your Scrutiny proposal relating to the introduction of the SNLP in 1987 are telling (i.e. *"recognising that the policy was an 'arbitrary' arrangement that was 'not ideal' and the 'only action which can be effectively taken in the short-term'"*). I acknowledge that I had at least some influence over those words and I have always regarded the SNLP as a 'blunt' instrument, albeit at the time of its introduction a very necessary one, as the public sector was growing at a totally unrealistic and unsustainable rate. Over the years the SNLP has been reviewed from time to time but it has not been radically changed.

I am convinced that the SNLP has been a good and necessary restraint on staff numbers but the question is whether it remains appropriate in its current form.

Whilst, I believe, the SNLP has achieved its aim of restraint it has not achieved a reduction in numbers. It is, in my view, revealing that over the last 6-9 months real staff reductions have been achieved in several States Departments. This has been achieved because Departments at both political and staff level have acknowledged that there is now a pressing need to curtail expenditure. The fact is however that over the last few years those Departments (and their predecessor committees) have argued strongly under the SNLP that savings in staff have not been possible, and those arguments have been strong enough to have been accepted by those responsible for administering the SNLP.

Turning now to the flexibility of staff within the modernising programme, I envisage arriving at a position, which should be achievable in the relatively short term, where job descriptions are much broader than at present and staff within a professional 'community' may not necessarily be assigned to a particular Department. This would clearly cause difficulty with the current administrative process where every Department has a very precise 'establishment'. I would like to elaborate on this concept when updating you on the modernisation process.

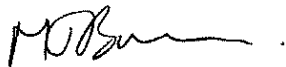
To 'cut to the chase' my view is that there should be a clear and robust States policy on staff numbers but much of the current administrative process for the SNLP could be dispensed with (or at least 'suspended') given the current broad acceptance of the States financial position (and associated actions and implications) now and looking forward.

The modernisation process is essentially aimed at moving from a historic culture of focus on administrative procedures and processes to one of looking at delivering service outcomes through active staff management.

The current culture may express itself by the wish of some to retain the security of familiar administrative processes although that is, in my view, no longer a sustainable position.

I look forward to learning of your conclusions on this important issue.

Yours sincerely

A handwritten signature in black ink, appearing to read 'MJB', followed by a small dot.

M.J. Brown  
Chief Executive

## **APPENDIX C**

### **POLICY COUNCIL AND DEPARTMENT COMMENTS ON FINAL DRAFT**

#### **Explanatory Note**

At the time of publication of this Report the Scrutiny Committee has not received the final formal comments of the Social Security Department.

In normal circumstances the Scrutiny Committee would delay publishing this Review until it had received the formal comments of the Social Security Department. However, in this instance, a good proportion of States Members, in their role as Department Members, have already read and commented on the Review and the Committee would be concerned if at the time of the Budget debate some Members had been afforded access to a relevant Scrutiny Review whilst others had not.

The Scrutiny Committee is most grateful to the Social Security Department for its full co-operation with this Review and wishes to stress it fully appreciates the reasons of timetabling difficulties and pressure of work cited by the Social Security Department for not responding by the requested date.

The Social Security Department's comments on the factual accuracy of the Review are lodged at the Greffe and, for the avoidance of doubt, the Scrutiny Committee will include the final formal comments of the Social Security Department in the Committee's Report to the States, which it hopes to present in February 2007.

The Committee's letter to the Social Security Department informing it of the Committee's reason for publishing the Review at this time is attached to this appendix.



**POLICY COUNCIL**  
THE STATES OF GUERNSEY

Our ref: C/S/1

The Chairman  
Scrutiny Committee  
Sir Charles Frossard House  
La Charroterie  
St. Peter Port  
GY1 1FH

**Policy Council**  
Sir Charles Frossard House  
PO Box 43, La Charroterie  
St Peter Port, Guernsey  
GY1 1FH  
Telephone +44 (0) 1481 717000  
Facsimile +44 (0) 1481 713787  
[www.gov.gg](http://www.gov.gg)

29 November 2006

Dear Deputy Pritchard

**Staff Number Limitation Policy**

Thank you for your letter dated 22<sup>nd</sup> November 2006, enclosing a copy of the Scrutiny Committee's report dated November 2006 on the above matter.

The Policy Council, at its meeting on 27<sup>th</sup> November 2006, gave preliminary consideration to the report and agreed as follows: -

1. In accordance with general Policy Council policy, not to make any official comment on the report at this stage, but to await submission of the final States report.
2. To inform the Scrutiny Committee informally, that it considers the omission of the views of the Social Security Department to be unfortunate; and
3. To reserve its position on whether or not to accept a late submission of the report to the Policy Council's meeting on 11<sup>th</sup> December.

I look forward to receiving the finalised States Report in due course.

Yours sincerely

L C Morgan  
Chief Minister



**COMMERCE AND EMPLOYMENT**  
A STATES OF GUERNSEY GOVERNMENT DEPARTMENT

Commerce and Employment  
Raymond Falla House  
PO Box 459, Longue Rue  
St Martin's, Guernsey  
GY1 6AF  
Tel +44 (0) 1481 234567  
Fax +44 (0) 1481 235015  
[www.gov.gg](http://www.gov.gg)

Deputy J Pritchard  
The Chairman  
Scrutiny Committee  
Sir Charles Frossard House  
La Charroterie  
St Peter Port  
Guernsey  
GY1 1FH

22 November 2006

Dear Deputy Pritchard

I am writing in response to your request for the Department's final comments on your review of the Staff Number Limitation Policy.

The Department is pleased to note that its comments made in the Minister's letter to you of 1 November have been taken into account in the final report. The Department is therefore supportive of the final report.

The Department congratulates the panel on carrying out such a thorough review of a long-standing and difficult policy.

Yours sincerely

Carla McNulty Bauer  
Deputy Minister





**CULTURE AND LEISURE**  
A STATES OF GUERNSEY GOVERNMENT DEPARTMENT

**Culture and Leisure**  
Guernsey Information Centre  
North Esplanade  
St Peter Port, Guernsey  
GY1 2LQ  
Telephone +44 (0) 1481 713888  
Facsimile +44 (0) 1481 749269  
Email [cultureleisure@gov.gg](mailto:cultureleisure@gov.gg)  
[www.gov.gg](http://www.gov.gg)

The Chairman  
Scrutiny Committee  
Sir Charles Frossard House  
PO Box 43  
La Charroterie  
St Peter Port  
Guernsey  
GY1 1FH

21 November 2006

Dear Deputy Pritchard

**Scrutiny Review – Staff Number Limitation Policy**

Thank you for your letter of 10 November 2006 and the opportunity to comment on the final draft of the Report on the above.

The Culture and Leisure Department, having commented in the initial drafting stages, has nothing further to add to the final report except to commend the Scrutiny Committee on its work on this matter.

As highlighted in the Report there are more effective methods of controlling staff numbers now in place that do not prejudice efficient working and where identified changes in staffing and structure can bring real improvements in the delivery of services. In this regard, the Staff Number Limitation Policy has served its purpose and the Department is gratified to see that your Committee has recognised this and proposed its replacement.

Yours sincerely

Deputy Peter Sirett  
Minister



Education Department  
PO Box 32  
Grange Road  
St Peter Port, Guernsey  
GY1 3AU  
Telephone +44 (0) 1481 710821  
Facsimile +44 (0) 1481 725971  
www.gov.gg

Our ref: 2285/DTN/GE

D. T. Neale, BA.(Hons), MA.(Ed)  
Director of Education

27<sup>th</sup> November, 2006

Deputy J. A. Pritchard,  
Scrutiny Committee,  
Sir Charles Frossard House,  
La Charroterie,  
St. Peter Port,  
Guernsey.  
GY1 1FH

Dear Deputy Pritchard,

Thank you for giving the Education Department the opportunity to participate in the Scrutiny Committee's review of the Staff Number Limitation Policy (SNLP) and to comment on its final recommendations.

The Scrutiny Committee's findings confirm the Education Department's own previous views on the SNLP. My Board is pleased to note in particular that the Scrutiny Committee:

- endorses the view that individual Departments are best placed to evaluate their priorities and operational staffing requirements
- considers that in its present form, the SNLP is no longer effective and contrary in its operation to the State's overall requirement to restrain costs and increase efficiency
- recommends the suspension of the SNLP and its replacement by a cash limit model.

These conclusions of the Scrutiny Committee accord exactly with my Board's long held views and the Department believes that the replacement of a cash limit model will provide flexibility and more efficiency in the management of the Education Service.

Yours sincerely,

Deputy M. A. Ozanne  
Minister  
Education Department



# ENVIRONMENT

A STATES OF GUERNSEY GOVERNMENT DEPARTMENT

Environment Department  
 Sir Charles Frossard House  
 PO Box 43, La Charroterie  
 St Peter Port, Guernsey  
 GY1 1FH  
 Telephone +44 (0) 1481 717200  
 Facsimile +44 (0) 1481 717099  
 Email [env@gov.gg](mailto:env@gov.gg)  
[www.gov.gg](http://www.gov.gg)

Our Ref: ED/ADM/SCRUTINY

Deputy J A Pritchard  
 Chairman  
 Scrutiny Committee  
 La Charroterie  
 St Peter Port  
 Guernsey  
 GY1 1FH

~~20~~ November 2006

Dear Deputy Pritchard

## SCRUTINY REVIEW - STAFF NUMBER LIMITATION POLICY

I refer to your letter dated 3<sup>rd</sup> November 2006 attaching the final draft of the Scrutiny review on the Staff Number Limitation Policy. This draft report along with the revised recommendations was considered by the Environment Department at its meeting held on 14<sup>th</sup> November.

The Environment Department supports the work of the Scrutiny committee in this area and is grateful for being afforded the opportunity to comment on the final draft of the report. However, the Department has agreed that it wishes to make no further comments at this time.

Yours sincerely

  
**B M Flouquet**  
 Minister

### POLITICAL RESPONSIBILITIES

Environmental policy; Management of States and Crown land; Land use policy and plans; Control of development including conservation and heritage protection;  
 Public transport, traffic management, road safety, road networks and co-ordination of road works; Driving licences, vehicle taxation



HEALTH AND SOCIAL SERVICES  
A STATES OF GUERNSEY GOVERNMENT DEPARTMENT

Corporate Services  
Corporate Headquarters  
Le Vauquiedor  
St Andrews, Guernsey  
GY6 8TW  
Telephone +44 (0) 1481 725241  
Facsimile +44 (0) 1481 235341  
[www.gov.gg](http://www.gov.gg)

Our Ref: sk

The Chairman  
Scrutiny Committee  
Sir Charles Frossard House  
La Charroterie  
St Peter Port  
GY1 1FH

15<sup>th</sup> November 2006

Dear Deputy Pritchard

Scrutiny Review – Staff Number Limitation Policy

Thank you for sending me a copy of your draft report on the above subject, which was discussed by my Board at our recent meeting.

The Board was very pleased with the report and fully supports the proposals. It looks forward to the abolition of the Staff Number Limitation Policy as this will help to make the Department run more efficiently and effectively.

Yours sincerely

P J ROFFEY  
Health and Social Services Minister

NOT PROTECTIVELY MARKED

**HOME**

A STATES OF GUERNSEY GOVERNMENT DEPARTMENT

**Home**

Sir Charles Frossard House

PO Box 43, La Charroterie

St Peter Port, Guernsey

GY1 1FH

Telephone +44 (0) 1481 717000

Facsimile +44 (0) 1481 736972

[www.gov.gg](http://www.gov.gg)

Deputy J A Pritchard  
Chairman  
Scrutiny Committee  
Sir Charles Frossard House  
P O Box 43  
La Charroterie  
St Peter Port  
Guernsey  
GY1 1FH

14 November 2006

Dear Deputy Pritchard

**SCRUTINY REVIEW – STAFF NUMBER LIMITATION POLICY**

Thank you for your letter of 10 November and final draft of the above mentioned Review Report.

This matter was placed before the Board at its meeting of 13 November 2006 and I have nothing further to add regarding the Review and thank you for the opportunity to comment.

Yours sincerely

**M W Torode**  
**Minister**  
**Home Department**

E/Scrutiny Committee/Letter re SNLP/141106/jmm



Sir Charles Frossard House  
PO Box 43, La Charroterie  
St Peter Port, Guernsey  
GY1 1FH  
Telephone +44 (0) 1481 717000  
Facsimile +44 (0) 1481 713976  
[www.gov.gg](http://www.gov.gg)

Chairman  
Scrutiny Committee  
Sir Charles Frossard House  
PO Box 43  
La Charroterie  
St Peter Port  
Guernsey  
GY1 1FH

20 November 2006

Dear Deputy Pritchard

**Scrutiny Review - Staff Number Limitation Policy (SNLP)**

Thank you for your letter dated 3 November 2006.

The Housing Department has been pleased to participate in this review of the SNLP, which we consider to be the most comprehensive that has ever been undertaken since its inception.

The Report accurately reflects our experience of the SNLP, which we consider to be anachronistic.

The Housing Department fully supports the key thrust of your recommendations that departments be given the freedom to manage their staff within their budget allocations. The Department hopes that Treasury and Resources will accept your findings and bring forward a system better suited to managing public sector staff in the 21<sup>st</sup> Century.

Yours sincerely

D Jones  
Minister

**POLITICAL RESPONSIBILITIES**

Housing Strategy, Corporate Housing Programme, States Housing, Rent Control, Housing Associations (regulation and funding), House Purchase and Improvement Loans, Residential Homes (Maison Maritime/Longue Rue House), Housing Control and Right to Work Laws.



Central Services  
Sir Charles Frossard House  
PO Box 43, La Charroterie  
St Peter Port, Guernsey  
GY1 1FH  
Telephone +44 (0) 1481 717000  
Facsimile +44 (0) 1481 725887  
Email [publicservices@gov.gg](mailto:publicservices@gov.gg)  
[www.gov.gg](http://www.gov.gg)

06 November 2006

The Chairman  
Scrutiny Committee  
Sir Charles Frossard House  
La Charroterie  
St Peter Port  
Guernsey  
GY1 1FH

Dear Deputy Pritchard

**SCRUTINY REVIEW – STAFF NUMBER LIMITATION POLICY**

Thank you for your letter of 03 November 2006.

I confirm that I have no further comments to make concerning your proposals.

Yours sincerely

William M Bell  
Minister



Scrutiny Committee  
 Sir Charles Frossard House  
 PO Box 43, La Charroterie  
 St Peter Port, Guernsey  
 GY1 1FH  
 Telephone +44 (0) 1481 717000  
 Facsimile +44 (0) 1481 713787  
 Email [scrutiny@gov.gg](mailto:scrutiny@gov.gg)  
[www.gov.gg](http://www.gov.gg)

The Minister  
 Social Security Department  
 Edward T Wheadon House  
 Le Truchot  
 St Peter Port  
 Guernsey, GY1 3WH

22<sup>nd</sup> November 2006

Dear Deputy Lowe

### **STAFF NUMBER LIMITATION POLICY**

I refer to previous correspondence resting with our letter dated 10<sup>th</sup> November 2006 and to the attached self-explanatory letter to the Policy Council dated 22<sup>nd</sup> November 2006.

The Scrutiny Committee fully appreciates the reason for the Social Security Department not being able to respond by the requested date and is grateful to your Chief Officer for keeping it informed.

You will note from the letter to the Policy Council the Scrutiny Committee's concern to ensure all States Members have equal access to the Review prior to the budget debate and it trusts the Social Security Department will accept the need for the Scrutiny Committee to press ahead with the publication of the Review.

I stress that the Committee is grateful to you and your Department for your complete co-operation and assistance with the Review and that the Scrutiny Committee values the Department's formal comments, which will be attached to the Scrutiny Committee's States Report on the Staff Number Limitation Policy Review.

I should be grateful if you would forward your Department's formal comments to the Scrutiny Committee as soon as your Members have considered the Report.

The Chief Scrutiny Officer will be pleased to provide your staff with any further information or assistance they require.

Thank you for your continuing support and co-operation within this Review.

Yours sincerely

Deputy J A Pritchard  
 Chairman





Treasury and Resources  
Sir Charles Frossard House  
PO Box 43, La Charroterie  
St Peter Port, Guernsey  
GY1 1FH  
Telephone +44 (0) 1481 717000  
Facsimile +44 (0) 1481 717321  
[www.gov.gg](http://www.gov.gg)

The Chairman  
Scrutiny Committee  
Sir Charles Frossard House  
La Charroterie  
St Peter Port  
GY1 1FH

14 November 2006

Dear *Jean*,

**Staff Number Limitation Policy**

Thank you for your letter dated 10 November 2006 enclosing a revised final draft of your Committee's Report.

I am pleased to confirm that at its meeting on 14 November 2006 the Treasury and Resources Department had no further comment

Yours sincerely

L S Trott  
Minister

## **APPENDIX 2**

### **SOCIAL SECURITY DEPARTMENT RESPONSE TO THE REVIEW REPORT**

The Minister  
 Social Security Department  
 Edward T Wheadon House  
 Le Truchot  
 St Peter Port  
 GY1 2WH

19<sup>th</sup> December 2006

Dear Deputy Lowe,

### **Scrutiny Review – Staff Number Limitation Policy**

Thank you for your comprehensive response to the Committee's Staff Number Limitation Policy Review Report dated 11<sup>th</sup> December 2006.

