



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Wednesday, 6th November 2019

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Present:

Sir Richard J. Collas, Kt, Bailiff and Presiding Officer

Law Officers

Miss M. M. E. Pullum, Q.C. (H.M. Procureur)

People's Deputies

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B. L. Brehaut, R. H. Tooley

St Peter Port North

Deputies C. N. K. Parkinson, L. C. Queripel, M. K. Le Clerc,
M. P. Leadbeater, J. I. Mooney

St Sampson

Deputies L. S. Trott, P. R. Le Pelley, J. S. Merrett, G. A. St Pier,
T. J. Stephens, C. P. Meerveld

The Vale

Deputies M. J. Fallaize, M. M. Lowe, L. B. Queripel,
J. C. S. F. Smithies, S. T. Hansmann Rouxel

The Castel

Deputies R. Graham L.V.O, M. B. E, C. J. Green, B. J. E. Paint,
M. H. Dorey, J. P. Le Tocq

The West

Deputies A. H. Brouard, E. A. McSwiggan,
D. de G. de Lisle, S. L. Langlois

The South-East

Deputies H. J. R. Soulsby, H. L. de Sausmarez, P. J. Roffey,
R. G. Prow

Representatives of the Island of Alderney

Alderney Representatives S. Roberts and A. Snowdon

The Clerk to the States of Deliberation

S. M. D. Ross, Esq. (H.M. Senior Deputy Greffier)

Absent at the Evocation

R. M. Titterington, Q.C. (H.M. Comptroller); Deputy J. A. B. Gollop (*relevé à 9h 33*); Deputy N. R. Inder, (*indisposé*); Deputy A. C. Dudley-Owen (*indisposée*); Deputy V. S. Oliver (*relevée à 9h 44*)

Business transacted

Evocation	2519
Billet d'État XXI.....	2519
I. The States of Guernsey Annual Budget for 2020 – Debate continued	2519
<i>The Assembly adjourned at 12.32 p.m. and resumed its sitting at 2.30 p.m.</i>	<i>2557</i>
The States of Guernsey Annual Budget for 2020 – Debate continued	2557
<i>The Assembly adjourned at 5.39 p.m.</i>	<i>2598</i>

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States of Deliberation

*The States met at 9.30 a.m. in the presence of
His Excellency Vice-Admiral Sir Ian Corder, K.B.E., C.B.
Lieutenant-Governor and Commander-in-Chief of the Bailiwick of Guernsey*

[THE BAILIFF *in the Chair*]

PRAYERS

The Senior Deputy Greffier

EVOCATION

Billet d'État XXI

POLICY & RESOURCES COMMITTEE

I. The States of Guernsey Annual Budget for 2020 – Debate continued

The Senior Deputy Greffier: Billet d'État XXI, Article I – the continuation of the debate.

The Bailiff: Deputy Gollop wishes to be relevé.

5 **Deputy Gollop:** Yes please, thank you, sir. Pardon.

The Bailiff: Deputy Le Tocq will speak next on amendment 4 – amendment 18, sorry – amendment 18 which we are debating.

10 **Deputy Le Tocq:** Thank you, Mr Bailiff.

Sir, yes, I would have been brief last night and I will be brief this morning.

15 Sir, I think it was Deputy Carl Meerveld who said in his interesting speech that this was a no-brainer, and I would agree with him totally on that. He lost me somewhere during his speech – I wondered whether he was in favour of it or not, (*Laughter*) but we did get there in the end. And sir, it is a no-brainer to a certain degree, but I am glad that we had the opportunity to air this because certainly in terms of part I, the Proposition there makes absolute sense: that the whole of this Assembly should get behind the opportunities afforded by green finance. (**A Member:** Hear, hear.)

20 Whatever the case is with regard to our main industry – the finance sector – in Guernsey, it certainly has been around for some time. It is not just since the 1970's it has been around. Guernsey has been involved in the trust business and insurance for 100 years or so. But, sir, the key thing here is that Guernsey has been able to diversify to quickly shift as needs be and the

finance industry is changing and shifting and we must recognise that. So, sir, I commend this Assembly to get totally behind that.

25 Sir, what I also like about this amendment, and this is why I am seconding, is it is well-balanced, because the second part recognises that there are things that we should be doing in order to ensure that Guernsey Finance is sustainable in the long term and particularly as a number of other speakers have mentioned, that we can find ways through the Committee and Office for Economic Development for a more efficient and targeted use of staff and resourcing – and I know that is what they are about and it is important that we balance that out.

I believe that in doing so, sir, there will be benefits to Guernsey Finance and the promotion of Guernsey as a place to do business in the financial world, because it is our skills in the financial world that enables initiatives like that mentioned under part I to be possible in Guernsey where we can do it better, more efficiently and more appropriately than perhaps some others might do.

35 Sir, others have mentioned the reputational issue and I think that is very important as well – that we are able to demonstrate to the world that we are not part of the problem, we are part of the solution. And in terms of the issues that the world is discussing today, I think this is very much one.

So I encourage this Assembly to wholeheartedly support both elements of this amendment.

40

The Bailiff: Deputy Green.

Deputy Green: Sir, thank you very much.

I can be brief as well. Again like others, I wholeheartedly endorse this amendment, sir. Anything that can strengthen and/or diversify our financial services sector should be welcomed and endorsed (**A Member:** Hear, hear.) and it is only with a strong financial services sector that we can hope to invest in the public services that we want and we need in this Island.

But I do have a few questions. As I say, I will be supporting this so do not assume the opposite, but the first question is, I assume that Deputy St Pier will be summing up but obviously he is ably assisted to his left so – not in political terms – but (*Laughter*) by the gentleman to his left, Deputy Trott, so no doubt they can work together as they often do.

Financial assistance of up to £300,000: I think it is an obvious question, but I think there needs to be some shape to why £300,000? (**A Member:** Hear, hear.) Because if this is so important why not more, or if we are in such a difficult spot with public finances why not less? (**A Member:** Hear, hear.) Is this just an arbitrary figure, a finger in the air job, as they say, or is there more meat on the bones? I would welcome discussion on that.

Secondly, I also do wonder about the definition of green finance in terms of where it starts and where it ends, and I associate myself with the comments that Deputy Le Clerc made yesterday about the potential dangers to reputation. But would green finance include, for example, investment in nuclear energy or nuclear technology? Would it include fracking? There are probably a number of other things I could list, but some sense of where the definition starts and ends would be quite useful, I think. I do, moreover, think that this is actually something that will actually improve the reputation or can potentially improve the reputation of the finance industry going forward.

65 But the third question, sir, is – well perhaps before I get on to that, just to follow up on the point that Deputy Le Tocq made about the second part of this amendment, because I do think that is very important to have those kind of good governance considerations in there, particularly the second bullet point in II which is about setting out *inter alia* the investment objectives, and this in particular, the 'performance reporting metrics and grant levels'. I think that is something which does need to continue.

70 But the third question, sir, is there has been discussion of potentially increasing the funding to Guernsey Finance, the promotional arm of the industry, in the debate yesterday, and I am not unsympathetic to that. But I think the question is, I actually think there is probably an argument for saying from the level of investment that we put into Guernsey Finance at the moment we

75 actually get a very good bang for our buck, and if that is the case then we need to hold back from
simply saying we need to invest more into it, and I think what I am building to here is that I
actually, on behalf of the Committee that I lead, would like to perhaps engage a little bit more
with Guernsey Finance, perhaps (**A Member:** Hear, hear.) have a public hearing to just tease out
80 some of these issues in terms of assessing exactly how much value for money, for want of a better
phrase, we get from the current budget.

I am grateful for Deputy Trott giving me the thumbs up for that, sir. I take encouragement
from that. Because I actually think we do get a lot of bang for our buck and therefore we should
perhaps just think through very carefully before we automatically look to raise the budget in any
event.

85 But those are my observations, sir, but I will be wholeheartedly endorsing this as a very good
thing to help strengthen and diversify our key industry.

The Bailiff: Deputy Brehaut.

90 **Deputy Brehaut:** Thank you, sir

I do not know if this is a speech or a wry observation I suppose, but I am often taken by how
the Guernseyman defines himself on being so stubborn, immovable and cannot be drawn in any
singular direction. So the stubborn Guernseyman who was the smallholder, the fisherman, the
privateer and would never be moved from that, nothing could possibly move him except if you
95 introduce something like quarrying, and then quarrying had an appeal and when quarrying lost its
attraction then there was growing, initially growing tomatoes then grapes of course and then
tomatoes, then flowers. And of course, you would not move a Guernseyman from that, would
you? How could you? Invested so much time and energy, until of course tourism came along and
the whole community became geared to tourism, with a brief excursion, I think, into marmalade
100 production in the 19th century to avoid sugar tax, and we know as a child when we used to go to
bottle dumps, which was a real attraction in its day, you would come across Dundee Marmalade
jars and I never made that connection until much later, that Guernsey was the home of Dundee
Marmalade and to avoid the sugar tax it was produced here.

So as farming, from 600 farms to 50 and then to 14, the Guernseyman and the
105 Guernseywoman had to adapt, whether it was the electronics industry of the 1970's and then
1980's, or whether it was the banking, insurance and finance. The point is, far from being
stubborn, the Guernseyman – the Guernsey-person, man and woman – have adapted to changes
around them. The difference in the others that I have mentioned is that other people were not in
on the act at the time so directly and we stumbled into them.

110 I think what we have got in front of us today is a great opportunity to be a leader and because
of the world we now operate in where there is a growing awareness of these things, we just need
to grasp this nettle while we can and I think, as Deputy St Pier said, at the Institute of
Directors (IoD) to move away from the tax haven to the safe haven, I think, other than being just a
great play on words, is something we should embrace and be a leader, because Guernsey is
115 accustomed to being that.

Thank you.

The Bailiff: Alderney Representative Roberts.

120 **Alderney Representative Roberts:** Thank you, sir.

I support this. I think it is very important. But can somebody explain to me exactly how
£300,000 will go towards funding Guernsey as a green finance centre? It seems a low figure to me.
Western Europe continues to lead in green finance and continues to grow. Guernsey comes some
10 places behind the Isle of Man and it is 18 places behind Jersey. Guernsey weighs in at No. 47, a
125 placing surely waiting to be improved. I hope this raises our placing.

Thank you.

The Bailiff: Deputy Kuttelwascher.

Deputy Kuttelwascher: Thank you, sir.

130 I am happy to support this. I just have one question in relation to the last bullet point in the
second half of this amendment – the last three words, ‘sharing of resources’. In my initial period
on Economic Development at the beginning of this term, certainly we were looking carefully at
the possible merger of Guernsey Finance and Locate Guernsey, and there was an awful lot of
135 pushback from Guernsey Finance. I am wondering now whether that is still the case and whether
sharing of resources will include looking into a possible merger of the two entities, if you like. And
I think the reason this was looked at and a plan evolved was that there could be major savings in
the two acting as one. So I would like to think that this is still on the table.

Thank you, sir.

140 **The Bailiff:** Just before I call Deputy Gollop, Deputy Oliver I think would like to be relevée.

Deputy Oliver: Yes please, sir.

The Bailiff: Thank you.

145 Deputy Gollop.

Deputy Gollop: Oh, thanks.

Well, I only got here a few minutes before Deputy Oliver and I was late because it tires me,
even being a green, walking along. But I actually nearly missed seeing my colleagues for breakfast
150 because I went to the Investec community talk on green finance with other non-execs and it is
interesting to me because Guernsey has certainly seen an enormous amount of activity across the
voluntary and commercial and corporate sectors this year in really getting to grips with the green
and sustainable finance team, not just, as Deputy Brehaut alluded to, the key Institute of Directors’
conference. And Deputy Brehaut is right, it is an idea whose time has come, and as part of our
155 international identity we need to sort of blow away what is left of the cobwebs of the tax haven
jibe and have the safe haven or indeed the green haven. All of this is very much key.

When I was looking for something else in my jumble of stuff, I actually came across this that I
had from a previous meeting, ‘Guernsey as a Centre of Green and Sustainable Finance’, a
corporate booklet, We Are Guernsey, published with work particularly from key initiator and
160 speaker later this month at the Chamber of Commerce key lunch, Dr Andy Sloan, who formerly
was our Chief Economist and has now really committed himself to this workstream, and he has
made a huge impact on the scene.

There are all kinds of quotes here from key figures from GIFA, from GIBA, from Guernsey
Association of Trustees, from Deputy Dudley-Owen representing Economic Development, from
165 Mr John Clacy – who is not always that complimentary about the States, but he certainly is here:

Guernsey Green Finance is a real signal of Guernsey’s commitment to action on climate change.

And Mr Oxburgh from GIBA – and from our own Deputy Lindsay de Sausmarez who is quoted
as saying:

Never has strategic action on climate change been more urgently necessary. Guernsey Green Finance is really helping
the finance sector in Guernsey play a full and proper role in addressing the defining global challenge of our times.

And indeed, as part of this, the Guernsey Chamber of Commerce: they may not necessarily
170 have been 100% supportive of every aspect of the equalities package, but they have been very
strong in working towards initiating and developing and facilitating a greener sustainable team
that I know, amongst other people, Mr de Sausmarez is involved with and Sacha Miller and other

people. So it is a cross community thing, especially for the slightly younger generation, and that is great to see.

175 I think that this is very important, indeed the lecture this morning was from Mr Mark Lainé who has the distinction of having served for two parish districts of this Chamber, just like Deputy Ferbrache and Deputy Roffey and Deputy Parkinson of course. He has developed through a very successful entrepreneurial IT career a great expertise now for ranking businesses and developing them and he is very keen to give Guernsey that international credibility so we do not go in for greenwashing and we separate the flower beds and the recycling paper cups to more meaningful
180 things

And indeed he, amongst other people, realises that part of our international identity is building on our historic links with other countries of the world. New Zealand springs to mind, Far East, Canada, Costa Rica and various other places, and of course the green finance is commercial.

185 In a way, the word 'green' is unfortunate, because I am actually a member of the England and Wales Green Party, and I have to say I think Deputy St Pier and Deputy Trott, amongst others, would be genuinely shocked if they went to the Green Party Conference, as I do as an individual member, because many of the speeches are critical of the Rt Hon. Jeremy Corbyn because he is too right wing. They really do have a small, if beautiful, ethic and they are not particular fans of the profit motive, especially in an offshore context. So perhaps, although we need to build links
190 with the Green Party, especially as they are likely to be maybe part of coalitions in the future – I think it was quite funny yesterday, one of my witty colleagues said, one of our number in the States, if he stands at the next Election, has an advantage over everyone else because he can have 'Vote Green' across the Island, and that will be seen as an endorsement from both finance and politics!

195 But the point is, we do need to develop this. The one element I think I can add to the debate here is that I remember in the past we used to have rumblings from Members; we have heard a few yesterday, who were a little bit critical of the hard-pressed taxpayer contributing to Guernsey Finance and the counterpoint was made by not just Deputy Trott and Deputy Ferbrache but also Deputy Fallaize, that finance is the biggest industry on the Island. It is our core. Just as marmalade
200 and comics used to be Dundee's main industry – and jute perhaps – our industrial and economic and social base is around the finance sector and I think the lecture I heard from Mr Mark Lainé, he was making the point that it can have a big social and environmental impact as well and be ahead of the game for improving, for example, access, equality and disability, and perhaps filling in the gaps for accreditation of corporate social responsibility where the States are
205 lacking a bit. So it goes beyond green: it is broader than that.

But in the past, there were one or two Members who were perhaps reflecting the more senior citizen element of society in days gone by, who were extremely successful in giving us our base, based on growing tourism and other sectors, and used to be a bit critical of the Finance subsidy. But I would say two things: politicians in the past who were very popular who stressed that
210 opposition eventually found that they were losing support because the population was changing; **(A Member: Hear, hear.)** and the other thing that I would point out is that we are of course well below our immediate competitors, as Deputy Fallaize reminded us.

But I would also emphasise here that one discordant voice that I have heard from time to time, but I can understand why it is made, is that if we have a structure, as perhaps some scrutineers
215 might hint at, whereby more should be given in sponsorship or Guernsey Financial Services Commission-style levies from the industry, not only does that put extra cost on industry and their services, but one or two of those businesses look at you and say, 'Well, I am doing very well, my markets are x, y and z, why should I support somebody else who wants to go somewhere else?' In other words, it actually is more of a communitarian, a state responsibility, than it is I think paying
220 for services.

The other part of this amendment, which has not been that much debated, I think is important as well. Because the first is a no-brainer, but the second one is a little bit more subtle, because it is about the future of Guernsey Finance's promotional income, and I think we do need a sustainable

225 model. We probably need more money, but obviously carefully spent. We need the key performance indicators indicated by investment objectives, performance reporting metrics and grant levels, and concluding its examination of the synergies it provides funding for.

Now I know for several years, going back indeed I think to the era when Mr Kevin Stewart was Minister for Commerce & Employment, there has been a lot of thinking about reorganising the frontier here, so that Guernsey Finance, Visit Guernsey, Locate, the Hub maybe, and tourism effectively are all working the same. I think they are different markets. I think although tourism marketing is probably going up-market and in my view should go more niche, focussing on our cultural and sporting heritage more – it is a different proposition than the very specialist targeting that the others need. But if you are looking at transferable skills like managing events, exhibitions, public relations, media buying, IT monitoring, there probably is room for amalgamating that and possibly outsourcing more of its functions. My idea for tourism would probably be a reduction in direct Civil Service budget and transferring that money to a corporate industrial group with buy-in. But that is for another day. But I think this is important.

One final point about the Green Party: one area I do find common ground with the members in England and Wales is they believe – it is almost a *panacea* to them – that if only we got away from big government and big business and went down to the level of communities of less than 100,000 running their own things, whether it be post or electricity, we would all be living in magicland. Well we have got much of that already, we have even got our own airline – although that is not necessarily a very green idea – and we could do a lot better. But this really does improve what we offer and I think whoever is in Government next year or the year after, if Guernsey can be seen walking the talk as a green haven with a real eye to the future, we will be in good stead.

The Bailiff: Yes, Alderney Representative Snowdon.

250 **Alderney Representative Snowdon:** Thank you, sir.

I just really wanted some clarification about this. I think it is very good and I think it is very forward thinking, which is fantastic. But will there be some sort of support going forward for local home-grown projects, whether it be some sort of tidal or wind turbine stuff in the Bailiwick – will that be a priority at all? I think that is quite important because when you look at Cherbourg, you have got General Electric making the biggest wind turbine blades in the world, I think they declare, and you have got a tidal thing hopefully happening in the Raz Blanchards. I am just wondering what support might be offered by green finance or collaboration of some sort to actually push Guernsey Bailiwick projects going forward. I think that is quite an important thing.

I think, you know, this is at the start of it and if you look at who has signed up to the zero carbon there are a hell of a lot of countries that have signed up, by 2050, to be zero carbon – with Finland 2035, I think, and Norway 2030.

So if this does take off I hope Mr Trott will hopefully look at potentially back offices in Alderney maybe, if we have got strong air links to support that, (*Laughter*) fingers crossed. But I very much welcome this and I look forward to hearing more about it.

265 Thank you.

The Bailiff: Deputy Langlois.

270 **Deputy Langlois:** Thank you, sir.

Given its pivotal role in yesterday's debate on air route subsidies and in this debate, I was surprised that more has not been said about the Future Guernsey Economic Fund itself.

I mean it is a very strange hybrid beast. About five years ago it was, or its predecessor was, set up with a just over £9 million lump sum mainly from the Contingency Reserve obviously as an experiment and, as people have mentioned, its investment was supposed to produce a measurable benefit.

Probably the most commonly known of its investments was in Digital Greenhouse, but quite rapidly it became a source of partial funding for Locate Guernsey, Visit Guernsey and also, as Deputy de Lisle said, a fifth of Guernsey Finance's budget. But this was all coming out of a lump sum of money that was obviously the ... It has strayed somewhat from the original intention, and about two years later people realised that this lump sum was actually declining in value fairly obviously because it was being used for ongoing subsidies.

So the idea that it should receive 50% of the evidenced fiscal receipts of its investments was agreed by the States. But then the Committee for Economic Development could not measure the fiscal receipts from anything other than Locate Guernsey. I am not sure what methodology they used to come up with the figures they have done to justify their £900,000 grant in this Budget, but that is by the by. But that is not a sensible way of proceeding with financing some of these organisations. It has strayed from its original mandate and now it is being used as a source of funding, as I said, for ongoing revenue expenditure.

Now what I am hoping is the second part of this amendment will go further than just looking into the funding of Guernsey Finance and actually look at the Future Guernsey Economic Fund as a whole, so we can straighten it out, in fact, because I do not think it is really sensible for us to carry on with this construct which is really illogical and it is not really fulfilling its original mandate. It is probably doing very good work, but as we have seen with the air routes – the subsidies – it does get involved in controversial investments. So I will be voting for this amendment, but I do hope that the whole Future Guernsey Economic Fund is looked at as a whole, because I do not think it should be continuing in its current form much longer. At the very least it needs a new mandate.

As for the first part of the amendment, I do not want to sound too cynical, but I will be watching with interest the greening of mammon as the green initiative proceeds.

Thank you.

The Bailiff: Deputy Hansmann Rouxel

Deputy Hansmann Rouxel: Thank you, sir.

Personally, I would like to declare an interest. My spouse is a Council Member on the Guernsey Finance lead for the Chamber of Commerce and he is the secretary of the Guernsey Investment Fund Association. It is on my declaration of interest and we do occasionally talk about things other than children in our household, (*Laughter*) but that does not mean that he has ever tried to lobby me on any of these issues.

What does strike me from the debate is how, yes, we absolutely need to support Guernsey Finance and the sector that does bring in economic value to our Island, but from the concerns raised, I think it was by Deputy Merrett yesterday, I went back and sort of had a look at what it is that people are saying from industry side and what it is that politicians are saying and then you look at the amendment. And actually, what is happening is we have a policy vacuum around this area and I think that stems from this idea that, yes, we need to diversify the economy, diversify finance and finance will just tick on on its own, but there is not a strong strategic policy coming from politicians, and that is demonstrated by the level of detail in this amendment, asking for those policy gaps.

Now if you were looking at policy around this area and you took what is coming from politicians saying, 'Well, how are we spending so little on Guernsey Finance and yet we are getting a big return? What is it that is happening outside of the body, so what promotional activities are other members of the finance industry doing, that is actually creating that extra revenue and income?' So that overarching look at what is actually effective in terms of promotion, that needs to be done.

It concerns me slightly that we are not really working the way that Government should, and how that represents itself when you have bodies – Yes, Deputy Trott has experience in finance and that is why he is on the Guernsey Finance and we have another political representative, Deputy

330 Parkinson, who is a representative and therefore when the politicians discuss Guernsey Finance those two Members need to step out of the room – but what is happening on the board side is you should have politicians who have a strategic understanding of government, not necessarily finance, as their main issue.

335 So when you are on Guernsey Finance, the political representatives should not necessarily be finance experts. Those finance experts should remain on the political board and be able to discuss the political side and not have to recuse themselves because of their conflict of interest, and on the Guernsey Finance board you should have politicians that have a strategic understanding of the whole industry and not just an expertise in finance. And therefore, when it is discussed in the political realm you would have that expertise, but when the board is meeting you have the expertise from industry and you have the political, strategic expertise from the politicians and that is how it should run.

340 I give way to Deputy Tindall.

Deputy Tindall: I thank Deputy Hansmann Rouxel for giving way.

345 This just sparks, to me, the conversation about when you should recuse yourself and whether expertise is something that is a conflict of interest in its own right, when in actual fact it adds to the conversation. If I was still on Economic Development I would have liked Deputy Parkinson to be there in the room to hear his point of view and also to vote.

A Member: Hear, hear.

350 **Deputy Hansmann Rouxel:** I understand where Deputy Tindall is coming from, but my solution is about making the strength of political strategic input, strengthened by members of the industry on the Guernsey Finance board stronger, as opposed to what can be a less strategic view of the whole of the economy. And therefore I do understand Deputy Tindall's point but I disagree slightly. I think there is a different solution and I think other people should be involved in those boards and not necessarily the two Members who have expertise, but their expertise needs to be used in that part of the discussion.

360 So I am very glad to hear from Deputy Green that Scrutiny are looking at this as a potential hearing to eke out those issues and I think it would be very useful to hear from members of the industry as well and they have an opportunity to actually start to tell us what they think is working and how to tweak – and an opportunity for us to scrutinise where our money is going.

365 In terms of this amendment: green finance, yes, there is a very big opportunity and I think Deputy Gollop raised the point that those members of the business community who might not have been singing the praises of disability and inclusion and were jumping on this bandwagon, well, yes of course, because there is money to be made. There is money to be made and there is good to be done, and if we can marry those two that is what we need to achieve, (**A Member:** Hear, hear.) and looking at this, we need to get on and vote on this.

370 **The Bailiff:** Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir.

375 I was not actually planning to make a long speech until Deputy Merrett demanded one. (*Laughter*) But I think it would be useful to actually start at the beginning and just make sure that everyone – I think probably most people in this Chamber are familiar with what green finance is – but it may well be helpful for people outside, if anyone is listening on the radio – no one is ever really sure.

So basically, its most fundamental purpose, or its *raison d'être*, is to facilitate environmental sustainability and mitigate climate change by channelling money into industries, technology, projects and initiatives that will help the cause.

380 So out there we know there are investors – *increasingly* investors looking for green assets, and
green finance can connect them with opportunities. So in financial terms this is about the
economic opportunity. Number crunchers agree we are going to need to invest a vast amount of
money – I think it is something in the region of 2.5% of global GDP to tackle this, which is really
staggering. It is tens, if not hundreds, of trillions, and Guernsey's finance sector can play a
385 lucrative role in mobilising some of that capital and funnelling it into clean technology
development and green infrastructure – renewable energy, for example.

So clearly that is an opportunity not to be sniffed at and the fact that it helps redefine
Guernsey as a force for good on the global stage and helps us diversify and strengthen our
finance centre, which benefits our local economy, can only be a good thing.

390 So the size and nature of this economic opportunity has been articulated by many others
during this debate, and rightly so. So I am not going to dwell on that, but I am going to talk about
this from another very important perspective which has not really been touched upon and that is
the environmental imperative.

So last night I sat down to watch the news, and these days you know it is bad when Brexit does
395 not have the top slot – and last night it was bad. It had knocked not just Brexit, but also Donald
Trump and all sorts of horrific other bits of news well down into the programme. The headline
story was a report signed by 11,000 scientists from 153 countries, based on 40 years of data,
explaining that, and I quote: 'Scientists have a moral obligation ... to "tell it like it is".' In this report
they stress clearly and unequivocally that there is no time to lose and again I quote:

The climate crisis has arrived and is accelerating faster than most scientists expected. ... It is more severe than
anticipated, threatening natural ecosystems and the fate of humanity ... Especially worrisome are potential irreversible
climate tipping points and natures reinforcing feedbacks (atmospheric, marine and terrestrial) that could lead to a
catastrophic "hothouse Earth," well beyond the control of humans. These climate chain reactions could cause
significant disruptions to ecosystems, society and economies, potentially making large areas of Earth uninhabitable.

400 It was not all doom and gloom, there was obviously hope and the report reiterates the areas of
focus in order to tackle the problem in a meaningful way and we are familiar with those areas of
focus from other reports like the IPCC report. But again, this stresses that time is of the essence,
and the quicker we can escalate our efforts the more we can minimise that risk. (**A Member:** Hear,
hear.)

405 The next decade is what matters more than anything else and again I quote:

Mitigating and adapting to climate change ... entails major transformations in the ways our global society functions
and interacts with natural ecosystems.

And this is where green finance comes in. Transformative change on the scale required will
cost a lot of money – literally tens of trillions, as we said. In fact when Stephen Nolan was in
Guernsey earlier on this year I think he quoted a figure of \$90 trillion that would need to be
invested in green and sustainable infrastructure globally. And the important point is that
410 governments alone will not be able to finance this transition. So the green finance sector plays an
absolutely key part.

And incidentally – and this speaks to the points raised by Deputy de Lisle and this morning by
Alderney Representative Snowden – that transition will need to happen at a local level too and
that transition will need funding. But it is important to remember that whatever international
investments Guernsey Green Finance or our Green Finance Initiative facilitate are obviously to be
415 welcomed. This is a global problem that requires a global joined-up solution and, frankly,
technology projects and infrastructure that our local finance sector funds in other parts of the
world are even more likely to be on a scale that will have a bigger global impact than what the
sector invests in locally. But both are important and both are encompassed within the scope of
the Green Finance Initiative.
420

So we are promoting ourselves, Guernsey Green Finance is about promoting Guernsey as a
green finance centre. So I think it is important to explain what a green finance centre is, because

we have had some mention of green financial products and services, those are the kind of obvious things, I suppose, that we would think about. It is an absolutely essential part of the proposition, but it is also about much more than that. It is about a systemic approach, a green financial ecosystem, if you like, and it includes things like our institutional frameworks and an enabling environment and our market infrastructure.

So a lot has happened in the last 12 months. Alderney Representative Roberts mentioned a short while ago this morning that Guernsey did not seem to rank very well. Now I have not had an opportunity to discuss with him where he got that data, but I think I know, and I think if he is referring to the table that I think he is, that was done about more than a year ago certainly and it was based on self-reported data and I think what it showed us, really, to be candid, was that Jersey and the Isle of Man were an awful lot better at talking themselves up than we were. But in any case, an awful lot has happened in the last 12 months in this space. Deputy Trott is signalling money at me – oh, Jersey has also got more money – well, Deputy Trott is welcome to – I am happy to give way if he would like to articulate his point but I am not going to play charades with him!

