



Scrutiny Management  
Committee

---

# Scrutiny Management Committee

---

## Annual Report

---

2016 - 2017

---

## Table of Contents

<b>1. President's Foreword .....</b>	<b>2</b>
<b>2. Executive Summary .....</b>	<b>4</b>
<b>3. The role of the Scrutiny Management Committee .....</b>	<b>5</b>
<b>4. Reviews (Details in Appendix 1) .....</b>	<b>11</b>
<b>5. Public Engagement.....</b>	<b>12</b>
<b>6. Member &amp; Staff Personal Development .....</b>	<b>12</b>
<b>7. Conclusions.....</b>	<b>13</b>
<b>Appendix 1 - Scrutiny Reviews to date in this Political Term .....</b>	<b>15</b>
<b>Appendix 2 - Legislation Review Panel .....</b>	<b>23</b>
<b>Appendix 3 - Scrutiny Management Committee Mandate.....</b>	<b>29</b>

## **1. President's Foreword**

I would firstly like to thank the Elected Members, those Members independent of the States and our staff who have contributed to the Scrutiny process significantly during this political term so far for their commitment, support and for recognising the importance of working as a team.

When I reflect on the work of our Committee since May 2016, I believe that the Scrutiny Management Committee (SMC) has made real progress with its new approach to public scrutiny and has developed a certain momentum that we want to build upon.

At the beginning of this political term, the SMC decided on a two-pronged approach to the scrutiny of significant matters of policy and finances across the public sector. First, we wished to continue with a programme of major, evidence-led reviews of substantial policy issues and financial matters. These major reviews tend to be conducted over a number of months and are longer-term, in depth studies of policy, finances and other matters. For example, we have done a major review on the States of Guernsey's Bond Issue and we have made progress on the "in work" poverty review.

Secondly, we felt it important to conduct a series of regular public hearings with the major Committees of the States and where appropriate their senior officers. This is to help the SMC track the progress States Committees are making within their mandated areas and to analyse their management of resources; it also enables us to hold them to account publicly and helps identify significant areas that might justify a major review. We have now completed a full cycle of all of the major Committees of the States and have obtained much information from this process.

Overall, this two pronged approach provides an appropriate balance of short and longer-term public scrutiny on matters of true importance, value and interest. There will be other ways by which we conduct scrutiny, but these two approaches are the principal ways in which the SMC discharges its duties under the new mandate. Moreover, we do adopt a strategic approach to the topics that we scrutinise and that means that we always prioritise carefully what should - and should not - be the subject of SMC scrutiny, safe in the knowledge that we cannot hope to do it all.

In terms of the routine public hearings with Committees, whilst the questioning should be evidence-led whenever possible, the purpose of the hearings is to obtain a snapshot of progress being made, as well as an indication of where there might be concerns about a Committee's performance in the implementation of a States policy or in a financial area. The broad test of success is whether we can say after a routine public hearing that we and the general public know something significant that we did not know previously.

With the benefit of hindsight, it is clear that the general public and the media have high expectations regarding the level of activity that can or should be undertaken by the SMC

within our current system of operation and with its level of resources. Partly, this may be based on the misconception that all "Scrutiny" within government activity is driven by the SMC. That misconception must be challenged constantly.

The scrutiny of policy, financial matters and legal issues is not solely the preserve of the SMC. It is important to understand that, within our system of government, every elected Deputy is or should be a public scrutineer, both within the States of Deliberation and on their own Committees. The function of the SMC is best served if all Committees and individual States Members remember that good scrutiny at all levels is fundamental to good government. The SMC is perhaps best described as a specialist scrutiny function mandated primarily to concentrate its inquisitorial gaze on significant policy and financial matters, distinct from the everyday scrutiny that is the role and duty of every elected member of the States of Guernsey. I will never tire of making this point because it is key to understanding fully our role and function.

In this political term, we have observed that Committees of the States are now increasingly applying what might be called the "Scrutiny test" when they are making their decisions. Specifically, this process can be described as considering how the Committee would be judged in the 'court of public opinion' if they are subsequently examined on a matter in a SMC public hearing. This can only be beneficial to good governance and good government in Guernsey politics.

Moving forward, the SMC will keep a watching brief on political developments and always reserves the right to hold 'urgent business reviews' on matters of substantial political or financial interest. Indeed, a snap hearing was held in December of 2017 on the corporate governance issues surrounding a so called 'guerrilla' marketing campaign considered by the Committee *for* Education, Sport and Culture. This power to hold snap hearings is a power that should be used judiciously, as public confidence in the scrutiny process will not be improved by tackling issues that are of limited, passing, or peripheral interest.

To conclude I wish to make two further observations. Firstly, it is important to understand that the SMC is not a substitute for the Ombudsman service that the Island perhaps needs and secondly, it is important to remember that the SMC does not investigate individual complaints unless they raise a wider concern about policy or financial matters.

Finally, I look forward to continued progress throughout the remainder of this political term when the SMC will continue to examine and challenge the expenditure, legislation and policies within government. The Committee's objectives for 2018 will include continuing our focus on policies relating to access to information and working to improve financial transparency. We will also undertake an ongoing review of the major transformation programmes being undertaken by Principal Committee's and review elements of the existing benefits package in place for key staff groups.

## 2. Executive Summary

This Annual Report outlines the work of the SMC undertaken since their election in May 2016 up to the end of December 2017. It also provides the SMC with an opportunity to comment on the effectiveness of the scrutiny framework during the same period, following the implementation of States Review Committee's (SRC) reforms.

The SMC is intended to provide for structured and co-ordinated scrutiny of policy and services, financial affairs and expenditure and legislation. The SRC proposals intended to make better use of States' members in scrutiny roles and encourage more external challenge of the States by creating a single SMC supported by 'task and finish' panels bringing together States' members and people independent of the States.

The SMC believes that our activities since its formation have had a direct influence on shaping existing and future government policy. The updated process outlined in the SRC reports that has been put in place from May 2016 has thus far been largely accepted by Committees, and has been able to demonstrate effective, credible scrutiny.

The SMC has introduced a number of changes in the approach that had previously been taken on the scrutiny of policy and finance by the former Scrutiny and Public Accounts Committees. This SMC has introduced increasingly regular public hearings, which we believe has increased public political awareness in key policy areas. In the course of this political term we have held 11 public hearings, speaking to the Policy & Resources Committee, all Principal Committees, and the States Trading and Supervisory Board.

The SMC has undertaken several hearings on specific topics, for example; the Waste Strategy and the Bond Issue, in addition to tracking the progress Principal Committees are making within their mandated policy areas and in their management of resources.