I regret that the Committee was unable to wait until it received your comments before publishing its Report in order to publish it in advance of the States debate on the Budget. I would like to take this opportunity to reiterate however that the Committee is grateful for the full cooperation of your Department to the Review process and it appreciates your reasons of timetabling and work pressures for not having responded sooner.

Whilst it was unable to include your comments in the Review Report, the Committee has taken these into account in the drafting of its States Report on this subject and will append your letter of 11<sup>th</sup> December 2006 and this response to that Report.

The Committee notes the Social Security Department's concern with the wording "staff numbers" used in recommendations 9.2, 9.3 and 9.4 and the suggestion that these should instead be changed to refer to staff costs. The Committee believes that all of the strategic objectives of the Staff Number Limitation Policy remain valid, which include limiting the possible negative effects of public sector growth on the Island's economy and population. Whilst a driving factor is the control of costs, there is also a requirement to monitor and "control" the size of the public sector in general. It is the mechanism of control that the Committee found to be outdated and a tight control on expenditure through setting cash limits on Departments should have the desired effect of keeping numbers in check. That is not to discount the necessity for setting a policy statement for the control of staff numbers and for monitoring growth in numbers as well as costs.

In light of the above, the Committee will not be changing the wording of its recommendations. I can assure you however that the Committee is concerned, as no doubt you are, that the bureaucracy of the current system is not maintained and it will be emphasizing this in its ongoing discussions with the Treasury and Resources

Department. Furthermore, the Committee will be keeping your Department's comments in mind when it comes to monitor the outcomes of its Review recommendations.

Turning now to the point you have raised regarding controlling the use of consultants, the Committee has decided not to change this recommendation as you suggest as this would be beyond its Terms of Reference for this particular Review. As you will be aware, the Public Accounts Committee is reviewing the employment of consultants within the public sector. The Committee considers that a move to budgetary control, instead of a limitation on staff numbers, will provide a check against the use of consultants except where justified and the employment of consultants will no longer be a way to avoid staffing controls.

I trust that the above has addressed the points that you made. Once again, thank you for your cooperation with and support for the scrutiny process.

Yours sincerely

signed

Deputy S Maindonald  
Vice-Chairman



# SOCIAL SECURITY

A STATES OF GUERNSEY GOVERNMENT DEPARTMENT

Edward T. Wheadon House  
Le Truchot, St. Peter Port, Guernsey  
GY1 3WH  
Telephone +44 (0) 1481 732581  
Facsimile +44 (0) 1481 732501  
Email enquiry@ssd.gov.gg  
www.gov.gg

Deputy J A Pritchard  
Chairman, Scrutiny Committee  
Sir Charles Frossard House  
St Peter Port  
Guernsey  
GY1 1FH

Our Ref: ML

Your Ref:

Date: 11 December 2006

Dear Deputy Prichard

## Staff Number Limitation Policy

Further to previous correspondence, the Social Security Department is now in a position to comment on the Scrutiny Committee's report on the Staff Limitation Policy.

The Social Security Department supports the general findings of the report and also supports the recommendations in Section 9 of the Report, subject to the following few comments:

The numbering follows the numbered recommendations.

- 9.1 Agreed
- 9.2 Generally agreed, but members consider that the concluding words 'staff numbers' should be replaced with 'staff costs'.
- 9.3 Generally agreed, but members consider that the words 'staff numbers' should be replaced with 'staff costs'.
- 9.4 Agreed by the majority of the Department, but members consider that the words 'their staffing numbers' should be deleted.
- 9.5 Agreed.
- 9.6 Agreed.
- 9.7 Agreed
- 9.8 Agreed, but members consider that the words 'and use of consultants' should be inserted after 'staffing levels'. Members wish to see a check against the use of consultants being a method of avoiding staffing controls.

9.9 Agreed.

Members are aware that the Scrutiny's Committee Report has been finalised, which means that the suggested amendments, if they were to be accepted by the Scrutiny Committee, will not appear in the text. Members trust, however, that the intention of the amendments is clear.

Members consider that the States, in approving any replacement to the Staff Limitation Policy, should ensure that the replacement mechanisms allow for increases in the staffing budgets of particular Departments in exceptional circumstances or on the introduction of new services approved by the States. From the Social Security Department's perspective, examples would be on a move to an income-related family allowances and means-tested support for substantially increased property taxes. The Department considers that variations in staffing budgets, in such situations, would probably be best handled by the Treasury and Resources Department under delegated authority from the States.

The Social Security Department looks forward to the new staffing policy now being progressed.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mary Lowe', with a horizontal line drawn underneath it.

Mary Lowe  
Minister

(NB The Policy Council recommends that the States approve the Scrutiny Committee's recommendations.

The Policy Council also endorses the Treasury and Resources Department's view that Departments and their management will need to vigorously control staff numbers and hence expenditure.)

(NB The Treasury and Resource Department's comment is set out below.)

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port  
Guernsey

9<sup>th</sup> January 2007

Dear Sir

# **SCRUTINY REVIEW OF THE STAFF NUMBER LIMITATION POLICY ("SNLP")**

In the past two years the Treasury and Resources Department has managed to curtail the seemingly endless demand by Departments to increase the number of States employees. Furthermore, during 2006 there was actually a decrease in staff numbers. **This reversal is a major achievement and one that needs to be built upon given that payroll represents over half of all of the States ongoing revenue expenditure.**

As set out in its 2007 Budget Report, the Treasury and Resources Department has worked alongside the Scrutiny Committee to consider what changes are required to the existing Staff Number Limitation Policy and associated administrative procedures to ensure that the above objectives are delivered in an efficient manner. The Department is confident that this work will result in strategies and procedures which are more aligned to the current situation.

The Treasury and Resources Department therefore welcomes the Scrutiny Committee's review of the Staff Number Limitation Policy.

**In agreeing with the Scrutiny Committee's recommendation that SNLP should not continue in its current form but be replaced with a cash-limit model, the Department emphasises that in doing so it is taking on trust Departments' commitment and ability to continue to deliver financial restraint.**

If Departments demonstrate that they are able to control expenditure by adopting a responsible attitude towards staff numbers then that trust will have been justified. If not, then the Treasury and Resources Department will need to consider recommending the re-introduction of stricter bureaucratic controls.

The Treasury and Resources Department will continue to closely monitor both staff numbers and, increasingly importantly, payroll costs. The Department will continue to report on these figures as part of its annual Budget and Interim Financial Reports.

In order to ensure that all Departments continued to vigorously assess their priorities and staff resources, the Department introduced much stricter controls over staff recruitment. New procedures were implemented in January 2006 to ensure that any members of staff who leave (through retirement, resignation, or internal promotion) were not automatically replaced.

Although the Department recognised that this approach was a blunt instrument, it strongly believed that the culture of previous years staff replacement was, by and large, automatic and needed a **short sharp shock**. Put simply, the financial situation meant that such a radical change of culture and direction was required.

It should be noted that having achieved its aim, the requirement for Departments to formally approach the Treasury and Resources Department before any vacant post can be filled ceased with effect from 1 January 2007. **However, Departments must continue to ensure that vacancies are only filled when necessary and after all other options have been considered.**

## RECOMMENDATION

The Treasury and Resources Department recommends that the States approve the Scrutiny Committee's recommendations, but in doing so emphasises that Departments and their management will need to vigorously control staff numbers and hence expenditure.

Yours faithfully

L S Trott  
Minister



**EXTRACTS FROM THE 2007 BUDGET REPORT****Payroll Costs**

	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>
	£'000	£'000	£'000	£'000	£'000
Policy Council	2,336	2,419	2,427	2,376	2,419
Treasury & Resources	8,155	8,214	7,812	7,414	7,016
Commerce & Employment	3,407	3,600	3,512	3,260	3,210
Culture & Leisure	4,081	3,556	3,932	3,437	3,187
Education	42,013	39,390	39,396	36,057	33,715
Environment	3,731	3,509	3,380	3,071	2,720
Health & Social Services	57,845	56,870	52,939	49,654	46,153
Home	21,252	20,421	18,785	17,368	15,789
Housing	2,196	2,121	1,996	1,831	1,969
Public Services	2,111	2,328	1,904	1,994	1,860
Social Security	1,062	1,070	972	914	848
Public Accounts Committee	87	87	77	53	0
Scrutiny Committee	179	168	110	34	0
Legal Services	5,363	4,952	4,333	3,997	3,554
<b>TOTALS</b>	<b>153,818</b>	<b>148,705</b>	<b>141,575</b>	<b>131,460</b>	<b>122,440</b>
% Increase	3.4%	5.0%	7.7%	7.4%	9.0%

**The above payroll costs are in respect of General Revenue only. Non-General Revenue payroll costs (States Works, Dairy, Ports, Social Security Funds etc.) are not included.**

**Note: Total budgeted revenue expenditure for 2007: £301m**

**STAFF NUMBERS**

	<b>Total 31.12.05</b>	<b>Transfers</b>	<b>Returns</b>	<b>Total 30.9.06</b>
	FTE	FTE	FTE	FTE
Policy Council	75.75	(9.00)	(2.12)	64.63
Treasury & Resources: Income Tax	85.17			85.17
Treasury & Resources: Others	69.47	39.50*	(4.00)	104.97
Commerce & Employment	136.61	(10.30)	(7.00)	119.31
Culture & Leisure	113.09	5.00	(4.00)	114.09
Education: Teachers and Lecturers	671.71			671.71
Education: Others	228.98		(15.00)	213.98
Environment	76.56			76.56
Health & Social Services: Nurses	828.22	(8.00)		820.22
Health & Social Services: Others	837.31	4.50	(8.00)	833.81
Home	295.45	1.00		296.45
Housing	104.68			104.68
Public Services	595.20	(25.70)	(5.00)	564.50
Social Security	112.17			112.17
Public Accounts Committee	1.00			1.00
Scrutiny Committee	2.00			2.00
Legal Services	69.95	3.00		72.95
<b>TOTALS</b>	<b>4303.32</b>	<b>-</b>	<b>(45.12)</b>	<b>4258.20</b>
Number of Police Officers	177.00			177.00
<b>GRAND TOTALS</b>	<b>4480.32</b>	<b>-</b>	<b>(45.12)</b>	<b>4435.20</b>

\* These transfers are mostly in respect of the centralisation of Land and Property.

- Not included in these figures are States of Guernsey staff working in Alderney and Sark.
- Number of Police Officers set by States and not included in Staff Number Limitation Policy.

The States are asked to decide:-

III.- Whether, after consideration of the Report, dated 19<sup>th</sup> December, 2006, of the Scrutiny Committee, they are of the opinion:-

1. To approve the Committee's conclusions and recommendations as summarised in that Report.
2. To direct the Treasury and Resources Department to report back to the States with an alternative policy for controlling staff numbers, taking into account the Scrutiny Committee's recommendations in its Review Report.
3. To note the Scrutiny Committee's intention to monitor the development and implementation of an alternative policy for controlling staff numbers.

**STATUTORY INSTRUMENTS LAID BEFORE THE STATES**

**THE HEALTH SERVICE (MEDICAL APPLIANCES)  
(AMENDMENT) (NO. 2) REGULATIONS, 2006**

In pursuance of Section 35 of The Health Service (Benefit) (Guernsey) Law, 1990, the Health Service (Medical Appliances) (Amendment) (No. 2) Regulations, 2006, made by the Social Security Department on 20<sup>th</sup> December, 2006, are laid before the States.

EXPLANATORY NOTE

These Regulations further amend the Health Service (Medical Appliances) Regulations, 1990, as amended, by increasing the charges payable to authorised appliance suppliers in Guernsey and Alderney by persons supplied with Part I, II or III medical appliances who are not exempt from such charges.

**THE SOCIAL INSURANCE (BENEFITS)  
(AMENDMENT) (NO. 2) REGULATIONS, 2006**

In pursuance of Section 117 of the Social Insurance (Guernsey) Laws, 1978-2004, the Social Insurance (Benefits) (Amendment) (No. 2) Regulations, 2006, made by the Social Security Department on 20<sup>th</sup> December, 2006, are laid before the States.

EXPLANATORY NOTE

These Regulations amend the schedules to the Social Insurance (Benefits) Regulations, 2003 and prescribe the reduced rates payable from 1<sup>st</sup> January 2007 to claimants who do not satisfy the conditions for entitlement to payment of the maximum rate of benefit.

**THE SOCIAL INSURANCE (CONTRIBUTIONS)  
(AMENDMENT) REGULATIONS, 2006**

In pursuance of Section 117 of the Social Insurance (Guernsey) Laws, 1978-2004, the Social Insurance (Benefits) (Amendment) (No. 2) Regulations, 2006, made by the Social Security Department on 20<sup>th</sup> December, 2006, are laid before the States.

EXPLANATORY NOTE

These Regulations, which amend the Social Insurance (Contributions) Regulations, 2000:

- (a) provide that dividends paid to an employee of a private company are to be treated as earnings;
- (b) correct an erroneous reference;

- (c) remove the option for a non-employed person aged 60 or more to elect not to pay Social Insurance contributions, whilst allowing those who had so elected to continue;
- (d) restrict the award of Family Allowance credits to persons present in Guernsey and Alderney, and allow their award in circumstances where the Allowance would have been payable, for example, where a claim had not been made.

**THE SOCIAL INSURANCE (RESIDENCE AND PERSONS ABROAD)  
(AMENDMENT) (GUERNSEY) REGULATIONS, 2006**

In pursuance of Section 117 of the Social Insurance (Guernsey) Laws, 1978-2004, the Social Insurance (Residence and Persons Abroad) (Amendment) (Guernsey) Regulations, 2006, made by the Social Security Department on 20<sup>th</sup> December, 2006, are laid before the States.

EXPLANATORY NOTE

These Regulations amend the Social Insurance (Residence and Persons Abroad) (Guernsey) Regulations, 1978 by increasing the period of absence from Guernsey, required to extinguish liability to pay Class 2 and Class 3 contributions, from 5 weeks to 13 weeks; and thus providing that a self-employed, or non-employed person, who is ordinarily resident in Guernsey shall continue to be liable to pay a weekly contribution throughout a temporary absence from the Island of less than 13 weeks.

**THE IMMIGRATION (ACCESSION) (WORKERS FROM BULGARIA  
AND ROMANIA) (GUERNSEY) RULES 2006**

In pursuance of section 3(2) of the Immigration Act 1971 as extended to the Bailiwick of Guernsey by the Immigration (Guernsey) Order 1993, the Immigration (Accession) (Workers from Bulgaria and Romania) (Guernsey) Rules, 2006, made by the Home Department on 27<sup>th</sup> December, 2006, are laid before the States.

EXPLANATORY NOTE

These Rules make provision for regulating access to the Bailiwick of Guernsey's labour market of workers who are nationals of Bulgaria or Romania on the accession of those nations to the European Union on 1st January 2007. The Rules have been made in the light of the United Kingdom's derogation from the usual position under European Community law by regulating access by nationals of those nations to its labour market. This derogation is provided for by the Accession Treaty for Bulgaria and Romania (signed in Luxembourg on 25<sup>th</sup> April 2005) and can be applied for a transitional period of five years (that is from 1<sup>st</sup> January 2007 to 31<sup>st</sup> December 2011)

Rules 1 and 2 contain general provisions and definitions of expressions applicable to the Rules.

Under Rule 3 a worker who is an “Accession State national subject to worker authorisation” will only be able to reside in the Bailiwick of Guernsey if he or she holds “accession worker authorisation document” which includes, amongst other things, a work permit issued by the Home Department.

Rule 4 deals with Bulgarian and Romanian nationals who do not fall to be treated under Rule 3 but who may reside in the Bailiwick.

Rules 3 and 4 both require compliance with provisions of employment or control of occupation of housing legislation in force in the part of the Bailiwick within which they may be residing.

Rule 5 provides that an accession State national subject to worker authorisation is only authorised to work in the Bailiwick if he or she holds an accession worker authorisation document and is working in accordance with the conditions set out in the document.

Rules 6 and 7 sets out procedure for the issuing of an accession authorisation document.

Rules 8 and 9 deal with offences

### **THE HEALTH SERVICE (PAYMENT OF AUTHORISED SUPPLIERS) (AMENDMENT) REGULATIONS, 2007**

In pursuance of Section 35 of The Health Service (Benefit) (Guernsey) Law, 1990, the Health Service (Payment of Authorised Suppliers) (Amendment) Regulations, 2007, made by the Social Security Department on 11<sup>th</sup> January, 2007, are laid before the States.

#### EXPLANATORY NOTE

These Regulations amend the Health Service (Payment of Authorised Suppliers) Regulations, 2003 by increasing the graduated fees paid to pharmacists not employed by a medical practice.

*APPENDIX I*

**SOCIAL SECURITY DEPARTMENT**

**ACTUARIAL REVIEW OF GUERNSEY HEALTH SERVICE FUND**

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port

21<sup>st</sup> December 2006

Dear Deputy Morgan

In accordance with Section 20 of the Health Service (Benefit) (Guernsey) Law, I attach an actuarial review on the operation of the Law for the five year period 1 January 2001 to 31 December 2005.

As required by the Law, I should be grateful if you would arrange for the report to be laid before the States in due course.

Yours sincerely

Mary Lowe  
Minister

Enc



**Report by the Government Actuary on the operation of  
the Health Service (Benefit) (Guernsey) Law in the period  
1 January 2001 to 31 December 2005**





To the Minister and Members of the Social Security Department:

In accordance with Section 20 (1) of the Health Service (Benefit) (Guernsey) Law 1990, I have reviewed the operation of the Law in the period of five years to 31 December 2005 and submit the following report on the adequacy of the present contribution rates. All references to Guernsey are to be taken to include the Islands of Herm, Jethou and Alderney.

