



**XV
2018**

BILLET D'ÉTAT

TUESDAY, 5th JUNE, 2018

BUSINESS OF THE MEETING

1. The Policy & Resource Plan (2017 Review and 2018 Update), P.2018/45

BILLET D'ÉTAT

TO THE MEMBERS OF THE STATES OF THE ISLAND OF GUERNSEY

I hereby give notice that a Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE**, on **TUESDAY**, the **5th June, 2018** at **9.30 a.m.**, to consider the item listed in this Billet d'État which has been submitted for debate.

R. J. COLLAS
Bailiff and Presiding Officer

The Royal Court House
Guernsey

1st May, 2018

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

POLICY & RESOURCES COMMITTEE

POLICY & RESOURCE PLAN
2017 REVIEW AND 2018 UPDATE

The States are asked to decide:-

Whether, after consideration of the Policy & Resource Plan (2017 Review and 2018 Update) Policy Letter dated 30th April 2018 they are of the opinion:-

1. To direct -
 - a) the Principal Committees to work with the Policy & Resources Committee to develop the reporting of their service outcome metrics by December 2018;
 - b) the Committee *for* Home Affairs to work with the Policy & Resources Committee to establish appropriate governance and support for the Justice Framework Initiative by December 2018;
 - c) the Committee *for* Health & Social Care to work with the Policy & Resources Committee to identify opportunities to coordinate the Public Health Outcomes Framework and the Policy & Resource Plan Monitoring Report, reporting in the 2018 review of the Policy & Resource Plan priority area 'Health and Wellbeing' (June 2019);
 - d) the Committee *for* Health & Social Care to set out objectives with performance measures for the Care Commission in its Policy Letter to be submitted in the fourth quarter of 2018;
 - e) the Committee *for* Health & Social Care to set out objectives and identify performance indicators for the Adult Multi Agency Support Hub (AMASH) for reporting in the Policy & Resource Plan Monitoring Report (from December 2018);
 - f) the Committee *for* Education, Sport & Culture to report in its 2018 performance report on the monitoring approach to evaluate the impact of the new school curriculum;

- g) the Policy & Resources Committee to redraft the Policy & Resource Plan to reflect the revised policy objective 'Transforming Education' from merging 'Secondary and Post-16 Education Transformation' and 'Life-Long Learning';
- h) the Policy & Resources Committee to identify milestones for progress reporting and the longer-term impact measures of the Supported Living and Ageing Well Strategy and report in the 2018 review of the Policy & Resource Plan priority area 'SLAWS';
- i) the Committee *for* Employment & Social Security to engage with the Policy & Resources Committee with regards to a reporting framework with implementation targets to be included in the Secondary Pensions Policy Letter to be debated in the first quarter of 2019;
- j) the Committees *for* Employment & Social Security and *for the* Environment & Infrastructure to work with the Policy & Resources Committee to establish appropriate cross-committee governance and support for the Housing Policy;
- k) the Committee *for the* Environment & Infrastructure to work with the Policy & Resources Committee to identify resourcing needs to evaluate against other demands as part of the 2019 budget process and to establish appropriate governance;
- l) the Policy & Resources Committee to publish an Annual Monitoring Report every December with the aim of establishing if policy implementation is achieving the objectives established by the Policy & Resource Plan;
- m) the Committee *for* Education, Sport & Culture to comply through the oversight group with the outstanding extant resolution P.2017/90 (18) (Billet d'État No XX, 2017) by reporting in full to the Policy & Resources Committee to inform the 2019 Budget;
- n) that an oversight group comprising political representatives from both the Committee *for* Home Affairs and the Policy & Resources Committee is formed as a priority to oversee the development of initiatives and delivery of savings to include consideration of the outstanding extant resolution P.2017/90 (18) (Billet d'État No XX, 2017) and reporting in full to the Policy & Resources Committee to inform the 2019 Budget;
- o) the Principal Committees to work with the Policy & Resources Committee to review policy officer requirements (both project and substantive) in light of the policy priorities established by the States in time to inform the 2019 budget process;

- p) the Policy & Resources Committee to promote and facilitate cross-committee policy development by ensuring priority policy areas have appropriate governance and structure to manage resources, progress initiatives and report cohesively within the policy planning process; and
 - q) the Policy & Resources Committee to undertake a comprehensive review of all extant States' resolutions by reference to the Policy & Resource Plan and as appropriate consulting with lead Committees to agree rescission for those de-prioritised by the process, bringing regular Policy Letters to the States to effect the rescissions.
2. To amend the Rules of Procedure of the States and their Committees as follows -
- (a) by deleting the words "on a Tuesday" where they appear at the end of paragraph (2) of Rule 1 and substituting them with the words "on the Tuesday immediately preceding the Meeting to consider the States' Accounts";
 - (b) by substituting paragraph (5)(d) of Rule 23 with the following paragraph -

“(d) every 12 months the Policy & Resources Committee resubmits the Policy & Resource Plan to the States together with commentary on overall progress from the Policy & Resources Committee, annual performance reports from the Principal Committees and any proposal to amend the Policy & Resource Plan which are considered necessary;”;
 - (c) by substituting items 5 and 6 under that part of the mandate of the Committee *for* Home Affairs, headed "Responsibilities – Policy, Advisory & General" in Annex A with the following -

"5. the Population Management Regime;
6. immigration regime;"; and
 - (d) by inserting immediately after item 7 of paragraph B (General Responsibilities of all Committees of the States) of Annex One to the Mandates of Committees of the States, the following item –

“8. when researching, considering and reporting on obligations and duties and other issues arising or potentially arising under International Instruments, to act in accordance with the "International Instruments Policy Directive" as published from time to time by the Policy & Resources Committee”.

3. To rescind the following resolutions of the States –
- a) the resolution of 1st November 2007, to direct the Home Department to prepare such legislation as may be necessary to give effect to the decision to approve the Department’s proposals as set out in the Review of Gambling Legislation Report date 29th August 2007 (Billet d’Etat XXII 2007, Article X); and
 - b) the resolution of 28th September 1989 to consolidate the Reform (Guernsey) Law, 1948 and the Loi relative au Scrutin Secret Law, 1899 (Billet XVI 1989, Article XII.2).

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

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

POLICY & RESOURCES COMMITTEE

POLICY & RESOURCE PLAN
2017 REVIEW AND 2018 UPDATE

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

30th April, 2018

Dear Sir

1. Executive Summary

- 1.1 This Policy Letter is the first annual commentary from the Policy & Resources Committee on the performance of the States of Guernsey in relation to the Policy & Resource Plan. The review and reporting process enables the States to assess where progress is being made, what can be done to improve progress where that is needed, and whether or not the States needs to re-prioritise.
- 1.2 The Policy & Resource Plan is bringing greater transparency and accountability as the States and the community now have clarity in terms of (a) priorities, (b) the States' progress against those priorities, and (c) the role of Committees in supporting those priorities.
- 1.3 This first review has been a baseline exercise in order to give a clear view of the States' current activity in respect of the 23 priority areas it agreed in November 2017. It also sets out how the States will monitor and report on progress in future years.
- 1.4 The Policy & Resource Plan approach was agreed by the States in March 2016. The approach is starting to achieve the objective of fostering more cross-Committee working as demonstrated in priority areas such as Brexit and the Supported Living and Ageing Well Strategy (SLAWS). Enabling more cross-Committee working through appropriate governance and administrative

structures is critical in delivering the States-agreed priorities and facilitates sharing of resources and expertise.

- 1.5 Whilst it has been a challenge to move towards reporting by priority area, it has started and the Committee is bringing forward plans to improve this further for next year.
- 1.6 It is clear what the States have achieved, for example with Brexit, digital connectivity, and the Children & Young People's Policy. It is clear too, where progress has been cautious but the building blocks have been put in place to enable greater momentum over the next 12 months, such as in the harbour development/seafront enhancement area work, the Partnership of Purpose, and the Disability & Inclusion Strategy. It is also clear where progress has been limited over the past two years, for example in the strengthening of transport links, in lifelong learning, and in areas of efficiency savings within the Medium Term Financial Plan. Where a lack of progress is evident, this has been identified for closer attention.
- 1.7 The Committee notes that the economic development priority is very broad, and encourages the Committee *for* Economic Development to prioritise its enabling and diversification initiatives. The Committee notes that this work is underway and looks forward to the publication of the new economic development strategy later this year.
- 1.8 For all Committees the resourcing of Policy & Resource Plan activity, the discharging of resolutions and supporting policy development in their wider mandates is not proving possible in a consistent and timely fashion. Requests for additional resources will need to be prioritised through the annual budget process if the States are to continue to control expenditure effectively, and to ensure that expenditure remains aligned with the States' priorities agreed through this Plan.
- 1.9 The Committee has noted that performance reports are setting out areas of additional policy work that have not been prioritised in the Policy & Resource Plan and that do not result from resolutions of the States. This additional work may be reducing the overall ability of the States to focus on and complete policy development and implementation in relation to agreed priorities and States' resolutions. This is because the additional policy work is using the finite staffing resources and likely will be placing additional and/or unplanned demands on service areas. Where Committees are considering seeking additional support for funding and/or resources for prioritised policy areas as part of the budgeting cycle it will be incumbent on them to manage and deploy their existing resource effectively and in a prioritised manner on agreed States' priorities in the first instance.

- 1.10 Although it has concerns with the overall deliverability of the Policy & Resource Plan's 23 priorities, the Policy & Resources Committee is not yet recommending that reprioritisation is necessary. It is however supporting the Committee *for* Education, Sport & Culture in recommending the restructure of two priorities into one. In light of the new education model, this will assist with the efficient management of resources without diluting focus on the agreed priorities.

2. Introduction

- 2.1 The States agreed in July 2015¹ that the States' Strategic Plan should be replaced with a Policy & Resource Plan with *a significant focus on policy matters*, which was to be *"reasonably straightforward, flexible and un-bureaucratic"* and was to be seen as a *"means of strengthening leadership, co-ordination and accountability"* rather than an end in itself.
- 2.2 Development of the Policy & Resource Plan was completed by the States at its meeting on 7th November 2017.
- 2.3 The Rules of Procedure of the States of Deliberation and their Committees (Rules of Procedure) requires that the Committee resubmits the Policy & Resource Plan to the States annually in June, together with commentary from the Committee on overall progress; annual performance reports from the Principal Committees; commentary from the Scrutiny Management Committee; and any proposals to amend the Policy & Resource Plan considered necessary.
- 2.4 Following consideration of the States of Guernsey Accounts 2016², the States resolved to direct the Policy & Resources Committee, following consultation with the committees of the States, to consider the most appropriate structure and mechanism for annual reporting of financial performance; for service outcomes; and for progress on delivery of the priorities set out in the Policy & Resource Plan.
- 2.5 Committees' annual performance reports (Appendix A) therefore include policy updates as required by the Policy & Resource Plan process set out in the Rules of Procedure. They also report the financial performance of the Committees against their budgets in the preceding year (2017). Additionally each Committee has been encouraged to highlight current and future work where this requires prioritisation and/or resourcing ahead of the budget process.
- 2.6 Committees could also introduce reporting on other work from their Committee Policy Plans which were approved by resolution in June 2017.

¹ Billet d'Etat XII, 2015

² Billet d'Etat XIII, 2017

- 2.7 The Committees' annual performance reports do not yet address the 'service outcomes' element of the resolution above (2.4). This needs further consideration as each Committee already has established reporting for their service areas. This will be addressed in the review next year.

RECOMMENDATION: To direct Principal Committees to work with the Policy & Resources Committee to develop the reporting of their service outcome metrics by December 2018.

- 2.8 Section 3 sets out the work streams that Principal Committees have thus far established in support of the 23 priority areas of government policy work. The annual performance reports address their individual contributions to each priority area, noting that at the time of writing of the annual performance reports only three months had passed since the 23 priority areas were agreed. Work is at different stages of maturity across these priorities, and this is reflected in the detail provided by Committees.
- 2.9 Section 4 sets out exploratory performance measure indicators which will be benchmarked against the OECD Regional Wellbeing Indicators. This forms the highest level of monitoring of the impact of government policy. A small number of additional indicators are also detailed which cover elements of the Policy & Resource Plan which are not adequately covered by those indicators.
- 2.10 The Committee's duties in relation to laying before the States an order of priority for the drafting of significant items of legislation for the year ahead is discharged as the schedule is presented at Appendix B, as set out in the Rules of Procedure. The Committee also comments on the recent resolution of the States with regards the administration supporting the prioritisation of legislative drafting.
- 2.11 Concurrent with the annual debate on the Policy & Resource Plan, the Committee has a duty to advise the States on progress against extant States' Resolutions which remain outstanding. This is discharged in the main through the annual performance reports from Principal Committees. The Policy & Resources Committee's commentary also presents those resolutions that committees are seeking to rescind and sets out its concern in general in relation to the discharging of extant States' Resolutions.
- 2.12 Following the States' consideration of the Framework for Public Service Reform Policy Letter³ the Committee is currently required to report to the States annually on progress with this long-term reform agenda. Progress reporting is discharged through the requirement for an Annual Report from the Chief Executive of the States of Guernsey as an appendix to the Policy & Resource Plan (Appendix C).

³ Billet d'État XVI, 2015

3. Government Priority Policy Areas

3.1 Economic Development Policy

A strong, sustainable and diversified economy is vital for the Island's long-term success. The Policy & Resources Committee agrees with the Committee *for* Economic Development that work needs to be undertaken on enablers such as transport connectivity, digital connectivity and skills as well as on initiatives to further diversify the economy. It has sponsored one of these initiatives, through the establishment of the University Working Party, which is chaired by the President of the Committee *for* Economic Development, and welcomes the initial progress that has been made and its status as a priority for the Committee *for* Economic Development.

The Policy & Resources Committee acknowledges that prioritising the strengthening of economic enablers will be the approach in the policy letter that the Committee *for* Economic Development is seeking to bring to the States in the first half of 2018. However there is frustration at the lack of meaningful progress in a number of areas of the Committee *for* Economic Development's priorities in the first 12-18 months of this term, but recognises that there is now increasing momentum and clearer prioritisation. It encourages the Committee *for* Economic Development to continue to prioritise in a manner that ensures the most effective use of existing resources. The Future Guernsey Economic Fund, the Capital Reserve and the Guernsey Investment Fund provide potential sources of funding to support economic development in the Bailiwick, the Committee *for* Economic Development should assess how it might use these funds where appropriate.

3.2 Air & Sea Links

While this work stream is led by the Committee *for* Economic Development, a resolution of the States in June 2017 directed the Policy & Resources Committee to lead a strategic Review of Air and Sea Links Infrastructure. Following that, during the summer of 2017 the Policy & Resources Committee and the Committee *for* Economic Development jointly agreed terms of reference for the Review. Those terms of reference were also shared with the Committee *for* the Environment & Infrastructure for its comment and input. At the time of writing the preferred supplier is providing further information to ensure best value for money is secured on work it undertakes. The work that the Committee *for* Economic Development is now undertaking as a priority on sea links will be in parallel with the States-directed Review, will not be delayed by it, and may mean what is required from the Review is revised.

Progress against this priority has been disappointing during this term, though the Committee notes that the Committee *for* Economic Development has prioritised this work and is now making progress, which is welcome. Ongoing work by the

Committee *for* Economic Development is aimed at addressing the issues of resilience and long-term sustainability of the Island's sea links, and to ensure preparedness for any developments which might emerge in relation to the potential sale of Condor. Work with potential providers on an inter-island ferry link to and from Jersey has also been undertaken with counterparts in Jersey and has resulted in additional scheduled services in summer 2018.

The delayed Air Transport Licensing Framework Policy Letter is being finalised at the time of writing, following consultation with operators and other stakeholders, and the Policy & Resources Committee has written to the Committee *for* Economic Development confirming its support for the overall approach. Work is also now progressing on Public Service Agreements, in line with the provisions of the proposed Framework and the recommendations of the Policy & Resources Committee following the strategic review of Aurigny in 2017. Further work on developing Guernsey's network of connections is continuing, and will be supported by the establishment of the revised Air Transport Policy Framework.

3.3 **Brexit Policy**

The Brexit Strategic Group continues to provide co-ordination of the work being undertaken by the Policy & Resources Committee, the Committee *for* Home Affairs, the Committee *for* Economic Development and the Committee *for* the Environment & Infrastructure. It also includes representatives of the Law Officers of the Crown, the Channel Islands Brussels Office, the Guernsey Financial Services Commission and the Guernsey International Business Association. Its objectives are to minimise any potentially negative impact, manage potential opportunities, and ensure legislation is in place in a timely manner.

In November 2017 the States directed withdrawal legislation to be drafted and subsequently laid before the three legislatures of the Bailiwick by the summer, and the drafting of that legislation has been given priority by the Policy & Resources Committee. The Committee is also considering the timing of future Brexit related policy letters with the Committee *for* Home Affairs and the Committee *for* Economic Development on matters such as immigration, on the extension of the UK's membership of the World Trade Organisation, and on customs arrangements with the UK. This will ensure the States continues to play an important role in managing the Island's response.

Discussions are taking place with the UK Government on the application of the recently agreed implementation period. This will form part of the UK's EU Withdrawal Agreement. The terms of this Withdrawal Agreement, including the terms of the implementation period, will need to be laid before the States of Deliberation, as well as the States of Alderney and Chief Pleas of Sark. The timing of this may be challenging but it is important that the States' have a meaningful vote on matters of such constitutional importance.

Engagement with the UK is expected to move from discussing withdrawal issues to the future partnership with the EU as the terms of the withdrawal agreement are agreed during 2018.

Without doubt this is one of the most important areas of work for the Island within the current Policy & Resource Plan as its long term economic future will be shaped by the outcomes of Brexit. Appropriate funding is essential, and the Policy & Resources Committee has therefore used its delegated authority over the Budget Reserve to approve additional funding of a maximum of £90,000 for the extension of the additional posts and consultancy.

3.4 **Digital Connectivity Policy**

The Committee *for* Economic Development leads and co-ordinates the Digital Sector Strategic Framework, the delivery of which is supported by other Committees including the Policy & Resources Committee, the Committee *for* Home Affairs and the Committee *for* Education, Sport & Culture. The strategy includes the development of skills and enabling legislation to support the growth of the digital sector. Considerable progress is being made as set out in a presentation to deputies and businesses through the Digital Guernsey Panel in the first quarter of 2018, to be followed by an update report this year.

Establishing a flexible and world-class digital infrastructure to meet the needs of the community and the economy is critical to the digital strategy. Providers and the Channel Islands Competition and Regulatory Authorities are engaged in the Telecommunications Sector Policy Statement process, and a Future Telecommunications Oversight Group is being established to coordinate and provide appropriate governance for the cross-committee approach and the involvement of external partners in the development of policy. Additionally the Policy & Resources Committee has supported the Committee *for* Economic Development with States' funding for the Digital Greenhouse as it continues to strengthen its partnership approach, including through private sector funding and resource.

3.5 **Seafront Enhancement**

A cross-Committee steering group led by the Policy & Resources Committee has been established, which includes the formal involvement of the States' Trading Supervisory Board, the Committee *for the* Environment & Infrastructure and the Committee *for* Economic Development as well as other expertise. Its terms of reference is to explore the opportunities to enhance the eastern seaboard and the harbour area to support economic, environmental and social objectives, and the formal governance process that is being established will reflect that. An officer level delivery group has also been formed and working relationships are being established with external parties.

The not-for-profit Design Council is being commissioned to provide a community-led initiative that identifies short-term and long-term opportunities. Programme management resourcing has also been sought, funded by the Capital Reserve's seed funding, and this in turn will support the development of the business case to put in place the resources for the Local Planning Brief. The Policy & Resources Committee anticipates receiving a report in the fourth quarter of 2018 from the steering group that identifies the impact for the Island from the opportunities and their associated development costs.

3.6 Medium Term Financial Plan

Following the revisions made in late 2017 to the calculation and quantum of Gross Domestic Product (GDP) figures, it is necessary to review the parameters within the Fiscal Policy Framework. This is a very important piece of work as it underpins the long-term fiscal strategy and the opportunity is being taken to fundamentally review the continued appropriateness of the various rules and targets that comprise the Framework. The Policy & Resources Committee has prioritised this work stream within current resources.

The Medium Term Financial Plan set out a number of priority fiscal policies and projects:

Independent Taxation

Following consideration of the 2018 Budget Report, the States endorsed the intention to introduce a system of independent taxation which will mirror the current position on the ability to transfer unused allowances and, therefore, not change overall entitlement to allowances. Phase 1 was introduced with effect from 1 January 2018 but the full introduction of independent taxation will be enabled by the transformation of service through the Revenue Services Programme detailed within the Chief Executive's Annual Report.

Returns from Commercial Entities

The States' Trading Supervisory Board (STSB) met its 2017 budgeted target of a return of £5million of capital to General Revenue; this return has been transferred to the Capital Reserve to contribute to funding the current capital portfolio.

As approved in the 2018 Budget Report, the target minimum contribution of capital returns from the States' trading assets (in addition to any dividend paid in accordance with the existing policy) is £5.5million in 2018 and the STSB has now written to the Policy & Resources Committee setting out options for the delivery of this return. As part of the 2019 Budget Report, an update will be included on the plans for delivery of the total target of £31million over the Medium Term Financial Plan period.

Property

As part of the estates rationalisation programme, two buildings were vacated by the end of 2017: Cornet Street (Income Tax) and La Couperderie (Education Services) which has enabled staff to be located in an improved working environment as well as contributing savings to the overall MTFP target.

The estates optimisation project which is being progressed jointly by the States' Trading Supervisory Board and the Policy & Resources Committee provides for deploying property better to achieve the best service delivery objectives. This includes better working locations and public amenities; better professional practises; and improved value.

Social Investment Commission

Following consideration of the 2018 Budget Report, the States directed the Policy & Resources Committee to establish a Social Investment Commission during 2018, to begin operation from 1 January 2019. Collaborative work with the third sector is underway to establish a governance framework; to identify and secure sources of funds; and to set out clear conditions for investment of these funds.

Guernsey Investment Fund

In February 2018 it was announced that £25million has been committed to the Guernsey Investment Fund to support the development of innovation and technology, along with £12.5 million of private sector investment. This investment, which is a little over 1% of the total investment portfolio overseen by the Policy & Resources Committee, is independently managed with an investment objective to achieve a return for its investors and support business in the Bailiwick or which will benefit the Bailiwick. There is an intention to develop infrastructure and property cells in the future which would attract further investment from the States.

Funding Health and Long Term Care

The Policy & Resources Committee is working with the Committees *for* Employment & Social Security and Health & Social Care to develop proposals for reforming health service funding. As the initial phase, options are currently being investigated for a mechanism which will allocate the Health Service Fund contributions which are collected by the Committee *for* Employment & Social Security to the Committee *for* Health & Social Care budget. This would mean that responsibility for all publicly funded health and social care services (including those that are directly commissioned by the States and those, such as prescriptions or primary care, that are subsidised) would rest with the Committee *for* Health & Social Care which has the mandate to protect, promote and improve the health and well-being of individuals in the community.

Resource Accounting

As the States of Guernsey moves towards Financial Statements being prepared in accordance with International Public Sector Accounting Standards (IPSAS), there will be incremental changes in the format and presentation of the States' Accounts as the systems and processes necessary for generating the required financial information are developed. The 2017 Accounts will include changes to the formats of the principal financial statements following guidance contained within IPSAS1 (Presentation of Financial Statements) with the inclusion of Statements of: Financial Performance (previously Income and Expenditure Account); Movement in Reserves (new statement); and Financial Position (previously Balance Sheet).

Priority Based Budgeting

The priority based budgeting approach that was undertaken in 2016-17 for the Committee *for* Education, Sport & Culture and the Committee *for* Home Affairs was initiated in the first quarter of 2018 for States' Corporate Services, encompassing Finance, Human Resources, transactional 'HUB' services and Information Systems and Services (ISS). The project involves a full review of the services provided and how these might be rebalanced and remodelled in order to provide enhanced corporate services within existing resources. It will also determine the costs and benefits of developments in service provision, for example, the delivery of digital services in accordance with the service redesign priorities that were approved as part of the Medium Term Financial Plan.

3.7 Justice Framework

The Committee *for* Home Affairs has scoped an inclusive Justice Framework that builds on the work of the Criminal Justice Strategy. It has identified three priority areas of focus – prevent, challenge and restore. In developing work streams for both short and long term objectives in 2018-2022, the Committee is striving for the following outcomes:

- Identifying and tackling the causes of crime
- A reduction in the levels of crime and fear of crime
- Ensuring value for money services within the justice system
- Increase confidence in justice institutions and processes
- The promotion and delivery of the correct intervention at the right time
- A reduction in re-offending
- Identifying and confiscating the proceeds of crime
- Recognising the links between justice policy and social policy

The Committee notes that this includes considerable work shaping and developing a new target operating model for justice and following liaison with the judiciary, the Law Officers of the Crown, the Committee *for* Home Affairs will commence a review of justice services which will require funding.

Work to date has been managed within existing resourcing, but it has been identified that this is not likely to be sustainable if significant and timely progress is to be made. The Committee is of the view that formal programme management will assist in prioritising the work streams and that the Committee *for* Home Affairs should use its medium term financial planning project to identify if its resources are fully deployed on priority matters. Should it be satisfied this is the case, then its next step will be to address the resourcing shortfall through the 2019 budget process.

RECOMMENDATION: To direct the Committee *for* Home Affairs to work with the Policy & Resources Committee to establish appropriate governance and support for the Justice Framework Initiative by December 2018.

3.8 Security & Cyber Security Policy

The Policy & Resources Committee welcomes the Committee *for* Home Affairs confirming it will publish an overarching Bailiwick Security Policy later this year. The Committee *for* Home Affairs has advised that this will bring together all of the activity required to protect the Bailiwick. It does not require resourcing and should not identify resourcing gaps outside those already addressed through the Cyber Security Strategy.

The Committee *for* Home Affairs published the Cyber Security Strategy in November 2017 to develop the Bailiwick's cyber security capability. Eight strategic goals were identified with the aim to ensure that Guernsey people, businesses and the States are as 'safe and secure' online as they are in the physical environment. The document set out objectives and a timeframe. As the strategy was published late last year many of the objectives are not due to be delivered until later in 2018 and as such the Committee looks forward to a detailed update in next year's P&R plan update.

The Committee welcomes the establishment of a Channel Islands Cyber Information Sharing Partnership in conjunction with the UK National Cyber Security Centre, and the progress made on establishing a Channel Islands Cyber Incident Response Team. The Committee notes that this has been identified as a project to progress jointly with Jersey and again further updates will be welcomed.

The Policy & Resources Committee understands that the Committee *for* Home Affairs is moving towards establishing a governance structure for this work which should assist with monitoring and reporting identified performance indicators aligned with the eight objectives.

3.9 **Partnership of Purpose (Future Delivery of Health and Care)**

In 2017 significant efforts were concentrated on developing a policy letter setting out high level plans to transform health and care provision. The policy letter was decisively supported by the States.

Looking forward to 2018-2019, the Committee *for* Health & Social Care has focused on developing a prioritised programme, ensuring that the resources are in place to deliver the newly named Partnership of Purpose. The Policy & Resources Committee has delegated authority to approve funding from the Transformation and Transition Fund up to a total of £3.5 million and continues to evaluate and monitor each initiative seeking funding from this allocation. It is important that objectives are well defined as clear outcomes must be seen.

The States is aware from the policy letter that further funding from the Transformation and Transition Fund will be required in order to deliver the full transformation programme. Capital funding will also be necessary to support infrastructure developments and has been prioritised within the current portfolio.

The Committee welcomes the ambition to demonstrate the success of the transformation programme through indicators.

3.10 **Health & Wellbeing**

Guernsey's public health strategies are well-established with performance monitoring in place. The Committee notes that this will be enhanced by ongoing work to develop a Public Health Outcomes Framework which in turn will inform the monitoring of the Policy & Resource Plan. The Public Health Outcomes Framework will set out a vision for public health, desired outcomes and measurement indicators, all of which enables benchmarking with other jurisdictions. The measures will take into account four areas: improving the wider determinants of health; health improvement; health protection; and preventing premature mortality.

Significant emphasis has been placed on the importance of prevention in health care and progress has been made on the four-year initiative to establish a Health Improvement Commission (previously known as the Bailiwick Health and Wellbeing Trust). This demonstrates that the Committee *for* Health & Social Care is moving to a more collaborative approach of commissioning, which reflects the intent of the Partnership of Purpose Policy Letter. As set out in its performance report, the Policy & Resources Committee is leading on introducing this approach, which if successful, will be developed across the organisation for commissioning services as and where appropriate.

RECOMMENDATION: To direct the Committee *for* Health & Social Care to work with the Policy & Resources Committee to identify opportunities to coordinate the Public Health Outcomes Framework and the Policy & Resource Plan Monitoring Report, reporting in the 2018 review of the Policy & Resource Plan priority area ‘Health and Wellbeing’ (June 2019).

3.11 Health & Social Care Regulation and Support

Having established the key objectives of a regulatory regime locally, the Committee *for* Health & Social Care brought an independent Commission-led model for in principle support from the States, the design of which will reflect the Bailiwick’s size and be proportionate to its needs.

In the fourth quarter of 2018 the Committee *for* Health & Social Care will lodge a policy letter with detailed proposals to introduce this proportionate Commissioner-led regulatory regime. This will include a proposed high level model for regulation accompanied by a risk-based implementation plan for the underlying regulatory standards, prioritising the areas of greatest risks first. This will lead to the establishment of the Care Commission in 2019, in parallel with the development of the necessary primary legislation.

This is a major transformation, and the Committee anticipates that the policy letter will set out objectives with key performance measures for the Care Commission. It further expects the Policy & Resource Plan annual performance reports from the Committee *for* Health & Social Care to inform the States on progress against milestones in the short term until these measures can be reported in full in the Policy & Resource Plan Monitoring Report.

RECOMMENDATION: To direct the Committee *for* Health & Social Care to set out objectives with performance measures for the Care Commission in its Policy Letter to be submitted in the fourth quarter of 2018.

The policy decision to establish an Adult Multi Agency Support Hub (AMASH) has benefitted service users. Further monitoring will inform if it will be necessary to implement legislative amendments to support adults at risk. The Committee commends the swift action in furthering good practice on seeing the success of the youth MASH introduced through the Children and Young People’s Plan and would welcome metrics in next year’s report to understand the impact of this new initiative, as well as clarity on its long-term resourcing.

RECOMMENDATION: To direct the Committee *for* Health & Social Care set out objectives and identify performance measures for the Adult Multi Agency Support Hub (AMASH) for reporting in the Policy & Resource Plan Monitoring Report (from December 2018).

There is a requirement for external expertise to support the development of the proposals for a regulatory regime, funding for which the Committee has authorised as part of the application to the Transformation and Transition Fund to support the Partnership of Purpose. Further resource requirements will be identified as part of the policy letter and will need to be considered within the budget setting process if prioritised. However in the longer term the Policy & Resources Committee has noted that it is anticipated that the model will become self-funding through its fees and charges.

The legislative requirements for health and care regulatory support include the introduction of capacity legislation and the provision of legislative protection for vulnerable adults, both of which have been prioritised by the Policy & Resources Committee. In addition the Committee notes that it is important that no delays in legislative drafting impact the programme, and this will be reflected in the prioritisation of legislation.

3.12 Improving Educational Outcomes

The Committee *for* Education, Sport & Culture advises that a new curriculum was introduced in September 2017, the impact of which understandably cannot yet be measured. However the Policy & Resources Committee would welcome an approach set out in the next performance report on how the impact of the new curriculum can be captured in a set of long-term measures. It would also welcome clarity on how school and post-16 validations are to be carried out, and notes that some continuity adopted in recent years may be important during a period of transition and significant change for schools. Any change should be made on the base of evidence and value for money, noting that the current system was introduced as recently as 2015.

RECOMMENDATION: To direct the Committee *for* Education, Sport & Culture to report in its 2018 performance report on the monitoring approach to evaluate the impact of the new school curriculum.

3.13 Transforming Education (Secondary & Post-16 Education Transformation)

In January 2018, having previously resolved to introduce all-ability secondary education, the States agreed the future structure of secondary and post-16 education.

The new Committee *for* Education, Sport & Culture has pointed out in its performance report that these policy decisions made by the States have resulted in it restructuring its work within the Policy & Resource Plan. The Policy & Resources Committee supports the principle of this change.

However on considering the Committee *for* Education, Sport & Culture's performance report and the impact of repealing and replacing the Education Law, introducing devolved governance and other service changes that will likely be made, the Committee believes that inevitably the primary phase will be impacted. Indeed this is identified in the performance report by virtue of extant resolutions. Therefore the Policy & Resource Plan priority would better represent the scope of the work if the priority was entitled 'Transforming Education'.

The States have resolved to transform secondary and post-16 education without a detailed plan. The Committee is mindful that throughout this significant programme of change, the Committee *for* Education, Sport & Culture must develop plans to identify and secure savings as set out in the debate on secondary education and guard against decisions that inflate the operating cost of the education model. The Committee therefore encourages the Office *of the* Committee *for* Education, Sport & Culture to engage with Policy & Resources' officers as early as possible in the process in addition to working politically through the established oversight group.

The Committee *for* Education, Sport & Culture states that additional resources are required to develop and introduce the policy and will be funded with money already allocated from the Transformation and Transition Fund. For clarity, the States resolved 'to increase to £2.75m the authority delegated to the Policy & Resources Committee to approve funding in order to provide funding of a maximum of £2.5m in respect of the additional anticipated costs for the transition to the new model of secondary and post-16 education'. This allocation has been set aside by the Policy & Resources Committee but will be released only following consideration of suitably detailed resource requests.

RECOMMENDATION: To direct the Policy & Resources Committee to redraft the Policy & Resource Plan to reflect the revised policy objective 'Transforming Education' from merging 'Secondary and Post-16 Education Transformation' and 'Life-Long Learning.'

3.14 **Supported Living & Ageing Well Strategy (SLAWS)**

There are three priority work streams being pursued under SLAWS:

- Development of a new reablement service
- Development of a Carers' Action Plan
- Development of policy proposals to address the strategic funding of long-term care

The Committee *for* Health & Social Care is to be commended in its aspiration to invest in the development of a new Reablement Service in Community Services. This new service will support people to remain in or return to their own homes and to continue to live as independently as possible, easing other pressures in the service for other service users and improving their personal health outcomes.

During 2018 a Carers' Action Plan will be published; the Reablement Service should be established within Community Services; and the Committee *for* Employment & Social Security will report to the States on the strategic funding resolutions. The Office *of the* Policy & Resources Committee must be engaged at an early stage in the development of these funding proposals given that any changes in contributions impact on the wider revenue raising options for the States.

The Policy & Resources Committee is coordinating the work through the SLAWS Implementation and Engagement Group chaired by the Committee member responsible for social policy. Representatives at senior officer level from supporting Committees and the third sector use this forum to develop and monitor the SLAWS implementation plans. It will be important for this Group to identify milestones for progress reporting and the longer-term impact measures to report in the next Policy & Resource Plan Update.

RECOMMENDATION: To direct the Policy & Resources Committee to identify milestones for progress reporting and the longer-term impact measures of SLAWS and report in the 2018 review of the Policy & Resource Plan priority area 'SLAWS'.

3.15 **Children & Young People's Policy**

A governance structure has been established chaired by the Policy & Resources member responsible for social policy matters with political and senior officer members from the Committee *for* Health & Social Care (the lead committee), the Committee *for* Home Affairs, the Committee *for* Education, Sport & Culture and representatives from the Youth Commission and the Guernsey Community Foundation. The group is responsible for facilitating the cross-committee and cross-sector working required to deliver the Policy and acts as the Corporate Parenting Board, which champions and supports the needs of children in care.

Now well established as a mature policy area progress includes: a reduction in the number of children on the child protection register and in those on the register for a second time in two years; a reduction in under 18 pregnancies; an increase in early years education; and a narrowing in the attainment and progress gap between the most vulnerable learners and their peers.

Following a refresh of the Plan, work on the 2018 priorities is underway targeting the issues raised by stakeholders and focuses on early help and prevention, inclusion, transition across services and better use of data to inform decision-making. These priorities are more complex to deliver as they interconnect with other policy priorities such as the Disability & Inclusion Strategy and the Partnership of Purpose. They are also identified within the Corporate Parenting Strategy, targeting support for those in care and care leavers, to enable the States of Guernsey to meet its corporate parenting responsibilities.

The Committee *for* Education, Sport & Culture will lead the development of an early years' action plan, working with all relevant committees, to support children up to five years of age. The action plan will support the objectives of the States' funded pre-school education policy and support the resolution 'to identify the need for early intervention and early years' services for children under the age of three'. The Committee also notes that the Committees *for* Employment & Social Security and *for* Education, Sport & Culture are working on the potential to convert universal cash benefits into services for children.

During 2018 the Committee *for* Health & Social Care will assess the transition between adult and children services, review the Children Law and its practical application and deliver a joint funded (with the Youth Commission) advocacy pilot delivered by the Youth Commission. The Committee *for* Home Affairs is progressing with changes to enhance the vetting and barring scheme and new sexual offences legislation and intends to bring forward a policy letter setting out drafting requirements for legislation to protect children from accessing internet pornography for prioritisation in 2018.

The Committee *for* Health & Social Care has prioritised resources from its 2018 budget to support the early intervention and prevention work streams of 1001 days, Strengthening Families, and the Multi Agency Support Hub (MASH), alongside a commissioning budget to target service provision where it is most needed. In addition the Policy & Resources Committee has authorised resources from the Transformation and Transition Fund to support the Plan's implementation. It is intended that the remaining work for 2018 will be delivered from within existing resources.

The next update of the Plan will be in late 2018, to inform the required three-year update for the States in 2019. It will set out the main priorities and any resource requirements for the remainder of the current Plan to 2022.

3.16 Disability & Inclusion Strategy

Within the strategy, the Committee *for* Employment & Social Security is focusing on the development of an Equality and Rights Organisation (ERO) and disability discrimination legislation. The Policy & Resources Committee understands that ongoing work is identifying the principles for the ERO, and considers it important for this work to assess the benefits of a joint ERO with Jersey. Meanwhile academics have been appointed to assist in reviewing legislation from other jurisdictions on which to model Guernsey's disability discrimination legislation.

The Committee notes that further expert resource may be required to assist with the development of a policy that is suitable for Guernsey. A policy letter with detailed legislative drafting proposals is to be brought to the Assembly thereafter.

The Policy & Resources Committee has established a working group for the Matrimonial Causes (Guernsey) Law, (1939), with a draft policy letter likely to be presented to the Committee by the end of 2018. A targeted consultation of those likely to be affected by any changes to the procedures of marriage has been completed. A wider public consultation is also planned in order to inform the policy letter that is likely to be presented to the States for consideration by the end of 2018.

3.17 **Social Welfare Policy**

Proposals to implement a social welfare system which unifies housing and income benefits and directs financial assistance to those most in need were approved by the States in February 2018. The objective is to establish a level of income below which it is considered intolerable for any individual in Guernsey to be expected to live. The new system will be introduced on 6 July 2018, with transitional arrangements in place for three years. The Committee looks forward to monitoring the impact of this social welfare policy through the agreed measures of poverty.

The introduction of secondary pensions in 2020 at the earliest will encourage working age people to save for their retirement, as a supplement to the existing basic old age pension. A tender for a provider of the new secondary pension scheme is being undertaken during 2018, and detailed proposals for implementation will be presented to the States Q1 2019. The Committee recommends that the policy letter setting out the reporting framework should include implementation targets.

RECOMMENDATION: To direct the Committee *for* Employment & Social Security to engage with the Policy & Resources Committee with regards to a reporting framework with implementation targets to be included in the Secondary Pensions Policy Letter to be debated in the first quarter of 2019.

3.18 **Housing Policy (Affordable Housing)**

The Committees *for* Employment & Social Security and *for the* Environment & Infrastructure continue to work together to deliver the supply of an appropriate amount of housing of the required mix of types, tenures and sizes to meet the Island's housing needs, including key worker, social and affordable housing. It is suggested, therefore, that this Policy & Resource Plan priority could be more accurately described as 'Housing Policy' as it concerns the delivery of all kinds of housing.

Having received and published the Housing Market Review (the KPMG Report) the Committee *for the* Environment & Infrastructure will publish a policy letter for States debate in mid-2018, responding to the recommendations in the Review. This will include setting a strategic housing indicator and an affordable

housing indicator. The Policy Letter will set out a programme of work for the next two years, with associated lead committees and reporting timescales, and will highlight the resources required to deliver the individual work streams.

Noting the success of cross-committee working in more developed policy areas where there are well defined objectives and measureable outcomes and benefits, the Committee has encouraged the Committees *for* Employment & Social Security and *for the* Environment & Infrastructure to establish a joint steering group. The Committee has committed to providing administrative support and officer engagement as the Policy & Resources Committee has a contribution to make with regards to support for first time buyers.

RECOMMENDATION: To direct the Committees *for* Employment & Social Security and *for the* Environment & Infrastructure to work with the Policy & Resources Committee to establish appropriate cross-committee governance and support.

3.19 Strategic Population Policy

It is vital that Guernsey's Population Management Regime supports the economy. A population policy review is now under way, but it is important to recognise that in the interim it is possible to make changes to the regime, and that the Committee *for* Home Affairs remains fully committed to demonstrating the flexibility that was promised before the regime was established. Indeed, a number of changes have already been made in response to feedback from various sources.

A Population Management Review Panel has been established, chaired by the President of the Policy & Resources Committee. The Review is being carried out within existing resources having been prioritised as part of the Committee's Policy Plan. The Review's terms of reference are to revise the strategic population objective and review the population management regime to ensure that it supports the revised population objective. The Panel has determined its recommendations for the principles that should apply to the size and make-up of the working population, which have been considered by both the Committee *for* Home Affairs and the Policy & Resources Committee.

The Panel will be consulting with employers shortly, especially with regards to Short-Term Employment Permits, and will be developing policy to include consideration of ways in which an individual can become a Permanent Resident. There is a reporting deadline of the first quarter of 2019 that the Panel is on schedule to meet through a joint Policy Letter from the Policy & Resources Committee and the Committee *for* Home Affairs.

3.20 Lifelong Learning Policy

The Committee *for* Education, Sport & Culture is recommending that the policy objectives within this priority area and those of the secondary and post-16 priority area will be best managed by drawing them together to reflect the States' resolutions of January 2018. The Committee supports this pragmatic suggestion as it would surely assist in the prioritisation of work streams for the Committee *for* Education, Sport & Culture.

The Committee notes that the Committee *for* Education, Sport & Culture has a sub-committee, Skills Guernsey. It is aware that the Committee *for* Economic Development has been driving forward the skills work from an economic perspective during a period of transition and competing challenges for the Committee *for* Education, Sport & Culture. However it hopes that Skills Guernsey will now have a greater role in educational as well as economic policy development, and will be the vehicle which helps implement policies on skills during the upcoming period of significant transformation in education. This will be important in supporting wider priorities such as the strategic population policy. The Committee understands that discussions have begun on a more effective governance and delivery structure to take forward the skills work.

The States have resolved to support the strategy for longer working lives and whilst not prioritised, it will require a robust, modern and relevant education provision which should be considered now in the Committee *for* Education, Sport & Culture's policy portfolio within the new priority area 'Transforming Education'.

3.21 Long-Term Infrastructure Investment Plan

The Committee *for* the Environment & Infrastructure had not brought forward this priority area in the final round of prioritisation last year because future funding and resource requirements had not been determined. However it was identified that the investment planning for the coordinated delivery of infrastructure is essential for the Island as well as a number of the Policy & Resource Plan priorities.

A lead officer has been appointed and consideration is now being given to what will be involved in developing the Infrastructure Investment Plan and how the States' capital planning will flow from it. Led by the Committee *for* the Environment & Infrastructure it is important to establish an effective working relationship at this early stage with the Office *of* the Policy & Resources Committee.

RECOMMENDATION: To direct the Committee *for* the Environment & Infrastructure to work with the Policy & Resources Committee to identify resourcing needs to evaluate against other demands as part of the 2019 budget process and to establish appropriate governance.

3.22 **Energy Policy**

The energy policy will be delivered through three connected areas – energy policy review/update, the Guernsey Hydrocarbons Supply Programme and the Renewable Energy Programme. It is also supported by work to assess the potential for green taxes and energy taxes pursuant to States' Resolutions.

The Island's energy policy must be reviewed/updated to ensure it is appropriate, robust and relevant and to inform the Guernsey Hydrocarbons Supply Programme and the Renewable Energy Programme. Having secured funding from the Transformation and Transition Fund, resource was put in place in early 2018 to lead and manage the review and update of energy policy. The project is in the initiation stage, and the next steps will be to scope it and establish timeframes for policy delivery with a view to delivering a Policy Letter to the States. It will incorporate a Renewable Energy Strategy; analysis and assessment of the potential for green taxes and energy taxes pursuant to States' Resolutions; and will establish a methodology for annual review against outcomes of the updated Energy Policy.

The Guernsey Hydrocarbons Supply Programme (GHSP) will inform and be informed by energy policy development. The first phase (1a) of the GHSP to assess risk in the hydrocarbons supply chain, identify future demand and Guernsey's requirements and identify a long list of options has been completed. By the end of the second quarter of 2018 the States should receive a Policy Letter on phase 1b of the GHSP, which evaluates options, identifies a preferred option, and seeks guidance on the balance between risk and cost. Thereafter phase 1C of the GHSP will be carried out which will produce the preferred option reporting to the States by the first quarter of 2019.

The Renewable Energy Programme continues to research, recommend and promote the best renewable energy options for Guernsey, and to deliver the programme for the contribution of renewable energy to Guernsey's future energy requirements as approved by the Committee for Environment & Infrastructure in April 2017.

3.23 **International Instruments (International Standards Policy)**

This policy priority area embraces a wide variety of work streams. The External Relations & Constitutional Affairs team has an initial high-level coordination role and can assist with ongoing facilitation between the Bailiwick and the UK where required. Principal Committees, individually or collectively, are responsible and accountable for researching the applicability, benefits and risks of having International Standards, Conventions and Agreements ('International Instruments') extended to the Guernsey or the Bailiwick. Additionally, Principal Committees have ongoing responsibilities and accountabilities for the delivery of international obligations and reporting, where international instruments have

been extended to Guernsey or the Bailiwick or where the States have signed up directly.

The International Instruments which are actively being researched or awaiting further progress or drafting can be categorised as:

- Tax and financial services
- Trade and the economy
- Environment
- Human rights and fundamental freedoms [including the UN Convention on the Rights of the Child (UNCRC), the Convention on the Elimination of all forms of Discrimination Against Women (CEDAW), UN Convention of the Rights of Persons with Disabilities (UNCPRD), and labour rights]
- Health and social care/services matters
- Transport
- Justice

The same categorisation will be applied to International Instruments that the States have signed up to directly, or that have been extended to us by the UK. Some International Instruments require periodic reporting. However in some instances the States may not have signed up to an International Instrument, but may have some involvement in UK reporting.

The External Relations & Constitutional Affairs team continues to be made aware by the UK of the major International Instruments and standards that the Island or Bailiwick should research and consider taking part in. Additionally Committees have a responsibility to identify, and make known to the External Relations & Constitutional Affairs team any international agreements that they have identified and believe are of importance to their areas of work and/or the Bailiwick and that they consider taking part in.

The Policy & Resources Committee is looking to instil within Principal Committees the ownership of International Instrument research, cross-Committee working and reporting. It remains important that, in accordance with its mandated responsibilities, the Committee retains high-level oversight and supports engagement on matters relating to International Instruments and Standards, as it impacts the international reputation of the Island/Bailiwick. It is therefore proposed that External Relations & Constitutional Affairs publishes an International Instruments Policy which all Committees observe when (i) researching and reporting to the States on obligations and duties and other issues arising under International Instruments which may be extended to Guernsey or which have been extended to Guernsey or the Bailiwick, or signed up to directly, and (ii) undertaking periodic reporting; it is further proposed that Committees are obliged by way of their mandated general responsibilities to comply.

RECOMMENDATION: To amend the Rules of Procedure of the States and their Committees by inserting immediately after item 7 of paragraph B (General Responsibilities of all Committees of the States) of Annex One to the Mandates of Committees of the States, the following item –

“8. when researching, considering and reporting on obligations and duties and other issues arising or potentially arising under International Instruments, to act in accordance with the "International Instruments Policy Directive" as published from time to time by the Policy & Resources Committee”.

4. Monitoring Progress and Impact of Government Priority Policy Areas

- 4.1 Performance monitoring is important as it provides information that assists government in determining what policies to employ in order to meet objectives, and whether or not these policies are successful. It also provides a visible framework against which government can be held to account by the community it serves.
- 4.2 The Policy & Resource Plan will incorporate two levels of monitoring: monitoring progress against the overall outcomes; and monitoring the progress of the priority work areas. These will be supported by further monitoring to inform policy development and support business functions at a more detailed and operational level, which will be managed and maintained by Principal Committees’ service areas.
- 4.3 The Key Performance Indicators (KPIs) selected for measuring the overall outcomes have been adapted from the OECD Regional Wellbeing framework, which is part of the OECD Better Life initiative. It will be possible to compare the States’ performance in the majority of the indicators below with other regions.
- 4.4 Indicators marked by * are not part of the Regional Wellbeing framework and have been added to the standard indicators to make sure that the range of indicators provides the appropriate level of monitoring for Guernsey.
- 4.5 The indicators to monitor the priority areas are now being developed in consultation with Committees in order to ensure the best available outcome measures given the data which is currently collected in Guernsey. These measures may evolve over time as better data becomes available, or in line with evolving international standard measures or changing priorities.
- 4.6 The Committee proposes that the States publish a new Annual Indicator Report every December in support of the policy planning and monitoring process. This will provide the information Committees need to evaluate their current policies and inform any changes to their policy priorities or work streams as a

consequence. These can be reflected in the Policy & Resource Plan the following June and any resource requirements identified for bids in the following budget process.