In December 2017, the SMC held its first urgent public hearing to focus on governance issues within the Committee *for* Education, Sport & Culture. This review was executed within seven days of the issue being considered and sets the standard for future urgent action by this Committee.

In terms of the financial scrutiny role, the SMC has undertaken a major review of the implementation of the Guernsey Bond, highlighted recommendations to improve the clarity of the States' Accounts, continued to review the post-implementation reports of capital projects; examined the reports of the Internal Audit Unit (IAU); and reviewed the progress made to ensure that such recommendations are properly considered and implemented. However, although progress has been made, the States of Guernsey must provide greater financial transparency and the SMC continues to monitor developments closely. This is especially true regarding the clarity of the States Accounts where the SMC has been unable to undertake its mandated scrutiny of the audit process sufficiently.

In addition, the SMC has overseen the work of the Legislation Review Panel (LRP) which has sought, within the limited resources available, to consider the ongoing legislative programme and, when appropriate, to examine relevant legislative issues via the creation of temporary sub-groups.

This Annual Report also allows an opportunity for the SMC to present to the States of Deliberation, the reports it has produced to date during this political term, in order that they may be formally noted (see appendices).

### **3. The role of the Scrutiny Management Committee**

The role of the SMC is to ensure all Committees are meeting the policy and financial objectives that have been outlined by the States of Guernsey and that they are delivering their services effectively and efficiently. This role is undertaken in conjunction with the collective parliamentary scrutiny process that is fulfilled by individual members of the States Assembly.

The SMC mandate includes identifying areas of policy or service delivery that might be inadequately or inappropriately addressed; identifying new areas of policy or service delivery that may require implementation; determining how well a new policy or service or project has been implemented; and promoting changes in policies and services where evidence persuades the SMC that they require amendment. After consideration of the first States Review Committee (SRC) policy letter, the States agreed significant reforms to the arrangements at committee level for scrutinising the policies, services and expenditure of the committees of the States, which the second SRC policy letter summarised in the following terms:

“The States resolved that with effect from May, 2016 there will be a single Scrutiny Management Committee responsible to the States for the scrutiny of policy, finances and legislation. The single, smaller Scrutiny Management Committee will include States’ Members and members independent of the States.”

The States agreed that the task of scrutinising policies and services, financial affairs and expenditure and legislation will in the main be carried out through scrutiny panels with: “...the objective[s] of reform include: strengthening scrutiny in the States and ensuring it is focused, proportionate and flexible, [making] the best use of the time of States’ members and [permitting] the States to benefit from the involvement in the scrutiny process of a greater number of persons independent of the States.”

The mandate highlights the role of formal scrutiny in holding policymaking committees to account for their performance against States’ objectives and policy plans. It recognises the decided advantages in scrutiny having a strong public profile.

The States resolved that the constitution of the new, combined SMC succeeding the Legislation Select Committee, the Public Accounts Committee and the Scrutiny Committee,

should be three States' Members and two members independent of the States, all elected by the States.

In May 2016 the States elected Deputy Christopher Green as President, with Deputy Peter Roffey and Deputy Laurie Queripel being elected as the other political members. Subsequently, Mrs Gill Morris and Mr Richard Digard were elected as Non-States Members of the Committee, although Mr Digard subsequently resigned and was replaced in early 2017 by Advocate Peter Harwood.

The general approach to deciding on whether to assess an issue for instigating a major review or an urgent business review is essentially: does it concern a major issue of political and public interest; does it involve significant public finances; and should the matter be a genuine priority for the SMC that would constitute a wise use of its limited public resources?

Scrutiny in Guernsey works best with the full 'cultural buy in' of States' Members and the public sector. This requires recognition that the work of scrutinising policy, services, financial matters and draft legislation, is a vital function in our system of government. That recognition of the need for rational and thoughtful challenge within our system of government has not always been a given in the recent past, but the positive response to our first round of public hearings with States Committees has, we believe, been a milestone in consolidating the SMC's role in Guernsey's new governance arrangements.

Generally speaking, the nature of the SMC's work has to be largely retrospective if it is to deal in facts and make conclusions about evidence. Whilst our Members understand the call for 'real-time' scrutiny where possible, it is not appropriate in our system of government for the SMC to be questioning each decision of every States' Committee. That real time scrutiny is or at least ought to be the role of the individual members of policy making Committees who, under our system, are not bound by collective responsibility and do benefit from appropriate and robust internal challenge. That said, the appropriate use of 'snap' hearings can help to provide more timely scrutiny when possible and feasible.

The SMC's mandate also makes it clear that it is not intended to act as an Opposition would under an executive system of government, as that is not our system. Nor should we react to every single development or issue within the Government, or in Island life.

The SMC currently enjoys a positive working relationship with all States Committees and believes those Committees should have the confidence to refer matters of concern to the SMC, to work together to identify issues and find solutions that will help move our community forward.

In the near future, the SMC wishes to pursue the case for creating the expectation and requirement that States Committees should provide a written response to the recommendations contained in SMC reviews within a two month period. It is hoped that this will create a valuable dynamic following the publication of SMC reports.

The challenges that the SMC faces should not be underestimated. They include the possibility of further budget reductions, plus potential further delays in the Committee being granted the powers, customary in most parliaments, to require the attendance of witnesses at hearings and the supply of documents. The expectations that are placed by some on the SMC within the new system of government must be recognised as unrealistic unless they are accompanied by further powers and budgetary adjustments. The SMC is unlikely ever to be empowered to have some sort of executive right to strike down policy decisions of the States within a consensus system of government. Such expectations are wide of the mark and ignore the fact that the SMC is, in reality, gradually transforming the scrutiny function within the States and improving its public standing notwithstanding the limited budget and powers. The SMC believes the implementation of the SRC's recommendations to strengthen the resources and powers available to the new SMC will allow the SMC to start to address the imbalance between expectations of the public, media and some States Members and reality.

Finally, it is important to note that the application by the SMC of its 'soft power' can and does lead to significant action within the Government. On many occasions this has involved letters, questions and face-to-face meetings being employed which have ultimately allowed issues to be progressed swiftly. Much of this activity is behind the scenes but is nevertheless significant. Sometimes, headway can be most effectively made by direct communication with Committee Presidents, as the SMC can progress issues constructively in this way, whilst always reserving the ability to hold to account those who are unwilling to tackle outstanding problems.

### **How the SMC works**

'Good scrutiny makes for good government', wrote the late Robin Cook MP, when he was Leader of the House of Commons in the UK parliament. To scrutinise and to challenge the work of government is generally understood to be one of the three key roles of a Parliament, the others being passing legislation and authorising government expenditure.