Member: He is far too good!

Deputy de Sausmarez: So earlier this year we launched Guernsey Green Finance, which is essentially the body through which we will fulfil our strategic commitment. We also, I think late last year, joined the UN's Financial Centres for Sustainability network, which we call FC4S for short, which puts us alongside a rather select group of green finance centres including London, Paris, Hong Kong, Shanghai, Tokyo and Beijing. I think I am right in saying we are the only Crown Dependency in that network, and it really is quite a prestigious network to belong to and it gives us real opportunities to build strong international relationships and work very co-operatively on that global stage.

So in terms of our products and services, we have got the Guernsey Green Fund, which is a world first. Deputy Trott referred to this, it is essentially a Kitemark, I suppose, that gives investors assurance that specific green criteria have been met and that their investment is having a positive environmental impact – and I will come back to this point, because this is something that has been rightly raised by Deputy Le Clerc and Deputy Green and others.

We have obviously got TISE Green, which is the International Stock Exchange's green segment, and that enhances the visibility of investments that have a positive impact on the environment and it encompasses all types of green investments including bonds, funds and trading companies.

Alongside that, we have also got other offerings. We have got advisory, we have got green lending, which is quite new, and one thing I am particularly excited about coming soon, very soon I believe, is green insurance. I know our regulator has been – there was a consultation done a while ago and I believe we are likely to see some more news on that quite soon.

So in terms of our market infrastructure, Guernsey Green Finance and Dr Sloan in particular, are building some really useful links to further that international co-operation I was referring to earlier. And one example is that we have got a very strong relationship with the London Green Finance Initiative and its Chair Sir Roger Gifford, who has actually been over to Guernsey quite a few times and I know Deputy St Pier and Deputy Trott and others seem to have regular conversations with him.

I can give a sort of outside perspective on this as well actually, because my brother works in green finance sort of internationally and he is based in Hong Kong, and he has remarked to me that Guernsey Green Finance is everywhere. When he looks at those sort of networks, it is doing a really great job of punching above its weight for a finance centre of our size compared with some of the big finance centres we are sort of in amongst. So I think that is very encouraging news and certainly there are people who have been working their socks off and that effort has been paying off.

475 Locally we have launched the '20 for 20' Business Leaders for Sustainable Finance Network – I think '20 for 20' for short, as the long version is quite a mouthful – but basically this is a group of key movers and shakers who also work, again, sort of using their existing networks to really support that strategic action and build those links.

480 Education and engagement is a big part of this and I am happy to say there are a growing number of courses and training opportunities and indeed conferences that are taking place locally or that we are being involved with that are happening elsewhere. Deputy Tindall mentioned in her speech the recent IoD conference which was a case in point and I found that a really useful and interesting event.

485 In terms of our institutional frameworks, we have embedded environmental sustainability into our formal investment frameworks. So that includes our investment principles for the States of Guernsey and our regulatory framework.

490 So this is the point that was raised early on in this debate by Deputy Le Clerc, and I am really glad she did, because it is something that I have been banging on about for quite some time as well. ESG, just for anyone who is a bit glazing over with the acronyms, is environmental, social and governance; and it is basically to ensure that when people are investing money they can be assured, in theory, that their money is being invested in things that do not have negative environmental, social, or governance impacts, basically, and are governed in the right way.

495 Deputy Le Clerc is absolutely spot on in identifying greenwash as a risk in terms of ESG investing and the problem has been historically that there has been a lack of transparency and a lack of consistent standards.

500 When it comes to our own investment principles, we use the UN's Principles for Responsible Investing – there is another acronym for you, PRI – and that is a sound set of principles in their own right. But the real challenge and the next step for our investment policy is to agree a more robust and consistent methodology for measuring and reporting. That will give us the tools we need to ensure transparency and proper accountability and I am pleased to say that Deputy St Pier has agreed to work on this, along with P&R I imagine, so that we can have that vital confidence in terms of our own States' investments, which do total somewhere in the region of £3 billion – so not to be sniffed at – and we can be confident that they are properly ESG compliant and not just paying lip service to that concept.

505 In terms of our regulatory framework, it is something that the GFSC is very hot on as well. We pride ourselves, and sell ourselves really, on our strong regulatory framework here and so it is absolutely essential that we get it right in that regulatory space as well, so there is an absolute priority in terms of our regulatory instruments.

510 The Guernsey Green Fund criteria: so this is one of our products essentially. It is the world's first regulated green fund product, which is really impressive, and it enables a Guernsey fund to be certified as green, based on an assessment of investment credentials against an internationally recognised taxonomy. Now you might say, oh, well, that sounds all very good, but what is it? Well to give a little bit more confidence in what it is, I will explain. The criteria that the GFSC uses for the Guernsey Green Fund include a comprehensive framework of activities which encompasses climate change mitigation and it is developed by the Joint Finance Group of Multilateral Development Banks, which include: the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the European Investment Bank, the Inter-American Development Bank, the International Finance Corporation, the World Bank, the World Bank Group and the International Development Finance Club. And this was chosen – this framework was chosen – because it is an internationally recognised set of green criteria standards.

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520 So it is, you know, good basically and it is something that we are very keen on ensuring is good and transparent and robust.

525 An investment's green credentials have to be verified against a globally recognised standard and again that is something ... It is a wider range there, but I think what reassures me is that it is headed up by Fiona Le Poidevin and Fiona is always the first person to talk about the reputational risk of green wash. She is really mindful of it and so again it is a key focus.

I cannot answer Deputy Green's specific questions, but I can say that all of those things are included in internationally recognised standards that I hope can give him some assurance it is something we take very seriously.

530 So Fiona Le Poidevin is also – I want to say something that touches on Deputy McSwiggan's point – Guernsey has actually been doing this, not only has green finance been around for longer than people realise, but actually Guernsey has effectively been working in this area for quite some time because we were very early to the party in terms of investments in clean technology. So we already had quite a lot of expertise in that particular area and the whole Green Finance Initiative really builds on that expertise and makes it into a really solid hub.

535 There seems to be a little bit of an impression that – or a concern perhaps that what this money will do is it will allow Guernsey Green Finance representatives to go gallivanting off around the world on jollies promoting Guernsey as a great place to do business and that is about it. And then I can see people like Deputy Merrett going, 'Well, you know, where is our value for money in that?' If that were just the case then I would be with her in questioning that, but it is not.

540 I hope that by explaining what is involved in the Green Finance Initiative as a whole, in terms of really building and strengthening the market infrastructure, the regulatory frameworks, our institutional frameworks, developing that green taxonomy, really strengthening – I mean to me that green taxonomy issue is right up there – so we have got a huge –

545 Oh, I give way to Deputy Merrett.

Deputy Merrett: I thank Deputy de Sausmarez for giving way.

The second half of what Deputy de Sausmarez is saying I completely endorse and agree with. But clearly, I wonder if Deputy de Sausmarez will agree with me, that will be in the business case that will come from Economic Development that actually Members will not see, sir, and I think
550 that is part of the concern that I have, is that the £300,000 being asked for – it does obviously remain a necessity to have a business case – if that was in the business case, then I potentially would be quite content to say, yes, absolutely, go for it. But I do not know that will be in the business case. I think that is where I am struggling with the £300,000, because I do not know what the £300,000 is being used for. If it is being used as Deputy de Sausmarez is saying, then
555 absolutely – the second part of what Deputy de Sausmarez is saying. The first part, if it is for jollies to ensure that we can have business flights and cars driven by whatever, to be seen to be in the world of the wealth that we are trying to promote, then that is what I struggle with.

So I am listening very carefully to Deputy de Sausmarez, but I think that is the point that I would like her to really, if she can, give me reassurances on.

560 **Deputy de Sausmarez:** Well I think actually if Deputy Merrett – perhaps Deputy Gollop would like to pass along his leaflet to Deputy Merrett, because all the things that I have been talking about are things that – for the avoidance of doubt I am not going to stand here and wait for Deputy Merrett to read it, but these things are in – there are actually quite a lot of really helpful
565 publications that you can find through the Guernsey Green Finance website and actually even if you just google it. There are all sorts of articles and publications that do talk about all the things that we are talking about.

But in order to be a member of FC4S, which is this UN network, it is not good enough just to go around telling everyone you are a green finance centre. It does not work like that. You have to
570 be able to back it up by showing that you have a growing green finance ecosystem. That is an absolutely critical point to it. So I do not think there is a business case without that and I hope that gives Deputy Merrett the reassurance that she is looking for.

I will just quote from – I cannot actually remember which publication this was – but it is sort of a summarising paragraph which I think is quite handy about Guernsey Green Finance. And it talks
575 about all the things we have achieved in the last 12 months. We really have achieved a lot, it says:

We have successfully exploited the island's connectivity to get our green initiative off the ground.

There has been a huge amount – I am not quoting now – of buy-in from local businesses and that has been really encouraging, and as Deputy Tindall says, there is still plenty more potential for that to grow:

Guernsey has already achieved commercial success, its regulated green fund regime demonstrating global leadership with some of the LSE's largest listed renewable funds gaining Guernsey Green Fund status. Taking Guernsey Green Finance to the next level will be challenging but we are thinking innovatively to get there.

580 And so I think what this amendment does is support that aspiration and I hope, and I do get the feeling, that it will be well-supported, but I think that would be a very positive signal to send out.

Is Alderney Representative Roberts asking me to give way? (**Alderney Representative Roberts:** Yes, please.) I give way.

585 **Alderney Representative Roberts:** It is just a point of correction actually.

Since I spoke to you I have checked my figures: it is on the Global Green Finance centre Index and the figures I gave you were exactly correct and it was done in September this year.

Deputy de Sausmarez: Okay, I think it might –

590

Alderney Representative Roberts: I do not know if you want to double check? We will share some data later.

595 **Deputy de Sausmarez:** I suspect that might well be, but I think the data itself might still have been gathered from the Guernsey perspective a while ago. But I am not sure. It is impossible to verify this. But either way I think that listing probably is not. It is perfectly valid to say that none of the other Crown Dependencies are members of the FC4S, for example, and so in that respect – I mean it depends what metrics they are using.

600 **Alderney Representative Roberts:** I am just reading what they gave out in September. Okay.

Deputy de Sausmarez: Okay. I thank Alderney Representative Roberts for that.

But anyway I am sure the Assembly will support this and I think that would give a very strong signal and I do not need to carry on any longer than I already have.

605 Thank you.

The Bailiff: Deputy Smithies.

Deputy Smithies: Thank you, sir.

610 Deputy Meerveld's history lesson about where we are and where we came from – and I was there in the 1960's and 1970's – and what I took to be his warning about where we might be going did strike a chord with me. And Deputy Brehaut, who has left the Chamber, his thesis about the adaptability of Guernsey people over the years was well in tune with my own diatribes delivered over many a dinner table over the years.

615 I would add that my analysis goes back slightly further and embraces knitting and hosiery production. Queen Elizabeth wore Guernsey stockings, and all to do with nimble fingers, as does net making for the fishermen and Guernsey pullovers and grape thinning. However, the analogy does break down over quarrying, though, many of the quarrymen were imported.

620 Basically I support this amendment, but I do issue the warning that as growing declined there was an increase in Government intervention – some might say kicking against the pricks. I am not suggesting that our finance sector is in decline, but would just raise the spectre, as Evelyn Waugh put it, 'a cloud no bigger than a man's hand on the horizon', that sustaining a declining industry never works – and I do call to mind the UK's car manufacturing, shipbuilding, steel industries,

625 amongst others. There is no incentive to find something new when the *status quo* is paying the bills. (**A Member:** Hear, hear.) But we need to continue to spend money on innovation and I am content that this amendment is a part of this good.

The Bailiff: Deputy St Pier will reply.

630 **Deputy St Pier:** Thank you very much, sir.

Deputy Trott is an experienced politician. In laying his amendment he was very conscious of what he was doing, which was of course triggering a debate on green finance which of course is exactly what we have had and I think it has been a very useful one to have.

635 Deputy de Sausmarez I think gave a *tour de force* and I am sure, probably as maybe Deputy Merrett would have agreed, it might have been useful to have that at the beginning of the debate rather than at the end because it did address so many of the issues that came up during the debate which has obviously made my job a little easier in summing up.

640 Just in addition to some of the points that Deputy de Sausmarez did make in relation to our own investment portfolios and she spoke about work that is going on there, another initiative is for us to look at joining the UN Net-Zero Carbon Alliance, which is a group of investors that are seeking to ensure that their own investment portfolios are supportive of the direction of travel in relation to the climate change agenda. And again, if we were able to achieve that we would be the first such jurisdiction to do so.

645 So the fact that we do have the first regulated green fund does give us first mover advantage, as indeed we had with protected cell companies (PCC), and indeed insurance-linked securities. These are initiatives which this Island has led on in that past and I am confident that we can do so in relation to green funds, green finance and Deputy de Sausmarez again spoke about some of the other initiatives in relation to green lending and green insurance and so on.

650 A little bit of argument about where we sit in the league tables. No doubt there are different league tables, but I think certainly Sir Roger Gifford – as a former Lord Mayor of London – who is leading the UK’s Green Finance Initiative certainly acknowledged us, our position, very much in the top 10. Stephen Nolan, who Deputy de Sausmarez mentioned, who was the head of the UN FC4S that she referred to – I should just add as a little footnote that she was a little modest in mentioning that actually she had a key role in establishing the links that led to us joining that group and for which I think everybody in this Assembly should be grateful. But Stephen Nolan on his visit to Guernsey said the Guernsey Green Finance Initiative is an example of what is possible when people come together around the table. (**A Member:** Hear, hear.) So some of those international luminaries who are leading on this work outside the Island have recognised what is going on within the Island and that is absolutely to be welcomed.

660 Deputy Trott – I think it is worth pointing out he is GIBA’s nominee, not the States of Guernsey’s nominee, on the Board of Guernsey Finance. He has called for unanimity in this amendment before us. I think certainly that would send a very powerful message. But I will come back to the question of the business case in due course in a moment.

665 Deputy de Lisle and Alderney Representative Snowdon raised the question of what are the Channel Islands’ opportunities around this? Well I think certainly we are aware of at least one fund which is considering how it may be able to identify some Channel Island opportunities. But again, Deputy de Sausmarez made the point that in delivering on this agenda we do need to walk the walk in our own jurisdiction anyway and we are going to have exactly the same investment challenges in de-carbonising our economy as other jurisdictions, So we will need access to the same green finance initiatives as every other jurisdiction. So I do see that following.

670 I am hopeful – again as another footnote – that we will imminently be able to publicise the launch of another cell to the Guernsey Investment Fund – the property cell. I had previously indicated that I hoped that an infrastructure cell will follow in due course – more work is required on that. But I can also see in due course, and the States’ Treasurer is probably blanching a little bit as I add to her workload, the opportunity potentially for a green finance cell to the Guernsey

Investment Fund focussed on local projects as well. So these are things that will happen in due course and a step at a time, very much so.

680 Deputy Langlois referred to the origin of the Future Guernsey Economic Fund emerging from the Economic Development Fund. I think we have identified in the Budget that we do have this group of reserves in different pots that we do need to think about because it is getting immensely complicated and the Policy & Resources Committee, no doubt the next Policy & Resources Committee, will return in due course with proposals on that matter.

685 The question of greenwash and the reputational risk to the Island I think have been very well addressed during the debate. But I think the language which emerged on that topic, the force for a global good – ensuring that Guernsey is seen to be a force for global good – so that we can reposition ourselves, as Deputy Brehaut said, as a safe haven, or as Deputy Gollop said, as a green haven, I think is very much what this initiative is all about and what green finance can help do and what Guernsey Finance can do in helping to promote this area.

690 I think one aspect that did not get addressed by Deputy de Sausmarez's explanation of the rules around the first regulated green fund of course is the role and responsibility of the fund managers – and the boards as well – of those funds, who will in turn have their own governance to discharge in ensuring that the rules are applied and that will be a factor. And of course another reassurance perhaps for Deputy Le Clerc is the investors themselves. The investors putting money into these funds will want to be reassured and that itself will become part of the architecture, I think, in ensuring that greenwash is not a part of the scenery.

695 It is very much a risk that does need to be managed, and I see this as being, and I think Deputy de Sausmarez was implying this, this will be an iterative process. These standards have been fixed by the Guernsey Financial Services Commission in relation to the green fund now, but those will continue to evolve and the standards will increase over time – and rightly so. But we should at this point acknowledge once again that we are in the top slot by leading on that, with the first fund in the world.

700 The question of the – turning to the second part of the amendment – synergies around the joint working with other agencies within Government and in particular Visit Guernsey and Locate Guernsey – I mean I think we do have to acknowledge that they are performing very different functions to very different marketplaces. But as Deputy Soulsby said, there is overlap in terms of some of the back office functions, particularly in relation to public relations, media work in relation to event organisation and so on, and that is an area which is very much the focus, I think, of the work of the Committee for Economic Development in their agency review – and I hope that that will move forward. I think certainly from Policy & Resources' perspective the rationale for putting it in an amendment and hopefully into Resolution was to help to provide some strength to Economic Development's elbow in delivering that initiative.

710 Deputy Merrett asked if there was industry funding for this initiative. No there is not, but again, that does explain the second half of the amendment which is, again, we need, as I said when I opened debate on this amendment, to ensure that we do have a future funding model that is sustainable. So we see that as being integral, as Deputy Le Tocq said when he spoke to this amendment, to put the matter on a sustainable footing in the future.

715 Deputy de Lisle was clearly feeling that there should be a greater contribution from industry to this. I think, yes, I would merely acknowledge, for example on the question, we do have to acknowledge there are significant contributions from the finance industry, around 40%, 47% of the ongoing funding of Guernsey Finance – that is without the additional funds that have come from the Future Guernsey Economic Fund. But also in the other taxation contributions that they do make – of course the significant shift in the burden that was made from Zero-10 to corporate TRP, for example. So by comparison a domestic property is paying £1.84 per unit of TRP, whilst a regulated finance business is paying £42.65 – 23 times the quantum per unit. So I think we sometimes forget to acknowledge where the regulated financial services sector does make its contribution to general revenue through other sources.

730 Deputy Green asked why £300,000, and I think we should acknowledge that that is, as I understand it without having yet seen the business case, the minimum which is regarded as being necessary. In that context my understanding is Jersey are funding £1 million for their support of green finance. Whether it should be more or less, I cannot really comment on until I have seen the business case, and I think that is something that clearly will need to be considered. And I think the question, 'What is green?' has probably been well-answered by Deputy de Sausmarez when she spoke.

735 I think, finally, there was a question of conflicts that came up from Deputy Hansmann Rouxel and this question of who should be available to sit on particular committees or bodies and contribute to them. In a way these issues can obviously be handled in different ways. It could easily be – the alternative is for Deputies Parkinson and Trott to step out of the Guernsey Finance meeting when Guernsey Finance is considering its application for funding from Government so that they are available to contribute to the debate when they are within Government. So these
740 things can be handled in different ways. The important point is that these conflicts are acknowledged and recognised and are properly managed, which I think they clearly have been in this case so far.

Then finally I would say, sir, I think Deputy Trott has called for a recorded vote and obviously his request that this is unanimously supported. But I must emphasise again the first part of the
745 amendment is there to ensure that there is proper corporate governance, that the business case does need to come through the Committee for Economic Development, who do need to sign off on it as being happy with it before it comes to P&R. P&R have no more information really than other Members have at this point and that due process does need to be discharged despite the clearly overwhelming enthusiasm of this Assembly for green finance generally. Whether this
750 £300,000 is to be supported does need to go through those gates and that is the purpose of this amendment, sir.

The Bailiff: Before we vote, of course debate is now closed, Deputy Merrett has passed me a note saying she wishes to ask a question of HM Procureur. I do not know why it was not raised
755 when she spoke, but I do not know whether the question is permissible until I have heard what the question is.

So Deputy Merrett.

Deputy Merrett: Thank you, sir.

760 My first question, sir, is regarding the recorded vote, because my understanding is if we have a recorded vote on this the vote is to put it into the main Propositions, but if it becomes a main Proposition, we would be able to have – I am asking the question to you, sir, whether we could have a recorded vote on Proposition I. separately from II. That is my first question to your good self, sir.

765 Then my question to HMP is a very simple question sir. I do not believe there is anything under part I, sir, that would preclude Guernsey Finance from giving a business case with Economic Development in any case, regardless of the Proposition, if it becomes the main Proposition part I does or does not pass.

Thank you, sir.

770 **The Bailiff:** I think that should have been raised in debate because there are others who might have wished to respond to that and deal with that, so it is too late in my view to be raising this once debate has closed.

775 As for how we deal with the Propositions if this amendment were to be carried, which I am sure it will be, when we get to the final vote I think there could be a separate vote on parts I and II but I will let Deputy St Pier address that if he wishes to in his final speech before I make a further determination. But certainly for the vote we are about to take now the whole of the Proposition needs to be taken – the whole of the amendment rather – together.

780 And, as we have heard, Deputy Trott has requested a recorded vote. He jumped the gun before Deputy Lester Queripel requested the same! (*Laughter*) So we will now have a recorded vote on amendment 18.

There was a recorded vote.

Carried – Pour 37, Contre 0, Ne vote pas 1, Absent 2

POUR	CONTRE	NE VOTE PAS	ABSENT
Alderney Rep. Roberts	None	Deputy Paint	Deputy Inder
Alderney Rep. Snowdon			Deputy Dudley-Owen
Deputy Ferbrache			
Deputy Kuttelwascher			
Deputy Tindall			
Deputy Brehaut			
Deputy Tooley			
Deputy Gollop			
Deputy Parkinson			
Deputy Lester Queripel			
Deputy Le Clerc			
Deputy Leadbeater			
Deputy Mooney			
Deputy Trott			
Deputy Le Pelley			
Deputy Merrett			
Deputy St Pier			
Deputy Stephens			
Deputy Meerveld			
Deputy Fallaize			
Deputy Lowe			
Deputy Laurie Queripel			
Deputy Smithies			
Deputy Hansmann Rouxel			
Deputy Graham			
Deputy Green			
Deputy Dorey			
Deputy Le Tocq			
Deputy Brouard			
Deputy McSwiggan			
Deputy de Lisle			
Deputy Langlois			
Deputy Soulsby			
Deputy de Sausmarez			
Deputy Roffey			
Deputy Prow			
Deputy Oliver			

The Bailiff: Well, the voting was 37 in favour with no one against and one abstention. It has been carried, not quite unanimously, but *nem. con.* as they say: no one against.

785 And as a result of that, amendment 8, just for the record, will not be laid. Deputy Trott is confirming that.

So we move to amendment 9, to be proposed by Deputy McSwiggan and seconded by Deputy Tindall. Deputy McSwiggan.

[Amendment 9](#)

To replace Proposition 10 with the following Proposition:

"10. To vary the authority delegated to the Policy & Resources Committee by Resolution 33 on Billet d'État XXIV of 2018 in respect of funding Organisational & Service Design (up to a maximum of £8m) from the Transformation & Transition Fund, such that the Committee may reprioritise some or all of the remaining balance available to it through that delegated authority,

in order to fund any of the six Public Service Reform initiatives (listed in the table at paragraph 4.8 of the policy letter) which fall directly or predominantly within its mandate, as well as the oversight of Public Service Reform as a whole, in accordance with its priorities and to the extent that these fall within the criteria for Transformation & Transition funding."

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Deputy McSwiggan: Thank you, sir.

I am not going to ask for the amendment to be read because I think the amendment itself is probably as obscure as I hope the supporting report was clear. But I have a very meticulous reader in my seconder, Deputy Tindall, so I hope Members will be assured that every word in the amendment achieves what it sets out to achieve. It would be more help for me to explain what that aim is.

795

Fundamentally, if Members support this amendment, we will say to the Policy & Resources Committee rather than having the additional delegated authority that you have requested from the Transformation & Transition Fund this year in order to pour into public service reform initiatives, use the delegated authority that you already have on a wider basis to cover the initiatives that are already within your mandate.

800

So do not give additional delegated authority to Policy & Resources because the case has not been made for the need for that additional funding, but use the funding that we have already agreed more wisely.

805

Now sharp-eyed Members, and Deputy Green sat next to me is certainly one of those, will have noticed that there are at least two requests in the Budget Propositions for additional funding for P&R in respect of public service reform initiatives. One is this £1 million in respect of public service reform generally, the other is £500,000 in respect of the People Plan. And Members will notice that in effect, despite the conclusion of the supporting report, this amendment only deals with that £1 million that was designated generally for public service reform.

810

Now I probably need to explain the reasons for that briefly in passing and yesterday we debated an amendment on equal pay and we talked about the scale of the work that is going to need to be done to realise equal pay within the public sector. And mostly what we focused on when we talked about that was the work that is going to need to be done once we have agreed the principle of equal pay for work of equal value and the cost and time that it will take to realise that in practice.

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But those of us who are aware, perhaps at committee level of the work, that P&R is having to do in preparing for these proposals, which need to come back to the States now within a very short timeframe, know that that has been a very substantial piece of work relying on developing a very large evidence base and it is going to be challenging for P&R even with the time remaining to them to come back to the States with reasonable proposals based on that.

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So in my view there are enough risks to the delivery of the People Plan already and what I did not want to add to that was a convenient excuse for failing to deliver within the timeframe promised. So had we taken the £500,000 out of the frame at this stage I think we would simply have created a rod for our own backs which at this stage was probably unnecessary and unhelpful. So this amendment focusses on the £1 million for public service reform generally and I hope that Members understand and accept the rationale for that.

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Now my explanation for why this amendment is needed is going to fall into two parts, and I am going to have to ask Members to sort of switch the premise halfway through. To begin with, the premise that we need to work from is that the savings that were forecast in last year's Budget were credible. That when P&R told us there was about £21 million to be stripped out of the public sector within a three year timeframe, they had evidence – they had reasons to believe – that that was going to be achievable. So that is where we have to start from.

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And the very first thing that we have to accept then is this amendment is necessary if for no other reason than for form's sake. To put it on record that saying there is £21 million worth of savings to be achieved and falling so far short of achieving what you have set to do in this year is not acceptable and if any other Committee had found itself in that position, failing to deliver

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savings on a similar scale, they would probably be at least subject to the establishment of an oversight group, if not some more vigorous form of sanction. So it is a case of equal treatment all around, I suppose.

I think there is a slot in every year's Budget debate where basically I tell P&R the same thing. I found myself not too long ago rereading the States' Review Committee reports, and that was a really interesting experience. Because they are excellent reports in terms of setting out the structure of our Government, but they also did a more credible job than last year's Budget did in terms of forecasting the future weaknesses. So one of the things that the SRC reports picked out was that the loss of the dynamic between Treasury & Resources and Policy Council meant there is effectively no four eyes process – no holding each other to account for decisions that were being made by one Committee by the other. Policy & Resources in that sense is isolated and is judge and jury of its own decision-making.

So I do not think it is a case that there is some particular dysfunction in this Policy & Resources Committee that is causing it to be too big for its boots and too cavalier about its own performance relative to everyone else's. I think that is a dysfunction of the system and probably would have a curse on whatever Policy & Resources Committee we established in this States.

So I have to say to Policy & Resources, you need to look more carefully at your own performance. But I will caveat that with a bit more grace perhaps this year than in previous years by recognising that that must be structural as much as it is individual.

But I have to say, again, sticking with the premise that the savings forecast in last year's Budget were credible, if that were the case then we have to get angry about Policy & Resources' failure to deliver on them, because they have failed to deliver almost £3 million worth of promised savings in this year, and we have an appendix to our Budget saying that they have failed to find funding for £3 million worth of essential public sector developments – and not any old developments, developments that are going to make a meaningful difference to the lives of some of the most disadvantaged people in our community, to the lives of people who have faced sustained disadvantage and have very few resources of their own for getting out of it.

So to cite a single example, one of my committees, Employment & Social Security, has put in to increase by a very small amount the amount of disposable income that people on Income Support who live in care homes have available to them on a weekly basis. Now we are talking here not necessarily about older people but younger and middle-aged disabled people who have probably been resident in care homes their whole adult lives or a very significant proportion of it, who would not have had the capacity to increase their income through employment – who are still expected to pay, for example, for their incontinence products, for other sorts of toiletries and personal provisions and to sustain some kind of personal and social life, whether that is just saving up for little gifts for your families or engaging a little bit in the life of the community. They are expected to do all that on just about £30 a week. We just wanted to increase that by £5 or so and we have had that thrown back.

That amount of money if you are not able, for example, to use the buses or to drive by yourself will be absorbed in a single return taxi journey. So we are not talking huge sums of money, but we are talking about things that could make a fundamental difference to the lives of Islanders who have faced and continue to face sustained disadvantage. We are talking about very real things in the case of the £3 million that P&R has failed to find funding for. It is hard not to see the roots of that failure in the failure to deliver the public sector reform savings that have been promised for this year; if – and it is a big if – P&R ever thought that they were credible in the first place.

In his opening speech Deputy St Pier sought to pass ownership to the other committees of the States for initiatives that within this Budget are described as corporate. To a certain extent I do not disagree. In order to achieve pretty much anything that falls under the umbrella of Public Service Reform, we are all going to have to work together and that work is already evident. We know, for example, that staff are giving time away from their day jobs to support, for example, the delivery of the Future Digital Services project. So that is already ongoing. We are all going to share in the

890 work that leads to the successful achievement, to the extent that they are successfully achieved, of these corporate initiatives.