RECOMMENDATION: to direct the Policy & Resources Committee to publish an Annual Indicator Report every December with the aim of establishing if policy implementation is achieving the objectives established by the Policy & Resource Plan.

5. Financial Performance

5.1 The provisional 2017 surplus was over £23million – just under 1% of recently revalidated GDP, which is a significantly improved outturn against a breakeven budget. In line with normal practice the 2019 Budget Report will include a recommendation on the use of this surplus with the following options under consideration:

- Rebuilding the reserves depleted in 2008 – 2015 when deficits were recorded;

- Replenishing the Future Guernsey Economic Fund to enable greater support for economic development opportunities;
 - Relieving the tax burden on individuals, including through increases to personal income tax allowances; and
 - Enabling the acceleration of transformation to help deliver the agreed policy priorities in the Policy & Resource Plan.
- 5.2 The States have resolved to “note that some policy priorities may benefit from pooled budgets, created by re-allocating Committees’ budgets; and to note that the Policy & Resources Committee is able at any time to submit Propositions to the States to create such pooled budgets; and to direct that in the 2018 Policy & Resource Plan report on progress, or sooner if desirable, the Policy & Resources Committee shall make proposals for the use of a pooled budget and the governance thereof in relation to the Children & Young People’s Plan.” Work is underway to establish a framework for pooling budgets in general which will support delivery of broad policy objectives. Specific proposals in respect of the Children and Young People’s Plan budget will be included in the 2019 Budget Report.
- 5.3 At the time of writing, financial performance information in respect of only the first two months of 2018 is available. Based on the outturn in 2017 and recent trends, the early forecast is that revenues should exceed budget expectations, with positive trends in ETI receipts in particular. However at the time of writing early indications are that there will be significant pressures on the expenditure budget this year through both legitimate cost pressures and the failure to deliver on savings targets approved by the States as part of the Medium Term Financial Plan. The Committee will continue to work closely with the Principal Committees in respect of their financial affairs and to keep the States informed of performance and forecasts through regular statements.
- 5.4 The States resolved to direct the Committee *for* Education, Sport & Culture and the Committee *for* Home Affairs to report to the States through the Policy & Resource Plan 2018 Policy Letter with a detailed assessment of each opportunity identified in the PwC Report entitled “Costing, benchmarking and prioritisation” together with an implementation plan including anticipated costs, benefits and timeline for delivery. These Committees have not discharged these resolutions as they explain in their annual performance reports. The Policy & Resources Committee has advised that this reporting must be completed to inform the 2019 Budget Report (by August 2018).
- 5.5 In relation to the Committee *for* Education, Sport and Culture, the Committee recognises the Oversight Group established by resolution in November 2017 is working to achieve the significant savings from transformation of service delivery, these result from medium to long-term reforms, many dependant on

the further support of the States, for example the capital expenditure required to remodel the education estate. There are other opportunities in the PwC report which must continue to be explored in order to reduce the baseline service costs and reduce the current overspending position of the Committee *for* Education, Sport & Culture ahead of the transformation of secondary education.

RECOMMENDATION: To direct that the Committee *for* Education, Sport & Culture complies through the oversight group with the outstanding extant resolution P.2017/90 (18) (Billet d'État No XX, 2017) by reporting in full to the Policy & Resources Committee to inform the 2019 Budget; and that an oversight group comprising political representatives from both the Committee *for* Home Affairs and the Policy & Resources Committee is formed as a priority to oversee the development of initiatives and delivery of savings to include consideration of the outstanding extant resolution P.2017/90 (18) (Billet d'État No XX, 2017) and reporting in full to the Policy & Resources Committee to inform the 2019 Budget.

6. Resourcing - Capacity in the Civil Service Policy Function

- 6.1 Policy planning is the integration of policies across the States and the reconciliation of policy objectives with the allocation of resources.
- 6.2 In September 2015 as part of the report on Public Service Reform the Policy Council advised that *"At present there are insufficient staff with the appropriate skills to support the timely co-ordination, development and implementation of government policies."*
- 6.3 If cross-Committee working is to be successful, the Public Service Reform objectives to remove artificial barriers between service areas and Committees to eradicate silo working are critical. In practical terms, this must mean a more mobile policy team that can be deployed across the States in response to identified priorities. It is also likely to involve the amendment of relevant legislation.
- 6.4 In the spirit of this intent support has already been available to the more mature of the priority policy areas from the Policy & Resources Committee. It is important that this investment in resources across the States delivers long-term improvements.
- 6.5 The Committee believes dedicated 'government policy' resources being deployed across the States as needed is a model to be further explored and it will examine the effectiveness of secondments already either completed or in hand as a potential model. This aligns with the Public Service Reform Framework requirement that "government must itself become flexible and departments less possessive in how they regard staff resources. Tying job roles to a single

department in a specific area can be an inhibitor to making the best use of what will always be limited staff resources.”

- 6.6 The Committee also recognises that it must take the lead in its role as employer to review the success of operational and structural changes required within the organisation in 2016 to support the political restructure of the States. For example, Principal Committees are consistently raising the issue of a lack of policy staff. The Committee needs to understand if this is a function of the current ambition of the States or a function of not fully identifying the policy demands on the new Principal Committees when creating the new mandates and policy planning process.
- 6.7 The Committee expects to develop its work in this area during the summer of this year and will update the States in the 2019 Budget Report. This work will be significantly informed by the States’ debate on its policy priorities and the requirements for resource to meet them identified by Principal Committees. At this time the Policy & Resources Committee is not recommending reprioritisation of objectives but this may be necessary as a consequence of setting 2019 budgets with Committees. In the meantime, the Committee continues to support the priority areas with its resource as and where it can.

RECOMMENDATION: to direct the Principal Committees to work with the Policy & Resources Committee to review policy officer requirements (both project and substantive) in light of the policy priorities established by the States in time to inform the 2019 budget process.

7. Resourcing - Capacity in the Civil Service Data and Analysis Function

- 7.1 The States’ Data & Analysis team consists of the equivalent of three permanent full-time staff members with expertise in population, employment, earnings, housing, inflation and national accounting statistics as well as an appreciation of the statistics produced by other services of the States. The team provides support to service areas across the organisation; advising on best practice for survey and other data collection methods and analysis. However it does not have the capacity to undertake research for other services nor to produce any more publications.
- 7.2 Additional resourcing will be required if annual reporting, as set out in section 4, is to be delivered. Clearly a policy planning process without monitoring and measurements is not effective. The Committee is therefore exploring funding options, failing which it will put forward a funding request in the 2019 budget process, necessitating a year’s delay in establishing the reporting framework.

8. Policy & Resource Plan 2019 Update

8.1 The States resolved that the Policy & Resource Plan should⁴:

- be straightforward, flexible and un-bureaucratic
- focus on significant policy matters
- lay down a framework of overall policy assumptions in order to assist Principal Committees in the setting of their policies and priorities
- not be allowed to become too lengthy or too complicated or mired in detail; it should not seek to include every possible service or activity undertaken by the States and their committees;
- not be used as a pre-budget report; nor should it greatly constrain Principal Committees from managing their budgets and fulfilling their mandates.
- be a means of strengthening leadership, co-ordination and accountability and not as an end in itself

8.2 This has evolved by further States' resolution as set out in the Introduction at section 2.

8.3 The Committee has commented on the organisation's state of readiness to report progress and impact effectively, and has reflected upon its success in moving to work more collaboratively. This is most successful where formal governance and structure is in place. The Committee therefore recommends that all priority areas develop appropriate governance to facilitate effective prioritisation and where appropriate, cross-committee working, most especially with the Office of the Policy & Resources Committee. This will undoubtedly improve the effectiveness of their work and simplify the reporting process in future years.

RECOMMENDATION: to direct the Policy & Resources Committee to promote and facilitate cross-committee policy development by ensuring priority policy areas have appropriate governance and structure to manage resources, progress initiatives and report cohesively within the policy planning process.

8.4 Furthermore the Committee intends to sponsor a high-level policy development and reporting pilot built on good practice already in areas of the organisation. It is anticipated that this will monitor work streams and their impact on the priority policy areas and also align them with Committee Policy Plans. This supports the future monitoring intentions set out in sections 4.2 and 7.4.

⁴ Billet d'Etat XII, 2015

- 8.5 It also should bring the opportunity for Committees to develop further their own internal progress and performance monitoring. This should be especially valuable in developing the reporting format for service outcomes as required by extant resolutions.
- 8.6 Improving the process should provide more time for analysis and reporting which has been limited in this first report as priority areas establish themselves. The timeframe to publish a meaningful review given the availability of year-end figures and the need to secure commentary from the Scrutiny Management Committee remains challenging. This significantly truncates the available time to Committees to complete their annual performance reports. The Committee believes that the timing of the Policy & Resource Plan debate should be amended and the process should not require concurrent commentary from the Scrutiny Management Committee.

RECOMMENDATION: To amend the Rules of Procedure of the States and their Committees as follows -

(a) by deleting the words “on a Tuesday” where they appear at the end of paragraph (2) of Rule 1 and substituting them with the words “on the Tuesday immediately preceding the Meeting to consider the States’ Accounts”;

(b) by substituting paragraph (5)(d) of Rule 23 with the following paragraph -

“(d) every 12 months the Policy & Resources Committee resubmits the Policy & Resource Plan to the States together with commentary on overall progress from the Policy & Resources Committee, annual performance reports from the Principal Committees and any proposal to amend the Policy & Resource Plan which are considered necessary;”

9. States Progress against Extant Resolutions

- 9.1 Concurrent with the annual Policy & Resource Plan debate, the Committee has a duty to advise the States on progress against extant States’ Resolutions. This is discharged in the main through the annual performance reports from Committees.
- 9.2 As part of this process Committees have put forward extant resolutions for rescission as a result of the prioritisation of their work.
- 9.3 The Committee *for* Home Affairs considers that the resolution ‘To direct the Home Department to introduce new enabling gambling legislation (Billet d’Etat XXII, 2007)’ is superseded by the resolutions contained in the Committee’s 2015 Policy Letter (Billet XIV).

RECOMMENDATION: to rescind the resolution of 1st November 2007, to direct the Home Department to prepare such legislation as may be necessary to give effect to the decision to approve the Department's proposals as set out in the Review of Gambling Legislation Report date 29th August, 2007 (Billet d'Etat XXII 2007, Article X).

- 9.4 The States' Assembly & Constitution Committee considers that the extant resolution to consolidate the Reform Law 1948 and the Scrutiny Secret Law 1899 into a single law should be rescinded. There is no public interest served in progressing this legislative drafting at a time when there are significant pressures on the Assembly.

RECOMMENDATION: to rescind the resolution of 28th September 1989 to consolidate the Reform (Guernsey) Law, 1948 and the Loi relative au Scrutin Secret Law, 1899 (Billet XVI 1989, Article XII.2).

- 9.5 As a matter of general comment the Committee *for the Environment & Infrastructure* raises concerns at a seeming lack of consideration given to the implementation and further policy work associated with the implementation of extant States Resolutions (such as the Biodiversity Strategy and Guernsey On-Island Integrated Transport Strategy) which can have a significant impact on the resources available to progress the 23 priorities.
- 9.6 The Policy & Resources Committee also notes that many propositions are approved by the States without deadlines or consideration/evaluation of on-going cost and as highlighted by the Committee *for the Environment & Infrastructure* pre-date the prioritisation process now in place.
- 9.7 The Policy & Resources Committee's mandate includes "the duty and power to advise the States and to develop and implement policies and programmes relating to requiring, and monitoring, the implementation of extant States' resolutions". It is now scoping a project with the objective of aligning extant resolutions to the Policy & Resource Plan. Those that do not align will be reviewed with relevant Committees and after due consideration, including wider consultation if necessary, may be the subject of future policy letters led with the intention of actively deprioritising such extant resolutions by rescission following debate by the States. Going forward, Committees would then be accountable for annual updates on their remaining extant resolutions through their performance reports.
- 9.8 In undertaking this review, the States must accept that any future propositions they resolve have an impact on their Committees' officers and/or service areas which cannot absorb a steady stream of new work indefinitely without increased resources and costs which the States knows it cannot afford. This review will

support the role of the States in holding Committees to account for performance through the discharge of the extant resolutions that will impact the priorities it has identified. Importantly it will also be an opportunity to rescind work no longer a priority in the current context.

RECOMMENDATION: to direct the Policy & Resources Committee to undertake a comprehensive review of all extant States' resolutions by reference to the Policy & Resource Plan and as appropriate consulting with lead Committees to agree rescission for those de-prioritised by the process, bringing regular Policy Letters to the States to effect the rescissions.

10. Prioritisation of Legislative Drafting

10.1 The States has directed the preparation of a large number of pieces of legislation. It is critical that these are carefully prioritised against the States' Policy & Resource Plan in order to make best use of the time and expertise of the legislative drafting resource it can afford.

10.2 To assist the Committee with its mandated function of prioritisation of the States' legislative programme, it considers and, if appropriate, approves recommendations made by the Prioritisation of Legislation Working Group (PoLWG). This Group examines all committee requests for prioritisation of legislative drafting which have been appropriately directed by resolution of the States. This includes requests from the Principal Committees, the States' Trading Supervisory Board, the States' Assembly & Constitution Committee and the Scrutiny Management Committee.

10.3 Under Rule 23 of the Rules of Procedure, the Committee has a duty to lay before the States an order of priority for the drafting of significant items of legislation for the year ahead. This is discharged as the schedule is presented at Appendix B.

10.4 However at the States meeting on 21st March 2018 (Billet d'Etat No.X of 2018) an Amendment by Proposition P.2018/19 was approved. This requires the Committee to publish as part of the annual P&R Plan:

a) For each item:

- i. An indication of the further work that is expected to be necessary in order to complete the drafting process, which may include information on the complexity of the law to be drafted and/or the decisions which remain to be made at Committee or States' level; and
- ii. An indication of the resources likely to be required to complete the item, in terms of time and subject matter expertise;

b) For the portfolio as a whole:

- i. An indication of the timeframe in which "high priority" and "moderate priority" items are to be completed; and
- ii. An indication of whether the Policy and Resources Committee believes the resources are available to complete the prioritised legislation within the necessary timeframe, or of any shortfall, in terms of drafting time, skillset or other resources, that might exist.

10.5 The Committee is discharging the resolution through the expanded schedule at Appendix B which sets out the current situation. Its officers will be working more closely with the Officers of the Principal Committees to ensure clarity in understanding of the process which will further discharge this part of the resolution. Additionally States' Members will be supported in further understanding the process and issues through presentations from the Law Officers.

10.6 It is unusual that extra subject matter expertise is required to complete an item, and where that is the case it will normally be indicated in the schedule. The Policy & Resources Committee will now undertake to publish quarterly updates of the schedule in part of the proposed annual publication. As regards time, it is not possible to provide a meaningful indication for each item. This is because the time taken to draft legislation varies considerably depending on a wide range of factors including the complexity of the subject matter, whether drafting instructions have been provided and agreed and if so their scope, and the availability of officers working to the sponsoring Committee at any given time to respond to questions as they arise and give further instructions. Some of these factors will change over time, partly because drafting legislation is an iterative process, meaning that issues often emerge during the course of drafting and in exchanges between the drafter and policy officials that were not identified before drafting began. Moreover, if the legislation extends to Alderney and Sark further time and uncertainty is added to the process, since the authorities in those Islands will need to be consulted, and their comments and concerns taken into account as appropriate, before the legislation can be finalised.

10.7 The Committee is mindful that it must also "publish, in the 2019 Budget at the latest, a summary of the various options that would be available to increase the overall pace and productivity of the legislative drafting process, and the cost implications of those various options."

11. Other Matters

11.1 The Committee for Home Affairs wishes to take this opportunity of review to propose amendments to its mandate to appropriately reflect the introduction of the new Population Management Regime in April 2017. It proposes that

responsibility 5 and 6 in its mandate are amended from.....'To advise the States and to develop and implement policies on matters relating to its purpose, including:

- 5. the new population management regime, once introduced;
- 6. immigration and the housing control and right to work regimes;

to:

- 5. the population management regime;
- 6. immigration regime;

RECOMMENDATION: to amend the Rules of Procedure of the States and their Committees by substituting items 5 and 6 under that part of the mandate of the Committee for Home Affairs, headed "Responsibilities – Policy, Advisory & General" in Annex A with the following -

**"5. the Population Management Regime;
6. immigration regime;".**

- 11.2 The Policy & Resources Committee has concern that some work streams set out in committee performance reports are in addition to the current priorities of the Policy & Resource Plan. These work streams were not prioritised in this political term and therefore resources should not be allocated within a Committee to developing them unless there is an extant resolution. An example would be the Committee *for* Education, Sport & Culture working to bring clearer strategic objectives for culture, heritage and the arts and direct their funding accordingly, including the development of an arts strategy. Whilst it is positive that this is being developed with the third sector, that Committee has underperformed with regards to reducing its expenditure which raise two issues. First, costs are being accrued against a non-priority policy activity; and second, any policy development work that results in discussions about current or future funding would be premature as it would not align with current States' priorities when a funding bid was submitted. The Committee would counsel the Committee *for* Education, Sport & Culture that it has limited resources and a significant set of extant resolutions to discharge and should guard against spreading itself too thinly.

12. Conclusion

- 12.1 The States has prioritised its policy objectives and in many cases has established governance and administrative structures to support and monitor the work streams that many have already put in train. Some committees have identified the need for additional resources. The Policy & Resources Committee will work closely with the Principal Committees over the coming months to understand in

more detail these resource requirements along with all other notified cost pressures before making recommendations in the 2019 Budget Report. It is critical that consideration is also given in this process to deprioritising or stopping work. The Policy & Resources Committee has decided it is too early to recommend this within the Plan itself as the priority areas have not yet been fully scoped to assess their benefits and impact for Guernsey residents, preferring that Principal Committees first look to their own work streams and services to create capacity. It may be that this position cannot be sustained in the 2019 Policy & Resources Plan and the States will be required to reduce its priorities in order to ensure that those remaining are implemented effectively and in a timely manner.

- 12.2 There is also a resource requirement to strengthen monitoring and reporting objectives in the policy planning process, to include working with Committees to identify performance indicators in priority areas, which the Policy & Resources Committee is looking to manage from within current funding.
- 12.3 The policy planning process will continue to be hampered by legacy resolutions until these are addressed. The Policy & Resources Committee has set out its intent to address this.

13. Compliance with Rule 4

- 13.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.
- 13.2 In accordance with Rule 4(1), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications. She has advised that there is no reason in law why the Propositions should not to be put into effect.
- 13.3 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the Committee.
- 13.4 In accordance with Rule 4(5), the Propositions relate to the duties of the Committee as set out in section (a) of its mandate.
- 13.5 Also in accordance with Rule 4(5), the Policy & Resources Committee consulted:
 Committee *for* Home Affairs
 Committee *for* Health & Social Care
 Committee *for* the Environment & Infrastructure
 Committee *for* Employment & Social Security
 Committee *for* Education, Sport & Culture

Committee *for* Economic Development
Development & Planning Authority
States' Trading Supervisory Board
States Assembly & Constitution Committee
Scrutiny Management Committee

Yours faithfully

G A St Pier
President

L S Trott
Vice-President

J P Le Tocq
T J Stephens
A H Brouard

COMMITTEE *for* ECONOMIC DEVELOPMENT

As set out in its mandate, the purpose of the Committee *for* Economic Development is to secure prosperity through the generation of wealth and the creation of the greatest number and widest range of employment opportunities possible by promoting and developing business, commerce and industry in all sectors of the economy. It has the responsibility to advise the States and to develop and implement policies on matters relating to its purpose, including:

1. the promotion and development of all sectors of business, including construction, creative industries, digital, financial services, horticulture, intellectual property, manufacturing, media, retail and tourism;
2. the reputation of the Island as a centre for commerce and industry;
3. securing the provision of, and promoting, air and sea links to and from the Bailiwick;
4. inward investment at the corporate and individual level;
5. the labour skills necessary to sustain economic prosperity;
6. competition, innovation, diversification and regulation in the economy;
7. broadcasting and the media;
8. safeguarding living marine resources and the sustainable exploitation of those resources.

The Committee *for* Economic Development is involved in the delivery of the following policies which were prioritised (2018 Budget Report, Billet d'État XX, October 2017) in order to deliver the outcomes detailed in the Policy & Resource Plan – Future Guernsey:

- Economic Development;
- Air and Sea Links and Infrastructure;
- Digital Connectivity;
- Brexit;
- Harbour Area Redevelopment;
- Security and Cyber-security;
- Strategic Population; and
- International Standards.

REVIEW OF 2017

The Committee *for* Economic Development exceeded its budget in 2017 by £441k. This was as a result of an extraordinary item in relation to the recoverability of debts arising in the Office of the Public Trustee. This was mitigated against to a certain extent by the Committee's budget being materially underspent in other areas for the year ended 2017.

NET REVENUE EXPENDITURE BY CATEGORY

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets)

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
663	662	Operating Income	427	714
		Non Formula-Led Expenditure		
2,725	2,768	Pay costs	2,645	2,690
31	31	Non Pay costs		
2,515	2,490	<i>Staff Non Pay costs</i>	30	43
88	88	<i>Support Services</i>	2,873	2,397
1,252	1,252	<i>Premises</i>	85	78
67	67	<i>Third Party Payments</i>	1,227	1,218
280	280	<i>Transport</i>	55	59
		<i>Supplies & Services</i>	267	320
4,233	4,208		4,537	4,115
6,295	6,314	Net Non Formula-Led Expenditure by Category	6,755	6,091

Total non formula-led expenditure for 2017 was £6.8m (2016: £6.1m) representing an increase of 10.9% over 2016. The Committee *for* Economic Development over spent its 2017 authorised non formula-led budget by £441k (7.0%).

Operating Income

Source	2017 £'000	2016 £'000
Marketing & Tourism Advertising Income	180	208
Guernsey Information Centre Sales Income	126	109
Marketing & Tourism Boarding Permits	44	44
Civil Aviation Office Fees & Charges	250	226
Public Trustee Fees & Charges	(227)	76
Sea Fisheries Fees & Charges	22	18
Other Fees & Charges	32	33
Total	427	714

Marketing & Tourism advertising income from traditional media has fallen, as consumer usage has seen a shift over the past few years from print to digital media. This shift and reduction has been expected, and in anticipation and to help mitigate the impact, the costs of producing print products has been managed down by reducing print volumes and switching the production of the brochure from an A4 format to a lower cost A5 format.

Sales income at the Guernsey Information Centre has increased to £126k in 2017 from £109k in 2016. The management of the Guernsey Information Centre moved from the Committee *for* Education, Sport and Culture to the Committee *for* Economic Development during the second half of 2016. As a consequence, a full-time supervisor was recruited, peak season opening hours were extended (with reduced opening hours during the quieter winter months), a programme of customer service and upselling training was implemented with the team and third party partnerships were increased, meaning an increase in commission sales.

Civil Aviation Office income has increased owing to a new contract encompassing a greater number of items recharged to Jersey and Guernsey airports.

The negative balance arising in the Office of the Public Trustee is the result of the provision raised in relation to the recoverability of debts. Work increased significantly in the Office during 2017, with substantial cases being taken on.

Pay Costs

Pay costs decreased from £2.7m in 2016 to £2.6m in 2017, a decrease of 1.7%. This is also reflected in the Full Time Equivalent (FTE) staff numbers, detailed below.

Analysis of Full Time Equivalent staff numbers

Pay Group	2017	2016
Established Staff	41.4	41.1
Public Service Employees	0.2	0.2
Other Pay Groups	0.6	3.1
Total	42.2	44.4

Other Pay Groups includes the Public Trustee role, and overall has reduced since 2016 as a number of temporary contract staff (such as staff to “meet and greet” cruise ship passengers) were re-categorised in 2017, moving from Other Pay Groups to Established Staff.

Non Pay Costs

Non pay costs increased by £422k (10.3%) from 2016 to 2017.

Support Services

Expenditure on Support Services increased to £2.9m from £2.4m in 2016. Whilst costs in the areas of Advertising, Marketing & PR remained stable (£1.3m in both 2017 & 2016), Contracted Out Work increased to £820k from £193k in 2016 as a result of increased workload in the Office of the Public Trustee. Conversely expenditure on Consultants Fees reduced to £142k in 2017 compared with £353k in 2016, with some work previously undertaken by consultants now being undertaken by established staff.

Supplies & Services

Expenditure on Supplies & Services reduced by £53k predominantly as a result of reduced expenditure on Photography Supplies & Services, with the move away from traditional media in advertising and promotion.

Third Party Payments (Grants and Subsidies)

Description	2017 Actual £'000	2016 Actual £'000
Guernsey Finance LBG	800	800
Events Group	165	170
Guernsey Competition and Regulatory Authority	140	140
Guernsey Enterprise Agency (Start Up Guernsey)	112	95
Investors in People	10	10
Other	-	3
Total	1,227	1,218

The grants paid to Guernsey Finance LBG; Events Group (comprising the Arts Commission, Sports Commission, Floral Guernsey and Taste Guernsey); Guernsey Competition and Regulatory Authority; Guernsey Enterprise Agency (Start-Up Guernsey); and Investors in People are based on amounts approved in the previous year when the budgets are set and following a review of their requirements.

NET REVENUE EXPENDITURE BY SERVICE AREA

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets)

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
612	616	Central Services	519	604
4	8	Civil Aviation Office	7	5
		Finance & Economic Development		
665	645	<i>Finance Sector Development</i>	553	619
458	461	<i>Business Innovation and Skills</i>	403	375
1,123	1,106		956	994
1,250	1,250	Grant and Support Schemes	1,200	1,216
		Marketing & Tourism		
1,299	1,299	<i>Consumer and Communications</i>	1,351	1,288
76	77	<i>Guernsey Information Centre</i>	80	70
70	70	<i>Quality Development</i>	51	65
637	641	<i>Strategic Marketing</i>	658	610
503	503	<i>Trade and Media Relations</i>	448	508
2,585	2,590		2,588	2,541
20	20	Office of the Public Trustee	995	26
389	391	Sea Fisheries	296	483
312	333	Strategic Projects	194	222
6,295	6,314	Net Expenditure by Service Area	6,755	6,091

With the exception of the Office of the Public Trustee, all service areas came in below budget for the year 2017.

Central Services

Expenditure totalled £519k which was below budget and also a reduction from the prior year total of £604k. This reduction was predominately the result of staff costs in 2017 being £85k lower than the prior year owing to vacancies including those at a senior level, with the Chief Secretary post being vacant for around half of the year.

Finance Sector Development

Expenditure totalled £553k which was below budget and also a reduction from the prior year total of £619k. This reduction resulted from staff costs being £26k lower in 2017 (compared with 2016) as a result of vacancies. Expenditure on Consultants fees was £39k lower in 2017 than 2016 which was due to timing differences in work being commissioned.

Business Innovation and Skills

Expenditure totalled £403k which was below budget but higher than the prior year total of £375k. The year-on-year increase was predominately owing to increases in staff costs of £22k.

Marketing and Tourism

The net result for the year was £2.6m which was in line with budget and the prior year. This figure comprises expenditure as well as income generated through the Guernsey Information Centre, advertising and boarding permits issued.

Office of the Public Trustee

The workload of the Office of the Public Trustee increased significantly in 2017, with new cases taken on at the discretion of the Public Trustee and in accordance with the relevant legislation. This has impacted the overall result for the Committee *for* Economic Development owing to a provision being raised in relation to recoverability of debts.

Sea Fisheries

The net result for the year was £296k which was below budget and also lower than the prior year result of £483k. This figure comprises expenditure as well as income generated through the Leopardess and issuing of licenses & permits. Staff costs were £41k lower in 2017 compared with 2016 owing to vacancies arising at a senior level. Furthermore, in the prior year, significant legal costs were incurred as an extraordinary item which was not repeated in 2017.

Strategic Projects

Expenditure totalled £194k in 2017 which was both below budget and below the prior year figure of £222k. The reduction was predominately the result of savings on Consultants fees, both owing to timing differences in work being commissioned and also some research being performed internally.

Budget Reductions

The Budget Reduction allocated to the Committee was £195k and £195k of recurring reductions were achieved during the year:

Description	2017 Reduction £'000	Recurring Reduction £'000
Central Services – staff reorganisation	39	39
Finance and Economic Development – reduction in consultancy expenditure	44	44
Marketing & Tourism – reduction in number of shows attended and reduction in banner advertising, printing costs and editorial expenditure	77	77
Other	35	35
Total	195	195

In Year Budget Changes

	£'000
2017 Cash Limit	6,385
Additions:	
Pay Awards	18
Reductions:	
Net Inter-Committee Transfers	(89)
2017 Authorised Budget	6,314

ROUTINE CAPITAL EXPENDITURE

2017		2017	2016
Original Budget		Actual	Actual
£'000s		£'000s	£'000s
72	IT Projects and Equipment	-	-
(22)	Use of Accumulated Capital Allocation	-	-
50	Net Routine Capital Expenditure	-	-

LOOK FORWARD TO 2018 AND 2019

The Committee *for* Economic Development's identified priorities for 2018 and 2019 will help to deliver the Policy & Resource Plan objectives by satisfying a number of its policy priorities.

The Committee will be continuing to support and promote a strong and diverse finance sector, and continue to develop and maintain corporate, commercial and finance sector legislation. Specifically, the Committee will be looking to create a Guernsey Bank Resolution Authority and to advance and amend legislation concerning new Limited Partnership Law, the Guernsey Banking Deposit Compensation Scheme and Ordinance and the Insolvency Law. The Committee will also be reviewing the financing of the Office of the Financial Services Ombudsman and consider legislative changes required in respect of information disclosure. The Committee will also review amendments to Ordinance affecting the Single European Payments Area.

The Committee is working closely with all relevant stakeholders to develop and implement an innovative strategy and policy framework to catalyse growth of the finance sector. The short-term/two-year adjacent growth strategy is focussed on five action areas:

- Green finance
- Global/non-EU passporting and distribution
- Technology and blockchain
- Private wealth and family office
- Brokerage and wealth management

The Committee will continue to analyse the effect of Brexit on the Bailiwick's finance sector including identifying business opportunities. This will include Brexit research and impact and risks and opportunities, as well as investigating membership of the World Trade Organisation.

Fishing is a relatively modest economic contributor to the island, but is important to maintain Guernsey's traditions and ties in with the work being undertaken on territorial seas. The Committee will continue to work closely with the Policy & Resources Committee on this matter.

The Committee will continue with the review the Guernsey Tourism Strategy that commenced in 2017, which will involve extensive consultation to confirm priority aims. The Strategic Plan will provide visitor volume and value growth objectives for the next ten years.

Following the publication of the Digital Sector Framework, delivery work will continue through targeting high-value digital industries and the use of digital technology in all sectors.

The Committee is working in partnership with other States Committees and, specifically, the Development & Planning Authority to help deliver development within the St Peter Port Harbour Action Area (HAA). It is considering the wider development and investment opportunities that this presents through the recently formed seafront enhancement area working party. The working party is a political level governance group, of which the Committee is represented by its President and was established in Q4 2017. A staff-level working group, drawing on relevant skills from across the organisation, was established in Q1 2018. The priorities are now to develop a business case for resourcing and funding the programme setting out the high-level benefits accrued from States of Guernsey investment through buying in the skills needed to prepare the groundwork for redevelopment and the delivery of

APPENDIX A.I

development and to develop a Programme plan to enable the Development & Planning Authority to deliver a Local Planning Brief to the States (by Q2 2018). It will be important that resources are available at critical points in the work stream to ensure progress is made. Comprehensive and successful consultation will be critical to the success of the Programme and a plan for engagement, communication and consultation will be established within 6 months of project commencement.

The Committee will be focusing on opportunities in 2018 and 2019 to diversify the economy and specific options such as exploring the establishment of an on-island university in partnership with an established international partner; exploring the potential of developing the blue economy and renewable energy with the Committee *for* the Environment & Infrastructure; and the possibilities around clinical trials and medical services with the Committee *for* Health & Social Care.

The Committee will follow up the findings of the Red Tape Audit carried out in 2015 and identify opportunities for further streamlining of Government processes and interactions with business.

The Committee is acutely aware of the need to ensure the Island has the availability of relevant skills in order for the economy maintain its strength and to flourish and grow. While the delivery of education is not within its mandate, it is able to advise on the types of skills that the Island will need in the future, such as those identified within the Digital Sector Strategic Framework. The Committee will therefore engage with relevant industries and work with the Committee *for* Education, Sport and Culture to develop a Skills Strategy (through Skills Guernsey).

The Committee will continue to work with retailers and with the construction industry to identify opportunities and ensure a competitive environment.

In order to fully promote opportunities to increase the use of the aviation regulatory system, the Committee has split the role of the Director of Civil Aviation from the Aircraft Registrar which will enable it to develop an ambitious marketing plan. This will build on the success of the 2-REG brand, which in 2017 returned £250,000 to the States of Guernsey.

The Committee will continue to provide support to the maintenance and expansion of air and sea links, in order to ensure that Guernsey is well connected with the UK and Europe. The Committee is working closely with the Committee *for* the Environment & Infrastructure and the Policy & Resources Committee on this and as of March 2018 has commissioned a Review of Strategic Air & Sea Links Infrastructure in line with the 2017 States Resolution. This wide-ranging review will evaluate all options to determine how the Island can best secure and enhance its air and sea links, including what infrastructure is required to deliver this.

The Committee has taken an active role in ensuring that businesses have access to staff to continue and expand the economic success of Guernsey-based businesses. It will continue to work with the Committee *for* Home Affairs, the Population Management Review Panel and the Population Employment Advisory Panel to help to ensure the removal of any unnecessary barriers to business.

The Beneficial Ownership of Legal Persons (Guernsey) Law, 2017 came into force earlier this year, and requires that Guernsey companies file a declaration of beneficial ownership with the Registrar by 28th February 2018. Following the successful implementation of a Beneficial

Ownership register, the Guernsey Registry will continue to maintain the reputation of the Island as a safe and secure place to do business.

The Committee will progress international standards through the regulation of economic activities, as mandated by the States, to encourage competition of a scale that is appropriate for a small island economy. In accordance with an extant resolution of the States, during 2018 the Committee will establish an appropriate system for the deregulation of the electricity and postal sectors.

Resources

The Committee has set an ambitious work load for 2018 and 2019 and it is conscious that all programmes and projects taken on must be adequately resourced. The Committee has a relatively small staff pool from which to draw and it will be necessary to supplement in-house resources to successfully deliver its vision for economic growth. It will do this in liaison with the Policy & Resources Committee, and where possible will seek to draw from on-island expertise.

COMMITTEE *for the* ENVIRONMENT & INFRASTRUCTURE

As set out in its mandate, the purpose of the Committee *for the* Environment & Infrastructure is to protect and enhance the natural and physical environment and develop infrastructure in ways which are balanced and sustainable in order that present and future generations can live in a community which is clean, vibrant and prosperous. It has responsibility to advise the States and to develop and implement policies on matters relating to its purpose, including:

1. infrastructure, including but not limited to water, wastewater, the ports and the airports;
2. spatial planning, including the Strategic Land Use Plan;
3. climate change;
4. protection and conservation of the natural environment;
5. waste, water and stone reserves;
6. energy, including renewable energy;
7. solid waste;
8. general housing policy in relation to land use, spatial planning and infrastructure;
9. the coast and coastal defences and the breakwater in Alderney;
10. traffic and transport;
11. the road network;
12. biodiversity;
13. agriculture, animal health and welfare and the sustainability of food and farming;
14. maritime affairs;
15. public parks;
16. security of supply of essential commodities.

The Committee *for the* Environment & Infrastructure is involved in the delivery of the following policies which were prioritised (2018 Budget Report, Billet d'État XX, October 2017) in order to deliver the outcomes detailed in the Policy & Resource Plan – Future Guernsey:

- Seafront Enhancement;
- Social and affordable housing;
- Long-term infrastructure investment plan;
- Energy;
- International standards;
- Air and sea links and infrastructure;
- Brexit;
- Economic development;
- Digital connectivity;

- Health and wellbeing;
- Supported living and ageing well; and
- Disability and inclusion.

REVIEW OF 2017

The Committee is leading, or jointly leading, four of the twenty three P&R Plan policy priority areas as well as leading on development of a Maritime Strategy for the Bailiwick which falls within the International Standards area.

Two of the policy areas, Energy and the Long-term Infrastructure Investment Plan, are at the earliest stage in the policy cycle. The Committee has successfully recruited a resource that will lead and manage both of these policy areas which can now progress but are at a project/programme initiation stage. In contrast the policy development for the Social and Affordable Housing priority is at a more advanced point in the policy development cycle with a Policy Letter regarding the Housing Market Review report due to be submitted for States debate in 2018 and which will identify further work streams to deliver the P&R Plan priority. The Committee is working closely with the Committee *for* Employment & Social Security on delivery.

The Committee is also jointly leading the Seafront Enhancement programme which has now commenced and is progressing well.

The Committee is providing a supporting role for the Review of Strategic Air and Sea Links, particularly in relation to areas of the Committee's mandate including infrastructure (including ports and airports) and maritime affairs as well as its work on the Seafront Enhancement and the Long-term Infrastructure Investment Plan. The Committee is also supporting delivery of the Health and Wellbeing Policy in relation to Sustainable Integrated Transport Policy.

NET REVENUE EXPENDITURE BY CATEGORY

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets)

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
2,868	2,931	Operating Income	3,031	2,940
		Non Formula-Led Expenditure		
2,650	2,656	Pay costs	2,654	2,652
41	23	Non Pay costs	15	16
7,860	7,815	Staff Non Pay costs	7,625	7,577
2,250	2,183	Support Services	2,036	2,083
1,540	1,465	Premises	1,476	1,655
35	34	Third Party Payments	45	45
659	615	Transport	636	639
(370)	-	Supplies & Services	-	-
		Balance of Budget Reduction		
12,015	12,135		11,833	12,015
11,797	11,860	Net Non Formula-Led Expenditure by Category	11,456	11,727

Non Formula-Led expenditure

Total non-formula-led expenditure for 2017 was £11.5m (2016: £11.7m) representing a decrease of 2.3% over 2016. Exclusion of the annual £200k reduction in Dairy Farm Management Payments reduces the overall net expenditure reduction to £73k (0.6%). The Committee for the Environment & Infrastructure under spent its 2017 authorised non formula-led budget by £406k (3.4%), primarily as a result of a £392k (3.5%) under spend on non-pay costs.

Operating Income

Source	2017 £'000	2016 £'000
Scheduled Bus Service Fare Income	1,138	1,150
Driver & Vehicle Licensing/Registration	1,078	1,034
Driving Tests (Practical and Theory)	217	204
Sale of Vehicle Registration Marks	157	166
Farm Service fees	130	133
Animal slaughter & incineration charges	97	94
Roadworks administrative charge	33	-
Other Driver & Vehicle services	32	27
Sale of parking clocks	28	26
Public Service Vehicle and Operator Licensing	28	21
Open Market Housing administrative charge	21	-
Other	72	85
Total	3,031	2,940

Bus passenger numbers increased by 8.2% in 2017 (as indicated in the table below).

YEAR	PASSENGERS (000's)	% INCREASE vs. PREVIOUS YEAR
2013	1,355	-
2014	1,467	8.3
2015	1,507	2.7
2016	1,654	9.8
2017	1,790	8.2

Fare income in 2017 was £12k (1.1%) lower than in 2016, the reason being that 2016 provided for the return of income associated with unused journeys on the old Ormer Card scheme, amounting to £46k. Discounting that one-off transaction, income increased by £34k (3.1%).

RPIX-based fee increases were applied across Driver & Vehicle Licensing fees, thus impacting favourably on Driver & Vehicle Licensing/Registration and Other Driver & Vehicle services income. Roadworks and Open Market Housing administrative charges were both brought in as new charges during 2017 and at a combined total of £54k account for broadly half of the year-on-year increase.

Pay Costs

Pay costs and FTE's were broadly similar in 2016 and 2017.

Analysis of Full Time Equivalent Staff Numbers

Pay Group	2017	2016
Established Staff	50.5	52.7
Public Service Employees	2.0	2.0
Total	52.5	54.7

Non Pay Costs

Non pay costs decreased by £184k (1.5%) from 2016 to 2017. A £200k reduction in the Dairy Farm Management Payment Scheme subsidy (as determined by States Resolution) was the main factor in the overall reduction.

2017 expenditure was £392k (3.5%) under budget.

Support Services

Of the £192k (2.5%) under spend on Support Services, £121k was attributable to planned Integrated Transport Strategy initiatives that were not able to be progressed within the planned timeframe due to limited availability of staff resources. The Renewable Energy cost centre was £43k under budget, largely as a result of a diversion of staff time to the L'Ancrese wall project.

The scheduled bus service contract, operated by CT Plus, is subject to an annual pricing review that uses RPIX, median earnings and fuel prices as bases. An increase in the contract fee resulted, thus explaining the 2017 overall increase in this category.

Premises

Of the £147k (6.7%) underspend in Premises, £130k was attributable to coastal services, i.e. coastal defence, cliff paths, beaches and coastal car parks due to the Land Management Services Team being diverted onto other, lower-cost work streams.

Third Party Payments (Grants and Subsidies)

Description	2017 Actual £'000	2016 Actual £'000
Dairy Farm Management Payments	1,425	1,625
Grant to Vale Commons Council re: Upkeep of L'Ancrese Common	40	30
Grant to La Societe Guernesiale re: Pollinator (Biodiversity) Project	10	-
Grant to Environment Guernsey re: eradication of Hottentot Fig (Biodiversity project)	1	-
Total	1,476	1,655

APPENDIX A.II

In September 2014, the States agreed that General Revenue expenditure on the Dairy Farm Management Payments Scheme, which was set up to support the dairy industry (farmers) in Guernsey, should be reduced by £1m in five equal steps over a five year period commencing from 2015.

NET REVENUE EXPENDITURE BY SERVICE AREA

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets)

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
329	323	Central Services	319	308
82	81	Alderney Breakwater	73	75
		Agriculture, Countryside and Land Management Services		
2,222	2,197	<i>Agriculture and Veterinary Services</i>	2,143	2,339
872	848	<i>Coastal Services</i>	783	777
912	899	<i>Parks, Gardens and Nature Trails</i>	903	886
452	440	<i>Other Environmental Services</i>	406	358
4,458	4,384		4,235	4,360
		Traffic and Highway Services		
2,534	2,651	<i>Highway Services</i>	2,582	2,582
475	476	<i>Integrated Transport Strategy</i>	368	291
(273)	(553)	<i>Licensing and Traffic Services</i>	(482)	(349)
4,562	4,498	<i>Passenger Transport</i>	4,361	4,460
7,298	7,072		6,829	6,984
(370)	-	Balance of Budget Reduction	-	-
11,797	11,860	Net Expenditure by Service Area	11,456	11,727

Agriculture and Veterinary Services

The reduction in 2017 net expenditure is a result of the annual £200k reduction in Dairy Farm Management Payments, as per States Resolution.

Coastal Services

Coastal Services recorded an under spend for a second consecutive year. Coastal Defence and Cliff Paths accounted for £51k of the £65k under spend. Staff and contractor availability to progress projects are the main factors in the shortfall in expenditure.

Other Environmental Services

Renewable Energy activity was limited in 2017 due to diversion of staff resource to coastal defence projects resulting in a £31k under spend.

Highway Services

The £69k (2.6%) under spend in this area was attributable to lower demands on the reactive maintenance and cleansing provision, as well as general support and signs & lines, the latter recording a rare under spend.

Integrated Transport Strategy

Activity increased during 2017 but some planned initiatives were not undertaken in 2017, leading to an under spend of £108k (22.7%). There was considerable planning and preparatory work undertaken during the year which will enable progress with the Strategy during 2018.

Licensing and Traffic Services

Net income increased by £133k (38.1%) in 2017. Income from driver/vehicle licensing and registration increased by £44k (4.3%) largely as a result of fee rises. Driving Test Services returned to a 'business as usual' position with less reliance on visiting examiners (to cover long-term absences). Non-pay expenditure fell by £39k as a result. A transfer of Roadworks Co-ordination staff pay costs from this section to Highway Services accounted for an additional £47k.

In spite of the favourable comparison against 2016, this section was nonetheless £71k below the budgeted net income figure. This adverse variance was partly caused by a £43k shortfall against budgeted income for sale of registration marks. Driver/vehicle licensing registrations were £13k below budget, with favourable variances in a number of charged services largely offset by a £42k income shortfall in vehicle registration income, a likely outcome that was identified early in the year.

Passenger Transport

An additional contribution of £80k towards maintenance of ageing buses – specifically, corrosion – was made in 2016. School Bus Services and Public Vehicle Licensing also recorded reductions in net expenditure through a combination of higher fee income and reduced costs.

Budget Reductions

The Budget Reduction allocated to the Committee was £370k and £320k of recurring reductions were achieved during the year:

Description	2017 Reduction £'000	Recurring Reduction £'000
Increases applied to existing service fees	93	73
Reduction in service provisions	51	51
Scheduled Bus Service – reconfiguration of contract terms	40	40
Service efficiencies	34	32
Deletion of two part-time posts	32	32
Driving Test Service – return to standard operating model	29	3
Dedicated Island bus tour fare	25	25
Land management Service Level Agreement freeze at 2016 rates	23	23
Identification of budget excess or alternative funding methods	19	19
Highway Services Service Level Agreement freeze at 2016 rates	12	12
Reduction in support budgets	12	10
Total	370	320

Of the £370k savings target set for 2017 the Committee was able to directly achieve £320k (86%) in recurring savings and £50k as a result of in-year measures. Therefore, the balance of £50k to be reduced on a recurring basis has been carried forward to 2018.

In Year Budget Changes

	£'000	£'000
2017 Cash Limit		12,005
Additions:		
Pay Awards	18	
Established Staff Turnover Adjustment	46	
		64
Reductions:		
Inter-Committee Transfers		(209)
2017 Authorised Budget		11,860

ROUTINE CAPITAL EXPENDITURE

2017		2017	2016
Original Budget		Actual	Actual
£'000s		£'000s	£'000s
3,542	Miscellaneous Capital Works	2,903	2,833
-	IT Projects and Equipment	-	7
17	Equipment, Machinery and vehicles	15	100
<hr/>		<hr/>	
3,559		2,918	2,940
(384)	Use of Accumulated Capital Allocation	-	-
<hr/>		<hr/>	
3,175	Net Routine Capital Expenditure	2,918	2,940

The major items of capital expenditure in 2017 were:

- Roads resurfacing & reconstruction programme (£2.5m);
- Alderney Breakwater repairs (£230k); and
- Val des Terres wall repairs and rock stabilisation works (£105k).

PROGRESS AGAINST THE P&R PLAN AND PRIORITIES FOR 2018 AND 2019**Energy Policy**

The Committee will continue to give high priority to the development of policies concerning the delivery of energy to the island. The delivery of energy in a safe, secure, affordable and sustainable way, whilst recognising the impacts of its generation and use, remains essential and critically important. The CfE&I is leading this policy development area and is working closely with STSB and P&R. This area of policy development directly impacts on the delivery of the Policy & Resource Plan priorities Energy Policy and the Long-term Infrastructure Investment Plan and may have implications for the Seafront Enhancement. However, as energy is an essential commodity for the social and economic wellbeing of the Island as well as playing a part in environmental policy it links with most of the 23 P&R Plan priorities.

Energy Policy is being progressed and will be delivered through three key areas which have synergies and will inform each other – Energy Policy review/update, the Guernsey Hydrocarbons Supply Programme and the Renewable Energy Team Programme and is supported by work to assess the potential for green taxes and energy taxes pursuant to States' Resolutions.

The Island's Energy Policy must be reviewed/updated to ensure it is appropriate, robust and relevant and to inform the Guernsey Hydrocarbons Supply Programme and the Renewable Energy Team Programme. Having secured funding from the Transformation and Transition Fund, the Committee recruited a resource in early 2018 which will lead and manage the review/update of Energy Policy as well as the Long term Infrastructure Investment Plan. Although the project can now progress it is in the initiation stage. The next steps will be to

scope the extent of the project and establish timeframes for policy delivery with a view to delivering a Policy Letter to the States reviewing/updating the Island's Energy Policy. The policy will incorporate a Renewable Energy Strategy and part of the policy development will be analysis and assessment of the potential for green taxes and energy taxes pursuant to States' Resolutions as well as establishing a methodology for annual review against outcomes of the updated Energy Policy.

The Guernsey Hydrocarbons Supply Programme (GHSP) will inform and be informed by Energy Policy development. The Committee has delivered the first phase (1a) of the GHSP which was to assess risk in the hydrocarbons supply chain, identify future demand and Guernsey's requirements and identify a long list of options. The Committee is intending to report to the States by Q2 2018 on phase 1b of the GHSP, which evaluates options and identifies a preferred option, and will seek guidance on the balance between risk and cost. Thereafter phase 1C of the GHSP will be carried out which will produce the SOC confirming the preferred option with review and subsequent reporting to the States by Q1 2019.

The Renewable Energy Team Programme will also inform and be informed by Energy Policy. It continues to research, recommend and promote the best renewable energy options for Guernsey and deliver the programme for the contribution of renewable energy to Guernsey's future energy requirements as approved by the Committee in April 2017.