Much of this scrutiny occurs in our system from individual members of the States, both in the States' Assembly and in committee; but the SMC concentrates on specialist scrutiny of major areas of States' activity. To that end, the full SMC meets on a regular basis to set the agenda for its programme of policy, financial and legislative scrutiny. The SMC coordinates the work of its Panels, focussing on financial scrutiny, legislative review and topic-based reviews of specific areas of government policy such as the review of In-work Poverty and the States' Bond Issue.

These review panels may contain both elected members of the SMC and other States Members and/or people independent of the States who have relevant expertise to bring to that particular review. The SMC has already been able to call upon the services of a number of current States members - who are not formally part of the SMC itself - to assist on specific



reviews and also to serve on the Legislation Review Panel. The SMC has also benefitted enormously from the input of a number of individuals from outside the States who have been prepared to get involved on scrutiny panels for specific projects. For example, members of the public have served on Panels relating to both of the major reviews the SMC has conducted hitherto, the Bond Issue and In-work Poverty.

Members of the SMC select subjects for investigation and inquiries may range from simple one-off evidence sessions to multiple evidence session inquiries running over several months. Oral and written evidence is gathered and a report is then produced, which usually contains recommendations for the Government - or sometimes for other organisations - to consider. Sometimes issues can be resolved behind the scenes but generally the SMC's approach is to insist on scrutiny taking place in public.

In our context, in Guernsey's committee system of government, all Elected Members of the States are responsible for scrutiny. That means scrutiny of decisions made by Members on the floor of the States of Deliberation; it also includes scrutiny by Members sitting on their committees; but of course the SMC also has its specialist scrutiny role, which is vital in our system. In the words of Sir Keir Starmer, KCB, QC: "the biggest mistakes are made when decisions are not scrutinised." All States Members should remember that at all times.

### **Public Hearings**

In a mature democracy such as Guernsey's system of government, the SMC should be allowed to pursue its scrutinising role of challenging government policy and financial matters in a constructive way, without fear or favour; remembering that all States Members including SMC Members want government in Guernsey to be as good as it can be and reminding States Members that critical analysis is to be welcomed.

Since being elected in 2016, the current SMC has been committed to scrutiny being undertaken not only 'behind the scenes' but also being seen to conduct much scrutiny in the public domain. This has been accomplished by holding regular public hearings. This regular pattern of hearings has been modelled on the Select Committee system at the Westminster parliament, although the SMC does not currently have the powers, resources or facilities that our Westminster colleagues enjoy.

To date, the SMC has already conducted a full round of public hearings with (primarily) Presidents and Chief Secretaries of all of the major Committees and undertaken several on specific topics, for example; the Waste Strategy and the Bond Issue.

These hearings have a number of advantages over States' debates and parliamentary questions in States' meetings:

- questioning is of a type which allows a specific line of inquiry to be pursued for longer and in greater detail;

- both politicians and senior officials can be questioned;
- there can be an inquisitorial approach to Committee Presidents with a level of challenge that is neither discourteous nor timid;
- additional information can be extracted about States' affairs than was known before the hearing began.

The SMC public hearings are purposely not intended to be full reviews, or indeed public inquiries, but they do offer a real opportunity for the public to see their political leaders being held to account. This allows for much greater transparency in terms of the activities and progress being made by Committees in Guernsey.

The SMC considers that these routine hearings are, and must continue to be, a vital part of the transparency and communication agenda for the States. The SMC has been pleased overall with the level of cooperation received from States' Committees so far. A new norm has now been established whereby the Policy & Resources Committee, the Principal Committees of the States and the States' Trading Supervisory Board submit themselves to appear before the SMC to be questioned in a public arena.

The public hearings that have been held to date do demonstrate that there can be a constructive tension between Scrutiny panels and the other Committees of the States that is really of mutual benefit and is, moreover, beneficial to government generally and to the community we all serve.

### **Financial Scrutiny**

In terms of the financial scrutiny role, a considerable part of the SMC's work involves reviewing post-implementation reports of capital projects; reviewing reports of the IAU; reviewing progress made following previous Public Accounts Committee (PAC), Scrutiny Committee and SMC investigations and recommendations; ensuring that such recommendations are properly considered and implemented; and monitoring the external audit process.

A portion of this work is undertaken by the SMC's Financial Scrutiny Panel (FSP) which then reports back to the full SMC with their findings and recommendations. As part of its ongoing monitoring function, the SMC has continued to receive updates and reports from the IAU and follows up any areas of concern. In addition, the IAU has been vital to the implementation throughout the States of Guernsey, of the former PAC's recommendations in regard to risk management and the prevention of fraud. The SMC believes its important relationship with the IAU has been influential in making positive changes throughout the States.

The States resolved in the last political term that the SMC has the right to actively scrutinise the annual external audit process as an independent authority. This function is intended to ensure a robust challenge to both the auditors and the Policy & Resources Committee

during the annual process. The SMC believes this challenge undertaken by the PAC in the previous political term helped to streamline the audit process both internally and externally and provided better value for money for the States of Guernsey. However, since the election in May 2016, it has proved difficult to continue with that particular approach and the SMC is disappointed that an agreed position with the Policy & Resources Committee regarding SMC's engagement with the external audit process is not yet in place.

Alongside the work undertaken by the States Capital Investment Portfolio team the SMC's function in relation to capital projects is to review post-implementation reviews to ensure efficiency and value for money has been achieved throughout the evolution of a particular project.

In the States of Guernsey, all capital projects over £1 million which commenced since 2009 and which were completed within the States' approved Capital Programme (including all routine capital maintenance and refurbishments) must be subjected to an independent post-implementation review. The fundamental part of any project review is to ensure lessons learnt on one project are applied effectively to other projects, not just within the same Committee, but to other projects across the States.

The SMC believes post-implementation reviews provide invaluable insight into the successful operation of future projects. Therefore, it is important to ensure the effective dissemination of lessons learnt. The SMC and its predecessors have, on numerous occasions, expressed their concern that reports are not routinely circulated throughout the States. It seems fundamental to the SMC that any section of the States looking to undertake a substantial capital project should be able to look back at the findings from previous relevant projects. This would ensure that any lessons to be learnt are able to be applied prior to a new project commencing. The SMC also believes that when it is sensible to do so, in the interests of openness and transparency, post-implementation reviews should be placed in the public domain.

The SMC has, in the same spirit as its predecessor the PAC, placed considerable focus this term on improving financial transparency in the States of Guernsey. As detailed in the SMC's June 2017 report, 'Presentation of States' Accounts', current reporting of financial matters could be significantly improved. The States' Accounts do not conform to generally accepted accounting standards and are difficult to understand, even for those with a financial and accounting background. Though progress has been made, the States of Guernsey must provide greater financial transparency and the SMC continues to monitor developments closely.