Chris Daykin, CB FIA  
Government Actuary

November 2006

## Table of Contents

---

<b>1</b>	<b>Introduction</b>	<b>1</b>
<b>2</b>	<b>Income and expenditure for the years to 2005</b>	<b>1</b>
<b>3</b>	<b>Assumptions underlying the estimates for the years to 2005</b>	<b>2</b>
<b>4</b>	<b>Estimated future income and expenditure</b>	<b>11</b>
<b>5</b>	<b>Effect of varying the assumptions</b>	<b>12</b>
<b>6</b>	<b>Conclusion and recommendation</b>	<b>14</b>
	<b>Appendix 1 Summary of benefits and contributions</b>	<b>15</b>
	<b>Appendix 2 Summary of accounts for the years 2001 to 2005</b>	<b>17</b>
	<b>Appendix 3 Graphs of primary care consultations</b>	<b>18</b>
	<b>Appendix 4 Number of prescriptions per doctor consultation</b>	<b>19</b>
	<b>Appendix 5 Fund projections from 2005 to 2010</b>	<b>20</b>

---

## 1 Introduction

---

- 1.1 Section 20(1) of the Health Service (Benefit) (Guernsey) Law 1990 requires regular actuarial reviews to be carried out of the operation of the law, in particular with regard to the adequacy of the contribution rates to meet benefit expenditure in future years. At the request of the Guernsey Social Security Department I have carried out such a review under the terms of Section 20(1) as at 31 December 2005. The review covers the period from 2001 to 2005.
- 1.2 This report is addressed to the Minister and Members of the Social Security Department, who are free to make it available to any interested parties. However, sections of the report should not be quoted out of context or without acknowledging authorship.
- 1.3 The previous review was carried out as at 31 December 2000, covering the period from 1997 to 2000, and the results of that review were set out in my report dated January 2002. The results showed that, on the main set of assumptions made, Fund income was projected to exceed expenditure over the whole future period considered by the review (the four years to 2005). In addition, the mean size of the Fund was projected to increase slightly as a proportion of annual expenditure.
- 1.4 The results of this review, and the assumptions behind them, are shown in the following sections. The effect of different assumptions about future experience is also included. A brief summary of the benefits provided and contributions payable up to 2005 is given in Appendix 1. In the estimates, we have also taken into account the contributions and benefits payable in 2006 and the rates announced for 2007. We have not taken into account any further changes to the contributions structure that might be implemented in 2008, although we have allowed for normal up-ratings.
- 1.5 The calculations for this review were based on health benefit statistics and contribution statistics provided by the Guernsey Social Security Department. Reference was also made to the Financial Statements of the Guernsey Health Service Fund, audited by KPMG. There were some small discrepancies between these two sources, possibly owing to the different dates at which the statistics were finalised. Where there was any conflict, the figures in the Financial Statements were taken as definitive.
- 1.6 This report is in compliance with the International Actuarial Association guidelines for reports on social security programmes.

## **2 Income and expenditure for the years to 2005**

---

- 2.1 The income and expenditure of the Health Service Fund in each of the years from 1 January 2001 to 31 December 2005 are summarized in Appendix 2. This also shows a comparison with the projections made at the time of the previous review.
- 2.2 It can be seen from Appendix 2 that the Fund's income was generally somewhat higher than projected at the previous review. A large part of this difference can be explained by the fact that Guernsey has experienced much lower levels of unemployment than anticipated at the previous review and therefore contribution income has been higher than expected.
- 2.3 Benefit expenditure has been very close to that projected at the previous review. Differences have occurred because of the increase in the consultation grants in 2004, the re-negotiation of the specialist health groups in 2003 and the reduction in the cost of drugs in 2005 as a result of cost control measures. The cost of administration has also been lower than projected.
- 2.4 Overall, taking income and expenditure together, operating surpluses have generally been greater than expected and the result has been that the Fund represents a higher proportion of annual expenditure than anticipated. In 2005, the mean Fund (including realised and unrealised gains) was equivalent to 109 per cent of expenditure in that year compared with 80 per cent five years earlier.

### 3 Assumptions underlying the estimates for the years to 2005

- 3.1 In this section of the report an examination is made of the changes in recent years in the factors which affect the income and expenditure of the Fund, with a view to establishing suitable assumptions for estimating the income and expenditure in future years. However, it is not possible to forecast with certainty the future course of some important factors, such as the relationship between the average net ingredient cost per item for medicines and the general levels of prices and earnings, so an indication of the sensitivity of the estimates to changes in some of these factors is given in section 5.

#### Numbers of consultations

- 3.2 The numbers of primary care consultations in the period since 2000 are shown in Table 1. The numbers do not include specialist consultations since these are provided under the various specialist contracts. Consultation grants are only payable for primary care consultations

**TABLE 1**  
**Numbers of primary care consultations with doctors and nurses, 2000 to 2005**

Year	Doctor	Nurse
2000	229,328	57,648
2001	236,602	63,234
2002	236,791	66,416
2003	239,433	69,741
2004	237,842	70,934
2005	246,419	72,191
Average annual increase over 5 years	1.45%	4.60%

- 3.3 The numbers of doctor consultations have increased slightly over the period. However, if we consider the monthly figures, which are set out graphically in Appendix 3, it is clearer that the number of consultations has not increased as much as previously for most of the period under review, although there was something of a spike in the winter of 2005. The number of nurse consultations has also levelled off.
- 3.4 The average numbers of doctor consultations per head of population have been calculated separately by sex and five-year age-group, for the period from 2001 to 2005. These have then been applied to the future population as estimated for the Social Insurance review as at 31 December 2003, allowing for net immigration of 200 a year. A similar method was used for nurse consultations, the difference being that the average over the period 2003 to 2005 was used, since the number was still increasing

in 2001 and 2002. This gave a projection of the total numbers of consultations for future years. The estimated numbers of consultations for 2005 were then compared with the actual numbers of consultations for doctors and nurses respectively, and all future projected consultations were adjusted by these ratios.

- 3.5 The numbers of primary care consultations projected for the years from 2005 to 2010 are shown in Table 2.

**TABLE 2**

**Projected numbers of primary care consultations with doctors or nurses to 2010**

Year	Doctor	Nurse
2005	246,419	72,191
2006	247,612	72,747
2007	248,922	73,401
2008	250,219	74,044
2009	251,608	74,735
2010	252,981	75,379

**Consultation grants**

- 3.6 The amounts paid for each consultation were increased in 2004 to £12 for doctor consultations and £6 for nurse consultations. Previously, the rate had been £8 for doctor consultations and £4 for nurse consultations. No increases have been announced for the future, although the position is being kept under review, and we have assumed that there are no further increases in the grant up to 2010. The effect of increases in the consultation grant is shown in section 5.

**Numbers of prescription items**

- 3.7 The total numbers of prescription items, and the average number of items per doctor consultation, are shown in Table 3 for each of the years from 2000 to 2005.

**TABLE 3**

**Average numbers of prescription items per primary care doctor consultation, 2000 to 2005**

<b>Year</b>	<b>Doctor Consultations</b>	<b>Prescription Items</b>	<b>Average Number of Items per Consultation</b>
2000	229,328	925,352	4.04
2001	236,602	966,171	4.08
2002	236,791	995,336	4.20
2003	239,433	1,048,650	4.38
2004	237,842	1,093,392	4.60
2005	246,419	1,128,468	4.58
Average annual increase over 5 years	1.45%	4.0%	2.6%

- 3.8 It should be noted that the above table shows the number of items per primary care consultation. In practice, some of the prescription items will relate to specialist consultations where treatment was on an out-patient basis. However, where the specialist consultation takes place on an in-patient basis, any drugs are supplied directly by the hospital, drawing on its general revenue account.
- 3.9 The number of items prescribed in the scheme as a whole has grown quite strongly in this period, which represents a continuation of the trend identified at the previous review.
- 3.10 The numbers of prescription items per consultation increased by 2.6 per cent a year between 2000 and 2005 but the long-term trend is slightly lower at 2.2 per cent a year. The graph of the monthly figures in Appendix 4 indicates a seasonal pattern but with an underlying upward trend.
- 3.11 It is not clear how long this upward trend will continue. For the projections, we have assumed that the average annual number of prescription items per doctor consultation will increase by 2.2 per cent a year from 2005 to 2010 but we have investigated the effect on the finances of the scheme if the increase is reduced by the current initiative to control items prescribed. The resulting projected numbers of prescription items are shown in Table 4.

**TABLE 4**

**Projected number of prescription items to 2010**

<b>Year</b>	<b>Prescription Items</b>
2005	1,128,468
2006	1,158,879
2007	1,190,640
2008	1,223,174
2009	1,257,023
2010	1,291,687

**Cost of drugs and medicines**

- 3.12 Although the number of prescription items has been increasing steadily from year to year, one of the most significant items contributing to the cost of the scheme has been the cost of drugs and medicines. The cost to the Fund in respect of drugs and medicines is made up of two main components: the net ingredient cost and the remuneration payable to dispensers. The former is calculated according to the provisions of the British Drug Tariff, the pricing of the prescription items being carried out on behalf of the Guernsey Social Security Department by the Prescription Pricing Division of Great Britain. The level of payment to approved dispensers is negotiated each year.
- 3.13 The average net ingredient cost and the average total cost of drugs and medicines per prescription item are shown in Table 5 for each year from 2000 to 2005. These costs are before the deduction of any offsetting prescription charge.

**TABLE 5**

**Cost of pharmaceutical benefit 2000-2005**

<b>Year</b>	<b>Average net ingredient cost per item (£)</b>	<b>Cost per item of payments to dispensers (£)</b>	<b>Average total cost per item (£)</b>
2000	10.30	1.29	11.59
2001	10.65	1.36	12.01
2002	11.08	1.37	12.45
2003	11.27	1.57	12.84
2004	11.41	1.57	12.98
2005	10.63	1.49	12.12
Average annual increases over 5 years	0.6%	2.9%	0.9%



- 3.14 Overall, the average net ingredient cost per item rose very little over the period 2000 to 2005. This was as a result of cost control initiatives, including the establishment of the prescription white list and the appointment of a pharmaceutical advisor, which led to a fall in the average cost in 2005. In the past, this cost has risen by a little more than the retail price index (RPI) but drives to contain costs make it unlikely that the cost will outstrip prices in the next 5 years and might even be less.
- 3.15 For the main projections I have assumed that average net ingredient cost per item will rise in future in line with the RPI. The net ingredient cost has increased by more than the RPI in the past but continuing cost control measures will mean a lower average increase in the next few years. The rate of increase in prices is assumed to be 3 per cent a year from mid-2005 onwards, which is broadly consistent with the average rates of price inflation in Guernsey over the last economic cycle.
- 3.16 The rate of increase of average net ingredient cost per item is influenced by many factors, some unconnected with the Guernsey Health Service, so that past experience may not be a reliable guide to the future. The relationship between the rate of increase of average net ingredient cost per item (as one of the main determinants of the benefit cost) and the annual increase in the general level of earnings (on which the Fund's contribution income is based) is a significant factor in the future financial condition of the scheme. Section 5 considers the impact on the results of assuming that the average net ingredient cost per item will increase at a higher and a lower rate.
- 3.17 In addition to the cost of the ingredients, the total cost of pharmaceutical benefits per item includes the remuneration of approved dispensers. There has been a freeze on dispensing fees since 2004. I have assumed that this will partially end in 2007 and that dispensing fees will increase by half price inflation in 2007 (1.5 per cent). Thereafter the dispensing costs per item are assumed to increase in line with price inflation, namely at 3 per cent a year. The resulting projected costs of pharmaceutical benefit, on a per item basis, are shown in Table 6.

**TABLE 6**  
**Projected cost of pharmaceutical benefit to 2010**

Year	Average net ingredient cost per item (£)	Total cost per item (£)
2005	10.63	12.21
2006	10.95	12.52
2007	11.28	12.87
2008	11.62	13.26
2009	11.97	13.66
2010	12.33	14.07

## Prescription charges

- 3.18 The remaining element in determining the net cost to the Fund of pharmaceutical benefit is the prescription charge made in respect of each item. The prescription charge has been increased regularly since the last review, roughly to keep pace with the increases in net ingredient costs. In 2005 the prescription charge stood at £2.40. Over recent years, prescription charges have increased each year by 10 pence and it has been assumed that this practice will continue until 2010. This represents an annual percentage increase of about 4 per cent, compared with our assumption of 3 per cent a year for the rate of price inflation.
- 3.19 Some people receiving prescriptions are exempt from paying prescription charges. The proportion of exempt items rose from 48.4 per cent in 2000 to 53.9 per cent in 2005. The percentage increase in the proportion of exempt prescription items over the period since 1996 has been quite variable but has averaged out at about 1 per cent a year. I have therefore assumed that the proportion that is exempt will increase by 1 per cent a year in future.

## Appliances

- 3.20 A limited range of appliances has been provided under the Health Service scheme since November 1977. The number of appliances prescribed and the average cost per appliance in the period 2000 to 2005 are shown in Table 7.

**TABLE 7**

### Numbers of Appliances Prescribed and Average Costs 2000-2005

Year	Number of Items	Average Cost Per Item (£)
2000	2,458	79.69
2001	2,885	83.44
2002	3,640	73.10
2003	4,615	62.39
2004	4,554	66.08
2005	5,028	74.95
Average annual increase over 5 years	15.4%	-1.2%

- 3.21 The number of appliances prescribed, as a percentage of the total population, has increased erratically but has averaged out to about 10 per cent a year over the long term. However, there has recently been a very large increase and it is unlikely that there will be any further large increases in the immediate future. I have assumed that the number of appliances provided will increase by half the long term rate until 2010 i.e. 5 per cent a year.
- 3.22 The cost per appliance has shown a somewhat erratic pattern. However, in the long term there has been a rise in the cost per appliance broadly in line with price inflation.

It has therefore been assumed that the cost per appliance will increase from its 2005 level in line with the rate of increase in RPI.

- 3.23 As in the case of prescriptions, a charge is usually made for appliances (at the same rate as for prescriptions), but some people are exempt from appliance charges. I have assumed that appliance charges will increase in line with prescription charges. Analysis of the proportions exempt shows that the proportion of exempt appliances has been very variable but is not showing any long term trend with time. It is difficult to tell how the proportion will change in future and therefore we have assumed it will remain constant at its 2005 level.

### **Oxygen service**

- 3.24 The scheme also finances the provision of a free oxygen service in the home for those patients who need it. The cost of the service is very variable and has tended to reduce in recent years. It is not clear to what extent costs can be expected to fall further and therefore for prudence it has been assumed that the cost will in future rise in line with prices, ie 3 per cent a year.

### **Specialist medical benefits**

- 3.25 The Authority has set up three fixed fee contracts to provide certain specialist medical benefits. The contracts are with the Medical Specialist Group (which includes the former ophthalmic group), the Guernsey Physiotherapy Group and Alderney hospital benefit. The annual fee is increased to allow for the rise in the RPI and, in the case of the first two groups, the number of staff up to a maximum. Each of the contracts is due to run from 1 January 2003 for 15 years, with reviews every 5 years.
- 3.26 For the Specialist Medical Group, the number of staff has already reached the maximum and so the future cost has been assumed to increase in line with the RPI. The number of staff in the Physiotherapy group is still increasing and it has been assumed that it will continue to increase at half the current rate until the maximum is reached. The cost is assumed to increase in line with the RPI on top of this. The Alderney hospital benefit is assumed to increase in future in line with the RPI.

### **Administration**

- 3.27 The cost of administering the scheme falls on the Health Service Fund. The administration cost in 2005 (£790,672) was little different to that in 2000 (£778,974). I understand that the high cost in 2000 was due to the start up costs for the updating of the fund's computer systems and that, without this, the underlying cost would be upwards. It has therefore been assumed that the costs of administration will rise in line with the level of earnings, using the 2005 accounts figure as a base, as was done at the last review.

### **Investment return**

- 3.28 The fund is now invested in a common fund with the Social Insurance Scheme and it therefore seems reasonable to assume the same investment returns. The rate of

return used for the Social Insurance Scheme review as at 31 December 2003 was 3.5 per cent a year above price inflation, including both income and capital gains.

3.29 The effect of changes in this rate of return is considered briefly in section 5 below.

### **Number of contributors**

3.30 There are three main types of contributor to the scheme:

- > those making earnings-related contributions (including both employees and the self-employed)
- > those under age 65 making income-related contributions
- > those over age 65 making income-related contributions

3.31 The variation in the numbers of contributors under age 65 owing to demographic effects can be taken to be the same as for contributors to the Social Insurance Scheme. In addition numbers under 65 making earnings-related contributions will vary with the level of unemployment. For contributors over 65 the demographic effects can be judged directly from the population projection. They also assumed earnings increases of 2 per cent a year above the rate of increase of prices.

3.32 In the report to the then Social Security Authority on the operation of the Social Insurance (Guernsey) Law in the period 1999 to 2003, projections were made of the total population of Guernsey and of the numbers of contributors to the Insurance Fund in future years. These projections were made on the basis of a long-term average level of unemployment over an economic cycle of 200. Two bases for future migration patterns were considered: net migration of zero and net immigration of 200 a year.

3.33 No information was available on recent levels of migration to and from the Island. For the purpose of the main projection basis, it has been assumed that there will be immigration of 200 a year.