Seafront Enhancement

The Committee is jointly leading, and working positively with other Committees, to help deliver the Local Planning Brief and in considering the wider development and investment opportunities. This area of policy development directly relates to the delivery of the Policy & Resource Plan priority of Seafront Enhancement, but also the Long-term Infrastructure Investment Plan, Air and Sea Links Infrastructure Policy, and Energy Policy.

A political level governance group, of which the Committee is part, was established in Q4 2017 and a staff level working group, drawing on relevant skills from across the Organisation, was successfully established in Q1 2018. The priorities are now to develop a business case for resourcing and funding the programme setting out the high-level benefits accrued from States of Guernsey investment through buying in the skills needed to prepare the groundwork for redevelopment and the delivery of development and to develop a Programme/Project plan to deliver a Local Planning Brief to the States (by Q2 2018). The requirement is to make significant progress on the Local Planning Brief, in accordance with identified specified key milestones, within this political term, however, it will be important that resources are available at critical points in the work stream in order that it progresses. Comprehensive and successful consultation will be critical to the success of the Programme and a plan for engagement, communication and consultation will be established within six months of project commencement.

Alongside progressing the Local Planning Brief, investigation is being carried out into various potential 'pump-priming' enabling development opportunities that can be delivered ahead of the Local Planning Brief. Potential sites will be analysed and a short list established by Q2 2018 with the intention to secure the physical development of sites identified by Q4 2019.

Maritime Strategy

Guernsey is scheduled for mandatory audit by the International Maritime Organisation no later than 2020, along with the UK and the other Crown Dependencies, as well as the Overseas Territories. The strength of Guernsey's compliance with the International Maritime Organisation (IMO) Instruments Implementation Code will be of paramount importance in terms of achieving a successful audit for the UK.

The Committee is leading, and working with STSB, P&R, Alderney General Services Committee and Sark Harbours and Shipping Committee on the development of a Maritime Strategy for Guernsey/ Bailiwick which accords with the IMO Instruments Implementation Code. The P&R Plan priority, International Standards, includes work on international maritime standards as well as on securing Guernsey's territorial seas and this strategy development is therefore directly related to the delivery of the Policy & Resource Plan priorities.

Work is currently on-going on the development of a document similar to the Maritime and Coastguard Agency (MCA's) draft UK IIIC Maritime Strategy to capture the relevant information for audit purposes. A draft Maritime Strategy will be produced ready for a mock audit by the MCA in Q4 2019 with delivery of a Policy Letter to the States for the Maritime Strategy by the end of Q1 2020 ready for IMO audit in 2020.

The production of the Maritime Strategy relies on a core team of four from across the Organisation who provide very expert and particular skills and knowledge. If any of the core team become unavailable or are not able to provide the expert advice required this could have serious implications for the delivery of the Maritime Strategy in time for the IMO audit. The Strategy development is vulnerable in this respect.

In addition there is a requirement for the Strategy to be embedded across the States. To address this, and other maritime compliance issues and matters, the Committee has established a Maritime Compliance Steering Group drawing on staff level representation from across the Organisation which will provide a valuable oversight on maritime issues, input from other relevant Committees and feedback and dissemination of information to Committees. A visit from the UK MCA in January 2017 to assess progress on the Maritime Strategy in terms of Coastal State matters was particularly successful and positive culminating in a request that Guernsey be offered to give advice to other Crown Dependencies and Overseas Territories.

Infrastructure Investment Plan

The Committee recognises the importance of providing a co-ordinated approach to the delivery of the infrastructure required to deliver the identified priorities of the States in the P&R Plan and the on-going maintenance, operational efficiency and long-term investment required. The Infrastructure Investment Plan will have to be delivered in a timely way if it is to be effective in identifying, prioritising and co-ordinating the delivery of the infrastructure which is essential to deliver those priorities. This area of policy development directly delivers the P&R Plan priority, Long-term Infrastructure Investment Plan, but also, depending on the scope of the Plan, will have involvement with the priorities of Air and Sea links Infrastructure, Harbour Area Redevelopment , Energy , Economic Development, Digital Connectivity, International Standards Policy (in relation to Alderney break water). Additionally good infrastructure is essential to or supports delivery of most of what the States is seeking to

achieve and the co-ordinated delivery of infrastructure will influence, or impact on, delivery of most of the P&R Plan priorities.

The Committee recruited a resource in early 2018 which will lead and manage the Long term Infrastructure Investment Plan as well as the review/update of Energy Policy. Although the Programme can now progress it is in the initiation stage. The next steps will be to scope the extent of the project and establish timeframes for policy delivery with a view to delivering a Policy Letter to the States for a strategic level investment plan that identifies and prioritises the long-term infrastructure requirements of the States. Identifying the scope of the Programme and the formulation of a methodology, with a States wide approach, to identify, consider and prioritise infrastructure investment requirements will be a critical phase of the Programme. There are some work streams within the Committees mandate (set out below) which fall under the Infrastructure Investment Plan Programme but the scope of the Programme will have implications for timescales for delivery and resources required. The scope will determine the resources required but if there are limitations in terms of resources available this may limit the scope of the Programme.

The Policy & Resources Committee required that any likely future funding and resource requests were outlined in the Committee Policy Plans. The Committee identified in its Policy Plan that the full resource requirement had not been able to be identified for progressing the Infrastructure Investment Plan and, therefore, in a further round of prioritisation, the Committee decided not to bring forward the Infrastructure Investment Plan as a priority. However, the Policy & Resources Committee was of the view that this was a very important programme which should continue as a priority.

Although there is some overlap with portfolio/pipeline projects identified in MTFP no specific resources have been identified for policy development for the Infrastructure Investment Plan. The Committee asks, therefore, as set out in its Policy Plan that the Policy & Resources Committee works with it to help scope the Programme and identify the resources required to enable the priority to progress.

Develop a strategy which provides for the security of Alderney Harbour by having and maintaining a break water – A communications and engagement programme on the future strategy for Alderney break water was implemented in Q1 2018 in close liaison with Alderney General Services Committee and technical reports on the structure of the break water are being compiled. The Committee will deliver a Policy Letter to the States which sets out the options, including a preferred option, for the long-term maintenance and security of Alderney Harbour by Q4 2018.

Deliver a prioritised and targeted programme of establishment, repair and maintenance of sea defences - This is being actioned in accordance with the Programme approved by the Committee 17/3/17

Implement the Coastal Defence Strategy - Deliver a Policy Letter to the States on St Sampson's Flood Mitigation Scheme – Q4 2018

Air and sea links and infrastructure policy - This is led by the Committee *for* Economic Development, as part of the economic development policy's connectivity initiative, and is supported by the Policy & Resources Committee, Committee *for the* Environment & Infrastructure and the States' Trading Supervisory Board. There are clear links with the Long-

term Infrastructure Investment Plan and the Committee will provide support for, and contribute to, the review of Strategic Air & Sea Links work with the CfED, P&R and STSB to identify and investigate opportunities as part of the Air and Sea Links Strategic Review – Policy Letter Q3 2018

Inert Waste Strategy - The Committee jointly delivered a Policy Letter with STSB to the States in Q4 2017 which included the Inert Waste Strategy.

Housing Supply Policy

The Committee will continue to give high priority to policy development which provides for the supply of an appropriate amount of housing of the required mix of types, tenures and sizes to meet the Islands housing needs in an affordable and sustainable way. This area of policy development relates to the P&R Plan policy priority of Social and Affordable Housing, and, in terms of housing provision, the Supported Living and Aging Well Policy. However it is also important in terms of ensuring Guernsey is an attractive place to work and live and will impact on retention of workforce and attracting people to live on the Island. Housing is also part of the essential infrastructure of the Island so may have links with the Long-term Infrastructure Investment Plan depending on the scope of that Plan.

The P&R Plan says that the Committee *for* Employment & Social Security is leading on a Social Housing Strategy and the Committee *for the* Environment & Infrastructure on an Affordable Housing Strategy. This is not the case. The CfE&I's mandate includes general housing policy which must also make policy provision for Social and Affordable Housing. Affordable Housing has a specific definition in Law and includes Social Housing. As defined it is not specifically concerning affordability of housing. It is suggested, therefore, that this P&R Plan priority could be more accurately described as 'Housing Policy' as it concerns the delivery of all kinds of housing.

It is intended that the Committee *for* Employment & Social Security and CfE&I continue to work closely together to deliver the supply of an appropriate amount of housing of the required mix of types, tenures and sizes to meet the Islands housing needs, including Social and Affordable Housing, which may require combining funding, resources and expertise.

Having received and published the Housing Market Review report (the KPMG report) the Committee is working towards publishing a Policy Letter for States debate in 2018, responding to the recommendations in the Review. This will include setting a Strategic Housing Indicator and an Affordable Housing Indicator. The Policy Letter will set out a programme of work for the next two years, with associated lead committees and reporting timescales.

The various work streams to fulfil the programme of work identified through the Policy Letter and States debate will be primarily delivered through Housing Policy and Strategy Team. It remains crucial that CfE&I continues to have access to these resources, which are shared with the Committee *for* Employment & Social Security, to be able to achieve the outcomes as these are the only resources available to the Committee to progress this policy area. The Policy Letter will highlight the additional resources that will be required in the Housing Policy and Strategy Team to deliver the work streams arising from the KPMG report. Implementation of the Resolutions from the Policy Letter may not be achieved in a timely manner without sufficient staff policy resources being allocated to progress the work streams.

Sustainable Integrated Transport Policy

The delivery of sustainable and integrated transport policy is fundamental to social equity and has an important role in fostering integration by providing for freedom of movement and access to transport for all whilst safeguarding vulnerable road users. This policy area provides essential support for the sustainable growth of the Island economy by providing access to businesses and services and the efficient and safe delivery and movement of goods, people and services around the Island. Inadequate transport will be a barrier to the delivery of many of the 23 priorities in the P&R Plan. Specifically this policy area is relevant to the Health and Wellbeing Policy (initially focused on the healthy weight strategy), the Disability and Inclusion Policy, Harbour Area Redevelopment Policy, Long-term Infrastructure Investment Plan, Energy Policy, Brexit policy and International Standards Policy. Additionally the work streams identified are also required to implement the Guernsey on Island Integrated Transport Strategy and extant resolutions which are already approved by the States.

The Committee will deliver a Policy Letter to the States by December 2018 which will review/update the Guernsey on Island Integrated Transport Strategy, analysing the effectiveness of measures implemented to provide transport choice and identifying further changes that may be required.

The Committee has introduced measures to improve safety for all road users, especially the most vulnerable, including provision and condition of pavements, cycle paths and roads, the competence of road users and standard of vehicles. It has established annual 'Bikeability' training for all Year 5 or 6 students and a full programme across all participating schools commenced in September 2017. Prioritisation of key sites for road safety improvements, reduced speed limits in key identified and prioritised locations and phased introduction of improved lighting at pedestrian crossings will be implemented throughout 2018.

The Committee continues to promote alternative forms of transport (including walking, cycling and bus use) with Phase 1 of the replacement bus fleet complete in June 2017 and Phase 2 anticipated for Q3, 2018. The Committee delivered a programme for the extension of the Ruettes Tranquilles network and provision of App in Q4 2017 and has delivered phase 1 of charging points for electric vehicles and an E-cycle discount scheme in early 2018. The Committee will prioritise improvements to walking and cycling routes in Q1 2018.

The Committee is committed to enabling accessibility for all and will provide for free bus travel for persons unable to hold a driving licence due to a disability in Q1 2018. It delivered disability awareness training for bus drivers and Accessibility Cards were issued to bus users in 2017.

Ahead of the UK's exit from the EU in March 2019, the Committee is working with P&R to assess the impacts of Brexit, in respect of road transportation and Driving Licensing (DVL) matters, with a formal decision required about whether Guernsey 'signs up' to the Vienna Convention – compliance by Q1 2019. Initial analysis is underway but may identify that it would be appropriate to outsource some work in order to update Guernsey's provisions as quickly and effectively as possible and in which case the Committee may need to request funding from P&R.

OTHER POLICY WORK

The Committee is continuing to develop policies and work streams to implement the Biodiversity Strategy. Although there are no primary links to the 23 P&R Plan priorities the work involved in delivering the biodiversity related work streams underpins many of the 23 priorities and is relevant to delivery of a number of the Phase 1 P&R Plan objectives. It reflects several of the priority statements that emerged from the public consultation on phase one of the P&R Plan in January 2017 including maximising the use of the natural environment for economic benefit in a manner which also protects and values it; protecting and enhancing our natural environment and facilitating and encouraging opportunities for all our community to participate in protection and enhancement of our natural environment. The work is also required to implement the Biodiversity Strategy which was approved by the States in 2015 and one of the extant resolutions for which is to ensure that biodiversity objectives and considerations are integral to all States policy and programmes. Continuing to develop a programme for implementation of the Biodiversity Strategy is therefore important to allow the agreed aims to be enacted.

As a matter of general comment the Committee is concerned that the approach to the identification of the 23 P&R Plan priorities, and the subsequent reporting of progress against their delivery, does not appear to take into account the costs, in terms of funding and staff resources, of implementation of the policies and priorities once they have been developed which is fundamental to the effectiveness of delivery going forward. This also applies to a seeming lack of consideration given to the implementation and further policy work associated with the implementation of extant States Resolutions (such as the Biodiversity Strategy and Guernsey on Island Integrated Transport Strategy) which can have a significant impact on the resources available to progress the 23 priorities.

With regard to preparing for the UK's exit from the EU in March 2019, a lot is still unknown and this could impact on the work of the Committee particularly with regard to agricultural matters.

STATES RESOLUTIONS THAT HAVE BEEN DISCHARGED

The Committee has fulfilled the requirements of a number of States Resolutions and asks that it be noted that the Resolutions listed below have now been fully discharged:

2013 Billet d'Etat XII (Article 6) Traffic and Transport Services – Fees and Charges

iii. To direct the preparation of such legislation and any other minor consequential amendments as may be necessary to give effect to their above decisions.

Comment - The Road Traffic (Fees & Charges) (Guernsey) Law, 2017 was passed in November 2017 and subsequently The Public Transport (Amendment) Ordinance, 2017 was approved in December 2017. This fully discharges the Resolution.

2014 Billet d'Etat IX (Article 6) - Guernsey Integrated on Island Transport Strategy

14. To endorse the issuance of up to 8 additional taxi licences in a new category which require vehicles specifically adapted for the needs of disabled people, as set out in paragraph 96 of that Minority Report.

Comment - Four licences were issued by the Committee in May 2015 and are being regularly monitored. This fully discharges the Resolution.

2015 Billet d'Etat XIV (Article 13) Integrated Transport Strategy – Funding

3. To agree that the Environment Department shall have the power to amend, by regulation, the rates and bands of motor tax, including the First Registration Duty based on CO2 emissions as set out in Element G of that Policy Letter, well understood that such regulations would be laid before a meeting of the States of Deliberation as soon as possible after having being made, where the States would have the opportunity to annul the regulations.

Comment - The Motor Taxation (First Registration Duty) (Guernsey) Ordinance, 2016 & The Motor Taxation (First Registration Duty) (Exemptions and Preferential Rates) Regulations, 2016 dealt with this and fully discharges this Resolution.

2015 Billet d'Etat XVI (Article 21) States Capital Investment Portfolio – Bus Fleet Replacement

1. To resolve that tenders be sought for Phase One of the Bus Fleet Replacement Project and direct the subsequent preparation of the Full Business Case.

Comment - Policy and Resources Committee approved the Full Business Case on 2nd September 2016 and the first 12 vehicles are now in service. This Resolution is fully discharged.

2016 Billet d'Etat XXVII (Article 1) The Island Development Plan

(b) the Development & Planning Authority and the Committee *for the* Environment & Infrastructure, by no later than 30th April, 2017, to submit proposals for consideration by the States which would enable, or potentially enable, the area or areas of land identified and indicated further to paragraph (a) of this Proposition to be used for planning purposes for light industrial use.

Comment – This Policy Letter has been considered by the States. The Resolution IS fully discharged.

COMMITTEE *for* EDUCATION, SPORT & CULTURE

The purpose of the Committee *for* Education, Sport & Culture is to encourage human development by maximising opportunities for participation and excellence through education, learning, sport and culture at every stage of life. It has responsibility to advise the States and to develop and implement policies on matters relating to its purpose, including:

1. pre-school, primary, secondary, further and higher education;
2. apprenticeships;
3. skills;
4. lifelong learning;
5. sport, leisure and recreation;
6. youth affairs;
7. the arts;
8. libraries, museums, galleries and heritage;
9. Island Archives;
10. civic celebrations and commemorations, including Liberation celebrations.

The following policies were prioritised in the Policy & Resource Plan – Future Guernsey (2018 Budget Report, Billet d'État XX, October 2017).

The Committee *for* Education, Sport & Culture is the lead committee in the delivery of:

- Improving Education outcomes;
- Secondary and post-16 education;
- Lifelong Learning.

and will support the delivery of:

- Digital Connectivity;
- Health and wellbeing; and
- Children and Young People's Plan.

REVIEW OF 2017

In February 2018 a new President and four members were elected to the Committee *for* Education, Sport & Culture replacing the previous members. The following review represents the work completed under the direction of the previous Committee and its priorities at that time.

During 2017 the Committee *for* Education, Sport & Culture focused on the delivery of the priorities identified in its Committee Policy Plan many of which aligned fully with the States priorities in the P&R Plan update published in November 2017. This has included the successful introduction of the Bailiwick of Guernsey Curriculum, the development of which has included nearly 200 local teachers and retains the best of current practice whilst seeking to place greater emphasis on important elements required to secure well-rounded learners e.g.

- Learning outside the classroom
- Promoting positive mental health and well-being
- Development of a Growth Mindset
- Financial literacy
- Targeted teaching of the elements of learning
- Understanding the World of Work

Primary progress and attainment data showed that the high standards and improvement of recent years is being maintained and 2017 also saw some of the best results recorded in both Level 3 and Level 2 qualifications.

The implementation of the quality framework for early years' education alongside the pre-school funding has enabled greater numbers of children to have a high quality early years' experience over the past 12 months and work has commenced on an overarching Early Years Strategy.

Focus has also been on the development of initiatives to promote and commemorate our unique heritage through arts and culture, and to identify ways to protect this for the future. A rolling programme of successful events has been continued throughout 2017 alongside planning substantial updates to exhibitions for 2018 onwards.

Following its inclusion within the capital portfolio (funded from the Capital Reserve), planning work continues on the project to update and improve the Footes Lane complex including the replacement of the athletics track. This asset will continue to benefit the Island through its use by local and visiting athletes.

In 2017 the Committee delivered two key Education policy letters to the States. In September the States debated the future funding of the Grant-Aided Colleges and officers continue to work with representatives from the Colleges to meet the resolutions agreed at that time. The policy letter on the future structure of secondary and post-16 education was debated in January 2018. This remains a critical transformation programme requiring significant resource to plan and implement over the coming years.

The service areas within Education, Sport & Culture have continued to support on a number of wider states priorities led by other Committees, including the Children and Young People's Plan, and have delivered initiatives in areas such as Health and Wellbeing (Be Active and Healthy Schools) and Lifelong Learning.

During 2017 the Committee endured financial pressures which resulted in an increase in revenue spend of £849k compared to 2016, as well as an overspend to budget.

One of the main drivers for the year-on-year increase in spend was the introduction of the new pre-school provision, which resulted in an additional cost of £1.8m. This cost was then partly offset by reduced spend in other non-pay expenditure.

The Committee did achieve £1.0m of its £2.4m savings target in 2017, though primarily through non-recurring efficiency initiatives. Non-achievement of the balance of the budget reduction together with business as usual budget pressures resulted in the Committee overspending its budget by £2.1m.

NET REVENUE EXPENDITURE BY CATEGORY

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets)

Non Formula-Led expenditure

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
6,033	6,084	Operating Income	5,928	6,177
		Non Formula-Led Expenditure		
56,220	56,609	Pay costs	57,963	58,065
907	907	Non Pay costs		
1,126	1,115	Staff Non Pay costs	1,002	861
5,578	5,380	Support Services	1,269	1,611
15,026	14,349	Premises	4,901	5,116
158	159	Third Party Payments	14,266	13,221
4,031	4,004	Transport	261	226
(2,339)	(1,286)	Supplies & Services	3,542	3,504
		Balance of Budget Reduction	-	-
24,487	24,628		25,241	24,539
74,674	75,153	Net Non Formula-Led Expenditure by Category	77,276	76,427

Total non formula-led expenditure for 2017 was £77.3m (2016: £76.4m) representing an increase of 1.1% over 2016. The Committee for Education, Sport & Culture over spent its 2017 authorised non formula-led budget by £2.1m (2.8%).

Operating Income

Source	2017 £'000	2016 £'000
Beau Sejour Centre	3,412	3,213
College of Further Education	628	769
Lottery Funding for Beau Sejour	497	651
Museums Service	635	633
Schools	328	298
Outdoor Sports facilities	182	187
Grant Income *	-	170
Other	246	256
Total	5,928	6,177

- * Grant Income in 2016 was from the Committee *for* Economic Development for onward funding of Taste Guernsey, Floral Guernsey, the Arts Commission and Sports Guernsey. In 2017, the grants were paid directly to the service providers by the Committee *for* Economic Development.

Beau Sejour trading income increased by £199k in 2017 due to revenue from biennial events and improved trading. The College of Further Education income reduced by £141k due to the loss of the prison contract, which moved to in-house, as well as reduced intake in other responsive courses.

Pay Costs

Pay costs decreased marginally from £58.1m in 2016 to £58.0m in 2017.

The budget allocated to pay costs in 2017 was £56.6m and this was exceeded by £1.4m, primarily due to the insufficient budget allocated to teacher and lecturer costs. The Committee was also subject to high levels of maternity leave within the primary school sector contributing to a £285k budget overspend.

Analysis of Full Time Equivalent Staff Numbers

Pay Group	2017	2016 (restated)
Established Staff	274.4	281.5
Nurses and Clinical Consultants	11.2	11.6
Teachers, Lecturers and Learning Support Assistants	823.0	822.2
Public Service Employees	109.3	111.5
Other Pay Groups	16.6	16.0
Total	1,234.5	1,242.8

Pay cost remained flat from 2016 to 2017, however, the number of FTE's reduced by 8.3, primarily in Established Staff due to efficiencies within School & Pupil Support and a reduction in staff based at the Youth Commission.

Non-Pay Costs

Non-pay costs totalled £25.2m in 2017, an increase of £702k (2.9%) from the prior year and a £614k (2.5%) overspend to budget.

The year on year increase can be explained by the cost of the new pre-school provision (£1.8m), which was partially offset by in-year savings. These savings were mainly non-recurring and included reduced spend on grants and premises maintenance.

The non-pay budget overspend was primarily driven by the Committee being unable to fund the additional pre-school costs over the £1.4m budget allocated to the Committee for this provision.

Third Party Payments (Grants and Subsidies)

Description	2017 Actual £'000	2016 Actual £'000
Higher Education Grants	4,291	4,514
College Grants	4,394	4,497
Library Grants	1,923	1,817
Preschool Grants	1,836	-
Guernsey Training Agency	275	740
Apprenticeship Grants	391	424
Youth Service Administration	498	399
Guernsey Sports Commission	209	226
Dyslexia Day Centre	148	148
Guernsey Arts Commission	114	141
Other	187	315
Total	14,266	13,221

The following details the major variations in grant expenditure between 2016 and 2017:

- Higher Education grants reduced due to lower number of applicants.
- Funding to the Grant Aided Colleges reduced in line with States resolution.
- Library grants increased due to reinstatement of the School Library Service funding after a reduction in 2016, partially offset by reduced grant to Guille-Alles.
- Pre-school funding introduced in 2017 (in line with expectations).
- Guernsey Training Agency funding reduced by £465k due to efficiency measures and the ability to draw down on its reserves.

NET REVENUE EXPENDITURE BY SERVICE AREA

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets)

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
625	625	Beau Sejour		
(625)	(625)	<i>Net Expenditure</i>	493	651
		<i>Less transfer from Channel Islands Lottery (Guernsey) Fund</i>	(493)	(651)
-	-		-	-
4,893	4,799	Central Services	4,554	4,666
415	416	Cultural Activities & Events	394	353
		Further Education		
7,708	7,735	<i>College of Further Education</i>	8,073	8,212
740	276	<i>Guernsey Training Agency</i>	275	740
1,106	1,116	<i>Institute of Health and Social Care Studies</i>	1,200	1,210
9,554	9,127		9,548	10,162
4,755	4,755	Higher Education	4,266	4,484
		Museums & Libraries		
1,598	1,543	<i>Grants to Libraries</i>	1,526	1,599
301	300	<i>Island Archive Service</i>	279	300
1,093	1,117	<i>Museums Service</i>	1,068	1,148
2,992	2,960		2,873	3,047
4,859	4,630	Schools & Pupil Support Services	4,814	4,486
		Schools		
4,389	4,389	<i>Grants to Colleges</i>	4,396	4,497
1,723	1,809	<i>Pre-School</i>	2,032	196
15,075	15,463	<i>Primary Schools</i>	15,783	15,302
678	680	<i>School Music Service</i>	716	737
19,582	19,283	<i>Secondary Schools</i>	19,490	20,038
5,850	5,845	<i>Special Schools</i>	6,024	6,093
1,813	1,844	<i>Voluntary Schools</i>	1,943	1,894
49,110	49,313		50,384	48,488
435	439	Sports	443	472
(2,339)	(1,286)	Balance of Budget Reduction	-	-
74,674	75,153	Net Expenditure by Service Area	77,276	76,427

Beau Sejour

Trading operations improved by £158k from 2016 and £132k better than budget due to increased revenues from Biennial events, entertainment and sports events combined with reduced operating costs.

Further Education

Spend was £616k lower in 2017 compared to 2016 primarily due to the lower in-year grant funding of the GTA and reduced spend at the College of Further Education.

However, even though spend reduced in this service compared to 2016 it still overspent its allocated 2017 budget by £421k. This was mainly due to reduced income and higher pay costs at the College of Further Education compared to its budget.

Higher Education

Expenditure was lower than prior year by £217k and lower than budget by £489k due to a reduction in applications for funding.

Museums and Libraries

Spend lowered by £173k from 2016 and was lower than budget by £87k due to efficiency savings and phasing of recruitment.

School and Pupil Support

Spend was £185k over budget due to insufficient budget allocated to the Schools Library Service and an increase the resource allocation to support the successful inclusion and integration of learners with additional needs.

The increase in spend from 2016 to 2017 of £302k is explained by the transfer of training costs from Schools and cyclical income not received in 2017.

Schools

Expenditure increased in 2017 by £1.6m primarily due to the new pre-school funding initiative and additional schools pay costs. These costs were partially offset by reduced funding to the Grant Aided Colleges and other non-pay costs.

Budget Reductions

The Budget Reduction allocated to the Committee in 2017 was £2.4m and £1.1m of reductions were achieved during the year, of which £299k were recurring:

Description	2017 Reduction £'000	Recurring Reduction £'000
Improvements to staff utilisation at Schools	214	214
School supply staff	85	85
Guernsey Training Agency Grant	465	-
Premises Maintenance Expenditure	318	-
Library Grant reduction	56	-
Total	1,138	299

APPENDIX A.III

Non-recurring savings such as reduced grant funding and premises maintenance spend made up 74% of the savings achieved in 2017. Work continues by the committee to identify further savings.

In Year Budget Changes

	£'000	£'000
2017 Cash Limit		77,445
Additions:		
Pay Awards	301	
Established Staff Turnover Adjustment	117	
Transfers from Budget Reserve	68	
		486
Reductions:		
Net Inter-Committee Transfers	(2,732)	
Transfer to Budget Reserve – Lottery funding	(46)	
		(2,778)
2017 Authorised Budget		75,153

ROUTINE CAPITAL EXPENDITURE

2017		2017	2016
Original Budget		Actual	Actual
£'000s		£'000s	£'000s
	Miscellaneous Capital Works	371	1,126
	IT Projects and Equipment	-	1
	Equipment, Machinery and vehicles	-	196
554		371	1,323
	Use of Accumulated Capital Allocation	-	-
(154)			
400	Net Routine Capital Expenditure	371	1,323

The major capital works carried out in 2017 were:

- Curriculum Development Projects (£82k)
- New Beau Sejour Healthy Lifestyle Centre (£75k)
- Vale School Re- Roofing (£73k)
- Guernsey Museum & Art Gallery Exhibit Upgrade (£47k)
- Grammar School M&E Refurbishment (£40k)

LOOK FORWARD TO 2018 AND 2019

The recently-elected Committee *for* Education, Sport & Culture (the Committee) has been reviewing its predecessor's Policy Plan to ensure that the Committee can pursue its policy priorities during the remainder of the States' term to June 2020.

In January 2018 the States agreed the future structure of secondary and post-16 education, including merging the existing selective 11-18 school and three 11-16 schools into two all-ability 11-18 colleges under a single board of governors and executive head teacher and providing all technical, vocational and professional studies in a single College of Further Education (CFE) to be integrated with the Institute of Health and Social Care Studies (IHSCS) and the GTA University Centre (GTA UC). A new policy priority should be created – Transforming Secondary and Post-16 Education – drawing together the previous priorities on secondary and post-16 education and lifelong learning.

Substantial work is required to implement the States' Resolutions. This includes moving to all-ability schools; identifying the location of the States' 11-18 school/colleges and their catchment areas or feeder primary schools; improving communication with parents, staff and students; the new staff structure; transitional arrangements for students and staff; devolving governance and leadership to schools and colleges; the curriculum offer in the new structure; supporting learners with special and additional needs; the future operation, funding and capital redevelopment of the CFE, IHSCS and GTA UC; and repealing and replacing the extremely outdated 1970 Education Law.

Additional resources are required to develop and introduce these reforms. Much of the work will be funded with money already allocated from the States' Transformation and Transition Fund, although the allocation agreed by the States was based on the Propositions attached to the previous Committee's Policy Letter and not on the Resolutions made by the States. In the medium- to long-term the reforms will generate substantial annual cost reductions when compared with the present secondary and post-16 structure.

Improving educational outcomes in all phases – and extending opportunity and excellence – will remain a priority for the new Committee. In September 2017 a new Bailiwick Curriculum was introduced. The Committee will work with educationalists, including the new executive head teacher in the secondary phase, to ensure the Curriculum continues to provide students with an offer which is rich in knowledge and skills. In addition the Committee wishes to review arrangements for reporting performance and standards in all phases. This includes revising what is reported publicly and how and by whom external validations and inspections are carried out.

The Committee is on target to complete the details of a new funding arrangement with the grant-aided colleges which was agreed by the States in 2017 and which needs to be finalised by June 2018.

In 2015 the States agreed to introduce States-funded pre-school education. This was introduced in January 2017. The Committee is committed to the principles of the scheme, including ensuring universal access to 15 hours per week per child in the school year immediately before primary school; all such places provided at a flat rate per child; and supplying all places through a partnership with private providers. In April 2018 the hourly rate

paid by the States was adjusted in line with RPIX. Later this year revisions will be made to the quality framework and inspection arrangements which underpin the scheme. The Committee will continue to contribute to the development of an overarching early years' strategy as part of the Children and Young People's Plan.

There is an extant States' Resolution requiring the Committee to review the provision of primary education in relation to the Forest / la Houguette catchment areas and the catholic schools following the adoption by the States of a policy to deliver primary education in two- or three-form entry schools. There is also a need for decisions to be made in relation to la Mare de Carteret Primary School. The Committee will report to the States on these matters as soon as resources allow.

The Committee has no immediate plans to propose changes to the funding available to students who enter higher education off-island, but will monitor the effects of significant changes which are expected in Jersey and the UK and will be ready to react with changes of its own should that prove necessary to safeguard access to off-island higher education for local students.

The previous States directed the Committee to develop a first-ever sports strategy, but since then progress has been slower than hoped. The new Committee believes it is essential that this work is expedited to ensure that the States are able to agree clear strategic objectives for sport and direct their funding accordingly. An extant States' Resolution requires this work to be presented by no later than 2019, but the Committee hopes this timeline can be shortened.

Similarly, the Committee believes it is essential to agree clearer strategic objectives for culture, heritage and the arts and direct their funding accordingly, including the development of an arts strategy which is being pursued in partnership with the Guernsey Arts Commission and the Guernsey Community Foundation.

The financial report set out earlier in this document makes it clear that the Committee inherited an unenviable financial position of recurring overspends. Since mid-2017, initially under the leadership of the previous Committee, financial management and reporting has been improved. In addition, also in 2017, the States directed the Committee and the Policy & Resources Committee to establish a Budget Oversight Group to identify potential savings and moreover develop opportunities for transformational change. This latter objective is key: the financial position of the Committee will not be made sustainable through short-term tactical responses to somewhat arbitrary cash limits, which in any event risks making decisions which are unnecessarily damaging to public services and potentially make it more difficult to realise far more significant longer-term savings. These longer-term savings will be realised primarily by concentrating efforts on the changes already agreed by the States in relation both to secondary and post-16 education and funding of the grant-aided colleges and in relation to reform of the Office of the Committee *for* Education, Sport & Culture which has now begun under the leadership of the recently-appointed Chief Secretary supported by the Committee.

APPENDIX A.III

The States resolved (Billet d'État No XX of 2017) that in this submission the Committee should provide a detailed assessment of each opportunity identified in the PwC report entitled "Costing, Benchmarking and prioritisation". The Committee has not done so having been elected only five weeks before this submission was due but will make every effort to report on these opportunities this year. In any event the aforementioned Budget Oversight Group continues to examine the PwC opportunities and other opportunities for efficiencies. The Budget Oversight Group was previously concerned with the period 2018 to 2021 but this period may be lengthened.

Other work on the Committee's agenda includes preparing for Guernsey to host the Island Games in 2021; the celebration of the 75th Liberation of the Islands in 2020; working with the Committee *for* Employment & Social Security on the potential to convert universal cash benefits into children's services; and indeed strengthening joint working with other relevant committees of the States.

COMMITTEE *for* EMPLOYMENT & SOCIAL SECURITY

As set out in its mandate, the purpose of the Committee *for* Employment & Social Security is to foster a compassionate, cohesive and aspirational society in which responsibility is encouraged and individuals and families are supported through schemes of social protection relating to pensions, other contributory and non-contributory benefits, social housing, employment, re-employment and labour market legislation. It has responsibility to advise the States and to develop and implement policies on matters relating to its purpose, including:

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

The non-General Revenue responsibilities which are funded through the Committee's Contributory Funds (and included in The States' Miscellaneous Accounts) are social insurance benefits, including pensions, health benefits, long-term care, and the various initiatives to encourage employment and re-employment.

The Committee *for* Employment & Social Security is involved in the delivery of the following policies which were prioritised (2018 Budget Report, Billet d'État XX, October 2017) in order to deliver the outcomes detailed in the Policy & Resource Plan – Future Guernsey:

- Supported living and ageing well;
- Disability and inclusion;
- Social welfare; and
- Social and affordable housing.

REVIEW OF 2017

For 2017, the Committee *for* Employment & Social Security had an authorised budget of £65.2m. Full-year expenditure was £64.1m, which is an under spend of £1.02m, or 1.6%. This was a decrease in expenditure on 2016 of £5.8m, or 8.2%. The reduction from the prior year is predominantly a reduction in formula-led expenditure, in particular the non-payment of a grant from General Revenue to the Guernsey Health Service Fund. Work is ongoing with the Policy &

Resources Committee and the Committee *for* Health & Social Care to identify the model for the future funding of health and care services.

Throughout 2017, the Committee progressed work on its policy priorities in relation to Income Support, Secondary Pensions, Disability & Inclusion, the Supported Living and Ageing Well Strategy, and Housing Policy.

In 2017, the Committee worked on the development of proposals to implement Income Support, including transitional arrangements and legislation. This was approved by the States on 28 February 2018, and is proposed to be implemented from 6 July 2018.

Actuarial consultants were appointed to produce projections for the new Secondary Pensions scheme, and an economic impact assessment. The work has been completed, and was presented to the Committee in November 2017, and was subsequently published in January 2018. The economic impact assessment flagged the medium-term impact of the reduction in Income Tax revenue, as a result of the tax relief individuals will receive on pension contributions, and the small reduction in consumer spending in the short-term, as a result of members having less disposable income.

In relation to the Disability and Inclusion Strategy, two workshops took place in order to raise awareness of disability matters and to engage stakeholders and begin mapping out the principles for the Equality and Rights Organisation. Work also commenced on the project to develop disability discrimination legislation for Guernsey.

Following the February 2016 States debate on the Supported Living and Ageing Well Strategy (Billet d'État III of 2016, Volume 2, Article 14), contribution rates to the Long-term Care Insurance Fund were increased by 0.5% on all classes, except employers, which took effect from 1 January 2017. It was projected that the impact of this increase in contribution income, would extend the life of the Fund by 16 years, from 2031 to 2047. Officer resources were allocated to progress the work streams associated with the Resolutions from the February 2016 debate. Analysis of care, accommodation, and daily living costs has been completed. In addition, an investigation of the local care market, future care needs, and alternative ways of funding long-term care in other jurisdictions, has been undertaken.

During 2017, work commenced on the single gateway review project, which will combine the waiting lists for social housing and Guernsey Housing Association properties. The Committee also approved changes to the capital sums policy, which enable tenants to accrue some savings without their tenancy being at risk.

Another key work stream that took place during 2017 was property rationalisation, which saw Social Housing staff move to Edward T Wheadon House in May, and the establishment of the Corporate Customer Services Counter on Level 3 in September, which combined the counters for Income Tax, Contributions, and Customer Services. The moves have resulted in an improvement in the experience that customers have of dealing with the States.

There are two other areas to mention. Firstly, the Committee's involvement, jointly with the Policy & Resources Committee, in the work on the amalgamation of Income Tax and Contributions to form one Revenue Service. Proposals on this will be considered by the States during 2018. Secondly, the Committee's work to assist unemployed people to maximise their earnings, through the development of employment initiatives, such as training and skills courses, has resulted in a reduction in unemployment.

NET REVENUE EXPENDITURE BY CATEGORY

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets)

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
20	19	Operating Income	33	21
		Non Formula-Led Expenditure		
3,812	3,838	Pay costs	3,646	3,678
		Non Pay costs		
35	35	Staff Non Pay costs	20	14
507	576	Support Services	497	481
5,764	5,763	Premises	5,011	6,358
727	726	Third Party Payments	704	678
37	37	Transport	27	31
138	138	Supplies & Services	116	108
7,208	7,275		6,375	7,670
11,000	11,094	Net Non Formula-Led Expenditure by Category	9,988	11,327
		Formula-Led Expenditure		
51,515	51,515	Third Party Payments	51,691	56,574
2,525	2,525	Supplies & Services/Support Services	2,454	1,985
54,040	54,040	Formula-Led Expenditure by Category	54,145	58,559
65,040	65,134	Total Net Expenditure by Category	64,133	69,886

Non Formula-Led expenditure

Total non formula-led expenditure for 2017 was £10.0m (2016: £11.3m), representing a decrease of 11.8% over 2016 and was an underspend on the non formula-led budget of £1.1m (10.2%). Non formula-led expenditure consists of administration costs for Social Security, Housing, Legal Aid, Employment Relations, and the Health & Safety Executive, together with the Community and Environmental Projects Scheme and Charitable Grants.

Formula-led expenditure for 2017 was £54.1m (2016: £58.6m), representing a decrease of £4.5m (7.5%) compared to 2016, but a small overspend against the authorised budget of £54.0m. This element flexes with the variable level of demand for legal aid, supplementary benefit, family allowance, severe disability benefit, carer's allowance and concessionary TV licences. In addition, this expenditure includes grants to the contributory funds, which are based on a fixed percentage of contribution income.

Operating Income

Source	2017 £'000	2016 £'000
Rental income from land and properties	4	5
Tribunal fees for Employment Relations	2	2
Waste Disposal fees from Health and Safety Executive	27	14
Total	33	21

Waste disposal fee income has increased compared to the previous year, however this income is demand driven, and therefore subject to fluctuation.

Pay Costs

Pay costs decreased slightly from £3.68m in 2016 to £3.65m in 2017.

The pay costs comprise allocations to General Revenue and exclude staffing costs allocated to the Social Security Contributory Funds.

Analysis of Full Time Equivalent Staff Numbers

Pay Group	2017	2016
Established Staff	76.9	80.6
Total	76.9	80.6

The above analysis only includes allocations to General Revenue and, therefore, excludes full-time equivalent staff allocated to the Social Security Contributory Funds, which in 2017 were 80.1 (2016: 84.6).

The Committee's total full-time equivalent staff numbers in 2017 across all of its activities were 157.0 (2016: 165.2).

Non-Pay Costs

Non-pay costs decreased by £1.3m (16.9%) from 2016 to 2017.

The authorised budget for non-pay costs for 2017 was £7.3m. Full-year expenditure was £6.4m, resulting in an underspend of £0.9m or 12.3%. Most of the categories of non-pay costs were in line with the authorised budget, with the exception of premises (refer to the housing spend explanation in the non formula-led section below) and support services.

Support services

The £78k underspend on support services consists of many small underspends across a variety of expense lines. The largest of these relates to a £48k underspend on IT consultancy.

Third Party Payments (Grants and Subsidies)

Description	2017 Actual £'000	2016 Actual £'000
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APPENDIX A.IV

Action for Children grant	314	297
Charitable grants	150	153
Community & Environmental Projects participant payments	122	124
School Uniform Clothing & Educational Maintenance grants	117	103
Repatriation and Other	1	1
Total	704	678

NET REVENUE EXPENDITURE BY SERVICE AREA

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets)

2017#	2017		2017	2016#
Original Budget	Total Authorised	Non Formula-Led Expenditure	Actual	Actual
£'000s	£'000s		£'000s	£'000s
1,730	1,741	Administration of Social Security and Legal Aid	1,744	1,666
411	411	Benefits and Allowances	388	380
785	787	Central Services	683	763
51	120	Disability and Inclusion	124	79
301	302	Employment Relations Service	229	264
385	387	Health and Safety Executive	394	333
689	691	Housing Strategy and Planning	580	623
6,027	6,030	Social Housing Buildings Maintenance	5,288	6,651
621	625	Social Housing Tenancy Management	558	568
11,000	11,094	Non Formula-Led Expenditure by Service Area	9,988	11,327
		Formula-Led Expenditure		
		Legal Aid		
1,655	1,655	<i>Civil Legal Aid</i>	1,671	1,173
870	870	<i>Criminal Legal Aid</i>	782	812
2,525	2,525		2,453	1,985
585	585	Concessionary TV Licences for the Elderly	582	626
8,230	8,230	Family Allowance	8,190	9,639
-	-	Health Service Grant	-	4,659
5,510	5,510	Severe Disability Benefit and Carers' Allowances	5,569	5,411
15,555	15,555	Social Insurance Grant	15,667	15,256
21,635	21,635	Supplementary Benefit	21,684	20,983
54,040	54,040	Formula-Led Expenditure by Service Area	54,145	58,559
65,040	65,134	Net Expenditure by Service Area	64,133	69,886

Non Formula-Led

Total Housing expenditure of £6.4m in 2017 (2016: £7.8m) accounts for approximately 64% (2016: 69%) of the total non-formula led spend of £10.0m (2016: £11.3m). This is reported in three service areas as follows:

Housing Strategy and Planning

There was a reduction in expenditure of £43k (6.9%) compared to 2016, and compared to the budget, primarily due to long-term senior staff vacancies.

Social Housing Buildings Maintenance

Overall, expenditure was 20.5% down on 2016 at £5.3m and 12.3% under budget. This is due to the close monitoring of costs, changes to renovation specifications, and the deliberate slowing down of planned maintenance in order to allow for the possibility that the 2016 levels of void activity could be replicated. However the level of voids remains lower than the previous year, with 148 voids at year-end, compared with 166 in 2016. The average length of time that a property is void is 115 days (2016: 144 days).

It is worth noting that there are approximately 250 households who are under or over occupying their property, and a shortage of properties in some categories. Work is being done to decant and reallocate those properties so that people are appropriately housed. There will be a cost to this process as voids will be created due to the fact that many of the properties have been occupied by the same tenants for many years, so are likely to need renovation work.

Social Housing Tenancy Management

Overall, expenditure is 1.9% down on 2016 and 10.8% below budget. Pay costs were 10.7% below budget due to a number of vacancies earlier in the year.

Additional Management Information

Number of claims at the year-end	2017	2016	2015	2014	2013
Supplementary benefit	2,373	2,327	2,332	2,334	2,376
Family allowance	6,765	6,793	6,850	6,904	6,926
Severe disability benefit	705	666	653	611	575
Carer's allowance	493	461	442	417	341

Formula-Led

Total Formula-Led expenditure for 2017 was £54.1m (2016: £58.6m), representing a decrease of £4.4m or 7.5%, but an overspend against the authorised budget of £105k (0.2%).

Supplementary Benefit

Supplementary Benefit expenditure increased by £0.7m, or 3.3%, to £21.7m (2016: £21.0m). Active claims 12-month rolling average increased by 0.2% with the general rate of benefit increasing by 0.6% (2016: 1.5%). A breakdown of expenditure is shown in the following table:

Breakdown of Supplementary Benefit	2017 £'000s	2016 £'000s	% Change
Job seekers and earnings top-up	5,017	4,943	+1.5%
Incapacity	4,401	4,348	+1.2%
Single parents (youngest child under age 7)	3,601	3,462	+4.0%
Pensions top-up	2,912	2,929	-0.6%
Disabled	2,197	2,047	+7.3%
Work requirement maximised	822	674	+22.0%
Other	259	249	+4.0%
Benefit & fuel allowance	19,209	18,652	+3.0%
Special grants & other costs	2,475	2,331	+6.2%
Supplementary Benefit - Total	21,684	20,983	+3.3%

It should be noted that within supplementary benefit, most claimants have a work requirement. Despite the split of claimant types in the above table, many are in work and therefore the benefits paid are to top up their income, which is not sufficient to meet their needs. Recently, several people who are deemed to be maximising their work requirement, but who still require a top-up in the long-term, have been re-categorised, which explains the increase in expenditure for the 'work requirement maximised' group.

Social Security Contributory Funds Grant

The total Social Security Contributory Funds Grant for 2017 was £15.7m (2016: £20.0m). This grant is based on a percentage of contributions into the Guernsey Insurance Fund and the Guernsey Health Service Fund, and was fixed at 15% and 12% respectively for 2016. In 2017, the grant to the Guernsey Insurance Fund was reduced to 14.7%. This was to ensure that the grant was cost neutral compared with previous years, as contribution income into the Fund would increase. This was the result of the policy change to introduce a new package of parental benefits, and as a result, the Class 1 contribution rates were increased by 0.2% from 1 January 2017 to fund the new benefits. The grant to the Guernsey Health Service Fund was suspended for 2017, in order to assist with the General Revenue funding challenges in respect of health and social care services. The grant was further suspended during 2018, while work remained ongoing to consider the future model for funding the services currently provided from the Guernsey Health Service Fund.

Contributory Fund Grants As a % of contributions	2017 %	2016 %	2015 %	2014 %	2013 %
Guernsey Insurance Fund	14.7%	15%	15%	15%	15%
Guernsey Health Service Fund	0%	12%	12%	12%	12%
Annual Grant	£m	£m	£m	£m	£m
Guernsey Insurance Fund	15.7	15.3	15.0	14.9	14.4
Guernsey Health Service Fund	0.0	4.7	4.6	4.5	4.4
Total	15.7	20.0	19.6	19.4	18.8

Legal Aid

Legal Aid expenditure increased by £0.5m, or 23.6%, to £2.5m (2016: £2.0m). This increase is due mainly to civil legal aid, while expenditure on criminal legal aid remained fairly static. Both categories of legal aid were below budget. Although this is a favourable result, it should be noted that as expenditure is formula-led, it can fluctuate with variable levels of demand.

Severe Disability Benefit and Carer's Allowance

Expenditure on Severe Disability Benefit (SDB) and Carer's Allowance (CA) increased by £0.2m, or 2.9%, to £5.6m in 2017 (2016: £5.4m). This relates to a continuing upwards trend in claimant numbers, as a result of increased awareness and access to the benefits. The 12-month rolling average for SDB and CA active claims increased by 2.4% and 4.0% respectively. While there is still an increase in claim numbers, it is less pronounced than in recent years, following the change in rules in 2014 to allow more people to access Carer's Allowance.

Budget Reductions

The Budget Reduction allocated to the Committee was £350k, which was achieved during the year:

Description	2017 Reduction £'000	Recurring Reduction £'000
Housing	281	281
ICT	34	34
Other	35	35
Total	350	350

In Year Budget Changes

	£'000	£'000
2017 Cash Limit / Formula-Led Estimate		65,405
Additions (Non Formula-Led):		
Pay Awards	25	
Transfers from Budget Reserve	69	
		94
Reductions (Non Formula-Led):		
Inter-Committee Transfer		(365)
2017 Authorised Budget		65,134

ROUTINE CAPITAL EXPENDITURE

2017		2017	2016
Original Budget		Actual	Actual
£'000s		£'000s	£'000s
28	Equipment, Machinery and vehicles	23	-
(28)	Use of Accumulated Capital Allocation	-	-
-	Net Routine Capital Expenditure	23	-

LOOK FORWARD TO 2018 AND 2019

The Committee's main policy priority for 2018 is the implementation of Income Support, which comes under the 'Social Welfare' policy priority. The purpose of the reforms are to implement a social welfare system which unifies housing and income benefits, and directs financial assistance to those most in need. The proposals, which were approved by the States in February 2018, seek to establish a level of income below which it is considered intolerable for any individual in Guernsey to be expected to live. The new system will be introduced on 6 July 2018, with transitional arrangements in place for three years. The transition will ensure that those who are more than £10 per week worse off under the new system will be phased onto the new benefit rates. This will be done by reducing the weekly benefit that they receive by £10 every six months until they have fully transitioned onto the new rates. The new system is projected to increase General Revenue expenditure in 2018 by £2.5m, which is based on six months of expenditure, and by £4.6m in 2019. Post transition, the cost is estimated to be £4.0m a year above the present expenditure level. The implementation of Income Support is the base for further work that the Committee intends to do, particularly in relation to the review of the benefit limitation and the earnings disregard.