### **Legislative Scrutiny**

Following the deliberations of the SRC, the SMC was required to appoint a Legislation Review Panel (LRP) to carry out the functions of legislative scrutiny which are set out in

Article 66 of the Reform (Guernsey) Law, 1948, as amended. It was proposed that, in addition to its conventional scrutiny function, the Panel should inherit from the Legislation Select Committee the right to recommend any changes to legislation from which it believes the Island may benefit and it was hoped the Panel could in time significantly develop this 'law commission' role.

The LRP has sought, within the limited resources available, to consider relevant legislative issues via the creation of temporary sub-groups, when appropriate. The first of these groups was established to consider whether the legislation surrounding election expenses would benefit from 'modernisation'. For obvious and pragmatic reasons, this review has been temporarily suspended pending the referendum on the electoral system that might lead to a whole new electoral system. It is the current intention to further develop the capability to review legislation - beyond the simple ambit of newly drafted legislation - if resources allow in the future.

The SMC does have concerns regarding whether the current procedures for considering legislation are sufficiently rigorous to ensure that legislation achieves the policy objectives for which it is intended. The short period between lodging and consideration of all stages of the legislation in the current model presents a challenge to effective scrutiny.

Proposed legislation presented to the LRP has to be considered extremely promptly (usually within a 4 week period). The absence of a 'Committee' stage or the opportunity for detailed review from a second chamber, along with the absence of any input from civil society, also places a significant burden on members of the LRP.

#### **4. Reviews (Details in Appendix 1)**

<b>Review/Report</b>	<b>Status</b>	<b>Year</b>
<b>Review of the Presentation of States Accounts - Report</b>	Completed	April 2017
<b>Review of the States of Guernsey Bond Issue</b>	Completed	January 2018
<b>Review of the States of Guernsey Bond Issue – Conclusion Report</b>	Completed	December 2017
<b>In Work Poverty Review – Call for Evidence</b>	Completed	May 2017
<b>In Work Poverty - Consultation Document</b>	Completed	Nov 2017
<b>In Work Poverty - Final Report</b>	Ongoing	2018
<b>LRP Sub-Panel – Election Expenses Review</b>	Suspended	2017

## 5. Public Engagement

Since its inception, the SMC has upheld its pledge to hold a series of regular public hearings with all major Committee Presidents in order to explore the progress being made or otherwise on the implementation of government policy and on the management of public resources. This has helped to inform the SMC and the public on the state of progress being made by the island's government on key issues and has also helped to shed light on the areas that may require more formal investigation.

### Public Hearings held during 2016 and 2017;

<b>September 2016</b>	Solid Waste Strategy - Committee <i>for</i> Environment and Infrastructure and States' Trading Supervisory Board
<b>October 2016</b>	Committee <i>for</i> Education, Sport and Culture
<b>November 2016</b>	The Policy & Resources Committee
<b>January 2017</b>	Committee <i>for</i> Employment and Social Security
<b>March 2017</b>	Committee <i>for</i> Economic Development
<b>April 2017</b>	Committee <i>for</i> Health and Social Care
<b>June 2017</b>	Committee <i>for</i> Home Affairs
<b>October 2017</b>	States' Bond – The Policy & Resources Committee
<b>October 2017</b>	States' Trading Supervisory Board
<b>November 2017</b>	Committee <i>for</i> Environment and Infrastructure
<b>December 2017</b>	Good Corporate Governance - Committee for Education, Sport and Culture and Policy & Resources Committee (Snap Hearing)

## 6. Member & Staff Personal Development

Since the SMC was formed, a number of personal development activities have been undertaken by both elected Members and staff. This has taken the form of in-house training, visits to study alternative parliamentary scrutiny arrangements and formal qualifications being undertaken as appropriate. Undoubtedly, the effectiveness of both Members and staff undertaking scrutiny has been enhanced by the experience of observing Westminster Select Committee activities.

Of particular significance during this political term, delegates from the SMC visited Westminster. The purpose of the visit was to assess the applicability of House of Commons scrutiny arrangements within the States of Guernsey model. The visit was also intended to allow comparison of existing local practice in terms of political and financial scrutiny with Westminster custom and practice. Although the Westminster parliament is not directly

analogous to Guernsey's system of government, there are obvious lessons for our jurisdiction to learn from our UK colleagues in terms of parliamentary scrutiny.

Meetings included Hilary Benn MP, Chair of the Committee on Exiting the European Union, Lindsay Hoyle, Chairman of Ways and Means, Robert Neill MP, Chair of the Justice Committee, Meg Hillier MP, Chair of the Public Accounts Committee and the Head of Financial Scrutiny, in the House of Commons Parliamentary Scrutiny Unit. The visit helped the SMC to identify a number of potential improvements that could be implemented within the context of political and financial scrutiny in Guernsey. The meetings also helped to confirm the overall validity of the 'public scrutiny' approach the SMC has embarked upon in this political term. In particular, questioning techniques and witness handling were discussed. The engagement with UK Select Committee Chairs also helped to underline the obvious structural differences in Guernsey's Scrutiny arrangements from those of the larger jurisdiction. The UK parliament clearly has substantial resources, facilities and powers to enforce its scrutiny agenda; the difference with Guernsey could not be starker in these respects.

## **7. Conclusions**

The SMC considers that during this term it has played a significant and expanded role in scrutinising key areas of government policy and spending. It has done so not just through increasing the number and frequency of public hearings as well as undertaking substantial reviews, but also through influencing policy. In addition, the work of the SMC is now arguably much more publicly visible than the combined efforts of the former Scrutiny Committee and the Public Accounts Committee in the past. This effort to raise the public profile of the formal scrutiny process was a deliberate choice by the SMC in recent years and we are pleased by the positive feedback that we have received from members of the States and the wider community.

It is clear to the SMC that many areas of policy and government spending would benefit from additional scrutiny. However, there is only so much that the SMC can practically do. The current level of resources available (people, financial and facilities) and the absence of powers available to the SMC do limit the volume and scope of the work that is able to be undertaken. With the benefit of hindsight, the SMC realises that the general public and the media, quite rightly, have high expectations of the level of activity that can be undertaken irrespective of resources available.

In Guernsey's committee system of government, this responsibility is shared with all elected members. It includes scrutiny of decisions by members on the floor of the States of Deliberation; it also includes scrutiny by members sitting on their Principal Committees, and equally members on the Policy & Resources Committee, all share an important role to deliver the most effective scrutiny possible.

The SMC considers that in order to ensure improved governance across the States, any recommendations made by the SMC in a formal review should be officially responded to within a period of two months. This would ensure that these recommendations are formally considered by Committees or the relevant agencies in a timely manner. It would also give more 'teeth' to any Scrutiny recommendations, something that would perhaps be welcomed across the community.