But what we have not had is collective involvement in their design or collective sign off on the targets that were set out in terms of what can be achieved and in what timeframe. Those were things that were within P&R's sole sign off, and so the failure of forecasting is P&R's alone.

895 That, sir, is where I want to get to, because I think it is much more a failure of forecasting than it is a failure of performance. In other words, I think that the targets that were set out in last year's Budget were over ambitious. They were probably based on incomplete evidence. They were almost certainly based on – no sorry, I do not mean to imply that anything underhand has been done, but I think that they were based on double counting in the sense that particularly the two initiatives of Organisational and Service Design and the Future Digital Service (FDS) are very
900 interdependent and we keep hearing unlocking the potential of one depends upon the progress of the other. These things happen and I genuinely believe that the targets for both ... Probably certain things were counted for one and for the other when they should only have been counted once.

I think ultimately we were presented with a forecast for savings that just was not right, that was
905 not going to be achievable and should probably have been much more moderate from the outset. It is an old saying: fool me once, shame on you; fool me twice, shame on me.

I think we collectively decided to accept Policy & Resources' ambitions for savings targets last year – well, Deputy Fallaize is shaking his head at me and I am sure that he, like I, sounded some warnings in the course of the debate – but at the end of the day we said to Policy & Resources,
910 'Okay, have £8 million in delegated authority to use on organisational and service design. You think you can achieve this? Okay, you make your bed, you lie in it.'

That was where we left it last year. But the case for saying, 'Okay, you can have so much to invest', has to be premised on the belief that what you set out to do is achievable. I think this year we have got to be much more realistic. The savings that P&R set out last year were very attractive.
915 They remain very attractive. It would be lovely to strip another £20 million out of the cost of the public sector in the next two years. But the fact that we want them does not mean that we have the capacity to deliver them in this timeframe.

I will give way to Deputy Fallaize.

920 **Deputy Fallaize:** I am grateful to Deputy Yerby and I wonder (*Interjection*) – sorry, Deputy McSwiggan, that is going to take some getting used to, for me if not for anyone else.

But as she is developing her argument, I wonder whether she could address this point. Her argument presupposes that the only reason for making this investment is to realise savings of a greater value at a later date. Now I am not convinced that that is the only ground on which
925 investment of this nature is justified. But if she could perhaps respond to that when she develops her argument in laying her amendment I think it would be helpful. Because I, and possibly other Members, did not accept the premise of the savings being available, but still felt, and on balance still feel, that organisational change is necessary with or without the scale of the savings suggested initially.

930 **Deputy McSwiggan:** I think that probably these are two very different ... I do not think that much ... the general ambition of public service reform in all its different faces is something that we would all concur with. But the kind of action that we need to take, the kind of timeframe within which we take it, and the kind of resources that we are prepared to invest do depend, I think, on
935 what we think the eventual outcome and the eventual return is going to be.

I do think that the majority of the Assembly would have been slower to invest £8 million – I mean £8 million is a lot of money – if they had not been given the assurance that there was £10 million in recurring savings to be made as a result – so £10 million every year. And the Assembly perhaps as a whole would have been more cautious about the amounts it was investing
940 in the overall Public Service Reform programme if it had seen that the likely returns on

investments or the likely savings available to be made were closer to £2 million a year than £10 million a year.

945 So I do not disagree with Deputy Fallaize that there are reasons other than financial return for investing in things like service transformation and indeed a lot of the service transformations that we will need across Government will not have financial return. They may have a cost avoidance element to them, but that sort of thing is going to be realised over a very long time period and so probably will never be shown in the bottom line as such.

950 My argument here, and the effect of the amendment, is around the size of the amount that we invest in a given period and I think the argument for that is made based on the level of return or the level of change that we expect to see as a consequence.

955 Now what this amendment does – it does not renege on or withdraw the existing delegated authority that we have given to Policy & Resources in respect of the TTF, in respect of the Public Service Reform that sits within its mandate and that it needs to deliver with that funding. What it does, is it says to Policy & Resources, ‘You are going to need to prioritise like the rest of us regularly have to do.’

960 I mean there was £8 million of delegated authority given last year. If my reading of the tables in the Budget is correct, £7 million of that remains to be allocated, £1 million of it presumably has been spent this year. The rate of spending and the rate of saving that we have seen this year in reality, compared to what was forecast, suggests that whatever changes, however fast we hit the accelerator now we seem to have started the ignition on FDS, we are not going to burn through all that £7 million in one year. So make good use of it, make use of it across P&R’s portfolio of Public Service Reform work, and at the point when it is exhausted, and if we base that on actual track record rather than forecast that will be two or three years hence, but say it was this year, even if it were, P&R could come back mid-year and say, ‘Look actually, hey! We have delivered a great amount now. The returns really are compelling, the case really is strong, why don’t you give us the rest of the funding that we need to see this through?’ The parliamentary mechanisms are there, the political mechanisms are there, there is nothing stopping P&R from taking that approach. Meanwhile, I am simply saying, this amendment is simply saying, make better use of the funding you already have.

970 I would ask Members to bear in mind that, as I understand it, almost half of the additional public service reform allocation that is being asked for this year – so that additional £1 million – is to be spent on portfolio management and communications. Communications includes things like the service Guernsey initiative, which I agree is a very important forum – I am glad that the Chief Executive has initiated it and I hope that he will continue with it; but it has also led to that Plexiglas monstrosity of a tube map downstairs in Frossard House and I do not think anybody can look at that and say that was a good use of communication resources.

975 So I do think that there is space within the existing delegated authority for Policy & Resources to prioritise rather more wisely than perhaps it has been doing at present.

980 The other point that I want to draw out in respect of portfolio management – and after that I will give way to Deputy Brouard – is by inviting Members to turn to page 193 of their Budgets, where they will see that the operating costs for the States’ Capital Investment Portfolio have almost doubled in budgetary terms and more than doubled in actual terms – assuming we spend what is budgeted in 2020 – between 2019 and 2020. So when we are talking about portfolio management, and those are the people at the centre who monitor and oversee and count up what is being – (*Interjections*) I apologise, that must have been a PDF number. Page 173. The costs in relation to the States’ Capital Investment Portfolio have effectively doubled. P&R are welcome to correct me if I am wrong, but I would put my own money on that being further portfolio management costs – so further monitoring and oversight – rather than direct investment in delivery of change.

990 If Deputy Brouard still wishes me to give way then I am more than happy to do so now.

Deputy Brouard: Thank you very much, Deputy McSwiggan, for giving way.

995 Could she perhaps in her arguments address that P&R, I appreciate, are a driver of the savings, but we are not the only delivery vehicle of the savings, and perhaps she could perhaps acknowledge or put some arguments around ... with the savings being done at committee level – that overspends at committee level – make the mountain harder to climb? So a £5 million overspend in a particular year means that there is a £5 million mountain to climb for the next year.

1000 **Deputy McSwiggan:** Perhaps Deputy Brouard when he speaks will – Oh, I give way to Deputy Oliver.

Deputy Oliver: Thank you.

1005 But would Deputy McSwiggan not agree with me that most of the savings that can be made in committee actually need to go through P&R to actually be made and this is the barrier that most of the committees are finding?

1010 **Deputy McSwiggan:** I assume Deputy Brouard missed the bit in my speech earlier when I talked about the fact that although Deputy St Pier attributed collective ownership of these savings to all committees, the design of the programmes and the forecasting of the same was P&R's responsibility. I have already acknowledged that committees will play a part in achieving these savings, but we did not play a part in setting the targets which are now being fallen short of.

1015 Likewise, I agree with Deputy Oliver that in order to achieve savings that are clearly within committee mandates that there needs to be a reciprocal relationship and perhaps it will fall to her in her speech to talk us through some of those barriers a bit more.

1020 Similarly, Deputy Brouard talks about increasing the size of the mountain. As I said, there is a £3 million mountain that was left unfunded that could have been funded had P&R delivered on these forecast targets. I hope I have already covered the grounds and have now repeated them in respect of what Deputy Brouard raised.

1025 So I ask Members first to think about whether the savings in last year's Budget were credible, and if so, to recognise that falling short on them is close to unforgiveable. I then moved on to say it is far more likely that the savings were probably overambitious and that we should collectively have adopted a more moderate target and that the time to recognise that is now. We certainly should not allow that to go unaddressed any longer.

1030 But I think, in drawing to a conclusion, I have to respond to the argument that Policy & Resources have made in their little table commenting on all the amendment, where they say they will oppose this amendment on the basis of transparency. They would like to have little pots of delegated authority from the Transformation and Transition Fund for all the various different public service reform initiatives that fall wholly or partly within their gift.

1035 Of course I welcome their drive for transparency, but that is still very much within their gift. There is nothing to prevent them from taking this £8 million of delegated authority that they currently have with the wider scope that I am saying it should be given, to be used on any aspect of public service reform within their mandate, and for them at committee level to put in place the demarcations that they think are appropriate in terms of how it should be spent, and to show those demarcations when they report to the States in the next set of accounts. There is nothing stopping Policy & Resources from maintaining a level of transparency which they think is appropriate and fitting for this area.

1040 But sir, the fundamental basis of this amendment is that transparency of another, a much more fundamental, kind is needed. And it is this: savings of the scale set out in last year's Budget simply cannot be delivered at the speed that was foreseen in that Budget. Maybe they are there – I am not going to deny that there are pockets of waste in the public sector. As Deputy St Pier said in his opening speech, none of us will deny that there are pockets of waste. But we have to be realistic about what can be changed, how fast it can be changed, and what the implications of that change will be.

1045 There was nothing in our history as a Government and as a public sector to suggest we could have delivered savings at the pace that was forecast in last year's Budget. There was nothing there and we still went along with it. And nothing so substantial this year has changed in ourselves or in the public sector to make that any more plausible this year.

1050 Now, sir, in January we have a big debate – we have a very important debate – where we will be looking at the spending pressures that this Government is going to be facing this year and for the next decade – probably the next couple of decades – and the ways in which those are to be met or left unmet. In order to have the most realistic, the most acceptable outcome from that debate, we have to start from a basis of absolute honesty with the public about what is achievable. (**A Member:** Hear, hear.)

1055 We cannot allow the public to believe that we are going to be able to turn around in a year or two, strip out swathes of waste from the public sector that is going to reduce the cost base to such an extent that additional taxes or difficult decisions about spending are not going to be necessary. We have to start with being honest about what we can do.

1060 I think that in last year's Budget when we set these ambitions for realising £20 million of savings in three years, we probably fell short of that standard. Now that honesty was absolutely 100% reflected in Deputy St Pier's opening speech and I want to give that full credit. But I think we also need to reflect it in this debate and in the eventual Propositions that we sign off.

1065 This amendment, sir, is part of establishing a realistic and proportionate approach to public service reform. It is about saying to Policy & Resources, 'Look, use the money that you have already, prioritise it well – like is expected of the States as a whole. We are not going to give you more funding than you have demonstrated that at present you can use.' That is a basic rule of good financial management and it is something that we should all adhere to.

So I ask Members to support the amendment.

1070 **The Bailiff:** Deputy Tindall, you second the amendment?

Deputy Tindall: I do and I reserve my right to speak.
Thank you.

1075 **The Bailiff:** Deputy St Pier, do you wish to speak now.

Deputy St Pier: No, sir.

1080 **The Bailiff:** No. Does anybody wish to?
Deputy Prow.

Deputy Prow: Thank you, sir.

1085 I can be very brief. The first thing I would like to say is that I thank Deputy McSwiggan and Deputy Tindall for bringing this amendment forward. I think they are absolutely right to challenge a promise made to save £20 million.

1090 Just to pick up on the point that Deputy Fallaize has raised, he has given his reasons why he has supported this originally in 2019 and, yes, I agree that this is not – reforming the Civil Service is not – only about saving money. But the structure was set up by Policy & Resources and it was sold to this Assembly that this reform was going to make real savings of £20 million over three years. I would say that a lot of States' Members have gone along with the whole subject of public service reform on that basis.

In actual fact, as a subject in itself, it has not really had a proper thorough debate. A lot of the reforms were announced in meetings to Deputies outside of this Assembly and challenge has been put forward. But there has never really been a comprehensive debate around civil service reform.

1095 Now Deputy McSwiggan has well outlined the case for me around holding P&R to account, and there is a very helpful and very thorough report attached to this amendment which I also commend. So I am not going to attempt to repeat that except to say I endorse – on the holding to account issue – I completely endorse everything she said.

1100 There is one paragraph on page 3 of the report, it kind of sums it up from where I see it. It says this:

Giving P&R the delegated authority to invest up to £10m over two years might seem like an attractive prospect if savings of over £20m can be achieved within three years (as forecast in the 2019 Budget). However, the rate of savings in 2019 has been much slower than forecast, and the Budget offers no evidence to suggest that this will increase materially in 2020.

Sir, as the amendment hopefully, if passed, will replace Proposition 10, it actually clarifies and hones in on this need for the oversight of the public services reform as a whole and it ties it in to the amounts allocated in the Transformation & Transition funding. What we must not be doing, sir, is throwing good money after bad.

1105 Sir, it has often been said, and this phrase has been used in debates before, who watches the watchers? Well we do, sir, this States does. And I urge Members of this Assembly to support this amendment.

Thank you, sir.

1110 **The Bailiff:** Deputy Roffey.

Deputy Roffey: Thank you, sir.

1115 First of all, I congratulate the proposer and seconder for using the new device in the Rules of Procedure to append a report to a secondary Proposition. I think it is very useful and I hope it will grow.

I also agree with Deputy Yerby that targets need to be realistic and that we need to be honest, she was talking about being honest –

Deputy Merrett: Point of correction, sir, it is Deputy McSwiggan.

1120 **The Bailiff:** Point of correction, Deputy Merrett.

1125 **Deputy Roffey:** Oh I beg your pardon, done it – it is the second time it has been done today. Really apologise – with Deputy McSwiggan that we do need to be honest. She was talking about being honest with the public about what is achievable before we go into the debate in January. I think we need to be honest with ourselves, because if we are planning, we have to plan on realistic assumptions otherwise we are planning badly.

1130 Now I want to focus though on the comment in the schedule of comments from P&R in their reaction to the various amendments. In respect of No. 9, which is the one we are talking about now, they stand by their original Propositions and they say that the delivery of savings have been severely impacted by the delay of the completion of the Future Digital Services project and the implementation of the initial organisational design changes, and that both of these initiatives have now commenced and they expect that this will accelerate the delivery of benefits.

1135 Now personally, I am slightly cynical. I can certainly see how Future Digital Services could transform the way Government interacts with the public and strip out a lot of cost and a lot of human resource. I am not, at the moment, having – I may be misunderstanding – but having looked at the way senior officer structures are being reformed, I do not really see the potential for huge savings there. But perhaps I have misunderstood it.

1140 But I am willing to give the benefit of the doubt to some extent. In the report attached to this amendment, there is a compelling case that the savings were overstated, are unachievable – certainly in the timescale that was set out – and that this Assembly was sold a pup as far as

putting in £8 million at the beginning and this is the amount of savings you will get in fairly short order. But P&R say they stand by that. That is how I read it, they stand by that.

1145 So how to vote? I would like to ask the five Members of P&R if they are willing to stake their reputations on achieving somewhere in the ballpark – I am not asking for the exact figure because that is unrealistic – of the savings that they promised inside something like the timescale they promised. If it is four years instead of three years I think that still makes the investment worthwhile. I will listen to what they have to say before deciding on how to vote on this amendment.

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The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, can I say from the outset that the piece of work put together by Deputies McSwiggan and Tindall in their explanatory note is truly excellent and I am very glad that they brought this amendment.

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I am also particularly impressed – well I am always impressed – but particularly impressed on this occasion by Deputy McSwiggan’s speech in introduction to this amendment.

I am disappointed that Deputy St Pier did not at an early stage – because it may fashion how this debate on this amendment takes place – did not explain P&R’s position. He should have done so. This is one of those occasions where he should have done so and it may well have influenced the way that I would have voted.

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But in relation to this, I am a little bit I think in the mind, if I have read Deputy Roffey’s comments or understood them correctly, to say that this is perhaps a bit early. Certainly in my view it may be a bit early.

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I considerably disagree with Deputy Fallaize. I fully accept his view, and I accept his integrity, that he voted for what we voted for a year or so ago on the basis that it was not just all to do with money. Well to me it was largely to do with money, because in relation to the Propositions – the way that it was put forward – if it had been said, ‘Look, unless we go along with the transformation we are going to have to increase the cost to the Civil Service by £10 million, £15 million, £20 million over a period of time’, that would have influenced me. But that is not what was said. What was said is we are going to save £20 million, we are going to spend £8 million, we are going to save then £2 million the first year and all this other money, and at the very first hurdle, which was not actually a very big hurdle, they have stumbled and blundered and not really made any real attempt to jump over it.

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Deputy Brouard’s interjection I thought was rather facile, if I may say so with considerable respect, because he is a Member of a committee that have led this particular project and therefore if you lead it, you have to accept responsibility for it. It reminded me a bit of the very able James Cleverley this morning being questioned by various members of the media because of the blithering incompetence and insensitivity of so many Tory politicians in so many ways over the past few days. He had to defend the indefensible. This is not indefensible, but it has made a poor start and it should have been given a very clear explanation as to where we are and how we are going to achieve the further £19 million or whatever the arithmetic is in a relatively short period of time. Because I am now of the belief that we will not. I do not think we have got a snowball’s chance in a desert of achieving that in the foreseeable future.

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But we will achieve some savings and it would have been better for P&R to come to us and say, they have watered it down a bit, but to say, ‘We do not really think now, on reflection, because of the problems that we have found since we put forward in good faith’ – which they clearly did put it forward in good faith, the proposals – ‘we are only going to be able to achieve £3 million or £4 million or £6 million’, or whatever the arithmetic is. They have not done that and it would have been helpful, as I say, if Deputy St Pier after the excellent speech of Deputy McSwiggan had got up and said something about that.

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But we have got to save money. We have got to save money. There are pockets of inefficiency in the Civil Service, it does need to be transformed, and these are early days. So despite the fact

1195 that I am disappointed – no, I am very disappointed – with P&R in the way that they have dealt
with this, I am not going to support the amendment, because I think P&R should be given a
further period of time to explain, and to develop and to meet the promises that they have met
and the assurances they have met in relation to this transformation policy. Because £8 million is a
massive amount of money.

1200 Deputy Trott is very fond, and rightly so – and I have agreed with him on many occasions – to
say the average taxpayer does not even pay for one child to go to secondary school, and of
course that is true. So therefore how many pounds and how many taxpayers have you got to put
together to pay £8 million? A heck of a lot. And –

1205 **Deputy Trott:** A couple of advocates?

Deputy Ferbrache: Only able ones. And that is a bit modest anyway, but never mind.

1210 But in relation to all of that, the people of Guernsey, Alderney and the Bailiwick in general do
have an impression, which again Deputy Trott has rightly disabused in meetings that I have been
with him, that civil servants are sitting in Frossard House with their feet on the desk not doing very
much. That is not true. The civil servants I work with or have association with in the sense that I
deal with other committees in my responsibilities as President of the STSB, all work very hard and
are all very able.

1215 I have no doubt that there is a civil servant here or there that does not cut the mustard and
goes home at three o'clock, but that happens in most offices in most places. In my former legal
practice, going back to the years that I started, my second senior partner used to play cricket
every Thursday afternoon and we would see him again on Monday! (*Laughter*) But he was an able
chap and discharged his duties very well as senior partner.

1220 So we have to be realistic in connection with what we seek to achieve. But I would like either
Deputy Trott or any one of the five of them, as they have been challenged by Deputy Roffey
during the course of this debate to say what they are going to do better and give this House and
this Assembly greater confidence.

But well done to Deputies McSwiggan and Tindall. I am very grateful you brought what you
did.

1225 **The Bailiff:** Deputy Gollop.

1230 **Deputy Gollop:** Yes, I think I have read the nuances of the last two significant speakers,
Deputies Peter Roffey and Peter Ferbrache – the Peter principle maybe – that we should give
Policy & Resources the benefit of the doubt and therefore if the amendment does not win – it is a
complex amendment anyway, I will not be that upset – but I think I will give the
McSwiggan/Tindall amendment, and they are two of the hardest working and most scrutinising
Members of the Chamber, the benefit of the doubt on this.

1235 I am going to repeat something that is boring, but it has to be said even though I have great
admiration for Deputy and advocate Green and the work he has done with legislation and scrutiny
and Scrutiny public hearings, we have been officially scrutiny-light in this term. We went down
from a structure of nine full-time or nearly full-time politicians on a Scrutiny Committee and also a
Public Accounts Committee with different Members, of whom five were politicians and four who
were maybe ex-politicians or usually significant figures from the legal and business community,
and we have constrained that into one Management Committee of five really.

1240 And with changes of personnel, Deputy Roffey and others moving on, I will not say it has not
worked, because it has done a lot, but I think there was more scrutiny in the previous term, and
what some of us seem to be wanting through this amendment really is more resources for an
audit commission or an auditor general and a public accounts committee – and that would be
part of the answer.

1245 I think this goes some way, before we get to that level of reorganisation and thinking, to add a little bit of a check. Because there is clearly disappointment. To read again the points Deputy Roffey made, the relatively brief answer back on the long report from the top Committee if you like, is that the delivery of savings has been severely impacted by the delay in the completion of the Future Digital Strategy project.

1250 Now of course we only agreed that in June and over a long weekend of October/November the contract is actually going, and I do sense – and I am pleased to say this – there is in some areas a change of attitude whereby perhaps a slightly more flexible approach has been put in place.

1255 But the issue here is that we, for example – and I can say this as other perhaps more senior Members would not want to say it – but we for example, Employment & Social Security, have been very pleased to be part, a co-partner really, of the Revenue Service. But there has been a sense of, maybe the Revenue Service's grand ambitions at project and strategic level have been a bit slower in coming about, and there have been communication, not breakdowns, but difficulties. There has not necessarily been a top operational team all working together. There has not necessarily been an emphasis on staff morale, retention and consumer client satisfaction.

1260 I think other areas have been going well and I think one area of the States has done relatively well on, not from a consumer, or transport, or active travel point of view perhaps, but from a rationalisation perspective, one has to take one's hat off to the senior team who delivered on property savings and reorganisation of the estate. But although that element has gone and there has been perhaps a rebranding what we have not seen –

Oh, I will give way to Deputy Oliver.

Deputy Oliver: Sorry, what property savings have actually been made so far please?

1270 **Deputy Gollop:** Well perhaps we all would like to know more on that, but hopefully we are not paying quite so many high fees to commercial office brokers anymore and that we are utilising desk space significantly better. Although the other day I kind of was not sure if that was happening. But I think Deputy Oliver has made a great point especially from her surveying background. We should be being told more on this.

1275 Deputy Merrett wants to speak now.

Deputy Merrett: I thank Deputy Gollop for giving way.

1280 Maybe Deputy Gollop could remind the Assembly how much we paid, how much we agreed, how many millions we agreed to give to STSB to rationalise the property portfolio or at least to investigating them, see how much it was worth etc.?

Deputy Gollop: Well it is still work in progress of course. I have never sat on STSB and I am a believer there should be more politicians on that Committee.

1285 But moving on from that, we saw a little bit of a difference of opinion on, for example, the fate of the former Income Tax Office, which is now empty. Some of us might have wanted it to be used for all kinds of art or other reasons, but the point is that surely is an asset that can be returned to the centre and has to be accorded, for example, as one of the savings.

1290 But I am actually really saying that we have not seen the full fruits of some of these savings. I am also saying, like Deputy Roffey did, that the initial organisational design changes have been a bit slow.

1295 Now of course Policy & Resources will say, and they would say this perhaps, that that has been due to pushback from other politicians, committees and individual officers who for various reasons have not been able to go along with it all. But of course it was launched, almost like some of the brainwaves we have seen in recent UK politics, overnight without enough thought of the implications.

I think most States' Members feel aggrieved, really, that we have not got a cabinet system of government, whatever the report concludes, but until we do, and I think there are merits in it, but what I am not keen on is a consensus silo system which in reality is being tweaked behind the scenes in a more executive direction. I think States' Members felt that they have not really been masters of their fate in terms of organisational design and that has perhaps led to some of the savings not happening.

But of course Policy & Resources are putting forward their best arguments there: that they are moving forward now with FDS and Organisational Design and they have got the new top team in place. But if you go back to the McSwiggan/Tindall report, for example if you look at paragraph 4.8 of the States' Budget that is reprinted, we have seen apparently savings developed on target in Education and Training, Deputy Fallaize's, albeit not a particularly ambitious total; Health & Care have gone for the £1 million nearly, and achieved that; Home Affairs have not, but it was a smaller number; the Revenue Service has been disappointing. But Property Rationalisation, to return to Deputy Oliver's point, has gone slightly better than – well no a little bit, 10% less, but it is still in the frame; and the Revenue Service, well actually it has over-delivered. Property Rationalisation has actually gone from £100,000 to £110,000; Revenue Service, below par.

But where it is really disappointing is on procurement and managing sickness, overtime and allowances – the human factor which has been in the media recently – £295,000 was allocated by analysis and forecast: it has delivered £10,000. And Future Digital Services, so far nothing; Organisational and Service Design, a gap of £1.5 million, which is a significant part of the overall ...

So really we are breaking a little bit. We are encouraging Policy & Resources to continue, but with more Assembly oversight, but also really focussing on what they are doing rather than wanting more money when we need the money for other areas at the moment.

I think that is one part of this amendment I support, and the other part is the broadening out of what can be funded. Because I am sure we will hear – we already have from one person who did a lot with the Home Department – from Members on the spending committees, Home, Health and so on, who actually – maybe even Economic Development – could do more with that money if they were able to access it. They would actually be able to deliver micro-savings with well-motivated civil servants, and I agree with what Deputy Ferbrache said, the STSB obviously have some of the most professional and able members of the public sector. Maybe if he, or his Committee rather, was able to access some of this money in the short term rather than it not being utilised, spend to save, across the *piste*, that actually would be a better outcome, and then look at it again next year when we perhaps are clearer in the direction of travel we are going in, both politically and operationally.

The Bailiff: Deputy St Pier.

Deputy St Pier: Thank you, sir.

Deputy Ferbrache was a little critical that I had not risen immediately after Deputy McSwiggan. He will of course appreciate that I only have one opportunity to respond to this debate and therefore it is a judgement call as to when is appropriate. So I did just want to see the direction of travel with the debate and also to gather some information to enable me to respond to some of the points raised by Deputy McSwiggan and others as the debate has progressed so far.

Deputy McSwiggan has in essence said that the case has not been made, and I intend to make the case now. But before I do so I just want to address a couple of other issues which she raised. There was a little diversion into the question of the States' Capital Investment Portfolio and page 173 of the Budget Report. Of course the Budget for 2019 was £595,000 and the predicted outturn at this stage is £312,000. Now the reasons for the increase in that Capital Portfolio Budget were because we wanted to recruit some capital business partners to work with committees to deliver capital projects and we have not been able to make all those appointments. And also to appoint somebody to manage the minor capital projects across the States and to accelerate delivery, which of course has been a frequent criticism of Members of this Assembly, and someone

critically to focus on the delivery of benefits, an issue which is frequently highlighted as being a weakness in our processes – that we do not focus on the delivery of benefits from our Capital Programme. So again we continue to argue the need for that.

1350 Deputy McSwiggan also made the point that the failure to deliver ... in her words, 'the progress in this area meant that we were unable to deliver the service developments.' Now it is an easy argument to make because the numbers near enough equate and there is a good read across to the £3.35 million of unfunded service developments. I wish to make a couple of points in relation to that. First of all, the Medium Term Financial Plan: we had baked in an assumption of 1355 £5.5 million of service developments each and every year. Well of course the bids this year were £8.75 million, so significantly in excess of the Medium Term Financial Plan.

The reality is that even if we had had the funding available, P&R may not necessarily have recommended that all those service developments proceed in any event. We may have 1360 recommended the additional £850,000 which may have been funded from other sources, but also we may have recommended a higher transfer into the Capital Reserve. So I am not sure that it is easy to make the read across quite in the way that she has suggested.

I think it is important, and others have made this point including Deputy McSwiggan herself, that Public Service Reform, the Medium Term Financial Plan and indeed the annual Budget are 1365 owned by and approved by the States as a whole. Now to be fair to Deputy McSwiggan, she has pretty well objected or offered criticism of the Medium Term Financial Plan and indeed Public Service Reform, and the Budgets as they have arisen, and she has been entirely consistent in her approach. But as a whole the States have approved those individual items as they have come to the States and we have collectively accepted that the savings are credible, otherwise we would not 1370 have, no doubt, approved them. These are not all Policy & Resources initiatives, and I think that was really the point that Deputy Brouard was making during his interjection.

We are asking for this additional funding for Public Service Reform to co-ordinate and manage the programme overall, which includes the Service Transformation programme, such as the Partnership of Purpose, which of course is so critical to the transformation of our services overall 1375 with Health & Social Care being the largest budget and the Partnership of Purpose being the largest single transformation programme itself.

So what we are seeking to do is to ensure the ongoing alignment of Public Service Reform as a whole and enable the co-ordination and the management of those resources, to report on the progress and to track the benefits critically. I am going to come back to benefits again because it 1380 is an issue which arises in the individual parts of the transformation programme across the States and this is all a key part of the Government's framework for the entire programme.