Secondly, the introduction of Secondary Pensions in 2020 is anticipated to have an impact on General Revenue in the form of a reduction in Income Tax income, as a result of the tax relief applied to pension contributions. The new scheme is designed to encourage working age people to save for their retirement, as a supplement to the existing basic old age pension. There will also be some operational and compliance costs once the scheme has been implemented. A tender for a provider of the new pension scheme will be undertaken during early 2018, and once appointed, the provider will assist the Committee in developing the detailed proposals for implementation, which will be presented to the States in quarter one of 2019. As part of this reporting to the States, the Committee will also respond to the October 2015 Resolution (Billet d'État XVIII of 2015, Article 8) to review the guideline for the annual uprating of statutory old age pensions no later than 2020, while having regard to the actuarial projections for the Guernsey Insurance Fund.

Also under the priority area of social welfare, the Committee has an outstanding Resolution to report back to the States on whether the universal payment of family allowance should be redirected to provide additional financial support to children's services. The Committee intends to progress this work stream during the next two years.

The Committee has been working jointly with the Policy & Resources Committee to create a customer focused and cost-efficient service for the revenue collection of income tax and social security contributions, supported by an efficient organisational structure and IT systems. The project has been progressing and a joint Policy Letter outlining plans for the service was debated by the States in April 2018. The proposals estimate that phase 2 (the next steps) will require funding of up to £5m, funded equally from the Capital Reserve and the Guernsey Insurance Fund. This will focus on the development of the single organisational structure for the Revenue Service, the introduction of digital services to improve customer experience, and the ground work for the procurement process for the future IT solution.

A Policy Letter will be produced by October 2018 to address the Committee's progress and plans for the implementation of some of the Resolutions from the February 2016 States debate on the Supported Living and Ageing Well Strategy. This will include a response on the Long-term Care Insurance Fund paying the costs of care and support only, and the person in care paying for accommodation and living expenses, and the Fund covering the costs of care and support for people living at home, as well as those in a care home. While the Long-term Care Insurance Fund is funded by contribution income, not General Revenue, changes to the provision of long-term care services will have an impact on the cost of health and care services funded by the Committee *for* Health & Social Care.

The Committee will be progressing work on the Disability and Inclusion Strategy policy priority through 2018 and 2019. In particular, priority will be placed on the development of a business plan for an Equality and Rights Organisation and the implementation of disability discrimination legislation for Guernsey. Leading academics have been appointed to help the Committee select legislation from another jurisdiction on which to model Guernsey's disability discrimination legislation. Further consultancy support will be required to assist in the development of policy proposals to tailor the legislation of the selected model jurisdiction to the Guernsey context. Following wide consultation, the Committee will report to the States with detailed legislative drafting proposals. This Policy Letter will also include proposals in respect of the establishment of an advisory service and enforcement mechanism, both of which must be in place before the legislation is enacted. While these services *may* be developed as an expansion of existing structures, the expanded scope of the work will have resource implications. Further work to raise awareness of disability issues is planned for 2018 and 2019, including engagement with the work required following the receipt of the reports from the Business Disability Forum, which provide recommendations for improvement for each Committee and Service area.

With regard to the Housing Policy priority, the Committee is progressing work to merge the Committee's and the GHA's waiting lists to create a needs-based single gateway to social housing by July 2018. The Committee will be acting on its responsibilities following the Resolutions that will come out of the Committee *for* the Environment & Infrastructure's Policy Letter on the Local Market Housing Review. However, there is a risk that implementation of the Resolutions from the Policy Letter will not be achieved in a timely manner without sufficient staff policy resources being allocated to progress the work streams. The Committee will also prioritise the review of the approved capital bid for the affordable housing development programme, of up to 800 new affordable homes, following the debate of the Policy Letter and an analysis of recent waiting list data. Through 2018 and 2019, the Committee will be working

towards reducing the waiting lists, and the amount of time people are on the waiting list and transfer list, and will be reviewing the capital sums and income thresholds policies.

Another area of policy work that the Committee is developing is the provision of a scheme of medical insurance for Guernsey and Alderney residents who require medical treatment while travelling in the UK. The outcome of this work will be debated by the States during 2018, with a view to implementing the new scheme as soon as possible following the debate, as an alternative to the former Reciprocal Health Agreement with the UK which ended in 2009. The purpose of the scheme is to provide a safety net for those who struggle to obtain medical insurance for travel to the UK at a reasonable cost.

The Committee will be involved in the work streams in alignment with the Committee *for* Health & Social Care's policy priority regarding the future delivery of health and care. In particular, the review of the health benefit grants for medical consultations as part of the consideration of healthcare costs, for example the cost of accessing primary care.

It should be noted that four members of the Committee's management team have been seconded to lead the most significant of the above high priority projects (with further secondments in place to backfill their positions) and a member of staff from the Policy and Resources Committee's Strategy and Policy team is seconded to the Committee as an additional part-time resource to work with the officer lead on the disability discrimination project. These arrangements demonstrate the Committee's high level of commitment to making progress on these projects within existing staff resources. However, they also demonstrate a significant shortfall in permanent policy staff resource in relation to current States priorities which fall within the Committee's mandate. The Committee intends to review its policy priorities in the coming months and, if necessary, request additional resources through the 2019 budget process.

RESOLUTIONS COMPLETED SINCE JUNE 2017

Year, Billet, Article	Subject	Resolution	Proposed by
2015,14,18	Extension of Non-Medical Prescribing	To amend the Health Service (Benefit) (Guernsey) Law, 1990 and related subordinate legislation to allow appropriately qualified non-medical health professionals who are employed, contracted or engaged by the Health and Social Services Department, or otherwise authorised by the Department to work as such, to be empowered to issue medical prescriptions for the supply of pharmaceutical benefit for the purposes of the said Law within their own level of professional competence.	Social Security Department
2015,4,1	Planning a Sustainable Future- The Personal Tax Pensions and Benefits Review	15. To direct the Social Security Department, in consultation with all other relevant departments, to investigate measures aimed at supporting longer working lives and assisting older people who wish to work to remain in the workforce, and to report to the States of Deliberation with its findings no later than December 2017.	Treasury and Resources Department & Social Security Department
2016,27,4	Benefit and Contribution rates for 2017	26. To amend the Social Insurance (Guernsey) Law, 1978, and associated legislation, to rename 'invalidity benefit' as 'incapacity benefit'.	Committee <i>for</i> Employment & Social Security
2017,15,3	Employment and Discrimination Tribunal: Removal of the retirement age of panel members and designation of the Convenor and Deputy Convenor	<ol style="list-style-type: none"> 1. To remove the requirement for members of the Employment and Discrimination Panel ("the Tribunal Panel") to retire on reaching the age of 70; 2. To designate Mrs Tina Jane Le Poidevin as Convenor of the Tribunal Panel until 28 February 2018; 3. To designate Mrs Christine Diane Le Lievre as deputy Convenor of the Tribunal Panel until 28 February 2018; and <p>To direct the preparation of such legislation as may be necessary to give effect to the above decisions</p>	Committee <i>for</i> Employment & Social Security

Year, Billet, Article	Subject	Resolution	Proposed by
2017, 21, 2	Benefit and Contribution Rates for 2018	<ol style="list-style-type: none"> 1. To set the contributions limits and rates as set out in Table 4 of that Policy Letter, from 1 January 2018. 2. To set the standard rates of contributory social insurance benefits as set out in Table 7 of that Policy Letter, from 1 January 2018. 3. To set the prescription charge per item of pharmaceutical benefit at £3.90, from 1 5 January 2018. 4. To set the contribution (co-payment) required to be made by the claimant of care benefit, under the Long-term Care Insurance Scheme, at £200.62 per week, from 1 January 2018. 5. To set the maximum weekly long-term care benefit at the rates set out below, from 1 January 2018: <ol style="list-style-type: none"> a. £444.57 per week residential care benefit for persons resident in a residential home; b. £585.76 per week elderly mentally infirm (EMI) benefit for qualifying persons in a residential home; and c. £829.99 per week nursing care benefit for persons resident in a nursing home or the Guernsey Cheshire Home. 6. To set the maximum weekly respite care benefit at the rates set out below, from 1 January 2018: <ol style="list-style-type: none"> a. £645.19 per week for persons receiving respite care in a residential home; b. £786.38 per week for the elderly mentally infirm (EMI) rate for persons receiving respite care in a residential home; and c. £1,030.61 per week for persons receiving respite care in a nursing home or the Guernsey Cheshire Home. 7. To set the supplementary benefit requirement rates at the rates set out in Table 13 of that Policy Letter, from 5 January 2018. 8. To set the weekly benefit limitations for supplementary benefit at the rates set out below, from 5 January 2018: 	Committee <i>for</i> Employment & Social Security

Year, Billet, Article	Subject	Resolution	Proposed by
		<ul style="list-style-type: none"> a. £670 for a person living in the community; b. £549 for a person who is residing in a residential home; and c. £787 for a person who is residing as a patient in a hospital, nursing home, the Guernsey Cheshire Home, or as an elderly mentally infirm resident of a residential home. <p>9. To set the amount of the personal allowance payable to persons in Guernsey and Alderney residential or nursing homes who are in receipt of supplementary benefit at £31.41 per week, from 5 January 2018.</p> <p>10. To set the amount of the personal allowance payable to persons in United Kingdom hospitals or care homes who are in receipt of supplementary benefit at £52.91 per week, from 5 January 2018.</p> <p>11. To set the supplementary fuel allowance paid to supplementary benefit householders at £27.20 per week, from 27 6 October 2017 to 27 April 2018.</p> <p>12. To set the rate of family allowance at £13.90 per week, from 1 January 2018.</p> <p>13. To set the rates and annual income limit for severe disability benefit and carer's allowance at the rates and limit set out in Table 17 of that Policy Letter, from 1 January 2018.</p> <p>14. To rename "supplementary benefit" as "income support" and to make all necessary amendments to legislation to allow and reflect the name change.</p> <p>15. To direct the preparation of such legislation as may be necessary to give effect to the above decisions</p>	
2017, 23, 9	Amendments to statutory minimum wage arrangements to come into force on 1 January 2018	<p>1. To approve, pursuant to section 31(3) of the Minimum Wage (Guernsey) Law, 2009 ("the Law"), the Minimum Wage (Prescribed Rates and Qualifications) (Guernsey) Regulations, 2017 (as set out in Appendix 2 to this Report), which pursuant to sections 1(3) and 3(1) of the Law prescribe the hourly minimum wage rates set out below with effect from 1 January 2018:-</p> <ul style="list-style-type: none"> - adult minimum wage rate: £7.75 per hour (for workers aged 18 and over), and - young person's minimum wage rate: £7.05 per hour (for workers aged 16 and 17). 	Committee <i>for</i> Employment & Social Security

Year, Billet, Article	Subject	Resolution	Proposed by
		2. To direct the Committee <i>for</i> Employment & Social Security, when they bring proposals to the States for the adult and young persons' minimum wage levels for 2019 to provide clarity on their medium term plan for increasing minimum wage levels.	
2018, 5, 1	The Guernsey Legal Aid Service – Appointment of the Legal Aid Administrator	To appoint Ms Lucinda Heather Haywood to the office of Legal Aid Administrator, for a period of 5 years, with effect from 12 February 2018 pursuant to Section 2(2) of the Legal Aid (Bailiwick of Guernsey) Law, 2003	Committee <i>for</i> Employment & Social Security
2018, 5, 3	Employment and Discrimination Tribunal: Reappointment of Panel Members and designation of the Convenor and Deputy Convenor	<p>1. To reappoint the 14 members of the Employment and Discrimination Panel ("the Tribunal Panel"), from 1 March 2018 until 28 February 2021;</p> <p>2. To designate Mrs Tina Jane Le Poidevin as Convenor of the Tribunal Panel from 1 March 2018 until 28 February 2021;</p> <p>3. To designate Mrs Christine Diane Le Lièvre as Deputy Convenor of the Tribunal Panel from 1 March 2018 until 28 February 2021.</p>	Committee <i>for</i> Employment & Social Security

COMMITTEE *for* HOME AFFAIRS

As set out in its mandate, the purpose of the Committee *for* Home Affairs (“the Committee”) is to support a high standard of living and quality of life by maintaining and promoting a safe, stable and equitable society which values public protection and justice and respects the rights, responsibilities and potential of every person. It has responsibility to advise the States and to develop and implement policies on matters relating to its purpose, including:

1. crime prevention;
2. law enforcement, including policing and customs;
3. justice policy;
4. the association between justice and social policy, for example domestic abuse;
5. the new population management regime, once introduced;
6. immigration and the housing control and right to work regimes;
7. imprisonment, parole, probation and rehabilitation;
8. fire, rescue and salvage;
9. consumer protection and advice;
10. trading standards;
11. data protection;
12. emergency planning;
13. civil defence;
14. lotteries and gambling;
15. the electoral roll.

The Committee *for* Home Affairs is involved in the delivery of the following policies which were prioritised (2018 Budget Report, Billet d’État XX, November 2017) in order to deliver the outcomes detailed in the Policy & Resource Plan – Future Guernsey:

- Brexit;
- Security and cyber-security
- International Standards.
- Justice;
- Strategic Population; and
- Children and Young People’s Plan;

REVIEW OF 2017

For 2017 the Committee *for* Home Affairs had an authorised budget of £30.25m. The Committee actually spent £30.31m which is an overspend of £57k or 0.2%. When considered against a backdrop of achieving significant savings of £1.0m for 2017, as well as facing emerging budget pressures this is an extremely positive outcome.

NET REVENUE EXPENDITURE BY CATEGORY

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets and transfer of responsibility for Drug and Alcohol Strategy to the Committee for Health & Social Care)

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
2,316	2,372	Operating Income	2,833	2,721
		Non Formula-Led Expenditure		
27,301	27,259	Pay costs	27,386	27,265
		Non Pay costs		
660	681	Staff Non Pay costs	705	680
1,296	1,388	Support Services	1,531	1,229
1,419	1,412	Premises	1,455	1,509
99	99	Third Party Payments	99	144
232	230	Transport	229	206
1,602	1,597	Supplies & Services	1,733	1,517
(520)	(46)	Balance of Budget Reduction	-	-
4,788	5,361		5,752	5,285
29,773	30,248	Net Non Formula-Led Expenditure by Category	30,305	29,829

Non Formula-Led expenditure

Total non formula-led expenditure for 2017 was £30.3m (2016: £29.8m) representing an increase of 1.6% over 2016. The Committee over spent its 2017 authorised non formula-led budget by £57k (0.2%) due to non-pay overspends of £365k and pay overspends of £127k, partially offset by income being £461k greater than budgeted.

Operating Income

Source	2017 £'000	2016 £'000
Fixed Penalties	499	634
Employment and Residential Fees	1,104	940
Immigration Fees	257	238
Disclosure and Vetting Fees	104	124
Liquor License Fees	245	251
Coastguard and St Johns Ambulance Recharges	409	351
Fire Safety Training Income	25	20
Other	190	163
Total	2,833	2,721

APPENDIX A.V

Operating income increased during 2017 by £112k compared to 2016 due to an increase in employment and residential fees as well as additional recharges from Coastguard to the Joint Emergency Services Control Centre (JESCC). However fixed penalty income decreased by £135k.

Income was higher than budgeted for Population Management in relation to employment permits and resident certificates and permits. The new population management regime came into effect on 3rd April 2017. At the time it was not known what impact the new regime would have on applications however it did result in first time applications covering multiple years, which will result in lower income in subsequent years.

Pay Costs

Pay costs increased slightly from £27.3m in 2016 to £27.4m in 2017, an increase of 0.4%. Overall pay expenditure was £127k higher than budget which is due to several one off unbudgeted issues within Prison Services and Probation Services.

Analysis of Full Time Equivalent (FTE) Staff Numbers

Pay Group	2017	2016
Established Staff	137.0	129.6
Public Service Employees	5.5	6.0
Police Officers	145.8	153.7
Fire Officers	60.7	59.6
Prison Officers	76.7	77.5
Border Agency Officers	61.1	57.8
Police Support Staff	46.5	51.9
Total	533.3	536.1

Overall FTEs have decreased by 2.7 or 0.5% when compared to 2016. Despite a successful recruitment programme in September 2017, it has been a difficult year for the retention of police officers resulting in a significant increase in vacant posts compared to 2016.

Non Pay Costs

Non pay costs increased by £467k (8.8%) from 2016 to 2017.

Authorised budget for non pay costs for 2017 was £5.4m with an actual spend of £5.8m resulting in an overspend of £0.4m. Most of the categories of non pay costs were materially in line with 2016 expenditure and 2017 authorised budget with the exception of support services and supplies and services.

Support Services

The overspend of £143k relates to additional IT costs of £54k and additional forensic consultancy of £33k.

Supplies and Services

There is an overspend of £136k within this category which consists of additional medical expenses of £41k, recruitment costs of £50k within Law Enforcement, and additional cleaning costs of £33k.

Third Party Payments (Grants and Subsidies)

Description	2017 Actual £'000	2016 Actual £'000
Bailiwick of Guernsey Victim Support	38	38
Grant to General Election Candidates towards their election expenses	-	47
Other	61	59
Total	99	144

NET REVENUE EXPENDITURE BY SERVICE AREA

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets and transfer of responsibility for Drug and Alcohol Strategy to the Committee for Health & Social Care)

2017# Original Budget £'000s	2017 Total Authorised £'000s		2017 Actual £'000s	2016# Actual £'000s
508	483	Administration and Central Services	543	358
116	116	Data Protection	104	108
427	428	Domestic Abuse Strategy	395	414
141	142	Emergency Planning	154	138
(22)	(22)	Gambling Control	(28)	(35)
3,734	3,705	Guernsey Fire and Rescue Service	3,789	3,739
43	21	Population Management	(344)	(135)
711	952	Joint Emergency Services Control Centre	998	1,110
18,023	17,800	Law Enforcement	17,795	17,469
(260)	(260)	Liquor Licence Fees	(245)	(251)
5,439	5,440	Prison Service	5,534	5,401
1,433	1,489	Probation Service	1,610	1,513
(520)	(46)	Balance of Budget Reduction	-	-
29,773	30,248	Net Expenditure by Service Area	30,305	29,829

Most of the Service Areas were materially in line with authorised budget and prior year actuals with the exception of Administration and Central Services, Guernsey Fire and Rescue, Population Management, Prison Service and Probation Service.

Administration and Central Services

The authorised budget has been overspent by £60k which mainly relates to fixed penalty income being lower than budgeted as well as £130k lower than 2016.

Guernsey Fire and Rescue Service

The overspend on the authorised budget is £84k is primarily caused by unbudgeted rent on water storage tanks plus additional pay costs for a change manager in relation to HOST which is discontinued from 2018.

Population Management

Income in relation to employment permits and resident certificates and permits has been much higher than budgeted by £365k. The new population management regime came into effect on 3rd April 2017. At the time it was not known what impact the new regime would have on applications however it did result in first time applications covering multiple years, which will result in lower income in subsequent years.

Prison Service

The Prison Service overspent their authorised budget by £94k which primarily relates to pay costs. During October and November two prisoners were on bedwatch at the PEH which requires two officers to watch each patient 24 hours a day which can only be achieved through the use of overtime. In addition the children's wing had to be re-opened for part of the year requiring dedicated prison officer cover.

Probation Service

The overspend on the authorised budget is £121k which relates to pay costs, service charges and support services.

Budget Reductions

The Budget Reduction allocated to the Committee was £1,015k and £969k of recurring reductions were achieved during the year:

Description	2017 Reduction £'000	Recurring Reduction £'000
Non-pay	242	242
Staffing	277	277
Uniform Vacancy Factor	363	363
Income	35	35
IT	52	52
Total	969	969

As can be seen in the above table, £969k of the Budget Reduction has been found with a residual balance of £46k carried forward to 2018 and included within the Home Affairs Medium Term Financial Plan.

In Year Budget Changes

	£'000	£'000
2017 Cash Limit		32,060
Additions:		
Pay Awards	248	
Established Staff Turnover Adjustment	122	
Transfers from Budget Reserve	105	
		475
Reductions:		
Net Inter-Committee Transfers		(2,287)
2017 Authorised Budget		30,248

The majority of budget changes resulted from pay awards and inter committee transfers. As a result of Brexit, the existing stock of passport paper will shortly become obsolete and therefore needed to be written off and funding was provided from the Budget Reserve to cover this exceptional cost.

ROUTINE CAPITAL EXPENDITURE

2017		2017	2016
Original Budget		Actual	Actual
£'000s		£'000s	£'000s
56	Miscellaneous Capital Works	355	472
303	IT Projects and Equipment	48	183
281	Equipment, Machinery and vehicles	184	123
640		587	778
(340)	Use of Accumulated Capital Allocation	-	-
300	Net Routine Capital Expenditure	587	778

Routine capital projects for 2017 include the relocation of the Probation Service (£220k from a total project budget of £320k) and vehicle replacements for Law Enforcement (£111k from a total project budget of £179k)

LOOK FORWARD TO 2018 AND 2019

The Committee considers its primary purpose is to support a high standard of living and quality of life by maintaining and promoting a safe, secure, stable and equitable society which values public protection and justice and respects the rights, responsibilities and the potential of every person. Looking forward to 2018 and 2019 the Committee will continue to deliver the quality of operational services necessary to ensure that Guernsey remains a safe and secure place to live and do business.

The Committee reaffirms its commitment in 2018 and 2019 to work together with partner agencies to keep the Bailiwick safe and secure. It will also seek to identify opportunities to work differently so as to optimise resources, identifying core functions, champion best practice, and support and encourage innovation and collaboration so as to ensure sustainable and affordable future service-provision.

BREXIT

In response to Phase One of the Policy and Resources Plan the Committee identified the need to work with the UK Government, the Policy & Resources Committee and the Committee *for* Economic Development to secure and protect the Islands' interests as the UK worked to leave the European Union ("EU"). This continues to be a priority for 2018 and 2019

As a result of the UK's decision to leave the EU the Committee is focused on ensuring that the rights and movements of EU nationals are protected and appropriate trade agreements are in place to support the continued free movement of people and goods. The formal relationship between the Channel Islands and the EU that is currently enshrined in Protocol 3 of the UK's 1972 Accession Treaty, will fall away when the UK withdraws from the EU. The Committee's focus in this process is to support the delivery of new customs and immigration regimes.

Representatives from Home Affairs form part of the Policy & Resources Brexit Sub-Committee alongside representatives from Economic Development and the Law Officers. The Group meets regularly and works with UK counterparts, industry, other Crown Dependencies, the Guernsey Financial Services Commission and the Channel Islands Brussels Office to ensure the identification and management of the implications and opportunities that arise as a result of Brexit.

The amount of work should not be underestimated and further resources will be needed particularly if we are to ensure that Guernsey's interests are taken into account and we are in a position to exploit opportunities as they arise, so to both maintain and promote our respected international identity. Resource requirements are continually being monitored.

The legislative requirements as a result of Brexit are as yet unknown. It is nonetheless recognised that the withdrawal of the UK from the European Union will impact upon the Bailiwick's domestic legislation and there is a need to ensure that the EU measures which are currently applicable in the Bailiwick through Protocol 3 are preserved as appropriate.

The successful management of the implications and opportunities as a result of Brexit is fundamental to sustainable public finances and the Committee will continue to work alongside the Policy and Resources Committee and the Committee *for* Economic Development to ensure the Bailiwick is appropriately represented as the UK position becomes clear.

SECURITY AND CYBER SECURITY

One of the primary duties of government is to keep and maintain the security of its jurisdiction. Whilst in the past the threats to our safety and wellbeing have been conventional, for example World Wars and the Cold War, today we face a far more complex range of threats from terrorism, cyber-attacks, large scale accidents, natural or environmental hazards, vulnerability to climate change, right through to political changes such as Brexit.

These new threats do not only emanate from hostile States, but also from non-State actors such as terrorists, criminals and other insurgents.

The concept of what constitutes security in the widest sense is very different today from what it was in the past.

Whilst the Bailiwick of Guernsey, through its unique relationship with the United Kingdom as a Crown Dependency, benefits from some protection from threats, for example from Her Majesty's Armed Forces in relation to defence, the Bailiwick has to ensure that most other aspects of the security of its people can be provided from within its own capability, or in some cases in partnership with other jurisdictions.

The Committee will be producing an overarching "Bailiwick Security Policy" in 2018, which will serve as a high level statement from the Bailiwick of our jurisdiction's commitment to keep Islanders, visitors and businesses safe and secure.

Cyber Security is one of the 23 policy priorities that the States of Deliberation approved in November 2017 and is an issue that reaches across multiple Committee's mandates. The Committee recognises that its primary purpose to provide a safe and secure place to live and do business and this extends to the digital world. In response to Phase 2 of the Policy & Resource Plan the Committee acknowledged the need to give proactive consideration of how to best develop the Bailiwick's cyber security capability which is essential for our continued success as an international financial services and digital centre.

In November 2017 the Committee published a Cyber Security Strategy which will form the basis of future actions in relation to cyber security and form a framework for activity over the next four years. The Cyber Strategy identifies 8 strategic goals:

- The provision of proportionate legislation and regulation to meet the current threat. This includes the delivery of the new Data Protection (Bailiwick of Guernsey) Law, 2017.
- Establish a framework to continuously assess the threat to government, businesses and individuals.
- To work in partnership with specialist agencies, organisations and businesses from across the UK, the EU and Jersey.
- Establish a framework and capability to share and report cyber security information across government, business and Islanders.
- To develop, in partnership, the appropriate incident response capabilities at strategic, tactical and operational levels.
- Set minimum-security standards for government and business based on international best practice.
- Provide a focus from Law Enforcement as the lead agency for Cyber Security.
- Work with other Committees to provide relevant, timely and accurate education on cyber security.

The Cyber Security Strategy is based on the assumption of partnership with both the UK (National Cyber Security Centre) and Jersey in order to lever best practice and value for money. The Strategy further recognises that we have specific requirements that are unique to the Bailiwick.

INTERNATIONAL STANDARDS

The Committee understands the need to commit to ensuring the Bailiwick's continued respected international identity. Guernsey has had recognised adequacy status for data protection purposes with the European Union since 2003. In response to Phase 2 of the Policy & Resource Plan the Committee acknowledged that the implementation of new European Union Data Protection Legislation, effective from 25th May 2018 represented the biggest global change in data protection in well over a decade and impacts on every individual and organisation.

The Committee will continue to work closely with the shadow Data Protection Authority to introduce an appropriate regulatory regime for the Bailiwick.

The Committee is also equally focussed on ensuring the Bailiwick remains at the forefront of international standards in respect of anti-money laundering (AML) and the combatting the financing of terrorism (CFT).

JUSTICE POLICY

The Committee believes that the development of Justice Policy goes to the very core of its mandated responsibility to maintain and promote a safe, secure, stable and equitable society which values public protection and justice. Successful delivery of the Justice Policy will result in a community where crime rates are kept low and where the money that is invested in the criminal justice system truly is invested in securing better outcomes for the community. The Committee considers that Justice Policy must also continue to focus on fighting crime, including financial crime and confiscation of the proceeds of crime and safeguarding the Island's reputation.

In response to Phase 2 of the Policy & Resource Plan the Committee identified the need to develop an inclusive Justice Policy building on the work of the Criminal Justice Strategy with the need to interpret justice in its widest form.

At that time the Committee noted that there were no dedicated resources, either financial or personnel, for the work that would be required to support the evolution of an inclusive Justice Policy, however, it gave a commitment that existing resources would be used to commence the scoping phase of the work-stream.

This has culminated in the development of a Justice Framework which reinforces the work of the Criminal Justice Strategy. The aim of the Framework is to support the delivery of tangible Justice work streams which contribute positively to the development of a responsible, tolerant and inclusive society, where everyone is safe and secure and the rights of the community are protected. An action plan which covers the period 2018-2022 identifies short and medium term objectives all of which contribute to the achievement of the justice outcomes and align with the P&R Plan. These are tangible projects which can be progressed in that period, the benefit of which will be felt by the public.

In November 2017 the States identified Justice Policy as one of its 23 priority areas. The Committee acknowledges that it must work together with all partners who administer justice in its various forms and seek out further opportunities for collaboration and strategic alliances.

The Committee considers that the objective of developing a new operating model for the delivery of Justice should be to identify sustainable Justice solutions which can support the appropriate transformation of justice and which focus on affordability, efficiency whilst maintaining the quality of current models of service and – most importantly – enable us to better protect the public.

Early engagement with the Judiciary to assist in shaping and developing a programme scope is essential in defining a new target operating model for Justice. The Committee will, following liaison with the Judiciary, be bringing forward a business case to support a comprehensive review of Justice Services.

STRATEGIC POPULATION

The Committee will continue to refine and develop the Population Management Regime to ensure effective delivery of the States Strategic Population objectives. In so doing it is continuing to maintain a close working dialogue with relevant parties both in government and in the business community.

The Committee will continue to work with the Policy & Resources Committee, the Committee *for* Economic Development and the Committee *for* the Environment & Infrastructure on the Review of the Population Management (Guernsey) Law, 2016.

CHILDREN AND YOUNG PEOPLE'S PLAN

The Committee remains committed to supporting the Children and Young People's Plan (CYPP) and its six key commitments which set out how the States will add value to children's lives. The Committee works collaboratively with other Committee's and the third sector to support the delivery of the identified priority outcomes in the CYPP.

PWC – COSTING BENCHMARKING AND PRIORITISATION

In approving the Policy & Resource Plan the States resolved to direct the Committee *for* Home Affairs to report back with a detailed assessment of each opportunity identified in the PwC Report entitled "Costing, benchmarking and prioritisation" together with an implementation plan including anticipated costs, benefits and timeline for delivery.

This need to be closely linked with the States of Guernsey ('SoG') medium term financial plan ('the Plan') which seeks to deliver a £26m improvement to the financial position of the SoG over a 4 year period (2018 to 2021) by tasking each Committee with identifying 1% of savings for each year of the Plan. Assuming the 1% savings have to be found for each of the four years and that future expenditure can be kept within budget the Committee has to find recurring savings of £1.2M. The £4M savings made by the Committee in the last 6 years have impacted significantly on its ability to deliver these future savings without negatively impacting on frontline services.

The Committee has fully considered the "opportunities" identified by PwC including those which were minimal as well as those that were identified have significant dependencies, outside the influence of the Committee, as well as having investment or resource implications. In addition, some of these opportunities are only achievable over a number of years.

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In response to the PwC Report and in continuous dialogue with the Policy & Resource Committee the Committee has developed a Home Affairs Medium Term Financial Plan (“HAMFTP”) to identify opportunities for the development of different working practices so as to optimise resources across our services. The HAMFTP aims to ensure the maintenance of frontline services that are robust and fit for the future whilst achieving sustainable savings. This aligns with the Strategic aim of the States of Guernsey to reduce public sector expenditure.

EXTANT RESOLUTIONS- RECOMMENDATIONS TO RESCIND

- *To direct the Home Department to introduce new enabling gambling legislation (Billet d’Etat XXII).*

The Committee considers that this Resolution is superseded by the Resolutions contained in the Committee’s 2015 Policy Letter (Billet XIV).

AMENDMENT TO MANDATE

The Committee wishes to take this opportunity to propose amendments to its mandate to appropriately reflect the introduction of the new Population Management Regime in April 2017. It proposes that responsibility 5 and 6 be amended in the following terms:

5. the population management regime;
6. immigration regime;

COMMITTEE *for* HEALTH & SOCIAL CARE

As set out in its mandate, the purpose of the Committee *for* Health & Social Care is to protect, promote and improve the health and well-being of individuals and the community. It has responsibility to advise the States and to develop and implement policies on matters relating to its purpose, including:

1. adult social care;
2. the welfare and protection of children, young people and their families;
3. the prevention, diagnosis and treatment of acute and chronic diseases, illnesses and conditions;
4. mental health;
5. care of the elderly;
6. health promotion;
7. environmental health;
8. public health.

The Committee *for* Health & Social Care is involved in the delivery of the following policies which were prioritised (2018 Budget Report, Billet d'État XX, October 2017) in order to deliver the outcomes detailed in the Policy & Resource Plan – Future Guernsey:

- Future provision of health and social care which the Committee believes is better called “Partnership of Purpose”;
- Health and wellbeing;
- Supported living and ageing well;
- Children and Young People’s Plan;
- Disability and Inclusion; and
- Health and social care regulatory and support.

REVIEW OF 2017

Financial Performance

Through a continued programme of system grip and service improvement, the Committee’s full-year expenditure for 2017 reduced from 2016, with a budget underspend of £2.6m in addition to an earlier transfer of £2m back to General Revenue. This £2m resulted from the measures put in place by the Committee in 2016 to significantly improve the controls in place regarding expenditure across all services, with a focus on the use of performance data to underpin decision making and challenge performance. The underspend of £2.6m achieved against the Committee’s total authorised budget was the result of robust financial governance and organisational control. Details of where these cost reductions were achieved are provided later in this report. This will enable the implementation, in 2018, of a range of service redesign initiatives, supported by the Partnership of Purpose Policy Letter approved by the States, further driving efficiencies and improved service delivery in terms of both patient experience and clinical outcomes.

The second half of 2016 and first half of 2017 showed a stable rate of expenditure well below the budget allocated to the Committee for 2017.

It is important to acknowledge that returns of this size are an isolated occurrence and the reduced rate of expenditure in 2017 is not sustainable in the long term nor is it reflective of the true costs of delivering health and care services within the Islands. It was the result of a combination of factors which have improved performance overall.

The need for a flexible approach to future reinvestment was stressed in the Committee's Partnership of Purpose Policy Letter, which highlighted that even with transformation, a residual funding gap will remain.

Historically there has always been a difference between the number of actual staff (whether permanent, bank or agency) and numbers budgeted. It has become apparent through the process of system grip that these do not necessarily represent real vacancies and therefore an exercise is being undertaken to determine the Committee's true establishment that will ensure that this is more accurately reflected in the future.

Income levels were higher in 2017, reflecting improved performance and the Committee taking responsibility for the Emergency Department (ED) from primary care practices. It must be noted that the income associated with the ED is critical in offsetting the increased and new costs of bringing this service in house and that any secondary private patient income outside of the ED results from work done over and above the services contracted by the States.

Partnership of Purpose

Funding from the Transformation & Transition Fund has allowed the Committee to develop an in-house team to support cost and service improvement initiatives across the health and care system. The benefits of this very small but dedicated team have been significant, providing extra capacity to support ideas generated by the workforce through to successful implementation. Historically, the approach would have been to employ external consultants which is more expensive and does not develop internal expertise and experience which can be redeployed to support other areas of the States of Guernsey. In 2017, as in 2016, the team supported both long-term transformation of services and shorter term cost and service improvements.

While these cost and service improvements have been very successful in terms of saving money and improving outcomes for service users, efficiencies alone are not the longer term solution unless the community is prepared for the quality or scope of services to be significantly reduced which the Committee does not believe to be the case. Rather the Committee proposes future system-wide change leading to improvements in the overall health and wellbeing of the population as reflected in the Committee's Policy Letter "A Partnership of Purpose". This set out a roadmap for the physical, virtual and financial transformation of health and care services across the Bailiwick in order to deliver high quality, integrated care centred around the needs of service users. The proposals were consciously designed in conjunction with the States of Guernsey's partners and the wider community, providing tangible solutions which will achieve the identified key aims underpinning the transformation:-

- **Prevention:** supporting islanders to live healthier lives;
- **User-centred care:** joined-up services, where people are valued, listened to, informed, respected and involved throughout their health and care journey;

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- **Fair access to care:** ensuring that low income is not a barrier to health, through proportionate funding processes based on identified needs;
- **Proportionate governance:** ensuring clear boundaries exist between commissioning, provision and regulation;
- **Direct access to services:** enabling people to self-refer to services where appropriate;
- **Effective community care:** improving out-of-hospital services through the development of Community Hubs for health and wellbeing, supported by a Health and Care Campus at the PEH site delivering integrated secondary care and a Satellite Campus in Alderney;
- **Focus on quality:** measuring and monitoring the impact of interventions on health outcomes, patient safety and patient experience;
- **A universal offering:** giving islanders clarity about the range of services they can expect to receive, and the criteria for accessing them;
- **Partnership approach:** recognising the value of public, private and third sector organisations, and ensuring people can access the right provider.
- **Empowered providers and integrated teams:** supporting staff to work collaboratively across organisational boundaries, with a focus on outcomes.

While the Committee's extensive engagement, research and analysis in preparing the policy letter was a key focus during 2017, a number of practical developments were made under the transformation programme including:-

- Establishing CareWatch, ensuring diverse patient perspectives are heard and included throughout the transformation process;
- Continuing to improve patient care pathways to improve service user experience and ensure the most effective use of resources, for example complex care repatriations from the UK, gastrointestinal testing innovations and orthopaedics service improvements;
- Continuing to implement the Care Values Framework, including preparing for Safer Everyday- a programme running across health and care providers throughout 2018 focusing on patient safety;
- Working with the Policy & Resources Committee and the Committee *for* Employment & Social Security to negotiate and finalise the secondary healthcare contract. This was followed by extensive engagement with the Medical Specialist Group ahead of the contract's launch to ensure efficient contract management and monitoring in line with the collaborative, outcome focused future model of care. Central to this was the establishment of a single governance model and complaints process.

Health and Wellbeing Policy

As detailed above, investing in prevention and early intervention is a key aspect of the Partnership of Purpose and this is supported by the health and wellbeing policy. The public health strategies are well-established, with embedded performance monitoring in place and key developments in 2017 included:-

- The transfer of the Drug and Alcohol Strategy to the Committee from the Committee *for* Home Affairs, enabling its integration within the public health function;

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- The introduction of a free under 21s contraception pilot under the Sexual Health Strategy;
- Key workstreams under the Breastfeeding Strategy including the Breastfeeding Welcome initiative implemented at the Princess Elizabeth Hospital and Guernsey and Alderney Ports;
- The development of Public Health midwifery services with a focus on smoking cessation, domestic violence, healthy weight and alcohol use in pregnancy;
- The groundwork for the introduction of the Health Improvement Commission (initially proposed as the Bailiwick Health & Wellbeing Commission), a body bringing together private, public and third sector partners to promote and deliver health improvement initiatives to support healthier lifestyles throughout the community.

Supported Living and Ageing Well / Disability and Inclusion

The key aims of the transformation programme equally apply to the supported living and ageing well and disability and inclusion policy areas, in particular the development of initiatives to deliver user-centred care, involving service users throughout their health and care journey. Particular highlights of 2017 included:-

- The launch and ongoing implementation of the Dementia Framework with key initiatives including the continued delivery of dementia awareness sessions, the appointment of a Community Mental Health Team Manager and an additional Social Worker into the team with the primary responsibility of providing carer support, securing and part funding a respite bed to provide short breaks for carers, investing in adult community services to provide more health and care at home, revising referral criteria across secondary care mental health teams, and introducing a Care Passport to assist staff in identifying the extra support that might be needed by individuals during an admission to the acute hospital.
- Ongoing implementation of the Autism Framework including the approval of a business case for Le Vieux Jardin as an autism hub. This will enable six or seven individuals, who do not require 24/7 care and support, to have tenancies with in-reach from the Mental Health services.
- Continued partnership working with the Guernsey Housing Association to improve accommodation, care and support options for adults, providing modern enabling environments and improved outcomes for a range of health and care needs.
- Significantly, through an innovative approach, responsive to the individual needs of service users and personalised care plans, no-one has had to go off-island to a long term placement.

Children and Young People

A key principle of the Children and Young People Plan is that it should be responsive to the needs of children, young people and their families. Consequently, the Plan is reviewed and revised regularly to ensure that it is a 'living document'. The most recent Refresh event took place in May 2017 and identified a series of key themes for future focus including prevention and early intervention, the inclusion of children and young people and their transition, expanding opportunities to listen to and include the voices of children, young people and their families and improving the use of shared data and research evidence. In light of this, initiatives during 2017 included:-

- Ongoing work in respect of Children's Residential Care on island to improve outcomes for children and young people in our care.
- Progress in respect of the repatriation of vulnerable children previously placed in UK placements. This included children with complex special needs who are now being successfully cared for locally, and the implementation and ongoing expansion of a Specialist Fostering Scheme to care children with more complex needs within family based environments rather than residential settings.
- Continued development of the Children's Disability Services and the development of residential short break care for children with disabilities, collectively seeking to improve outcomes for children with disabilities and their families.
- A review of the recommendations of the Jersey Care Inquiry considering any learning points for Guernsey.

Health and social care regulatory and support

A key priority for the Committee is the establishment of an independent Care Regulator, providing appropriate and proportionate regulation to all providers of health and care in the Bailiwick, including the States of Guernsey. Significant preparatory work was undertaken in 2017. This included exploring opportunities for joint working with other jurisdictions including Jersey, an initial fact finding exercise with local stakeholders and engagement with national experts. Collectively this has shown that the Bailiwick requires an independent Commission-led model, similar to that implemented in Jersey, reflective of the Bailiwick's size and proportionate to its needs.

Further work has been undertaken to safeguard vulnerable adults. This seeks to prevent harm and reduce the risk of abuse or neglect to adults with care and support needs in a way which supports such islanders making choices and having control in how they choose to live their lives. To support this, the Adult multi agency safeguarding hub (MASH) group has been convened and has been meeting on a weekly basis with an interim review of progress and practice due to be undertaken. Early anecdotal evidence indicates improvements in effectiveness and efficiency even in the very short timeframe the group has been in place.

Continued progress has been made on the introduction of a Capacity Law. This will be new primary legislation which will set out a process for establishing whether someone lacks capacity and then support them in making their own decisions where possible while protecting their basic rights and freedoms. The Committee has engaged a subject matter expert to support the necessary drafting.

NET REVENUE EXPENDITURE BY CATEGORY

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services and income management budgets and transfer of responsibility for Drug and Alcohol Strategy from the Committee for Home Affairs)

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
14,788	14,274	Operating Income	14,882	12,594
		Non Formula-Led Expenditure		
88,096	86,257	Pay costs	86,045	84,216
		Non Pay costs		
767	811	Staff Non Pay costs	560	644
3,659	2,758	Support Services	2,926	4,173
5,743	6,379	Premises	6,809	6,115
3,301	3,476	Third Party Payments	3,364	3,489
601	601	Transport	640	608
31,149	30,228	Supplies & Services	29,415	30,727
-	1,245	In-Year Reductions	-	-
45,220	45,498		43,714	45,756
118,528	117,481	Net Non Formula-Led Expenditure by Category	114,877	117,378

Total non-formula-led expenditure for 2017 was £114.9m (2016: £117.4m) representing a decrease of 2.1% over 2016. The Committee under spent its 2017 authorised non formula led budget by £2.6m (2.2%).

Operating Income

Source	2017 £'000	2016 £'000
Private Patient Income	8,018	6,708
Emergency Department Income	2,286	697
Catering Income	720	926
Primary Care Pharmacy Sales Income	510	484
Elderly Care Home recharge income	491	530
Incinerator Income	404	289
States Analyst Income	317	406
Ancillary services income	2,136	2,554
Total	14,882	12,594

In September 2016, the Committee, following consideration of the recommendations of the Emergency College of Medicine, now called the Royal College, assumed responsibility for the Emergency Department, replacing an outsourcing contract with primary care with an in-house model. This allowed the Committee to increase the level of staffing in ED, replacing GPs with ED Consultants, thereby improving the level of service and continuity of care. As part of that transition, the Committee took over charging, thereafter receiving income previously paid to primary care. (The net cost of operating ED is around £1.6m per annum, so income does not cover all costs, though it does go some way to offsetting the increased staffing costs of the new model. The net cost of operating ED prior to the transition was around £2m per annum.)

This materially changes the make-up and profile of the Committee's income, with the income in 2017 £14.9m, compared to £12.6m in 2016.

Pay Costs

Pay costs increased from £84.2m in 2016 to £86.0m in 2017, an increase of 2.2%. However agency staff costs decreased from £5.5m in 2016 to £3.2m in 2017, a reduction of 42.2%. This was due to the steps taken in 2016, and adhered to in 2017 that limited both the numbers of agency staff deployed and the rates that the Committee would pay for such staff.

Pay costs increased significantly, though, in ED, as discussed above, following the termination of the PCCL contract in September 2016, from £2.1m in 2016 to £3.2m in 2017, an increase of 53.2%. This equates to an increase of 18.8FTE into Consultant, Associate Specialist, night reception and supervisor and management roles.

Analysis of Full Time Equivalent Staff Numbers

Pay Group	2017	2016
Established Staff	479.0	494.4
Other Pay Groups	42.3	31.2
Nurses and Clinical Consultants	1,014.2	993.2
Public Service Employees	424.0	371.9
Total	1,959.5	1,890.7

Although the Committee has been taking positive steps to improve and enhance the marketing of vacancies, external factors have limited the benefits of this approach, and it is critical that consideration is paid to staff terms and conditions. The 52.1FTE increase in PSE's is explained by expansion in Adult Services'. Service users have been repatriated necessitating an increase in PSE's; Healthcare Assistants have been brought into Community Care and support workers into Learning Disability and as a result, has helped reduce the Complex Placement non-pay cost. Otherwise overall staff numbers are little changed from 2016 with the Committee continuing to experience challenges regarding the retention of staff.

The Committee is of the view that the Policy & Resources Committee's ongoing strategic review of nurses' terms and conditions is vital to the continued delivery of high quality health and care services and the transformation programme given the ongoing challenges recruiting and retaining health and care professionals within a competitive international market.

Non Pay Costs

Non-pay costs decreased from £45.8m in 2016 to £43.7m in 2017, a decrease of £2.1m, or 4.5%.

The fundamental driver for this decrease was the reduction in expenditure on off-island complex placements (£1.3m). This resulted from both repatriation of service users to the Bailiwick and also work, which continues, on review and performance management of care arrangements for those services users that continue to be cared for off-island.

Acute off-island costs also reduced by £400k, and the termination of the PCCL contract in September 2016 reduced non-pay costs by £562k.

Third Party Payments (Grants and Subsidies)

Description	2017 Actual £'000	2016 Actual £'000
St John Ambulance and Rescue Service	2,486	2,582
Guernsey Employment Trust	417	411
Grow Limited	141	141
Guernsey Contraceptive Service	140	140
Other	180	215
Total	3,364	3,489

NET REVENUE EXPENDITURE BY SERVICE AREA

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services and income management budgets and transfer of responsibility for Drug and Alcohol Strategy from the Committee for Home Affairs)

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
		Central Services		
1,369	1,349	<i>Clinical Governance</i>	1,210	1,152
1,411	1,164	<i>Contract Management & Procurement</i>	1,059	1,482
1,686	1,732	<i>Corporate & Strategy</i>	1,629	1,708
12,853	13,120	<i>Estates & Facilities</i>	13,100	12,880
1,097	1,042	<i>Systems & Performance</i>	1,232	1,207
18,416	18,407		18,230	18,429
		Acute Services		
30,386	29,819	<i>Acute Hospital Services</i>	29,981	31,236
8,924	8,299	<i>Acute Off Islands Treatment</i>	8,546	8,930
1,040	1,056	<i>Health Care Management</i>	1,217	1,048
782	776	<i>Institute of Health and Social Care Studies</i>	733	673
2,486	2,486	<i>St John Ambulance & Rescue</i>	2,486	2,582
43,618	42,436		42,963	44,469
		Community Services		
13,094	11,941	<i>Adult Services</i>	13,060	12,741
11,494	11,804	<i>Children's Services</i>	11,380	10,881
7,891	7,883	<i>Complex Placements</i>	6,637	7,900
405	349	<i>Social Care Management</i>	283	323
19,148	19,304	<i>Specialist Services</i>	18,354	18,441
52,032	51,281		49,714	50,286
		Public Health & Strategy		
1,508	1,413	<i>Community Health & Wellbeing</i>	1,511	1,385
642	642	<i>Drug and Alcohol Strategy</i>	608	568
963	974	<i>Medical Public Health</i>	936	934
542	272	<i>Public Health Management</i>	205	582
3,655	3,301		3,260	3,469
807	811	Office of the Children's Convenor	710	725
-	1,245	In-Year Reductions	-	-
118,528	117,481	Net Expenditure by Service Area	114,877	117,378

Central Services

Central Services costs decreased by just over £200k, year-on-year, or about 1.1%.

This was driven by the termination of the Primary Care Company Limited (PCCL) contract, and expenditure in 2016 on secondary healthcare negotiations, balanced by the movement of some staff into central services.

Acute Services

A £1.3m (4.0%) decrease in Acute Hospital Services costs is driven largely by reductions in agency spend, balanced by recruitment of some high cost posts, notably in ED.

Acute Off-island costs reduced by just under £400k (4.4%) as a result of improved management of off-island referral processes and negotiation with UK NHS providers, particularly around the issue of a 50% surcharge levied against Guernsey patients on the grounds that they are outside both the UK and the EU, an interpretation of UK legislation that we successfully challenged.