- 3.34 The income-related contributions from persons under 65 for 2005 were projected forward allowing for demographic effects, which amounted to an increase of about 0.5 per cent a year. The income-related contributions from persons over 65 for 2005 were projected similarly, based on changes in the population over 65 from the population projection, which resulted in a projected growth rate which averages 1.0 per cent a year. An adjustment was made to allow for the change in the income limits (which are assumed to rise half way between prices and earnings) relative to income levels. Over the long-term, the income of these contributors might be expected to grow broadly in line with earnings, although over the shorter-term they will be affected by many factors, including interest rates and dividend declarations. However, we have assumed that they will increase in line with earnings over the period of this projection as there are no special factors which are expected to operate over this period.
- 3.35 The development of the Fund is very dependent on the level of contribution income, which could vary significantly according to the level of unemployment and migration. Projections have been made on the alternative assumptions of unemployment falling to 100 by 2010, and of rising to 300 by 2010. We have also considered the position if net migration is zero over the period to 2010. These alternatives are discussed further in section 5.

## 4 Estimated future income and expenditure

---

- 4.1 The estimated income and expenditure of the Health Service Fund on the main basis (assuming that the net ingredient costs of drugs increase in line with the RPI, long-term unemployment of 200 and net immigration of 200 a year) are shown in Appendix 5 for each year up to 2010. It can be seen from Appendix 5 that the scheme's finances are expected to continue to improve.
- 4.2 The progression of the mean balance in the Fund as a proportion of annual expenditure is summarised in Table 8.

**TABLE 8**

**Mean Fund as a Proportion of Total Expenditure for the Year  
Main projection basis**

Year	2005	2006	2007	2008	2009	2010
<i>Main projection basis</i>	1.09	1.24	1.37	1.51	1.66	1.82

## 5 Effect of varying the assumptions

5.1 Table 9 shows the effect on the fund if certain key assumptions are varied.

**TABLE 9**

**Mean Fund as a Proportion of Total Expenditure for each Year for Different Variants**

Year	2005	2006	2007	2008	2009	2010
Main projection basis	1.09	1.24	1.37	1.51	1.66	1.82
Nil net migration	1.09	1.25	1.37	1.51	1.66	1.81
Low unemployment <sup>1</sup>	1.09	1.25	1.38	1.53	1.69	1.87
High unemployment <sup>2</sup>	1.09	1.24	1.36	1.49	1.62	1.76
Low increase in net ingredient cost <sup>3</sup>	1.09	1.25	1.39	1.55	1.72	1.92
High increase in net ingredient cost <sup>4</sup>	1.09	1.24	1.35	1.47	1.59	1.72
Low rise in prescription numbers <sup>5</sup>	1.09	1.26	1.42	1.60	1.81	2.05
Increasing consultation grants <sup>6</sup>	1.09	1.24	1.37	1.50	1.64	1.79
Increased maximum for specialist health groups <sup>7</sup>	1.09	1.24	1.37	1.43	1.54	1.66
Number of consultation grants rising faster <sup>8</sup>	1.09	1.23	1.34	1.46	1.57	1.69
Lower rate of investment return <sup>9</sup>	1.09	1.24	1.35	1.48	1.54	1.61

1. Low unemployment assumes that it drops to 100 by 2010

2. High unemployment assumes that it rises to 300 by 2010

3. Low increase in net ingredient cost assumes that it increases by 1 per cent a year less than prices

4. High increase in net ingredient cost assumes that it increases by 1 per cent a year more than prices

5. Low rise in prescription numbers assumes no further increase in the number of prescriptions per consultation

6. Increasing consultation grants assumes that they increase in line with prices

7. Increased maximum for specialist health groups assumes that there is an increase of 10 per cent in the maxima at the next 5 yearly review of the contract

8. Number of consultation grants rising faster assumes an extra one per cent a year increase in the number of grants

9. Lower rate of investment return assumes 1 per cent a year less than for the main projection

- 5.2 It can be seen that the effect of different migration assumptions is insignificant over the next 5 years. It can also be seen that any normal variation in the unemployment will have only a small effect.
- 5.3 I have made fairly conservative estimates of the impact that the recent review of pharmaceutical services will have on the number of prescriptions and their average cost. Table 9 therefore shows the effects on the fund if the impact were greater. The main basis assumes that net ingredient cost increases in line with prices but the alternative shown in Table 9 assumes that it increases by 1 per cent a year less. The data does not show the number of prescriptions by the age of the population but it is reasonable to suppose that at least some of the increase in the number of consultations is related to an ageing population. For this reason I have assumed a continuing increase in this ratio for the main projection. However, the alternative in Table 9 shows the effect of assuming no further increase in the prescription numbers per consultation. Both of these variations would give a significant improvement in the finances of the scheme. Table 9 also shows the effect if the net ingredient cost increases at a higher rate than prices.
- 5.4 Consultation grants have only been increased once since their introduction and so the main projection has assumed that they will not be increased again over the next five years. In Table 9, I show the effect if the grants were to be increased in line with prices and it can be seen that this would have only a marginal effect on the finances of the scheme. Of far more importance is the effect of the review of the specialist health services and Table 9 shows what would happen if the maximum were to be increased by 10 per cent at the next review. In this case, the finances would be significantly less favourable than under the main projection although still very healthy.
- 5.5 Table 9 also shows the effect if the number of consultation grants increased by 1 per cent a year more than in the main projection. The finances of the scheme would still be quite healthy, even though they would not be as favourable as under the main projection.
- 5.6 The rate of investment return is an important component in the finances of the fund. Table 9 shows the effect if this rate were 1 per cent less than that used for the main projection and it can be seen that this would worsen the position. The fund is expected to grow over the next five years and so there are no issues about potential disinvestment as there were at the last review. It should be noted that investment returns can be volatile.
- 5.7 For clarity, the above table show the impact of each variant in isolation. In practice, one or more of the variants could occur at the same time. We have not considered the effect of combining the variants, but, as a first approximation, the changes in the fund caused by each variant can be added together.



## **6 Conclusion and recommendation**

---

- 6.1 Over the period from 2001 to 2005, the fund has remained in a satisfactory financial position and operating surpluses have been higher than projected at the previous review.
- 6.2 In 2005, the ratio of the average fund balance (including reserves for realised and unrealised investment gains and losses) to expenditure was 1.09 compared to 0.80 in 2000. The present review projects an increase in this ratio to 1.82 by 2010.
- 6.3 It is not necessary to build up a large balance in the Fund. The main requirement is for a working balance to cover prepayments, sums due from debtors and adverse fluctuations from year to year. This review shows that the Fund balance remains satisfactory over the period of the review and is continuing to increase.
- 6.4 Adverse experience (eg an abnormally high level of unemployment and low rates of return) might mean that the fund ceases to grow. However, it is unlikely that the fund will fall to as unsatisfactory level before the next actuarial review.
- 6.5 The effect that current measures being taken to control costs will have on the fund is uncertain. It is therefore recommended that no action be taken at present to reduce the rise in the fund.

## Appendix 1

### Summary of benefits from and contributions to the Guernsey Health Service Fund

#### Benefits

Consultation grants	The Fund makes a grant towards the costs of consultations with doctors and nurses. From 2004, the grant has been £12 for doctors and £6 for nurses. This grant is only payable for primary care consultations.
Drugs	The Fund finances the cost of certain drugs prescribed on an out-patient basis. However, unless the patient is exempt, he or she must pay a prescription charge to the Fund for the drugs; this charge stands at £2.50 per item in 2006.
Appliances	The Fund also finances the provision of a limited number of medical appliances, subject to payment of the prescription charge (except where the patient is exempted from paying this charge).
Oxygen	The Fund finances a scheme which provides home oxygen therapy and electric compressors for use by the patients at home for nebulising medicines.
Specialist health insurance scheme	Subject to certain conditions, the Fund provides cover for specialist medical services including ophthalmology, in-patient and post-discharge physiotherapy and some treatment in Alderney.

## Contributions

Lower Earnings Limit (LEL) for 2006	£97 per week
Upper Earnings Limit (UEL) for 2006	£693 per week
Class 1	<p>These are paid by employees and their employer and amount to 2.8% of all earnings up to the UEL.</p> <p>Individuals are exempted from payment if their earnings are less than the LEL (although prior to 2001 a lower threshold applied).</p>
Class 2	These are paid by the self-employed and amount to 2.8% of all earnings up to the UEL.
Class 3	<p>These are income-related contributions paid by individuals who do not pay either Class 1 or Class 2 contributions.</p> <p>Those under age 65 pay 2.8% of all income up to the UEL and those age 65 or more pay 1.2% of income up to the UEL.</p> <p>Individuals are exempted from payment if their income does not exceed twice the lower income limit, calculated as the <math>LEL \times 52 \times 10 / 4</math>.</p>

## Appendix 2

### Guernsey Health Service Fund - Income and expenditure and balance in the Fund 2001-2005

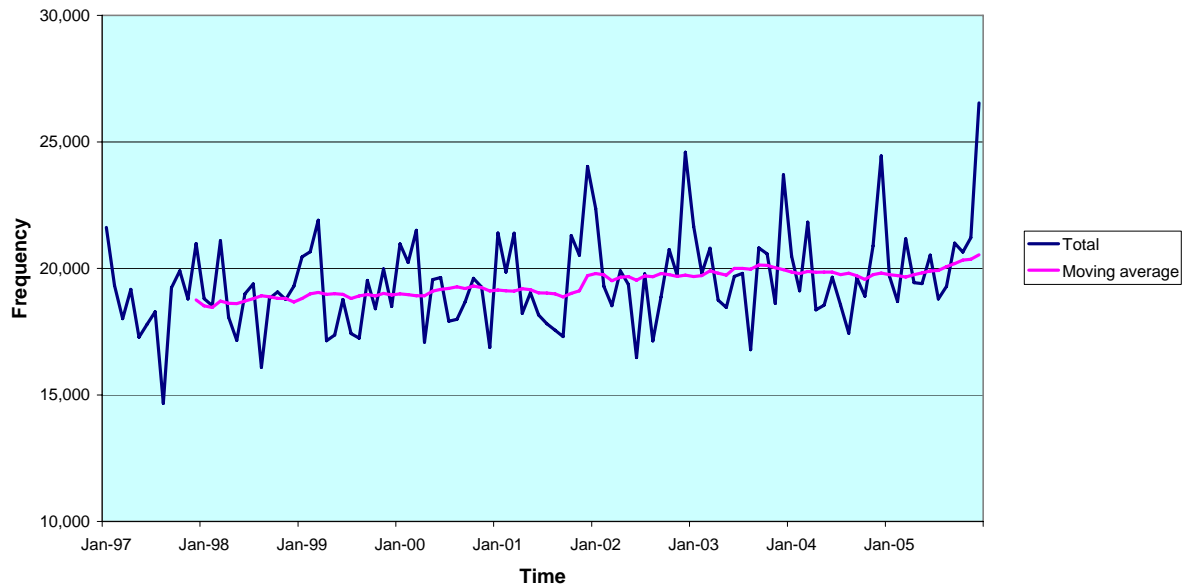
Figures in £000s	2001		2002		2003		2004		2005	
Fund at the beginning of the year	16,399	(16,399)	17,909	(18,448)	20,043	(20,510)	23,900	(20,095)	27,248	(19,415)
<b>INCOME</b>										
Contributions	16,345	(15,897)	17,487	(16,575)	19,728	(17,280)	20,868	(18,013)	21,956	(18,772)
States' grant	5,884	(5,723)	6,295	(5,967)	7,891	(6,221)	8,347	(6,485)	8,782	(6,758)
Total income	22,229	(21,620)	23,782	(22,542)	27,619	(23,501)	29,215	(24,497)	30,738	(25,530)
<b>EXPENDITURE</b>										
Consultation grant	2,087	(2,090)	2,103	(2,109)	2,156	(2,126)	3,041	(2,144)	3,256	(2,164)
Total cost of drugs, medicines, appliances and oxygen service	12,121	(12,070)	12,886	(12,907)	13,835	(13,798)	14,760	(14,750)	14,375	(15,774)
Prescription charges	-961	(-964)	-1,027	(-1,027)	-1,109	(-1,091)	-1,161	(-1,157)	-1,220	(-1,224)
Specialist medical benefit	6,710	(6,610)	6,897	(6,808)	9,407	(9,407)	10,036	(9,689)	10,840	(9,980)
Administration	779	(778)	690	(817)	682	(858)	755	(901)	791	(946)
Total expenditure	20,737	(20,586)	21,549	(21,614)	24,972	(25,098)	27,431	(26,327)	28,042	(27,640)
Operating surplus	1,492	(1,034)	2,233	(928)	2,647	(-1,596)	1,784	(-1,830)	2,696	(-2,110)
<b>INVESTMENT INCOME</b>										
Interest	596	(1,015)	604	(1,135)	673	(1,183)	779	(1,151)	928	(1,102)
Realised and unrealised gains	-578		-704		537		784		3,049	
Fund at the end of the year	17,909	(18,448)	20,043	(20,510)	23,900	(20,095)	27,248	(19,415)	33,921	(18,407)
Mean fund/Total expenditure	0.83	(0.85)	0.88	(0.90)	0.88	(0.81)	0.93	(0.75)	1.09	(0.68)

- > figures may not sum to totals due to rounding
- > figures in brackets are estimates made at the previous review as at January 2002