Now the amendment suggests that the majority of the savings opportunities – it implies – are under our control and we have therefore failed. But actually a significant part of this, as again Deputy Brouard said, sits elsewhere.

1385 So if we look at the ambitions in relation to overtime, sickness, agency staff and non-pay, that sits with many committees, including of course Health & Social Care our largest, Education, Sport & Culture and Home Affairs. And the corporate services teams need to work with those service areas. This is a joint enterprise. This is not something which sits either with the committees or with some kind of central team to make it happen, they have to work together to enable these savings 1390 to be released.

The MTFP made clear that:

These initiatives will need to be supported and co-ordinated by the [strategic] Leadership Team

– in other words the senior civil service –

and overseen by [the Policy & Resources Committee] ...

– overseen by P&R –

but their successful delivery will require the full support of all Principal Committees and active participation and delivery by all service areas.

1395 So if there is failure, it is not a failure simply of Policy & Resources; it is a failure that we all need to take responsibility for in order to drive the programme going forward.

I will give way to Deputy Soulsby, sir.

Deputy Soulsby: I thank Deputy St Pier for giving way.

1400 He is right of course, various other committees have got responsibilities and certainly in respect of managing sickness that is something that Health & Social Care could help. But does he not agree that the targets set were set by P&R through the analysis that P&R did and I think is it not true to say that at the time there was some concern that from a Health & Social Care point of view those targets would be difficult to meet?

1405 **Deputy St Pier:** Sir, I certainly agree that some of these targets are challenging. They require significant changes in behaviour and practice across the States including in Health & Social Care.

1410 But, sir, the main delays in 2019 have been due to the later than planned signing of the contract with Agilisys. Now was that a failure in ambition or a failure in forecasting? Well to some extent, yes, but also we have to acknowledge that the Agilisys process was one that went on for nearly two years of engagement, only so much information could be passed across to each of the bidders before the next stage of the process.

1415 So I think we have to accept that that has been a very challenging procurement process which has required significant engagement and therefore all the information was not necessarily available to enable fully informed decisions at any point. So if the estimate was wrong and overambitious in terms of the timing at the time of the 2019 Budget, then yes, I acknowledge that. But – I am going to come on to the 'but' in terms of where we now are with Agilisys and our ambition, because that goes, in essence, to Deputy Roffey's and Deputy Ferbrache's point.

1420 The delays in the implementation of the new Organisational Design structure have impacted on the delivery of services – and I will talk a little bit about that in a moment – and other delays, for example, in procurement through the need to work, again, closely with the service areas where the spend is actually happening.

1425 But let's talk about some of the successes, because it is easier to focus on where we have fallen short. We are spending an additional £250,000 a year in Procurement, in our procurement transformation. That is already yielding £600,000 a year in savings. The investment in Organisational Design was not a £1 million as has been suggested, but it is actually running at about £191,000 at the moment, so it is less than anticipated.

1430 We have invested £3.5 million in the Partnership of Purpose and a further £2 million is anticipated in 2020. Now do not forget that the Partnership of Purpose has anticipated that it will yield whole systems savings of between £8 million and £17 million through the transformation programme. That of course is a programme which Deputy McSwiggan and the Committee that she sits on brought to this Assembly and obtained this Assembly's endorsement on the basis of that programme of change.

1435 The savings initiatives are required to support this and for Public Service Reform and what we are proposing in the States needs to co-ordinate this and to co-ordinate the delivery of those benefits. That is critical as well. We need to identify when they are going to come through, have they come through, because that will enable us to plan for, no doubt, the need to invest in new services in Health & Social Care.

1440 Health & Social Care will want and they are going to need that support in order to maintain the political support for their programme of change, otherwise they are going to run into the risk that as it gets difficult, if we are not tracking the benefits, people will say we are putting lots and lots of money in, we are not seeing the change and where have the benefits appeared? So this is about us supporting the programmes of change and ambitions of other committees as well.

1445 Now critically, Deputy Ferbrache and Deputy Roffey's point, are there savings ... are they there? Yes, we maintain they are and absolutely stand by that. The preliminary work undertaken with Agilisys has validated savings of between £6 million and £7.5 million by the end of 2021 through service design.

1450 Now Agilisys has also validated the forecast level of procurement savings which should be able to now be accelerated through the contract executed with them. None of the work undertaken – none of the work undertaken yet – on the Organisational Design work has suggested that the estimated savings are not there.

1455 Now the Agilisys team has begun what was called a sprint. That is some of the terminology they use, it is not necessarily familiar with everybody, but that in other words was an early piece of work that before the contract was undertaken, working with the Committee for Employment & Social Security, a piece of engagement which I know that Committee has welcomed and has been very keen to engage with. Now that sprint has identified 12-18 full-time employees, or full-time positions I should say, within ESS that will be able to be released over a period of time. Their work to date has identified 150-170 posts from Service Design are achievable and those savings, some of those savings, they are contractually bound to deliver. So if they do not deliver, there will be contractual penalties on them.

1460 The other procurement savings I should also mention, in addition to the £600,000 a year we have also got capital savings of another £320,000 and we believe the avoidance of additional costs of £490,000 and capital costs avoided of £1 million. So if you tot that up that is basically £2 million of savings or cost avoidance for an investment of £250,000.

1465 The accompanying report to the amendment suggests that most of the areas of unnecessary spending have already been addressed and most easy and many difficult opportunities for service re-design have already been or are being pursued. But I do not think there is any evidence of that and the evidence that we have collected over the last two to three years through the work – independent pieces of work – and the various reviews that have been taking place and indeed through work through Agilisys and the policy letters that come to the States, including the Partnership of Purpose, suggest that our current operating model and approaches to service delivery are systemically inefficient and do suffer from ... do provide opportunities for improvement, and that is why we firmly believe that there is a need for continued commitment to deliver the savings where practical and achievable. As I said yesterday, that is not going to be the end of it. We are still going to have other challenges, but we need to deliver this.

1475 As Deputy Fallaize said, Public Service Reform is not all just about financial savings, it is about the transformation of the service, and he knows more about that than perhaps anyone with the transformation of secondary education and the need to provide significant resources to support that massive programme of change. We hope there will be £2 million of savings or so from that. But the focus for he and his Committee very much is the transformation of secondary education rather than chasing that £2 million, and that indeed is of course right and appropriate.

1480 But that whole programme needs to be supported, it needs to be monitored, and we need to ensure the execution and the delivery of the benefits as he and his Committee have promised this Assembly – we need to make sure that is of course delivered.

1485 So I hope, sir, I know Deputy Ferbrache was disappointed that I did not make those comments a little earlier, hopefully they are pertinent and relevant and they do speak to and respond to Deputy Roffey's challenge – that we do stand by the anticipated savings and I certainly stake my reputation on that. I will leave it for other Members of the Committee to do so if they wish during this debate. But on the basis of that, sir, I ask Members to support the conclusions of Deputies Roffey, Ferbrache and Fallaize, support the Committee and reject this amendment, sir.

1490

The Bailiff: Deputy Le Clerc.

Deputy Le Clerc: Thank you, sir.

1495 I just wanted to pick up on a couple of things that Deputy Gollop said. I also just want to say what a privilege it is to be in this Assembly with Deputy McSwiggan and I am thrilled that she is also (**A Member:** Hear, hear.) on my Committee and the calibre of Deputies that we have got in this Assembly is just excellent.

1500 I wanted to just talk about Revenue Services, and Deputy Gollop picked up this, because actually I think it is important that I have this opportunity to explain where we are to the Assembly. Because ESS Committee have expressed concerns about the amount of investment that has gone into the Revenue Services and actually the returns that we are not really seeing coming through, which I think is what this amendment is all about.

1505 So £2.5 million has been spent of General Revenue Budget on the Revenue Services programme and £2.5 million, by the end of this year, of insurance contributions will also be spent on this. So we have got a lot of skin in the game, £2.5 million of taxpayers' money as well, and we were uncomfortable with the progress that it was making. And actually, in July we sent a letter to P&R and I will highlight some of the concerns we had in that letter. So it has been slow going. Data and quality management was, at that point, 12 months behind schedule because of a change of direction; the people and culture severely delayed due to organisation wide restructure programmes and Future Digital Services; technology dependencies, stretching of existing ISS infrastructure and single key person dependencies.

1510 So we know that we are going to be asked for another tranche of money at the end of this year to fund the next phase of development, and we were really concerned about this. So we have joint meetings with Policy & Resources and this was on the agenda. I asked them if they were comfortable with the fact that they had spent £2.5 million of revenue money and where the actual delivery was at that time. I do not think they were on top of their game on this Revenue Services and that was really disappointing for me – that here we are, with quite a substantial amount of money, £5 million worth of money, and we are not really seeing the benefits. So I think it is really important to share that sort of information with the Assembly today. We are keeping much more on track of that and I understand that some of the corporate services work is being delivered, but that is not what we paid; our £2.5 million from our Insurance Funds was to deliver the corporate services side.

1515 So I just think that it is important that we re-emphasise that some of the concerns that Deputy McSwiggan was saying actually are true, because we are already behind on one of these big projects that is anticipated – well we really need this project to succeed and I am really concerned about how it is heading. So I want that to be noted in front of this Assembly.

1520 With regard to Agilisys, yes we have been working with Agilisys, it comes at a cost. So there is the cost that we have invested in Agilisys itself the, I think it is, £18 million over the next few years. But also there is a cost because it is taking away staff from their day-to-day jobs to actually work with Agilisys to improve, and none of that is factored into these costs. So there is that time element of key staff actually spending their time working with Agilisys.

1525 But I am pleased and I understand that the Agilisys work on our Cúram systems and looking at that is going very well and I think it will provide some dividends and some staff savings and there will be some automation of systems at the end of the day.

1530 So it is not all negative but I just want to be honest and open with this Assembly and with the States to say I have got some concerns and ESS have some concerns about the Revenue Services programme.

Thank you, sir.

1540 **The Bailiff:** Deputy Stephens.

Deputy Stephens: Thank you, sir.

First, I want to comment on a point raised by Deputy Gollop, and that was on the matter of staff sickness. Yes, this is a joint enterprise, as Deputy St Pier has said, but I wanted to assure the

1545 Assembly that PRC regularly challenge the staff responsible for managing sickness. This is a shared concern as well as a shared responsibility.

To Deputy Roffey, on the issue of my confidence in this transformation project, I will say this. Very early one morning last week I happened to have an informal conversation with a senior member of staff very heavily involved in the transformation project. Now I will not repeat the conversation because I do not have that person's permission to do so. But the gist of the exchange was around a question that I offered, which was, at this stage how does the Guernsey project rank alongside other such transformation projects that you have experienced in other organisations? The response was that the issues that have arisen, that are causing delay, were not entirely unexpected, but possibly have taken longer to mitigate than were expected based on the experience of similar projects elsewhere. But that overall the suite of projects are progressing and that the savings are achievable.

1555 Now my view, Deputy Roffey, on the future of our transformation project and the achievability of the savings, must rest on the advice that I am given and which I have now given to you. I do encourage my colleagues to resist the amendment.

1560 Thank you, sir.

The Bailiff: Deputy Merrett.

Deputy Merrett: Thank you, sir.

1565 I rise to my feet and I will try to contain my discontent and disappointment in Deputy St Pier's speech, certainly as he mentioned Medium Term Financial Plan, which this Assembly, I think unanimously, directed P&R – and it is on page 34 of the Budget:

to bring to the States, either in its Fiscal Rules policy letter or otherwise before or within the debate on the 2020 States Budget, a proposition that will allow the States to decide whether to maintain or amend the anticipated value and timing of the savings targets set out in the Medium Term Financial Plan

1570 It goes on, and I do not seem to remember that amendment. I certainly still feel the scars from drafting that amendment. So in June 2019 we determined, this Assembly, with the Medium Term Financial Plan that to return to fiscal surplus changes were needed. Now there is a 35% targeted increase in revenue and a 65% reduction in the cost base through the reform of public services.

1575 But then we also determined that the Medium Term Financial Plan – actually we directed, as I said, P&R during that debate in June that they would bring back to this Assembly, before this Budget debate – as I said either in its Fiscal Rules policy letter or at this debate – with a Proposition that would allow us to deliberate and determine whether to maintain or amend the anticipated value and timing of the savings targets as in the Medium Term Financial Plan.

Because basically, sir, there has been a reality check. But instead of that, we have Proposition 4 which simply asks us:

To note that £26.1 million of savings objectives in the Medium Term Financial Plan will not be fully realised by the end of 2021

1580 We were expected still to have faith and trust as we are also asked, 'to agree that Public Service Reform' – and I will refer to that from now as PSR – 'must continue to generate reform dividends', reform dividends that will help balance the Budget in future years. But which year, how much longer and how much is not clear.

1585 Now I appreciate that it may be like trying to change the course of the Titanic before it actually hits the iceberg, but unlike the Titanic, we have arguably had much more notice of an iceberg approaching. I am tempted to talk about captains and deckchairs – rearranging of – but I am going to try not to do that.

So we are asked to acknowledge the inherent uncertainty in the timings and values, when I thought that timings and values had been proposed and agreed. I, sir, voted for £8 million last year, for PSR, expecting to see the savings and reforms that were promised.

1590 Now the balance of expenditure and saving, we are told, has proved challenging. I am sure that some of our community have found some of our revenue raising measures challenging. Revenue income is more than we estimated, but have we done our bit? And that is the whole purpose of this amendment, sir. Have we done our bit?

1595 Our expenditure position is in excess of a worst case scenario and that £26.1 million of projected savings, we are asked to note, will not, *will not* be fully realised. P&R tell that to us themselves. Now that is the bit I am really struggling with: that the predicted savings are so far behind the forecast. What is even more concerning is that in 3.21 of the Budget Report we are advised that expenditure savings have not been delivered:

... due to the lack of any detailed forward planning of services ...

1600 So where has it all gone wrong? Where is the 65% reduction in the cost base through the reform of public services – and other Members have referred to this – Organisational and Service Design was budgeted for £1.6 million. But no, it is going to be about £110,000.

1605 Now FDS: Deputy St Pier, that is another reason he brought me to my feet; because we were told, when Members voted for the £200 million contract, categorically, there would be £900,000 of savings in the first year. But now four months later, actually we are in November now so I think it might be five months, we were told that this cannot be done and actually no savings will be realised for at least five years.

1610 But worse than that, sir, on page 61, 7.7, there is a modest increase in the initial contract price. Now I have come to learn, sir, that modest to me and modest to the Assembly are two completely different things. So I asked what would the modest increase be please? So I asked and I was told that the modest increase refers to the core IT service division which has increased by £2.9 million. So £148 million is now going to be £150.9 million. Further, I was advised that all of the £2.6 million of savings – all of it – over the 10 year contract has now been reclassified. It is no longer guaranteed, it is now a target saving.

1615 There are some Members, like myself – in fact if I remember rightly, *je ne vote pas* – but some Members may have voted for the FDS policy paper because they believed that there was guaranteed savings and may be surprised to know this had been amended in the contract as a 'strive for delivery'. But it is no longer being guaranteed and this affects the contract value.

1620 The fundamental reason given to me, which is alluded to in the notes to this amendment, is that a key source of savings were third party contracts but that due to timings the forecasted savings cannot be realised. The good news is this, sir: Agilisys will try to find more cost-effective ways to structure those services. I thought that was what we were doing? I thought the underlying reason why we had FDS was to find a more cost-effective way to structure our services.

1625 Now it looks as if we have outsourced this as we thought it would be a more cost-effective way of structuring our services. But actually, what we may have done is put in another layer who are reliant on so many third party contracts and negotiations for them that these savings cannot be guaranteed. Can it actually get any worse? Well yes, because the loss in the forecasted savings, the £1.6 million, in Organisational and Service Design are being blamed on the FDS contract.

1630 Our committees are very clearly and loudly telling us with their base line pressures and their need for self-development is also greatly exceeding the estimates in the MTFP. We are told these costs cannot be met on an ongoing basis from the modest increase in revenue income. But with that delivery of savings the overall cost of public services will need to decrease substantially.

So that is what we are told and then we are told that the savings have not been realised and we are told, 'Give us a bit more, give us a bit longer.'

1635 Well, that is all well and good, sir, if I could be assured that in next year's elections, so by the time of the next Budget, the five Members of P&R are still the sitting five Members of P&R and I can hold them accountable at that juncture. But they will not be, will they, sir? I cannot guarantee that. (*Interjection*) I do not know who will be on P&R in the next political term.

Oh, Deputy Trott knows who is going to be. No? Then does Deputy Trott want me to give way? He does, okay.

1640

Deputy Trott: I was just going to say neither can we guarantee that you will be here to challenge! (*Laughter*)

Deputy Merrett: Certainly not, sir. Certainly not.

1645

So my point is this, sir, that we have given it a year and I believe we have been let down by not having the projected savings, and I believe that – I am absolutely behind this amendment, by the way, if that is not completely obvious by now then let me just declare that now, in fact I would have seconded it if I had been on Island. So I am absolutely behind this amendment because I think we have to have this stop break and say, 'Look, use that money more wisely, come back to us if you want any more, but engage with us. Let us know what you are doing and how you are doing it.' And please, *please*, we need to be open and transparent to our community.

1650

If we say we are going to save ... The Medium Term Financial Plan: 65% will come from here, then we say 35% will come from the public, and they are doing it, they are doing their bit, sir! I mean the fact that revenue is over by £12 million: they have done their bit. We have got to do our bit at some point.

1655

We have to hold ourselves to account. I am not pointing the finger particularly at P&R on this particular amendment, but I am sure I can do on others, but we have to hold ourselves to account. And I am not prepared to give P&R any more money at this juncture until they have been able to either come back to ask for more or to prove to myself, or to prove to our community, this Assembly, that they can actually make – well first of all, they can actually make forecasts of savings that are achievable, that would be nice, and if they cannot do that, that we have the honest discussion, which I think we did in January, sir. I think it was January. But that is too late. That is too late for this Budget: that is the point.

1660

So I think I am definitely going to support this amendment unless there is somebody who stands up and says something so outrageously, 'I have not ever thought of that', that will change my mind. But I cannot think for a moment, sir – no, I think Deputy Fallaize has spoken. I do not think for any moment, sir – has he not spoken? – that anybody will say something. But if they do I will, as always, sir, listen to debate.

1665

1670

The Bailiff: Deputy Kuttelwascher.

Deputy Kuttelwascher: Thank you, sir.

I am very pleased that Deputy McSwiggan has led on this amendment because it shows that the scrutiny function of this Assembly is alive and well. (**Several Members:** Hear, hear.)

1675

I just want to refer to a well-known guru, Mr Kotter, John Kotter, as regards management of change. One of the more negative impacts of his research is that 70% of large organisations that try to effect substantial change fail. I am not saying we have failed but we have certainly slowed up.

1680

Now, one of the reasons for failure happens to be slow progress, and I just want to quote a short paragraph because I am not actually sure who wrote it. It was somebody else on the issue of change, but it says:

Change takes time, but moving too slowly can be just as inefficient as not changing at all. A change initiative that's taking a long time to plan or implement risks becoming irrelevant. It's also likely to feel underwhelming to employees since the benefits won't be seen immediately. Keep change on schedule, but also be flexible and willing to abandon what doesn't work. Simply stated, sometimes change has to change.

It is true. All plans are great but they will change depending on changing circumstances.

1685

Now I just want to focus on something that Deputy St Pier said about the savings being produced by Procurement. Yesterday we heard from Deputy Parkinson that delays in procurement for the PSO are more down to Procurement because it sat with them. Now that delay is costing Aurigny money – *big* money. They have got an aeroplane which needs a new wing which they will

not re-wing, that is a £500,000 cost, because they do not know if they are going to be successful in the PSO. They do not know how long they have got to keep operating the service. I wonder if the costs to Aurigny are being offset against this perceived saving that Procurement are making, because I suspect the cost to Aurigny is greater than the perceived savings. I am not sure Procurement are actually producing any savings when you look at individual issues like that.

So having said all that, this is more, this amendment, a pause, just to reflect on what is going on. It does not stop the process continuing and for that reason I will be supporting it.

Thank you.

The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

Deputy Ferbrache I think criticised me for raising that some of the benefits of organisational change might be non-financial. But I do stick to that and I think what is very difficult to quantify always is what is the cost financially or otherwise of not changing. Deputy Kuttelwascher has referred to that a little in his speech.

I agree with Deputy Ferbrache that probably a majority of this States, when they voted for the Propositions they voted for last year, were persuaded of their merit because of the financial savings which were outlined at the time. I do not dispute that. But I do not think that means that the non-financial benefits of organisational change should be disregarded and are not part of this picture, because I think they are.

In a way this is an interesting debate because to bring matters to the States you have to come up with Propositions, but very often there are messages behind Propositions or in debates which are not really captured in the actual wording of the Proposition.

Now what is in this Proposition and what is at stake in this debate is Deputy McSwiggan's scepticism, which is shared by many other Members. Some have different political views on other matters, but share this scepticism about the scale of the savings which are deliverable through Public Service Reform and other related initiatives. Against the general sense of the Policy & Resources Committee and some other Members who support them in this matter that there are these savings available. That is really where the dispute is.

Now Deputy McSwiggan has chosen to represent her scepticism on this occasion by asking the States not to approve the Proposition in the Billet from the Policy & Resources Committee to increase their level of delegated authority for these initiatives out of the Transition & Transformation Fund, or whatever it is called. But the key issue really I think for me is: are the benefits of the change, or the potential change, more or less likely to be delivered as a result of the amendment or as a result of the original Proposition?

Because the fact that the savings have been realised much more slowly than originally forecast – and I take no pleasure in saying this but I thought at the time and said at the time that I thought the anticipated savings were ludicrously ambitious, and I still think that.

I do not think the savings will be achieved. I am not just saying I do not think they will be achieved in the timescale, I do not think they will be achieved full stop. That does not mean to say that I do not want them to be achieved and I am not talking – I can see the smirk on Deputy Meerveld's face – I am not talking about the savings which are allocated throughout this Budget Report in relation to those being driven that can be allocated to specific committees. I am talking about organisational redesign, what could be considered Public Sector Reform generally. I do not think that there are the level of savings in the system that the Policy & Resources Committee said there were this time last year and are saying there are again now.

But that is just a personal view, I could be wrong in that and I accept that the view they are putting to the States, that these savings exist, is a view they hold honestly.

But there are some savings, quite clearly, and there are significant benefits available through changing the way in which services are delivered and through changing the nature of the States

as an organisation. But are they more likely to be achieved through the amendment or through the original Proposition?

1740 Now it seems to me there are two things, I think, which will persuade me not to vote in favour of the amendment. The first is the Policy & Resources Committee is still tied to their saving projections, not along the same timeline but in total terms they are saying that they still think the savings are achievable. I think to some extent if they are saying that I am not sure of the basis on which I would say, 'I believe that you are wrong to such an extent that I am not prepared to support your Budget Propositions.'

1745 I mean I do think they are wrong, but I think that very instinctively. I do not have a great deal of evidence available to me to back up my assertion that they are wrong. I do have the evidence now available to prove that their original timetable was wrong, because they have not delivered, or the States as an organisation has not delivered, the anticipated savings that that Committee projected would be delivered in 2019. But I do not have the evidence to say that the savings in total are not available even though instinctively I am very dubious.

1750 But the second reason which probably is a view, that is not shared by most of the Members of the States but it is probably the thing that is going to make me vote against the amendment and in favour of the Proposition most of all, is that it seems to me that there is a strong case that more rather than fewer resources are necessary to generate the kind of organisational changes required to make the States fit for purpose in the years ahead.

1755 I think that everything that we do is we suffocate ourselves (**A Member:** Hear, hear.) in process, we suffocate ourselves by not providing enough resources to the major initiatives that we are trying to undertake, it is characteristic of everything the States do. We create ambitions which are too great, certainly in terms of timelines, we then underinvest in trying to resource them and we then criticise those who were held responsible for them when the outcome is less impressive than we originally forecast.

I will give way to Deputy Le Tocq.

1765 **Deputy Le Tocq:** I thank Deputy Fallaize for giving way.

Does Deputy Fallaize agree with me that to some degree, and this is not directly related but it is an illustration, we have systems in place now to try and deal with appropriate funding for capital projects which really should have been put in place 10 years ago and at the moment probably are some hindrance to capital projects taking a priority in terms of investment. But that is a description of really how long it takes for this Assembly to respond to some of the issues that concern us, or concern the public, and the nature of the form of government that we have got.

1775 **Deputy Fallaize:** Well I think that is true. In the 1980's and early 1990's there were a dearth of capital projects and presumably to the extent that the States ever had human resources available to manage capital projects they did not have many in the late 1980's and 1990's. But they did not need them because there were not very many capital projects.

Then under that same kind of structure lots of capital projects were pursued in a relatively short period of time, in the late 1990's and early 2000's, and most of them went wildly over budget because they were not being properly challenged and scrutinised and managed.

1780 So then of course the States put in place extraordinarily burdensome processes for trying to get access to capital, and now when there is a clear need to make investment in the Island's infrastructure it is almost impossible for anybody to access the capital because the States' processes have gummed it all up so much.

1785 So yes, unfortunately that is what happens and it is a consequence of reacting so slowly that the solutions which are put in place arrive long after the problem has disappeared.

Now leading on from that, the Policy & Resources Committee has to take some responsibility here for creating this kind of environment, because they are often overseeing the processes which delay things to such an extent that any benefit from change is held up.

1790 I think where I am going with this is, is that I think that Deputy McSwiggan's analysis is right
that the Policy & Resources Committee was far too ambitious in the numbers they put before the
States last year. I am inclined instinctively to agree with her scepticism about the level of savings
which are available in the long run. But I actually think for those people who are committed to
changing the way the organisation works, whether in pursuit of financial benefits or non-financial
benefits, that further attempts to starve those efforts of resources are likely to be
1795 counterproductive.

I will give way to Deputy McSwiggan.

Deputy McSwiggan: I object slightly to Deputy Fallaize's characterisation of this as starving
processes of resources when we know that there remains £7 million of an £8 million allocation to
1800 be spent. (**A Member:** Hear, hear.) That is hardly starving.

Several Members: Hear, hear.

Deputy Fallaize: Yes okay, my language is probably an exaggeration but I think – (*Laughter*)
1805 but I still think if you come at this from saying the organisational change is necessary and indeed
long overdue, and there needs to be significant resources allocated to achieve it, then do I believe
Deputy McSwiggan's analysis of how much money needs to be pumped in to achieve it or do I
believe the Policy & Resources Committee's analysis of how much needs to be pumped in to
achieve it?

1810 I will give way to Deputy Tindall.

Deputy Tindall: I thank Deputy Fallaize for giving way.

I just do not think it is a question of how much, it is a question of when. It is a question of do
we actually give that sum of money at this Budget debate to extend the delegated authority or do
1815 we wait?

Deputy Fallaize: Well that is true. I do not know, is the answer, and I do not think that any of
us really know. But on the basis that we really do not know, is the judgement that we make to go
with the amendment or to go with the advice of the Policy & Resources Committee?

1820 What I would actually rather, and I could be criticised for not laying an amendment along
these lines, is to allow the Budget Proposition to proceed and then to put in place the reporting
mechanisms so that there is an opportunity in the early months of 2020 to take another look at
this and say, 'Okay, we accept the original forecasts 12 months ago were ambitious in terms of the
timeline, now the Policy & Resources Committee is telling us that there is a revised timeline and
1825 that they still are very confident about the overall numbers. Well let's look at this again in six
months' time.'

Because if we get 18 months or close to 18 months into a three-year programme and the
delivery of the savings has not been accelerated, then there is greater evidence still that the
overall savings are just not available or that something very fundamentally has gone wrong in
1830 achieving them.

So perhaps the Policy & Resources Committee – I do not know who is summing up, is Deputy
Le Tocq summing up for them? ... maybe could give some kind of undertaking ... I will give way in
just a moment but I just want to make this point – will give some kind of undertaking that when
they put that report on the Policy & Resource Plan before the States towards the end of the next
1835 term, that they could provide further analysis about the savings in this area and provide the States
with some explanation in detail as to why savings which they are now saying can be achieved may
not have been achieved.

Because the explanation such as it is in their response to the Deputy McSwiggan amendment
is not adequate. It says that the savings were not achieved because there were delays in realising
1840 them. Well we know that, that is why they were not achieved! (*Laughter*) It would be quite helpful

to understand why those delays existed. Were they because of poor forecasting? Were they because of underperformance in realising them? But I am getting back really to the explanatory report in Deputy McSwiggan's amendment.

I will give way to Deputy Oliver.

1845

Deputy Oliver: Thank you.

This amendment, as far as I can see, is not stopping the savings continuing and you are still giving funding.

1850

Deputy Fallaize: Yes, but it is a matter of the quantum. The Policy & Resources Committee is saying that they require further delegated authority to allocate some of the Transformation Fund to this initiative. Now I do not think I have the grounds on which to not accept their advice.

1855

But I think the answer is for them to report back in six months' time and for the States to take a look at it. I mean in a way we could be debating how many angels can dance on the head of a pin, because if the rate of drawdown from the Transition & Transformation Fund is as slow in the next six months as it has been in 2019, because Deputy McSwiggan says there is still £7 million left, well then it does not matter whether we delegate authority for an extra £3 million of drawdown because the rate of drawdown is so slow that they are not going to burn through most of the original sum let alone the original delegated authority.