The St John Ambulance & Rescue contract value reduction of £96k was a scheduled reduction, built into the current contract when it was negotiated in 2014.

Community Services

Community Services net expenditure is down £572k (1.1%) on 2016, overall.

Some high cost children's placements were brought to an end, with those children successfully brought back to appropriate care in Guernsey. These intensive care packages are costly to deliver anywhere, but they are cheaper here than off-island and provide better outcomes for the children concerned and their families.

This move saw Children's Services expenditure increase by £500k (4.6%), but this was more than offset by reductions in Complex Placements.

Overall, Complex Placements expenditure decreased by £1.3m (16.0%) in 2017. Repatriation of costly off-island placements was a significant driver. Ongoing work to review contracts and packages in the UK, for both appropriateness and cost, also played a part, and this work is ongoing.

Public Health & Strategy

Overall Public Health & Strategy net expenditure decreased by £209k (6%), as a result of a number of vacant posts through the year.

Budget Reductions

The Committee returned £2m of budget to General Revenue during 2017 and achieved an in-year underspend of an additional £2.6m. There were a number of contributory factors, including:

Description	2017 Reduction £'000	Recurring Reduction £'000
Agency staff costs	2,297	2,297
Complex placements (net of on-island recruitment)	870	870
ED transition	960	425
Extra care catering transfer	103	103
Acute off-island	384	384
Total	4,614	4,079

Savings resulting from the ED transition were greater in 2017 than in future years because ED was only fully staffed from around August 2017.

In Year Budget Changes

	£'000	£'000
2017 Cash Limit		120,100
Additions:		
Pay Awards		1,049
Reductions:		
Net Inter-Committee Transfers	(1,668)	
Return to General Revenue	(2,000)	
		(3,668)
2017 Authorised Budget		117,481

ROUTINE CAPITAL EXPENDITURE

2017		2017	2016
Original Budget		Actual	Actual
£'000s		£'000s	£'000s
105	Miscellaneous Capital Works	542	506
353	IT Projects and Equipment	599	104
741	Equipment, Machinery and vehicles	1,083	871
1,199		2,224	1,481
(449)	Use of Accumulated Capital Allocation	-	-
750	Net Routine Capital Expenditure	2,224	1,481

Key items of routine capital expenditure in 2017 include:

- Endoscopes, at £570k;
- Windows 7 compatibility computer upgrades, at £382k;
- Incinerator refurbishment and upgrade, at £247k;
- Pool car replacements, at £123k;

LOOK FORWARD TO 2018 AND 2019

Financial Position

The Committee's 2018 budget is £115.45m. This is a full £3.1m lower than the Committee's original 2017 budget, as a result of the 1% Medium Term Financial Plan reduction and the additional £2m handed back in-year during 2017.

In the context of the implementation of the Partnership of Purpose, and continuing work to properly establish improved financial governance and control within the Committee, this reduced budget represents a significant challenge.

The Committee's flexibility, with a view to savings in the longer term, is somewhat hampered by this much tighter budget.

Capital Priorities

In addition to the Committee's ongoing routine capital programme to replace ageing equipment and technology, the successful implementation of the Partnership of Purpose will require significant upfront capital investment to enable the physical, virtual and financial transformation agreed. This is primarily associated, in the short term, with the development of the Committee's IT infrastructure through the deployment of a Local Area Network across the Health & Social Care estate and the upgrade of TRAK.

The Committee is keen to maximise the States of Guernsey's property and real estate portfolio and will commence the re-profiling of the hospital phase 1 project. This will include particular consideration of the development of the private offering and a walk-in clinic. Other key capital priorities to realise the Partnership of Purpose include establishing a Principal Community Hub and broader investment within care in the community.

Partnership of Purpose

The full delivery of the future model of health and care will require substantial organisational and financial reform and will take 5 to 10 years to complete. Within this political term, the Committee wishes to lay a broad foundation to support the key aspects of the future model; the Universal Offer, the Partnership of Purpose and the start of a network of community hubs.

This transformation is ambitious and its success requires engagement and support from the States of Guernsey as a whole and the broader health and care community. Although the States and health and care providers have, without exception, acknowledged the need for change in respect of the delivery of health and care services, the transition to the future model will represent unprecedented change and will need careful engagement, support and professional expertise, balanced against "business as usual" delivery. Mechanisms are in place to maintain this continued dialogue with external providers and a comprehensive communication plan is being prepared to develop internal communication.

It is important to emphasise that the transformation programme will slow down the rate at which health and care costs will increase, but will not result in the overall cost of health and care (in real terms) dropping any lower than it is today due to the demographic shift. Under

the current model, the majority of the States' investment is in specialist and long-term care. Transformation requires a fundamental shift, and reinvestment, towards prevention and early intervention. The successful delivery of this will require expansion of the community service areas, along with steps taken to raise awareness, deliver services, encourage healthy lifestyle choices and otherwise take steps to improve islanders' general health and wellbeing.

The Policy & Resources Committee has delegated authority to approve funding from the Transformation and Transition Fund up to a total of £3.5 million of which to date, approximately £900,000 has been invested. The allocation and release of further funding will be fundamental to the successful delivery of the full transformation programme and the Committee will work with Policy & Resources Committee in this regard for inclusion in future budgets. As part of this, the Committee will be seeking to identify and quantify improved outcomes in order to demonstrate the value of upfront investment to achieve agreed benefits.

To date, the programme has been progressed by internal expertise, bringing in external support only where necessary (for example to address capacity issues or provide specific expertise). This approach will continue throughout 2018 and 2019 with the in-house transformation team supporting staff across Health & Social Care and beyond to initiate the next major strategic milestones set out in the transformation programme, in addition to continued cost and service improvement.

In line with this approach, and building upon the Assembly's unanimous approval of its Policy Letter in December 2017, the Committee has concentrated on developing a prioritised programme of implementation for the longer term transformation initiatives, ensuring appropriate resources are in place as well as support from fellow Committees and health and care providers. This seeks to recognise, and where possible, quantify, improved outcomes and benefits. This will support an evidenced and benefit focussed approach to programme management, against which the Committee can be held to account.

The key focus for 2018 and 2019 under the transformation programme, in addition to the continued efforts to implement cost and service improvements, will be:-

- The identification of a site for a principal Community Hub.
- Continued work and engagement with partners to create the Partnership of Purpose, including the development of mechanisms to hold the Committee's services to the same level of accountability as external providers.
- Continued work with the Policy & Resources Committee and the Committee *for* Employment & Social Security in respect of health and care funding, laying the groundwork for the future development of a Universal Offer. The future model for funding health and long term care will be a progressive system, providing a transparent arrangement which removes current disincentives. More equitable funding and charging arrangements for primary care form an important part of this work.
- Continued work to support information sharing, recognising that the successful delivery of high-quality clinical care and the public health function relies on the appropriate sharing of health and care data. Steps will be taken to ensure both practical and legal mechanisms to achieve this.
- To prepare for the first Population Needs Assessments, focusing on Older People.
- The development of the Client Team to ensure effective control and best value from the health and care contracts.
- Development of the Committee's IT infrastructure, significantly the roll out of a new LAN across the Committee's estate and work to replace TRAK.

Health and Wellbeing Policy

In line with both the Partnership of Purpose and Health and Wellbeing Policy, a significant milestone in 2018 will be the establishment of the Health Improvement Commission. By bringing together public, private and voluntary organisations with a common purpose with dynamic, independent leadership, the Health Improvement Commission will be a more effective way of delivering health promotion and improvement services than the current in-house model. Positive progress has been made in respect of the Commission, including its establishment in a shadow form, the appointment of an interim Chair, and the arrangement of necessary secondments and accommodation. Work is ongoing to develop the necessary governance arrangements and the development of commissioned outcomes.

Additional workstreams under Health and Wellbeing Policy include scoping for a new public health law, exploring the possible introduction of a “soft” opt-out organ donation and continuing to develop and implement the public health strategies. Key initiatives due for consideration under the strategies include:-

- Drug and Alcohol Strategy- exploring possible minimum unit pricing for alcoholic drinks and considering whether the Assembly should set a policy direction to inform the future setting of excise duty in respect of alcohol
- Tobacco Strategy- considering, in conjunction with Jersey, the potential introduction of standardised packaging of cigarettes.

Supported Living and Ageing Well / Disability and Inclusion Policies

The Committee will continue to play a key role in Supported Living and Ageing Well and Disability and Inclusion, focusing its services on delivering co-ordinated person-centred care which provides individual islanders with choice and independence and provides effective and consistent support for carers. The Committee’s key priorities will be:-

- A phased development and implementation of support Frameworks, focusing first on people with learning disabilities before focusing on people with communication difficulties, incorporating engagement with service users and practitioners.
- Continued engagement with the Guernsey Housing Association to improve accommodation, care and support options for adults, in particular the development of the Autism Hub.
- Investment in the development of a new reablement service within the Adult Community Health Services, providing short and intensive support to service users, seeking to maximise the user’s independence, choice and quality of life and reducing the need for support in the future. The service will be implemented in quarter 3 of 2018.
- Support for the Guernsey Academy, bringing together various relevant organisations, including the public, private and third sectors capable of influencing and driving change in service provision relating to the core themes of ‘enabling care-at-home’ and ‘maintaining independence and social contact’

Children and Young People Policy

The Committee will continue to actively engage in children and young people policy and work to ensure that all children are protected from harm and have opportunities to reach their full potential. Particular initiatives scheduled for this 2018 includes:-

- A review of aspects of the Children (Guernsey and Alderney) Law, 2008 and its practical application

- A review of transition services between adult and children services ensuring that it is a positive and process which best meets the needs of adolescents and young adults.
- A pilot with the Youth Commission in respect of advocacy of young people.
- Ensuring the better use of shared data and research evidence.
- Continued support of the Multi-Agency Support Hub to promote early intervention and prevention and effective coordination between agencies.

Health and social care regulatory and support

During 2018, the Committee will prepare a Policy Letter recommending the creation of a proportionate regulatory regime. This will be presented to the Assembly in December and will propose a Commissioner-led model and risk-based implementation plan. This plan will prioritise the introduction of regulatory standards in the areas of greatest risks, identified as the domiciliary care sector and the unregistered workforce (e.g. Care Support Workers). Subject to the States' approval, the Committee will, in 2019, establish the Care Commission, in shadow form, in parallel to the development of the necessary primary legislation.

Steps will be taken to further develop the Adult MASH group and monitor its ongoing progress and practice and the Committee will consider whether legislative amendments are needed to support and protect "adults at risk."

Continued progress will be made in respect of the drafting of a new Capacity Law including the necessary consultation in order to ensure that it functions efficiently and proportionately, but with appropriate protection for the individual.

The range of the initiatives above indicates the challenges in ensuring successful transformation in conjunction with the Committee's broader policy objectives and mandated responsibilities. This will require careful and considered scheduling so to avoid undue pressure being placed in individual service areas or the service user experience being unduly compromised.

POLICY & RESOURCES COMMITTEE

The Policy & Resources Committee has the responsibility to advise the States and to develop and implement policies and programmes relating to:

1. leadership and co-ordination of the work of the States;
2. fiscal policy, economic affairs and the financial and other resources of the States;
3. external relations and international and constitutional affairs; and
4. other matters which have been delegated to the Committee.

The Policy & Resources Committee is involved in the coordination of the following policies which were prioritised (2018 Budget Report, Billet d'État XX, October 2017) in order to deliver the outcomes detailed in the Policy & Resource Plan – Future Guernsey:

- Economic Development: through the Policy & Resources Committee's commitment to invest in the establishment, by a private sector partner, of the Guernsey Investment Fund;
- Air and Sea Links and Infrastructure;
- Brexit;
- Harbour Area redevelopment;
- Medium Term Financial Plan;
- Security and Cyber-security;
- Health and Wellbeing;
- Supported Living and Ageing Well;
- Children and Young People's Plan;
- Disability and Inclusion: through the Policy & Resources Committee's commitment to reform matrimonial law;
- Social and Affordable Housing: through the implementation of measures to support first time buyers;
- Strategic Population;
- Long-term Infrastructure Investment Plan; and
- International standards.

REVIEW OF 2017

The full year Non-Formula-Led expenditure of £35.8m is marginally underspent against the 2017 authorised budget. The outturn absorbed the 3% savings target for the year, albeit as noted later not all of the target has been achieved on a recurring basis. Formula-Led spend was in line with budget.

NET REVENUE EXPENDITURE BY CATEGORY

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets)

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
3,609	4,859	Operating Income	3,185	3,035
		Non-Formula Led Expenditure		
21,544	22,305	Pay costs	21,392	21,348
		Non Pay costs		
2,625	2,633	Staff Non Pay costs	2,663	2,900
12,812	13,681	Support Services	12,869	12,119
420	645	Premises	369	340
1,014	999	Third Party Payments	888	1,000
10	11	Transport	6	9
655	926	Supplies & Services	821	440
(950)	(236)	Balance of Budget Reduction	-	-
16,586	18,659		17,616	16,808
34,521	36,105	Net Non Formula-Led Expenditure by Category	35,823	35,121
		Formula-Led Expenditure		
1,900	1,900	Third Party Payments	1,855	1,893
1,900	1,900	Formula-Led Expenditure by Category	1,855	1,893
36,421	38,005	Total Net Expenditure by Category	37,678	37,014

Operating Income

Source	2017 £'000	2016 £'000
Fees & Charges	2,731	2,476
Commissions & Royalties	454	535
Other	-	24
Total	3,185	3,035

The increase in Operating Income was due primarily to an increase in internal recharges for Projects and Guernsey Water recharges following an increase in the finance function support in that area.

Pay Costs

Pay costs at £21.4m remained similar to 2016 and below 2017 Budget with an overspend in Income Tax of £213k (due to near zero vacancies during the year) being offset by an underspend in Information & Systems Services (“ISS”) of £537k following a reorganisation and period of understaffing in the first half of the year.

Analysis of Full Time Equivalent Staff Numbers

Pay Group	2017	2016
Established Staff	381.4	381.0
Nurses and Clinical Consultants	2.5	2.6
Public Service Employees	1.8	2.4
Other Pay Groups	2.0	0.9
Total	387.7	386.9

The 2016 staff numbers have been restated to account for the reorganisation in ISS to be consistent with the 2017 figures.

Non Pay Costs

Non pay costs increased by £808k (4.8%) from 2016 to 2017, primarily under Support Services where significant costs (£882k) were incurred in relation to defending a legal challenge in relation to pension changes. Despite a year-on-year increase in spend, the services performed well within authorised budget, largely as a result of an underspend in ISS, with total non-pay £512k (4.6%) below budget.

Third Party Payments (Grants and Subsidies)

Description	2017 Actual £'000	2016 Actual £'000
Channel Islands Brussels Office	260	340
HE Lieutenant Governor	628	660
Total	888	1,000

The States of Guernsey maintains a joint office with Jersey in Brussels, to ensure our interests are actively represented in the European institutions. The grant paid covers Guernsey’s 50% share of costs, which were almost 25 per cent less in 2017 than the previous year. This saving was made due to planned efficiencies and prioritisation by staff in Guernsey, Jersey and Brussels.

His Excellency the Lieutenant Governor receives an establishment allowance to meet the costs of staffing and running both the office and Government House. This also came in below 2016 spend.

NET REVENUE EXPENDITURE BY SERVICE AREA

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets)

2017	2017		2017	2016
Original	Total	Non Formula-Led Expenditure	Actual	Actual
Budget	Authorised			
£'000s	£'000s		£'000s	£'000s
		Core Services		
733	697	<i>Central Services</i>	718	866
1,182	1,220	<i>External Relations</i>	1,091	1,351
4,180	4,207	<i>Income Tax</i>	4,428	4,391
1,313	1,473	<i>Policy & Strategy</i>	1,383	1,123
756	796	<i>Treasury</i>	835	716
<hr/>	<hr/>		<hr/>	<hr/>
8,164	8,393		8,455	8,447
		Corporate Functions		
491	478	<i>Assurance and Risk</i>	458	482
268	270	<i>Communications</i>	275	250
2,411	2,523	<i>Finance</i>	2,637	2,548
5,835	6,734	<i>Human Resources</i>	6,635	6,290
11,337	11,145	<i>Information Systems & Services</i>	10,632	10,450
1,875	1,875	<i>Insurance</i>	1,954	1,875
379	381	<i>Procurement</i>	356	284
3,872	3,697	<i>Shared Services Centre</i>	3,585	3,680
14	14	<i>Tribunals</i>	8	3
<hr/>	<hr/>		<hr/>	<hr/>
26,482	27,117		26,540	25,862
		Commonwealth Parliamentary Association	55	63
52	52	HE Lieutenant Governor	773	749
773	779	Balance of Budget Reduction	-	-
(950)	(236)			
<hr/>	<hr/>		<hr/>	<hr/>
34,521	36,105		35,823	35,121
<hr/>	<hr/>		<hr/>	<hr/>
		Formula-Led Expenditure		
		Payments to States Members	1,855	1,893
1,900	1,900			
<hr/>	<hr/>		<hr/>	<hr/>
36,421	38,005	Net Expenditure by Service Area	37,678	37,014
<hr/>	<hr/>		<hr/>	<hr/>

Non Formula-Led

The full year Non-Formula-Led expenditure of £35.8m is £702k above 2016 but marginally underspent against the 2017 authorised budget. The biggest area of overspend amounting to £221k (5.3%) is in Income Tax which is largely pay related as set out above.

This is in contrast to ISS which is £512k (4.6%) under budget. Pay costs are £537k underspent as we were holding vacancies during the period of uncertainty as a result of the creation of ISS.

Human Resources continued to provide support and input into a number of transformation projects such as property rationalisation. In 2017 HR completed 63 projects aligned to its strategic objectives. Spend was £99k (1.4%) under budget despite pressure on relocation, rent allowance and recruitment placement budgets which are held in this area on behalf of the whole organisation. During 2017, expenditure of £882k was incurred in connection with the legal challenge to the implementation of the public sector pension reforms. This increased the total expenditure on this matter to £1.2m.

Shared Services Centre and Policy and Strategy underspent by £112k and £90k respectively. Within Shared Services, software maintenance & support was £74k under budget as a result of lower than anticipated development work, albeit it is expected that these costs will be caught up in 2018. The Policy and Strategy underspend was due to lower than anticipated external Consultancy requirements.

Formula-Led

The Policy & Resources Committee holds the budget for States' Members' pay which is a formula-led heading. Expenditure for 2017 was £1.9m (2016: £1.9m) and marginally below budget estimate.

Budget Reductions

The budget reduction allocated to the Committee was £969k with £733k being found in the year, of which £598k are recurring reductions:

Description	2017 Reduction £'000	Recurring Reduction £'000
Staffing	400	280
Advertising	50	50
Supplies & Services / Grants	104	89
IT related	179	179
Total	733	598

In Year Budget Changes

	£'000	£'000
2017 Cash Limit / Formula Led Estimate		28,850
Additions (Non Formula Led):		
Pay Awards	133	
Transfers from Budget Reserve	1,419	
Net Inter-Committee Transfers	7,603	
		9,155
2017 Authorised Budget		38,005

Transfers from the Budget Reserve included the funding of legal costs in relation to the pension litigation of £882k and £231k for Costing & Benchmarking Reviews conducted on behalf of the Committee *for* Education, Sport & Culture and the Committee *for* Home Affairs. The balance was made up of costs associated with Brexit, data protection and IT improvement related work streams.

Inter-Committee transfers includes £7.5m relating to the consolidation of IT services into a single corporate function with budget being transferred from all Principal Committees in line with historic service and expenditure levels.

ROUTINE CAPITAL EXPENDITURE

2017		2017	2016
Original		Actual	Actual
Budget			
£'000s		£'000s	£'000s
963	IT Projects and Equipment	297	146
(338)	Use of Accumulated Capital Allocation	-	-
625	Net Routine Capital Expenditure	297	146

Spend on Routine Capital in 2017 was solely within the IT area, including web security upgrades, SAP Portal software update and enhanced corporate cash receipting software.

LOOK FORWARD TO 2018 AND 2019**Leadership and co-ordination of the work of the States**

The Policy & Resources Committee, as part of its policy coordination role, has been actively establishing or supporting the establishment of administrative and/or governance structures for cross-committee working on the identified priorities of the P&R Plan.

APPENDIX A.VII

It has been working with other Committees to consider how best to deploy limited resources across the States to ensure this investment delivers long-term improvements. Currently, support in the delivery of agreed priorities is evidenced in the more mature of the 23 priority policy areas such as the Supported Living and Ageing Well Strategy and the Children & Young People's Policy. The Committee's policy officers have also been deployed operationally this year at the Population Management Office, as well as in support of policy reviews as it leads on the Strategic Population Review. The Committee will be bringing a Strategic Population Review Policy Letter to the States jointly with the Committee for Home Affairs in the first quarter of 2019 as a consequence of this prioritisation of resource.

The Committee continues to work closely with the third sector, and facilitates engagement with the sector through a number of initiatives such as quarterly meetings of the Third Sector Development Group, which explores how to support the sustainability of the third sector. The Social Investment Commission is being established, and work continues to develop a commissioning approach to service design and delivery.

Work is scheduled to review the policy function across the organisation within the Supporting Government Programme in the Public Service Reform Framework, most especially with regards to the call on the same resource to develop and implement policy resolutions for Committees and also translate these into operational policy and monitor/report compliance and benefits realisation within 'service areas'.

The Committee is also working closely with its counterparts in the States of Alderney, and facilitates the quarterly meetings of the Alderney Liaison Group. Areas of interest include the evolution of the financial relationship and close collaboration on a wide range of other issues including Brexit.

The Committee has continued to support the protection of Guernsey's natural environment, and works to ensure that environmental benefits are assessed in policy work as appropriate. The Committee also has a specific interest in Guernsey's marine and maritime environment as part of the territorial seas work stream, which is being undertaken by the External and Constitutional Relations team. The Committee has also explored environmental taxes.

This year, the Committee is producing its first Policy Letter reviewing the performance of the States against their Policy & Resource Plan. That commentary comes at the start of a transition period. The Committee has considered the organisation's state of readiness to manage and report progress and impact effectively, and has reflected upon the States' success in moving to work more collaboratively. It intends to pilot a policy development and reporting approach built on good practice already in areas of the organisation. If implemented more widely, this would support Committees in monitoring their work streams and analysing their impact on the priority policy areas, improving progress monitoring in real time.

Public Service Reform is the programme of transformation to make the public service best equipped to deliver government policy outcomes in an effective and efficient way. It was endorsed by the States of Deliberation in September 2015. It has been developed to support the political priorities in the Policy & Resource Plan endorsed by the States of Deliberation in November 2017, and works in tandem with the medium term financial plan.

The potential priorities were assessed against a range of criteria including whether there was capability and capacity to support the work in technology, human resources and finance; whether there were procurement or legislative issues to be overcome; whether there was alignment with government priorities; and whether potential benefits had been or could be clearly identified.

The outputs from this work highlighted three areas of concern.

- i. The volume of competing policy, operational and reform priorities that exist across the organisation
- ii. A potential capacity deficit within the organisation, particularly around the supporting/enabling functions such as technology and HR means it is unlikely all the priorities, from all the programmes, can be delivered simultaneously, and;
- iii. The need to ensure activities within our service change programmes, and the enabling programmes that are supporting them, are properly aligned and synchronised.

To mitigate these concerns and facilitate the prioritisation of resources and synchronisation of activity the Chief Executive proposes designating several outcomes as a priority for delivery in 2018 as set out in his Chief Executive's Report.

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

The Policy & Resources Committee's Investment and Bond Sub-Committee has worked with its advisers and private sector partners to establish the Guernsey Investment Fund with a commitment of £25m to support investment in local innovation and technology.

Following consideration of the 2018 Budget Report, the States resolved to "note that some policy priorities may benefit from pooled budgets, created by re-allocating Committees' budgets; and to note that the Policy & Resources Committee is able at any time to submit Propositions to the States to create such pooled budgets; and to direct that in the 2018 Policy & Resource Plan report on progress, or sooner if desirable, the Policy & Resources Committee shall make proposals for the use of a pooled budget and the governance thereof in relation to the Children & Young People's Plan." Work is underway to establish a framework for pooling budgets and specific planning for budgets in respect of the Children and Young People's Plan. Detailed proposals will be put forward as part of the 2019 Budget Report.

Policy & Resources must also report on the other resources of the States for which it is responsible. To assist in this oversight the Committee considers quarterly Corporate Performance Management Reports. The organisation is making gains through a series of measures being led by the Chief Executive and his team. Highlights include reducing sickness levels, reduction in time to hire, and relocating operational staff to better serve customers, improve property utilisation and reduce cost. However, it has become apparent that certain areas have been under resourced for many years and this may need to be addressed in coming budgets. Areas that particularly concern the Committee are business continuity and health and safety.

There will be more physical change as service areas continue to realign to better serve their customers. 2018 will also see the HR team continuing to work across learning and development, employee relations and organisational development. HR also plans to lead a number of people transformation projects, including an evaluation of terms and conditions across different pay groups in the public sector and increased engagement with our

employees. HR will also play a key role in progressing the disability and inclusion agenda and diversity in the workplace for the States of Guernsey as an employer.

ISS intends to continue its improvement journey following the consolidation of the IT function in 2017. In particular, it will continue to progress the evaluation of how it will best provide future digital services. ISS will also continue to support projects such as the transformation of Revenue Service, working towards bringing together the collection systems and associated people resources of Income Tax and Contributions.

The Shared Services Centre intends to implement a significant upgrade to enhance the SAP user interface in 2018 as well as participating in the corporate functions priority based budgeting review in the first half of 2018.

The finance function is pursuing a series of projects through the Finance Improvement Programme which aim to modernise the function and the services delivered. In addition, the team is leading the roll out of priority based budgeting across the organisation with the corporate functions of Finance, HR, ISS and Shared Services being in the current phase.

External relations and international and constitutional affairs

In line with its mandate, the Policy & Resources Committee has recently made a Statement in the assembly setting out work it is taking forward to:

- Develop Guernsey's Brexit Policy
- Further strengthen engagement in Brussels
- Maintain Guernsey's robust on beneficial ownership – in UK and Brussels
- Protect Guernsey's position through engagement with UK and EU about common EU list of non-cooperative tax jurisdictions, including letter of Commitment to the Code Group in November 2017
- Continue engagement with France through BIAN
- Support Guernsey's business promotion and reputation through engaging with other countries
- Develop the treaty process as part of the international standards policy area
- Extend the Bailiwick's territorial seas

Critical to the Island's future success is the impact of Brexit. The Committee is coordinating the Island's response to the UK decision to leave the EU. The 2017 progress went to plan in respect of Guernsey's objectives. However, the UK election and the slow "phase one" negotiations has compressed the timescales and not yet provided the clarity required to move forward. The plan for 2018 is being revised in light of emerging timescales from the UK and Brussels. The Committee is planning for all potential scenarios in March 2019.

Appropriate funding is essential. The Policy & Resources Committee has therefore used its delegated authority over the Budget Reserve to approve additional funding of a maximum of £90,000 for the extension of the additional posts and consultancy. Funding will also need review in the 2019 Budget debate.

DEVELOPMENT & PLANNING AUTHORITY

As set out in its mandate, the purpose of the Development & Planning Authority is to advise the States on land use policy and to develop and implement land use policies through development plans and any other relevant instruments. It has the responsibility to:

1. determine development applications of all kinds, including planning, building control, protected buildings and scheduled sites;
2. maintain and keep under review schemes of delegation in order that only the most contentious or high profile or atypical development control applications are referred to the elected members of the Authority, and when they are so referred to ensure that they are heard at open planning meetings held in public.

The Development & Planning Authority (DPA) is involved in the delivery of the following policies which were prioritised (2018 Budget Report, Billet d'État XX, October 2017) in order to deliver the outcomes detailed in the Policy & Resource Plan – Future Guernsey:

- Harbour area redevelopment; and
- Social and affordable housing.

REVIEW OF 2017 IN RELATION TO P&R PLAN PRIORITIES

The DPA is providing an active supporting role in the delivery of the St Peter Port Harbour redevelopment. Having secured the adoption of the Island Development Plan in November 2016, which puts in place for the first time the policy framework for delivering this Policy & Resource Plan (P&R Plan) priority, the Authority is now actively involved in the programme for achieving harbour area redevelopment which has commenced and is progressing well.

The delivery of Housing, including Social and Affordable Housing, is inextricably linked to housing policy set out in the IDP and the supply of housing land through that Plan. The DPA continues to advise the Committee *for the* Environment & Infrastructure and the Committee *for* Employment & Social Security on a quarterly basis on the supply of housing through the grant of planning permissions in relation to the current Strategic Housing Indicator (the 'pipeline' supply) as well as other housing land supply matters, to inform housing policy development. The Authority has been, and continues to be, involved with the Committee *for the* Environment & Infrastructure and the Committee *for* Employment & Social Security in the consideration of mechanisms to establish the current and future demand for different housing types and tenures, including Affordable Housing.

Many areas of the DPA's work support and complement the priorities of the P&R Plan and the policy priorities identified in its Business Plan align with the P&R Plan priorities. The Authority has placed, and will continue to place, a high priority on its contribution to joint working initiatives, working across the Organisation to help to secure delivery of P&R Plan objectives and generating improved outcomes by advising and supporting work streams involved in delivering the P&R Plan priorities in respect of land use policy and spatial planning matters.

NET REVENUE EXPENDITURE BY CATEGORY

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets)

The Development & Planning Authority reported a net expenditure under spend of £204k (14.9%) against its authorised non-formula-led budget. In spite of a £96k reduction in operating income compared with 2016, income levels nevertheless exceeded budget by £106k (9.9%). Less than half of the non-pay expenditure was spent in 2017, thus accounting for an additional £87k of the overall budget surplus. Pay costs were £11k below budget.

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
1,075	1,075	Operating Income	1,181	1,277
		Non Formula-Led Expenditure		
2,307	2,278	Pay costs	2,267	2,255
86	86	Non Pay costs		
44	44	Staff Non Pay costs	41	54
1	1	Support Services	12	22
22	22	Premises	1	2
15	15	Transport	17	19
(45)	-	Supplies & Services	10	11
		Balance of Budget Reduction	-	-
123	168		81	108
1,355	1,371	Net Non Formula-Led Expenditure by Category	1,167	1,086

Total non-formula-led expenditure for 2017 was £1.2m (2016: £1.1m) representing an increase of 7.5% over 2016. The Development & Planning Authority under spent its 2017 authorised non formula-led budget by £204k (14.9%).

Operating Income

Source	2017 £'000	2016 £'000
Planning Control applications	569	678
Building Control applications	533	520
Immunity Certificates	71	59
Other	8	20
Total	1,181	1,277

Planning Control applications decreased in total value in 2017 but increased in volume from 1,688 in 2016 to 1,765 in 2017. Building Control applications were slightly lower in 2017 at 1,233 compared with 1,248 in the previous year.

Pay Costs

Pay costs increased from £2.26m in 2016 to £2.27m in 2017, an increase of 0.5%.

Analysis of Full Time Equivalent Staff Numbers

Pay Group	2017	2016
Established Staff	41.2	41.5
Total	41.2	41.5

FTE reductions were brought about by the deletion of a Building Control post in mid-2017 (0.5 FTE), delays in recruiting to a vacant Planning Control post (0.9 FTE) and a managed vacancy in Policy & Conservation (0.6 FTE). These reductions were largely offset by recruitment to vacant Forward Planning posts (Policy & Conservation) (1.2 FTE).

Non Pay Costs

Non pay costs decreased by £27k (25.0%) from 2016 to 2017 and were £87k (51.8%) below budget.

Staff Non Pay costs

The 2017 budget provided for recruitment to vacant positions from outside of the Island; however, the vacant posts were either recruited to on-Island or remained unfilled at year end. This resulted in significant reductions in rent allowance and relocation costs. Training costs were also well below budget, with officers in training having incurred the bulk of their training costs in prior years.

Support Services

No consultancy work was undertaken in 2017 (and very little in 2016) against a budget provision of £27k.

Third Party Payments (Grants and Subsidies)

The Authority issued no Grants or Subsidies in 2017 or 2016.

NET REVENUE EXPENDITURE BY SERVICE AREA

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets)

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
133	133	Central Services	140	136
148	108	Building Control	95	115
178	182	Planning Control	69	(16)
353	356	Planning Support	335	347
588	592	Policy & Conservation	528	504
(45)	-	Balance of Budget Reduction	-	-
1,355	1,371	Net Expenditure by Service Area	1,167	1,086

Planning Control

Fees & charges were exceptionally high in 2016, which created a net income balance for Planning Control in that year. 2017 income was £110k lower than the previous year but still a favourable variance of £68k (13.6%) against this section's 2017 income budget. Pay costs were £17k lower than in 2016, by virtue of a 0.9 FTE reduction; which is temporary due to unsuccessful recruitment to a vacant post.

Budget Reductions

The Budget Reduction allocated to the Development & Planning Authority was £45k and £45k of recurring reductions was achieved during the year:

Description	2017 Reduction £'000	Recurring Reduction £'000
Building Control post deleted	45	45
Total	45	45

This post became vacant in early July 2016.

In Year Budget Changes

	£'000
2017 Cash Limit	1,475
Additions:	
Pay Awards	16
Reductions:	
Inter-Committee Transfer	(120)
2017 Authorised Budget	1,371

PRIORITIES FOR 2018 AND 2019

The policy and operational priorities of the D&PA are set out in the Committee's published Business Plan for 2017-2020, which is updated on an annual basis. In relation to land use policy, the Business Plan affords high priority to preparation of Local Planning Briefs and Development Frameworks as required by the approved Island Development Plan (IDP) and to monitoring performance of the IDP itself on a quarterly and annual basis as required by the Strategic Land Use Plan. There is also a programme of preparation of Conservation Area Character appraisals.

St Peter Port Harbour Action Area development

The DPA is providing an active supporting role, working with other Committees, to help deliver the Local Planning Brief for the St Peter Port Harbour Action Area (HAA) to help secure delivery of this P&R Plan priority. The mechanism for delivering the priority is through the preparation and approval of a Local Planning Brief which, in accordance with the Planning Law, must be produced by the DPA (with very welcome input from and collaboration with relevant Committees and stakeholders). It is then the DPA's sole responsibility to take the Local Planning Brief through an Independent Public Inquiry and then, through a Policy Letter, for States consideration.

Given the crucial role that the DPA has in delivery of this P&R Plan policy priority it is of the utmost importance that the DPA is actively involved in every part of the process in order to be able to understand the issues and requirements. Failure to understand the complexities of the issues because of lack of involvement could result in misrepresentation in the Local Planning Brief or at the Public Inquiry or delays because of misunderstanding, misinterpretation or conflicts.

The Local Planning Brief for the St Peter Port Harbour Action Area is, therefore, a particular Committee priority and will directly support delivery against this specific States objective. The requirement is, along with other relevant Committees, to make significant progress on the Local Planning Brief for the HAA, in accordance with identified specified key milestones, within this political term. Given the significant role the Authority has in delivering the Local Planning Brief, including the requirement to take it through an independent Public Inquiry, it is concerned that it has very limited resources and it will be important that additional resources are made available at critical points in the work stream in order that it progresses.

The Authority is also involved with considering the wider enabling development and investment opportunities within the HAA that may be delivered ahead of the Local Planning Brief. Potential sites will be analysed and a short list established by Q2 2018 with the intention to facilitate the physical development of sites identified by Q4 2019.

Housing Supply

The delivery of Housing, including Social and Affordable Housing, is inextricably linked to housing policy set out in the IDP and the supply of housing land through that Plan. The Policy Letter regarding the Housing Market Review report due to be submitted for States debate by the Committee *for the* Environment & Infrastructure will include recommendations for a Strategic Housing Indicator, including an Affordable Housing Indicator. The DPA continues to advise the Committee *for the* Environment & Infrastructure and the Committee *for* Employment & Social Security on the supply of housing granted planning permission in relation to the current Strategic Housing Indicator (the 'pipeline supply'). It will be important, going forward that the dialogue continues between the DPA and these Committees to determine the implications for housing land supply policy in the IDP and the implementation

of policies relating to housing. The Authority has been, and continues to be involved in the consideration of mechanisms to establish the current and future demand for different housing types and tenures, including Affordable Housing.

Review of Legislation

The DPA has an on-going work stream to review and update the current Land Planning and Development legislation. Phase 1 of the process was completed in 2017 with the bringing into force of The Land Planning & Development (Use Classes) Ordinance, 2017 on the 3rd April, 2017, and The High Hedges (Guernsey) Law, 2016 which came into force on the 2nd October, 2017. Amendments were also successfully made to section 9(4) of the Land Planning and Development (Plans) Ordinance, 2007 in order that the Development & Planning Authority shall, in the future, have sole responsibility for laying of Development Plans before the States in accordance with a resolution of the States in 2016.

Phase 2 of the review of planning legislation will continue with policy letters to the States on an Ordinance under section 46 of the 2005 Land Planning Law (relating to 'untidy sites') and review of the 2007 Planning Exemptions Ordinance to broaden the scope of developments that can take place without the requirement for planning permission. Other aspects of the planning legislation will be reviewed and updated including the Land Planning and Development (Environmental Impact Assessment) Ordinance, 2007. The DPA has also identified scope to introduce Certificates of Lawful Use and the drafting of legislation in relation to these is progressing.

Monitoring the Performance of the IDP

To ensure that the IDP continues to be effective and relevant it requires on-going monitoring of the success of its policies in achieving the Plan's objectives and the requirements of the Strategic Land Use Plan (SLUP). The SLUP places significant requirements on the DPA in relation to monitoring and the DPA also has legal duties to ensure the IDP is kept under review.

The DPA's approach to monitoring the IDP is set out in detail in Section 21 of the IDP. In summary, the Authority publishes quarterly and annual monitoring reports. Quarterly monitoring reports are a basic factual report providing an update on the delivery of housing and employment related development through the planning system and are important barometers of the Island economy and of the successful implementation of the Island Development Plan (IDP). The DPA has published all of the quarterly monitoring reports for 2017 covering the first year of the IDP.

The Annual Monitoring Reports are more comprehensive reports that contain both quantitative and qualitative information, analysis and include feedback from stakeholders. The annual report is a significant programme of work which includes an assessment of whether the Island Development Plan Principal Aim and Plan Objectives are still appropriate and being met, whether the requirements of the Strategic Land Use Plan are being met and will determine whether there is a need to:

- undertake a partial or full review of the Island Development Plan
- prepare a new statutory Plan
- review the Strategic Land Use Plan, 2011
- provide updated or new guidance or evidence
- review housing land supply and allocated sites for housing
- review employment land supply and land allocated for employment uses
- take action to help bring forward sites for development, wherever possible in

- partnership with landowners and developers
- take action to help secure the timely provision of infrastructure.

The DPA is in the process of carrying out consultation, gathering evidence, updating data and evidence and detailed analysis so that the Annual Monitoring Report can be drafted for publication during 2018. This work involves a significant draw on the limited staff resources available to the Committee and the resource commitment required to fulfil this statutory monitoring requirement is likely to impact on the delivery of other DPA work streams, for example supplementary planning guidance.

Sites of Special Significance and Areas of Biodiversity Importance

Although there is not a specific P&R Plan priority relating to biodiversity related work streams this work supports and underpins many of the 23 priorities and is relevant to delivery of a number of the Phase 1 P&R Plan objectives.

The DPA is continuing to develop policies and work streams to implement the Biodiversity Strategy which was approved by the States in 2015 and as required by the States Resolutions. Through policies in the IDP the Authority has given a commitment to work with land owners and stakeholders to publish supplementary planning guidance which will set out in greater detail the special interests of Sites of Special Significance. The Authority is working with the Committee *for the* Environment & Infrastructure to develop a methodology and programme for delivery of this guidance over 2018 and 2019.

The IDP designates 84 Areas of Biodiversity Importance. The DPA has given a commitment that the research and analysis relating to the designation of these areas will be updated to better support the IDP policies and their implementation. During 2018 the Authority will continue to liaise with the Committee *for the* Environment & Infrastructure to develop the methodology and programme for delivery. Due to the specialised nature of the work, it is expected that a local expert will need to be commissioned to undertake surveys and analysis. It is anticipated that the findings will be delivered by 2019.

Operations and Service Delivery

In relation to operations and service delivery, the DPA remains focussed on providing high quality and relevant services to stakeholders and customers. A main priority is the further expansion of digital services including introduction of on-line submission of planning and building control applications in due course.

The main challenges and risks to the delivery of all these priorities and business as usual operations are focused on the adequacy of staff resources available to the Committee given its small complement of staff and continuing difficulties of recruitment to professional roles.

SCRUTINY MANAGEMENT COMMITTEE

The Scrutiny Management Committee is responsible for leading and co-ordinating 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.

REVIEW OF 2017

Expenditure on pay was largely in line with the previous year and the total authorised budget. The Committee underspend on non-pay costs in 2017 was primarily due to a decrease in expenditure incurred on contracted out work because of changes in the timing of proposed reviews.

NET REVENUE EXPENDITURE BY CATEGORY

2017 Original Budget £'000s	2017 Total Authorised £'000s		2017 Actual £'000s	2016 Actual £'000s
		Non Formula-Led Expenditure		
415	433	Pay costs	430	419
		Non Pay costs		
11	11	<i>Staff Non Pay costs</i>	7	5
101	86	<i>Support Services</i>	26	96
1	1	<i>Premises</i>	2	2
25	25	<i>Supplies & Services</i>	9	7
138	123		44	110
553	556	Net Non Formula-Led Expenditure by Category	474	529

Total non formula-led expenditure for 2017 was £475k (2016: £529k) representing a decrease of 10.2% when compared to 2016. The Scrutiny Management Committee under spent its 2017 authorised non formula-led budget by £81k (14.6%).

Pay Costs

Pay costs increased from £419k in 2016 to £430k in 2017 (2.5%) which was in line with the authorised budget.

Analysis of Full Time Equivalent Staff Numbers

Pay Group	2017	2016
Established Staff	6.0	6.0
Total	6.0	6.0

Staff numbers remained stable at 6.0 FTE in 2017.

Non Pay Costs

The level of non-pay costs incurred by the Committee decreased in 2017 by £65k (59.1%) when compared to 2016. This reduction is primarily due to a reduction in contracted out work undertaken in 2017 because of changes in the timing of proposed reviews.

In Year Budget Changes

	£'000
2017 Cash Limit	553
Additions:	
Pay Awards	3
2017 Authorised Budget	556

LOOK FORWARD TO 2018 AND 2019

In 2018 and 2019 the Committee will be undertaking a significant programme of reviews in addition to its routine scrutiny activity. This will encompass reviewing a number of areas of existing and proposed policy and continuing to examine the use of resources by those in receipt of public money.

STATES' TRADING SUPERVISORY BOARD

The mandate of the States' Trading Supervisory Board includes the following:

Within a framework of policies, guidance and instructions of the States and any of their relevant committees, to:

- (a) carry out the States' role as shareholder of any incorporated companies which are owned by the States and which the States have resolved to include in the mandate of the Board, which for the time being is the following:
 - 1. Cabernet Group;
 - 2. Guernsey Electricity;
 - 3. Guernsey Post;
 - 4. Jamesco750.
- (b) ensure the efficient management, operation and maintenance of any States' unincorporated trading concerns and commercial interests which the States have resolved to include in the mandate of the Board, which for the time being is the following:
 - 1. Channel Islands' lottery;
 - 2. Guernsey Airport, which includes Alderney Airport;
 - 3. Guernsey Dairy;
 - 4. Guernsey Harbours;
 - 5. Guernsey Water;
 - 6. Property and real estate owned or leased by the States;
 - 7. States' Works;
 - 8. States' corporate engineering and architectural services.
- (c) be the Waste Disposal Authority.

The responsibilities which are funded through the States' Trading Supervisory Board's revenue budget are Alderney Airport, Property and real estate owned or leased by the States, the States' corporate engineering and architectural services and its function as shareholder of the States' owned incorporated companies.

Through its individual Trading Assets, the States' Trading Supervisory Board provides expertise and technical support and capacity to support the States' Policy Committees in the development and delivery of the following policies which were prioritised (2018 Budget Report, Billet d'État XX, October 2017) in order to deliver the outcomes detailed in the Policy & Resource Plan – Future Guernsey:

- Air and Sea Links and Infrastructure;
- Harbour Area redevelopment;
- Medium Term Financial Plan;
- Energy Policy; and
- Long-term Infrastructure Investment Plan.

Accordingly, its principal engagement in respect of the above is with the Policy & Resources Committee, the Committee *for the* Environment & Infrastructure and the Committee *for* Economic Development.

REVIEW OF 2017

The States Trading Supervisory Board (STSB) net expenditure for 2017 was £885k, which represents a reduction of £438k compared to 2016 and a reduction of £613k compared to budget.

The main driver of the under spend was States' Property Services, where net expenditure was £587k lower than budget and £355k lower than 2016. Following a successful property mediation process, it was possible to reverse a prior year accounting provision for £150k in 2017. Consequently, the reversal of this provision accounts for £300k of the reduction against 2016. Property income was also stronger than expected.

Expenditure in Central Services was £35k lower than budget, primarily due to staff vacancies and the transfer of a member of staff out of the team. This also contributed to a £51k reduction in this area against 2016.

Expenditure in the Shareholder Executive was £33k below 2016 as a result of some of its oversight and management costs being recharged to the incorporated trading assets in 2017.

The STSB operates within a framework of policies and guidance set out by the States and its Committees which define the financial, social, economic and environmental parameters within which its Trading Assets must plan for and operate much of the Island's infrastructure. Within this context, key areas of activity in 2017 included:

Medium Term Financial Plan

In accordance with the targets set for it as part of the Medium Term Financial Plan, the STSB returned £5.0m in cash to the States in 2017, which was achieved through a Special Dividend payment by Guernsey Post (£1.0m) and a refund to the Capital Reserve from Guernsey Harbour (£4.0m). This was in addition to other returns made during the course of the year totalling £19.9m, which was made up of normal Dividend payments by Guernsey Post Ltd (£560k) and Guernsey Electricity Ltd (£750k) and a refund to the Capital Reserve from Guernsey Water (£18.6m).

Waste

The STSB has continued to work very closely with the Committee *for the* Environment & Infrastructure on the Solid Waste Strategy. Two joint policy letters¹ were submitted to the States during the year, the first on revisions to the detailed arrangements for the implementation of the Strategy and the second on the associated household charging mechanisms. It committed considerable resources during the course of the year to the implementation of the Solid Waste Strategy, including:

- the agreement of contracts for the Waste Transfer Station, with the appointment of a local company as the main sub-contractor for its construction;
- the agreement of a contract with a local company for the construction of the Household Waste Recycling Centre;
- the development of specifications for contracts for both the export of food waste and glass, issuing the associated Invitations to Tender;

¹ Article 3 of Billet d'État V of 2017; Article 13 of Billet d'État XXIV of 2017

- continued liaison and joint working with Parishes on the Strategy's implementation; and,
- the commencement of work to develop a target operating model for a new business unit, Guernsey Waste.

The STSB and the Committee *for the* Environment & Infrastructure also worked together during 2017 on the development of proposals for submission to the States on a new Inert Waste Strategy², including the shortlisting of options and sites for future inert waste disposal.

Energy

The STSB has provided technical and project management support to the Committee *for the* Environment & Infrastructure in the early stages of its Hydrocarbons Programme. This work initially focused on undertaking assessments of the risks facing the current hydrocarbons supply chain. It has since moved on to the development of a long-list of options for future hydrocarbon supply arrangements, refining this into a short-list for further detailed assessment and presentation to the States.

Water

Guernsey Water has developed a Water Resource & Drought Management Plan and a Surface Water Management Policy for consideration by the Committee *for the* Environment & Infrastructure in support of its mandated responsibilities for water reserves and for water and wastewater infrastructure.

Air & Sea Links

Given its responsibilities for the operation of the Ports and its shareholder role in Aurigny Air Services, the STSB has a number of touch points with air and sea link matters. In 2017, it committed considerable resource to working with Aurigny to develop a response to the Policy & Resources Committee's recommendations arising from the strategic review of the airline that was completed during the year. Guernsey Airport has continued to develop and refine detailed options for inclusion in the Outline Business Case for the Alderney Airport Runway Rehabilitation Project. Finally, the STSB is supporting the development of plans for the Harbour Area Redevelopment through its membership of the political steering group that has been established to take this forward.

² Article 14 of Billet d'État XXIV of 2017

NET REVENUE EXPENDITURE BY CATEGORY

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets)

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
6,171	6,171	Operating Income	6,441	6,137
		Non Formula-Led Expenditure		
4,011	4,040	Pay costs	4,005	3,982
47	47	Non Pay costs		
1,000	1,000	Staff Non Pay costs	43	30
1,853	1,853	Support Services	979	908
34	34	Premises	1,740	1,983
695	695	Transport	33	30
		Supplies & Services	526	527
3,629	3,629		3,321	3,478
1,469	1,498	Net Non Formula-Led Expenditure by Category	885	1,323

Total non-formula-led expenditure for 2017 was £885k (2016: £1.3m) representing a decrease of 33.1% (£438k) over 2016. The main reason for this was the £300k reduction arising from the aforementioned reversal of a prior year accounting provision for States' Property Services. There were also year-on-year reductions due to staff vacancies and the introduction of management and oversight recharges to the incorporated trading assets.

The States' Trading Supervisory Board under spent its 2017 authorised non formula-led budget by £613k (40.9%). This can largely be attributed to States' Property Services, as follows: £150k of this relates to the aforementioned accounting provision; £187k relates to increased rental income; £55k relates to increased fees at Le Foulon; £102k is a result of lower than expected expenditure on property and gardens maintenance; and, other expenses were also below budget. Reduced payroll expenditure in Central Services also accounts for £35k of the budget under spend.