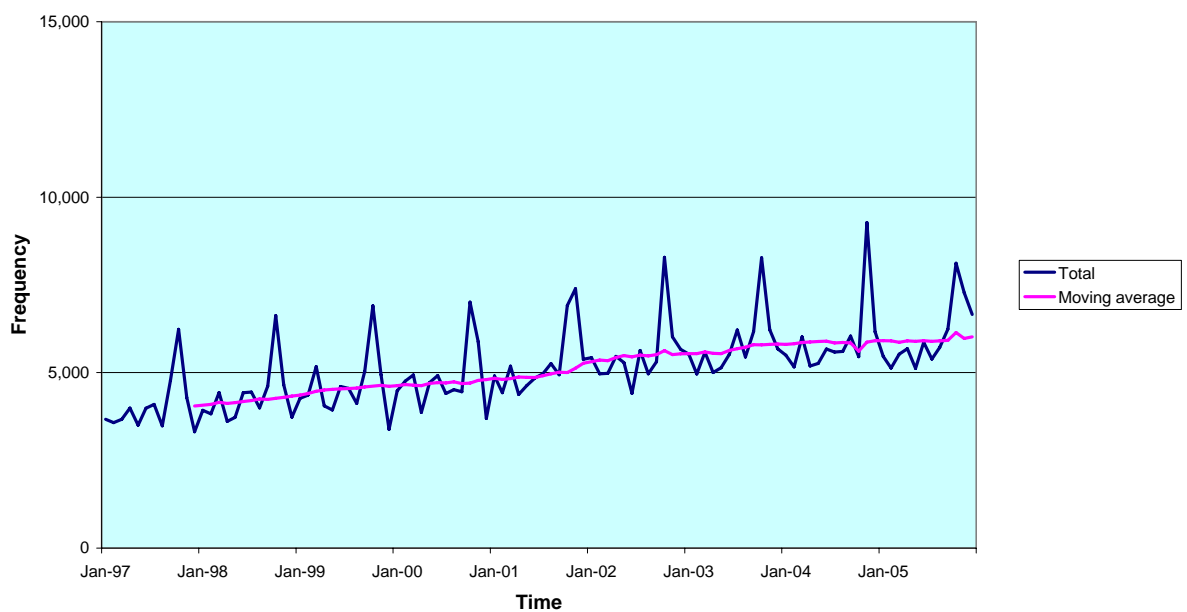
## Appendix 3

### Graphs of Primary Care Consultations

**Monthly doctor consultations  
2001 - 2005**

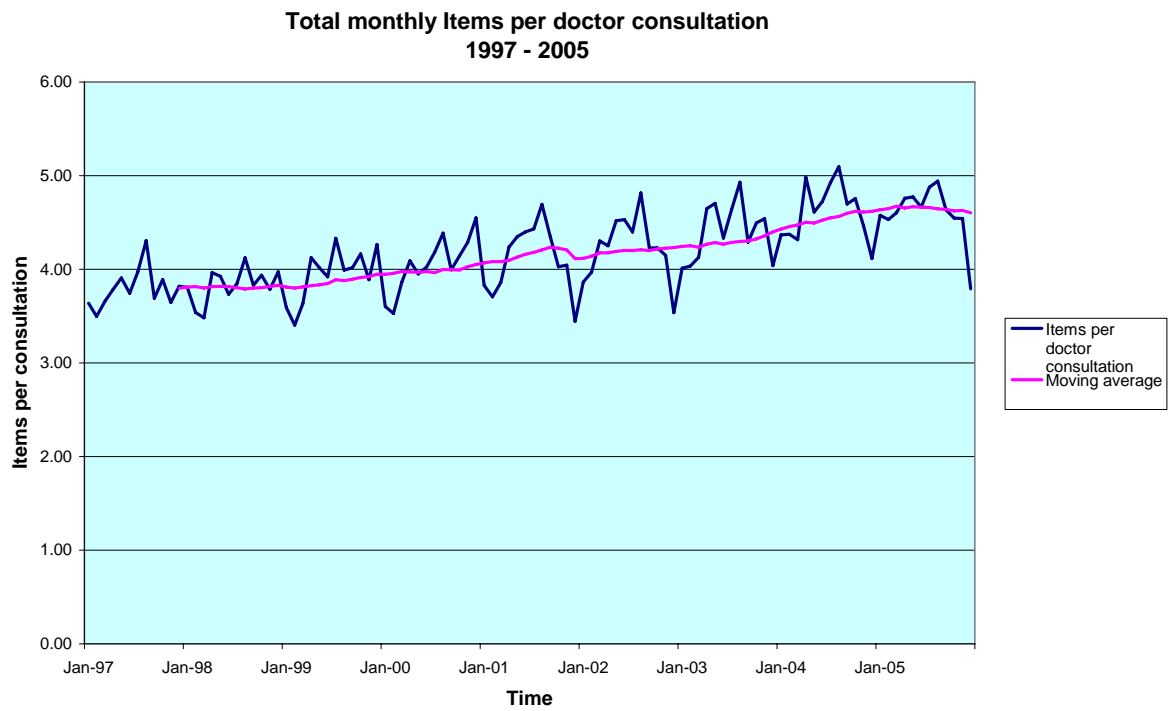


**Monthly nurse consultations  
2001 - 2005**



## Appendix 4

### Number of prescriptions per doctor consultation



## Appendix 5

### Estimated future income and expenditure and balances of the Guernsey Health Service Fund 2005-2010

Figures in £000s	2005	2006	2007	2008	2009	2010
Increase in RPI (to mid year) %		3.0	3.0	3.0	3.0	3.0
Increase in earnings (to mid year) %		5.06	5.06	5.06	5.06	5.06
Fund at the beginning of the year	27,248	33,921	38,968	44,670	51,222	58,687
<b>INCOME</b>						
Contributions	21,956	22,863	26,399	27,782	29,227	30,719
States' grant	8,782	9,145	7,128	7,501	7,891	8,294
Total income	30,738	32,008	33,527	35,283	37,118	39,013
<b>EXPENDITURE</b>						
Consultation grant	3,256	3,273	3,292	3,311	3,331	3,350
Total cost of drugs, medicines, appliances and oxygen service	14,375	15,163	16,023	16,960	17,958	19,014
Prescription charges	-1,220	-1,296	-1,375	-1,456	-1,540	-1,627
Specialist medical benefit	10,840	11,320	11,686	12,064	12,455	12,857
Administration	791	831	873	917	963	1,012
Total expenditure	28,042	29,291	30,499	31,796	33,167	34,607
Operating surplus	2,696	2,717	3,028	3,487	3,951	4,406
<b>INVESTMENT INCOME</b>						
Interest	928	2,330	2,674	3,066	3,514	4,022
Realised and unrealised gain	3,049					
Fund at the end of the year	33,921	38,968	44,670	51,222	58,687	67,115
Mean fund/Total expenditure	1.09	1.24	1.37	1.51	1.66	1.82

> figures may not sum to totals due to rounding

*APPENDIX II*

**SOCIAL SECURITY DEPARTMENT**

**ACTUARIAL REVIEW OF LONG-TERM CARE INSURANCE FUND**

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port

21<sup>st</sup> December 2006

Dear Deputy Morgan

In accordance with Section 26 of the Long-term Care Insurance (Guernsey) Law, I attach an actuarial review on the operation of the Law for the initial three year period from 1 January 2003 to 31 December 2005.

As required by the Law, I should be grateful if you would arrange for the report to be laid before the States in due course.

Yours sincerely

Mary Lowe  
Minister

Enc





GOVERNMENT **ACTUARY'S** DEPARTMENT

**Report by the Government Actuary on the operation of  
the Long-term Care Insurance Fund in the period 1  
January 2003 to 31 December 2005**



To the Minister and Members of the Social Security Department:

Section 26 of the Long-term Care Insurance (Guernsey) Law 2002 provides for a review of the operation of the Long-term Care Fund within three years of it first coming into force and at 5 year intervals thereafter. This fund started to receive contributions on 1 January 2003 and pay benefits from 4 April 2003 and so, at the request of the Department, I have carried out a review covering the period from the commencement of the scheme to 31 December 2005. I now submit the following report on the financial condition of the Long-term Care Fund and on the adequacy of the present contribution rates. All the references to Guernsey in this report are to be taken to include also the islands of Alderney, Herm and Jethou, whose residents are covered by the Long-term Care Insurance Law.

Chris Daykin CB FIA  
Government Actuary

November 2006

---

## **Table of Contents**

---

<b>1</b>	<b>Introduction and summary of the review</b>	<b>1</b>
<b>2</b>	<b>The results of the review</b>	<b>3</b>
<b>3</b>	<b>Effect of variation of some of the assumptions</b>	<b>5</b>
<b>4</b>	<b>Conclusions and recommendations</b>	<b>7</b>
<b>Appendix 1</b>	<b>Summary of benefits and contributions in 2006</b>	<b>8</b>
<b>Appendix 2</b>	<b>Summary of the accounts for the years 2003 to 2005</b>	<b>9</b>
<b>Appendix 3</b>	<b>Fund projection from 2005 to 2065</b>	<b>10</b>
<b>Appendix 4</b>	<b>Projected number of beds</b>	<b>11</b>
<b>Appendix 5</b>	<b>Increase in beds from 2006 to 2009</b>	<b>12</b>

---

## **1 Introduction and summary of the review**

---

- 1.1 This report concerns the financial condition of the Guernsey Long-term Care Fund as at 31 December 2005 and the expected adequacy in future years of the present contribution rate of 1.4 per cent of earnings, assuming no States grant is paid from 1 January 2007. The main estimates in Section 2 of this report are based on the law in force at the end of calendar year 2005 plus the changes announced for 2007.
- 1.2 The fund is financed broadly on a pay-as-you-go basis (ie changes in contribution rates and benefit levels are made such that rough equality is maintained between income and expenditure). It was always intended, however, that a fund would be built up to enable a stable contribution rate to be charged over a long period of time. The rates of contribution needed are determined by the average level of benefits and earnings and by the relative number of contributors and beneficiaries. As these numbers are significantly affected by demographic changes, projections are made for a period of 60 years into the future, in order to illustrate the impact of demographic changes and the gradual maturing of the provisions of the scheme.
- 1.3 Appendix 1 summarises the benefit and contribution structure of the fund in 2006 and Appendix 2 summarises the accounts since the start of the scheme. Appendix 3 shows the projected progress of the fund on the main assumptions used in this report and Appendix 4 shows the projected number of beds required split by age. Appendix 5 shows the extra number of beds which will become available between 2006 and 2009.
- 1.4 This review uses the same demographic and labour market assumptions as were used for my review of the Social Insurance (Guernsey) Law for the period 1 January 1999 to 31 December 2003. It also uses the same economic assumptions as were used in the most recent Social Insurance review. These were prices increases of 3 per cent a year, real earnings growth of 2 per cent a year and a real rate of return on the fund (net of prices) of 3.5 per cent a year.
- 1.5 The main projections shown in this review assume migration of 200 a year net inward migration and earnings limits and benefit rates that increase at rates half-way between prices and earnings.
- 1.6 The effects of variations from these assumptions are discussed in Section 3. Where the Fund has been extinguished, it has been treated as though it is a debt and the interest has been treated as a payment instead of a receipt for the sake of illustration. It is recognised that, in practice, the Fund would not be allowed to do this.

**TABLE 1**

**Main results of the review**

<b>Year</b>	<b>Break-even contribution rate</b>	<b>Ratio of mean fund to annual expenditure</b>
2005	1.0%	1.5
2010	1.3%	2.2
2015	1.4%	2.3
2025	1.8%	1.0
2035	2.5%	-2.2
2045	3.1%	-7.2
2055	3.6%	-14.0
2065	3.7%	-24.0

- 1.7 Table 1 shows that, on the assumptions outlined in 1.4 and 1.5, the break-even contribution rate (ie the rate required to exactly balance contribution income with expenditure) will grow from 1.0 per cent in 2005 to exceed the current rate of 1.4 per cent soon after 2015. It will continue to rise throughout the period of the projection. This table also shows that the ratio of the fund to annual expenditure will continue to rise until 2015 and then will fall to below 1.0 in 2026 and below zero in 2029.
- 1.8 Section 3 shows that most variations in the assumptions will not, on their own, have a significant effect on the state of the fund, although they could in combination. The exception to this is the increase in the benefit rates, where the fund would be extinguished by 2024 if they were increased in line with earnings and would not be extinguished until 2043 if they increased in line with prices.
- 1.9 It should be emphasised that these estimates are not forecasts or predictions of the contribution rates necessary in future years, but projections of what would happen on the basis of the stated assumptions. The demographic and economic assumptions underlying the estimates are inevitably subject to a considerable degree of uncertainty, particularly for the more distant future.
- 1.10 This report is in compliance with the International Actuarial Association guidelines for reports on social security programmes.

## **2 The results of the review**

---

- 2.1 Sections 1.4 and 1.5 outline the economic, labour market and up-rating assumptions used for this review. They have been chosen for the main projection as being the most likely scenario and the effect of variations from this are shown in Section 3.
- 2.2 Earnings-related contributions have been calculated on the same basis as that used for my review of the Social Insurance (Guernsey) Law for the period 1 January 1999 to 31 December 2003. The income-related contributions from persons under 65 for 2005 were projected forward allowing for demographic effects, which amounted to an increase of about 0.5 per cent a year. The income-related contributions from persons over 65 for 2005 were projected similarly, based on changes in the population over 65 from the population projection, which resulted in a projected growth rate which averages 1.0 per cent a year. An adjustment was made to allow for the change in the income limits (which are assumed to rise half way between prices and earnings) relative to income levels. Over the long-term, the income of these contributors might be expected to grow broadly in line with earnings, although over the shorter-term they will be affected by many factors, including interest rates and dividend declarations. However, we have assumed that they will increase in line with earnings over the period of this projection as there are no special factors which are expected to operate over this period. This is the same basis as has been used for the review of the Health Service (Benefit) (Guernsey) Law for the period 1 January 2001 to 31 December 2005.
- 2.3 Age-specific award rates for respite care have been calculated from the experience since the start of the scheme and these have been used as a base for future award rates. The period of time and the numbers involved are too small to determine whether there is any trend with time. The average period for which respite benefits are paid has also been calculated and assumed to apply in the future.
- 2.4 It was decided to calculate the long-term benefits using proportions of the population at each age rather than using award and termination rates. This was because of the difficulty of producing meaningful rates at the older ages, given the small numbers at present. Appendix 5 shows the extra number of beds that the Social Insurance Authority expects to become available from 2006 to 2009. It is believed that they will be just sufficient to meet the present unfulfilled need and that any further increase will be caused by the ageing population. It has been assumed that future beds will become available as they are required for the ageing population but it is believed that there is an interaction between the number of beds available and the number required. The effect of a further trend upwards with time is shown in section 3.
- 2.5 It has been assumed that the administration expenses will increase in line with earnings.
- 2.6 Table 2 shows the projected future expenditure in 2005 earnings terms and the contributions required to break even. The increase in the cost is caused by the increase in the number of people over retirement age, since most of the benefits are

paid to people at these ages. Table 3 illustrates this by showing the projected number of people receiving a benefit compared with the population aged 65 and over. The numbers receiving a benefit actually increases by more than the number in the population aged 65 and over because the number at the older ages (where the probability of receiving a benefit is greatest) is increasing faster than the group as a whole.

**TABLE 2**

**Expenditure and break-even contribution rate**

<b>Year</b>	<b>Expenditure in constant 2005 earnings terms (£000)</b>	<b>Break-even contribution Rate</b>
2005	8,984	1.0%
2010	12,289	1.3%
2015	13,107	1.4%
2025	16,021	1.8%
2035	20,317	2.5%
2045	23,754	3.1%
2055	25,220	3.6%
2065	23,925	3.7%

- 2.7 It can be seen that the break-even contribution rate exceeds the current contribution rate of 1.4 per cent soon after 2015 and continues to grow, reaching 3.7 per cent by the end of the projection period. Appendix 3 shows the progress of the fund and it can be seen that the operating deficit will exceed the interest income very soon after the break-even contribution rate goes above the current rate and the fund will start to decline. The fund will be extinguished by 2029.

**TABLE 3**

**Population aged 65 and over compared with the number  
receiving one of the benefits**

<b>Year</b>	<b>Population aged 65 and over</b>	<b>Projected number receiving a benefit</b>	<b>Percentage receiving a benefit</b>
2005	10,457	443	4.2%
2010	11,096	586	5.3%
2015	13,060	655	5.0%
2025	15,835	876	5.5%
2035	18,653	1,203	6.4%
2045	18,926	1,511	8.0%
2055	18,769	1,702	9.1%
2065	18,705	1,702	9.1%

### **3 Effect of variation of some of the assumptions**

---

- 3.1 The effect if there was nil net migration, instead of 200 a year immigration, is to put up the break-even contribution rate by about 1.0 per cent by 2065. Despite this, the fund will be extinguished only three years earlier.
  
- 3.2 Price up-rating of the earnings limits would have a similar effect to nil net migration. Earnings up-rating of the earnings limits would result in break-even contribution rates which are 0.7% less than those on the main assumptions by 2065 and a fund that is extinguished 1 year later.
  
- 3.3 It is not clear how the rates of benefit will increase in the future. The main projection assumes that they will increase half-way between prices and earnings. Earnings inflation might be expected to play a large part in the future cost of this service and so it is necessary to look at the possible effect of higher increases. If the benefits increased in line with earnings, the break-even contribution rate would exceed the current contribution rate by 2013 and the fund would be extinguished in 2024. The benefits are used to pay for a service so it is also possible that future increases will be closer to prices than to earnings. If the benefits increased in line with prices, then the break-even contribution rate would exceed the current contribution rate by 2024 and the fund would be extinguished in 2042.
  
- 3.4 As mentioned in section 2, it is not clear how the numbers of beneficiaries per head of population by age will change in the future. The main projections assumed that the rates would increase to absorb the extra beds that will become available up to 2009 and will remain the same thereafter. We have therefore investigated the effect of variations from these assumptions. If none of the extra beds were needed immediately and the age-specific demand continued at the present level, then the break-even contribution rate would exceed the current contributions rate by 2027 and the fund would be extinguished in 2049. However, if the number of beneficiaries per head of population was 5 per cent higher from 2009, then the break-even contribution would exceed the current contribution rate by 2014 and the fund would be extinguished in 2026.
  
- 3.5 The rate of return earned on the fund will affect the future size of the fund although not the break-even contribution rate. If the rate of return is 1 per cent a year less then the fund will be extinguished one year earlier in 2028. It should be noted that rates of return can be volatile.



**TABLE 4**

**Break-even contribution rate on alternative assumptions**

Year	Main	Nilmig	PU limits	EU limits	PU ben.	EU ben.	No App. 5	Extra 5% beds	Lower rate of return
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2005	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
2010	1.3%	1.4%	1.3%	1.3%	1.3%	1.4%	1.0%	1.3%	1.3%
2015	1.4%	1.5%	1.4%	1.4%	1.3%	1.5%	1.1%	1.5%	1.4%
2025	1.8%	2.0%	1.9%	1.7%	1.5%	2.1%	1.4%	1.9%	1.8%
2035	2.5%	2.8%	2.7%	2.3%	1.8%	3.1%	1.9%	2.6%	2.5%
2045	3.1%	3.6%	3.6%	2.7%	2.0%	4.2%	2.4%	3.2%	3.1%
2055	3.6%	4.4%	4.4%	3.0%	2.0%	5.2%	2.8%	3.8%	3.6%
2065	3.7%	4.7%	5.0%	3.0%	1.8%	5.7%	3.0%	3.9%	3.7%

**TABLE 5**

**Ratio of mean fund to annual expenditure on alternative assumptions**

Year	Main	Nilmig	PU limits	EU limits	PU ben.	EU ben.	No App. 5	Extra 5% beds	Lower rate of return
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
2005	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
2010	2.2	2.1	2.2	2.2	2.3	2.1	3.8	2.1	2.1
2015	2.3	2.1	2.2	2.3	2.8	1.8	5.6	2.0	2.1
2025	1.0	0.4	0.7	1.4	3.1	-0.4	6.9	0.4	0.7
2035	-2.2	-3.4	-2.9	-1.5	1.8	-4.6	5.0	-3.2	-2.5
2045	-7.2	-9.2	-8.4	-6.0	-0.8	-10.2	1.5	-8.3	-7.0
2055	-14.0	-17.4	-16.0	-11.9	-4.5	-17.6	-3.2	-15.4	-12.7
2065	-24.0	-30.2	-27.4	-20.5	-9.6	-28.6	-9.6	-25.9	-20.8

**Notes:**

- (1) as for the main projection but assuming nil net migration
- (2) as for the main projection but assuming price up-rating of earnings limits
- (3) as for the main projection but assuming earnings up-rating of earnings limits
- (4) as for the main projection but assuming price up-rating of benefit rates
- (5) as for the main projection but assuming earnings up-rating of benefit rates
- (6) as for the main projection but assuming no extra awards of benefit as a result of the increase in the supply of beds
- (7) as for the main projection but assuming an increase of five per cent in the number per head of population receiving benefits from 2009
- (8) as for the main projection but assuming a rate of return on the fund one per cent lower

## 4 Conclusions and recommendations

---

- 4.1 The main projection shows that the current contribution rate remains adequate until 2016 on the assumptions made. After that it will need to be increased substantially to about two and a half times its current level by 2065.
- 4.2 Variations from the main basis will generally have only a minor effect on when the current contribution rate becomes inadequate, although the amount by which it will need to be raised varies substantially. Variations have only been considered on their own, not in combination, but, as a rough approximation, the effects can be taken as additive.
- 4.3 The main risk factors are the future increase in benefit rates and the change in demand for residential and nursing beds. If the benefit rates are increased in line with earnings, then the contribution rate will need to increase to one and a half times that needed on the main assumptions by 2065 whereas, if they are increased in line with prices, then the contribution rate required by 2065 will be one half of that required on the main assumptions. If the new residential and nursing beds do not change the underlying demand, then the contribution rate required by 2065 will rise much more slowly than on the main assumptions and the fund would not be extinguished for about forty years.
- 4.4 It would be desirable if any increase in the contribution rate were made as soon as the pattern of future benefit increases and demand is clear, since an early increase will allow a bigger fund to be built up and so minimise the extra contribution necessary in the longer term.
- 4.5 No account has been taken in this report of changes to the contribution structure that are being considered for 2008. However, these changes are not expected to reduce the income of the scheme and so will not adversely affect the results.