Once fully implemented, the recommendations of the SRC will significantly strengthen the resources and powers available to the SMC and that will go some way to addressing the high expectations of the public, the media and of Members of the States Assembly. However, the SMC believes it has already made significant progress during this political term. The SMC will continue to strive to deliver meaningful scrutiny regardless of the limitations of its powers and resources.

## **Appendix 1 - Scrutiny Reviews to date in this Political Term**

### **Review of the States of Guernsey Bond Issue**

#### **Background**

During the 2015 Budget Report debate, (the then) Treasury & Resources Department proposed issuing a Bond to the value of £250m under the general premise that the existing borrowing arrangements of the States Trading Bodies and affiliates such as the Guernsey Housing Association, were not the most cost effective and the Bond issuance would *'enable a more strategic view to be taken to financing, to consolidate the existing debt and provide better overall value for the taxpayer and customers.'*

The Minister, Treasury & Resources Department outlined the details in his speech to the Assembly *"Sir, a key feature of this Budget is the proposed issue of a States of Guernsey Bond to consolidate existing debt which is either directly provided by, or guaranteed by, the States of Guernsey. This will be a much more cost effective way of borrowing by entities, including Guernsey Electricity, Aurigny and the Guernsey Housing Association."*

The States of Deliberation subsequently resolved that a Bond to the value of £250m should be issued. It also resolved that a further £80m could be issued on the delegated authority of (the then) Policy Council, which was duly sanctioned in November 2014. The £330m Bond issue completed in December 2014 with a maturity date of 2046 (a 32 year Bond), and a fixed rate of interest of 3.375%.

#### **Scrutiny Panel Review**

In late 2016, the Scrutiny Management Committee (the Committee) decided to review several areas of the Bond issue, but in particular, the governance surrounding the issuance of the Bond and the treasury management of the residual balance following any on-lending.

The Committee set up a 'task and finish' panel to oversee the review, of which the members were:

Deputy Chris Green (Panel Chair)

Mrs Gill Morris (Non-States Member of the Scrutiny Management Committee)

Deputy Mark Dorey

Advocate Peter Harwood (Non-States Member)

Mrs Jody Newark (Non-States Member)



The Panel then appointed KPMG Channel Islands Limited (KPMG) to undertake an initial review, which outlined concerns in a number of the areas of the review's Terms of Reference. KPMG's final report was released in May 2017.

The Panel decided that on the basis of the report's findings there were still areas where further clarification was required. In October 2017, a public hearing was held where questions on this subject were posed to Deputy Gavin St Pier, President of the Policy & Resources Committee and Ms Bethan Haines, the States Treasurer, by members of the review panel.

## **Conclusions**

The Panel has now had the opportunity to assess all the information gathered during this review process and wishes to document its conclusions formally:

### **Portrayal of the need for the Bond issuance**

The original stated aims of the Bond issue within the Budget Report, was to reduce interest costs to the States Trading Bodies, in addition to reducing the overall risk to the States'.

The Panel therefore recommends that the Policy & Resources Committee formally measure and publish the cost effectiveness of the Bond, on an ongoing basis throughout the 32 year term.

### **The due diligence undertaken on the States Trading Bodies requirements for funds from the Bond proceeds**

Prior to the Budget debate there was limited formal due diligence performed by the Treasury & Resources Department in respect of loans outstanding (or in 'approved' status), nor any firm commitment from the entities intended to receive the funds.

It is possible that some of the States Trading Bodies could have achieved borrowing terms more favourable commercially than those proffered by the Treasury and Resources Department from the proceeds of the Bond. However, as no comparative exercise was completed prior to the Bond issue, this is uncertain.

Deputy St Pier stated during the public hearing: *"with the benefit of hindsight, could more have been done? I think that is, in essence, what the KPMG Report is saying: that in their view, probably more could have been done."*

The Panel believes that had the lack of proper commitment from the entities supposedly refinancing from the Bond proceeds been highlighted at the time of the debate, the outcome of that debate may have been different.

### **Fiscal Framework**

The States of Guernsey Fiscal Framework at the time the Bond was proposed was not tightly defined, as it was unclear whether the 15% of GDP borrowing limit included external borrowings by the wider States Trading Bodies.

Given that the business case put forward by the Treasury and Resources Department was to refinance existing such borrowings (including those held by the States Trading Bodies), it would appear inconsistent to not include all States borrowings when comparing against the Fiscal Framework limit of 15% of GDP. Total States' borrowings (including the States Trading Bodies and the Bond), were in excess of this 15% GDP limit in 2015 and 2016.

The Panel agrees with the KPMG conclusion, that the 2016 revision to the Fiscal Policy Framework did not clarify this area sufficiently.

### **Treasury Management of the Funds**

Once the funds had been secured, a sufficiently realistic cash-flow forecast was not in place to ensure that optimal returns would be secured quickly.

The Treasury & Resources Department and its Investment Sub-Committee made preparations to invest the additional £80m in longer term funds, but as they believed the bulk of the £250m would be on lent quickly, this was initially invested in a fund yielding significantly less than the required coupon payments.

When questioned by the Scrutiny President in the Committee's public hearing, Deputy St Pier stated that it was *"all of our expectations that a good portion of the proceeds would be lent on faster. So that explains why there was not a race to place them to be managed as part of the investment reserves."*

However, during that same public hearing, the States Treasurer stated that plans **were** in place to invest the funds as soon as they were received.

The Panel believes that had sufficient due diligence and discussion taken place with the States Trading Bodies and Guernsey Housing Association prior to the Bond issue, investment plans would have been better prepared and executed.

### **Overview of Financial Benefits**

The principal method used by the States for monitoring the cost or benefits related to the Bond, is the Bond Reserve section in the States annual accounts. This section records the costs, interest and other investment returns derived from the Bond proceeds, but does not calculate the full cost and benefits of the States Trading Bodies who have refinanced their existing borrowing from those proceeds.

The Panel is disappointed to note that although Deputy St Pier confirmed at the Committee's public hearing that *"Aurigny's interest costs had reduced by approximately £1m in 2016 as a direct result of taking a loan from the Bond proceeds"*, there is currently no formal mechanism to detail whether any direct financial benefits have accrued to the States' in totality, from refinancing the loans made to date.

## **Recommendations**

The Panel notes that a number of the recommendations from the KPMG report (and the previous external auditors of the States of Guernsey) have already been implemented.

These include:

- (i) the appointment of a senior member of staff to focus on investments within the Treasury staff;
- (ii) improved controls and documentation around management of the funds.