1860

So I do not think that I can support the amendment on this occasion.

The Bailiff: We will rise and resume at 2.30 p.m.

*The Assembly adjourned at 12.32 p.m.
and resumed its sitting at 2.30 p.m.*

The States of Guernsey Annual Budget for 2020 – Debate continued

The Bailiff: We resume debate on amendment 9. Does anyone else wish to speak?
Yes, Deputy Hansmann Rouxel.

1865

Deputy Hansmann Rouxel: Thank you, sir.

1870

I do support the argument behind this amendment and I am quite torn, because I did feel very similar to Deputy Fallaize in his argument that, actually, at this point, the argument coming from P&R is that they need more resources rather than less to implement the change. I think that was the phrase from Deputy Fallaize at the time.

1875

But I have a number of niggles about the process and I cannot quite reconcile the logic of P&R with the logic presented to the rest of the Budget. And what attracted me to this amendment is it felt like the same logic was being applied to P&R and how they operate this particular transformation and how they were presenting their logic across the rest of the Budget – playing by the same rules, so to speak.

1880

But I also come from a background where – like Deputy Kuttelwascher raised some points about change management and how change is successful: if you commit to it, you commit to the change. But you also have to have the flexibility to know when the pace of change is too slow and therefore you are not going to carry on implementing something just because that is what you decided – when things have moved on and, well, actually, sticking to that route is not going to get you to the point or the savings that you imagine, but is rather going to be a redundant change because things will have moved on by the time you have changed. So change for change sake.

1885 At the same time, what I was hoping would come out of the debate is an acknowledgement from P&R that change management is difficult and it costs more than what you think in order to get to the point where you are having the savings, and if you pull back from that cost too soon, because you are not seeing the benefits in the change, then potentially you are not going to ever get to the benefits in the change. There are conflicting arguments and I cannot quite reconcile them across the piece. But, then, no decision-making is perfect and there is an element of risk, of knowing that you should commit to change and actually give it the full hock.

1890 The other areas of concern that I had, and Deputy Le Clerc articulated that quite well, and it was good to have the reflection from Deputy St Pier, who mentioned, as part of the, now I think it is called, Smart Guernsey, not just FDS. We have got a new catchy phrase for digital transformation, called Smart Guernsey, and I am sure people are really happy about more new names.

1895 Deputy St Pier, in his speech, mentioned that they had already done some work looking at ESS and there were 12-18 full-time positions that could be released through Transformation and that there were savings. Now I was reminded of a presentation that we had quite recently where we were talking, it was at the presentations on climate change and energy and, actually, what was mentioned was that in energy efficient homes, there is a Kitemark-modelling that is done to say how energy efficient a new-build house should be and then that is given a grading and developers then develop those houses according to those specifications, all based on different modelling. And actually, what has come out of that is those houses that are deemed energy efficient, it is based on models and not based on looking at the house after it is built and testing the energy efficiency after it is built and saying, 'This was the modelling and this is the actual result and actually it is not energy efficient.'

1900 I worry that a similar thing has happened in the over-reliance – I suppose it is not even over-reliance, it is a secure thing to put our money in – bringing somebody in to do some modelling and say, well, this modelling is going to give us this much savings if you do this and we saw very clearly from the last time you had an external consultant come in and do modelling on how you can make savings here and these big savings here from doing this, by modelling it. I am using the word 'model' quite a lot, I am not going to be walking down the catwalk any time soon!

1910 But basically the point I am trying to make in a very roundabout way, and I do apologise for the roundaboutness: it concerns me that there is no acknowledgement from P&R that the modelling of savings can never be as brilliant as a model surmises. Part of the reticence to merely accept P&R's logic is that there does not seem to be the real meat on the other side of that argument.

1915 So, if you are going to have modelling that says you can do this much in energy efficiency in a house and then you build that house and that house is not energy efficient, what do you do? So where is the point in the interim we should be building our models based on what is real and how we know real savings can be achieved rather than the theoretical models?

1920 I am concerned that the lesson of real world application of those models is not being learned. It is a difficult lesson to learn but I do not get the sense from what is being handed back from P&R that that realism is involved. Yes, there is realism and acceptance of modelling and, yes, we can model a different way but I am not getting that piece of work.

1925 Perhaps that is being done, but again that then goes to the heart of what Deputy Merrett was saying, that we need to be able to see that piece of work and perhaps at the heart of this amendment, is saying that in order to have the full support of the Assembly we need to have that gateway of examining that piece of work having been done. I think that was my point in a really roundabout way.

1930 So I think at this point, unless an argument is made that substantially changes that or gives me a different reassurance, I think I will still be supporting the amendment.

The Bailiff: Yes, Deputy Laurie Queripel and then Deputy Green.

1935 **Deputy Laurie Queripel:** Thank you, sir.

What a wise choice you made! (*Laughter*) You might not think that afterwards.

I just wanted to, for a second, try and build on Deputy Hansmann Rouxel's point. I think Deputy Fallaize, although he seemed to be saying he was not going to support the amendment and he was going to go with the original Proposition, I think he made the point as well, in his own way.

1940 There has been no real explanation in the Report as to why the savings have been delayed. We have just been told they are delayed. There has been no detail, no mechanics as to why they have been delayed, and I think that has been the problem all the way through this reform agenda and programme. Because there is no explanation, either, as to how the savings will be made. There is no detailed road map or method. There is location A, or position A, and there is position B and there just seems to be this desert or gulf in between the two points.

1945 We never had – Deputy Merrett used this term this morning in regard to the other debate – really had a business case in the sense of all the details laid out from A to Z. It has only been explained in broad terms: Transformation will do this; working electronically will do that. But those are very broad terms. We have never had enough detail in regard to how we are going to get from A to B and then onwards. I think that has been the problem all along: that we have never had that detail – only had things explained to us in quite broad terms. I have never been convinced about the reform agenda anyway but I have never seen a really good, detailed business case that lays out the mechanics of the reform agenda, only the overall, sort of aspirational, objectives.

1950 So just coming back to my own points, I am very minded to support this amendment, but it does present me with a bit of a dilemma and I was hoping to catch Deputy McSwiggan this morning just to run this by her. I will have to do it in debate, now, and she will have to answer it for me when she responds, hopefully.

1960 This is a complicated matter and I realise that at least one of the objectives, it seems to me anyway, is to temper or put conditions on delegated authority. I hope that is sort of it. My dilemma is twofold, sir. By approving this amendment am I, in a way, condoning or approving of two things that I am not very keen on and two things that I am not at all convinced about?

1965 Members will know, and some will agree and some disagree with me, I have never been keen on delegated authority. I know there is a place for it. It depends on the purpose and the amount, but I think we have gone far too far with delegated authority. Now, P&R will say we have handed the Scrutiny role and the oversight to them. That is true and I am sure they do their best to carry out that role.

1970 By the very definition, sir, when you delegate authority, you make the scrutiny of that area an exclusive process rather than an inclusive process. There are not many eyes looking at it. There are just a few eyes looking at it. There is a lot of money tied up in the funding of this reform agenda. I have never been that keen on delegated authority so am I, in a way, by voting for this amendment, giving my approval in a broad way to delegated authority?

1975 Now the other thing I have never been convinced about is this Public Sector Reform agenda. Now this term 'reform dividend', that to me is looking more and more like me taking £50, having a punt on a 25-1 outsider at Kempton Park in the 3.10 and hoping for a winner. I think that reform dividend is that unlikely, at least to the scale that P&R are talking about.

1980 If you look at the Budget Report, on page 41, we see the graph that relates to the Transformation and Transition Fund. Now at the moment I think just over £7 million has been used of that fund, so there is £12.8 million left to use. Now all but £300,000, if all goes to plan in respect of the Budget, will be spent on the reform agenda, sir. As far as I can see, we have seen very little return for the over £7 million that has been spent up to now and there is only going to be £300,000 left at the end of this process.

1985 In time, are we going to be told there is a need for another T&T Fund? Another £10 million, another £12 million to push the agenda, sir? I really am uncomfortable with that. Deputy Fallaize said that there has only been £7 million spent – £7 million is a lot of money and we have seen

very little back for that £7 million. Are we going to see much more back of the £12 million? I am not at all convinced.

1990 In regard to the savings that have been made up to now, I may be wrong, I may have missed it in the Budget. If Members look at my Budget, I always go through it very carefully and this thing is highlighted and that. But I may have missed it in my furrowed brow way. I have not seen a great or detailed breakdown of the savings that have been made up until now and I suspect, in regard to the savings that have been made up until now, not a great deal has come via the reform agenda. I expect it has been done by the old fashioned way, the sort of traditional way of committee budgets being underspent and returned back to the centre or because of vacancies in what we used to called apartments in regard to staff numbers.

1995 I think very little has been probably gained, saving wise, by the pure reform agenda. I think it has been done via, at least most committees, underspending their budget or being allocated a bit less the next year and the year after that. I think very few savings have been made by the reform agenda. I wish we could see a very clear analysis of that, to see how much has been saved by committees in regard to their everyday functions returning money to the centre and how much has been purely via the reform agenda. I know it is not always easy to separate these things out but I think that is possible.

2000 So, sir, although this amendment is looking to amend Proposition 10, as Deputy Green pointed out to Deputy McSwiggan this morning, there are links to Proposition 9 and I think there are links to Proposition 4, as well. I am just going to turn to Proposition 4 because it is a very cleverly worded Proposition. Now this Proposition, Proposition 4, it does of course refer to the reform agenda, that is why I think I can refer to it, really it should have been split in two. If you look at Proposition 4, if Members are looking at it, it should really stop at the year 2021. So it should say

To note that the £26.1 million of savings projected in the Medium-Term Financial Plan will not be fully realised by the end of 2021.

2010 Then Proposition 5 should read:

To agree that Public Service Reform activity must continue to generate reform dividends in order to contribute towards balancing the Budget.

2015 Sir, I am prepared to note the £26.1 million of savings projected but not saved; but I am not prepared to say something that is not working up until now should carry on. So that is a problem for me. As things stand at the moment, I am probably going to be voting against 4 because it should have been split into two. And I am probably going to be voting against 9 and 10, if not amended.

2020 I just wanted to turn to something else because, once again, on the reform agenda on the plan, I am all for, I am not saying at all and I do not want anybody to misunderstand me, I am probably as keen as anybody in this Assembly to see Government running in a lean, efficient way and making savings and only doing what it really has to do, sir, in a way that serves our community in a proper manner. I am all for savings and efficiencies.

2025 But I really do believe and I am not saying there has been any underhand dealings or any ulterior motives here – I am sure that this reform agenda has been designed with great sincerity and it has been based on modelling and everybody is working very hard to try and make it work – but I just believe that the architecture around it is far too elaborate. It is far too complicated, it is far too layered. I think there was a simpler way to get to where we wanted to go to. I think an example of that has been the recent restructuring that we have been made aware of.

2030 We now see that, basically, one position has been split into three. So where we had one layer, we have now got three. So committees, chief officers, their role, in a way, has been split into three. So we now have committee secretaries, directors of operations – they are now in post. So we have directors of operations, you have strategic leaders at team and under that you all have the committee secretary.

2035 Now I do not think that is going to work. I think at some time in the future that is going to be looked at again and there will either be a need to add more people to it or we will go back to one committee secretary via a slightly different structure. Now the way I would have done this, I would have kept the committee secretaries, but I would have made sure that they met on a regular basis, with someone to co-ordinate it, so that would be the Chief Executive Officer, so that they could all be working from the same page – they could be co-ordinating their efforts.

2040 I do not see how having three layers instead of one is going to make things more efficient or more effective or co-ordinate things any better than they are now. There was an easier and better way to do that and there is an easier and better way to do the whole reform agenda, in my opinion.

2045 So I understand the save approach, but we have now spent £7 million-plus and we have saved next to nothing. So if we spend another £12 million, we might save a bit more than next to nothing. But that, to me, is not good value for money. That is not a good return, in my opinion. As I say, I am all for reform and I believe what has been put forward has been put forward with sincerity. But I do not believe it is working and I think there is a need to redesign the redesign and it needs to be done in a much simpler way, with a much simpler, clearer road map, that really will get us from A to B and that is why I am very minded to support this amendment.

2050 Thank you, sir.

The Bailiff: Deputy Green.

Deputy Green: Sir, thank you very much.

2055 I am sympathetic to this amendment in some ways. The real strength, I suppose, of this amendment is that it says that P&R should be using the funds that they already have via Transformation funds more effectively, rather than asking for more delegated authority or increased delegated authority. That is, in a nutshell, the argument behind this amendment and there is certainly something to be said for that.

2060 I suppose, from our point of view, on the Scrutiny Management Committee, we are trying to grapple with exactly why it is that the programme so far has been so slow and why the benefits have not been realised quicker. I think in some respects P&R are on thin ice in that regard. But I actually stand as somebody who is generally in favour of the radical transformation of the States, particularly with regard to one of the original ideas of removing these 200 posts, which seems to have gone very quiet of late, allied to the idea of a genuine digital strategy. For technical and financial reasons, I and two others in this Assembly voted against the Future Digital Strategy. But now that is in place I think we absolutely have to make that work.

2070 There are, and there still will be in the future, massive opportunities to deliver substantial delivery of savings if those two things can be allowed to work. So I think the question for me really, is whether the original Proposition is actually going to facilitate that programme to roll forward better or whether Deputy McSwiggan's amendment would do that better? Whether that would be a better platform.

2075 I am slightly concerned, although, as I say, I started off by saying there is something to commend this amendment, and there clearly is, based upon the fact that so little of the existing funds have been utilised to date. But the concern I have got is, is it really much of a solution to a problem to say well, things have been going so slowly, so let us make it even slower? So I suppose from Deputy McSwiggan I would want some reassurance that is not the case. But as far as I can work out, I believe that that is probably the inevitable consequence of voting for this amendment.

2080 As much as I agree with the fact that there is a real need for transparency and clarity on the pace of the transformational savings, we certainly need to see that pace increased, there is a real political, general problem, here, which is that having this debate about possibly slowing up the transformational segments of the agenda just before we are going to have a debate in January about what new and additional taxation we should implement, is unwise politics, I think, in the extreme. It is not the ideal way we should be doing this.

2085 So I will continue to think about this debate. I do think the original savings targets were realistic. I do not have any evidence now to suggest that they are anything but still realistic. I think we do need to get on with that in the right way. But what is the right way, I suppose is the question. I suppose I am doubtful at some level that this amendment will enable that pace to be as effective as it needs to be, but I would also say I am doubtful about the progress that has been made hitherto by P&R in this regard and am therefore doubtful about the future, when this is exactly the right time when we should be making progress on this.

2090 So there is something in this amendment, sir. I will continue to think about it but I would listen very carefully to what Deputy McSwiggan says when she sums up at the end.

The Bailiff: Deputy Soulsby.

2095 **Deputy Soulsby:** Thank you, sir. Hopefully what I say may change or make Deputy Green consider further.

Just speaking as President of the committee which has made the most savings of any committee this term and is the only one that has made all of its savings for this year, I only speak in terms of my experience. I am not necessarily speaking on behalf of my Committee; they do not know what I am going to say. They might totally disagree with me.

2100 I actually think this debate is academic. I do not think it really matters whether we support the amendment or not, because whether we allow the transfer of £1.5 million to take place or not, it really is irrelevant, as I do not think P&R will be able to spend it. It will not slow down the programme. The reason why the programme is slow at the moment is because we just cannot get the people to fulfil all the Transformation programmes that are taking place.

2105 Now I managed to drag up the last analysis of the Transformation Transition Fund from the Policy & Resource Plan last year – no, it was this year. My God, seems like a decade ago! If we look at that analysis, the amount that has been already delegated to the Transformation Transition Fund to the various committees to do the work that they want to do is far greater than has been possible to spend.

2110 Public Service Reform at that time was £1.5 million, £1 million spent; transforming education and training services was £1.5 million given, £312,000 spent; Health & Social Care, £3.4 million, £1.4 million spent. I can go on and on. At the very bottom, of the money that has been approved in that last year, £12 million, what was spent was £6.5 million.

2115 The trouble is we are struggling to find the people who are suitably qualified to do the work we want them to do. We have been looking for the right people to be able to do the job and some of this work is highly skilled, very technical and complex work. It is not just something you can bring a general administrator to do and that has been a real problem, certainly from our point of view, at Health & Social Care.

2120 What is making it worse is it is not just Health & Social Care that is doing something, it is Education, it is P&R. Lots of it is P&R because it is in various things to do with HR, procurement and various other things like that. We are all vying for the same people and we have had issues. There have been issues over at FDS and all the work and resources that have needed to be put into that to make the FDS happen. So that has just moved resources from one place to the next. We just have not been able to do any more. It is the same people that we are trying to get in what is a very small pool. I do not think it matters whether we support the transfer or not, other than we know it is not going to be spent.

2125 Unless something really magic happens, you have got to remember there is an election next year as well, so we are going to have a month or two where whoever it is going to be, we are going to have a period of purdah at some point in time and then we will have after that people coming up to speed about what they need to do, the next Policy & Resources Committee, the next Health & Social Care Committee, the next Education Committee, might be wanting to reprioritise stuff. That is going to be a problem, I just cannot see that extra £1.5 million being spent. But what I can see is what we have experienced this year, problems in terms of having

contingency where things happen and we just cannot predict it and whether we can get any more resource from P&R.

2140 We have had a number of things that have hit us, which there was no way we could predict this year. I will speak more on that in general debate. But I just think perhaps it is best just leaving that money within contingency, within Budget Reserve for now, so at least we know that if P&R or the team responsible manage to get their way through all the money that they have already been given next year, then they can come to the States. I think that would be brilliant if they have and they have shown what they have done. I cannot see any States saying no. You have proven what you have done. Here is the money for the next stage. But at this point in time I do not think we
2145 are slowing the programme in any way, shape or form.

I think the programme can still go ahead. I just think we have probably got enough funds for what we could possibly achieve at this moment in time. That is why I am minded to support the amendment but I have to say it is not because I do not believe in the Transformation programmes. Yes, I have got issues over certain aspects of Public Service Reform and I think there
2150 needs to be greater prioritisation. I think there is too much going on all over the place and we need to prioritise down to where we think the core projects are.

I think FDS were in danger of doing far too much. At the presentation we had to our Committee last week my one concern was there are lots of things we can do and the world will look wonderful in two or three years' time, but I think we really need to focus on those big ticket
2155 items where we know we can make a difference and move on them.

Particularly then we can make sure we have the people; that small pool of people we can find, are focussed on the really big important things that would not get done. So I am not against the whole of Transformation. From our Committee's point of view, we have led the way in terms of saving and changing what we have done and again I will speak more about that later this week if
2160 we get there. This is not against the whole Transformation, public sector. I absolutely believe we need to do it but I am just thinking in practical terms. I do not think that transfer is actually needed at this moment in time anyway.

The Bailiff: Deputy ... One of you stand up! You are responding to the debate? Okay, in that
2165 case ...

Deputy Tindall: No.

The Bailiff: No, Deputy Le Tocq wants to, so if you do not want to stand, we will go straight
2170 into closing.

Deputy Tindall: Oh, I did not realise he was being delegated.

The Bailiff: Deputy Tindall.
2175

Deputy Tindall: I have only a few points to make because, to start with, I think it is only right to say that plaudits are wholly due to Deputy McSwiggan. I am very lucky to be the seconder, because, as mentioned, Deputy Merrett was off-Island. I was able to give some input but I am a mere minion in this (*Laughter*) but I am grateful to put my name to something that I would wholly
2180 support.

Just to draw a few points, this is not about pulling back from change. It is not even a pause and certainly not going slower. For me it is about greater scrutiny over what is being spent. So Deputy Ferbrache asked for an update and Deputy St Pier said the money was to enable a report on progress, having tracked benefits.
2185

Deputy McSwiggan pointed out that if they need to have the money before the next Budget they can return for approval and give the report that Deputy Fallaize asked for; could have worked

out the model, such as Deputy Hansmann Rouxel talked about, to persuade us the issues with the original projections of savings or even the timing of those changes.

We have some detail in paragraph 5.75 in the Budget Report, which basically says:

However, these authorities are not sufficient in respect of the Public Service Reform ...

2190 That really does not go to the heart of the request. Deputy McSwiggan indicated why there was sufficient information about the People Plan but little on the delegated authority for Public Service Reform and Deputy Fallaize felt that there was insufficient, at this point, to show the extent of the issue.

2195 Considering the report compiled by the incredible, able Deputy McSwiggan, it sets out for me and I hope others the fact that we need that report on progress before we delegate authority. This would provide the information that Deputy Laurie Queripel discussed earlier. By the way, for his information, there is a meeting tonight at Kempton Park and running in the 4.40, the favourite, Silver Turns to Gold, and the outsider, Mr Freeze, which I thought was quite apt!

2200 So why should we authorise the extra £1 million and why now? Why do P&R describe the original Proposition as more transparent? I have not heard good reasons that indicate that another Proposition for delegated authority will be any more transparent than the previous Propositions for delegated authority. We are also given reasons for the delay. We have heard the estimation of savings and there is a debate as to whether they are correct or possibly based on the wrong modelling.

2205 Deputy Soulsby says she is indifferent to the amendment, or indeed the Proposition 10, although showed support, because the money will not be spent. But also indicated very eloquently the incentive to utilise the funds and if they can and they come back and ask for the money there will be that support – and wholehearted support, I would suggest.

2210 So, really, what also leads me to voice support for this, as well as the principle, as Deputy Soulsby said, for the transformation, is the way in which it deals with the committees in a much fairer way. For me it is talking about, to use the phrase what is good for the goose – well sauce for the goose is sauce for the gander. Or, as I prefer, the gender neutral version: do not do unto others as you would not wish to be done to you.

Thank you, sir.

2215

The Bailiff: Unless anybody wishes to speak, Deputy Le Tocq will reply on behalf of the Committee, before Deputy McSwiggan closes. Deputy Le Tocq.

Deputy Le Tocq: Thank you, Mr Bailiff.

2220 Sir, Deputy St Pier spoke earlier and responded to a number of things that a number of people that have spoken in the first part of this debate and I will try and address some of the issues in the latter part. There were not so many questions but there are some comments and some concerns raised that I want to certainly pick up on.

2225 I think, speaking personally, I am as frustrated as the next States' Member at the degree of speed in which we have been able to move forward, particularly this year, on a number of the Transformation projects. But as I said I think, earlier, in an interjection during Deputy Fallaize's speech, one of our difficulties is when we respond to our frustrations, often it is at the time when things are just beginning to change and we put unnecessary burdens in place that are no longer appropriate.

2230 Whilst I can understand the intentions behind – the motivations behind – this amendment were good, I do not think the issue is appropriate at this time and indeed I think, as Deputy Green said in his speech, the inevitable consequence of supporting this amendment is that we risk to slow up Transformation, which has already been slow this year but is just about to kick in because of timings of things.

2235 Deputy Le Clerc, in her speech, spoke about some of the frustrations in Revenue Services and I think a number of us who have been around for some time, knowing the sorts of Transformation

that was needed, certainly in Revenue Services, will be able to sympathise with some of those things. But really the sort of culture change, and a lot of the debate has been about culture change that was needed there, was so huge that I am amazed at what has been achieved.

2240 In reality, there is over £180,000 of saving that has been achieved just in 2019 and that represents a 4.3% reduction in the services' baseline expenditure. That is a significant percentage and it does go against the position in the amendment that P&R is somehow shirking its responsibilities while the other committees take on the strain. For example, HSC would have to deliver over £5 million of savings to hit that sort of percentage. We are talking, in terms of
2245 Revenue Services, something that is very much behind the scenes to a large degree and, in bringing them together, it has required a huge amount of effort. But that is beginning to pay off now.

Deputy Merrett talked about our ambitions and we needed to be, perhaps, more realistic, as possible. I know that various Members have said different things, depending on whether they are
2250 supporting, at least at the moment, this amendment or not, as to whether they feel the initial targets were realistic or not. Some say it did not really matter.

I think Deputy Fallaize was of the opinion that he did not agree with the targets particularly, and did not seem that bothered whether they were reached or not, but did believe in the Transformation and there is an element of truth in that. But I think Deputy Ferbrache earlier had
2255 said that the majority, probably, were looking at real beneficial savings from the Transformation and that certainly, I think, has been a key driver in this and probably in terms of the public perceptions of this, that is what they are looking for.

Having said that, I would say that targets are targets and forecasts are forecasts. They are just that and sometimes the Assembly wants so much detail in advance which is absolutely not
2260 possible to give, because we are living in the real world and certainly outside of this Assembly, it would be accepted that those terms and those sorts of forecasts are exactly that. They will change. As I think Deputy Kuttelwascher said in his speech, change management will change as well, itself, as we move forward and that is part of the dilemma.

I am certainly of the opinion that we have a unique opportunity to do something at this stage and over the next three years or so, in our public service, because of the demographic changes, because of the numbers of people leaving the service over the next time and because of the Future Digital Services, which is now, the contract has been signed, so we have procured it, Smart Guernsey, in terms of delivering that, which was only signed last week. We are on the cusp of a number of different transformations coming together and so I urge Deputy Merrett and others to
2270 consider not putting the risk of slowing this up any further. We need to move forward as quickly as we possibly can.

Deputy Merrett referred to a couple of things that I think she slightly misunderstood. In paragraph 3.21, it does not talk about savings not being delivered due to lack of forward planning, but of forecasts of committee expenditure suffering from a lack of forward planning.
2275 There is no suggestion, previously, that we would have requests for additional funding of £28 million in 2020 and that is the basis on which this Assembly agreed the Medium Term Financial Plan a number of years ago.

Deputy Merrett also referred to the £2.6 million of savings in the Future Digital Services contract which has been moved from a guaranteed savings to target savings and these are terminologies that, again, I can understand they might raise issues with people. But they are still contractual, targeted savings that are forecast as a result of the contract. They are not being lost, it is just a matter of managing the risk.
2280

While I am on the subject, in terms of Smart Guernsey, this is a project which now, because the contract was signed last week, enables a number of projected Transformation opportunities to take place. We could not do it until that. There were certainly several weeks, months of delay. We were delayed from the initial expectations at this time last year in the Budget, in terms of that
2285 element of the Transformation project, we could not bring it to the States as quickly as we would

like. It would have been foolish of us to seek to do that because we did not have the detail necessary for a very large project.

2290 Certainly, when it was signed, it was one of the largest digital transformation projects in Europe and certainly, as Deputy St Pier I think alluded to, we spent two years getting it to that place, so we were not going to rush it at the last minute. So it took a little longer and as a result of that, that is why we were at the place where we have not seen the delivery of some of the savings that we expected to see this year. But that has now been signed, sir, and we are at a place where a
2295 number of things are coming into fruition. So, in dealing with those concerns, I just want to correct that perception that Deputy Merrett gave.

Deputy Fallaize, in saying the things I mentioned before, also raised the issue of timing and hinted at the fact that this was, whilst well-intentioned, a good time to have this amendment. It would be better for a review to take place in six months or so, after Transformation, and at that
2300 time see how this Assembly agrees or does not agree that it should be monitored and that funds should be released to that.

I can give an undertaking that, at the time of the P&R Plan, which is the appropriate time to do so, where there will be more detail and more information available, a report as part of that will be brought in terms of the Transformation fund and the Transformation projects, as part of it.

2305 Deputy Hansmann Rouxel made some comments about the cost of change and I would just say that, in my experience of change management outside of the States there is always a cost. It is not always a financial cost but bringing people with you, because a large chunk of the transformation needs to be in the way in which our people work and, as Deputy Soulsby highlighted and I think she is absolutely right, in getting the sort of level of focus on
2310 Transformation that we have at the moment, we have had to take people who are doing their current day jobs in order to inform those that we have procured to help us do the Transformation.

That is taking time. It will do for a period of time. But we should not give up on that or indeed take our foot off the pedal. It is absolutely essential if we want to see the delivery of some of the savings, and touching on Deputy Roffey's point, I am still committed to those targets that we had.
2315 I think they are reasonable. If we are going to do that we need to keep our foot on the pedal.

I will mention it while I am on my feet. A number of years ago, those who were in the previous Assembly and the Assembly before that will remember the Financial Transformation project that we had. Now that had a target of savings of something like £30 million per annum. We did not achieve that. We achieved nearly £28 million, I think. I think that was pretty good.

2320 Now you could criticise us for not achieving those. I am glad we had the target. Did we get the target wrong? Possibly. But we had a target, we had a discipline to work to. There are some committees that are still actually meant to be delivering on some of those things that were not back then. Would it make any difference if we change that or slowed it down? I do not think so.

The point is if you aim at nothing, you will be sure to hit it. I really do believe we need to put realistic targets and that the people to judge that in financial terms, it is mandated to us as P&R
2325 to do that. That is what we have done, sir. We stand by those things. So yes, it may mean that we will not reach them at the exact time that we planned to, yes it may mean we do not reach them exactly. But I do believe the discipline of setting targets and monitoring effectively is the best way to move forward.

2330 I have made some comments already on what Deputy Green said but I underline again, whilst he was sympathetic to the import of the amendment, he said that the inevitable consequence of supporting the amendment, he thought, was that it would mean that Transformation would be slowed up even further. So the frustration that we have that we have not seen delivery of the sorts of Transformation and savings that we wanted this year, should not be made worse by adding
2335 another risk into the equation.