## Appendix 1 Summary of benefits and contributions in 2006

### Summary of benefits payable from and contributions payable to the Guernsey Long-term Care Fund

#### Benefits

Residential home care benefits Permanent for 2006	£312.50 a week
Residential home care benefits Respite for 2006	£452.50 a week (NB the co-payment of £140 payable by permanent recipients is not paid by respite beneficiaries)
Nursing home care benefits Permanent for 2006	£581 a week
Nursing home care benefits Respite for 2006	£721 a week (NB the co-payment of £140 payable by permanent recipients is not paid by respite beneficiaries)

#### Contributions

Lower Earnings Limit (LEL) for 2006	£97 per week
Upper Earnings Limit (UEL) for 2006	£693 per week
Class 1	These are paid by employees and amount to 1.4% of all earnings up to the UEL.
Class 2	These are paid by the self-employed and amount to 1.4% of all earnings up to the UEL.
Class 3	<p>These are income-related contributions paid by individuals who do not pay either Class 1 or Class 2 contributions.</p> <p>Those both under and over age 65 pay 1.4% of all income up to the UEL.</p> <p>Individuals are exempted from payment if their income does not exceed twice the lower income limit, calculated as the LEL x 52 x 10 / 4.</p>

## Appendix 2 Summary of the accounts for the years 2003 to 2005

### Guernsey Long-term Care Insurance Fund – Income and expenditure and balance in the Fund 2003 – 2005

Figures in £000s	2003	2004	2005
Fund at the beginning of the year	-	6,082	10,878
<b>INCOME</b>			
Contributions	10,204	11,061	11,529
States' grant	1,224	1,327	1,383
<b>Total income</b>	<b>11,428</b>	<b>12,388</b>	<b>12,913</b>
<b>EXPENDITURE</b>			
Residential benefits:			
<i>Permanent</i>	2,959	4,497	4,719
<i>Respite Care</i>	62	95	137
Nursing benefits:			
<i>Permanent</i>	2,247	3,526	3,938
<i>Respite Care</i>	59	121	80
Administration	106	108	110
<b>Total expenditure</b>	<b>5,433</b>	<b>8,347</b>	<b>8,984</b>
<b>Operating surplus</b>	<b>5,996</b>	<b>4,042</b>	<b>3,928</b>
<b>INVESTMENT INCOME</b>			
Interest	88	143	314
Realised and unrealised gains	-2	612	1,477
<b>Fund at the end of the year</b>	<b>6,082</b>	<b>10,878</b>	<b>16,597</b>
<b>Mean fund/Total Expenditure</b>	<b>N/A</b>	<b>1.02</b>	<b>1.53</b>

> figures may not sum to totals due to rounding

### Appendix 3 Fund projection from 2005 to 2065

#### Estimated future income and expenditure and balances of the Guernsey Long-Term Care Insurance Fund 2005 – 2065

Figures in £000s	2005	2010	2015	2025	2035	2045	2055	2065
Fund at the beginning of the year	10,878	25,435	29,048	17,918	-39,833	-158,794	-333,005	-547,668
<b>INCOME</b>								
Contributions	11,529	12,917	12,900	12,442	11,607	10,784	9,869	8,944
States' grant	1,383	-	-	-	-	-	-	-
<b>Total income</b>	<b>12,913</b>	<b>12,917</b>	<b>12,900</b>	<b>12,442</b>	<b>11,607</b>	<b>10,784</b>	<b>9,869</b>	<b>8,944</b>
<b>EXPENDITURE</b>								
Residential benefits:								
<i>Permanent</i>	4,719	5,061	5,405	6,646	8,491	10,046	10,659	10,172
<i>Respite Care</i>	137	129	137	164	196	210	210	185
Nursing benefits:								
<i>Permanent</i>	3,938	6,798	7,252	8,869	11,265	13,128	13,987	13,228
<i>Respite Care</i>	80	192	203	232	254	260	255	230
Administration	110	110	110	110	110	110	110	110
<b>Total expenditure</b>	<b>8,984</b>	<b>12,289</b>	<b>13,107</b>	<b>16,021</b>	<b>20,317</b>	<b>23,754</b>	<b>25,220</b>	<b>23,925</b>
Operating surplus	3,928	628	-207	-3,579	-8,709	-12,970	-15,352	-14,980
Investment income	1,791	1,701	1,912	1,065	-2,919	-10,917	-22,502	-36,668
Fund at the end of the year	16,597	27,764	30,752	15,404	-51,461	-182,681	-370,859	-599,316
Mean fund/Total expenditure	1.5	2.2	2.3	1.0	-2.2	-7.2	-14.0	-24.0

- > figures may not sum to totals due to rounding
- > figures from years 2010 – 2065 have been discounted to year 2005 earnings terms

## Appendix 4 Projected number of beds

### Projected number of residential beds required

	2005	2010	2015	2025	2035	2045	2055	2065
19-50	2	3	3	3	2	2	2	2
51-65	10	11	11	13	11	11	11	10
66-80	65	72	79	107	111	119	101	108
81-90	144	168	177	220	329	356	392	328
91-100	82	82	106	158	230	367	437	477
100+	3	4	5	10	20	33	56	79
Total	306	340	381	510	703	889	1000	1003

### Projected number of nursing beds required

	2005	2010	2015	2025	2035	2045	2055	2065
19-50	5	9	9	8	8	8	7	7
51-65	7	14	14	15	13	13	14	12
66-80	24	44	49	65	68	73	62	66
81-90	62	121	129	164	245	265	291	245
91-100	37	54	71	105	151	239	287	310
100+	2	4	4	8	15	25	42	59
Total	137	246	275	366	500	622	702	699

## Appendix 5 Increase in beds from 2006 to 2009

---

### Extra beds expected to become available up to 2009

<b>Years</b>	<b>Residential</b>	<b>Nursing</b>
2006	-9	44
2007	16	32
2008	8	0
2009	12	28
<b>Total</b>	<b>27</b>	<b>104</b>

*APPENDIX III*

**EDUCATION DEPARTMENT**

**FOREST PRIMARY SCHOOL – VALIDATION REPORT**

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port

11<sup>th</sup> January 2007

Dear Sir

I enclose a summary of the Forest Primary School Validation Report, together with the Education Department's response and would be grateful if you would arrange for them to be published as an appendix to the Billet d'État for February 2007.

Copies of the full report will be made available for any member of the public to inspect at both the school and the Education Department.

Yours faithfully

M A Ozanne  
Minister

Enc.



**ISLANDS' FEDERATION FOR THE EVALUATION OF SCHOOLS  
(IFES)**

**Summary of the Validation Report**

**FOREST PRIMARY SCHOOL**

**GUERNSEY**

**June 2006**

## SUMMARY OF THE JUNE 2006 VALIDATION REPORT

### FOREST PRIMARY SCHOOL

Forest Primary is a single form entry school, taking children mainly from the Forest and Torteval parishes in the south west of Guernsey.

There are 160 pupils on roll, 82 boys and 78 girls, aged from 4 to 11.

They are taught by 8 full time staff, including the headteacher, and two part time teachers.

There are 7 classes, with an average class size of 23 and a pupil teacher ratio of 17.4 : 1.

### **Background**

The school was visited by a validation team of six inspectors during the week of June 19th 2006. Five were Ofsted inspectors from the UK and one was an IFES trainee headteacher from Jersey. The team met informally with staff at the school on Sunday and then spent four days inspecting the school.

The school provided comprehensive documentation and its self-review report in advance of the visit, having spent a year working on its self-evaluation activities. Additional information, such as children's work, videos, DVDs, photographs and portfolios of other evidence, was made available to the team during the week. All staff had attended the Education Department's IFES Internal Evaluator training course on how to carry out a self-review.

The evidence base to validate the school's findings was collected through:

- \* scrutiny of a range of whole school and subject documentation, including School Improvement Plans since the last inspection, portfolios, minutes of meetings and SATs results; information and evidence about standards and progress had been provided from the last three years;
- \* observation of 71 whole or part lessons;
- \* examination and discussion of teachers' planning;
- \* attendance at assemblies and some extra curricular activities;
- \* examination of pupils' current and previous work;
- \* approximately 14 hours of planned discussions with teachers and other staff, pupils and parents;
- \* observation of pupils on arrival and departure from the school and at other times around the buildings and grounds;

- \* scrutiny of 124 returns and 30 additional written comments from the confidential parental questionnaire.

At the end of the week, subject co-ordinators received an oral feedback on their areas of responsibility, and the team's main findings were reported to the headteacher, deputy and the Education Officer (Primary), and then to the Director of Education.

### **Main Findings**

- \* The school has made steady progress in many aspects of its work since the last inspection in October 2000. Momentum was maintained effectively by the deputy headteacher during the period when the headteacher was temporarily seconded to La Houquette School.
- \* Most of the key issues raised in the previous inspection report have been successfully addressed. Improvements include better planning, updated policies, schemes of work and job descriptions, the monitoring of teaching and learning by subject co-ordinators, staff involvement in drawing up the school improvement plan (SIP), liaison with Le Rondin School staff, and raised standards of writing, particularly by boys.
- \* The headteacher, deputy and staff are working effectively to provide a secure, happy and purposeful working environment. The head receives good support from an able deputy and they work together well.
- \* The school was calm and well ordered during the inspection week, with many attractive displays of children's work. Behaviour is of a high standard and children are eager to show and discuss their work. Attendance is good.
- \* The self-evaluation exercise was well planned and led, with valuable support provided by the Education Officer (Primary). The school's internal report is comprehensive, honest and accurate, and provides a secure basis for future planning and progress.
- \* During the inspection week, 71 whole or part lessons were observed. Of these, 92% were judged to be of at least satisfactory standard, and a commendable 48% were either good or excellent. This compares favourably with the validation of 2000 when the figures were 89% and 36% respectively. Most children are attaining standards in line with their age and ability.
- \* Particular strengths were seen in middle and upper KS2 classes, and in some of the teaching and learning at all key stages in literacy, science, PE(swimming), history, geography, ICT, music and drama. Effective support is provided by teaching assistants, non-teaching staff and volunteer parents.
- \* The few weaker lessons were characterised by poor oversight of activities, failure to address low level disruption, and over-prescriptive direction which stifled independent and creative work.

- \* Examples of children's work in different subjects were provided by most teachers, encompassing videos, DVDs, photographs, books and portfolios. Evidence from lessons, recordings of plays, concerts and musical events supports the school's positive evaluation of high standards within the performing arts.
- \* The introduction of Assessment for Learning strategies is having a beneficial impact on teaching and learning throughout the school. Teaching is well planned and organised, with clear learning objectives and success criteria which are shared with children.
- \* The school curriculum is broad and enhanced by several extra-curricular activities. It is underpinned by a new teaching and learning policy, relevant schemes of work and planned oversight and monitoring by the SMT and subject co-ordinators. A review of timetables and planning is needed to ensure that there is appropriate curriculum balance in all classes.
- \* The school makes sound provision for pupils' spiritual development, good provision for cultural development, and very good provision for social and moral development.
- \* The school has rightly declared its intention to review and strengthen its procedures for marking, assessment and feedback, following the introduction of Assessment for Learning.
- \* The school is aware of the need to strengthen practices for identifying and supporting children with special educational needs (SEN), and establishing the new Guernsey Code of Practice. Available performance and assessment data should be used more effectively in setting targets for children, drawing up individual education plans (IEPs), and providing more challenge for the most able pupils.
- \* There are some inconsistencies in the identification and presentation of key issues within the current SIP. There has been some slippage in meeting declared targets, particularly on SEN. Priorities need to be more closely linked to budget allocations.
- \* There has been a marked increase in the provision and effective use of ICT, including interactive whiteboards.
- \* Children receive a well planned induction into the Foundation Stage, and most are on track to achieve most aspects of the Early Learning Goals, particularly in reading, writing, mathematics and physical development. The provision and increased use of an outside play area is assisting children's learning and progress.
- \* Both in the Foundation Stage and in other classes in the school, children would benefit from occasions where work is less teacher directed and structured, and more opportunities are given for independent, enquiry based and creative activities.

- \* Appropriate systems are in place for both internal and external communications. These are kept under regular review and further improvements are planned. Meetings are held regularly and minuted. A new senior management structure from September should ensure a more cohesive approach to leading developments in Assessment for Learning.
- \* There was a high response rate of 74% to the parental questionnaire (Appendix A), with 30 additional written comments. Well over 90% of respondents report that their child likes school, behaves well, is expected to work hard, is making good progress, and benefits from the school's values and attitudes. The school is felt to be approachable and well led and managed. Excellent links have been established with parents and the local community.
- \* The school is aware of some concerns relating to the organisation of reading, inconsistent application of the behaviour and homework policies, and the need for more information about the transition from Reception to Y1. These are being addressed.
- \* The PTA actively supports the work of the school and raises generous extra funding for such things as interactive whiteboards, digital cameras, the hall music system, updated library stock and the newly acquired playing fields. Many parents provide valuable assistance with in-class and out of school activities.
- \* Staff are hard working and conscientious and take advantage of appropriate opportunities for professional development. Good use is made of available specialist expertise in music, French and SEN.
- \* The school office is efficiently administered and parents report that they receive a friendly and helpful welcome. Computerised financial systems are effectively monitored by the headteacher and secretary.
- \* The school is generally well staffed and resourced to meet the requirements of the National Curriculum (Guernsey). Class sizes are small. The school complies with the Island's expectations for performance management, the induction of newly qualified teachers, and the RE Agreed Syllabus. Assemblies are well planned and conducted, and there are suitable pastoral arrangements for children's support, guidance and welfare.
- \* The school accommodation is well cleaned and maintained, and often attractively presented.
- \* Recommendations in the school's self evaluation report correctly identify a number of areas for attention. They include continued focus upon Assessment for Learning, ARR, marking, ICT, SEN, linking teacher assessments and performance criteria to target setting and tracking, and exploring opportunities for cross-curricular activities and a more creative curriculum. These are endorsed by the validation team.

### **Key Issues that the School Needs to Address**

In order to sustain progress, the headteacher and his staff should use the VSSE reports to devise a strategic and prioritised school improvement plan. It should help the school to :

- strengthen procedures for identifying children with special educational needs, and consolidate the Guernsey Code of Practice ; use performance criteria to set targets and track progress, particularly for the most able pupils;
- provide more opportunities for independent and creative work; increase the use of the library for enquiry based activities;
- monitor planning and timetables to ensure the provision of a well balanced curriculum;
- continue to raise standards in the core subjects of English, mathematics and science;
- ensure the most effective deployment of time and responsibilities within the new SMT, and the delegation of appropriate administrative duties;
- address concerns raised by a significant minority of parents in the VSSE questionnaire;
- spread the many existing examples of good practice; achieve consistency between classes in the application of school policies, such as for behaviour, marking, presentation and homework;
- continue to strengthen the role and influence of subject co-ordinators.

*The school is responsible for drawing up an action plan after receiving the Report, showing what it is going to do about the issues raised and how it will incorporate them in the school's Improvement Plan.*

*A follow-up visit to the school will be made in spring 2008 in order to monitor and discuss the progress the school has made, a written report will be made to the Director of Education.*

### **Response to the Validation Report on Forest Primary School**

The Education Board and staff of Forest Primary School welcome and accept the Validation Report of June 2006. The school undertook a rigorous self-review that was well-planned and executed and has led to a comprehensive and accurate account of the school providing a secure basis for future planning and progress.

The Board is pleased to note that the headteacher, deputy and staff have established a secure, happy and purposeful working environment with continued strong family and community ethos throughout and beyond the school. The high response rate to the parent questionnaire reveals very positive attitudes towards the school. The PTA is particularly generous in its fund raising and support for the school.

The overall quality of teaching, learning and attainment has improved since the last inspection, with a commendable 48% of lessons judged to be excellent or good (36% in 2000) and 92% of at least satisfactory standard (89% in 2000). Particular strengths were seen in literacy, science, PE (swimming), history, geography, ICT, music and drama. Very good provision is made for pupils' moral and social development.

The school has made very good progress through the Assessment for Learning initiative resulting in more focused planning and children benefiting from shared learning objectives and more effective teaching. The collection and analysis of data about pupils has become more rigorous and the assessment process has become an integral part of teaching and learning. Most children are attaining standards in line with their age and ability. Pupils are motivated, polite and well behaved and have positive attitudes towards their learning. Working relationships are good and the school is greatly assisted by the teaching assistants, school secretary, caretaking staff and parent helpers. Good links are developing with Le Rondin School.