Operating Income

Source	2017 £'000	2016 £'000
Rental and associated Income	2,985	2,819
Transfer from the Solid Waste Trading Account	1,595	1,595
Alderney Airport	743	700
Management charges relating to trading and unincorporated entities	646	594
Other	472	429
Total	6,441	6,137

Overall operating income has increased by 4.9% (£304k) mainly due to an increase in property rental and associated income (£166k). This increase can be attributed to: additional rental income being received from several properties due to lease extensions; new unbudgeted leases; and, increased yield from existing leases. 2017 saw an increase in management recharges to both the incorporated and unincorporated trading assets (£52k).

Despite lower passenger figures, Alderney Airport income was higher by 6.1% (£43k) compared to 2016 due to: higher income from airport charges due to extended opening; and, additional rent for the Hangar as 50% of the site is now being let.

Other income of £472k mainly relates to income from burials and cremations at Le Foulon Cemetery & Crematorium (£437k), which saw a year-on-year increase of £33k (9.5%).

Pay Costs

Pay costs of £4.0m were consistent year on year.

Pay costs were below budget in 2017 by £35k. Established staff expenditure was £79k below budget due vacancies. This was offset by an overspend at Alderney Airport due to overtime resulting from long term sick leave and airfield opening hours being extended on several occasions.

Analysis of Full Time Equivalent Staff Numbers

Pay Group	2017	2016
Established Staff	42.5	44.8
Public Service Employees	5.7	4.8
Other (including Alderney Airport ATCO's and Fire Services)	16.0	15.9
Total	64.2	65.5

Non Pay Costs

Non pay costs decreased by £157K (4.5%) from 2016 to 2017.

An accounting provision of £150k in States' Property Services charged to 2016, which was reversed in 2017 as the provision was not required, caused a £300k year on year reduction.

Excluding this, non pay costs would have been £143k (4.3%) higher than the prior year.

£59k of this was due to an increase in support services costs, partially due to: an increase in consultants' fees for property valuations and surveys on a wide range of the property portfolio (£30k); aviation audit fees at Alderney Airport (£19k); and, an increase in insurance excesses (£15k).

£57k of the increase was in premises costs, as follows: there was a £19k (6.3%) increase in utilities; and, excluding the effect of the provision, spend on repairs and maintenance was higher than 2016.

Staff non pay costs were £13k (43.3%) higher than 2016, primarily due to training required for a new Airport fire-fighter.

NET REVENUE EXPENDITURE BY SERVICE AREA

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets)

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
798	805	Alderney Airport	815	814
451	456	Central Services	421	472
64	65	Shareholder Executive	64	97
(1,595)	(1,595)	Solid Waste	(1,595)	(1,595)
1,751	1,767	States' Property Services	1,180	1,535
1,469	1,498	Net Expenditure by Service Area	885	1,323

Alderney Airport's net expenditure for 2017 was £815k, £10k above budget and £1k above 2016's spend. Total passenger movements through Alderney Airport in 2017 were 55,291, a decrease of 2,791 (4.8%) on 2016. This represents the lowest level of passenger numbers through Alderney for 47 years. Aircraft movements for the year 2017 were lower than the same period last year, a decrease of 420 (3.9%).

Despite the decline in passenger figures, income has remained higher than 2016 for reasons described above.

States' Property Services net expenditure of £1.2m was £587k lower than budget and £355k lower than 2016. The majority of the variance can be attributed to the increase in income described above, and to the reduced actual expenditure on property maintenance due largely to the release of the provision referred to earlier. Excluding this provision, costs were below budget but above the prior year.

Budget Reductions

The Budget Reduction allocated to the STSB was £45k and £56k of recurring reductions were achieved during the year:

Description	2017 Reduction £'000	Recurring Reduction £'000
Reduced consumption of heat, light and power and cleaning at SCFH	40	40
LED Lighting systems in public conveniences	3	3
Revised print services following government re structure	6	6
Reduction in consulting services	32	32
Net cost increase on movement in property rentals	(25)	(25)
Total	56	56

In Year Budget Changes

	£'000
2017 Cash Limit	1,540
Additions:	
Pay Awards	29
Reductions:	
Inter-Committee Transfer	(71)
2017 Authorised Budget	1,498

The original budget was increased by £29k for pay awards and £71k was transferred out due to the centralisation of IT functions within the Policy & Resources Committee.

ROUTINE CAPITAL EXPENDITURE

2017		2017	2016
Original Budget		Actual	Actual
£'000s		£'000s	£'000s
747	Miscellaneous Capital Works	322	931
374	Equipment, Machinery and vehicles	-	-
1,121		322	931
(421)	Use of Accumulated Capital Allocation	-	-
700	Net Routine Capital Expenditure	322	931

2017 capital expenditure of £322k included £125k on Town Arsenal Remedial Works, £115k on the Militia Hall Refurbishment, £51k on works to prepare Sir John Leale House for leasing, and £31k on 2016 Stock Condition Surveys.

LOOK FORWARD TO 2018 AND 2019

The Board has prioritised the following areas of activity in 2018 and 2019 in support of the Policy & Resources Plan:

Medium Term Financial Plan

In setting the STSB a target to deliver returns totalling £30m over the plan period, the MTFP did acknowledge that this level of return was un-validated. The STSB will continue to engage with the Policy & Resources Committee on the affordability and impact of the target on its Trading Assets and their customers. Nevertheless, the Board is committed to identifying how the balance of the £30m can be achieved. It has established an internal project to determine how this can be delivered and fully assess the returns options available against a range of guiding principles that it will be seeking to agree with the Policy & Resources Committee. Its priority continues to be that its Trading Assets should continue to operate in the long-term best interests of Islanders.

The STSB has already identified that some of the options that could be considered for delivering returns will require amendments to legislation. Assuming the States agreed to such amendments, consideration would then need to be given to the prioritisation of the necessary legislative drafting resources.

Whilst it is committed to delivering the returns targets set out in the MTFP, the STSB's current view is that the measures that could be put in place to deliver these are likely to be one-off initiatives without recurring benefits. The Board will therefore use the process as an opportunity to develop a clearly defined and sustainable dividend policy for its trading assets that can be put in place beyond the end of the life of the current MTFP.

Waste

The implementation of the Solid Waste Strategy remains a very high priority for the STSB. Key areas of activity will be:

- Construction and commissioning of the Waste Transfer Station, which will start accepting waste streams for processing during the final quarter of 2018;
- Letting of a contract for the export of Refuse Derived Fuel;
- Implementation of new collection arrangements for household food waste and glass;
- The construction and commissioning of the Household Waste Recycling Centre, due to enter service in early 2019;
- Transfer of responsibility for the management of hazardous waste from the Committee *for* Employment & Social Security to the STSB;
- Establishing a new business unit, Guernsey Waste, with appropriate strategic direction and plans in place for the ongoing management of the new waste infrastructure and associated contracts.

In accordance with the States' Resolutions³ on the matter, the STSB and the Committee *for the* Environment & Infrastructure will be submitting a further joint policy letter to the States in 2018 on the household charging mechanisms associated with the Strategy. There is a risk that if the States delays a decision on this matter, there will be insufficient time to ensure that the necessary legislation is in place to introduce the charges required to support the implementation of the Strategy with effect from 2019.

Work with the Committee *for the* Environment & Infrastructure on an inert waste strategy and a new facility for managing residual inert waste will continue as a high priority in 2018 and 2019. In accordance with the States' Resolutions⁴ on the matter, two sites have been identified as possible options for inert waste management and the STSB will be working to commission the detailed Environmental Impact Assessment and Environmental Statement for each of these. The States has delegated authority to the Policy & Resources Committee to authorise expenditure for that work. In tandem with this, work will continue with the Committee *for the* Environment & Infrastructure on the development of a preferred way forward for the management of inert waste for submission to the States.

³ Resolutions 4 and 7 of Article 13 of Billet d'État XXIV of 2017

⁴ Resolutions 1 to 5 of Article 14 of Billet d'État XXIV of 2017

Energy

The STSB has identified as a high priority the need to support Guernsey Electricity with appropriate strategic direction to meet the substantial challenges associated with transformation and transition of the energy market and the consequential impact this could have on the Company's strategic investment plans and the evolution of its tariff strategy. Ongoing engagement with the Committee *for the* Environment & Infrastructure on the development of a new Energy Resource Plan for the Island and its proposed Hydrocarbons Programme will be essential as part of this process, as these will be key drivers for Guernsey Electricity in future.

Air and Sea Links

The Board looks forward to continuing to support the emerging cross-Committee work around plans for the Harbour Area Redevelopment, which is key to realising future strategic and commercial development opportunities in and around the Harbour. It will also be providing technical support to the review of Strategic Air and Sea Links Infrastructure that the States agreed⁵ should be commissioned following its consideration of Phase 2 of the Policy & Resource Plan. Work will also continue on the completion of the Outline Business Case for the Alderney Airport Runway Rehabilitation Project, with a view to submitting this to the States.

States Resolutions

The following States Resolutions have been fully discharged during the course of 2017/18:

Resolution	Subject
Resolution 9 of Article 1 of Billet d'État XXVII of 2016:	The Island Development Plan – Development and Planning Authority Recommendations
Resolution 8 of Article 13 of Billet d'État XX of 2014:	Channel Islands Lottery
Resolutions 24 and 26 of Article 1 of Billet d'État XXVI of 2016:	States of Guernsey Annual Budget for 2017
Resolution 9 of Article 1 of Billet d'État XII of 2017:	The Policy & Resources Plan – Phase 2
Resolutions 3, 4a and 4b of Article 3 of Billet d'État V of 2017	Implementation of the Solid Waste Strategy

⁵ Resolution 6b of Billet d'État XII of 2017.

LAW OFFICERS

The Law Officers respond to the needs of the Crown, the States of Guernsey and all others they serve by delivering independent, high quality and pragmatic legal advice, comprehensive legislative drafting, prosecution, litigation and commercial law services and robust representation with efficiency, integrity and professionalism, with the objective of protecting and enhancing the interests of the Bailiwick and its people.

REVIEW OF 2017

In 2017, in terms of their finances, income and expenditure was in line with the previous year and the total authorised budget.

NET REVENUE EXPENDITURE BY CATEGORY

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets)

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
180	180	Operating Income	200	197
		Non Formula-Led Expenditure		
4,373	4,495	Pay costs	4,490	4,584
		Non Pay costs		
37	37	Staff Non Pay costs	48	22
82	82	Support Services	98	45
44	44	Premises	34	19
-	-	Transport	1	-
133	133	Supplies & Services	121	121
296	296		302	207
4,489	4,611	Net Non Formula-Led Expenditure by Category	4,592	4,594

Total non formula-led expenditure for 2017 was £4.6m (2016: £4.6m) which is in line with authorised budget.

Operating Income

Source	2017 £'000	2016 £'000
Company Fees	14	14
Property Fees	18	14
External Service Level Agreements	120	120
Bills of Cost	36	39
Other	12	10
Total	200	197

Pay Costs

Pay costs decreased from £4.6m in 2016 to £4.5m in 2017, a decrease of 2%.

The decrease in pay costs and FTE's is attributed to the reduction of resource in two teams during the year as a result of a retirement and a member of staff on long term sabbatical. This was considered the preferred way of meeting the 3% reduction applied to the Law Officers budget as the limited non pay budget which covers other essential operational resources is already pared to a minimum. The impact of the reduction in staff on services is however under review.

Analysis of Full Time Equivalent Staff Numbers

Pay Group	2017	2016
Established Staff	39.0	39.6
Crown Officers and Judges	2.0	2.0
Other Pay Groups	0.4	0.4
Total	41.4	42.0

The figures above do not include two members of staff who are seconded to the Committee for Economic Development and a proportion of one member of staff, who is part funded by the Policy & Resources Committee (those individuals are included in the respective Committees' figures).

Non Pay Costs

Non pay costs increased by £95k (46%) from 2016 to 2017. This was primarily as a result of a legal matter being heard in the UK which raised legal issues requiring the input of the Law Officers' Chambers and necessitating the engagement of UK legal counsel to represent Guernsey's position in the UK. In addition, unforeseen expenditure arose in relation to the reform of the Guernsey Bar exams, which resulted in a levy placed on all advocates.

Non pay expenditure for the year was broadly in line with the authorised budget.

Budget Reductions

The Budget Reduction allocated to the Law Officers was £140k and £140k of recurring reductions were achieved during the year:

Description	2017 Reduction £'000	Recurring Reduction £'000
Pay	140	140
Total	140	140

The budget reduction was achieved through an adjustment in staff resource as a result of a retirement and a member of staff on long term sabbatical.

In Year Budget Changes

	£'000	£'000
2017 Cash Limit		4,530
Additions:		
Pay Awards	29	
Established Staff Turnover Adjustment	93	
		122
Reductions:		
Inter-Committee Transfer		(41)
2017 Authorised Budget		4,611

The budget was increased to reflect the effect of pay awards agreed during the year and an established staff turnover adjustment was applied as the Law Officers experienced low turnover during the year. An inter-Committee reduction was applied to the Law Officers budget as a result of the formation of centralised IT services under the Policy & Resources Committee.

ROUTINE CAPITAL EXPENDITURE

2017		2017	2016
Original Budget		Actual	Actual
£'000s		£'000s	£'000s
83	IT Projects and Equipment	23	65
83		23	65
(83)	Use of Accumulated Capital Allocation	-	-
-	Net Routine Capital Expenditure	23	65

Capital expenditure relates to one IT project - the implementation of an electronic Document Management System, the majority of the remaining contractual obligations were completed during 2017 (total expenditure on this project is expected to be £195k).

LOOKING FORWARD TO 2018 AND 2019

The Law Officers and their staff are facing a significant number of challenges on a domestic and international level and the volume of work continues to rise significantly. This is against a backdrop of transformation and desired technology changes and having made reductions in staff resources in order to meet budgetary savings targets directed by the States of Guernsey.

Across Chambers the Law Officers are considering the possibilities offered by transformation and technology to help streamline the services offered and to introduce efficiencies. There are a number of areas (the most significant of which are described in summary below) where the Law Officers will require additional resources to meet current and future anticipated volumes of work.

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Legislative Drafting: Brexit is having a profound impact on the Law Officers drafting resource. A successful outcome to Brexit has been prioritised by Policy & Resources and is a key part of the Policy & Resources Plan to ensure the Bailiwick maintains its current position with the UK and EU and safeguards or enhances trading opportunities. But there are other matters which are also generating significant work, such as the financial services law revision project, GDPR, and new Laws on adoption and capacity. The prioritisation of legislation process (quite properly) applies continual pressure on the team to ensure legislation is adopted to match the Policy & Resource Plan. This is in addition to legislation which does not go through the prioritisation process, such as implementing urgent international obligations (e.g., sanctions) and legislation required by Sark and Alderney (Sark is proposing major land reform proposals for example). With this in mind, the team need an additional senior drafter to ensure the level of service can be maintained and are also exploring the use and viability of electronic drafting templates.

Civil Litigation: there has been a demonstrable increase in the quantity and complexity of child care proceedings over the past 12 months and all indicators suggest this will continue. Coupled with an increase in pure civil / public law cases, the team are likely to require an additional two legal posts. This has a direct link to the Health & Social Care regulatory & support policy and CYPP (children & young people's plan), which includes work on reforming the safeguarding of young people. Members of the Civil Litigation team will have an active role in developing robust and effective policies in these areas. Both of these priorities are outlined in the Policy & Resource plan.

Commercial Law: a senior commercial lawyer retired in 2016 and his post was not replaced in order to meet required budgetary savings. As a result the senior resource in this team decreased by one third. By contrast, the demand for commercial law services has increased considerably as the States of Guernsey seek to improve commercial outcomes by better managing risk and delivering value for money in the provision of public services and infrastructure. The energy policy and long term investment in infrastructure are two policies outlined in the Policy & Resources plan that will require significant commercial advice. The team will therefore be seeking additional legal support as well as funding for transformational contract automation software.

Prosecution team: The team have identified the need for an additional junior prosecutor and a second economic crime prosecutor in light of current and foreseeable future work and necessary succession planning.

Coronial function: the customary and statutory functions of the Law Officers in relation to sudden deaths, cremations and inquests have placed a considerably increased burden on the Law Officers individually over the course of the last year due to some recent complex cases. It is now becoming apparent that this is not a temporary peak in work that can be weathered. The Law Officers are therefore considering how this work can be dealt with both in the immediate future and long term and (even if the case for additional civil litigation lawyers outlined above is supported) in the immediate future this may require an additional dedicated resource.

Time Recording: a priority for the Law Officers' Chambers is to implement an electronic time recording system to enable staff to efficiently record time spent on legal matters. Currently there is no existing electronic system, time is recorded manually in a crude fashion by a small number of teams, this is burdensome and time consuming and does not produce the desired management information. The management information generated by the system will inform critical business activities, budgeting, resourcing and business development (e.g.

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transformation initiatives) and produce meaningful management data that can be used to support management decision making and demonstrate value for money.

A Memorandum of Understanding (“MOU”) is being developed to clarify and build upon the relationship between the States of Guernsey and the Chambers of the Law Officers of the Crown when acting as the government legal advisers. The MOU is based on a series of agreed principles to support good governance and the rule of law, to ensure mutually beneficial working practices and to achieve value-for-money. It is intended to be implemented in 2018.

ROYAL COURT

The “Royal Court” budget funds the activities undertaken by the Magistrate’s Court, Royal Court and Court of Appeal and the Offices of H.M. Greffier, H.M. Sheriff and H.M. Sergeant and the Bailiff’s Chambers. The Offices of H.M. Greffier, H.M. Sheriff and H.M. Sergeant and the Bailiff’s Chambers provide services to facilitate the delivery of justice, the civic functions of the Bailiff, the provision of facilities and administrative services to the States of Deliberation, States of Election and States Assembly and Constitution Committee. The Greffe is also responsible for the Registration of Births, Marriages and Deaths and the registration of property conveyances and bonds.

REVIEW OF 2017

Total Non-formula led expenditure for 2017 was £2.8m (2016: £2.5m), which is an increase of 12.9% over 2016. The operating income in 2017 was £171k lower than in 2016 primarily due to a significant civil trial which was heard in 2016 creating a spike in income that year. Expenditure on pay for 2017 was £4.0m (2016: £3.9m) which is an increase of 3.3% and 61k over budget. This was caused by an increased requirement for additional cover within the judiciary and established staff.

Overall, the Royal Court underspent its 2017 authorised budget by £20k (0.7%).

NET REVENUE EXPENDITURE BY CATEGORY

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets)

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
2,026	1,941	Operating Income	1,886	2,057
		Non Formula-Led Expenditure		
3,675	3,979	Pay costs	4,040	3,912
9	9	Non Pay costs		
296	316	Staff Non Pay costs	16	11
228	225	Support Services	220	181
5	5	Premises	178	197
8	8	Third Party Payments	-	-
219	219	Transport	5	5
		Supplies & Services	227	230
765	782		646	624
2,414	2,820	Net Non Formula-Led Expenditure by Category	2,800	2,479

Total non formula-led expenditure for 2017 was £2.8m (2016: £2.5m) representing an increase of 13% over 2016. The Royal Court under spent its 2017 authorised non formula-led budget by £20k (0.7%).

Operating Income

Source	2017 £'000	2016 £'000
Court Fees	869	1,124
Registration of Document Fees	377	336
Legalisation of Document Fees	300	269
HM Sheriff and HM Sergeant Fees	166	180
Birth, Marriage and Death certificates / Marriage Notices	120	100
Other	54	48
Total	1,886	2,057

Court Fees in 2017 were 22.7% lower than in 2016 due to the significant civil trial which augmented the fees collected in 2016. Court fees in 2017 were also 10.9% lower than budget because of a reduction in the level of chargeable time for civil courts.

Registration of Document Fees were 12.2% higher in 2017 due to an increase in the number of conveyance transactions and bonds registered during 2017.

Legalisation of Document Fees were 11.5% higher in 2017 due to an increase in demand for the use of this service.

Fees collected by the Office of HM Sheriff and HM Sergeant are down £14k (7.8%) in 2017 compared to 2016 but remained 5.8% above budget. The decrease in fees collected is associated with a 12.5% downturn in the demand for document service provided by the Office of HM Sheriff and HM Sergeant in 2017 compared to 2016.

Fees collected from issuing certificates for births, marriages and deaths and the registration of notice for marriages was 20% higher in 2017. This is due to an increase in the demand for certificates and also a 15% increase in the number of marriages in 2017 which rose from 276 in 2016 to 317 in 2017.

Pay Costs

Pay costs increased from £3.9m in 2016 to £4m in 2017, an increase of 3.3%. This generated an overspend of £61k against budget.

Established staff costs for 2017 were £121k (5.6%) higher than 2016, and £24k (1.1%) higher than budget due to one-off staff restructuring costs in 2017.

The cost of other pay groups for 2017 was £40k (8.4%) higher than budget due to a higher than anticipated requirement for additional judicial cover provided by Lieutenant Bailiffs, the cost of which was 2.2% higher in 2017 than in 2016.

Analysis of Full Time Equivalent Staff Numbers

Pay Group	2017	2016
Established Staff	41.2	40.6
Public Service Employees	5.3	5.3
Crown Officers and Judges	5.0	5.0
Other Pay Groups	1.9	1.8
Total	53.4	52.7

The established staff figure for 2017 is up 1.5% compared to 2016 due to the requirement for a temporary designate position to manage a senior management post holder's retirement.

Non Pay Costs

Non pay costs increased by £22k (3.5%) from 2016 to 2017 but remained £137k (17.5%) below budget.

Support Services

Expenditure was £96k lower than budget due to lower than anticipated legal consultants fees and printing costs. Support service costs in 2017 were £39k (21.6%) higher than in 2016. The higher comparative figure is primarily due to increased expenditure in relation to Communication and IT, Postage and Stationery and Contracted out legal costs.

Premises

Reduced utility costs to the value of £32k (31%) in 2017 were the main contributor to an under spend of £47k of the budget for this category, achieved by reduced electricity and gas consumption. Building maintenance costs were also £14k (31%) lower than approved budget.

NET REVENUE EXPENDITURE BY SERVICE AREA

(# restated comparative to reflect Inter-Committee transfer to consolidate Information Systems & Services budgets)

2017#	2017		2017	2016#
Original Budget	Total Authorised		Actual	Actual
£'000s	£'000s		£'000s	£'000s
826	844	Bailiff's Office	841	814
624	714	Client Services	530	568
807	1,062	Court Services	1,202	946
157	200	Parliament	227	151
2,414	2,820	Net Expenditure by Service Area	2,800	2,479

Bailiff's Office expenditure in 2017 was in line with budget but £27k (3.3%) higher than in 2016, primarily due to the requirement for the temporary designate role of a senior management position in 2017.

Client Services achieved a budget under spend of £184k (25.8%) due to the reduction in costs associated with premises and support services as detailed above. Income for this functional area was £43k (5.3%) above budget. Expenditure was £38k (6.7%) less in 2017 compared to 2016.

Court Services over-spent its budget by £140k (13.2%) and expenditure in 2017 was £256k (27%) higher than in 2016. The primary causes of the over spend was due to much lower court fees than anticipated (£106k (10.9%) below budget) and an increase in the requirement for additional judicial cover from Lieutenant Bailiffs. The comparative figure from 2017 to 2016 is down for the same reasons and also due to the significant civil trial which augmented the fees collected in 2016.

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Parliament over-spent its budget by £27k (13.5%) and expenditure was up by £76k (50%) compared to 2016. The overspend and year-on-year increase are due to an additional full time post following the take on of responsibilities for the processing, production and distribution of States' papers.

Budget Reductions

The Budget Reduction allocated to the Royal Court was £80k and £80k of recurring reductions were achieved during the year:

Description	2017 Reduction £'000	Recurring Reduction £'000
Pay – Established staff	80	80
Total	80	80

The Royal Court identified £80k in savings from established staff as part of its commitment to reducing its budget by 3% in 2017.

In Year Budget Changes

	£'000	£'000
2017 Cash Limit		2,460
Additions:		
Pay Awards	23	
Established Staff Turnover Adjustment	31	
Transfers from Budget Reserve	335	
		389
Reductions:		
Net Inter-Committee Transfers		(29)
2017 Authorised Budget		2,820

In addition to pay awards and staff turnover adjustment, approval was granted during 2017 to transfer £335k from Budget Reserve to accommodate a projected increase in the cost of Lieutenant Bailiff fees (£150k), to provide one-off staff restructuring costs (£100k) and to reinstate a one-off budget reduction in respect of Court fees (£85k).

ROUTINE CAPITAL EXPENDITURE

2017		2017	2016
Original Budget		Actual	Actual
£'000s		£'000s	£'000s
-	Miscellaneous Capital Works	4	32
50	IT Projects and Equipment	-	-
50	Equipment, Machinery and vehicles	-	-
100		4	32
(100)	Use of Accumulated Capital Allocation	-	-
-	Net Routine Capital Expenditure	4	32

LOOK FORWARD TO 2018 AND 2019

It continues to be difficult to accurately predict the future level of demand for court services, particularly in relation to civil cases and therefore, also, forecasting the level of income that can be expected from court fees.

FUTURE GUERNSEY ECONOMIC FUND

As part of the 2017 Budget Report, the States approved the renaming of the Economic Development as the Future Guernsey Economic Fund (FGEF). The Policy & Resources Committee advised the States that it intended to use its delegated authority to approve funding for initiatives which deliver on the objectives within the Future Guernsey Programme for Government (in Phase One of the Policy & Resources Plan) and which:

- Ensure we have the right conditions for businesses to set up, grow and operate;
- Improve or protect economic growth; and
- Have measurable economic and fiscal benefits.

The table below shows the position of the Fund at 31 December 2017:

	Approved £'000	2017 Expenditure £'000	Total Expenditure £'000
Opening balance	7,000		
Transfer from Strategic Development Fund	<u>2,100</u>		
	9,100		
Initiatives:			
Contribution to Guernsey Finance LBG	2,500	400	1,300
Tourism Marketing (Visit Guernsey)	500	-	480
Innovation Centre (Digital Greenhouse)	1,456	245	842
Locate Guernsey	1,200	384	731
Marketing – Guernsey Literary and Potato Peel Society Film	338	10	10
Guernsey University Investigations	50	-	-
Air Route Support - Cardiff	<u>44</u>	<u>45</u>	<u>45</u>
	6,088	1,084	3,408
Balance			5,692

Guernsey Finance

In addition to the £1.3m paid from the FGEF, £300k was paid from the Strategic Development Fund in 2014.

In 2016, approval of the application for a four-year funding commitment of £400k per annum was based upon the successful pursuit of the following specific objectives:

- Promotion of new products;
- Development of new markets; and
- Increase activity in established markets

Promotion of New Products

The following new products have been invested in during 2017:

- Alternative Investment funds
- Insurance Linked Securities
- Longevity Risk Transfer

- Private Investment funds
- Regulated Pensions

Development of New Markets

Whilst private wealth business has been generated in all cases, it is often difficult to obtain data regarding the revenues generated. However, the following are specific revenues that reliable data is available for:

1. Captive insurance in Hong Kong (investment c. £100k)

The very significant revenues (primarily management, legal and audit fees) involved in the two new captive insurance businesses set up in 2017 total £1.3m.

2. London (c. £100k)

Guernsey Finance has invested consistently through the year in additional work building Guernsey's profile in key London market. This has included substantially increased business development and media work, the use of a leading global consulting firm to benchmark its position and membership of The City UK. There are no revenues directly associated with this activity but, in the light of Brexit, the Board regard it as fundamentally important to Guernsey's future success as a finance centre.

Increase Activity in Established Markets

The revenues identified herein total some £14m with an estimated tax generation of some £2.1m over the next five years. This represents a profit of over 15% per annum for the next five years on the overall States funding for Guernsey Finance in 2017 of £1.2m, or over 170% overall return. In addition, the business activity identified herein is estimated to support over 40 FTE jobs in the various finance sectors involved.

Innovation Centre (Digital Greenhouse)

In April 2015, funding of £1.5m was approved to be used for a Digital Greenhouse pilot project to deliver an innovation centre for the creative and digital sectors in Guernsey and to help Islanders to develop a range of skills including coding, business development and confidence in using online services. Overall spend in 2017 was £245k, considerably lower than 2016 following a refocus on staffing need and utilisation of the premises

The Digital Greenhouse's objectives are to support the increase in:

- Employment opportunities in the sector and the diversification of the economy;
- Productivity and innovation in existing businesses through the use of technology and creative processes; and
- Start-up and entrepreneurial activity through the use of technology and creative processes.

Over 22,000 people have visited the Digital Greenhouse in its first two years of opening, ranging from business users to community members learning digital skills for the first time. Income from memberships / room rentals increased by 82% in 2017 and is predicting an additional 25% growth for 2018. There are now 30 digital start-up businesses working from the Digital Greenhouse, as well as eight established digital businesses. The Digital Greenhouse has held over 160 skills and knowledge building workshops, seven industry linked hackathons and established a Digital Industry Internship.

During Q3 2017, the Digital Greenhouse was approached by Barclays Guernsey and has worked to secure sponsorship from the company (from Q2 2018). The sponsorship provides both a financial contribution and access into the Eagle Labs accelerator business development resources.

Locate Guernsey

In April 2015, funding of £1.2m was approved to establish a promotional entity dedicated to facilitating an increase in inward investment into Guernsey through the additional relocations of businesses and economically active high net worth individuals to the Island resulting in economic benefits to the island and the States through increased tax take.

Locate Guernsey is designed to benefit the Island by attracting business and individuals, who in turn will contribute to the economy in a number of ways: by creation of new local jobs; by funding new local business ventures; and by contributing to the States' finances through income tax receipts and Document Duty on house sales.

In 2017, 24 relocations were secured with Locate Guernsey's help comprising nine personal relocations and fifteen businesses (creating 53 new jobs). It is estimated that £667k was generated from these relocations through income tax and document duty receipts. This number, combined with the value of those relocations secured in 2016 means that after two years, approximately £1.7m has been received by the States – already exceeding Locate Guernsey's three year budget.

This financial benefit excludes wider economic value to Guernsey businesses such as contributions to the construction, legal and financial sectors.

Air Route Support - Cardiff

In May 2017, Blue Islands launched a new seasonal air route to Cardiff, providing three weekly rotations until the end of September 2017. This initiative is aligned with the Policy and Resource Plan priorities relating to transport links (investigation of options for the expansion of air and sea links in order to deliver a dynamic and growing economy). A new route development grant of £45k was provided from the Future Guernsey Economic Fund to support the route.

Taking into account any potential displacement of passengers from the nearby Bristol route, the Cardiff route generated at least 747 unique new visitors to Guernsey in 2017, an estimated £12k in tax revenue for the Island and boosted GDP by approximately £348k. Other benefits included additional connectivity for Guernsey residents and increased awareness of Guernsey as a tourism destination for the Welsh market.

GUERNSEY REGISTRY

Guernsey Registry maintains the registers of companies, limited partnerships ("LPs"), limited liability partnerships ("LLPs") and foundations as required by Guernsey legislation, and makes information on those legal entities available to the public. It also maintains the Bailiwick of Guernsey's intellectual property registers and the Guernsey register of Charities and Non-Profit Organisations.

2017 Original Budget £'000s	2017 Total Authorised £'000s		2017 Actual £'000s	2016 Actual £'000s
10,093	10,093	Net Income by Category	10,626	10,205
		Operating Income		
		Expenditure		
401	401	Pay costs	395	388
15	15	Non Pay costs		
439	439	Staff Non Pay costs	5	6
147	147	Support Services	207	244
41	41	Premises	131	125
		Supplies & Services	11	13
642	642		354	388
9,050	9,050	Surplus transferred to General Revenue	9,877	9,429
		Net Income / (Expenditure) by Service Area		
9,946	9,946	Company Registry		
(966)	(966)	Income	10,446	10,048
8,980	8,980	Expenditure	(746)	(757)
			9,700	9,291
147	147	Intellectual Property Office		
(77)	(77)	Income	180	157
70	70	Expenditure	(3)	(19)
			177	138
9,050	9,050	Surplus transferred to General Revenue	9,877	9,429
		Capital Expenditure		
-	-	IT Projects and Equipment	177	-

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Operating income was higher than budgeted for the year with £533k (5.3%) favorable variance. This was predominantly owing to there being a higher than expected number of Annual Validations coming from LPs, LLPs and Foundations.

Pay costs were in line with budget and marginally above 2016 (1.8% above). Non-Pay costs were lower than budget at £354k (44.9% below budget) and some £34k lower than 2016. This is primarily driven by an under spend in IP consultancy and delay in systems development relating to the Beneficial Owners Register.

Capital expenditure in 2017 all related to design and implementation of the new Beneficial Owners Register and was funded by a loan from the proceeds of the States of Guernsey bond issue.

TRANSFORMATION AND TRANSITION FUND

As part of the 2015 Budget Report, the States resolved to establish a Transformation and Transition Fund in order to recognise *“the significant investment required to deliver the public services of the future and the substantial policy agenda for the States.”* The overarching criteria to be demonstrated in any business cases for use of the Fund were set out as:

- Significant long-term transformation in the delivery of services;
- Evidenced and measurable benefits; and
- A return on investment.

The table below shows the position of the Fund at 31 December 2017:

	Prioritised £'000	Approved £'000	2017 Expenditure £'000	Total Expenditure £'000
Opening balance	25,000			
Transfer from Fundamental Spending Review Fund	817			
Transfer from Strategic Development Fund	<u>862</u>			
	26,679			
Initiatives:				
Social Policy Development	750	-	-	-
Public Service Reform	1,600	869	330	788
Transforming Education & Training Services	750	23	19	19
Transforming Health & Care Services	1,500	872	513	731
Transforming Justice & Equality Services	750	67	-	-
Transforming Other Government Services	750	583	368	368
Civil Service Reform	750	536	193	193
Development of the People Plan	750	-	-	-
Development of an Energy Policy	375	-	-	-
Population Management	1,000	500	276	326
Corporate Performance Reporting	236	236	56	146
Procurement Transformation	250	250	-	-
Implementation of States Review Committee proposals	550	265	13	220
Fundamental Spending Review Fund commitments	817	817	21	544
Introduction of resource accounting and budgeting	1,300	300	-	19
Children and Young People's Plan	62	37	-	-
Supported Living and Ageing Well Strategy	<u>175</u>	<u>175</u>	-	-
	12,365	5,530	1,789	3,354
Balance				23,325

Public Service Reform

The Definition Phase of Public Service Reform was completed in November 2016 and further funding of £450k was approved in December 2016 for the next phase of “Design and Delivery”. This funding was to cover the ongoing management and co-ordination of Public Service Reform at a programme level as part of the Design and Delivery Phase up to the end of 2017. The activities undertaken as part of this phase ensured that programmes and projects were being managed appropriately and that their benefits, financial or otherwise, were properly identified, monitored and reported, and that there was the necessary co-ordination and reporting of initiatives. It has also ensured that transformation initiatives remained justified and aligned to common strategic goals. Expenditure on this phase during 2017 was £330k.

Transforming Health & Care Services

By the end of 2016, the Transforming Health & Care Services programme completed the initial definition and scoping of transformational opportunities and had established a prioritised programme of cost and service improvement projects capable of delivering both financial and non-financial benefits within the existing operating model during 2017 and 2018. In the final quarter of 2016, a procurement exercise commenced to secure an external provider to facilitate the review current operating model for health and social care services in the bailiwick and the development of a new Target Operating Model. The exercise concluded in early 2017 and further funding of £440k was approved to progress the three elements of the programme into the next phase.

Work in the first element, maintaining system grip, was focused on ensuring the progress made in this area during 2016 was maintained and sustained. This ‘Grip’ is the term used within the programme to describe the process of enforcing clear and demonstrable operational controls across all health and social care services. The initial work programme, completed in February 2017, put in place the management information, reporting mechanisms and systems needed across all operational areas to monitor and take actions quickly as and when required. The remaining ten months of 2017 saw sustained efforts to stabilise and strengthen system grip which in turn continued to provide the necessary confidence and support to encourage further improvement. Significant and ongoing engagement with staff and stakeholders including the encouragement of innovation and the ‘Thinking Differently, Working Differently’ message embedded understanding of the need for change. The financial turnaround continued with a £2million return to General Revenue in 2017 and an underspend of £2.6million. This sustained focus on system grip has been instrumental in achieving a step change improvement in the leadership, accountability and performance of day-to-day operational activities and establishing greater confidence and trust that the services can be managed within agreed resources.

Throughout 2017 the second element, cost and service improvement, focused on optimising the savings and improvements in efficiency and service quality that can be achieved without significant change to the fabric of the current health and social care system. Essentially, these ongoing projects are about accelerating the release of the initial savings of up to £7m identified in the costing and benchmarking report undertaken by BDO Ltd in 2015. As well as progressing existing cost and service improvement initiatives, new ideas and opportunities continued to be identified, captured and prioritised throughout 2017.

For the final element, transformation, the programme recognised that the States of Guernsey did not have the skills or experience available to successfully develop the necessary new Target Operating Model in isolation. Following the completion of the procurement exercise described above, KPMG was appointed to provide a tailored “end to end” methodology and

support the internal programme team in respect of the initial scoping of the future model, driving progress and providing the required additional insight, capability and capacity where necessary. In the development work that followed the programme team engaged with health and care providers and professionals, States Members, charities, volunteers, and members of the wider community in a series of activities looking at what a “good system” of health and care in the Bailiwick would look like. The resulting “Partnership of Purpose” Policy Letter set out a new model of health and care for the Bailiwick and was unanimously approved by the States on 13th December 2017.

Transforming Other Government Services

In January 2017, funding of up to £380k was approved for trialling “Service Design” as an approach to:

- Rapidly identifying process changes, utilising digital tools to deliver meaningful cash and non-cash benefits;
- Enabling service areas to test their capability for larger scale transformation before the major transformation programmes start;
- Enabling the identification and realisation of revenue savings as part of the budget challenge over 2017-2019; a delivery timeframe that is shorter than that of our large-scale transformation programmes.

Following this approval of funds, the programme piloted the service design approach in several service areas which were comparable to areas that had proved successful in the UK: Employment & Social Security, Income Tax and the Hub Shared Services Centre. External support was deemed necessary to assist with these pilots, as the skills were not available in-house.

All three pilots confirmed that the large-scale application of service design would deliver significant financial and non-financial benefits by increasing process efficiency, automating certain manual tasks, reducing waste and failure demand and improving the service user experience.

The lessons learnt in the pilots are now being taken forward within the Revenue Service Programme.

Civil Service Reform

In May 2017 funding of £470k was approved to support the transformation of the HR function. This funding has been used to complete a number of important pieces of work during 2017 including a review into the delivery of learning & development across the organisation and the completion of an initial investigation into the changes to Terms & Conditions that could be made to improve flexibility and mobility within the workforce. Both pieces of work identified potential improvements which will be further developed during 2018. The funding also enabled the delivery of a number of improvements to the recruitment and selection process which have already started to deliver benefits including the launch of a campaign to improve staff wellbeing and the design and delivery of a training package for staff leading major change initiatives. Expenditure on these activities during 2017 was £190k.

Population Management

The States have given delegated authority for the use of a maximum of £1m from the Transition and Transformation Fund in respect of the revenue expenditure associated with the change in the system of population management previously approved by the States.

Expenditure in 2017 was predominantly the deployment of additional staff in order to implement and administer the new Population Management regime.

APPENDIX B

	Sponsor	Billet & art. no.	Resol. Date	Subject matter & comments	Status as reported to the Policy & Resources Committee	Responsibility for next step to	Link/s to P&R Plan Priorities
1	Policy & Resources	XXI/2017 (art. III)	08.11.17	Protecting the interests of the Bailiwick as the UK leave the EU Bailiwick-wide Withdrawal Law to: repeal the European Communities (Bailiwick of Guernsey) Law, 1973; preserve effect of directly effective or otherwise binding EU law in domestic law; provide powers to amend, repeal, adapt or modify retained EU law, Ordinances giving effect to EU measures; make consequential amendments to the Implementation Law; make provision in relation to extant applicable ECJ jurisprudence (item 1 of the HMP letter which forms part of the Policy Letter)	<u>High Priority</u> Draft Law approved by the Legislation Review Panel on the 16 April, 2018 and will be submitted to the Greffier for publication in a forthcoming Billet.	Drafting complete. States of Deliberation for approval.	Brexit Policy; Int'l Standards Policy
2	Policy & Resources	XXI/2017 (art. III)	08.11.17	Protecting the interests of the Bailiwick as the UK leave the EU Enabling law to empower the States by Ordinance to make strategic, substantive and policy amendments to retained EU law and Ordinances made under the Implementation Law (item 2 of the HMP letter which forms part of the Policy Letter)	<u>High Priority</u> Draft Law approved by the Legislation Review Panel on the 16 April, 2018 and will be submitted to the Greffier for publication in a forthcoming Billet.	Drafting complete. States of Deliberation for approval.	Brexit Policy; Int'l Standards Policy
3	Policy & Resources	XXI/2017 (art. III)	08.11.17	Protecting the interests of the Bailiwick as the UK leave the EU Enabling law regarding implementation of international agreements relating to trade (item 3 of the HMP letter which forms part of the Policy Letter)	<u>High Priority</u> Draft Law approved by the Legislation Review Panel on the 16 April, 2018 and will be submitted to the Greffier for publication in a forthcoming Billet.	Drafting complete. States of Deliberation for approval.	Brexit Policy; Int'l Standards Policy
4	Policy & Resources	XXI/2017 (art. III)	08.11.17	Protecting the interests of the Bailiwick as the UK leave the EU Immigration legislation (para. 6.3 of the Policy Letter)	<u>High Priority</u> Drafting will commence when the UK's policy position is clearer. A further Policy Letter may be required.	Law Officers	Brexit Policy; Strategic Populations Policy; Int'l Standards Policy
5	Policy & Resources	XVIII/2015 (art. V)	30.10.15	GFSC law revision project Enact new GFSC enforcement Law containing all sanctions and powers currently set out in regulatory laws; revise individual GFSC sector laws	<u>High priority</u> Drafting has commenced - five Laws and two Ordinances. A draft of the Enforcement Powers Law has gone out to public consultation, as have drafts of the new Protection of Investors Law and Regulation of Fiduciaries Law. The draft of a new Banking Supervision Law is with the Commission for scrutiny before release for public consultation. Work underway on the Insurance Business Ordinance and Insurance Managers and Intermediaries Ordinance.	GFSC & Law Officers	Justice Policy; Int'l Standards Policy

6	Policy & Resources	XVIII/2015 (art. VII)	30.10.15	Guernsey gross domestic product Enact Guernsey & Alderney law equivalent to the UK Statistics of Trade Act 1947 with power to require provision of data/estimates/returns from businesses to calculate GDP	High priority Re-worked draft Law provided to officer working to the Committee on 6 February 2018, following drafting instructions received in December 2017. Officer is content with draft and it has been shared with Income Tax and the States of Alderney. Feedback is awaited.	Policy and Research Unit	Economic Development
7	Policy & Resources	III/2016 (art. XII)	16.02.16	Central register of contact details Establish a register of core data and contact details for individuals and organisations	High priority Working draft complete and sent to officer working to the Committee for feedback.	Law Officers	Economic Development; Brexit Policy; Security & Cyber Security Policy; Int'l Standards Policy
8	Policy & Resources	XIX/2002 (art. X)	01.08.02	Referendums Legislation to introduce	High Priority Prioritised by the Policy & Resources Committee in April 2018	Policy & Resources Committee	
9	Policy & Resources	XIX/2011 (art.XI)	30.11.11	States Official Gazette Simplification of legislative requirements for Gazette Officielle publications	High priority Draft agreed with officer working to the Committee. Draft to be presented to the Committee with options on progressing this workstream.	Policy & Resources Committee	N/A (governance)
10	Employment & Social Security	XVII/2001 (art.VI)	25.07.01	Legal Aid Civil & Criminal Schemes Ordinance Detailed provisions to be enacted under the Legal Aid (Bailiwick of Guernsey) Law, 2003	High Priority Draft of the Ordinance has now been settled. The Ordinance will apply to Guernsey and Alderney. The Committee will enter into consultation with the States of Alderney's Policy and Finance Committee, as required under s.30(4) of the Legal Aid (Guernsey) Law. As a matter of courtesy, the Ordinance will also be circulated to the Guernsey Bar for any comments. It is hoped that the Ordinance will be submitted for the States in the third quarter of 2018.	Committee for Employment & Social Security	Justice Policy

11	Employment & Social Security	VII/2016 (art. IX), VIII/2018 (art. V)	08.03.16 28.02.18	Social welfare reforms Implementation of Income Support including closure of the rent rebate scheme and associated transitional provisions; introduction of new benefit rates, capital limits; and extra needs allowance and increase in the amount of the earnings disregards.	High priority The Committee is hoping to implement the Social Welfare Benefits Investigation Committee's proposals w.e.f 6 July 2018. On 28 February 2018, the States approved new requirement rates, earnings disregard, maximum rent allowances and capital allowances for supplementary benefit or income support to apply to all claimants on and from the date of implementation in 2018. The States also approved some changes to the rules relating to entitlement for certain categories of persons and transitional provisions for a reduced rent rebate to be available for those social housing tenants most affected by the transition from rent rebate to supplementary benefit or income support. A Law addressing the name change from Supplementary Benefit to Income Support has received Royal Assent. An Ordinance making the necessary substantive changes to the legislation and another applying the Income Support Law to Alderney were approved by the Legislation Review Panel on the 16 April, 2018 and will be submitted to the Greffier for publication in a forthcoming Billet. A first draft of Regulations amending the rent rebate Regulations to provide for a three year phasing out of rent rebate has been sent to officers working to the Committee for comment.	Committee <i>for</i> Employment & Social Security	Social Welfare
12	Employment & Social Security	XIV/2015 (art. XX)	31.07.15	Eligibility for Industrial Injuries Benefits Amendment of the Social Insurance (Guernsey) Law, 1978 to prescribe additional categories of persons to be treated as employed persons for the purposes of industrial injuries benefits.	High Priority Law submitted and approved by the Legislation Review Panel at their 5 February 2018 meeting. The Committee subsequently asked that the Law not be submitted to the Billet because they had identified further minor amendments to the Law, which could be dealt with in the same piece of legislation. A further Policy Letter will be submitted to the States.	Committee <i>for</i> Employment & Social Security	Int'l Standards Policy
13	Environment & Infrastructure	XVIII/2013, (art. IX)	25.09.13	Transfrontier Shipment of Waste Ordinance, 2002 Transfer functions; permit export of waste to Jersey; implement 2006 EU regulation	High Priority Final draft with the Committee. The Director of Environmental Health and Pollution Regulation has sent the Alderney and Sark Transfrontier Shipment of Waste Ordinances to those islands for comment. Supplementary propositions and Policy Letter commented on by Chambers. Await update from Committee on submission of these to the Greffe and preparation of related statutory waste import and export Plans with supporting propositions and policy letter so that Ordinance can be finalised. The Director of Environmental Health and Pollution Regulation is liaising with the Chief Secretaries to the Committee <i>for the</i> Environment & Infrastructure and the Committee <i>for</i> Health & Social Care to obtain the Committee update.	Committee <i>for the</i> Environment & Infrastructure	Brexit Policy; Int'l Standards Policy

14	Health & Social Care	VII/2016 (art. III)	08.03.16	Capacity Law Project to deal with incapacity in adults based on the Mental Capacity Act 2005; tests as to capacity; appointment of guardians; taking legally binding decisions as to medical treatment; deprivation of liberty standards.	High priority First draft is being progressed. Further policy input from officer working to the Committee is now being provided which will enable drafting to continue. Consideration is also being given to the Law Commission's final proposals, the UK government's response to those proposals and also the position that may be taken by the UK Parliament's Joint Committee on Human Rights after its enquiry into particular aspects of the Deprivation of Liberty Safeguards. Further meetings are required with stakeholders, such as the Greffe which will have a role to play in relation to Lasting Powers of Attorney. It is hoped that a consultation draft can be circulated by the end of 2018.	Committee for Health & Social Care	Health & Wellbeing; Disability & Inclusion; Health and Social Care Regulation and Support
15	Health & Social Care	VII/2016 (art. V)	08.03.16	Adoption Repeal of the Adoption (Guernsey) Law, 1960 and all relevant legislation relating to adoption to be replaced by new legislation based on the provisions of the Adoption and Children Act 2002.	High Priority Drafting has commenced with a view to producing a first draft for consideration by the Committee.	Law Officers	Children and Young People
16	Home Affairs	XXI/2009 (art.IV)	29.09.09 (adj. from July meeting 31.07.09)	Domestic Proceedings and Magistrates Court (Guernsey) Law, 1988 Amend Law to allow Court to hand down suspended sentences of imprisonment for breaches of Domestic Violence Injunctions and to permit an individual contesting a breach of a Domestic Violence Injunctions to be remanded in custody.	High priority First draft prepared. Committee for Home Affairs considering further proposals relating to domestic violence legislation in other jurisdictions. Officers working to the Committee have advised they hope to resume work on after the first quarter of 2018.	Committee for Home Affairs	Justice Policy
17	Home Affairs	XXIV/2009 (art.XII)	01.10.09	People working with children and vulnerable adults: Vetting and barring scheme	High priority The Committee is working with the Home Office and representatives of other Crown Dependencies. A further Policy Letter will be drafted to inform the States of the changes made to the UK system and consider the introduction of relevant offences for the purposes of the Bailiwick. After meeting with the Law Officers, officers working to the Committee have been in further communication with the Committee for Home Affairs in Jersey in relation to legislative proposals currently being considered there.	Committee for Home Affairs	Justice Policy; CYP
18	Home Affairs	XIII/2011 (art.IX)	28.07.11	Sexual offences New legislation based on the Sexual Offences Act 2003; protection of complainants/witnesses; registration of sex offenders; preventative civil orders	High Priority This is being progressed in two parts. The first part – the Criminal Justice (Sex Offenders and Miscellaneous Provisions) (Bailiwick of Guernsey) Law, 2013 - is in force. The second part of this workstream is the drafting of a new Sexual Offences Law. A consultation draft of the Law has been circulated to interested parties for comment; this consultation will close in April and any responses will then be considered by the stakeholders.	Committee for Home Affairs	Justice Policy; CYP