Deputy Soulsby did not quite agree with that. She felt that both the current Proposition and the amendment would end up with the same position. I disagree with that. I think there is a real risk that if we support this amendment what we will see is a delay in delivery of those things. Of

2340 course it is impossible, one way or the other, to judge that, but that is my opinion and I offer it to Members.

I think in terms of addressing the concerns, I have dealt with all the ones that were raised there. But I will just finish with one general comment from someone here who is responsible, both in terms of the Future Digital Services, the Smart Guernsey project now that it is rolling out as a service as part of our agreement with Agilisys, and as someone who has been involved in change management and negotiations with employees for some time.

2345 We have got an excellent group of individuals who serve this Government in many ways. By all accounts, the way in which we run our services, compared to other jurisdictions, we are certainly efficient and at the top of that range. But as I think Deputy Ferbrache said, that does not mean we cannot make improvements and we should seek to do so.

2350 We should certainly seek to make improvements, even if they are not necessarily delivering huge cost savings, to make accessibility, to make ease of process for our community much better in this modern world. People see it outside in the normal walks of life. We need to not only follow suit, in some areas we need to lead in that way, so that we remain at the forefront of that sort of delivery.

2355 That type of change requires buy-in from everyone. Whilst P&R are here to lead and we must lead in terms of Transformation, it is important for everyone in this Assembly not to switch off and become the opposition when we are dealing with something like this but to buy-in to the need for us to pull together corporately. Not just with us as elected Members but with our whole community and particularly with the workforce.

2360 I think, to bring in the risk of any further delay or obstacles, we all know how long it takes to bring issues to this Assembly to get them accepted and to get them through, I think that would be a disservice to those who have currently bought into this and, I will repeat again, we are at the cusp of the change that we wanted to see, if a few weeks later than we expected. We will begin to see those changes, there is an opportunity for us to review those and see how well we are doing

2365 in six months' time or so, but I encourage Members not to support this amendment.

Thank you, sir.

The Bailiff: Deputy McSwiggan will reply.

2370 **Deputy McSwiggan:** Right, as we came back from lunch we had a bit of a sweepstake going as to how long the debate on this amendment was going to last and I have got, I think, 37 minutes before I win. So buckle up folks! (*Laughter*) Do not worry, if I hit seven minutes it will be ...

2375 Members who have spoken against this amendment have generally framed their opposition or their anxiety about it in the context of it taking something away from P&R and the time perhaps not being right to take something away from P&R. But this amendment is not taking anything away, it is just not adding anything further to.

2380 What we have is a situation where, to simplify it, P&R had £10, it had £2 in one pocket and £8 in the other pocket, to try and get on with some Public Service Reform work and they spent £1.50 out of this pocket and then they came back to us and said, 'Can we have a bit more money to get on with it?' We said, 'You have spent everything that you have got, then?' 'Well, I have spent everything but 50p in this pocket.' 'But what have you got in that pocket?' 'Well, I have still got £8 in there.' 'Do you think that you could use what you have already got before you start spending anything else, because you still have a considerable amount of financial resource available to you?'

2385 Or – in the context of this amendment – that will be available to you if we vote this amendment through, before it becomes necessary for us to give you any further delegated authority. Deputy Le Tocq spoke about imposing unnecessary burdens that are no longer appropriate, but I really do not think that having £8 million to play with instead of £9 million can be classed as an unnecessary burden.

2390 That is the context in which I want to frame my response. At the top of my page of notes, I
have got a quote from Deputy Meerveld from the previous debate on green finance, where he
says £300,000 is not a large amount in the context of a Budget of this size. I probably wrote that
down because I wanted it for later. But in the context of the States' Budget, £8 million, £10 million
is not an amount to be sniffed at. So we do have to take seriously the question of how much
2395 delegated authority it is appropriate to give P&R to deliver programmes that, so far, have not
been performing as they hoped they would.

I agree with Deputy Ferbrache that it is too early to say that the programme of Public Service
Reform has failed. I have my own deeply held suspicions about it. I was always the cynic on this
one. You would be well within your rights to take different views on that. It is certainly too early to
say it has failed and this amendment is not trying to say that.
2400

It is not too early to ask the Policy & Resources Committee to work harder to demonstrate
proof of concept. So it is not about giving them more time. They can have all the time they want.
It is about not giving them more resources; asking them to deliver what they have said they will
deliver within the envelope of resources that they said it could be delivered in, much of which
2405 envelope still remains available to them.

I have noted down a couple of points from Deputy St Pier's speech, although I am struggling
to recontextualise this one, where he says the Medium Term Financial Plan:

baked in an assumption of £5.5 million of service developments each ... year

– and we got substantially more this time around. But of course the Medium Term Financial Plan
also baked in an assumption that we would reinstate a grant of nearly £5 million a year to the
2410 Health Service Fund and that has never materialised.

Going back to the Medium Term Financial Plan and making it gospel to favour one side of the
argument, the other side also has to come out. I think we should just draw a line under the
Medium Term Financial Plan and say it was a very nice idea but it did not quite work out in
practice. (*Laughter*)

2415 Deputy St Pier also reminded me that the additional Public Service Reform funding, which is
intended to co-ordinate and manage the programme overall, includes elements such as the
Partnership of Purpose, which sits within the mandate of HSC. I think that the implication of that is
this is doing you some good, be grateful. But the reverse implication that he has to read into my
lack of enthusiasm for providing this additional funding, is that perhaps it is not providing as
2420 much benefit to committees who are trying to transform as his Committee might hope it would.
So perhaps we need to look together more closely at getting value out of the existing resources
that we have?

Again he reminded us that Public Service Reform savings are cross-cutting; committees other
than Policy & Resources have a role to play in achieving them. So perhaps it is not fair to leave the
responsibility solely at the door of P&R if their targets are not being met. But the amount of work
that I have seen committees invest – and this was certainly true under the old Financial
Transformation Programme that Deputy Le Tocq referred to and let us never get back to that –
but it is becoming true under this programme too and I do not like it. The amount of work that I
am seeing committees invest to bail out targets that we had no role in signing off ...

2430 Even the energy target this year: it was only £150,000, but it is being applied across all
committees without any consultation with us beforehand as to what would be done to achieve
that target. Even trivial little things like that where we could not have a conversation beforehand
and then we are left to figure out what work needs to be done to realise the promises that have
already been put out there.

2435 I do not disagree that committees have a role in achieving what PSR has promised to achieve.
But if you want us to take that responsibility then give us the ownership of the original targets as
well. Involve us in that decision-making, in the kinds of promises that we collectively feel we can
make for the community because we know how they can be achieved because there is a credible
plan behind them for their achievement.

2440 Deputy Le Clerc spoke about the amount of funding that we have already committed to the Revenue Service: £2.5 million of general revenue and £2.5 million of contributions with more to come. Deputy Le Tocq very cleverly spoke about it as a proportion of Budget, but when you are talking about realising under £200,000 of savings relative to that investment the proportions look quite different.

2445 The other important point that Deputy Le Clerc's speech drew out was that when I opened, I spoke about the possibility of double-counting, for example, some of the things that contribute towards the savings for Organisational Service Design and some of the things that contribute towards the target for FDS might turn out to be the same thing.

2450 Deputy Le Clerc pointed out that sometimes not even double-counting these initiatives work against each other. So we have seen progress on delivering the Revenue Service targets delayed – once, because of Organisational Service Design, and a second time because of FDS. So not only might we be having the same thing twice, we can be sometimes working against each other.

2455 I was reminded partway through the debate – I was passed a note – about the fact that the need for committees to contribute to cross-cutting savings opportunities cuts both ways. Committees' opportunities to realise savings within their mandate also depends very much on effectively centralised promises being delivered, particularly around things like property rationalisation, which has been hugely frustrating. We need to be honest about both sides of the coin, in effect.

2460 Deputy Fallaize posted what he thought was the key question of the debate, which was, are the long-term benefits of Public Service Reform more likely to be achieved if the Proposition is supported or if the amendment is supported? He said he does not have the evidence to say that the savings that P&R think are achievable are wrong. What worries me much more is that I have yet to see the evidence or very much hint that the evidence exists to demonstrate that the savings were ever right.

2465 My fear is that these are, not exactly back of a fag packet, but certainly not rigorously worked up savings opportunities and we are being asked to put a great deal of faith in those numbers. He also said, and Deputy Hansmann Rouxel repeated it, if we are as an Assembly committed to organisational change, we need to recognise that we are often stingy in our approach to that and that we need to throw an appropriate level of resources at it in order to see it through.

2470 I do not disagree, but again I will remind Members that we are talking about the difference between £7 million of unspent resource allocation, or £8 million; it is not like P&R are going to be scrabbling around for the pennies if this amendment is successful. More to the point, when I was thinking about constructing this amendment, I was given a breakdown of how the additional £1 million allocated was likely to be spent – £350,000 of that was expected to go on the portfolio co-ordination management reporting, that is people sort of sitting at the centre and tracking how these things are going, which Deputy St Pier puts a lot of weight on.

2475 As I have said, I think it is, at best, secondary to the frontline delivery of change and at worst bureaucratic friction that actually slows things down and creates more problems. Another £100,000 on communications, another £250,000 on joint working with Jersey and only £300,000 on initiatives that create the environment for Transformation.

2480 So in terms of Deputy Fallaize's aim, which is to make organisational change happen, I do not think that the plans that are in place for the use of the additional resources that are being asked for would achieve that end. So if we have to think, if the question is, if we go beyond the headline numbers and think critically about how this funding is going to be applied, I do not think that we see a case for it achieving the kind of change that Deputy Fallaize might think and hope would be achieved.

2485 I have a couple of questions that Deputy Laurie Queripel, particularly, asked me to address, specifically around whether he would be condoning the giving of delegated authority to P&R or indeed the Public Service Reform agenda itself, if he supported this amendment. I would say to him that, as ever, he is entitled to support the amendment, or I would encourage him to support

2490

the amendment as preferable to the original Proposition and then to make his own decision about whether to vote for it at all in the final analysis.

2495 But I would say that, no, he is not condoning either the giving of delegated authority or the Public Service Reform agenda to any greater extent than it has already been condoned by the States. There is no new decision-making in respect of either of those and in fact, as he recognises, it is about moderating the delegated authority already given to P&R and asking them to prioritise that in a more sensible way.

2500 So Deputy Soulsby and Deputy Green really brought the debate towards an end and came back to the question that I dealt with right at the start of the summing up, which is, is this slowing things down, is it much of a solution? As I say, we are not talking about taking anything away from P&R, we are not even talking about materially changing the size of the envelope in which they are working.

2505 Deputy Ferbrache said give them more time. They still stand behind the scale of the savings that they say they can achieve. Actually, I think very highly of the Members of the P&R and I wish they had not staked their reputation on achieving the savings because I think that they will be bitterly disappointed by it in due course.

2510 But by all means let them have as much time as they want to deliver the savings they say they can deliver, but do not let us give them any more money at this point in time. In its most basic terms you have to earn that by demonstrating that your plans are capable of delivery and so far we do not have the evidence that adding an additional £1 million of delegated authority on top of the many millions of pounds that P&R already have by way of delegated authority for Public Service Reform, is going to make any dent in the deliverability of these plans. £7 million, which is what the Committee will have to use if this amendment is successful, is still an awful lot of money. It could still go a very long way and I am asking P&R to make it count.

2515 **The Bailiff:** We vote, then, on amendment 9 –

Deputy Lester Queripel: Sir, could we have a recorded vote, please?

2520 **The Bailiff:** – with a recorded vote. A recorded vote on amendment 9, proposed by Deputy McSwiggan, seconded by Deputy Tindall.

There was a recorded vote.

Carried – Pour 22, Contre 16, Ne vote pas 0, Absent 2

POUR

Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Kuttelwascher
Deputy Tindall
Deputy Tooley
Deputy Gollop
Deputy Lester Queripel
Deputy Le Clerc
Deputy Leadbeater
Deputy Mooney
Deputy Le Pelley
Deputy Merrett
Deputy Meerveld
Deputy Lowe
Deputy Laurie Queripel
Deputy Hansmann Rouxel
Deputy Paint
Deputy Dorey
Deputy McSwiggan

CONTRE

Deputy Ferbrache
Deputy Brehaut
Deputy Parkinson
Deputy Trott
Deputy St Pier
Deputy Stephens
Deputy Fallaize
Deputy Smithies
Deputy Graham
Deputy Green
Deputy Le Tocq
Deputy Brouard
Deputy de Lisle
Deputy Langlois
Deputy Soulsby
Deputy Roffey

NE VOTE PAS

None

ABSENT

Deputy Inder
Deputy Dudley-Owen

Deputy de Sausmarez
Deputy Prow
Deputy Oliver

The Bailiff: The voting on amendment 9 was 22 votes in favour with 16 against, I declare it carried.

[Amendment 11](#)

To insert the following Proposition:

'40. To direct the Policy & Resources Committee, in consultation with the Committee for the Environment & Infrastructure, the Committee for Economic Development, and the Development & Planning Authority, to consider introducing a levy for the development of greenfield sites in Centres with such levy to be credited to a specific Fund to be used for on-island environmental off-setting initiatives and/or infrastructure improvements, and to report back to the States by no later than April 30th 2020.

'The investigations should consider whether the levy should be scaled, so as not to dis-incentivise the development of "Allocated Housing Sites" and other areas of land specifically designated for some form of development within the IDP Island Development Plan, which may include greenfield land; and should also consider alternative methods of improving the quality and biodiversity of land under development.'

2525 **The Bailiff:** That brings us to amendment 11, to be proposed by Deputy Gollop and seconded by Deputy McSwiggan. Can you turn your microphone on? Deputy Gollop.

2530 **Deputy Gollop:** Thank you very much, sir, it is a long day with the amendments but we now perhaps change pace a little bit and I am hoping for just as good as a result with Deputy McSwiggan on this ticket as well. I think I have got two jobs in speaking on it. The first job, perhaps, is to read the amendment and explore what it is, which is:

To direct the Policy & Resources Committee, in consultation with the Committee for the Environment & Infrastructure, the Committee for Economic Development, and the Development & Planning Authority, to consider introducing a levy for the development of greenfield sites in Centres with such levy to be credited to a specific Fund to be used for on-Island environmental off-setting initiatives and/or infrastructure improvements, and to report back to the States by no later than April 30th 2020.

– which we considered a realistic time. Then we continue:

The investigations should consider whether the levy should be scaled, so as not to dis-incentivise the development of "Allocated Housing Sites" and other areas of land specifically designated for some form of development within the IDP Island Development Plan, which may include greenfield land; and ...

– working together, we Members thought it –

... should also consider alternative methods of improving the quality and biodiversity of land under development.

The explanatory note perhaps is not as full as it could be but it says:

This amendment is seeking to promote the development of brownfield sites over greenfield sites by introducing disincentives for the development of greenfield sites.

2535 Now we have already had a very brief form of feedback from Policy & Resources Committee, that we thank them for, in considering the amendments, but I was somewhat miffed to be told by one of my colleagues, when you looked at it, that the recommendation from Policy & Resources, rather than support, which would be great, or oppose, which would be interesting, is that it should not be debated.

2540 It has been given a title by them, not me – the greenfield site levy, it makes me think, we were hearing about – what was it? – songs yesterday from The Bee Gees, what was the song, *American Pie*, 'Drove my Chevy to the levee and the levee was dry.' We hope that the levy is not dry, either in political terms or ecological terms, because the Policy & Resources' very brief summation here is this is not a Budget matter, the levy is not being proposed for fiscal reasons and it goes beyond
2545 the Budget Propositions.

Well I will accept that the driver is not exclusively fiscal and this idea has been certainly considered now for a number of months, partly because of the impact of the Merrett Requête, partly because of the comments of Deputy Roffey and others in considering the fallout from the Island Development Plan and partly from the work of Deputy Inder and other Members,
2550 particularly from the north of the Island.

I do not understand why this States and its predecessors have set up a rather artificial divide, which you do not see to the same extent in Jersey or the United Kingdom, whereby taxation is either a green, ecological or health initiative to improve behaviour or it is for fiscal reasons. Any money that the States raises, whether it be for parking for cars or buying alcohol or buying a house, it is all money that the States needs and then redistributes generally for general revenue for capital and revenue projects.
2555

I will give way to Deputy Fallaize.

Deputy Fallaize: Would Deputy Gollop also agree with me that it is a bit of a cheek for the Policy & Resources Committee to say that this amendment should not be debated because it is not related to this year's Budget when they have a Proposition 38, themselves, in the Budget?
2560

To endorse the intention of the Policy & Resources Committee, in consultation with ...

– some others –

... to develop a co-ordinated and coherent government framework for the consideration of all aspects of air route operation and support that is under the control or influence of the States ...

– and report back to the States, which has absolutely nothing to do with the 2020 Budget as well? On those grounds, their argument that this amendment should not be debated is, I think, facile is a word Deputy Ferbrache used earlier.
2565

Deputy Gollop: Yes, I thank Deputy Fallaize for his contribution because he is making the case probably even better than I am making it and surely, if we come to a vote, he will vote for the amendment to be debated, because I think, regardless of whether it wins today or not, I would be interested in hearing the opinions and viewpoints of all Members and I think that this idea will happen.
2570

We have seen a lot of amendments today about airways. We have seen amendments about organisational change. Last year, I remember we had an impact-making amendment on international development criteria, for example, and in recent times Budget debates in Guernsey have been an opportunity for a mini-policy planning debate where all kinds of matters that have a bearing on financial and economic issues are getting debated.
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I would, however, say that if you take, for example, the theatre, and it is that of the United Kingdom Budget, the Chancellor with his red box will – sadly, we have not had a woman Chancellor – open it up metaphorically or literally and say, 'This is what we are going to introduce', to cheers, or whatever. We perhaps have got a little bit too used to being very narrow in our definition of what we consider a budgetary issue and we kind of delegate to other times, or even other committees in the case of Social Security – I know there is greater integration nowadays – many issues that, in the UK, would be considered crucial to economic management and the Treasury and the best and most efficient use of resources.
2580

2585 In Guernsey terms, land is money. Property sales and property development bring money to the economy and arguably land is our most precious resource. So I have to consider I am well-justified in bringing this and therefore the first part of my speech has been to hopefully persuade most, if not all of you, to allow this amendment to be debated, because there is a possibility that that might not happen if it is called out of order.

2590 I do probably accept that, if the Bailiff, you, sir, chose, and H.M. Comptroller, that it goes beyond the Budget in one sense but it would increase revenue down the line for the Island and make planning more cost-effective and have other implications for expenditure. So I think States' Members should allow it to continue.

2595 Getting to the meat of it, which is really why we are here, to talk about the merits of the case, I am proposing with Deputy McSwiggan, who is always a highly valued seconder, a Budget amendment, which is seeking to promote the development of Island brownfield sites over greenfield sites, by introducing fiscal taxation – back to the Budget – disincentives for the development of greenfield sites. This would not be a planning process, hopefully it would not even require, necessarily, a planning inquiry, because I consider it a financial measure rather than an environmental or statutory measure.

2600 The text is to insert a Proposition 40, which directs Policy & Resources, as I have already said, with E&I, Economic Development and DPA ...

... to consider introducing a levy ...

– or charge –

... for the development of greenfield sites in Centres ...

2605 That is left perhaps slightly vague, but we obviously had main centres in mind: the area surrounding the Bridge; north and south Vale; and St Sampson's, which would also include, I think, Pointues Rocques. Also of course St Peter Port and maybe local centres as well, which include l'Islet, Forest West, Forest, St Martin's and so on.

... with such levy to be credited to a specific Fund to be used for on-Island environmental off-setting initiatives and/or infrastructure improvements, and to report back to the States by no later than April 30th 2020.

Such investigations:

... should consider whether the levy should be scaled, so as not to dis-incentivise the development of "Allocated Housing Sites" and other areas of land specifically designated for some form of development within the IDP Island Development Plan, which may include greenfield land; and should also consider alternative methods of improving the quality and biodiversity of land under development.

2610 This amendment is both a budgetary, fiscal amendment and a green, conservation-minded approach and again we have spent a day and a half talking about green financial initiatives and not greenwashing but green havens, safe havens, so I think it fits into that mindset. It makes more intelligent use of Island-scarce resources such as land, habitat, and entrepreneurship, development capital.

2615 It can also, as a side-effect, and I know there is a certain movement behind the scenes, at senior levels too of looking constructively, post-Merrett Requête, at kick-starting the Leale's Yard project, which has had 20 years of wasted community and other opportunities – and this fits in very well with that thinking.

2620 As a side effect, it vitalises declining or depressed, perhaps sad areas, and kick-starts the building, construction, design and architectural centres. Because when I became President of Planning, I thought one of the priorities was to inject a little bit of life and energy into the building and design sector, which has had a hard time, but found in fact there were barriers to this, but the barriers were not predominantly those of Planning. We passed many significant schemes and the

IDP was a can-do rather than a cannot-do approach. The problem is actually raising capital to build and being sure of the market.

2625 My motivation is I think the States need to adapt to modern times and change the conversation about planning and development across the Island as we are at a dangerous and frustrating impasse, where permission is given by planning authorities past and present, yet no activity, but much public concern. The general public and the parish voice – and I believe all 10 parishes are having meetings tonight – especially across the northern parts of Guernsey, want a re-framing of development with a more holistic view that focusses on urban main centre regeneration rather than losing precarious but precious green fields – lungs for people and ecology – in an increasingly busy and alienating landscape.

2630 The need to conserve green fields where appropriate, legally, is more pressing than ever with the global warming climate change crisis emergency, which the States, put forward by Deputy Tindall as I recall, may not have adopted the emergency, but we did accept as a key priority a crucial need to see it as a crisis.

2635 Our approach, of course, is based on conservation, flora, fauna, biodiversity, wildlife habitat, woodlands, wild grasslands and areas to pollinate, especially relevant since the recent well-attended pollination project workshops and the Alderney Inter-Island Conference Deputy Brehaut referred to.

2640 Socially, the lack of housing and related development across the private sector, in providing both new, affordable and aspirational housing, is already arguably having unforeseen consequences, with fragmented infrastructure planning, with the parishes knowing sites are potentially being developed but not actually, piecemeal progress and contributing, as I think Deputy Parkinson said, to a potential brain drain, graduate standard kind of egress or exodus – and the ageing population and skill shortages.

2645 We are not providing sufficient quantity, in my personal view, of affordable first-time or family housing, especially aspirational estate complexes, as well as more niche, sheltered, extra care and social or autism needs. Also the lack of building activity compared with Jersey – when some of us went to Jersey recently on an inter-governmental meeting, one could not move across the sports pitches for building frames. It needs urgent action. They are growing perhaps too fast, actually. But we are not.

2650 A new idea for Guernsey linked to housing and planning covenants and social – community cohesion is betterment. That is a technical term, it is not used in this amendment, but betterment as a concept does influence the thinking here and betterment, like the kind of covenants that Deputy Dorey used to do a lot of work on, is a concept whereby it is hopefully a win-win situation, where the developer can get on and develop but he or she will contribute meaningfully to the community in financial and other ways. The betterment charges will be a community chest-type resource.

2660 The betterment incentives can encourage the right kind of useful, artistic, big art, and necessary development to stimulate a flat and in a way an unfair marketplace at the moment. The amendment, if successful, would guarantee the right kind of useful development and reward the community. Indeed, States' coffers, general revenue, in preparation needed for the agreed Island Development Plan Review that Deputy Tindall has already outlined a timeline for, and the positive outcome from the successful elements of the Deputy Jennifer Merrett-led Requête, we are rapidly approaching the five-year point.

2665 Two other points I would wish to make here. Although I am selling it as a finished product, there is a lot of work to do on it and this amendment just calls for an investigation. Not some kind of cast-in-stone straitjacket and a definite influence was from Deputy Roffey, who wrote at least one, if not more than one article, saying that, of course, like all of us able Members, he supported the dynamic team that was me and Deputy Tindall and the Committee in putting forward the Island Development Plan three years ago now, but has had second thoughts about some elements of it because, well the market moves in different ways, circumstances change and so on.

2675 This contributes, I think, to reframing the debate about where best development, which we do need, is placed, and how it can best align itself with financial, economic, ecological, transport, infrastructural and other issues. So I urge the States to give this amendment a chance to go forward to the next stage rather than being put back, even if there are complicated planning and other issues to investigate behind it, and not to throw it out of Court today. So I thank Deputy McSwiggan for her support and Deputy Inder and other Members for some useful ideas.

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The Bailiff: Deputy McSwiggan, do you formally second the amendment?

Deputy McSwiggan: Yes, sir.

2685

Deputy St Pier: Sir, could I move a motion under 24(6) please?

The Bailiff: The wording of the 24(6) is:

An amendment which goes further than the original Proposition shall not on that account be ruled out of order but a motion that the amendment be not debated and no vote be taken thereon may be laid only immediately after the amendment has been proposed and formally and seconded and shall have effect, if supported by a majority of the Members voting on the motion.

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So, does it go further than the original Propositions? Yes, it does. I know that view is shared both by the Comptroller and by the Procureur, who was here this morning but is not this afternoon. So 24(6) and I will put to you the motion that the amendment be not debated and no vote be taken thereon.

Deputy Lester Queripel: A recorded vote on that, please, sir.

2695

The Bailiff: We will have a recorded vote on the motion that amendment 11 be not debated and no vote be taken thereon.

There was a recorded vote.

Not carried – Pour 17, Contre 20, Ne vote pas 0, Absent 3

POUR

Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Parkinson
Deputy Leadbeater
Deputy Mooney
Deputy Trott
Deputy St Pier
Deputy Stephens
Deputy Meerveld
Deputy Smithies
Deputy Graham
Deputy Paint
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Langlois
Deputy Roffey

CONTRE

Deputy Ferbrache
Deputy Kuttelwascher
Deputy Tindall
Deputy Brehaut
Deputy Gollop
Deputy Lester
Queripel
Deputy Le Clerc
Deputy Le Pelley
Deputy Merrett
Deputy Fallaize
Deputy Lowe
Deputy Laurie
Queripel
Deputy Hansmann
Rouxel
Deputy Green
Deputy McSwiggan
Deputy de Lisle
Deputy Soulsby
Deputy de Sausmarez
Deputy Prow
Deputy Oliver

NE VOTE PAS

None

ABSENT

Deputy Tooley
Deputy Inder
Deputy Dudley-Owen

2700 **The Bailiff:** The voting on the motion under Rule 24(6) was 17 in favour with 20 against, I declare that motion lost. Debate will therefore proceed. Deputy St Pier, do you wish to speak now?

2705 **Deputy St Pier:** Yes, sir. I will speak briefly. I do encourage Members to throw this amendment out. It is clearly not a Budget matter. Nonetheless, the States do wish to debate the issue. But I would caution that the direction for this work to be completed by 30th April next year, in other words effectively by the beginning of March next year, to enable it to come back to this States, I simply regard it as unachievable. This is not one of the priorities that have been set for any of the Committees involved, the Policy & Resources Committee, the Committee *for the* Environment & Infrastructure, Economic Development and, of course, the Development & Planning Authority.

2710 I am sure there is a place to discuss and consider these issues. I do not think on the back of the Budget is the right place to do, at great haste as well. Then, finally, what appears in bold at the end of the amendment clearly looks as if it has been bolted on at haste:

... and should also consider alternative methods ...

That is a huge piece of work.

... alternative methods of improving the quality and biodiversity of land on the development.

2715 This is potentially a massive piece of policy work. There is not a cat in hell's chance of this being delivered, whatever the States may wish in terms of its directions, given all the other priorities, given everything else which this Assembly is trying to complete by March/April. I am afraid this is a very poor amendment and it should be thrown out.

The Bailiff: Deputy Tindall.

2720 **Deputy Tindall:** Thank you, sir.

2725 I am not speaking on behalf of the whole of the Development & Planning Authority, simply because we did not have a chance to have a vote on it. However, we have been advised, and I am going to repeat my views, together with the advice we have received. I am wholeheartedly in support of this amendment. Very simply, I am disappointed, actually, to note that some people voted against the Rules being suspended who were so vocal when it came to the Merrett Requête and in this particular respect. For me, whilst I appreciate it was ruled out because it is not Budget-related, this is about a betterment levy. It is a tax that the state collects on a plot of land that its actions have in some way made better.

2730 The UK call it the community infrastructure levy. From our perspective, the uplift in land value is basically with a view to redistribution of money in order to achieve States' objectives and it is considered similar to TRP, which increases when a property is extended, for example. So for me it is certainly in the right domain.

2735 The second point being that the whole point of the Development & Planning Action Plan was the five-year review. That was the bulk of what we were aiming for. One of the things we were looking at is trying to prioritise brownfield over greenfield. There has been a lot of work already undertaken in this respect and obviously, as I have mentioned, the UK, Jersey have also got similar levies but, most importantly, and this is the irony, if we wait for the five-year review to wash this all through, it is highly likely we will be recommending to P&R such a levy.

2740 So, for me, this amendment short circuits and gets to the heart of what we, here in this Assembly, debated over the last year. We want something to help this particular issue. We have policies in place. The DPA and, to a certain extent, Environment & Infrastructure, because of the Strategic Land Use Plan also allows greenfield to be used in certain circumstances, E&I and DPA have our hands tied on this and we need P&R support in order to proceed with this.