The school's self-evaluation and validation report have clearly identified its strengths and areas for development. The Board is pleased that the school acknowledges these and they will be addressed within the annual School Improvement Planning process.

The key areas identified are to:

- continue to focus on Assessment for Learning, particularly feedback and improvement strategies
- strengthen procedures for SEN
- develop the processes for using performance criteria to set targets and track progress, particularly for the most able pupils
- explore further opportunities for independent learning, cross-curricular activities and a more creative curriculum.

*APPENDIX IV*

**HOUSE COMMITTEE**

**RECORD OF MEMBERS' ATTENDANCE AT MEETINGS OF  
THE STATES OF DELIBERATION, THE POLICY COUNCIL,  
DEPARTMENTS AND COMMITTEES**

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

15<sup>th</sup> January 2007

Dear Sir

On 28 January 2004 the States resolved, inter alia:

*“That Departments and Committees shall maintain a record of their States Members’ attendance at, and absence from, meetings, including sub-committee meetings and the reasons for absence given shall also be recorded.*

*That the records of States Members’ attendance at, absence from and reasons for absence from meetings, shall be made available to the House Committee to monitor and to take such action as it sees fit within its powers and the records shall also be available for inspection by the public.”*

This report goes further than the States resolution in that, at the request of the Policy Council, statistics relating to attendance at meetings of the States of Deliberation have also been included.

The House Committee would be grateful if you would arrange for this report, in respect of statistics provided by H. M. Greffier, Departments and Committees for the six months ended 31 October 2006, to be published as an appendix to a Billet d’État.

Yours faithfully

C H Le Pelley  
Deputy Chairman



**PART I - REPORT BY DEPARTMENT/COMMITTEE**

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States business	Personal business/ holiday	Other
POLICY COUNCIL							
L. C. Morgan	16	15				1	
B. M. Flouquet.	16	16					
S. J. Falla, MBE	16	8	3			4	1 x Did not attend in accordance with Rule 15(1)
P. R. Sirett	16	16					
M. A. Ozanne	16	11	1			4	
P. J. Roffey	16	13	2			1	
M. W. Torode	16	6	4		3	3	
D. B. Jones	16	14				2	
W. M. Bell	16	14			1	1	
M. M. Lowe	16	16					
L. S. Trott	16	15				1	
Alternate Members:							
B. L. Brehaut	1	1					
D. A. Grut	1	1					
M. H. Dorey	1	1					
R. J. Le Moignan	1	1					
W. J. Morgan	3	3					
C. S. McNulty-Bauer	2	2					
F. W. Quin	6	6					
COMMERCE AND EMPLOYMENT DEPARTMENT							
S. J. Falla, MBE	12	12					
C. S. McNulty Bauer	12	12					
L. R. Gallienne	12	8	2	2			
M. G. O’Hara	12	12					
D. W. Staples	12	12					
CULTURE AND LEISURE DEPARTMENT							
P. R. Sirett	5	5					
C. H. Le Pelley	5	4					1 x Family illness
M. G. O’Hara	5	5					
J. Honeybill	5	4				1	
C. S. McNulty Bauer	5	5					
EDUCATION DEPARTMENT							
M. A. Ozanne	13	11				2	
W. J. Morgan	13	10	2			1	
D. A. Grut	13	10	1			1	1 x Meeting date changed
A. H. Adam	13	13					
D. P. Le Cheminant	13	13					

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States business	Personal business/ holiday	Other
ENVIRONMENT DEPARTMENT							
B. M. Flouquet	15	15					
I. F. Rihoy	15	7	2			6	
C. D. Brock	15	14				1	
J. M. Le Sauvage	15	15					
D. de G. De Lisle	15	15					
HEALTH AND SOCIAL SERVICES DEPARTMENT							
P. J. Roffey	12	11				1	
D. A. Grut	12	10	1			1	
A. H. Adam	12	11			1		
B. L. Brehaut	12	12					
D. E. Lewis	12	12					
HOME DEPARTMENT							
M. W. Torode	13	13					
F. W. Quin	13	13					
G. Guille	13	13					
S. J. Maindonald	13	6	3	3		1	
G. H. Mahy	13	12				1	
HOUSING DEPARTMENT							
D. B. Jones	12	12					
M. H. Dorey	12	12					
L. R. Gallienne	12	9			1	2	
B. L. Brehaut	12	12					
J. A. B. Gollop	12	12					
PUBLIC SERVICES DEPARTMENT							
W. M. Bell	14	14					
A. H. Brouard	14	14					
R. J. Le Moignan	14	13					1 x Reason unknown
T. M. Le Pelley	14	14					
S. J. Ogier	14	10	1				3 x Reason unknown
SOCIAL SECURITY DEPARTMENT							
M. M. Lowe	12	11				1	
D. P. Le Cheminant	12	10	2				
G. H. Mahy	12	12					
D. E. Lewis	12	12					
S. J. Ogier	12	9	2		1		
TREASURY AND RESOURCES DEPARTMENT							
L. S. Trott	24	24					
C. N. K. Parkinson	24	23				1	
J. P. Le Tocq	24	19				5	
M. H. Dorey	24	24					
J. Honeybill	24	20				4	

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States business	Personal business/ holiday	Other
HOUSE COMMITTEE							
D. P. Le Cheminant	2	2					
C. H. Le Pelley	2	2					
G. Guille	2	2					
S. J. Falla, MBE	1						1 x Had tendered resignation
E. W. Walters	2	1	1				
R. R. Matthews	1	1					
LEGISLATION SELECT COMMITTEE							
C. H. Le Pelley	6	5					1 x Family illness
P. R. Sirett	6	6					
J. A. B. Gollop	6	6					
T. M. Le Pelley	6	6					
A. H. Brouard	6	6					
PUBLIC ACCOUNTS COMMITTEE							
L. R. Gallienne	13	11	1				1 x Conflict of interest
C. D. Brock	13	12	1				
B. J. Gabriel	13	8	2			3	
S. J. Ogier	13	6	3				4 x Reason unknown
J. M. Tasker	13	11			2		
PUBLIC SECTOR REMUNERATION COMMITTEE							
J. P. Le Tocq	12	10				2	
A. H. Adam	12	12					
G. H. Mahy	12	10				2	
J. Honeybill	12	9	1			2	
B. L. Brehaut	12	12					
SCRUTINY COMMITTEE							
J. A. Pritchard	10	9		1			
S. J. Maindonald	10	6	2	2			
B. R. de Jersey	10	8				2	
B. J. Gabriel	8	3	2	2			1 x Work pressure
R. H. F. Cox	10	6	2	1			1 x Flight delayed
J. A. B. Gollop	10	10					
E. W. Walters	10	8	1				1 x Funeral
R. J. Le Moignan	10	4	5		1		
D. W. Staples	10	5	4	1			
D. E. Lewis	2	2					
INHERITANCE LAW REVIEW COMMITTEE							
J. A. Pritchard	1	1					
C. H. Le Pelley	1	1					
P. R. Sirett	1	1					

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States business	Personal business/ holiday	Other
PAROCHIAL ECCLESIASTICAL RATES REVIEW COMMITTEE							
B. R. de Jersey	9	9					
J. A. B. Gollop	9	8	1				
G. Guille	9	9					
T. M. Le Pelley	9	9					
D. E. Lewis	9	9					

**PART II - REPORT BY SUB-COMMITTEES**

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States business	Personal business/ holiday	Other
POLICY COUNCIL – Strategic Population Review Group							
M. M. Lowe	4	4					
S. J. Falla, MBE	4	2	1			1	
D. B. Jones	4	3					1 x Reason unknown
M. W. Torode	4	3					1 x Reason unknown
R. J. Le Moignan	4	1	3				
J. M. Tasker	4	4					
POLICY COUNCIL – Social Policy Steering Group							
P. J. Roffey	4	4					
D. B. Jones	4	4					
M. M. Lowe	4	4					
M. A. Ozanne	4	2	1				1x Reason unknown
M. W. Torode	4	2			1	1	
W. J. Morgan	4	2	1				1x Reason unknown
B. L. Brehaut	4	4					
POLICY COUNCIL – Strategic Land Planning Group							
L. S. Trott	4	4					
B. M. Flouquet	4	4					
S. J. Falla, MBE	2	2					
D. B. Jones	4	3					1 x Reason unknown
W. M. Bell	1	1					
P. R. Sirett	4	4					
C. D. Brock	4	4					
C. S. McNulty Bauer	1	1					
POLICY COUNCIL – Fiscal and Economic Policy Steering Group							
L. C. Morgan	5	4				1	
B. M. Flouquet	5	4			1		
L. S. Trott	5	5					
S. J. Falla, MBE	5	5					
POLICY COUNCIL – Energy Policy Steering Group							
B. M. Flouquet	11	9	1	1			
C. N. K. Parkinson	11	7	1		1	1	1x Reason unknown
G. Guille	11	9	1			1	
M. G. O’Hara	11	5			1	3	2 x Reason unknown
S. J. Ogier	11	7					4 x Reason unknown

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States business	Personal business/ holiday	Other
POLICY COUNCIL – External Relations Group							
L. C. Morgan	3	3					
B. M. Flouquet.	3	3					
P. R. Sirett	1	1					
S. J. Falla MBE	3	3					
D. B. Jones	3	2					1 x Reason unknown
L. S. Trott	2	1					1 x Short notice
POLICY COUNCIL – Legal Aid Steering-Group							
W. M. Bell	2	2					
C. N. K. Parkinson	2	2					
P. R. Sirett (Co-opted)	1	1					
POLICY COUNCIL – Staff Steering Group							
S. J. Falla	2	1	1				
M. M. Lowe	2	2					
B. M. Flouquet	2	2					
M. W. Torode	2	1				1	
POLICY COUNCIL – Government Business Plan Task Group							
L. C. Morgan	3	2				1	
B. M. Flouquet	3	2	1				
S. J. Falla MBE	3	3					
P. J. Roffey	3	3					
P. R. Sirett	1	1					
POLICY COUNCIL – Government Business Plan Project Team							
S. J. Falla MBE	8	8					
J. A. Pritchard	8	7	1				
J. P. Le Tocq	8	2	2			1	3 x Reason unknown
G. H. Mahy	8	6					2 x Reason unknown
POLICY COUNCIL – Public Services Steering Group							
L. S. Trott	4	4					
B. M. Flouquet	4	2	1	1			
P. J. Roffey	4	3	1				
M. A. Ozanne	4	4					
P. R. Sirett	4	4					
COMMERCE AND EMPLOYMENT DEPARTMENT and TREASURY AND RESOURCES DEPARTMENT– Construction Sector Group (Formerly Construction Industry Joint Steering Group)							
B. M. Flouquet	3	3					
S. J. Falla, MBE	2	2					
C. S. McNulty Bauer	1	1					
L. S. Trott	3	3					
M. G. O’Hara	3	3					
J. P. Le Tocq	3	2	1				

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States business	Personal business/ holiday	Other
<b>COMMERCE AND EMPLOYMENT DEPARTMENT – Resources Group</b>							
L. R. Gallienne	2	2					
D. W. Staples	2	1	1				
<b>COMMERCE AND EMPLOYMENT DEPARTMENT – Dairy Management Board</b>							
D. W. Staples	4	4					
C. S. McNulty Bauer	1	1					
<b>COMMERCE AND EMPLOYMENT DEPARTMENT – Business Guernsey Group</b>							
C. S. McNulty Bauer	7	7					
M. G. O’Hara	7	5			1	1	
<b>COMMERCE AND EMPLOYMENT DEPARTMENT and PUBLIC SERVICES DEPARTMENT – External Transport Group</b>							
S. J. Falla MBE	4	4					
W. M. Bell	4	4					
C. S. McNulty Bauer	4	3		1			
T. M. Le Pelley	4	4					
<b>COMMERCE AND EMPLOYMENT DEPARTMENT and HOUSING DEPARTMENT – Joint Working Group</b>							
C. S. McNulty Bauer	1	1					
M. H. Dorey	1	1					
B. L. Brehaut	1					1	
<b>COMMERCE AND EMPLOYMENT DEPARTMENT – Finance Sector Group</b>							
L. C. Morgan	6	2	1		1	2	
S. J. Falla, MBE	6	6					
C. S. McNulty Bauer	6	6					
<b>COMMERCE AND EMPLOYMENT DEPARTMENT – Client Services Working Group</b>							
D. W. Staples	3	3					
<b>COMMERCE AND EMPLOYMENT DEPARTMENT and CULTURE AND LEISURE DEPARTMENT – Marketing Guernsey Group</b>							
S. J. Falla, MBE	1	1					
M. G. O’Hara	1	1					
P. R. Sirett	1	1					
<b>CULTURE AND LEISURE DEPARTMENT – Liberation Celebrations Committee</b>							
M. G. O’Hara	3	3					
<b>CULTURE AND LEISURE DEPARTMENT – KGV Management Committee</b>							
J. Honeybill	4	4					
<b>CULTURE AND LEISURE DEPARTMENT – Channel Islands Lottery Advisory Panel</b>							
J. Honeybill	2	2					
<b>CULTURE AND LEISURE DEPARTMENT – Guernsey Sports Commission</b>							
M. G. O’Hara	5	1			1	1	2 x Family illness

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States business	Personal business/ holiday	Other
CULTURE AND LEISURE DEPARTMENT – Guernsey Sports Commission - Achievement Awards Committee							
M. G. O’Hara	3	3					
CULTURE AND LEISURE DEPARTMENT – Events Group							
M. G. O’Hara	2	2					
CULTURE AND LEISURE DEPARTMENT – Events Group – Chairmen of Specialist Interest Groups Sub-Meeting							
M. G. O’Hara	1	1					
EDUCATION DEPARTMENT – Appointments Panel							
M. A. Ozanne	2	2					
W. J. Morgan	2	2					
D. P. Le Cheminant	2	2					
A. H. Adam	3	3					
EDUCATION DEPARTMENT – Project Board for Les Nicolles Project							
M. A. Ozanne	4	3	1				
W. J. Morgan	4	2			1	1	
D. A. Grut	4	4					
C. N. K. Parkinson	4	4					
M. H. Dorey	4	3			1		
J. Honeybill	4	4					
EDUCATION DEPARTMENT – Employers’ AGM							
W. J. Morgan	1	1					
EDUCATION DEPARTMENT – Training Agency							
W. J. Morgan	1	1					
EDUCATION DEPARTMENT – Guille-Allès Library							
A. H. Adam	4	4					
EDUCATION DEPARTMENT – Blanchelande Girls’ College Board							
W. J. Morgan	2	1				1	
D. P. Le Cheminant	2	2					
EDUCATION DEPARTMENT – Youth Service Playscheme							
D. P. Le Cheminant	2	2					
EDUCATION DEPARTMENT – Youth Service Finance Sub-Committee							
D. P. Le Cheminant	1	1					
EDUCATION DEPARTMENT – Ladies’ College Board							
D. A. Grut	3	3					
EDUCATION DEPARTMENT – Elizabeth College Board							
D. A. Grut	2	2					
L. S. Trott	2	2					



NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States business	Personal business/ holiday	Other
<b>EDUCATION DEPARTMENT – e-Learning</b>							
A. H. Adam	2	2					
<b>EDUCATION DEPARTMENT – Youth Service Committee</b>							
D. P. Le Cheminant	2	2					
M. G. O’Hara	2	2					
<b>EDUCATION DEPARTMENT – College of Further Education Development Committee</b>							
M. A. Ozanne	2	1				1	
W. J. Morgan	2	2					
<b>EDUCATION DEPARTMENT – Apprenticeship Committee</b>							
M. A. Ozanne	2	1			1		
W. J. Morgan	2	2					
D. W. Staples	2	2					
<b>EDUCATION DEPARTMENT – Higher Education Awards Working Party</b>							
A. H. Adam	4	4					
W. J. Morgan	4	4					
<b>EDUCATION DEPARTMENT – Grammar School Committee</b>							
M. A. Ozanne	1	1					
A. H. Adam	1	1					
<b>EDUCATION DEPARTMENT – Joint Advisory Committee</b>							
M. A. Ozanne	1	1					
W. J. Morgan	1	1					
<b>EDUCATION DEPARTMENT – Lifelong Learning</b>							
M. A. Ozanne	5	4			1		
W. J. Morgan	5	4	1				
D. P. Le Cheminant	5	5					
C. S. McNulty Bauer	5	5					
<b>EDUCATION DEPARTMENT – Priaulx Library Council</b>							
A. H. Adam	3	2			1		
C. H. Le Pelley	3	3					
W. M. Bell	3	3					
<b>EDUCATION DEPARTMENT – Standing Advisory Council for Religious Education</b>							
M. A. Ozanne	1				1		
W. J. Morgan	1	1					
D. P. Le Cheminant	1				1		
<b>EDUCATION DEPARTMENT – Amherst and Vauvert Primary Schools’ Committee</b>							
A. H. Adam	2	2					
L. R. Gallienne	2	2					