19	Home Affairs	XI/2015 (art.VIII)	24.06.15	Probation Repeal the Loi relative à la Probation de Délinquants, 1929 and replace it with a new Probation Law	High Priority Drafting substantially complete. Further consultation has been undertaken to deal with any outstanding questions before resubmission of the Law to the Legislation Review Panel.	Committee for Home Affairs	Justice Policy
20	States Trading & Supervisory Board	II/2014 XXIV/2017	12.02.14 14.12.17	Solid waste strategy Licensing private waste facilities; functions of Waste Disposal Authority; amend parochial waste disposal legislation; new charging system for households; Waste Disposal Authority fee-charging powers; duties on householders re parochial collections; civil fixed penalties; consequential changes to Environment Pollution & Parochial collection legislation	High priority. There are a number of strands to this workstream. The first elements to be addressed included the drafting of the Environmental Pollution (Guernsey) (Amendment) Law and the Parochial Collection of Waste (Guernsey) Law, which received Royal Sanction in 2015. The States approved amendments to the waste strategy in February 2017 and to the waste charging proposals in December, 2017. The States directed further work in December, 2017 in relation to the Waste Disposal Authority charge which is planned to come before the States in Spring, 2018. Chambers has responded to comments from the States' Trading & Supervisory Board on third drafts of two waste charging Ordinances. The Ordinance on the Waste Disposal Authority charges cannot be finalised until after the further States debate in Spring, 2018. Propositions and a policy letter in relation to waste charging (as directed by the December, 2017 resolutions) have been submitted to the Greffe.	States' Trading & Supervisory Board	Long-term Infrastructure Investment
21	States Assembly & Constitution Committee	XIV/2017 (art. IX)	22.06.17	Referendum on Guernsey's Voting System	High Priority The Law was approved by the States of Deliberation on 7th February, 2018. A commencement Ordinance was approved by the Legislation Review Panel on the 16 April and will be submitted to the Greffier for publication in a forthcoming Billet.	Drafting complete. States of Deliberation for approval.	N/A (governance)
22	Development & Planning Authority	XI/2017 (art.VIII)	08.06.17	Certificates of lawful use Ordinance under the Land Planning and Development (Guernsey) Law, 2005 to make provision for certificates of lawful use.	Medium Priority Drafting will commence in May 2018 depending on what level of work arises from the solid waste strategy workstream (a High Priority item).	Law Officers	Economic Development
23	Home Affairs	IV/2005 (art.VII)	27.04.05	Parole legislation: Ordinance under the Parole (Guernsey) Law, 2009.	Medium priority Draft Ordinance substantially complete and was provided to the Committee in September 2015. Officers working to the Committee have advised that they are in the process of finalising the Ordinance and Regulations for submission to the Committee in early 2018.	Committee for Home Affairs	Justice Policy
24	Home Affairs	XII/2008 (art.IX)	24.09.08	Fire services Amendments to the Fire Services (Guernsey) Law, 1989; fire safety education, attendance at road traffic collisions, attendance at non-fire emergencies, mutual assistance at incidents outside Guernsey, investigation of fires.	Medium priority Draft amending legislation was provided to officers working to the Committee in 2013. In 2016, an officer working to the Committee advised that the draft legislation would be reviewed in its entirety given the time that had elapsed since it was provided.	Committee for Home Affairs	N/A Operational

25	Home Affairs	XV/2013 (art.XII)	24.09.13	International Criminal Court Legislation to implement Rome Statute establishing the International Criminal Court	<u>Medium priority</u> Law has been substantially drafted. Work will recommence once the drafting of the adoption law – a high priority item – is substantially completed.	Law Officers	Justice Policy
26	Home Affairs	XXIII/2016 (art. III)	21.09.16	Extradition Law Bailiwick wide Projet to put in place an extradition regime framework broadly based on the Category II procedures in the Extradition Act 2003	<u>Medium Priority</u> First draft of the legislation almost complete.	Law Officers	Justice Policy; Int'l Standards Policy
27	States Trading & Supervisory Board	V/2018 (art. VII)	08.02.18	Merchant Shipping Introduction of a new small commercial vessels code and consequent legislative amendments.	<u>Medium Priority</u> The Board advised that the legislation should be in force by January 2019. Drafts of an amending Ordinance and implementing regulations with Harbour Master for review. The Code is largely drafted; primary responsibility for that rests with the Harbour Master though Chambers have been involved with the drafting.	States' Trading & Supervisory Board	
28	Policy & Resources	XV/2002 (prop. 13)	10.07.02	Tribunals Service Legislation to establish	Work has been amalgamated with review of the governance of Arms Length Bodies and recommendations to be presented to P&R end of 2018 and then to the States in 2019	Policy & Resources Committee	
29	Policy & Resources	XIX/2007 (art.VII)	25.07.07	Registration of overseas lawyers	It is not entirely clear whether the legislation is still required. Report will be prepared by Law Officers to enable the Policy & Resources Committee to consider further.	Law Officers	
30	Policy & Resources	II/2009 (art.XI)	30.01.09	Matrimonial causes Amend the Matrimonial Causes (Guernsey) Law, 1939; extend powers to divide assets and transfer property	Further draft provided to the Court for comment in March 2017. It is proposed that the aspect of the Policy Letter which relates to pension arrangements will be dealt with separately (a) because it will require separate primary legislation and (b) reciprocal arrangements will need to be made with the UK.	Royal Court	
31	Policy & Resources	XXIV/2009 (art.VII.14)	02.10.09	Income tax Consolidation of the Income Tax (Guernsey) Law, 1975	This resolution may be rescinded following the preparation of a further Policy Letter regarding amendments to the Income Tax Law.	Policy & Resources Committee	
32	Policy & Resources	XIX/2011 (art.XII)	30.11.11	Court of Appeal Amendments to the Court of Appeal (Guernsey) Law, 1961	A draft was provided to the Court in 2013 and comments are awaited.	Royal Court	

33	Policy & Resources	XVI/2015 (art. XII)	29.09.15	Public Functions Law Amendments to the Public Functions (Transfer and Performance) (Bailiwick of Guernsey) Law, 1991 to include those to permit functions to be transferred to a public or statutory office or body by Ordinance; encompass other descriptions of public or statutory office or body in relation to the performance of functions by officers.	Drafting is now settled, subject to proofreading. Aim to submit to May 2018 Legislation Review Panel meeting.	Law Officers	
34	Policy & Resources	XX/2015 (art. VIII)	27.11.15	Financial Services Commission Amendments to Financial Services Commission (Bailiwick of Guernsey) Law, 1987 to introduce primary objectives for the GFSC and secondary matters to which they must have regard; removing the statutory cap on the number of Commissioners, term of office and compulsory retirement age; enabling power re the introduction of a regulatory decisions appeal mechanism; and complaints procedure	An Ordinance addressing those aspects of the resolution relating to the number of Commissioners, their terms of office and compulsory retirement age was approved at the June, 2016 States Meeting. The remaining aspects of the resolution are being dealt with as part of the GFSC law revision project.	GFSC & Law Officers	
35	Policy & Resources	VI/2016 (art. XIII)	02.03.16	Administrative Decisions Review Law, 1986 Amend Law to transfer functions of Chief Executive and H.M. Greffier to an independent Complaints Panel and other miscellaneous changes	Law approved by the States of Deliberation on the 28 February, 2018. A further Ordinance will be required to amend the Reform (Guernsey) Law, 1948 to extend privilege to cover the Deans and independent members. New system expected to be in place by end of 2018.	Law Officers	
36	Policy & Resources	XI/2017 (art. IV)	07.06.17	Implementation of International Sanctions Measures Bailiwick wide law for the implementation of sanctions measures and Bailiwick-wide regulation making powers for P&RC	Preliminary drafting has begun but it cannot be finalised until the position is clear with regard to new sanctions legislation in the UK that is at the House of Lords Committee stage.	Law Officers	
37	Policy & Resources	XX/2017 (Prop. 12)	07.11.17	Amendment of section 65 of the Income Tax Law regarding liability on distributions from a company or other entity held under the control of trustees	Draft with client for comment.	Income Tax Office	
38	Economic Development	IV/2002 (art.V)	27.03.02	Garden centres Amend IDC use class; and establish registration system	Committee has directed the preparation of a Policy Letter asking States to rescind the resolution.	Committee for Economic Development	
39	Economic Development	XXIII/2002 (art.XIX)	27.11.02	Innovation patents	Initial drafting undertaken. Following consultation in 2017, the legislative draft will require amendment. This is the subject of a draft Policy Letter being prepared which will be brought to the Committee later this year.	Committee for Economic Development	
40	Economic Development	XXIII/2002 (art.XIX)	27.11.02	Trade marks - geographical indications: Ordinance for Bailiwick	Initial drafting undertaken. Following consultation in 2017, the legislative draft will require amendment. This is the subject of a draft Policy Letter being prepared which will be brought to the Committee later this year.	Committee for Economic Development	
41	Economic Development	XXI/2006 (art.IX)	13.12.06	Finance sector legislation Enable amendment of banking, insurance, fiduciary and protection of investor Laws by Ordinance	Committee has directed the preparation of a Policy Letter asking States to rescind the resolution.	Committee for Economic Development	
42	Economic Development	VI/2010 (art.XI)	25.03.10	Limited partnerships Re-enactment of the Limited Partnerships (Guernsey) Law, 1995 with miscellaneous amendments – e.g., transfer functions to company registrar, migrations, conversions, protected cells	The draft Law was finalised in 2014 but following a long consultation with the private Bar, revised policy proposals are under discussion and a further Policy Letter will be submitted to the States during 2018.	Committee for Economic Development	

43	Economic Development	IV/2012 (art.XI)	22.02.12	EU batteries directive Implement EC Directive 2006/66 by Ordinance under the European Communities (Implementation) (Bailiwick of Guernsey) Law, 1994	Committee advised that this is currently a low priority.	Law Officers	
44	Economic Development	IX/2015 (art.VI)	27.05.15	Utilities - laying services in private land Amend Public Thoroughfares (Guernsey) Law 1958 in favour of Guernsey Electricity; and consider additional powers for water/sewerage undertakers [and report back if necessary]	Committee advised that this is currently a low priority.	Committee <i>for</i> Economic Development	
45	Economic Development	XIV/2015 (art. XV)	31.07.15	Roll On/Roll Off Ferry Services Licensing regime for Roll On/Roll Off services at St Peter Port Harbour	The legislation will not proceed until the operating agreement is finalised.	Committee <i>for</i> Economic Development	
46	Economic Development	III/2016 (art. XVII)	16.02.16	Regulation of utilities Remove postal services and electricity regulation by the Guernsey Competition and Regulatory Authority; amend Post Office and Electricity Laws to enable the CED to regulate those utilities	Committee is re-evaluating its options in relation to deregulation of electricity as a new electricity supplier has been licensed by GCRA recently.	Committee <i>for</i> Economic Development	
47	Economic Development	VII/2017 (art. XIV)	31.03.17	Insolvency Review Amendments to the Companies (Guernsey) Law, 2008 to reform corporate insolvency provisions.	First draft complete subject to Law Officers' review. Consulting with industry during Q2/2018.	Law Officers	
48	Employment & Social Security	XXI/2003 (art. XIV) XXII/2013 (art. IX)	24.09.03 27.11.13	Proposals for Comprehensive Equal Status and Fair Treatment Legislation Prevention of Discrimination legislation and extension of International Convention on the Elimination of all forms of Discrimination against Women at the earliest practical opportunity.	The Prevention of Discrimination (Enabling Provisions) (Bailiwick of Guernsey) Law, 2004 entered into force in September 2005. The Employment and Discrimination Tribunal (Guernsey) Ordinance, 2005; Sex Discrimination (Employment) (Guernsey) Ordinance, 2005; and Maternity Leave and Adoption Leave (Guernsey) Ordinance, 2016 have been made under the Law. At the present time the Committee has prioritised the development of detailed policy proposals in respect of disability discrimination legislation as directed by the States in November 2013. The Director of Legislative drafting is a member of the disability discrimination legislation working group, where policy is being agreed. It is expected that the Committee will recommend that a broader equality Ordinance be enacted under the Law that would cover, disability discrimination, other forms of sex discrimination, and discrimination on other specified grounds. Detailed proposals are expected to be brought to the States in 2019.	Committee <i>for</i> Employment & Social Security	16 - Disability and Inclusion; 23 - International Standards Policy
49	Employment & Social Security	XX/2010 (art.V)	30.09.10	Health Service Benefit Law Minor amendments. Travelling Allowance Grants	Committee requested that this be put on hold pending a review of the rules and entitlements relating to the Travel Allowance Grant.	Committee <i>for</i> Employment & Social Security	
50	Environment & Infrastructure	X/1996 (art.VII)	30.05.96	Traffic Signs & Traffic Light Signals Ordinance, 1988 amendment	Committee to rescind resolution.	Committee <i>for</i> the Environment and Infrastructure	

51	Environment & Infrastructure	XXII/1998 (art.XV)	29.10.98	Parking strategy	Committee to rescind resolution.	Committee <i>for the</i> Environment and Infrastructure	
52	Environment & Infrastructure	XX/2000 (art.XVI)	11.10.00	Public transport legislation Amend and consolidate the Public Transport Ordinance 1986	Draft with Committee. Committee to rescind part of the resolution.	Committee <i>for the</i> Environment and Infrastructure	
53	Environment & Infrastructure	III/2003 (art. VI)	28.02.03	Animal Welfare Legislation Ordinance required for welfare of animals during international transport, regulation of professions and responsibilities and liabilities of animal owners.	Mid to low priority set by former Commerce & Employment Board	Committee <i>for the</i> Environment and Infrastructure	
54	Environment & Infrastructure	XXV/2003 (art.XI)	27.11.03	Genetically modified crops Legislation to regulate	Committee advised that this is currently a low priority.	Committee <i>for the</i> Environment and Infrastructure	
55	Environment & Infrastructure	VII/2006 (res. 28 on art. VIII)	31.03.06	Transport strategy Consolidation of Driving Licences (Guernsey) Ordinance, 1995	Committee advised that this is currently a low priority.	Committee <i>for the</i> Environment and Infrastructure	
56	Environment & Infrastructure	VII/2006 (res. 15 on art.VIII)	31.03.06	Transport strategy Legislation to ban the use of "bull bars"	Committee to advise if legislation is still required.	Committee <i>for the</i> Environment and Infrastructure	
57	Environment & Infrastructure	VIII/2006 (art. IX)	27.04.06	Plant Health (Guernsey) Ordinance Ordinance to update Guernsey's plant health legislation and implement EU Regulations	The EU Plant Health Regulation has been enacted. Detailed drafting instructions are ready but may need modifications depending on the outcome of Brexit negotiations.	Committee <i>for the</i> Environment and Infrastructure	
58	Environment & Infrastructure	VII/2009 (art.X)	26.02.09	Island transport strategy To be funded by charges for residents' parking & vehicle registrations; & increase in fuel duty	A further States Report on a residents' parking scheme has been published in the July 2015 Billet which supersedes this resolution. Committee to rescind resolution.	Committee <i>for the</i> Environment and Infrastructure	Economic Development; Health & Wellbeing; Disability and Inclusion; Long-term infrastructure Investment; Energy
59	Environment & Infrastructure	XXI/2012 (art.VI)	01.11.12	Environmental pollution Amendment of the Environmental Pollution (Guernsey) Law, 2004; water standards; exemptions from the Food and Environmental Protection Act for certain deposits in sea.	The Law was approved by the States of Deliberation on the 29/09/15. Ordinance required under the Environmental Pollution Law to set standards for the Island's water resources, prescribe operations requiring a licence, and other provisions in relation to water pollution. Second draft of Ordinance provided to officers for comment. It was agreed that finalising the Transfrontier Shipment of Waste Ordinances would be prioritised ahead of this Ordinance.	Law Officers once the Transfrontier Shipment of Waste Ordinances have been finalised.	Brexit Policy; Int'l Standards Policy

60	Environment & Infrastructure	IX/2014 (Vol. 1 art. VI)	14.05.14	Integrated Island transport strategy Extensive legislative proposals (e.g. presumed liability, speed limit review, motorcycle licensing requirements, amendments to theory tests, etc.)	The remaining aspects of the Policy Letter directing the preparation of legislation relate to: <ul style="list-style-type: none">· Theory test amendments· Motorcycle licence amendments The Committee is preparing drafting proposals regarding licensing.	Committee <i>for the Environment and Infrastructure</i>	
61	Environment & Infrastructure	XXVI/2014 (art. XI)	10.12.14	Register of driving instructors: Legislation to provide for a register of driving instructors and subsequent amendments to the Driving Licences (Guernsey) Ordinance, 1995	Draft legislation provided to officers working to the Committee. Comments awaited.	Committee <i>for the Environment and Infrastructure</i>	
62	Environment & Infrastructure	XIV/2015 (art. XIX)	31.07.15	Residential On-Street Parking Ordinance under the Road Traffic (Parking Fees and Charges) (Enabling Provisions) (Guernsey) Law, 2009 to provide for parking permits.	Committee advised that a further Policy Letter will be submitted to the States to rescind previous resolutions relating to residential on-street parking and to seek to amend various pieces of legislation to enable the revised scheme to be introduced.	Committee <i>for the Environment and Infrastructure</i>	
63	Environment & Infrastructure	I/2017 (art. III)	11.01.17	Extension of Wreck Removal Convention to the Bailiwick Ordinance(s) under the Merchant Shipping (Bailiwick of Guernsey) Law, 2002 to give effect to the Nairobi Convention on the Removal of Wrecks, 2007 and any corresponding repeals or amendments	Committee asked that the drafting be allocated a high priority because it will enable the States of Guernsey to recover costs in the event of a ship wreck in Bailiwick waters. The Policy & Resources Committee would like to progress this item as part of the territorial seas project.	Committee <i>for the Environment and Infrastructure</i>	Int'l Standards Policy
64	Environment & Infrastructure	III/2017 (art. III)	01.02.17	Environmental Pollution (Guernsey) Law, 2004: Air Pollution Commence Part VII of the Law and preparation of subordinate legislation under this Part to introduce local air quality standards and a regulatory framework for actual or potential pollution to the atmosphere.	Committee asked that the drafting be allocated a high priority because it will implement parts of the Environmental Policy Plan and are consistent with the health protection and health improvement measures outlined in the Committee <i>for Health & Social Care's</i> 2020 Vision strategy. The Policy & Resources Committee will reconsider the prioritisation of this item once work in relation to the Transfrontier shipment of waste resolution has completed.	Law Officers	Brexit Policy; Int'l Standards Policy
65	Health & Social Care	XX/2007 (art. XI)	27.09.07	Nursing and residential homes Extend regulation to all care homes and care agencies	In December 2017, the States, as part of HSC's Partnership of Purpose Policy Letter, directed HSC to report to the States in 2018 with proposals for the comprehensive regulation of health and care services and practitioners. A draft Policy Letter is currently being prepared which will propose a wide enabling law for the regulation of health and social care, superseding the 2007 Resolution in respect of nursing and residential homes. The Committee for Health & Social Care have indicated that the drafting of new primary legislation establishing a regulatory regime is considered a high priority as part of its Partnership of Purpose with the aim for drafting to be completed within the current States' term.	Committee <i>for Health & Social Care</i>	Health and Social Care Regulation and Support; Partnership of Purpose
66	Health & Social Care	XXII/2007 (art. VII)	01.11.07	Health and Social Services Charitable Trust To be constituted by Projet	Projet drafted. Discussions are ongoing with the Trustees.	Committee <i>for Health & Social Care</i>	

67	Health & Social Care	XXIII/2012 (art. VIII)	29.11.12	Tobacco Products (Guernsey) Ordinance Ordinance to provide for confiscation of tobacco products from under-18s in public places	Final draft is with the Committee.	Committee for Health & Social Care	Health & Wellbeing
68	Home Affairs	VIII/2000 (art.II)	15.03.00	Fair trading - sale & supply of goods & services Law based on 1979, 1982 and 1994 UK Acts	This resolution has been superseded by the Consumer Protection resolution of 16.02.16 and will be rescinded when the opportunity arises.	Committee for Home Affairs	
69	Home Affairs	VIII/2000 (art.II)	15.03.00	Fair trading - unfair contract terms Law based on 1977 UK Act	This resolution has been superseded by the Consumer Protection resolution of 16.02.16 and will be rescinded when the opportunity arises.	Committee for Home Affairs	
70	Home Affairs	VIII/2000 (art.II)	15.03.00	Fair trading - misrepresentation: Law based on 1967 UK Act	This resolution has been superseded by the Consumer Protection resolution of 16.02.16 and will be rescinded when the opportunity arises.	Committee for Home Affairs	
71	Home Affairs	VIII/2000 (art.II)	15.03.00	Fair trading - torts (interference with goods) Law based on 1977 UK Act	Not addressed by proposals agreed by States 16th Feb 2016 – Resolution XIX, Resolution will be addressed by the Consumer Protection legislation (resolution 16.02.16), when prioritised.	Committee for Home Affairs	
72	Home Affairs	VIII/2000 (art.II)	15.03.00	Fair trading - supply of goods (implied terms) Law based on 1973 UK Act	This resolution has been superseded by the Consumer Protection resolution of 16.02.16 and will be rescinded when the opportunity arises.	Committee for Home Affairs	
73	Home Affairs	VIII/2000 (art.II)	15.03.00	Fair trading - disposal of uncollected goods Law based on UK Act	Not addressed by proposals agreed by States 16th Feb 2016 – Resolution XIX, Resolution will be addressed by the Consumer Protection legislation (resolution 16.02.16), when prioritised.	Committee for Home Affairs	
74	Home Affairs	XVIII/2006 (art.XIII)	29.11.06	Terrorism New offences based on Terrorism Act 2006	The Bailiwick's existing terrorism legislation is being compared against the UK's terrorism legislation in order to evaluate what additional provisions the Bailiwick should adopt. The review extends far beyond a comparison with the Terrorism Act 2006 and once the review is complete a Policy Letter will be prepared which will include the revocation or modification of this resolution.	Law Officers	
75	Home Affairs	XXII/2007 (art.X)	01.11.07	Gambling legislation Comprehensive review involving repeal of existing legislation and new Project. See the resolution of 31.07.15 which directed that the existing legislation be amended, rather than repealing and replacing the existing legislative framework.	See resolution of 31.07.15 which supersedes this resolution.	Committee for Home Affairs	
76	Home Affairs	XXIV/2007 (art.XI)	30.11.07	States property rationalisation: Inscription of 1 dwelling at Belvedere House on Register	Awaiting confirmation from owner.	Committee for Home Affairs	
77	Home Affairs	XI/2008 (art.XVIII)	01.08.08	Sales of knives to under-18's Amend the Police Powers and Criminal Evidence (Bailiwick of Guernsey) Law, 2003 and the Criminal Justice (Miscellaneous Provisions) (Bailiwick of Guernsey) Law, 2006	Not had priority from the Committee	Committee for Home Affairs	
78	Home Affairs	XV/2013 (art.X)	24.09.13	Terrorist financing, money laundering and weapons proliferation Legislation equivalent to the provisions of schedule 7 of the UK Counter Terrorism Act 2008	A first draft has been produced, and discussions are ongoing with the relevant UK authorities.	Law Officers	

79	Home Affairs	VII/2015 (art.IX)	29.04.15	Housing register - Forest Park Hotel Ordinance to authorise inscription on Part B of Register	The Ordinance is not yet required.	Committee <i>for</i> Home Affairs	
80	Home Affairs	XIV/2015 (art. XVII)	31.07.15	Gambling legislation Implementation of the resolutions of 01.11.07 by amendment to existing legislation rather than repealing and replacing the existing legislative framework; introduction of gaming machines; removal of certain restrictions, including those in relation to Crown and Anchor, Sunday opening for bookmakers, betting offices being located on the ground floor of shops, and restrictions on size of television screens.	The Committee prioritised amendments to the Gambling (Betting) Ordinance, 1973. The amendment Ordinance was approved by the States of Deliberation on the 8th June, 2016 and the second amendment Ordinance was approved by the States on the 21st September, 2016.	Committee <i>for</i> Home Affairs	
81	Home Affairs	XIV/2015 (art. XXIII)	31.07.15	Housing register – Fort Richmond Ordinance to authorise inscription on Part A of Register	The Ordinance is not yet required.	Committee <i>for</i> Home Affairs	
82	Home Affairs	III/2016(art. XIX)	16.02.16	Consumer Protection Introduction of statutory consumer protection powers Preparation of Ordinance under the Trading Standards (Enabling Provisions) (Guernsey) law, 2009	The Committee requested that this be given a medium priority rating. Having considered the case put forward by the Committee, the Policy & Resources Committee was of the view that this item could not easily be prioritised at the present time given other competing demands.	Law Officers	
83	Home Affairs	III/2017 (art. IV)	01.02.17	Housing register – former Guernsey Brewery site Inscribe eight apartments on the former Guernsey Brewery site in Part A of Register, subject to eight Part A dwellings located elsewhere in the Island first being deleted from Part A	The Ordinance is not yet required.	Committee <i>for</i> Home Affairs	
84	Home Affairs	VIII/2017 (art. VI)	26.04.17	Data Protection: EU General Data Protection Regulation New Bailiwick wide legislation aligned to the EU General Data Protection Regulation and the Directive relating to the Processing of Personal Data for the purposes of the Prevention of Crime.	The Law has received Royal Sanction. The Data Protection (Law Enforcement and Related Matters) (Bailiwick of Guernsey) Ordinance, 2018 and Data Protection (Commencement, Consequential, and Transitional Provisions) (Bailiwick of Guernsey) Ordinance, 2018 were approved by the Legislation Review Panel at their 19 March meeting and have been submitted to the Greffe for publication in a forthcoming Billet.	Drafting complete. States of Deliberation for approval.	
85	Home Affairs	XXI/2017 (art. X)	30.11.17	Amendments to Population Management Law To amend provisions relating to Part B and Part C Open Market Employment Permits and Short Term Employment Permits	First draft of amendment Law prepared and is with officer working to the Committee. Instructions are currently to progress any other amendments to the Law that are identified in due course by the Committee with this amendment.	Committee <i>for</i> Home Affairs	

86	Scrutiny Management Committee	IV/2016 (art. II)	16.02.16	Scrutiny Management Committee Powers Scrutiny Management Committee to have powers to call for persons, papers and records; extend legal privilege to witnesses providing evidence to the Scrutiny Management Committee	The Committee advise that without the legislation they are unable to fully lead and coordinate the scrutiny of Committees of the States, organisations that are in receipt of public funds or which have been established by legislation. The Policy & Resources Committee was of the view that this item could not easily be prioritised at the present time given other competing demands. The Scrutiny Management Committee is now actively pursuing options to expedite the required drafting.	Scrutiny Management Committee	
87	States Assembly & Constitution Committee	XVI/1989 (art.XII.2)	28.09.89	Reform Law 1948 and Scrutiny Secret Law 1899 Consolidate into single Law	Resolution to be rescinded.	States' Assembly & Constitution Committee	
88	States Assembly & Constitution Committee	IX/2016 (art. III)	08.03.16	Reform Law – declaration of unspent convictions Amend the Reform (Guernsey) Law, 1948 Law to require candidates for People's Deputy to declare unspent convictions under Rehabilitation of Offenders (Bailiwick of Guernsey) Law, 2002	The amendment needs to be made before the nomination period for the June 2020 election as it requires candidates for People's Deputy to declare unspent convictions.	Law Officers	
89	States Trading & Supervisory Board	XVI/2006 (art.XV)	27.09.06	Sewerage - grants and loans Miscellaneous amendments to the Sewerage (Guernsey) Law, 1974 Law	The Board requested that the draft Law be put on hold.	States' Trading & Supervisory Board	
90	States Trading & Supervisory Board	XXVI/2007 (art.XIV)	13.12.07	Pilotage dues and exam fees Minor amendments	The Board will rescind this resolution when a new Policy Letter regarding Pilotage is taken to the States.	States' Trading & Supervisory Board	
91	States Trading & Supervisory Board	III/2012 (art.X)	08.02.12	Guernsey Water and Wastewater Prepare water utility sector law to replace the Loi ayant rapport à la Fourniture d'Eau par les Etats de cette Ile aux Habitants de la dite Ile [1927] and the Sewerage (Guernsey) Law, 1974 Law.	Drafting has not yet been prioritised by the States Trading & Supervisory Board.	States' Trading & Supervisory Board	



Annual Report of the
Chief Executive of the States of Guernsey

May 2018

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1 Introduction from the Chief Executive Officer of the States of Guernsey

Public service reform is the programme of transformation to make the public service best equipped to deliver government policy outcomes in an effective and efficient way.

Our 10-year framework for improvement was endorsed by the States of Deliberation in September 2015. It has since been developed to support the political priorities in the Policy & Resource Plan endorsed by the States of Deliberation last year, and it helps deliver on the objectives of the medium-term financial plan.

The organisational improvements and changes that are covered in this report have been prioritised to have the greatest influence on our ability to meet the needs of the customers who use our services.

Over 2017 the public service reform work has been directed by four overall objectives and eight programmes that reflect our priorities. This report provides an update on the progress made and provides data to demonstrate that progress.

In addition, we have set out the priorities for public service reform during the remainder of 2018 and into 2019-20.

We can demonstrate significant progress on the goals we have set ourselves and I want to take this opportunity to highlight some of the areas of significant change covered in this update:

1. **The move to a combined counter service at Edward T Wheadon House**, meaning our customers who want to use counter services only need to go to one place for all of their transactions
2. **Increased flexibility for customers through the use of online services** – we now have even more services which can be done at any time, from anywhere, through our secure gov.gg website
3. **The launch of our customer charter now established across the organisation** – we have made clear to our customers the service they can expect so they can tell us when we are not up to the mark, and what we can expect from our customers (see section 4.4)
4. **Improved performance management data across all service areas** – now we have richer data available to us across more areas, so that we can track and report our performance more effectively

5. **Completion of the first part of the property rationalisation programme** – exiting Cornet Street and Grange Road House, on time and on budget and with minimal impact on customer service
6. **Put in place a programme to support the Health and Social Care Partnership of Purpose endorsed by the States of Deliberation in December 2017** – demonstrating that government priorities and organisational improvement and change work hand-in-hand
7. **Moved to the next stage of providing a single revenue service**, collecting social security contributions and income tax set by the States, on time and on budget, and committed to providing a more efficient and more effective service
8. **Moving to the next stage of the Future Digital Services programme** – Making sure our IT provision is robust and does what we need remains one of our greatest challenges and one that cannot be underestimated. This year we have taken a big step closer to 21st century IT provision across the States, and have a clear understanding of where and how investment is needed and the funds to do that. Our IT infrastructure is not only essential to meet the performance standards expected of us now, it is also the enabler for many of the longer-term improvements to services identified by Committees, and that we are committed to making as part of Public Service Reform.

That said, I want to be realistic. We are still in the phase of putting in place the foundations for long-term change. Our commitment to improvement is strong and consistent across the organisation; we have momentum, but have achieved more in some areas than in others.

1.1 Progress 2017-18

1.1.1 Background

Our aim is to build a single public service organisation, one that works in partnership with outside expertise, organising and delivering services centred on those who use them, and using money wisely and carefully. An organisation designed around meeting community needs, rather than expecting the customer to adapt to the public service's internal procedures and structures. One which has adopted technology and a 'one-stop, tell us once' approach to make our services easier to access and use. This outcome is *Service Guernsey*.

There are four overall *Service Guernsey* themes that support public service reform:

- Focus on organisational performance management – see sections 2 and 3
- Focus on our customers - see section 4
- Focus on value for money - see section 5
- Focus of staff satisfaction and engagement – see section 6

During 2017 and in the early part of this year, work was undertaken on eight reform programmes as detailed below.

1.1.2 Transforming Health and Social Care Services

This programme supports the model set out in the Partnership of Purpose, the Committee *for* Health & Social Care's policy letter that was unanimously approved by the States of Deliberation in December 2017. The Policy Letter contained 22 wide-ranging resolutions, which now set the roadmap for transformation over the next five to 10 years, to create an integrated health and care system, working in partnership across organisations and providing services centred on those who use them. A series of priorities have been identified for 2018 which include identifying a site and planning for the first Community Hub to be opened in 2019; the groundwork for the Partnership of Purpose; and establishing the Bailiwick Health and Wellbeing Commission along with areas of legislation, policy and objectives for Public Service Reform. These are reflected in the 2018 organisational priorities set out below (See page 6).

1.1.3 Transforming Justice and Equality Services

In June 2017, staff identified links between the transformational objectives of Public Service Reform and the aims and objectives of the Criminal Justice Strategy set out in the Policy & Resource Plan. However, further discussions highlighted difficulties in establishing transformational work streams and, having completed the 2018 Programme Priority setting process, it is clear there are no reform projects or initiatives being taken forward this year as part of the Justice Strategy work. This situation is being kept under review.

1.1.4 Transforming Education and Training Services

The States of Deliberation agreed its preferred options for the future provision of secondary and post-16 education earlier this year and work is now progressing at pace to support this. This work will also give us a fuller understanding of the opportunities for cost and service improvement that exist within the current education and training system so that we can realise short to medium term benefits in advance of those from the major transformation initiatives.

1.1.5 Supporting Government

The purpose of this programme is to support the machinery of government established following the adoption of the States Review Recommendations in 2016. It will strengthen governance in the political body and the public service, and set out a stronger approach to policy development. This will include providing stronger support for Deputies in areas such as data protection, through training and development. It will

also strengthen policy development, implementation and measurement across the States. One of the next steps will be a survey of all Deputies asking for feedback and ideas across a number of areas.

1.1.6 Revenue Services

Previously referred to as the Contributions and Tax Services Programme (CATS), the States of Deliberation approved in April 2018 to combine these two services and agreed the next phase of work.

1.1.7 Property Rationalisation

Phase one of this programme was completed in February 2018. Both primary objectives – exiting Grange Road House and Cornet Street – were achieved by the end of Q4 2017, which involved 468 staff moves, more than 1,000 pieces of furniture and 2,000 pieces of IT and phone equipment. Three final moves for staff based in Sir Charles Frossard House took place in Q1 2018. There has been specific focus on the Human Resources team who are now piloting new more mobile ways of working, requiring fewer fixed desk spaces, with a view to adopting this flexibility more widely across the organisation.

1.1.8 Future Digital Services

The ultimate objective of this project is to identify and implement a model for delivering IT to the States that can address existing technology challenges and meet our future needs. To be successful, we need to broaden States' IT-related effort and cost, moving from simply supporting government business as usual to becoming an enabler for Public Service Reform and the development of the local digital economy. After an initial engagement with the market, which ensured any commercial partnerships included opportunities for on-island providers, outline solutions were appraised in early 2018. A recommendation to take three potential suppliers and an in-house alternative model through to the detailed solutions stage was approved by the Policy & Resources Committee in March 2018.

1.1.9 People Plan

We have now completed the learning and development review and also collected and examined data to inform our review of terms and conditions. All of the People Plan projects are now in the implementation phase.

1.2 Ongoing Priorities for 2018

1.2.1 Identification of priorities

Work to develop a cohesive set of objectives for organisational change during 2018 began in September 2017. The exercise was challenging and included extensive engagement with the teams working on each of the eight reform programmes set out above, tasking them to fully define their individual and collective priorities and objectives for 2018. This was followed by a series of workshops with the Civil Service Leadership Team¹ to make sure these priorities were consistent and could be properly resourced.

We assessed potential priorities against set criteria including whether there is capability and capacity to support the work in terms of technology, human resources and finances; whether there are procurement or legislative issues to be overcome; whether they are aligned with government priorities; and whether potential benefits have been - or could be - clearly identified.

The outputs from this work highlighted three areas of concern:

- The volume of competing policy, operational and reform priorities
- A lack of capacity within the organisation, particularly in supporting and enabling functions such as transformation, technology and HR, meaning it is unlikely that all of the priorities can be delivered simultaneously, similarly the ability of resources within a specific committee area to provide the necessary input into multiple projects.
- The need to ensure activities within our service change programmes, and the enabling programmes supporting them, are properly aligned and synchronised

To mitigate these concerns, the Chief Executive set a number of specific priority outcomes for delivery in 2018.

1.2.2 Prioritised outcomes

There are 16 priority outcomes agreed for 2018. These are set out below and represent a balance of interests between our core customer groups: external service users, the political body, and the component parts of the organisation.

It was agreed that the work being undertaken to deliver the four overall objectives should continue, as these are the basis of public service reform, namely:

1. Focus on organisational performance management – introduce high-quality monthly reporting data and use it to improve the monitoring of performance and the realisation of organisational objectives and benefits – see sections 2 and 3

¹ The Chief Executive Officer; the States Treasurer; the Chief Operating Officer; the Chief Strategy & Policy Officer; the Chief Information Officer; the Director of Transformation; the Chief Secretaries to the six principal Committees; the Managing Director of the States Trading Supervisory Board; and HM Greffier

2. Focus on our customers - redesign a targeted number of high volume transactional services, increasing accessibility and convenience, and by doing so improve the customer experience – see section 4
3. Focus on value for money - secure annually recurring revenue savings in line with the profile set out in the medium term financial plan agreed by the States, without adversely impacting outcomes for service users – see section 5
4. Focus of staff satisfaction and engagement – deliver demonstrable improvements in specific areas of concern identified in the 2017 staff survey – see section 6

In addition to these four overall objectives, the following programme or project outcomes are also a priority for 2018:

Transforming Health and Care Services Programme

5. **Strong and visible foundations to be laid for the Partnership of Purpose** by progressing the strategic development initiatives identified in the associated policy letter:
 - A Bailiwick Health and Wellbeing Commission will be successfully launched.
 - The Health Intelligence Unit will be strengthened developing more preventative strategies and proactive approaches to health care.
 - The design and launch of a ‘Guernsey Academy’ will bring together the third sector and relevant staff from within the States of Guernsey, to develop the commissioning capability across the Bailiwick and by doing so facilitate the transformation of community health and social care services.
 - Following a review of Community Services, requirements for co-location will be confirmed and a suitable site for the principal “Community Hub” identified. Planning will be sufficiently advanced to allow services to start operating from the principle Community Hub as early as practicable in 2019.
6. **The Cost and Service Improvement programme** will continue to optimise savings, avoid additional cost and improve efficiency and service quality. By doing so it is releasing the savings identified in the BDO costing and benchmarking work and ratified in the KPMG target operating model report.
7. **Health and care services ICT will be improved by** taking advantage of the opportunities presented by the upgrade to the ICT infrastructure. Significant investment in the HSC IT infrastructure has already been approved by P&R.

Transforming Education and Training Services Programme

8. **Programme identification and definition stages will have been completed** and a blueprint for the new delivery model made available.

Revenue Service Programme

9. **The programme to integrate social security contributions and income tax collection services** will put in place a single organisational structure with agreed internal reporting lines.

- 10. Two new or improved digital services will have been launched.** By increasing system and process automation these services will be faster and more efficient with the aim of becoming the “channel of choice” for customers.
- 11. The technical approach for replacing the Revenue Service IT systems will have been agreed,** and a procurement strategy defined.

Future Digital Services

- 12. The procurement phase of the Future Digital Services project will have been successfully concluded and a delivery model has been selected.** A transition plan will have been clearly defined, approved and communicated and transition planning will be sufficiently advanced to maintain the integrity of that plan. As mentioned above, the delivery of this critically important long-term project will include on-island businesses and expertise.

Joint working with Jersey

- 13. A Channel Islands Public Services Board** comprising members of the senior civil service in Guernsey and Jersey, and also involving Alderney was established in early 2018. By the end of the year that Board will have improved collaboration across the Channel Islands’ public sectors by identifying and properly resourcing opportunities for joint working aligned to the strategic and operational priorities of those public services.

Income Support

- 14. The new “Income Support” scheme, will be launched successfully** and recipients of the former housing rent rebate and supplementary benefit schemes have been moved to this new benefit system.

Waste Strategy

- 15. The implementation of the Waste Strategy will progress in line with the approved programme plan as approved by the Waste Programme Board.**

Population Management

- 16. The Population Management service will have been strengthened** following its introduction in 2017, and on-line services will have been improved. Work to improve services is ongoing and we have been engaging users of the service to make sure we change what’s needed. Increasing numbers of customers are now accessing the service via digital channels.

2 The Structure and demographics of the public service

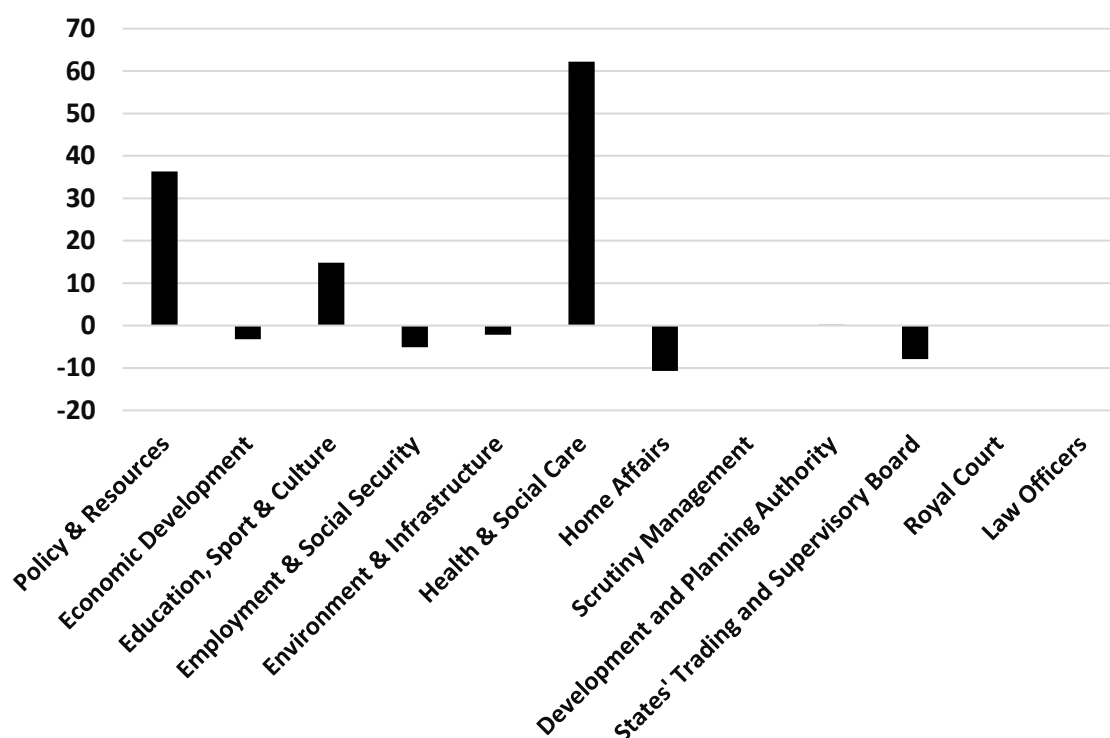
2.1 Introduction

Actively managing staffing levels and ensuring the public service is structured in a way that promotes the efficient and effective delivery of services is central to public service reform.

The average number of full time equivalents (FTEs) directly employed by the States during 2017 totalled 4,503². This is a small increase (1.9%) since the end of 2016. The increase relates to planned recruitment activity, which has been appropriately authorised and addresses specific organisational or operational pressures.

The changes in FTE numbers across service areas during 2017 are illustrated in Figure 1 below.

Figure 1 - Changes in FTE count during 2017



Staff numbers are being actively managed with frequent meetings held within service areas to evaluate all potential new recruitment.

² Average number of Full Time Equivalents (permanent, temporary, and agency) paid during 2017. For example, one member of Established Staff (full time hours 36) working an average of 18 hours a week would be included above as 0.5 FTE.

Some recruitment has been to posts that were held as part of the in-year savings targets for 2016 but are deemed essential to service delivery. A number of new posts were also agreed to support organisational and operational pressures, including an increase in the number of posts at Education (many part-time) and an increase in nursing roles (and other essential posts) within Health & Social Care.

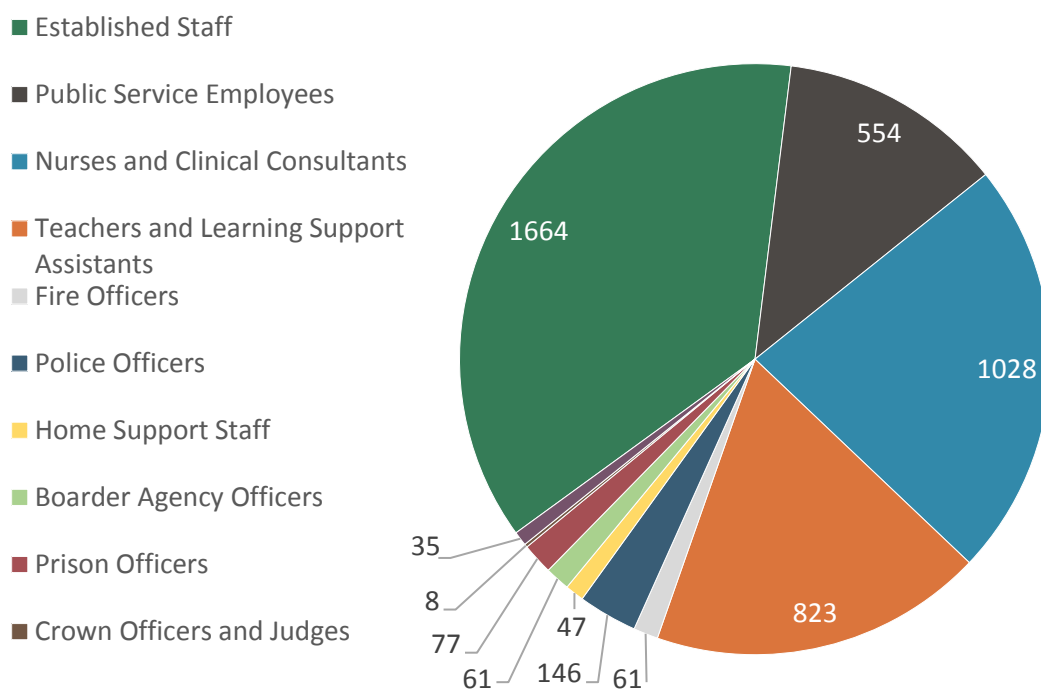
The majority of staff budgeted to the Policy & Resources Committee fulfil roles in support of committees and services across government. Increases in headcount can be attributed to the further development of these corporate functions, such as IT. However, increased staff resources have also been needed to effectively manage the Bailiwick's response to additional outside pressures, for example Brexit and the EU's General Data Protection Regulation.

2.2 The structure of the public service

The majority of staff within the public service continue to be engaged in operational roles. As illustrated in

Figure 2 below, 2,839 FTE's (63%) come from within one of the 10 staff groups that relate to specific operational roles such as nurses, teachers and police officers etc.

Figure 2 - FTE's by pay group December 2017

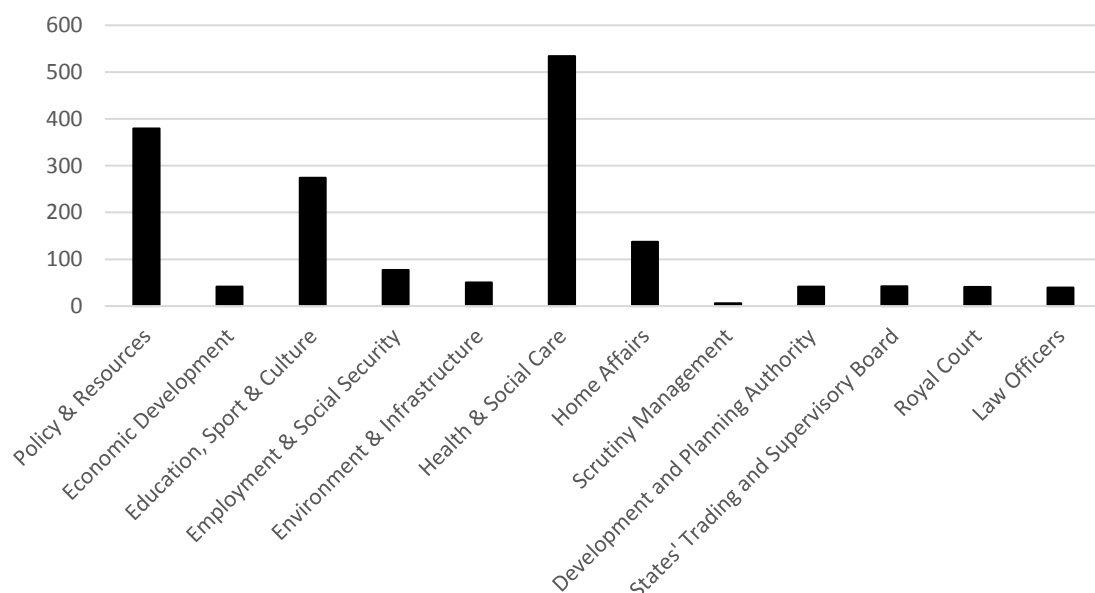


The remaining 1,664 FTEs sit within the Established Staff group. Again, many of those within this group are directly involved in providing customer-facing services such as Housing, Planning, Income Tax and Social Security. However, this staff group also includes those involved in the development of policy and strategy and approximately

300 FTEs dedicated to the provision of the core support services of HR, finance, IT and the shared services centre (the Hub).