2745 Yes, it is not perfect; the timeline, in ordinary circumstances the timeline is reasonable but, let
us be fair, we are in for a treat when it comes to the New Year and what we are expected to read
and get through, but the point is there is flexibility with this timeline and we have to envisage
that. The point is let us start work now. We are gathering all this information through the five-year
review and the action and we would love to be able to have the means where others are
2750 supporting such endeavour. I feel that as a result, I, certainly, on the basis of the advice we have
been given, on the basis of a genuine wish by the States, already being very vocal over the last
few debates, I just call Members, please support this with all its faults and let us get on with it.

Thank you, sir.

The Bailiff: Deputy Ferbrache,

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Deputy Ferbrache: Sir, I voted for the debate to continue because I think it is right that it
does. But the points made by Deputy St Pier are correct and I am surprised with Deputy Tindall's
comments about, effectively, ignore the date, because there are two points that Deputy St Pier
made, that with all the other tasks that the States has, with all the limited resources that we have
2760 that are strained to the gunnels, how on earth can you expect Policy & Resources, Environment &
Infrastructure, Economic Development and DPA to consider – and Deputy Gollop was very clear
he is not saying there should be one, just look at it, see what can happen, working out the detail –
and get back by the end of April, bearing in mind that would be sometime in March?

2765 So we would have four months to consider an important topic like that. That is part one of the
amendment and, as Deputy St Pier says, the bold black, 'and should also consider alternative
methods of improving the quality and biodiversity of land under development'. That is very
important, very meritorious, very worthwhile, but how on earth is that going to be meaningful by
the end of April 2020? We are just not going to happen.

2770 So what is the point of sticking our hands in the air and saying, yes, let us approve an
amendment that we know is just not going to be achievable by those dates? What is the point of
the amendment and saying, even if we cannot achieve those dates, let us start on it now? Where
are the resources coming from? Are the DPA saying they have not got enough work to do? Are
the Committee for Economic Development saying they have not got enough work to do? Is
Environment & Infrastructure saying it does not have enough work to do?

2775 Certainly, very clearly, from the President of P&R, he is saying they have got too much work to
do and I accept it. So on that basis, even though I voted for the debate to continue – I am not
giving way – even though I have got a lot of sentiment for and support, in some ways, I am not
voting for something that is tokenism. It is just tokenism and therefore I will vote against it.

2780 **The Bailiff:** Deputy Roffey.

Deputy Roffey: Thank you, sir.

2785 Deputy Gollop said in his opening this amendment was in some way inspired by the stance
that I had taken about regretting the fact that, through the IDP, we almost unwittingly opened the
gate to developments on greenfields in centres. He is right, I do worry that we have done that. I
think it is sensible to concentrate most building in established, nucleated centres and centres, as
designated by the IDP, but at the same time I still think we should try and preserve some of those
precious greenfields within that to improve the quality of the living environment in it.

2790 So why did I vote against discussing this? I have five objections to it, really. The first is, actually,
I do not want developers being taxed for building on greenfields in parish centres or centres. I do
not want them to build there in the first place. I would much prefer to change the policy structure
of the IDP to prevent it, not to say, 'It is okay chaps, in fact, actually, we might want to encourage
it a bit because there is a bit of dosh for the States if we do that.'

2795 My second objection is the way that income from this is being ring-fenced in a really peculiar
way in this amendment. Infrastructure projects, in particular, if we start going on with different

taxes generating for different little pools that can only be used for this or that, I think we really have opened up a dangerous path.

2800 My third reason has already been said. I think the timescale is just ludicrous. I have forgotten my fourth reason! (*Interjection*) I know. But my fifth, really, is that how this should be considered, I believe, we know that P&R are saying to us that next year, early next year, we have to start considering new ways of generating revenue. Now not everybody will agree with that. I imagine Deputy Ferbrache will say, 'No small Government.' But that is on the block for doing.

2805 I have no objection to the idea of a windfall tax on planning gain, all planning gain. If it wants to be higher on greenfield sites, because the cost impediments for builders are less, fine. But that is the context I think this should be viewed on. If we are going to say, and I think there is a certain rationale to say, actually, at the stroke of a pen at the DPA, you get £0.5 million bonus because your land suddenly gets commissioned for a new clos or whatever, maybe 10% or 20% should be taxed, I think there might be some mileage in that.

2810 But it should be considered in the round and this is far too narrow a look at it. So, as far as the greenfields in the established centres are concerned, I would like them maintained, not built on and taxed. But I do actually have some sympathy with what Deputy Kindle ... Tindall was saying – I was reading my Kindle last night! – about the idea of a tax on planning gains.

2815 But that is a separate and much bigger issue and I want the money going from that going back into general revenue so that we, as an Assembly, can prioritise what we think are our priorities for spending on, not saying you can only spend that on infrastructure projects because it is coming through this particular route. So I think it is well-intentioned but I just think it is wrong and I think we should throw it out.

2820 **The Bailiff:** Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

2825 I need to say this is my view, I have not spoken to Members of E&I and we have not sat down to deliberate over this amendment. But I strongly oppose this amendment. The value of a greenfield, as Deputy Roffey has pointed it out, is that it is a greenfield. It is virgin, it is untouched. It is there. It is the biodiversity that you are seeking to protect. Deal with that in policy terms.

2830 What you are saying – I will not give way just at the moment, I give way far too frequently to my own cost, I need to say – to developers is: you can buy this if you present the right package to us. If we can agree an appropriate level of compensation, if we can agree the offset then we will relinquish this area of land to you. I think it sends exactly the wrong message.

I will give way to Deputy Tindall now I have made that point.

Deputy Tindall: I thank Deputy Brehaut for giving way.

2835 I should add that, for those of you who have read the DPA action plan and what is going on in the five-year review, this would be just one small element of what is all happening within that five-year review and that five-year review will and could ... for example, important open land, there could be some land that is greenfield that no development other than perhaps minor elements, that could be part and parcel of that particular change. This is a means in an end, for part of it. As I repeat, it is something that is within that review, we are looking and the work is being done and we might very well recommend this anyway.

2840 **Deputy Brehaut:** That is an intervention that is probably longer than my speech, incidentally. In a galaxy not so far away from here, after the next Election, there is an open planning meeting and it is marginal, it is a really tight decision. The community are opposed to it, the planners recommend it and the political body that is going to make that decision really do not know where to go. However, there is a levy, there is compensation offered, there is a biodiversity offset and the potential to lose what you have, which is what you are trying to offset, I think is a greater risk. So I cannot support this amendment.

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The Bailiff: Deputy Dorey.

2850 **Deputy Dorey:** Thank you, Mr Bailiff.

I also cannot support this amendment. I agree with a levy but it should be on all large development sites, so that we can tax them and benefit from them. My biggest regret about development in Guernsey is how we spread development all over the Island. I am sure many people are, from ribbon development, but also estates, which have been built outside what could be called urban centres.

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It was that concern that caused land use consultants to be asked to look at the problems in the late 1980's and early 1990's and they are the ones who proposed a development should be in urban areas. I completely agree with that. We make a mistake, and it affects the environment and everything else, by not developing from the centre out. So I have always supported that and we have significant areas, particularly in the Vale, St Sampson's, Bridge area, of greenfields which are undeveloped, and I think the biggest mistake we make is trying to develop on the outskirts, not develop from the centre out.

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I want green sites and we should have some green recreation areas in the centre but they should be protected by our development laws and not just trying to put a levy in and they should be suitable, as in any town that has recreation parkland. It should be properly developed from a development viewpoint. The amendment says report back to the States by no later than 30th April, so I do not understand Deputy Tindall, when she talked about there is flexibility on the timeline, I think there is no flexibility. It is very definite in the amendment. Therefore I just cannot support it.

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Thank you.

The Bailiff: Deputy Leadbeater.

Deputy Leadbeater: Thank you, sir.

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I agree with P&R, I agree with Deputy Roffey, I agree with Deputy Dorey. I do not think this should have been debated. I think the amendment is too narrow. The message is just tax, tax our problems away. The five-year review is where all options for prioritising brownfield over greenfield will be explored and debated. I think the DPA have been too narrow on their addressing on GP11 in their action plan and I think they are following the same path here. I am afraid this amendment simply has to be voted down.

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Thank you, sir.

The Bailiff: Deputy Parkinson.

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Deputy Parkinson: Sir, I rise only because the Committee *for* Economic Development is mentioned in this amendment. I do not see this as an Economic Development issue. Perhaps you might say, in that it will inhibit some development on the Island, and that would be economic activity that we should be mildly opposed to the amendment on those grounds but I think this is basically an environmental issue, not an Economic Development issue.

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Like Deputy Brehaut, I cannot see the merit of an amendment, which effectively just places a premium on the value of greenfield sites for development. Developers, if they pay a bit more, can have the pleasure of sticking a nice clos of houses on a previously greenfield site and charge their ultimate customers an additional amount for the privilege of living there. To me that sends entirely perverse signals to developers and the market.

2895

I cannot support this. I am not, in general, in favour of taxation to encourage changes in behaviour. I recognise that we do that in terms of taxation of alcohol and taxation of tobacco but, to me, taxation should be about raising money for the needs of the States and, on the whole, trying to do social engineering through the tax system is something I am always reluctant to do. So I am not going to support this and I would encourage other Members not to, as well.

2900 **The Bailiff:** Deputy McSwiggan.

Deputy McSwiggan: I have got to say that I do not think Deputy Parkinson's arguments about not changing the tax system in order to change behaviours really stack up when we look at what we have done around the corporation tax in response to behaviours that we are seeing. Because it is not just our behaviour as social individuals, but the behaviours of companies' operations, and we have had no hesitation in changing our tax system where we are trying to respond to or incentivise particular behaviours within the business sector.

2905 We do, when it comes to other kinds of taxes, have a real difficulty with non-traditional taxes, one that is not just 'there is your income, there is our income'. In the presentation of this Budget to States' Members, ahead of this debate, I remember Deputy St Pier saying, in respect of a tax or levy, it is not a fiscal measure, it is a health measure. We have a Policy & Resources Committee that exists to bring together policy and resources, so whether something is a fiscal measure, primarily, or a health measure or an environmental measure, it should not be outside the scope of Policy & Resources' thinking to combine those into a Budget.

2910 So that something also has a social aim or an environmental aim, or primarily has one, should not rule it out for consideration in our Budget. Most other governments approach their budgets that way and we should get better at it too.

2915 What I hope that the debate will show on this amendment, and the general direction so far suggests it has probably not got a great chance right now, but Deputy Roffey, I think, framed it helpfully, in that the idea is perhaps not wrong but it is something that we should be looking at when we look at the fiscal framework for the future.

2920 I do think the opposition to this amendment is difficult to justify when Deputy Tindall, whose committee is going to be doing, presumably, the lion's share of the work on it, is saying, 'I think this is achievable.' I do not think that Deputy Tindall says that lightly, given the strength of her opposition to what is being referred to as the Merrett Requête so I do think that the opposition is difficult to justify and I do think that Deputy Gollop is right in framing it as something that should be considered within the remit of the Budget.

2925 We know, particularly in Guernsey, that land is a significant source of wealth and a significant source of inequality and I really hope that underpinning the opposition to this amendment is not a complete reluctance to bring that into the tax system in any way other than TRP. I think we have got to confront that issues of wealth and inequality are very tied up with owning property and if we are not willing to do that now then we must do it in January.

2930 So I hope, whichever way Members speak and vote on this amendment, that we will make clear that actually we should be doing more with our tax system, around achieving our health policy aims, our social policy aims, our environmental policy aims and, where we can bring together sources of revenue for the Island and opportunities to make meaningful social and environmental change, that should be top of our priority list rather than ruled out of order.

The Bailiff: Deputy Merrett.

2940 **Deputy Merrett:** Thank you, sir.

I think this amendment has come from sheer frustration, actually. Frustration that what we are seeing, in real terms, is within the frameworks and applications on greenfield sites that are brownfield sites, and I think the frustration is that we were not able to amend that via the Requête, and I am looking forward to the policy paper that is coming forward for the Annual Monitoring Review, for DPA, in January, because there is something in that.

2945 I think the fact that Deputy Tindall has said, look, actually we are doing this anyway and I can actually get this done, gives me some comfort. But really why I have got to my feet is Deputy Dorey, because I get so frustrated when I hear 'development from the centre out'. Well, look, people that live in main centres still want access to green areas. We do not have to, actually, at

this juncture in time, November 2019, tarmac every bit of the main centres. We simply do not. We have brownfield sites that could be rejuvenated or developed.

2955 Now until we have done those and if then we have such a massive population growth, I do not know where that is coming from but if we did, then we could look at these other sites. We just do not have to do it. We have got other sites in those main centres, at the moment, today, on this day, that could be used. I think that is part of the frustration. It has really come from the fear that we are seeing more and more development frameworks or planning applications going in for these predominantly greenfield sites.

2960 I think Deputy Dorey also said, and I am quite happy to give way to him, sir, because at that point I had red mist, the tax on large sites. We have tax on large sites because we have got this thing called GP11 and if you are building on a housing target area and there is a certain amount of housing then you pay a form of tax in giving a contribution towards social housing. So there is a tax on large sites.

2965 Some of the greenfield sites we are talking about, sir – and I will speak primarily to the Vale of St Sampson's because that is where I love to live and love to be – are actually quite small breaks in development that give so much relief to the landscape and to the quality of life for people living in those areas. That is what we are talking about here.

I also would like to say that what I think is unfortunate –
I will give way to Deputy Dorey.

2970

Deputy Dorey: Thank you for giving way. She is just ... I am agreeing with her.

Deputy Merrett: She?!

2975

The Bailiff: Through the Chair.

Deputy Dorey: Sorry, sir. Deputy Merrett. What I said was agreeing with her. I said that there should be a levy on all sites, which is consistent with the GP11 and I also said there should be some parkland on developed, recreational areas, in the centres.

2980

Deputy Merrett: Thank you. I am quite happy to accept Deputy Dorey's interjection, although I would prefer him to call me by my name. But, then, that is fine; I accept that. I accept the interjection but what I am trying to point out and I think it is very difficult, actually, for Members to really appreciate it, unless you live in the area. I honestly do.

2985

Just come and walk with me in my parish and I can show you the breaks in tarmac in residential areas, which actually give relief. Why shouldn't members of our community live in these areas, take their dog for a walk or push a pram along the path and actually just not see back to back buildings? Why should they not because I think they should and I get frustrated, so I will leave it shortly.

2990

What I was going to say –
Oh, I will give way to Deputy Brehaut.

2995 **Deputy Brehaut:** And I thank Deputy Merrett for doing so. Is that the point of this amendment, though? Rather than it saying, 'this is the criteria you need to meet when you want to develop a greenfield site'? So it is not giving you the protection you want, it is saying if you want to access this greenfield site, pay the levy, do some offset measures and the field, potentially, is yours.

3000 **Deputy Merrett:** That was my fourth point, but I will come to that first and I will go back to ring-fencing. I absolutely agree, I think Deputy Roffey has been through this before and I think we alluded to this during the IDP Requête debate. We have made a bit of a mistake and I think the majority of us now know that and we really should have put more protection on greenfield sites.

3005 That is what we should have done. I can see many Members nodding. Yes, not all. We did not do that and now we are seeing the consequences of that. I am very pleased the majority of the Requête passed and I am very pleased that we should see some impetus in Leale's Yard, being predominantly – not all – a brownfield site.

3010 So yes, I do believe we should protect it in Law. I think I spoke to that in my Requête and I am pretty sure that was the intention of part of Proposition 2 of that Requête so, yes, I do absolutely agree with you there. But that is why I said, I started by saying this is a reaction to complete frustration of what we are now seeing happen as a consequence of the interpretation of the policies that we agreed in this Assembly. So I think that is where I started and I actually completely agree with Deputy Brehaut on that.

3015 I think the unfortunate ... the last point, sir, is the ring-fencing. Now it is not as if we do not do other ring-fencing. I can give way to Deputy Brehaut again, because he knows more about this than I do, but there is a tax on new vehicle registration and that is ring-fenced, I believe, and that is put predominantly towards infrastructure changes; for example, we had the Salerie Corner and we also had a toucan crossing. So money is ring-fenced for those particular things. I am not surprised to see it but it does concern me for what other reasons Members have alluded to.

3020 All of that said, and I actually completely concur with Deputy Ferbrache with his comment about tokenism, I am still just tempted at this stage. I am tempted because if Deputy Tindall says she is going to do something I believe she will actually do it.

I give way to Deputy Tindall.

Deputy Tindall: I thank Deputy Merrett for giving way.

3025 I do want to clarify that I was only referring to the work relating to what the DPA are doing in relation to the five-year review, to the point about greenfield/brownfield – I am trying not to make this too long a speech – so there are other committees that will need to have their input into this. I am only talking about the work of the DPA.

3030 **Deputy Merrett:** And I obviously accept that, as well. I am tempted, there is nothing that anybody has said, although I think the most convincing speech for me was Deputy Ferbrache; very convincing. At the moment I would be tempted but other Members, I hope, will be able to speak into debate and maybe potentially change my mind.

Thank you, sir.

3035

The Bailiff: Deputy Brouard.

Deputy Brouard: Thank you, sir.

3040 I am very pleased that Deputy Gollop has found the road to Damascus because, back a long time ago, in the year of our Lord, 2011, an amendment was placed to the main body of the present Island Development Plan and that was the Strategic Land Use Plan. In that debate there was an amendment put forward by myself and Deputy Mahy, at the time, and it said, this is with regard to development around village centres, 'confining developments to brownfield sites except in exceptional circumstances'.

3045 Now that amendment went to our States and some Members, I have sent copies of it. Some Members also, who are still here today, voted against that. But I am very pleased that Deputy Gollop has seen the light. It has taken nearly 10 years to get there but we are just about there. So I have a lot of sympathy for the thrust of what they are proposing. The difficulty I have is, much as explained by Deputy Roffey and I think he covered it very well, and also the points from Deputy Brehaut, I think they caught it right.

3050 What we really need, we are trying to attach our planning to the tail of the dog and not dealing with the dog itself. What we need to do is have that debate about whether or not you want to have greenfield sites used up in village centres or in main centres. That is where the

3055 debate needs to happen first and then, if you decide you still want to, put a premium on it if you have to. So I think we are almost doing it the wrong way around.

There is nothing to stop, in my view, the DPA now doing the work and coming forward with their proposals as to how the Strategic Land Use Plan can be changed in working with E&I because it is E&I who now take forward the Strategic Land Use Plan, which was part of the Policy Council before.

3060 I will give way to Deputy Tindall for a moment. Thank you, sir.

Deputy Tindall: I thank Deputy Brouard for letting me give way.

3065 This is just a tool in the box and we cannot propose this because DPA and E&I cannot bring forward this sort of a proposal. It will be a recommendation to P&R to bring forward the proposal and therefore this is a short circuit of what we believe, at this stage, to be what we would recommend.

3070 **Deputy Brouard:** I appreciate this is a shortcut to do it but by short circuiting the system you miss the main point. If you want to change our planning policy do not try and do it by a fiscal means of changing behaviour because, as Deputy Brehaut said, it could well have the opposite effect and people will say, 'I will just pay the premium and let me build whatever I want on the greenfield site.'

What I am saying is that the power is in your –
I will give way to Deputy Oliver.

3075

Deputy Oliver: Thank you, sir.

3080 At the moment they can build on greenfield. We have got this five-year review coming up and I look at it as almost an interim to what could potentially happen. It is addressing the immediate problem, which everybody has argued within this Assembly that they do not want to build on greenfields. But that has to wait until the five-year review, whereas this can be implemented quicker.

3085 **Deputy Brouard:** If you work that logic through, if you think that you are going to, in the five-year review, change the policy to make it that you cannot build on greenfield sites in the future, all you are doing is incentivising every single developer to get their cheque book out now and go for the greenfield sites before they are taken out of their reach. You cannot have the same argument both sides of the coin.

I will give way to Deputy Ferbrache.

3090 **Deputy Ferbrache:** Sir, I am grateful.

3095 Deputy Brouard has, I think, repeated a misconception that other speakers have made. Deputy Gollop is not saying that you could get a cheque book out and you could develop a greenfield site. All I think he is saying – I think he is nodding affirmatively – is that if the greenfield site can be developed in accordance with the IDP, then there should be a levy, or you should consider a levy. That is all he is saying. He is not saying there is a nice greenfield site in Torteval, or wherever it may be, let us pay £100,000 and find a developer and extra fees; he is not saying that at all. That is not the basis on which I am opposing his amendment.

3100 **Deputy Brouard:** I do appreciate you are adding an extra step in but what I am saying is, if the real thrust of your point is that you do not want greenfield sites developed in village centres or in main centres, this is not the route to do it. This makes it just happen and you get some money, in theory.

3105 What I am saying is, if your real argument is that you do not want those greenfield sites in your centres developed, then bring forward a change to the Strategic Land Use Plan that brings that about through the IDP and that can be done by two committees – well one committee now, if

they so wish. That is the point. Unfortunately, I will not be able to support this at this time but I do appreciate the thrust of what you are trying to do but I think it is the wrong way around.

3110 We have established now that greenfield sites in centres can be developed. I think that was the wrong policy. However, that is what we have got. Some of you are saying, okay, if you touch the green one you pay a premium. I think that is probably not the argument I would have. I would prefer to have the argument that actually some greenfield sites are just preserved in village centres and in main centres and I think that is the way we should go and I think that is how it should be done.

Thank you, sir.

3115

The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

3120 If somebody was beamed down from outer space and sat in the public gallery in this debate, I think they would probably say, this is an interesting debate but I would like to go and see where Guernsey's Government is. I think there is certainly a generally held view – it is not a universal view, I am sure, but a generally held view – that the present planning arrangements are too liberal in relation to development on at least some greenfield sites. I know Deputy Tindall has figures about how many applications have been granted or developments pursued, but generally I think there is a view that the planning arrangements are too liberal in relation to greenfield sites.

3125

3130 Yet, speaker after speaker pretends that we cannot do anything about it. We cannot do anything because we have got to wait until 2021, because it must say that in some extant policy, which no doubt this Assembly or a previous Assembly made, but there could not be any possible creative thought given to whether that, perhaps, was the wrong date and it needs to be revised, or it might be because the Island Development Plan needs to be revised. That is a bit difficult because we have established legislation, which says that cannot be done in the absence of a planning inquiry, which would cost hundreds of thousands of pounds and take months and months.

3130

3135 So essentially our response is we know there is a problem – the problem that was created by a policy this Assembly voted for – but we cannot do anything about it, so that is just a bit unfortunate; move on. We are meant to be the Island's Government. If we think there is a problem with planning policy in some form or other, then we need to do something about it, not just shrug our shoulders and say, maybe it could be dealt with in 2021.

3135

3140 What will happen is there will be a review for 2021, it will be submitted to the States, subject to lots of amendments. It might, at some point, provoke a planning inquiry in 2022 and then, eventually, some change might come about in 2023. But everything moves at such a glacial speed if we just shrug our shoulders and say, 'Yes, we know there is a problem but we have tied ourselves up in so many knots we cannot do anything about it.'

3140

3145 I think this amendment is not perfect, but I think it is moving us closer to a solution in this area than we would be if the amendment is rejected. We have a situation where the body, which would be responsible for carrying out the lion's share of the work, which is the Development & Planning Authority, is saying through its President, that it is happy with the amendment.

3145

3150 Deputy Roffey objects to any fund from a levy being applied only to infrastructure but actually it sets out in the amendment that it could be used for on-Island, environmental offsetting initiatives and/or infrastructure. I know that Deputy Roffey might say, 'Fine, but the income raised I might want it to be used for the Health Service or the education system,' but I am not sure that is a very sensible reason for saying we do not want to even investigate the issue of a levy.

3150

3155 There would have to be a report that would come back to the States and the moment that report came back to the States, if there was a proposal to introduce a levy and ring-fence it for these purposes, no doubt Deputy Roffey would lay an amendment, saying, 'I do not disagree with the principle but just amend the bit that suggests that it can be used only for these ring-fenced purposes because I want it to be used for general revenue.'

3155

3160 So that is not a reason, I do not think, to vote against the amendment. Then we come to the objection that it might not be possible to do the work by April 30th 2020. I mean, bearing in mind the debate we have just had about the savings targets being missed by millions of pounds and at least months, if not years, overdue, I think it is a little bit rich to say this amendment should fall on the basis that it might not be possible to comply with the precise reporting back date in the amendment.

3165 This happens all the time. We get really hung up in the States, on reporting back times on amendments. The amendment could be perfectly crafted, it could propose something that we are fully in agreement with, but if we think the proposer of the amendment has over-estimated by a few weeks, or even a few months, how quickly the work could be done, somehow the amendment is fundamentally flawed and must be thrown out.

3170 I just do not understand that. If the amendment becomes a Resolution and the committees involved find that it is not possible to report back by April 30th 2020, they are not just going to say, 'Therefore we will not report back at all.' They will say, 'We have not been able to report back by April so the Resolution will remain in place, the report will have to come back later in 2020.'

3175 But that is not a reason not to vote for the amendment. To me this is really quite simple. If one has a view that the present planning arrangements are too liberal in relation to the potential for greenfield sites to be the subject of development, then it must be worth at least investigating whether a levy is an appropriate response.

3180 I agree with those Members who say that, if the IDP is too liberal in that regard the correct approach in the long term is to change the IDP, rather than to impose some kind of financial penalty on development of greenfield sites, but that could be and is likely to be, because of the knots in which we have tied ourselves around planning legislation and policy, years away. It might be possible to put in place this solution more quickly than that and, therefore, for those Members who are of the view that the current arrangement is too liberal in relation to greenfield sites, I do not see why they would not want to vote in favour of this amendment.

Thank you, sir.

3185

The Bailiff: Deputy Prow.

Deputy Prow: Thank you, sir.

3190 I will be very brief indeed. I rise because I need to declare an interest and I will be voting. My wife and I own a field, which we both enjoy. She puts her horses in it and I cut the hedges. I completely agree with the speech just made by Deputy Fallaize and I shall be voting for the amendment.

Thank you, sir.

3195

The Bailiff: Deputy Langlois.

Deputy Langlois: Thank you, sir.

3200 Deputy Fallaize used the word 'solution' and explained what he saw as the problem, we might all agree with it, that there should be more designated open land within our main centres and probably a lot of us would agree with him. The idea that somehow one can say imposing a levy on greenfield sites is any kind of solution to that perceived problem is, in my opinion, a huge mistake.

3205 You cannot impose levies without having designated what you mean by the sites on which you are going to impose the levies. The idea of a greenfield site is not an absolute concept. You would have to have an Island Development Plan which identified which sites you would impose a levy on if they were developed. So you would have sacrosanct pieces of open land, which nobody could develop. You would have sites, which if somebody paid the premium, the levy, they could develop; and other brownfield sites.

3210 You cannot just have a random concept that you are going to impose a levy on greenfield sites out of the context of some kind of plan. It would have absolutely dire unintended consequences and the idea that a levy is the answer, I am all for the idea of taxing capital gains, but the idea that imposing a levy is going to change the behaviours in this way – we have tried it with alcohol and tobacco and an awful lot of people still smoke and drink.

3215 So what level would the levy have to be set at to deter somebody who wanted to put a highly prestigious development on a nice greenfield site? The ramifications of an idea like this, outside a development plan, are extraordinary; I find it hard to believe that people actually see this as a solution to the problem that they perceive. I think there have been some very sensible speeches at the beginning –

I will give way to Deputy Oliver.

3220

Deputy Oliver: Thank you, sir.

You say that you would have to define greenfield sites, but that is something that would have to come back within the policy letter. This is just a ways and a means to get the policy letter to come to the States.

3225

Deputy Langlois: I said more than define. I said they would have to be on a development plan. They would have to be part of the five-year review of the IDP. You just could not come up with a definition of what you mean by greenfield sites –

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Deputy Tindall: Point of correction, sir.

It does not have to be part of the Island Development Plan. That is the whole point.

3235 **Deputy Langlois:** That is a matter of opinion, obviously. There is enough controversy about what defines as a greenfield site and what is the difference between a brownfield site and a greenfield site – the old, there used to be some greenhouses on it, is it a brownfield site or is it a greenfield site?

3240 The number of complications, which would be generated by us jumping the gun and starting to impose levies before we have actually sorted out the IDP and made it less generous and put tighter controls on the development of open land in the main centres, I would predict it simply will not work. We will not be able to come up with a sensible solution and a methodology and it will not have the effect people seem to think it will because, as I said, where do you start with what level the levy would have to be set at? I certainly will be voting against this, I think, very ill-conceived amendment.

Thank you.

3245

The Bailiff: Deputy Lowe.

Deputy Lowe: Thank you, sir.

3250 This amendment, what I am hearing with some of these speeches it is almost trying to design what will be in there. We have probably another eight amendments to go through, we are time-limited, and we are having a debate on more detail on what would be in any investigation to take place. All I would suggest to Members is, please, let us not get into the debate of what is right and what is right of what they are going to investigate and either support the amendment or reject it and we move on to all the other amendments that are relevant to the Budget.

3255

The Bailiff: Deputy Graham.

Deputy Graham: Thank you, Mr Bailiff.

3260 I am just rising briefly to respond to Deputy Fallaize. He asked where is the Government in all of this. I will tell Members, through you sir, this is where I think Government ought to be. It ought

not be thrashing around in panic and succumbing to the pressures of 'something must be done,' which soon becomes anything must be done, irrespective of whether it addresses the problem that we probably recognise.

3265 I am not going to rehearse all the five reasons, we only got four of them, but it might be interesting to speculate and if he asks me to give way, I will allow him to stand up, and Deputy Roffey to tell us what the fourth reason was!