In light of the information received at its public hearing, the Committee have the following additional recommendations:

- (i) the Policy & Resources Committee should provide additional clarity to define 'meaningful compliance' with the Fiscal Framework. If all borrowings of the States', the States Trading Supervisory Board and affiliates such as the Guernsey Housing Association, in addition to all contingent liabilities were taken into account, indebtedness would be over the 15% Fiscal Framework limit. The bodies encompassed by the Fiscal Framework need to be clearly defined and all the relevant entities included. The public needs to understand how their indebtedness is recognised and monitored. The liabilities covered should be defined as well as the consequences of breaching the Fiscal Framework. Given that some entities will continue to take external finance, the Policy & Resources Committee needs to clarify whether the States' will be underwriting/guaranteeing this borrowing.
- (ii) the Policy & Resources Committee should clearly define the appropriate circumstances where loans may be granted, specifically where a robust business case is in place to allow repayment of the funds.
- (iii) the Policy & Resources Committee should carry out an ongoing cost benefit analysis on the Bond issue, to evaluate the success of the project. This should include the amount lent to date, the residual balance, interest received, interest paid, new loans made since the last statement and potential loans in the pipeline. This should also include an indication of interest that borrowers would have paid externally (assuming guarantees were in place), which would enable taxpayers to evaluate whether the States' are better off with or without the Bond.

## **Final Comments**

It is important to state that the decisions regarding the issue of the Bond have been made. What matters now is that the funds are used for good purposes.

Key considerations moving forward should be:

- (i) to reduce the level of risk to the States of Guernsey by exposure to external investment returns;

(ii) adequate monitoring to ensure that the interest income derived from the on-lending of the proceeds of the Bond as originally intended over the life of the Bond is sufficient to cover the interest coupon and the capital repayment of the Bond; **and**

(iii) where possible by on-lending the proceeds to help drive the local economy.

The Committee will continue to monitor the governance arrangements applied to loans made from the Bond proceeds, the management of that loan book and the investment management applied to any unutilised residual balances. The Committee intends to request of the Policy and Resources Committee regular up-dates on such matters.

## **In-Work Poverty Review**

### **Background**

In 2003, the States of Guernsey considered a policy letter for an 'anti-poverty strategy' which was advised by research from the Townsend Centre, University of Bristol. This strategy identified a number of areas for action, namely Benefit & Tax Measures, Education & Employment Services, Services for Older People & People with Disabilities, Crime Reduction Initiatives, Fiscal & Legislative Measures, and Housing under the (then) Corporate Housing Programme.

In the subsequently years, further policy letters have been considered within the States of Guernsey that include 1) The Minimum Wage (2007); 2) The Living Wage (2015), 4) Measuring Poverty & Income Inequality (2016) and, 5) Comprehensive Social Welfare Benefits Model2 (2016).

The Committee believes an area of this importance is an appropriate topic for an in-depth review.

### **Scope**

*'The Committee will consider the following areas as part of its review:*

- 1. The adequacy of Guernsey's minimum wage;*
- 2. The impact of Guernsey's taxation and Social Security System on low income households;*
- 3. The current and future provision of In-Work benefits;*
- 4. The issues related to access to affordable healthcare provision;*
- 5. The issues related to access to affordable housing; and*
- 6. The impact of other States' charges on low income households.'*

## **The Panel**

Deputy P Roffey (Chair)  
Deputy Laurie Queripel  
Deputy Rhian Tooley  
Mr Wayne Bulpitt  
Dr Sue Fleming  
Mr Paul Ingrouille

## **Presentation of States Accounts**

### **Background**

The previous PAC reviewed the annual accounts and budget of the States of Guernsey to meet its mandated responsibility to ensure that management of the States' financial affairs met the highest operational standards.

Throughout the previous political term, the PAC consistently expressed its concern that the overall clarity of the annual accounts should be improved, as the complex nature of the existing presentation was seen as unnecessary.

This issue of unnecessary complexity was raised annually from 2013, within the PAC Chairman's annual statement to the Assembly during the accounts and budget debates and also in the PAC's meetings with the States' Treasurer.

The PAC decided to undertake a comparative review of similar jurisdictions and UK government departments, in order to identify examples of best practice in the production of those entities' annual accounts.

The SMC completed this review in 2017.

### **Scope**

To review how comparable jurisdictions and UK governmental departments produce and present their annual accounts, in order to provide Treasury with recommendations that would assist in the transformation of the States of Guernsey's Annual Accounts.

## **The Panel**

Mrs Gill Morris, Non-States Member (Panel Lead)  
Deputy Peter Roffey  
Mr Patrick Firth, Non-States Member

## **Conclusion**

- 1) The governance and financial management surrounding the end of year process should be strengthened by the inclusion of the following in the States of Guernsey's annual accounts:
  - (i) A Statement of Parliamentary Supply;
  - (ii) Any post Balance Sheet events;
  - (iii) A detailed statement of accounting policies;
  - (iv) The Investment Strategies of the States of Guernsey funds;
  - (v) A statement of Internal Control/Governance;
  - (vi) A detailed statement of Committees' Accounting Officers responsibilities;
  - (vii) Fixed Assets.
- 2) In order to enhance the openness and transparency of the States' financial reporting, the following should be included as a minimum by the 2016 accounts:
  - (i) An overview of the Purpose and Benefits of each new Committee following the machinery of government changes;
  - (ii) Individual Committee priorities with current ongoing projects;
  - (iii) The annual Capital Expenditure with the overall amount approved and actual spend explained (represented graphically);
  - (iv) Any substantive changes made regarding investment funds in the year, with a performance graph, along with a forecast for the coming year;
  - (v) Details of the Bond Issue including: the specific purposes of the amounts 'loaned on', interest rates charged and anticipated repayment dates;
  - (vi) An overview of the Financial Scrutiny, Internal Audit, and Risk Management functions within the States of Guernsey;
  - (vii) Senior roles within the States identified, with accompanying detailed pay costs (over 80k per annum).

## **Legislation Review Panel (LRP): Sub-Panel – Election Expenses Review**

### **Background**

The rules were subject to public questioning following the 2016 election which has prompted the Panel to conduct a review to provide greater clarification of the rules before and during the election process, if considered necessary.

## **Scope**

1. How the existing rules should be applied to candidates in relation to election expenses before and during the election process;
2. What an individual candidate must declare as part of the process; and
3. The rules surrounding expenditure by persons other than candidates, including voluntary groups and the States of Guernsey.

## **The Panel**

Deputy John Gollop (Chair)

Deputy David De Lisle

Deputy Laurie Queripel

Advocate Mark Dunster

## **Conclusion**

The Panel met on two occasions and set out three main recommendations. It was then proposed that until a decision has been made on Island Wide Voting (IWV) that this review be suspended. However, the Panel subsequently wrote to the States' Assembly & Constitution Committee (SACC), responsible for election expenses, detailing their recommendations for future consideration.