The distribution of established staff across the organisation is shown in Figure 3 below.

Figure 3 - Established Staff by Service Area



The total number of people employed by the public service, referred to as headcount, increased from 5,179 at the end of 2016 to 5,319 in December 2017. We have seen an increase in the number of staff on reduced hours contracts, part-time posts, short-term contracts and the number of staff who, by mutual agreement, have opted for flexible contracts to provide *ad hoc* support for some service areas.

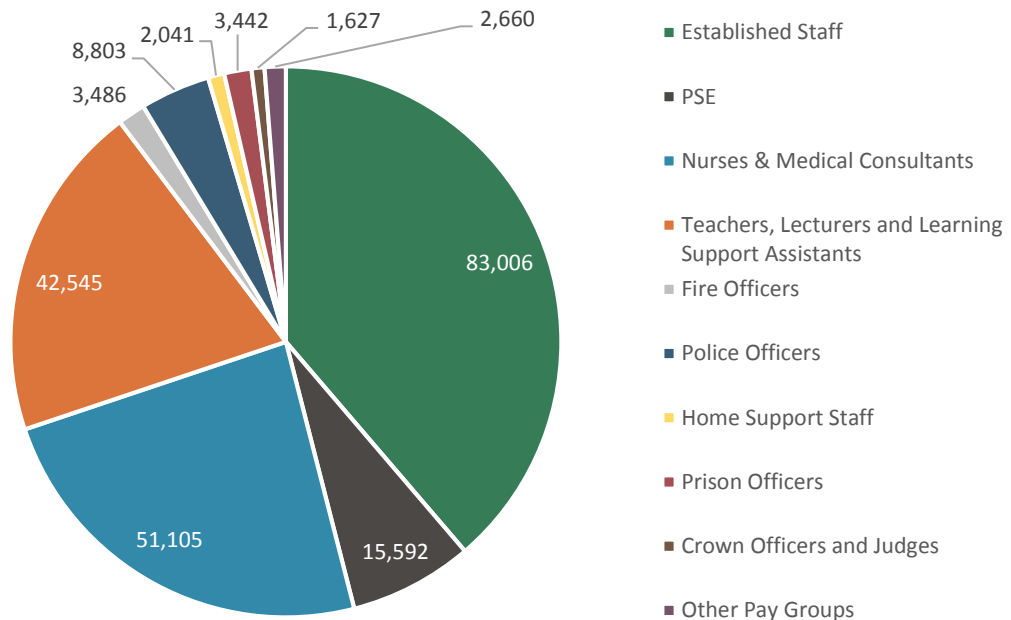
2.3 The cost of the public service

The public sector pay bill for 2017 was £217.5m. This was a small increase (0.6%) from the 2016 figure, however a reduction in real terms. When considered against the impact of a number of public sector pay awards processed during the year, the total spend demonstrates our continued efforts to keep pay costs as low as possible.

As would be expected, the distribution of pay costs across the organisation broadly mirrors the distribution of FTEs. Similarly, the majority of staff costs relate to the provision of operational services, such as healthcare, schools and law enforcement, with 80% of costs incurred in three service areas: Health & Social Care; Education, Sport & Culture; and Home Affairs.

A breakdown of the 2017 staff costs by staff group is shown in Figure 4 below.

Figure 4 - 2017 pay costs (£000's) by staff group



2.4 Agency Costs

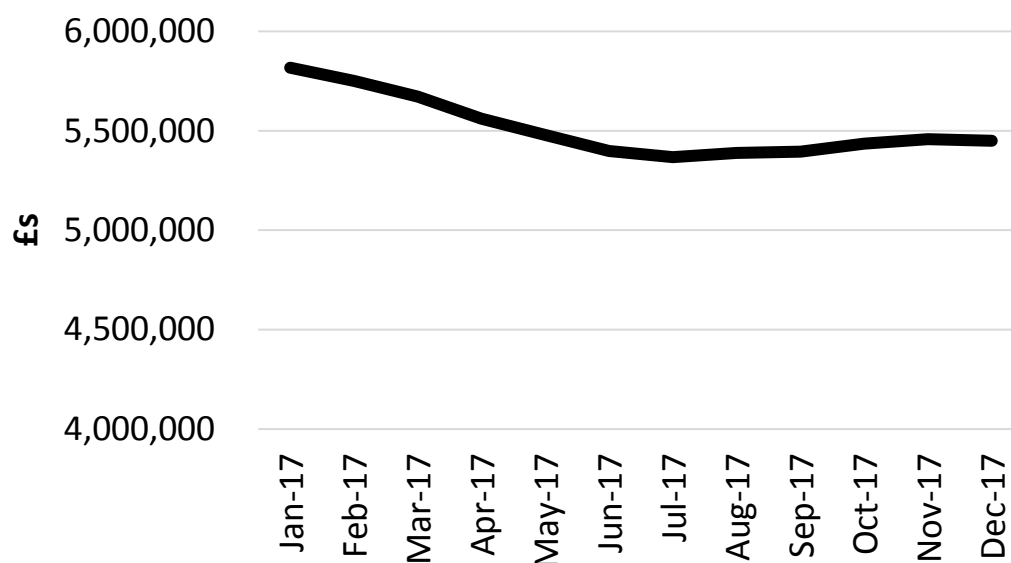
The reduction in spend on Health & Social Care agency costs continued during 2017 and is a significant success story. The 2017 total was £3.2m which compares to £5.7m and £7.9m in 2016 and 2015 respectively. In December 2017 there was an increase in nursing agency costs of 12% due to winter pressures and challenges with the retention of nurses, despite successful recruitment campaigns.

Remuneration and the cost of living are not the only factors affecting staff retention. Work culture and settling off-island recruits into the community are both seen as instrumental. We have re-visited relocation and rental packages but it is also important that we seek innovative new ways to provide a greater incentive to Health & Social Care staff to relocate and encourage them to stay for longer periods of time.

2.5 Overtime costs

The main employee subgroups (established staff, public service employees, teachers, and nurses) all showed decreases in overtime payment during 2017. Year on year there continues to be a significant saving on overtime, with a 6.3% reduction in the cost of overtime during 2017.

Figure 5 - 2017 rolling total overtime costs



The decreases in overtime costs have occurred mainly within the established staff and public sector employee staff groups.

2.6 Managing sickness

With a workforce as large and diverse as the States of Guernsey, it is important that the organisation continues to examine ways to minimise sickness absence wherever possible. This remains a priority area for the Senior Leadership Team, with the focus being on the proactive management of sickness absenteeism.

During the last year the HR team has focused its attention on areas of high sickness, such as public service employees, teachers and nurses. The team has also done a lot of work on better understanding reasons for absence. This found that non-work related stress, muscular-skeletal issues and flu/cough/cold are the top three.

In response, the States of Guernsey has introduced a number of initiatives aimed at reducing sickness absenteeism with a particular focus on enhancing the wellbeing of staff. This includes the 'Be a Well Being' campaign launched by the Chief Executive at the Service Guernsey staff event. We have also supported Public Health initiatives, such as working towards all government buildings being smoke free.

During the next 12 months we will continue focusing on key areas of staff sickness, and monitor if measures put in place during the last year have had an impact.

Additionally, we have changed our internal process around the administration of staff sickness benefit cheques. This reduced administration has resulted in cost reductions.

2.7 The demographics of the public service

Age & Gender

People are the public service's greatest asset. Over half of the workforce is aged between 40-59, which means that the public service can reliably draw on significant expertise and experience. Around one third of the workforce is under 40, which means we have a cohort who will provide continuity in the future.

Almost three in every five public service workers are women with female and male distributed similarly across age groups. However there is an imbalance in the numbers and percentage of women in senior positions, an issue which we are seeking to understand better.

Figure 6 – Workforce profile by age group

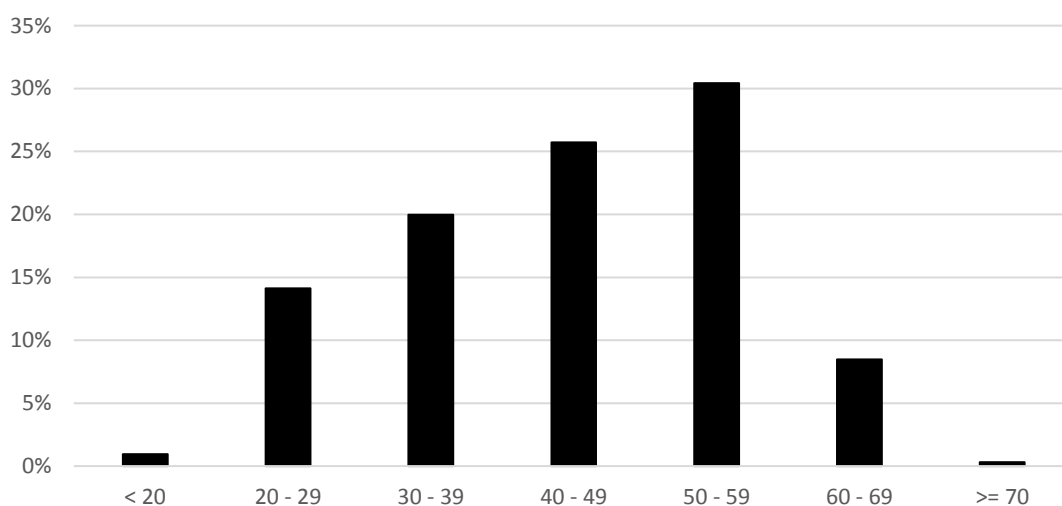


Figure 7 - Workforce profile by gender

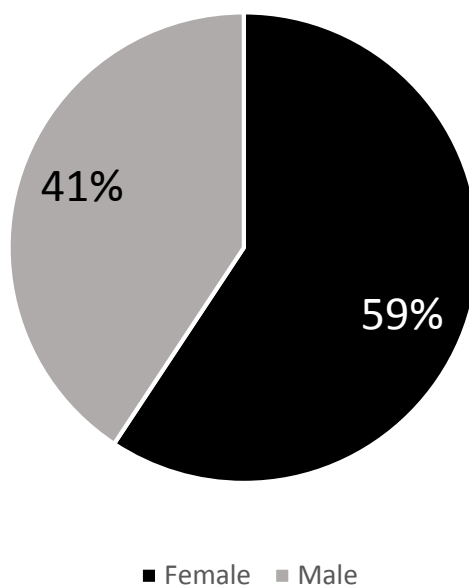


Figure 8 – Workforce profile by age group & gender

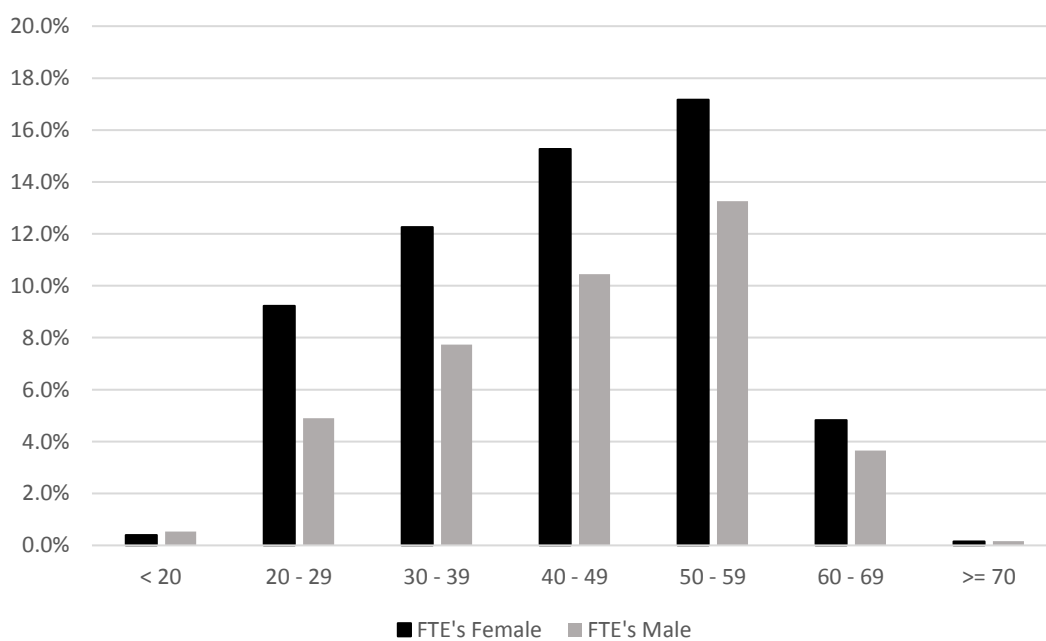
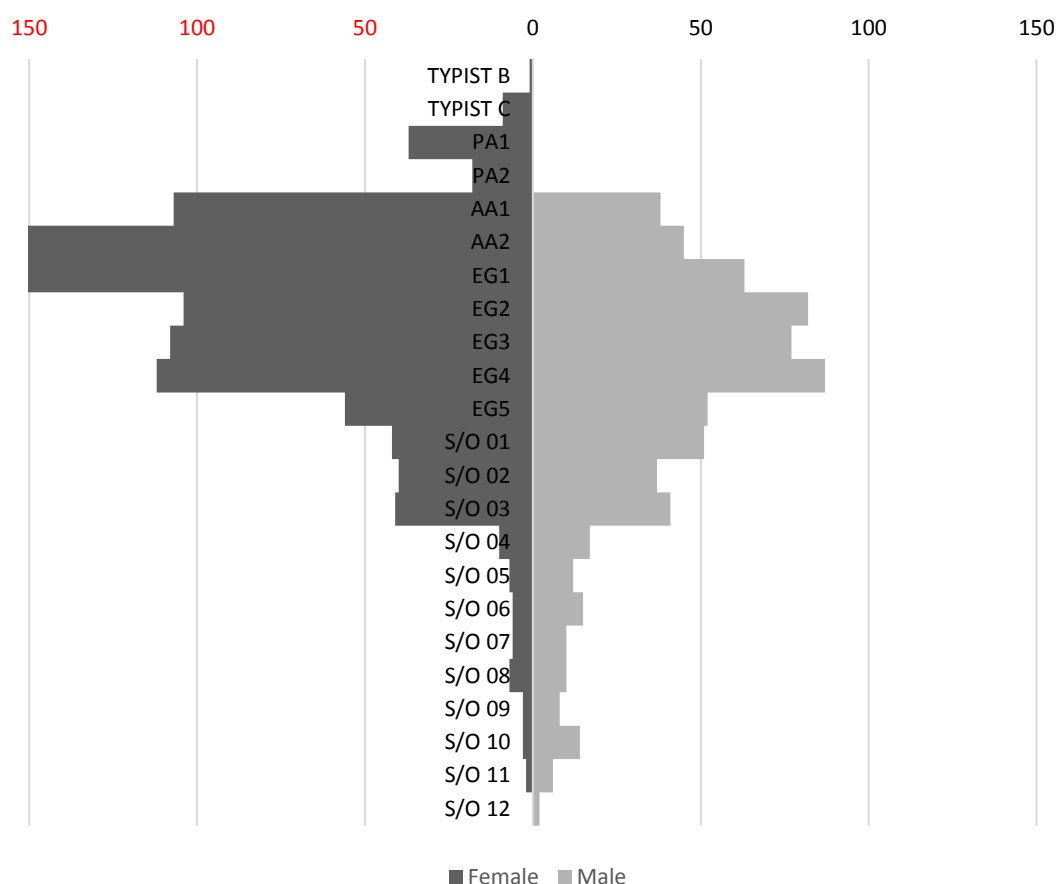


Figure 9 - Established Staff: Workforce pyramid - gender v pay grade



3 Focus on organisational performance

3.1 Performance focused

Historically, we have been inconsistent when collecting the right data to assist with reviewing performance against both day-to-day activity and business planning. We found that a significant amount of data was being collected across the organisation, but that its conversion to high quality management information was often limited, and its use to inform or improve decision making was patchy. We were often data rich but information poor.

Improved organisational performance management is critical to the efficient operation of the Public Service, because it supports both strategic and operational decision-making and improves transparency across services with regards to how the public service and its component service areas are performing.

3.2 Our commitments to our staff

Through the Public Service Reform framework, we made a commitment to improve organisational performance management and specifically that we would:

- Improve the quality, breadth and accessibility of performance management information to drive both strategic and operational decision making
- Improve corporate oversight and use of performance management information to drive organisational performance
- Promote a culture of continuous improvement through performance management
- Ensure that all employees are aware of - and strive to achieve - our organisational performance targets as part of their routine activities
- Establish the baseline for all Public Service Reform priorities and performance indicators to monitor improvement from these starting points
- Actively demonstrate to both internal and external observers our performance achievements in respect Public Service Reform outcomes and objectives

3.3 Progress so far

To manage performance, we need to do two things: firstly, collect the right data; and secondly, analyse and understand it in a meaningful and accessible way.

As a foundation for this, in 2016 we introduced a set of guiding principles to frame our work to improve organisational performance management:

Principle 1: Performance management - Wherever possible we should use relevant performance information to inform both operational and strategic decision making, support the identification and management of change and to promote a “learning culture”.

Principle 2: Performance reporting – We should communicate performance information in a timely way so that action can be taken. Collection processes should be quality assured in order to ensure performance information is accurate and complete and comes from an appropriate and reliable source.

Principle 3: Performance measurement – We should establish appropriate data collection systems ensuring the effort required to collect data is commensurate with the data’s value to the organisation. If necessary and where appropriate, indicators and measures may be refined in order to mitigate the cost of data collection.

Principle 4: Performance standards – We should identify and agree relevant performance standards and select appropriate indicators. Goals, targets and performance expectations should be communicated effectively to staff and relevant stakeholders.

Principle 5: Accountability and transparency – Better performance management information and measurement and better intelligence information for decision-making means that scrutiny of service performance and expenditure can be more effective.

We have also established a Data and Analysis team as a corporate service. Amongst other things, this team is responsible for the collation and analysis of data from across the organisation which is used to provide the Policy & Resources Committee with a quarterly performance update. In 2017, for the first time, we established regular formal updates to the Policy & Resources Committee where the Chief Executive, States Treasurer, Chief Operating Officer, Chief Information Officer and Chief Strategy and Policy Officer report on the performance of the organisation. This formal assurance reporting uses a range of performance indicators to provide the Committee with detailed information covering seven themes across the entirety of the public sector:

- Our finances
- Our customers
- Our people
- Governance
- Business as usual operations
- The Policy & Resource Plan
- Public Service Reform projects

In addition to the above internally-focused performance reporting, our Data and Analysis team also continue to refine and develop new statistical publications of interest to the entire island. Building on the ‘award winning’ eCensus we developed a Government Economic Model (GEM) that enables modelling of population and the economy; this is now being used in our policy development and financial modelling. In 2017 we refined the Residential Housing report to include new data showing how long properties were on the market for before sale and the initial marketing price against actual conveyance price. We published the first statistics into Relative Poverty on the Island providing much needed insight into a previously less understood area.

In 2017 we also undertook a major evaluation of how we collect and analyse data for our statement of Gross Domestic Product (GDP). Such a major review had not been undertaken for well over a decade. The eventual restatement of GDP from £2.4Bn to £2.86Bn combined with far greater clarity on the changes to GDP over the last five years provides a far more robust understanding of our economy than ever before. The joint work conducted with the UK Office of National Statistics means that we can be assured that we have a far more robust and trusted set of data on one of our most important economic indicators.

3.4 Performance focus priorities for 2018/19

Similar progress to that described above has been made in several other service areas and the focus in 2018 is to make sure this approach becomes the norm right across the organisation.

As well as ensuring every service area has as a set of bespoke indicators tailored to the services it provides, we must also complete our work to develop a set of standard performance indicators for financial performance and the level of engagement and satisfaction experienced by our customer and staff. This has been identified as an organisational priority for 2018 and the Civil Service Leadership Team has committed to ensuring effective dashboard reporting is in place across the organisation by the end of the year.

4 A focus on customer engagement and satisfaction

4.1 Customer focus

To provide the best possible service to our customers within the context of limited resources, we need to better understand our various customer groups, their needs and their preferences. Only with that understanding can we hope to meet those needs in the most effective, economic and efficient way possible.

4.2 Who are our customers?

We provide services for a wide range of people, from the most vulnerable members of our community whose health and social care we look after, to those in our business community who we work with to ensure that Guernsey is an attractive and competitive place to do business. For the purposes of Public Service Reform, we have categorised our customers into one of three very broad groups:

- Our external “customers”: those individuals, groups and businesses who access the services we provide
- The government: those elected by our community to govern the Bailiwick on their behalf
- Our internal “customers”: many of the outputs produced by one part of the Public Service are critical to the operations and services provided by another, creating a workflow between service areas.

4.3 Our customer service commitments

Through the framework for Public Service Reform we made a commitment to improve the customer focus of our services and specifically that we would:

- Have a clear understanding of our customers and their needs and expectations
- Understand and respect the differences among customers
- Ensure we engage our customers in the design and improvement of services
- Focus on our customers’ priorities

4.4 Progress so far

Establishing a stronger focus on customer value and outcomes has required greater collaboration between service areas, and more consistent co-ordination of activity with other sectors.

In order to achieve this, we have progressed activity under a number of themes that together form our customer framework:

A customer service charter for the States of Guernsey

Launched in April 2017, our Customer Charter sets out a high-level agreement between the organisation and customers which will form the basis of the standards we set in service areas. It tells customers the level of service they should expect from us as an organisation and will help us to achieve a more consistent standard of customer care across all our services.

Methods and tools for understanding customers' needs

Understanding why our customers are accessing our services and what they want those services to provide is essential. User-centred design is central to all of our major Public Service Reform programmes and we are developing new skills and capabilities within the organisation to support this.

For example, a key objective for the Revenue Service programme is to increase customer satisfaction. To achieve this the programme team has been exploring how customers currently interact with the Income Tax and Social Security Contributions services, helping to baseline the level of service and outline areas for improvement.

Analysis of customer engagement patterns, such as the most common reasons for calling or visiting, the most common complaints, what times digital services are used and what for, has also given us an invaluable insight into customer needs and behaviours.

This has helped to support the development of the integrated service and ensure that any future online services offer a user experience that is effective so that digital services become the channel of choice.

Methods and guidance for measuring performance from a customer perspective

We are piloting the use of Net Promoter Scores as a means of assessing performance from a customer perspective. Net Promoter Score, or NPS, measures customer experience and allows quality to be measured reliably from the perspective of the user. During 2018, our Customer Service Action Group (CSAG) will encourage customers who have used a service to give feedback on:

- The customer service they received from staff, focussing on the charter promises
- How accessible the people and information they needed were

- Where applicable, whether they tried to access the service or information online first
- How likely they are to recommend the service they received to their family and friends.

By the end of 2018, the organisation will have NPS data from a variety of different service areas.

Increased focus on the effective co-design of services

Co-design means collaboratively designing services or processes, engaging users in the design process, in order to find solutions to address problems, practical innovations and improvements that enhance people's lives. It makes sense then, that co-design has a significant place in our Public Service Reform programmes.

In December 2017, the States unanimously approved a Policy Letter submitted by the Committee *for* Health & Social Care entitled "A Partnership of Purpose – Transforming Bailiwick Health and Care". The development of the concepts behind the Partnership of Purpose began in April 2017 and included a number of co-design elements. These forums and events helped us to obtain views and expertise on some of the main questions that need to be considered when developing the future model for health and social care in the Bailiwick. Members of the public, clinicians, representatives from the main care providers, support staff, management staff and politicians, were all involved throughout the development phase and heavily influenced the final proposals, set out in the Policy Letter.

It is essential that we now build on the co-design experience and capability developed during 2017 and ensure that this becomes the norm in all the Public Service Reform programmes.

Improving user experience on gov.gg

In an increasingly digital world, we want to use our online presence, not only via gov.gg but also through our social media accounts, to increase engagement with our customers. We are constantly evolving and responding to customer feedback and at the beginning of 2018 we delivered a major redesign and refresh of the look and feel of the gov.gg homepage and a number of well-used pages in response to this feedback. The number of 'unique' visitors to GOV.GG increased from 67,596 in January 2017 to 78,295 in January 2018 as more of our customers chose to access information and services on-line, this is a trend we only expect to increase. With plans for the future including the ongoing focus on improving the quality and coverage of digital content, and the continuous development of news sections and consultation areas, we are exploring ways to develop our customer services. By way of example in 2017 we launched a mobile app to support Social Security customers. The DIONA app allows

them to use their mobile phone to send a picture of their pay statement automatically to ESS and in the first six months has seen an 86% take-up by users. We are now working on a range of new on-line tools to support the introduction of income support.

Livestreaming is one way we are using digital platforms to better engage with the community. One of the most recent uses of this was the Committee *for* Education, Sport & Culture's presentation on the proposals for the future structure of Post 16 Education. This event was livestreamed via Facebook and saw the number of online viewers peak at 291, with the livestream reaching 10,910 islanders in total. We will continue to use livestreaming to engage with the community helping us to reach a wider audience to ensure greater community involvement.

4.5 Customer focus priorities for 2018/19

For our external customers

- *Online services* - improving existing, and introducing new, online services to increase accessibility and flexibility for service users
- *Accessibility and inclusion* – meeting the needs of disabled islanders by progressing the recommendations from the Business Disability Forum audits conducted in 2017
- *Customer charter* – introducing and using Net Promoter Scores, iPad surveys etc. to increase awareness of customer satisfaction and stimulate continuous improvement.

For government

- *Survey of Deputies* - re-run the survey last undertaken in 2015 in order to measure progress and better understand the current needs and requirements of elected Deputies. As stated above, we will look to do this from June 2018, following this update to the States.
- *Supporting government* – work will begin in earnest on this programme during 2018. The purpose is to support the machinery of government established following the adoption of the recommendations of States Review Committee in 2016. It will strengthen governance both within the political body and the public service; set out a stronger approach to policy development, implementation and measurement; and assess how to provide greater support for Deputies on issues such as data protection.

For our staff as customers of internal services:

- **Future Digital Services** – covered in more detail later in this document, our Future Digital Services programme, initiated in 2017, will transform the States of Guernsey technology infrastructure and the way we deliver IT support services to the organisation.

- **One HR** – Covered in more detail later in this document our “One HR” initiative was launched in April 2107 will transform the way HR services are delivered to the organisation.

5 Focus on value for money

5.1 Value for Money

Value for money means ensuring that taxpayers’ money is spent wisely. It is never simply about achieving the lowest possible cost or initial price. It is about getting the right balance between the needs of customers, the quality of the services they receive and the cost to the public purse of delivering them.

This balance means finding solutions that optimise the use of resources to achieve the intended outcomes. Optimal, in this context, means attaining the most desirable outcome possible given any constraints, such as limited resources of either staff or money.

5.2 Our commitments to value for money

Through the framework for Public Service Reform we made commitments to improve the value for money of public services and specifically that we would:

- Improve the quality of financial and non-financial information available to inform decisions on the allocation of resources and prioritisation of services
- Improve the budgeting processes to ensure financial resources can be allocated more effectively
- Ensure that all public servants have the skills and tools they need to deliver true value for money
- Integrate value for money principles within existing management, planning and review processes
- Establish a value for money baseline across the public service
- Publish annually an agreed set of value for money indicators

5.3 Progress so far

The management of finances across the public service is the responsibility of hundreds of budget holders at all levels. They need to be better equipped to discharge this important duty. So, in addition to financial management support through an effective and professional finance function, budget holders need both the skills and tools to undertake the role. It is essential that we develop this capability beyond simply forecasting and tracking expenditure, and strengthen the understanding of the relationships between activity and cost in all areas.

To do this we have initiated a series of measures that together will help ensure that the services we deliver can demonstrate value for money and over time develop a value for money framework.

Service-costing - stronger service costing processes will enable the organisation to understand the real cost of delivering services, and how changes in demand impact on the resources required in each service area. This will allow more informed and realistic budgets to be put in place at each service level.

We have completed service costing and benchmarking reviews in our three largest service areas, Health & Social Care, Education Sport & Culture, and Home Affairs. The next tranche of reviews covering our Information Systems, Finance and Human Resources services, are now underway and are due to conclude in July 2018. Importantly, having developed an internal capability during the earlier tranches, we are no longer reliant on external providers to deliver this critical work and the current reviews are being led by an in-house team.

Understanding service costings and what drives those costs is also essential for effective programme and project planning and the work to re-model our services to meet customer needs. It is particularly important when attempting to model the likely running costs associated with different change or transformation options and the financial benefits associated with them.

Working closely with the Welsh Assembly Government, HM Treasury and the Government of New Zealand, we are now part of the Better Business Case Network. Membership of this public-sector community of practice has given us access to shared resources and training and development opportunities where previously we were reliant on private sector providers.

Sharing our experience with other jurisdictions and learning from theirs has been hugely beneficial. As a result, we have been able to significantly improve our approach to the development of business cases by ensuring the focus is on optimising value for money. In practice this simply means:

- Establishing a clear need for intervention – a case for change
- Setting clear objectives – what we want to achieve from our investments
- Considering a wide range of potential solutions – selecting the option that meets the objectives with the optimal balance of benefits, cost and risk
- Putting the arrangements in place to successfully deliver the proposal

Through the Better Business Case Network, we have been able provide training for staff whose roles require them to use the framework, provide business case assurance, or who act as business case reviewers on our major programmes and projects. As a result, we are constantly strengthening our capability this area.

Benchmarking - is a tool used to ensure that the costs of providing services today are proportionate when compared to appropriate internal or external benchmarks. Whilst establishing meaningful external benchmarks can be challenging, it is certainly possible and we have succeeded in this for all the costing and benchmarking reviews undertaken so far. Internal benchmarking is equally important and as the number of completed reviews increases, so does the ability to compare costings across time.

Longer-term financial planning - gives us greater clarity and operational control over budgets and helps us manage risk more effectively. We have developed the first Medium Term Financial Plan for the States which has put in place a clear plan to be put in place for managing the States' finances over the next four-year period.

Informed investment in capital projects is one of the highest priorities for Government. Having greater future cost certainty will allow government to make choices and plan for revenues in a more strategic way. Our capital portfolio has been established to prioritise, scope, and coordinate delivery of our major capital investments.

The prioritisation approach used in 2017 identified and prioritised significant proposals across service areas and recognised the need to invest in projects that maintain and transform our services or that will help grow our economy.

The benefits of this approach are numerous, but fundamentally it has enabled us to:

- prioritise and co-ordinate our capital investment programme
- be transparent with our delivery partners on our investment projects and provide a longer-term direction of travel
- support the economic and efficient use of public funds, maximising the impact of our investments and developing best practice

Transparent prioritisation - with limited resources, the public service needs to make choices about which services or assets to invest in. A clear prioritisation process allows resources to be directed at the areas of highest need and which support government objectives. Prioritisation for capital investment has already been put in place, as described above, and will be refined and improved. Our costing and benchmarking reviews are also enabling us to roll-out a methodology of priority-based budgeting for revenue expenditure. Over time, as this methodology is rolled out across the organisation, it will enable evidence based decisions to be made regarding the relative priorities across different service areas. Because of the activities described above our understanding of value for money in the Guernsey public service has significantly increased. Our financial management team has been charged with testing and challenging value for money when developing or reviewing business cases, or when supporting the development of new service proposals or alternative delivery models. The "method change" element of our approach to priority based budgeting is based on challenging existing services to investigate how they can be delivered more efficiently without negatively impacting on service standards.

We are also taking steps to ensure value for money simply becomes business as usual. Since 2017, all Chief Secretaries have specific value for money outcomes included as part of their personal objectives each year. The Policy & Resource Plan establishes a much clearer link between finances and policy and brings value for money into policy development. It has a fiscal framework at its core and is fundamentally about the integration of policy and resource planning and prioritisation.

5.4 Value for money priorities for 2018/19

During 2018, we will be continuing the roll out of our costing, benchmarking and prioritisation projects across all services. The current work on the Shared Services, ISS, Finance and HR services should complete by the end of the third quarter and discussions are now commencing regarding the services to be included in the next phase.

The MTFP approved by the States in June 2017 includes targets for the delivery of savings across the four year period. During 2018, the Civil Service Leadership Team will monitor the delivery of the target budgeted for this year and plan for the savings to be delivered in 2019 and subsequent years.

6 Focus on staff engagement and satisfaction

6.1 Our commitments to our staff

We recognise the benefits of ensuring those employed by the public service are as happy, healthy and productive as they can be. We also know the benefits to the organisation of increasing the capability and capacity for change. The framework for Public Service Reform contained five commitments to:

- Strengthen individual and organisational leadership
- Proactively manage staff for performance
- Increase flexibility and mobility within the public sector workforce
- Develop the skills, capability and culture required to deliver large scale organisational change
- Engage more effectively with people in the public service

6.2 Progress so far

To create an effective public service for the future, we understand that we need to build capability in our staff. The People Plan is designed to strengthen staff capability and create an efficient and effective workforce with the capacity for change. It is also about building upon good practice, and directly addressing the problem-areas that have been identified by staff.

We launched our first organisation-wide staff survey in 2014 across all service areas to all 5,300 employees and the results of the survey (response rate 49.7%) gave us vital data for understanding staff opinion across the organisation.

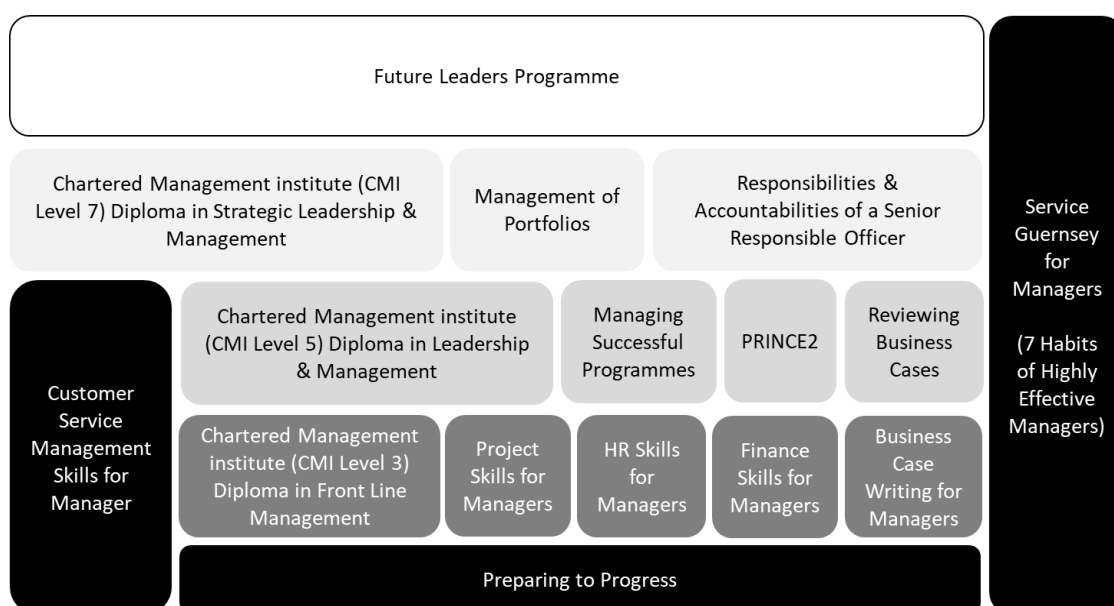
This has helped us to identify areas where we need to focus, as outlined below:

Strengthening Leadership

To have an effective organisation in the future, and to lead us through significant change, we need to strengthen existing leadership capability. We also need to meet our future requirements for senior leaders who have the right skills to continue to lead change.

The development of our leadership and management training catalogue, illustrated in Figure 10 below, accelerated significantly during 2017 and all elements of the programme are now up and running. This included pilot courses on change and transformation, for leaders and managers, with representation from a range of service delivery areas.

Figure 10 - States of Guernsey Leadership & Management Training Catalogue



Our Future Leaders Programme, launched in June, is specifically designed to ensure staff who are progressing through the organisation are equipped to deal with the challenge of leadership in an organisation that is undergoing significant reform.

Using a blend of classroom and experiential learning, the programme covers four complementary development areas: digital leadership; leading transformation; coaching skills; and developing team and self-awareness.

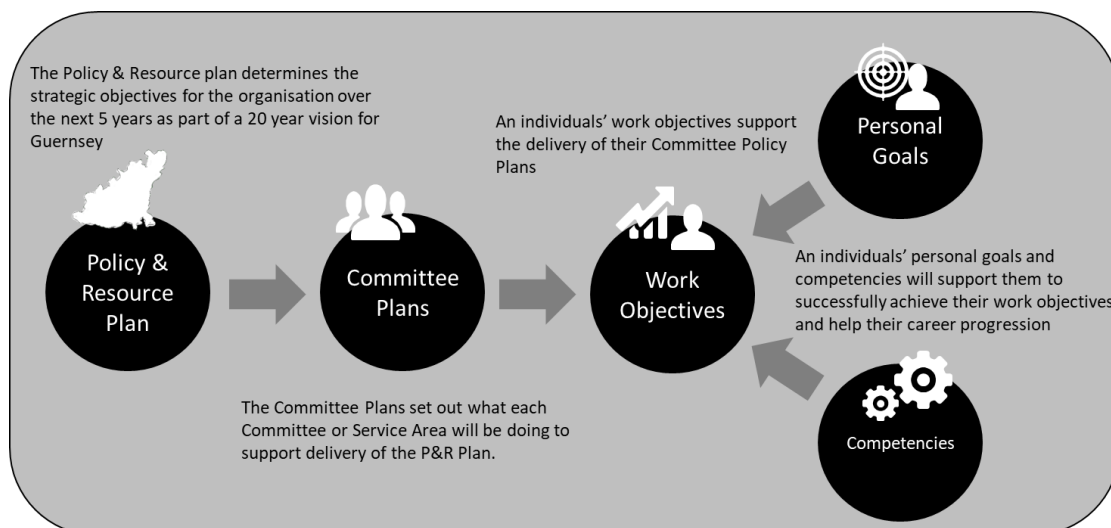
Managing people for performance

We need the right people employed doing the right jobs in the right way, to reach their full potential for themselves and for the benefit of the States of Guernsey. To do this, we need to strengthen line management capability and improve performance management, recruitment, selection and promotion across all service areas.

We made good progress in this area during 2017 and continue to do so in 2018. We launched our Personal Impact Programme (PIP) in January 2017, which means we now have a consistent approach to performance reviews approach across the organisation unless vocational development requires a bespoke approach. The PIP includes a full set of tools and techniques for managers and employees to help set work objectives, develop personal goals and monitor performance. The PIP is aligned with a competency framework for Established Staff, which sets out our expectations of our colleagues within roles and the attitude and behaviours expected. It recognises that everyone who works for the States of Guernsey has a role to play in achieving goals and each person contributes towards achieving the objectives set out in our service area business plans, Committee Plans and, ultimately, the Policy & Resource Plan.

This means that for the first time ever we have the capability to create a “golden thread” linking the personal goals and work objectives of every person who works in the public service to the delivery of the 23 policy priorities set out in the Policy & Resource Plan.

Figure 11 - Linking personal performance to organisational goals and objectives



Meeting immediate and future resourcing needs

Ensuring we have the right people with the right skills in the right place to deliver critical services continues to be vital for the organisation and is a significant challenge given our island's geography and demographics. We are recruiting in an increasingly competitive global market, particularly in areas like health care and teaching.

Since the beginning of 2017, we have seen a significant change in our approach to recruitment in areas such as health care, with greater use of digital marketing and social media to promote opportunities on the island. We have also been working hard

to improve our recruitment processes and have reduced the average time to hire by 25%. Whilst this is encouraging, we believe further improvements are both necessary and possible. Work to streamline and automate processes and further reduce the average time to hire remain a focus for 2018.

The successful recruitment of nurses has been a significant factor in the ongoing reduction of agency costs in Health & Social Care, which fell from a rolling average of £5.4m at the end of 2016 to £3.2m at the end of 2017.

There is now a focus on extending this approach to other services areas, with a priority on recruitment areas which there is considerable competition, both locally and further afield, to attract skilled resource to support vital public services.

As part of our people strategy we are increasing the emphasis on strategic workforce planning to give us a detailed understanding of our workforce requirements of the public sector for the mid to longer term. Focus previously has been on short to mid term

Better human resources - One HR

We need to ensure our human resources (HR) professionals have the capability to support our business operations efficiently and effectively, both now and in the future. We have commenced the simplification and standardisation of HR policies and procedures and recommended changes to all key policies will be with Union representation for consultation by mid-year 2018. We also need to ensure that our HR systems and processes are designed around the needs of our services and our staff.

Our HR development programme “One HR” was launched in April 2017 and will transform the way we deliver HR services to the organisation. Specifically, it aims to:

- ensure HR is planning, supporting and responding to the complex needs of a rapidly changing organisation, whilst maintaining best practice
- maximise the benefit of technological solutions that we can realistically implement to create efficiency savings and optimise the customer experience
- support the delivery of our Public Service Reform commitments
- improve the working environment and professional experience for our HR staff
- support the delivery of the People Plan outcomes, using our limited resource in the most effective way.
-

6.3 People focus priorities for 2018-19

The focus in 2018 has now shifted to the changes needed to establish the new HR operating model. The automation and improvement of standard HR processes, so that employee and managerial self-service becomes the norm, is seen as a priority. This will

reduce processing times and increase the capacity of our HR professionals to deal with more complex issues where they can add the most value.

The States of Guernsey Healthy Workforce Strategy 2018-2023 focuses on initiatives that can support the health and wellbeing of all its employees, and the “be a well being” campaign has been launched across all service areas. It will help to drive healthy living and wellbeing based on the five pillars of wellbeing: culture and environment; rest and recovery; physical activity; mental and emotional health; and diet and nutrition.

In 2018 we will begin piloting the use of “pulse” surveys as part of our ongoing commitment to improve staff engagement. We have conducted two comprehensive, whole-organisation surveys in the last three years and the data we have received from these has been invaluable. However, the costs and resources needed for this traditional method of staff engagement means these surveys are a significant investment and it is impractical to undertake them more frequently.

An employee ‘pulse’ survey is a fast and frequent survey system, that does away with complex questions and is intentionally designed to be done weekly, or every few weeks. It gives a quick insight into the health of an organisation and an opportunity to act on that, we know that engaged employees are more productive, take less time off, and make customers and service users happier.

7 Enabling reform

7.1 Enabling long-term change

To help meet objectives on customer service, value for money, staff excellence and organisational performance management, we have established three underpinning work-streams across the organisation. Our digital work stream is ensuring we have the technology, skills and capabilities to deliver public services in an increasingly digital world. Our estates optimisation programme is reducing the number of sites we operate services from and our innovation and continuous improvement programme is helping us change the way that we think and work, so that we look for better ways of doing things. All three work streams are focused on enabling long-term change and transformation – reform in the truest sense. Together all three work streams are already making it possible for us to bring services together and make the provision of front-line services more accessible to the community.

7.2 Enabling digital transformation

In the Framework for Public Service Reform we set out the need to exploit the role technology can play in the way we design and deliver services. We were clear about the potential opportunities for technology to improve efficiency and reduce operating

costs whilst at the same time maintaining or actually improving the customer experience.

We were also clear about the need to ensure we have strong digital foundations in place across the organisation; address the disjointed nature of IT service provision; make sure our technology infrastructure is fit for purpose; and ensure we have staff with the skills and capabilities needed to run a “digital” organisation.

Central to this, and the primary focus of our digital work stream to date, is ensuring the public service is supported by a fit for purpose IT function that supplies IT services, across the public service, to a consistently high standard and in a way that optimises value for money.

Making sure our IT provision is robust and does what we need remains one of our greatest challenges and one that cannot be underestimated. This year we have taken a big step closer to 21st century IT provision across the States, and have a clear understanding of where and how investment is needed and the funds to do that. Our IT infrastructure is the enabler for many of the longer-term improvements to services that we are committed to making.

Phase one of this work, the consolidation of IT systems and services into a single, integrated function responsible for the provision and management of IT services was completed in 2017. The transition to this new model was not without its difficulties; however, we have now been able to establish, for the first time, a holistic view of the condition of States IT infrastructure and the scale of the challenge we face to deliver on our digital aspirations. Major recovery and upgrade programmes across the Committee *for* Education Sport and Culture, Home Affairs and Health and Social Care have either been completed in 2016/17 or are now in delivery. This challenge is significant, but the creation of the Information Systems and Services (ISS) function means that for the first time, we are also able to effectively prioritise resources to areas where technology upgrades are most urgently needed and will make the biggest difference to our staff and service users.

Phase two of this work, establishing a delivery model for our future requirements for information systems and services, is well underway and is being delivered through the Future Digital Services project. To be successful, this will need to deliver a fundamental broadening of States’ IT-related effort and cost from just supporting Government business as usual to become a key enabler for Public Service Reform and supporting the development of the local digital economy. After an initial engagement with the market, which ensured any commercial partnerships included opportunities for on-island providers, outline solutions were appraised in early 2018. A recommendation to take three potential suppliers through to the detailed solutions stage, and to continue to develop an in-house alternative model, was approved by the Policy & Resources Committee in March 2018.

7.3 Estates Optimisation

One of the most significant and visible changes made last year was delivery of a hard target set against our estate optimisation objectives, to exit two office accommodation sites by the end of 2017 and make them available for re-purposing or disposal. Moving operations from the Income Tax office in Cornet Street and the Education Office in Grange Road House and moving the probation service out of rented accommodation was a significant undertaking.

Part of this was about saving money, and reducing maintenance costs, but there are wider benefits as well. Neither Cornet Street nor Grange Road House lent themselves particularly well to collaborating with colleagues internally on those sites and the workspaces the teams from these buildings now occupy are a significant improvement. The project has also enabled the creation of collaborative workspaces for the HR, IT and Finance communities that weren't previously available. As a result, we have been able to deliver changes to working practices that would not have been possible before. It also provided the opportunity for us to group together certain customer facing services so our customers have fewer places to visits.

A number of the Public Service Reform initiatives now underway, including the creation of the principal community hub, as part of the Transforming Health and Care Services Programme, will ensure further rationalisation of the estate. However, we must keep improving and maximise value from the States' substantial and diverse land and property portfolio. As our digital capabilities mature and change the way we design and deliver services our property requirement will change and we must be ready to adapt.

To achieve this there needs to be considerable change in the way we manage, operate and service the properties we own and occupy. Work to develop a cohesive estates strategy was completed earlier this year. If implemented, the strategy will improve clarity of roles and responsibilities regarding the States' Estate. It will also provide better management information ensuring informed decision making can take place relating to the allocation and disposal of properties.

7.4 Innovation and creative thinking

"By 2026, Guernsey aspires to be a leading innovative and entrepreneurial community."³ To help drive this change we must move away from thinking innovation is driven from the 'centre'. Innovation means allowing staff to feel empowered and accountable and cannot be achieved without experimentation and failure.

During 2017 there was a significant increase in the use of innovation tools and techniques in our reform programmes, along with the use of customer focused service

³ Digital Sector Strategic Framework, States of Guernsey

design, co-creation. An “Innovation toolkit” has been launched via the Digital Greenhouse website and, supported by specific training, aims to give staff guidance on how they and their teams can develop a culture of continuous improvement.

The staff led “Innovation Lab” meets on a monthly basis and provides an opportunity to develop thinking and ideas in an open-minded space. Alongside this, a new exciting development and opportunity to motivate and encourage innovation comes with the launching of the ‘Bright Ideas’ fund in 2018. Specifically, this is aimed at providing teams across the organisation access to small amounts of funding to develop ideas for innovative service improvements.

8 Summary

This update details headline achievements over the last 18 months and prioritised objectives over the next 12. What it can’t convey easily is the tangible difference to the culture and ethos of Guernsey’s Public Sector in 2018. We committed to a programme of reform with a realistic understanding that it would be a long-term commitment. We understood that clear opportunities to minimise waste and increase efficiency had been explored with the Financial Transformation Programme and further efforts to ensure an organisation fit for the future could only be achieved by real transformational change in the way we provide services. This means benefiting from and taking full advantage of new technologies, proactively using data and information and by challenging our processes, our decision-making and our leadership. The States of Guernsey is by far the largest employer in the Bailiwick and covers a hugely diverse range of service delivery - there is not one single solution to future proofing our public services. Whilst the reward will be significant there are few quick fixes, and alongside our reform programme we must still respond to external pressures and increased demand, such as Brexit and GDPR. It is therefore necessary, particularly in light of these pressures, to map and understand how digital advancements will impact our workforce requirements and equally very rapidly change our future technology needs. Reviewing our policies and modernising our approach as an employer, reducing our property footprint by taking full advantage of our estate and reviewing service provision - in the way we are doing with a new Revenue Service and Health and Social Care within Partners of Purpose - are so significant. We need to be realistic and honest in our approach to achieving our vision; investment in service design is equally critical to hard savings. We must not be short sighted or short term in our visioning. Our Reform does not ‘tinker round the edges’ instead we are achieving short term efficiency and more importantly laying foundations for the sustainable provision of Public Service that our community needs in the future. While Public Service Reform remains a long-term commitment, during the last 18 months we have seen that is also very much the here and now in terms of how government operates.