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States business	Personal business/ holiday	Other
EDUCATION DEPARTMENT – Castel Primary School Committee							
A. H. Adam	1	1					
M. H. Dorey	1	1					
EDUCATION DEPARTMENT – Forest Primary School Committee							
M. A. Ozanne	1					1	
EDUCATION DEPARTMENT – La Mare de Carteret Primary School Committee							
A. H. Adam	1	1					
EDUCATION DEPARTMENT – La Houquette Primary School Committee							
M. A. Ozanne	2	2					
EDUCATION DEPARTMENT – St Andrew’s Primary School Committee							
M. A. Ozanne	1	1					
EDUCATION DEPARTMENT – St Martin’s Primary School Committee							
D. P. Le Cheminant	2	2					
EDUCATION DEPARTMENT – St Mary and St Michael Roman Catholic Primary School Committee							
D. P. Le Cheminant	2	2					
EDUCATION DEPARTMENT – Notre Dame du Rosaire Roman Catholic Primary School Committee							
D. P. Le Cheminant	2	2					
EDUCATION DEPARTMENT – Hautes Capelles Primary School Committee							
D. P. Le Cheminant	2	2					
M. M. Lowe	2	2					
EDUCATION DEPARTMENT – Vale Infant and Junior and St Sampson’s Infant Schools’ Committee							
W. J. Morgan	2	1					1 x Reason unknown
D. P. Le Cheminant	1	1					
EDUCATION DEPARTMENT – St Peter Port Secondary School Committee							
W. J. Morgan	1	1					
EDUCATION DEPARTMENT – St Sampson’s Secondary School Committee							
W. J. Morgan	1	1					
EDUCATION DEPARTMENT – Les Beaucamps Secondary School Committee							
A. H. Adam	1	1					
EDUCATION DEPARTMENT - St Anne’s School Committee							
M. A. Ozanne	1	1					
W. J. Morgan	1	1					
D. A. Grut	1	1					

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States business	Personal business/ holiday	Other
EDUCATION DEPARTMENT – La Mare de Carteret Secondary School Committee							
A. H. Adam	2	2					
HEALTH AND SOCIAL SERVICES DEPARTMENT – no sub-committees							
HOME DEPARTMENT – Gambling Sub-Committee							
G. Guille	3	3					
S. J. Maindonald	3	2		1			
HOME DEPARTMENT – Liquor Licensing Working Group							
F. W. Quin	2	2					
G. H. Mahy	2	2					
HOUSING DEPARTMENT – no sub-committees							
PUBLIC SERVICES DEPARTMENT – Roads Working Party							
A. H. Brouard	2	2					
T. M. Le Pelley	2	2					
S. J. Ogier	2	1		1			
PUBLIC SERVICES DEPARTMENT – Alderney Airport Working Party							
W. M. Bell	1	1					
T. M. Le Pelley	1	1					
R. J. Le Moignan	1	1					
PUBLIC SERVICES DEPARTMENT – Project Board for Runway/Taxiway/Apron Rehabilitation							
T. M. Le Pelley	2	2					
PUBLIC SERVICES DEPARTMENT – Pilotage Board							
R. J. Le Moignan	1	1					
S. J. Ogier	1	1					
SOCIAL SECURITY DEPARTMENT – no sub-committees							
TREASURY AND RESOURCES DEPARTMENT – no sub-committees							
HOUSE COMMITTEE – no sub-committees							
LEGISLATION SELECT COMMITTEE – no sub-committees							
PUBLIC ACCOUNTS COMMITTEE – Contract Review Working Party							
B. J. Gabriel	2	1					1 x Reason unknown
J. M. Tasker	2	2					
PUBLIC ACCOUNTS COMMITTEE – Audit Working Party							
L. R. Gallienne	4	4					
PUBLIC ACCOUNTS COMMITTEE – Procedure Working Party							
L. R. Gallienne	4	3	1				
J. M. Tasker	4	4					

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States business	Personal business/ holiday	Other
<b>PUBLIC SECTOR REMUNERATION COMMITTEE – Pensions Consultative Committee</b>							
J. P. Le Tocq	2	1	1				
A. H. Adam	2	2					
G. H. Mahy	2	2					
J. Honeybill	2	2					
B. L. Brehaut	2	2					
<b>PUBLIC SECTOR REMUNERATION COMMITTEE – Teachers and Lecturers’ Joint Council</b>							
J. P. Le Tocq	2	1				1	
A. H. Adam	2	2					
G. H. Mahy	2	2					
J. Honeybill	2	1				1	
B. L. Brehaut	2	2					
<b>SCRUTINY COMMITTEE – no sub-committees</b>							
<b>INHERITANCE LAW REVIEW COMMITTEE – no sub-committees</b>							
<b>PAROCHIAL ECCLESIASTICAL RATES REVIEW COMMITTEE – no sub-committees</b>							

**PART III - REPORT BY MEMBER/ELECTORAL DISTRICT****Summary of Attendances at Meetings of The Policy Council, Departments and Committees**

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States business	Personal business/ holiday	Other
ST PETER PORT SOUTH							
L. C. Morgan	33	26	1		1	5	
B. J. Gabriel	23	12	4	2		3	1 x Pressure of work 1 x Reason unknown
J. A. B. Gollop	37	36	1				
C. S. McNulty Bauer	45	44		1			
B. L. Brehaut	46	45				1	
J. M. Tasker	23	21			2		
ST PETER PORT NORTH							
L. R. Gallienne	49	39	4	2	1	2	1 x Conflict of interest
J. Honeybill	59	49	2			8	
R. R. Matthews	1	1					
J. A. Pritchard	19	17	1	1			
C. D. Brock	32	30	1			1	
W. J. Morgan	47	38	4		1	3	1 x Reason unknown
D. E. Lewis	35	35					
ST. SAMPSON							
L. S. Trott	60	58				1	1 x Short notice
D. P. Le Cheminant	51	48	2		1		
S. J. Maindonald	26	14	5	6		1	
S. J. Ogier	53	34	6		2		11 x Reason unknown
I. F. Rihoy	15	7	2			6	
R. J. Le Moignan	31	21	8		1		1 x Reason unknown
VALE							
G. H. Mahy	51	46				3	2 x Reason unknown
P. J. Roffey	39	34	3			2	
D. B. Jones	43	38				2	3 x Reason unknown
M. M. Lowe	40	39				1	
G. Guille	38	36	1			1	
B. R. de Jersey	19	17				2	
D. W. Staples	34	27	5	1			1 x Reason unknown

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States business	Personal business/ holiday	Other
CASTEL							
S. J. Falla, MBE	69	57	5			5	1 x Did not attend in accordance with Rule 15(1) 1 x Had tendered resignation
M. H. Dorey	43	42					1 x Reason unknown
E. W. Walters	12	9	2				1 x Funeral
J. P. Le Tocq	51	35	4			9	3 x Reason unknown
B. M. Flouquet	66	60	3	2	1		
A. H. Adam	66	64			2		
T. M. Le Pelley	38	38					
WEST							
D. A. Grut	36	31	2			2	1 x Date changed
M. A. Ozanne	60	45	3		3	8	1 x Reason unknown
D. de G. De Lisle	15	15					
C. H. Le Pelley	17	15					2 x Family illness
P. R. Sirett	40	40					
A. H. Brouard	22	22					
SOUTH-EAST							
M. W. Torode	39	25	4		4	5	1 x Reason unknown
C. N. K. Parkinson	41	36	1		1	2	1 x Reason unknown
W. M. Bell	41	39			1	1	
F. W. Quin	21	21					
J. M. Le Sauvage	15	15					
M. G. O'Hara	55	43			3	5	2 x Reason unknown 2 x Family illness
ALDERNEY REPRESENTATIVES							
P. F. Walter, MBE, MC							
R. H. F. Cox, TD	10	6	2	1			1 x Flight delayed

**PART IV – REPORT OF ATTENDANCE AT  
MEETINGS OF THE STATES OF DELIBERATION**

NAME OF MEMBER	TOTAL NUMBER OF DAYS (or part)	DAYS ATTENDED (or part)
<b>ST PETER PORT SOUTH</b>		
L. C. Morgan	13	13
B. J. Gabriel	13	13
J. A. B. Gollop	13	13
C. S. McNulty Bauer	13	12
B. L. Brehaut	13	13
J. M. Tasker	13	13
<b>ST PETER PORT NORTH</b>		
L. R. Gallienne	13	13
J. Honeybill	13	13
R. R. Matthews	13	13
J. A. Pritchard	13	10
C. D. Brock	13	13
W. J. Morgan	13	13
D. E. Lewis	13	13
<b>ST SAMPSON</b>		
L. S. Trott	13	13
D. P. Le Cheminant	13	13
S. J. Maindonald	13	10
S. J. Ogier	13	13
I. F. Rihoy	13	10
R. J. Le Moignan	13	13
<b>VALE</b>		
G. H. Mahy	13	13
P. J. Roffey	13	13
D. B. Jones	13	13
M. M. Lowe	13	13
G. Guille	13	13
B. R. de Jersey	13	13
D. W. Staples	13	13
<b>CASTEL</b>		
S. J. Falla, MBE	13	13
M. H. Dorey	13	13
E. W. Walters	13	11
J. P. Le Tocq	13	11
B. M. Flouquet	13	13
A. H. Adam	13	13
T. M. Le Pelley	13	13

NAME OF MEMBER	TOTAL NUMBER OF DAYS (or part)	DAYS ATTENDED (or part)
<b>WEST</b>		
D. A. Grut	13	13
M. A. Ozanne	13	13
D. de G. De Lisle	13	13
C. H. Le Pelley	13	13
P. R. Sirett	13	11 (absent 2 days whilst attending British-Irish Council ministerial meeting)
A. H. Brouard	13	13
<b>SOUTH-EAST</b>		
M. W. Torode	13	13
C. N. K. Parkinson	13	12
W. M. Bell	13	12
F. W. Quin	13	11
J. M. Le Sauvage	13	13
M. G. O'Hara	13	12
<b>ALDERNEY REPRESENTATIVES</b>		
P. F. Walter, MBE, MC	13	12
R. H. F. Cox, TD	13	12

# Guernsey Retail Prices Index<sup>584</sup>

## Quarter 4 - 31 December 2006



POLICY COUNCIL  
THE STATES OF GUERNSEY

Issue Date - 24 January 2007

## Introduction

The Guernsey Retail Prices Index (GRPI) is the measure of inflation used in Guernsey. It measures the change in the prices of goods and services bought for the purpose of consumption or use by households in Guernsey. It is published quarterly by the States of Guernsey Policy and Research Unit. The calculation of the GRPI is based on the price change of items within a 'shopping basket'. Whilst some prices rise over time, others will fall or fluctuate and the Index represents the average change in these prices. *This is an abridged version of the RPI handout, produced for publication in the Billet. The full version is available for download on [www.gov.gg/pru](http://www.gov.gg/pru).*

## Headlines

- At the end of December 2006 Guernsey's annual rate of inflation was **4.4%**. This increased from 3.5% in September 2006. The equivalent figure for the UK was 4.4% and 3.7% for Jersey.
- Guernsey's RPIX (inflation excluding mortgage interest payments), increased to **2.8%** from 2.5% last quarter, when it was at its lowest since December 1998.
- The **Housing** group has the largest weight within the Index. It contributed **2.6%** to the 4.4% total, a rise from 2.1% in September 2006.
- The Index increased to **130.0** (1999 base).

## Overview

The Guernsey RPI increased by 4.4% for all items ending 31st December 2006.

The Housing group was the largest contributor to the December RPI at 2.6% out of the 4.4% figure. This group has increased noticeably during 2006 (from 1.1% in March 2006 to 1.2% in June 2006 and 2.1% in September 2006). The rise in this group is mainly due to the increasing cost of servicing a mortgage, due to the combined effects of rising interest rates and average house prices.

Elsewhere, the Food, Motoring and Leisure Services groups contributed 0.4% each. Fuel, Light and Power contributed 0.3% and the Alcohol group contributed 0.2%.

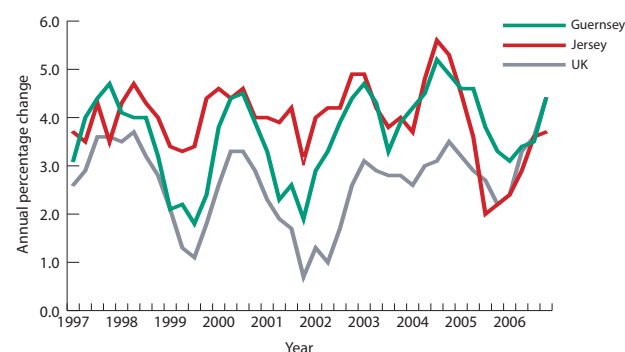
The Clothing and Footwear group had a downward effect on the Index at -0.3%. This was mainly due to seasonal sales that took place at the end of December.

The RPI was at its lowest for five years in March 2006, when it stood at 3.1%. It increased to 3.4% in June, 3.5% in September and by 0.9% to 4.4% in December.

**Table 1: Annual Rates of Inflation**

Year	March	June	September	December
2002	2.9	3.3	3.9	4.4
2003	4.7	4.3	3.3	3.9
2004	4.2	4.5	5.2	4.9
2005	4.6	4.6	3.8	3.3
2006	3.1	3.4	3.5	4.4

**Figure 1: Annual Rates of Inflation**





# **IN THE STATES OF THE ISLAND OF GUERNSEY ON THE 1<sup>ST</sup> DAY OF MARCH 2007**

(Meeting adjourned from 28<sup>th</sup> February 2007)

**The States resolved as follows concerning Billet d'Etat No VI  
dated 9<sup>th</sup> February 2007**

## **POLICY COUNCIL**

### **ADMINISTRATIVE DECISIONS (REVIEW) (GUERNSEY) LAW, 1986**

#### **PANEL OF MEMBERS ELECTION OF CHAIRMAN AND DEPUTY CHAIRMAN**

I.- After consideration of the Report dated 22<sup>nd</sup> January, 2007, of the Policy Council:-

To retrospectively elect Deputy W M Bell and Douzenier J R Domaille as Chairman and Deputy Chairman respectively of the Panel of Members from 1<sup>st</sup> June, 2005 to 31<sup>st</sup> May, 2007.

## **SCRUTINY COMMITTEE**

### **NEW MEMBER**

II.- TO POSTPONE consideration of this Article until the meeting of the States to be held on 9<sup>th</sup> March 2007, or, if no meeting is held on that day, until the meeting to be held on 28<sup>th</sup> March 2007.

## ***STATUTORY INSTRUMENTS LAID BEFORE THE STATES***

### **THE HEALTH SERVICE (MEDICAL APPLIANCES) (AMENDMENT) (NO. 2) REGULATIONS, 2006**

In pursuance of Section 35 of The Health Service (Benefit) (Guernsey) Law, 1990, the Health Service (Medical Appliances) (Amendment) (No. 2) Regulations, 2006, made by the Social Security Department on 20<sup>th</sup> December, 2006, were laid before the States.

**THE SOCIAL INSURANCE (BENEFITS)  
(AMENDMENT) (NO. 2) REGULATIONS, 2006**

In pursuance of Section 117 of the Social Insurance (Guernsey) Laws, 1978-2004, the Social Insurance (Benefits) (Amendment) (No. 2) Regulations, 2006, made by the Social Security Department on 20<sup>th</sup> December, 2006, were laid before the States.

**THE SOCIAL INSURANCE (CONTRIBUTIONS)  
(AMENDMENT) REGULATIONS, 2006**

In pursuance of Section 117 of the Social Insurance (Guernsey) Laws, 1978-2004, the Social Insurance (Benefits) (Amendment) (No. 2) Regulations, 2006, made by the Social Security Department on 20<sup>th</sup> December, 2006, were laid before the States.

**THE SOCIAL INSURANCE (RESIDENCE AND PERSONS ABROAD)  
(AMENDMENT) (GUERNSEY) REGULATIONS, 2006**

In pursuance of Section 117 of the Social Insurance (Guernsey) Laws, 1978-2004, the Social Insurance (Residence and Persons Abroad) (Amendment) (Guernsey) Regulations, 2006, made by the Social Security Department on 20<sup>th</sup> December, 2006, were laid before the States.

**THE IMMIGRATION (ACCESSION) (WORKERS FROM BULGARIA  
AND ROMANIA) (GUERNSEY) RULES 2006**

In pursuance of section 3(2) of the Immigration Act 1971 as extended to the Bailiwick of Guernsey by the Immigration (Guernsey) Order 1993, the Immigration (Accession) (Workers from Bulgaria and Romania) (Guernsey) Rules, 2006, made by the Home Department on 27<sup>th</sup> December, 2006, were laid before the States.

**THE HEALTH SERVICE (PAYMENT OF AUTHORISED SUPPLIERS)  
(AMENDMENT) REGULATIONS, 2007**

In pursuance of Section 35 of The Health Service (Benefit) (Guernsey) Law, 1990, the Health Service (Payment of Authorised Suppliers) (Amendment) Regulations, 2007, made by the Social Security Department on 11<sup>th</sup> January, 2007, were laid before the States.

# **IN THE STATES OF THE ISLAND OF GUERNSEY ON THE 2<sup>ND</sup> DAY OF MARCH 2007**

(Meeting adjourned from 28<sup>th</sup> February 2007)

**The States resolved as follows concerning Billet d'Etat No VI  
dated 9<sup>th</sup> February 2007**

## **SCRUTINY COMMITTEE**

### **SCRUTINY REVIEW OF THE STAFF NUMBER LIMITATION POLICY**

III.- After consideration of the Report, dated 19<sup>th</sup> December, 2006, of the Scrutiny Committee:-

1. To approve the Committee's conclusions and recommendations as summarised in that Report.
2. To direct the Treasury and Resources Department to report back to the States with an alternative policy for controlling staff numbers, taking into account the Scrutiny Committee's recommendations in its Review Report.
3. To note the Scrutiny Committee's intention to monitor the development and implementation of an alternative policy for controlling staff numbers.

**K.H.TOUGH  
HER MAJESTY'S GREFFIER**