## **Appendix 2 - Legislation Review Panel**

The Legislation Review Panel (LRP) formerly known as the Legislation Select Committee (LSC) held its first meeting on 22<sup>nd</sup> July 2016.

### **LRP Membership**

Deputy C. J. Green (Chair)  
Deputy L. B. Queripel  
Deputy D. de G. De Lisle  
Deputy J. A. B. Gollop  
Deputy D. A Tindall  
Non-States Member - Advocate S. W. F. Howitt  
Non-States Member - Advocate M.G.A. Dunster

### **Legislation Reviewed by the Panel in 2016 - 2017**

#### **2016**

##### **July 22 – Emergency Meeting**

1. The Protection of investors (Administration and Intervention) (Bailiwick of Guernsey) (Amendment) Ordinance, 2016

##### **August 8**

1. The Gambling (Betting and Crown and Anchor) (Amendment) Ordinance, 2016
2. The Same-Sex Marriage (Guernsey) Law, 2016

##### **September 7 - Emergency Meeting**

1. By-election (Vale) Ordinance, 2016

##### **August 30**

1. The Social Insurance (Guernsey) Law (Amendment) Ordinance, 2016

##### **September 19**

1. The Income Tax (Guernsey) (Amendment) Ordinance, 2016
2. The High Hedges (Guernsey) Law, 2016
3. The Financial Services Ombudsman (Bailiwick of Guernsey) Law, 2014
4. (Amendment) Ordinance, 2016



5. The Prison (Guernsey) (Amendment) Ordinance, 2016

#### **October 10**

1. Supplementary Benefit (Residence Conditions) Ordinance, 2016
2. Supplementary Benefit (Implementation) (Amendment) Ordinance, 2016
3. Health Service (Benefit) (Amendment) Ordinance, 2016
4. Severe Disability Benefit and Carer's Allowance Ordinance, 2016
5. Long-term Care Insurance (Guernsey) (Rates) Ordinance, 2016
6. Family Allowances Ordinance, 2016
7. Social Insurance (Rates of Contributions and Benefits, etc.) Ordinance, 2016

#### **October 27 – Emergency Meeting**

1. The Al-Qaida (Restrictive Measures) (Guernsey) (Amendment) Ordinance, 2016

#### **November 21**

Meeting not held - no legislation to discuss

#### **December 12**

Meeting not held - no legislation to discuss

### **2017**

#### **January 4**

1. Supplementary Benefit (Residence Conditions) Ordinance, 2017
2. Sark Machinery of Government (Transfer of Functions) (Guernsey) Ordinance, 2017

#### **January 23**

Meeting not held - no legislation to discuss

#### **February 13**

1. Land Planning and Development (Use Classes) Ordinance, 2017
2. Land Planning and Development (Plans) (Amendment) Ordinance, 2017
3. Open Market Housing Register Ordinance, 2017
4. Population Management (Guernsey) Law, 2016 (Commencement) Ordinance, 2017
5. Population Management (Miscellaneous Provisions) Ordinance, 2017

6. Population Management (Guernsey) Law, 2016 (Amendment) Ordinance, 2017
7. Open Market Housing Register (Guernsey) Law, 2016 (Commencement) Ordinance, 2017
8. Open Market Housing Register (Part D Cap) Ordinance, 2017
9. Image Rights (Bailiwick of Guernsey) (Amendment) Ordinance, 2017

#### **March 6**

1. Protection of Investors (Limitation of Liability) (Bailiwick of Guernsey) (Amendment) Ordinance, 2017
2. Same-Sex Marriage (Guernsey) Law, 2016 (Commencement) Ordinance, 2017
3. Same-Sex Marriage (Consequential and Miscellaneous Amendments and Contrary Provisions) (Guernsey) Ordinance, 2017
4. Access to Neighbouring Land (Guernsey) Law, 2016 (Commencement) Ordinance, 2017

#### **March 27**

1. Income Tax (Guernsey) (Amendment) Ordinance, 2017
2. Document Duty (Anti-Avoidance) (Guernsey) Law, 2017
3. Document Duty Law, 2017

#### **April 19**

Meeting not held - no legislation to discuss

#### **May 8**

1. Income Tax (Pension Amendments) (Guernsey) Ordinance, 2017
2. Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) (Amendment) Ordinance, 2017
3. Disclosure (Financial Services Commission) (Bailiwick of Guernsey) (Amendment) Ordinance, 2017
4. Road Traffic (Fees and Charges) (Guernsey) Law, 2017
5. Adoption (Guernsey) (Amendment) Law, 2017
6. Transfer of Funds (Guernsey) Ordinance, 2017

### **May 16 – Emergency Meeting**

1. Video-Recorded Evidence (Bailiwick of Guernsey) Ordinance, 2017
2. Parochial Church Property (Guernsey) Law, 2015 (Commencement) Law, 2017

### **May 22**

1. High Hedges (Guernsey) Law, 2016 (Commencement) Ordinance, 2017
2. Social Insurance (Guernsey) Law (Amendment) Ordinance, 2017

### **June 6 – Emergency Meeting**

1. The Transfer of Funds (Guernsey) Ordinance, 2017

### **August 7**

1. Companies (Guernsey) Law, 2008 (Amendment) Ordinance, 2017
2. Electronic Transactions (Cheque Imaging) (Guernsey) Ordinance, 2017
3. Health Service (Approved Prescribers) Ordinance, 2017
4. Firearms and Weapons (Guernsey) Ordinance, 2017
5. Beneficial Ownership of Legal Persons (Guernsey) (Amendment) Ordinance, 2017

### **September 4 - Emergency Meeting**

1. The North Korea (Restrictive Measures)(Guernsey) Ordinance, 2017

### **September 25**

Meeting not held - no legislation to discuss

### **October 16**

1. Social Insurance (Rates of Contributions and Benefits etc) Ordinance, 2017
2. Health Service (Benefit) (Amendment) Ordinance, 2017
3. Health Service (Benefit) (Annual Grant) (Amendment) Ordinance, 2017
4. Long-term Care Insurance (Guernsey) (Rates) Ordinance, 2017
5. Severe Disability Benefit and Carer's Allowance (Guernsey) Ordinance, 2017
6. Family Allowances Ordinance, 2017
7. Supplementary Benefit (Implementation) (Amendment) Ordinance, 2017

8. Beneficial Ownership of Legal Persons (Guernsey) (Amendment) (No.2) Ordinance, 2017
9. Data Protection (Bailiwick of Guernsey) Law, 2017

#### **October 30**

1. Income Tax (Guernsey) (Amendment) (No. 2) Ordinance, 2017
2. Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) Ordinance, 2017
3. Document Duty (Anti-Avoidance) Law, 2017 (Commencement and Amendment) Ordinance, 2017
4. Document Duty (Anti-Avoidance) (Rates) Ordinance, 2017
5. Document Duty (Guernsey) Law, 2017 (Commencement and Amendment) Ordinance, 2017
6. Document Duty (Rates) Ordinance, 2017
7. Public Transport (Amendment) Ordinance, 2017
8. Cutting of Hedges (Amendment) Ordinance, 2017
9. Income Support (Guernsey) Law, 2017
10. Probation Law (Bailiwick of Guernsey) Law, 2017

#### **November 20**

Meeting not held - no legislation to discuss

#### **November 22 - Emergency Meeting**

1. The Venezuela (Restrictive Measures) (Guernsey) Ordinance, 2016

#### **November 30 - Emergency Meeting**

1. The Beneficial Ownership of Legal Persons (Guernsey) (Amendment) (No. 2) Ordinance, 2017

#### **December 18**

1. Electoral System Referendum (Guernsey) Law, 2018
2. Parochial Church Property (Guernsey) Law, 2015 (Commencement) Law, 2018
3. Income Tax (Guernsey) (Approval of Agreement with the Bahamas) Ordinance, 2018

### Legislative Review Panel – Attendance Record August 2016 – December 2017 – Standard/Planned Meetings

Panel Members	Aug 8	Aug 30	Sept 19	Oct 10	Oct 31	Jan 4	Feb 13	March 6	March 27	May 8	May 22	Aug 7	Oct 16	Oct 30	Dec 18
Deputy C. J. Green		✓	✓	✓	✓	✓	✓		✓	✓	✓		✓	✓	✓
Deputy L. B. Queripel	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Deputy D. de G. De Lisle	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓		✓
Deputy J. A. B. Gollop	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Deputy D. A. Tindall	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓
Advocate S. W. F. Howitt	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Advocate M.G.A. Dunster	✓		✓				✓				✓	✓	✓	✓	

### Legislative Review Panel – Attendance Record July 2016 – December 2017 – **Emergency Meetings**

Panel Members	July 22 2016	Sept 7 2016	Oct 27 2016	May 16 2017	June 6 2017	Sept 4 2017	Nov 22 2017	Nov 30 2017			
Deputy C. J. Green	✓	✓	✓	✓		✓	✓	✓			
Deputy L. B. Queripel		✓			✓	✓	✓	✓			
Deputy D. de G. De Lisle	✓	✓	✓	✓		✓	✓	✓			
Deputy J. A. B. Gollop	✓		✓	✓	✓			✓			
Deputy D. A. Tindall	✓	✓	✓		✓	✓					
Advocate S. W. F. Howitt					✓						
Advocate M.G.A. Dunster	✓	✓	✓		✓			✓			

### **Appendix 3 - Scrutiny Management Committee Mandate**

Constituted as a committee of the States with effect from the 1st of May, 2016 by resolutions of the States of the 9th of July, 2015 and the 27th of November, 2015.

- **Constitution**

A President who shall be a member of the States: provided that the President of the Scrutiny Management Committee shall not be the President or a member of the Policy & Resources Committee or the President or a member of any of the six Principal Committees; and two members who shall be members of the States: provided that a member of the Scrutiny Management Committee shall not be the President or a member of the Policy & Resources Committee or the President or a member of more than one of the six Principal Committees; and two voting members who shall not be members of the States and who shall be elected by the States.

- **Duties & Powers**

To lead and co-ordinate the scrutiny of committees of the States and those organisations which are in receipt of public funds, or which have been established by legislation, by reviewing and examining legislation, policies, services and the use of monies and other resources.

As far as is reasonably practicable, to appoint scrutiny panels (whether task and finish or standing panels) to carry out the work of reviewing and scrutinising committees' policies and services and their management of monies and other resources entrusted to them: provided that neither the President nor the members of the Policy & Resources Committee shall serve on such scrutiny panels and also provided that the Committee retains the power, if it so wishes, to carry out any review itself rather than through an appointed panel and also provided that the Committee shall at all times be responsible, and accountable to the States, for everything done by the Committee and any panels it has appointed, including the content of any report issued under its name.

To appoint a Legislation Review Panel to carry out the functions of legislative scrutiny in Article 66 of the Reform Law and also to recommend any changes to legislation from which it believes the Island may benefit: provided that the Committee shall at all times be responsible, and accountable to the States, for everything done by the Legislation Review Panel; and to constitute the Legislation Review Panel as follows: a President who shall be a member of the Scrutiny Management Committee and also a member of the States, a minimum of four other States' members, a minimum of two non-voting members who shall not be members of the States, and any number of additional and occasional non-voting members as the Scrutiny Management Committee sees fit for the purposes of review of any item of legislation or any other matter: provided that such additional and occasional non-voting members may or may not be members of the States and also provided that neither the President nor the members of the Policy & Resources Committee shall serve on the Legislation Review Panel.

To scrutinise any matter contained in a policy letter which has been referred to the Committee by resolution of the States in accordance with any terms set out in the resolution and to submit to the States its findings thereon within a period of time set out in the resolution, which findings, together with the original matter, shall be laid before the States.

To promote and facilitate the participation in scrutiny of the widest possible range of States' members and persons independent of the States.

When determining the subject of its reviews and examinations, to pay particular attention to the performance of committees in contributing to States' objectives and policy plans and to matters which are of substantial importance or of significant public interest.

To recognise that the carrying out of scrutiny in public where possible is likely to contribute positively to public perceptions of scrutiny.

To submit a report to the States annually which reviews the work of the Committee and its panels over the previous 12 months and which sets out the Committee's objectives and, to the extent that it is possible while retaining a flexible and responsive approach to scrutiny, an indicative programme of work over the next 12 months.

To represent the work of scrutiny in the States, and publicly to promote and champion the value of scrutiny.

To advise the States if and when in its opinion circumstances justify the establishment of a Tribunal of Inquiry in accordance with the Tribunals of Inquiry (Evidence) (Guernsey) Law, 1949, as amended.

To exercise powers and perform duties conferred on the Committee by extant States' resolutions, including those resolutions or parts of resolutions which relate to matters for the time being within the mandate of the Scrutiny Management Committee and which conferred functions on the former Legislation Select Committee, Public Accounts Committee and Scrutiny Committee.

To fulfil the responsibilities set out in Annex One to the mandates of committees of the States.

- **Operational Functions**

To deliver or oversee the delivery of, and to be accountable to the States for, any operational functions conferred on the Committee by way of extant legislation or resolutions of the States or which may be allocated to the Committee in Annex Two to the mandates of committees of the State.