Deputy Roffey: I thank Deputy Graham for giving way.

3270 The fourth reason was simply that we were nearly at the end of two days of debating amendments and if we start opening the concept that anybody's wizard wheeze can be latched onto a Budget debate then we are going to end up with 40 amendments next year. Even though this was actually, to some extent, stimulated by my idea, I think we need to show some discipline and stick to main budgetary matters, rather than trying to solve the whole Island's problems in the Budget debate.

3275

Several Members: Hear, hear.

Deputy Paint: I thank Deputy Roffey for that intervention.

3280 My view is that there is a problem. The best way to tackle it is going to take a bit of time, because it does involve a fundamental review and reform, I think, of the IDP. If Members are genuinely interested in doing something in the short-term to protect our greenfield sites, then they should encourage the DPA to be far less liberal in granting permission to convert greenfield sites into domestic curtilage. That is being done on a basis, almost, of a presumption in favour of doing that and that is something that can be done relatively soon.

3285

The Bailiff: Deputy Lester Queripel.

3290 **Deputy Lester Queripel:** Sir, I rise just to say that, when Deputy Brouard spoke, he said that this amendment was trying to do things the wrong way around. But as was pointed out by Deputy Oliver and Deputy Ferbrache, it is him who has got things the wrong way around, because the policies already allow development on greenfields and there is no levy attached. So how can this amendment be doing things the wrong way around?

The Bailiff: I see no one else. Deputy Gollop will reply to the debate.

3295

3300 **Deputy Gollop:** Two or three hours ago I went through one of those moments when I thought, shall I pull this amendment myself, because we are going very slowly and Deputy Lowe is spot on that we cannot discuss what we want to look at in an inquiry before we even get to it. But this is actually really a simple amendment, ultimately. It is a gateway amendment. It is about accelerating a process. It is not quite as Deputy Paint, saying something must be done or anything must be done. Maybe the wizard wheeze that inspired it all was to a certain extent the kind of ideas Deputy Graham and Deputy Roffey have been putting before us.

3305 The point is it might not be the best constructed amendment in the world because, like all these things, they are done quickly, there are team efforts. A seconder, who I initially was talking to, knew they would not be able to present at every moment of the debate. Another seconder who I spoke to, a northern deputy, shall we say, he did not like it for exactly the reasons we heard today, from others, that it could be mis-seen as an inducement to encourage short-sighted development on greenfields.

3310 But, in a way, nothing could be further from the truth, although I accept there are unintended consequences and I think Deputy Ferbrache hit the nail on the head when he said Deputy Gollop is not actually putting it forward as a definite motion but as something to look at. That is exactly where I am at.

3315 There could be circumstances where I would abandon my Damascene conversion or whatever it is, into this. For example, if Deputy Leadbeater or other Deputies or experts in the field were saying it would have a materially bad effect on the possibilities of solutions for housing development, economics and so on, then you would have to look at those arguments. Also arguments for environmentalists as well, of course.

3320 But that is not where we are coming from. It has not got to that stage. It is just: let us have a look at it and speed up the process. So that is one set of points that I want to put across. I would have mentioned, here is an irony really, that one of the leading, kind of, commercial mortgage entrepreneurs on the Island, was recently speaking in public on the radio and said one of the most significant things of this term was a Budget amendment or Proposition, rather, that we did a few months back, which was to reduce the amount of Document Duty for people buying properties.

3325 Now that was not exactly fiscally prudent, because I think we have identified we need the money. But it was done to create a behaviour change, the kind of behaviour change maybe P&R and Deputy Parkinson are wary of. I think this does include Economic Development within it because it would have effect, perhaps positive, possibly negative, but I think mostly positive, on the building and construction sector and desirability of kick-starting less attractive brownfield sites.

3330 A common misconception that Deputy Tindall and many other Members have tried to disabuse Members of, perhaps not 100%, is that this amendment in some way rides a coach and horses through planning and, effectively, would be permission to go for greenfields if the developer comes up with a large cheque.

3335 The thinking behind the amendment is clear. It is working entirely, I am sure Deputy Oliver would agree with this and other Members, within the current legal Island Development Plan framework and we know, and we know as policy that the DPA, when it meets, either behind closed doors on official level or in the open planning meetings, our first duty is actually to implement the policies of the States, the Resolutions and the Law, rather than go off on our own personal tangents or opinions or what the parish friend tells us.

3340 In many areas of the Island, including the main centres and, to a lesser extent, local centres, development is allowed on what some people would call greenfields. Now of course there are other factors as well, like density, design, ecology, habitat preservation, agricultural priority area and in no way does this amendment give a green light to some group going away to look at building in fields in agricultural priority areas in the middle of St Saviour's or Torteval or Ecole or anywhere else. It is only for those sites that are legitimately able.

3345 Nor, as Deputy Brouard implied, is it trying to ban all development for all time on greenfields. It allows the door to be open at a cost but it is trying to motivate the development, design community to be able to put more effort and energy and impact, maybe even finance, into developing the brownfield sites in a way that works for all the 10 parishes of the Island. I might own a piece of land that horses are eating at in Alderney but I certainly do not own any fields in Guernsey, to answer Deputy Prow's point, or rather his admission.

3350 I thank many of the speakers and I can understand why a lot of Members do not want to spend time on this today but, as Deputy Tindall has pointed out, it will be a workstream of the Development & Planning Authority. I think when you look at the phrasing of the amendment, it is actually not calling for a 500-page, as Deputy Fallaize said, all-policies-in-the-world in one document. It is not that sort of thing.

3360 It basically is looking at a consideration at a general will, a political will and direction, to consider introducing a levy. That, surely, is quite easy to do? Deputy St Pier has made great play of the need for us to have a strategic look at our financial options in the New Year. He wrote to all of us suggesting we came up with tax-raising ideas. I did not, at the time, but I have in other contexts. This is a tax-raising idea and that is basically where it fits.

It is more on the tax end of the spectrum than the environmental end of the spectrum but, as Deputy St Pier shrewdly realised, it was an add-on, in a way, about the alternative methods of improving the quality and biodiversity of land under development. But I was more than happy to

3365 put that into the mix because I think we have been a little bit laid back about the climate change situation.

Unlike Jersey, we have refused to call it an emergency. We kind of called it a crisis but our policies and ways are not going that way. And you heard Deputy St Pier saying we can get savings done as quickly as possible, despite earlier delays, but we cannot possibly work on something like this. If the motivation is there to consider it as something going forward for the New Year, I believe we could give a five-, six-, seven- or eight-page report in principle on it. You would not get the legislation in that time but we have not got to that point. There is a lot of work to be done on looking at it.

Therefore I would respond to Deputy Langlois and say that it is not based upon the next iteration of the Island Development Plan or its successor, it is based very much on the current framework that we are in. I would say to Deputy Roffey, for those who want to preserve green fields, Deputy Brouard, Deputy Graham and others, it is not a *panacea* for them but it is not meant to be. It is not a re-framing of the Island Development Plan; if it was it could not be done in this procedure. It is an interim way of strengthening the weighting towards looking constructively at sites like Leale's Yard, for the sake of argument, just name the place, or the Old Quarter, rather than sites that we all know have been controversial, that are in the frame, that could be developed.

I think it is a way of managing that process better, as well. I think it dovetails usefully into the points Deputy Merrett has made. I want to comment on something very important she mentioned in relation to also an argument Deputy Lester Queripel has frequently made about GP11. I know it sounds like a Star Wars robot, but it is very much a policy that we did support, with amendments, and again we were disappointed, as a committee, it was not five, Deputy Lester Queripel, 10, we ended up with Deputy Roffey successfully getting it to 20. And guess what? Nothing has happened. It could happen, perhaps, on some of the sites that are still up for open planning meetings and so on.

It has been a flop in terms of delivering what we set out to achieve with it and that is very disappointing. But GP11, actually, was a form of tax, you could argue, or a charge. Because effectively every development size over 20-odd, there would be houses, one single unit would have to be provided. So, if you had 100 houses, say, five or whatever houses on these different scales, would be provided effectively free of charge. So we have already opened the door. I do not see that as a capital gains tax. I deliberately allowed the possibility of greenfields being developed and keeping it open because it is nothing to do with any tax on capital. It is a facility for encouraging development that enriches the community.

As a Member of the Green Party in England and Wales, of course I support alternative methods of improving the quality and biodiversity of land under development because I think that we need these green lungs very much in many different places. All politics is local, very much. I believe that we can use monies raised from this to fund the kind of action planned and we very much need to be seen to be broadening our fiscal measures.

We know that some of the taxation we have charged affects smokers and drivers and all of that and perhaps people who have vehicles that emit a lot and all that sort of thing. I do not see any problem in principle with taxation that encourages behaviour or change as well as taxation that just provides money.

So I think we need to look at this. The reality is if this amendment loses today it will come back. I think it is pretty obvious that it is a potential tax for the future, it is an environmental initiative for the future. It is part and parcel of DPA thinking and Island Development Plan reframing and, actually, I think it is a moderate step towards helping constructive development rather than having to polarise the situation between those who want no development and those who know that there are actual needs in the community for development from time to time. Without any further ado, I urge people to support the amendment and thank the people who supported it.

3415

The Bailiff: We vote on amendment 11, with a recorded vote (**Deputy Lester Queripel:** Recorded vote, please.) requested by Deputy Lester Queripel. A recorded vote on amendment 11.

There was a recorded vote.

Not carried – Pour 16, Contre 19, Ne vote pas 3, Absent 2

POUR	CONTRE	NE VOTE PAS	ABSENT
Deputy Tindall	Deputy Ferbrache	Alderney Rep. Roberts	Deputy Inder
Deputy Tooley	Deputy Kuttelwascher	Alderney Rep.	Deputy Dudley-Owen
Deputy Gollop	Deputy Brehaut	Snowdon	
Deputy Lester Queripel	Deputy Parkinson	Deputy de Sausmarez	
Deputy Le Pelley	Deputy Le Clerc		
Deputy Merrett	Deputy Leadbeater		
Deputy Meerveld	Deputy Mooney		
Deputy Fallaize	Deputy Trott		
Deputy Lowe	Deputy St Pier		
Deputy Laurie Queripel	Deputy Stephens		
Deputy Hansmann Rouxel	Deputy Smithies		
Deputy Green	Deputy Graham		
Deputy McSwiggan	Deputy Paint		
Deputy de Lisle	Deputy Dorey		
Deputy Prow	Deputy Le Tocq		
Deputy Oliver	Deputy Brouard		
	Deputy Langlois		
	Deputy Soulsby		
	Deputy Roffey		

The Bailiff: Members, the voting on amendment 11 was 16 in favour, with 19 against and three abstentions. I declare it lost.

3420 Several Members have commented on the fact that we are moving rather slowly and there is still a lot of progress to make. Just looking at the list, I understand that amendment 2 is not to be laid. That is correct. The next one on the list would be amendment 7, which I suspect would be quite a long debate. Is amendment 10 going to be laid, Deputy Le Clerc?

3425 **Deputy Le Clerc:** Sir, we would like to know what the outcome of amendment 7 is before we make that decision.

3430 **The Bailiff:** Deputy St Pier was suggesting to me that maybe we take amendment 19 in the hope that that might be a fairly short debate and perhaps we could deal with that one this evening. So we will take amendment 19, proposed by Deputy St Pier, seconded by Deputy Trott.

[Amendment 19](#)

To add a new Proposition 29A:

To note that the Committee for the Environment & Infrastructure is seeking to reprioritise existing resources to fund £100,000 of expenditure in 2020 to further develop the Biodiversity Strategy and, if necessary, to direct the Policy & Resources Committee to consider making available a maximum of £100,000 from the Budget Reserve to further develop the Biodiversity Strategy and define the appropriate model and ongoing funding requirement for its delivery.

3435 **Deputy St Pier:** Sir, I do hope that this amendment can be despatched fairly quickly, This is a response by the Policy & Resources Committee to that amendment previously lodged, number 12, by Deputies Brehaut and Dorey. I thank them for their engagement on this. The concerns which Policy & Resources Committee had in relation to the wording of that amendment was effectively a pre-allocation of the 2020 Budget Reserve and we felt that the wording of our amendment, which I will read for the benefit of those outside the Assembly:

To note that the Committee for the Environment & Infrastructure is seeking to reprioritise existing resources to fund £100,000 of expenditure in 2020 to further develop the Biodiversity Strategy and, if necessary, to direct the Policy & Resources Committee to consider making available a maximum of £100,000 from the Budget Reserve to further develop the Biodiversity Strategy and define the appropriate model and ongoing funding requirement for its delivery.

3440 Prior to either of these amendments appearing, there had been an exchange of correspondence, which has been referred to, between the two Committees, between myself and Deputy Brehaut, in essence really confirming what we are now suggesting is turned into a Resolution, through this amendment.

We are very supportive of the Environment & Infrastructure Committee getting on and doing what they want to do in relation to biodiversity, but we do think the question of looking at their own resources – and that is an appropriate challenge, given particularly the additional revenue, which the Committee has had in 2019, because of the international driving permits, it has been a bit of a windfall and we would expect that to continue in 2020. Some of that is budgeted for but it provides, potentially, a little bit of flexibility to fund this.

3445 But what we are saying is the P&R Committee will be very open to an application to the Budget Reserve. As ever, that has to be considered in the context of other pressures on the reserve during the year, so we will look at it as and when it comes in, so this maintains good governance but gives a clear indication of direction of travel and support in the way that the Committee *for the* Environment & Infrastructure are seeking.

3450 As I say, I am grateful to both Deputies Brehaut and Dorey and indeed the rest of their Committee for their support for this amendment, given that it formalises the exchange of correspondence. So I do hope that it will not be necessary to discuss the entire merits of a biodiversity strategy, one way or the other, and simply despatch with this amendment as expeditiously as possible, so we can move on.

The Bailiff: Deputy Trott, do you second the amendment?

3460 **Deputy Trott:** I do, sir, thank you.

The Bailiff: Deputy McSwiggan.

3465 **Deputy McSwiggan:** Sir, I understand that E&I will not lay their amendment 12 if this is successful, and I understand why they feel the need to be ... to do that, but I am disappointed. I think we all know that a share of nothing is still nothing and if many committees are under-resourced when it comes to the policy resources available to them to meet the priorities that we have set for this States' term, then of us all, Environment & Infrastructure must be among the least well resourced.

3470 I do not think that it is good governance to direct the Committee, for form's sake, to go through an exercise of looking up internal resources, of which it has very few, reprioritising resources, which we know are being over-used, over-stretched on the many really quite critical policy letters that we are expecting Environment & Infrastructure to come back to us with before the end of this term, which I remind Members includes things such as the Climate Change Action Plan, energy policy and a whole range of other work, which I am not so well-versed on ...

3475 ... and I had to complete all this, but we know they are doing some really critical work on some of the things that we consider to be the most fundamental policy issues of the future.

I would ask Members to put back on the hats that they were wearing for the green finance debate, when we recognised just how critical dealing with the climate crisis was. I think it is poor form on Policy & Resources' part to tell E&I to go away and look at a resource base that we know is already overstretched, that we know is already deployed in very critical pieces of work; to say go through the motions of looking at those resources, see how much you can eek out of it. Because it is going to have to be something, is it not – P&R are not going to give them the full £100,000 – 'and come back for the rest and we will consider it.'

3480

3485 That is the other bit of wording that I really grudge on this amendment, compared to the original form of it. Were we debating amendment 12, we would be saying, yes we recognise a biodiversity strategy is an important part of the way that Guernsey responds to its climate and environmental needs. It is work that really needs to be done and needs to be done within a decent timeframe and we need to commit the resources that will make that possible.

3490 We are no longer being asked to make that decision, we are simply asking P&R to go away and consider whether they can provide the funding for that. Deputy St Pier has said they will look on it favourably and I will not hesitate to hold him to that. I do not think I will need to hold him to that, but I just do not think this amendment is good form and the original was far better. But if E&I are going to support it then of course I will throw my backing in with them.

3495

The Bailiff: Deputy de Lisle.

Deputy de Lisle: Thank you, sir.

3500 As you will recall, part of my platform in becoming Minister of Environment in 2007 was to champion and initiate biodiversity as a programme of the Environment Department. Needless to say, the programme has been too slow to develop, particularly in the initial periods following a new minister coming in. But I look on with interest and support for future work and development in this particular area. I think it is an area that, as I say, has not received all the activity and perhaps progress that I would have wished to have seen earlier on.

3505 But in fact I am sure, given the interest again in this particular area, that we can see further development. But it is something that other jurisdictions are working hard to produce and I think there should be a commitment by Guernsey to work also and activate this particular area of activity.

Thank you, sir.

3510

The Bailiff: Deputy Merrett.

3515 **Deputy Merrett:** Thank you, sir, and I agree with everything Deputy McSwiggan said but actually we are only being asked to note something, 'To note that the Committee *for the Environment & Infrastructure*, etc.' Yet in the explanatory note – I do not know who wrote the explanatory note, I am assuming P&R – it says:

The Committee for the Environment & Infrastructure has advised that additional funding of £100k is required to enable

– the work. So it is a bit conflicted, with us noting the fact that, actually they are going to go and seek to reprioritise existing resources to fund £100,000, when actually the explanatory note says they have already advised additional funding is required. So it contradicts itself.

3520 This is, in my opinion, an attempt by P&R to hijack, somebody said, I will use that analogy – I think it is a bit harsh. I would have supported E&I on this if they had laid it and that would have given the definitive answer to go ahead and get on with the work. My assumption, for all the committees, and I hope I am right in this assumption, is that they have done that work, they have already looked – in fact it says in the explanatory note – they need additional funding because they cannot reprioritise and they need the money to do the work.

3525

It is not actually difficult. They have said they need the money and either we agree to give it to them or not. Whilst, to note the fact, they are going to go back again. I assume they have already done it, but they go back again and seek to –

I give way to Deputy Leadbeater.

3530

Deputy Leadbeater: Sir, I thank Deputy Merrett for giving way.

Just looking at the explanatory note of the Brehaut/Dorey amendment, at the bottom it says:

The Committee is seeking to fund as much of this work as possible within existing resources by reprioritising use of its budget.

3535 That is the first port of call and whatever needs to be topped up, possibly. I am just trying to explain the difference in the explanatory note in this one and the part of the explanatory note you have read out. Actually it is the same, it is exactly the same, is it not? Similar wording is attached to the bottom of the explanatory note on the St Pier/Trott as it is on the Brehaut/Dorey.

Deputy Merrett: Thank you, Deputy Leadbeater, that is appreciated.

3540 So any Committee of the States, if they ask for funding, however much it is, if they can reprioritise and they can create the resource, they do. The original amendment, 12, was saying, look, direct Policy & Resources to make available the maximum of £100,000 so that it can be used if that is the case. I am assuming they have done the work. If they have not done the work and I do not know if it was £100,000 or not, then that is a shame, because obviously it is in the list of service development needs, I honestly thought they had done the work to come forward.

3545 If Deputy Brehaut wishes to say, 'Actually no, Deputy Merrett, we may be able to find £100,000,' that would be amazing. It may be that they want a maximum of £100,000, which to be fair, that actually is the original amendment, which is to make available a maximum of £100,000; my exception of that amendment would have been that they may not have needed £100,000, they might have needed £80,000, but at least they can get on with the work and this States would give a direction, the specific direction to say, 'Yes, go away and get on with the work.' Because we are actually directing P&R to make up to a maximum.

3550 So if E&I are honestly and truly wedded to this amendment from Deputy St Pier and Deputy Trott then, yes, I will support it; if that is what their preference is. My preference would have been the original one. I will end by saying that I do appreciate the collaboration between the Committees, I really do. I do appreciate that P&R chose to contact some proposers and seconders of amendments to try to work out some resolutions and others they are just going to totally oppose, full stop. So I do appreciate that collaboration, so I thank P&R for that and I thank E&I for engaging with that, but I do think E&I's amendment was stronger and would have been my preference if they had chosen to lay it.

3560 Thank you, sir.

The Bailiff: Deputy Tindall.

Deputy Tindall: Thank you, sir.

3565 For me I also dislike this amendment in the sense that I was concerned about what was being re-prioritised, in particular with regard to, as Deputy McSwiggan pointed out, a Committee that is not funded to the needs identified, already. But it does talk about further develop the biodiversity strategy, so I can only assume that this £100,000 is in addition to the work already planned. There is detail in both explanatory notes and how I read that last sentence was, basically, this was in addition to the work that was already planned and not solely for the work already planned.

3570 Also, as I say, it does feel that this is to come out of the Budget Reserve, so there has to be another request. It just puts in another line to need to do extra work in order to clarify whether or not the money is needed. I think we all agree the money is needed, personally, and also, we had a debate in respect of the work with regard to the tree and woodland strategy. I believe, from the top of my head, that was £70,000. These are things that also the DPA would benefit from and for me, again, we are maybe being slightly premature because we do not know what E&I's reasons are for not laying their amendment and supporting this one instead.

3575 But I wanted to stand before we heard that, simply to show support, in principle, for their amendment, so that they would know that they did not have to have their arm behind their back, if that is what they felt they were having to do in order to turn around and accept Budget Reserve.

3580 Thank you, sir.

The Bailiff: Deputy Paint.

3585 **Deputy Paint:** Sir, if E&I do get this money that they claim they require I certainly hope what is put forward by them later will be much better and much better researched than the last one, in 2015. If I recall properly, I did make a bit of a fuss about it at that time. The department then wanted to ban pair trawling – here I have got to declare an interest as the President of the Fishermen's Association – they wanted to severely restrict scalloping and also they wanted to do something about beam trawling. This was all done by Deputy Ferbrache, or the committee Deputy Ferbrache is now representing, in 2013. I brought it to light at the time. So if you are going to do something about fishing or marine matters, I am watching you!

Thank you very much.

3595 **The Bailiff:** Deputy Gollop.

Deputy Gollop: Yes, I am sure Deputy Paint is, because he very much cares about the fishing industry and the future of fishing in Guernsey and the Bailiwick. But of course I care too and welcome, on a personal level, more cups of tea with the fishermen. I think, too, we also have to care about the future of the fish and I think we will, in the future, need a better dialogue between the Fishermen's Association, where they sit with Brexit, and Economic Development to look after their interest, politically, but also environmentalists.

3600 I support the biodiversity in the Budget. I know P&R seem to love to re-write other people's amendments – they did not like mine so much – and they improve them but sometimes, to my eye, if I can be cheeky, they do kind of write into them contradictory gobbledegook at times. (Laughter) It is hard to understand exactly what it means and I probably prefer the former one because I think it was clearer.

3605 We live in a democracy and there are sceptics about biodiversity. Not so many nowadays, but there are a few and they perhaps do not appreciate the importance biodiversity plays to our credibility as a green centre, as a green Island, as somewhere that can answer the difficult questions Deputy Trott and Deputy St Pier were posing earlier.

3610 But the criticism comes from people; they say, 'Biodiversity is great but it can be done by, let us say, farmers or gardeners or by the learned societies, the National Trust, La Société Guernesiaise.' Well they all have a really important role but they all have a different role and we are seeing a new generation of younger people, young adults and students, who have serious expertise, they are travelling not just the Islands, but the world. They have all got degrees, masters' degrees, doctorates. They actually do connect with local and international wildlife organisations and so there is actually a lot of work between the Committee and official civil servants and the experts and enthusiasts outside.

3620 So I think we are seeing that partnership and I have reminded myself that in the previous Committee, when Deputy Brehaut was deputy minister, I got handed the portfolio of being a green ambassador, whatever that meant. It just meant I used to give out plaques for plastic recycling and gardens and things. We have moved on a lot from that. The biodiversity work and the environmental and social impact are all going in the right direction.

3625 I think the pollinator project workshops were extremely useful but I was horrified, as probably other Members were, to hear that week that, although we have a beautiful and important marine and landscape ecology, our grasslands had virtually become extinct. We would actually have to reintroduce untreated grasslands. We have lost that habitat. (Interjection) Well, yes. As I think we heard in earlier debates, I am not necessarily that popular in parts of the Island, up at the Cobo.

3630 But I was slightly peeved to hear one or two Members suggesting that a way to create biodiversity is to ensure, within an area that can be developed, that some parts of the land remain fallow. How can you justify that policy in court, or to a tribunal, if the land is zoned for development? As we have a development framework, I would caution against that kind of thing because the Government needs to be reconsidering where we are.

3635 I think biodiversity will cost us in one way or another. I suspect the future will be about trusts, about parishes, about the States, about agencies buying some of this land, developing some of it, but leaving the rest of it as fallow biodiversity habitats; a kind of modern park with a greater insight into how it works. So I think £100,000 is not a lot in the big scheme of things. It is money well spent and, bearing in mind the commitment of the young people and the States and the
3640 Commonwealth, generally, to biodiversity, let us get on with it.

The Bailiff: Deputy Fallaize.

Deputy Fallaize: I just want to say two things quickly. I read this amendment 19 more
3645 positively than some other Members. I thought it was a bit of an enabling amendment. I remember the days when the answer from the centre would have been 'no'; if you want to do anything with your biodiversity strategy the answer is 'no', unless you just re-prioritise your existing budget. An amendment from the responsible Committee would have been met with a hail of fire from the Treasury and they would have been shot down. So I thought the attempt to try
3650 and find the money for it, when it had not been originally prioritised in the Budget was quite a positive move.

It is a slightly odd approach because what it really means, we are being asked in Proposition 29, to approve cash limits totalling £432 million, which will be the responsibility of, transferred effectively over to other States' committees, yet £100,000 has to be held by the Policy & Resources Committee in some kind of suspended state while the Committee *for the Environment*
3655 & Infrastructure has to prove that it really needs it, that all the other £432 million can be transferred on 1st January without that process to go through. It is slightly odd.

However, if the Committee *for the Environment* & Infrastructure is happy with this approach, and my understanding is they are because they will withdraw their amendment in the event that
3660 this one is successful, then in a way, who are we to stand in the way of that? If the Committee *for the Environment* & Infrastructure had opposed this amendment I would very willingly have voted in favour of their own amendment and I think it would probably, on balance, have been a slightly cleaner approach. But I do not think the Policy & Resources Committee can be criticised for their attempt, I think, to find £100,000 for this strategy, which E&I considers to be important but which
3665 was not originally prioritised in the Budget.

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

3670 I just wanted to firstly say to Deputy Paint that the Committee *for the Environment* & Infrastructure does not own, under its mandate, sea fisheries. Sea fisheries sits with the Economic Development Committee. Members will remember that Economic Development did not want sea fisheries, particularly; it was offered to E&I under the sustainable fisheries type framework and for good and solid environmental reasons that was opposed by representatives of the Fishermen's
3675 Association, who take shape and form in Deputy Paint, who would rather we did not have responsibility, so it went back to Economic Development.

Deputy Gollop says he gave out small bits of plastic. He is referring to the Keep Guernsey Green awards and that is incredibly successful. The benefits were real and it was embraced by the community and celebrated. (*Interjection*). Thank you.

3680 Can I just say, E&I and Members of P&R are consulting adults? We have agreed, we made an approach to ... this is essentially about the integrity of our Budget Reserve. If you have a Budget Reserve in word only, what does it mean if you say this is the reserve, however during the Budget process, we just divvy it up as we see fit and progressively erode the Budget Reserve and that is okay because E&I, they spend about £12 million; if it is £100,000 that is okay. Where is the principle in that if then a committee with a budget of £100 million say, 'It is only £2 million we
3685 wanted from the Budget Reserve,?'

3690 In speaking with Members of P&R, I appreciate that they came across to meet us to agree a compromise and amendment, which E&I will support and I appreciate that it is a compromise and I would ask States' Members to support it. The big things that Deputy Yerby referred to, we have no issue –

Deputy Merrett: Point of correction, sir.

3695 **Deputy Brehaut:** Sorry, Deputy McSwiggan; I do apologise.

Deputy Merrett: Thank you.

3700 **Deputy Brehaut:** And I thank the village policeman, once again, Deputy Merrett, for leaping to her feet! (*Laughter*) Lo and behold anyone who digresses from anything considered to be ... anyway.

3705 The big picture stuff, like hydrocarbons, is covered. Energy policy is covered. Climate change is covered. We will have a challenge in meeting the terms of this amendment but that is the nature, is it not, of dealing with budgets of committees at any level? I would just ask Members, with integrity and sincerity ... P&R approached E&I and there was reciprocity within that. So we withdrew our amendment and I would just ask States' Members to sign off that goodwill, if you like, that agreement between the two Committees.

Thank you.

3710 **The Bailiff:** Deputy St Pier will reply.

Deputy Lester Queripel: Sir, I had stood before, I just wondered if you were going to call time on the day, so I did not stand. I would like to speak if I may? It will only take a minute. It is about a minute, 10 seconds, sir.

3715 **The Bailiff:** I am not going to call time, because I am not bound to. We will let it run to the end as this is going to be a short debate and it will avoid a recorded vote on whether we continue beyond 5.30 p.m. (*Laughter*) So Deputy Lester Queripel, you may speak.

3720 **Deputy Lester Queripel:** Sir, I need clarification on this amendment. It asks us to note that E&I is seeking to reprioritise existing resources to fund the further work needed and then, if necessary, to direct P&R to consider making available a maximum of £100,000. Yet the Deputies Brehaut and Dorey amendment is to direct P&R to make available. So the Deputies St Pier/Trott amendment tells us that E&I will be asking P&R to consider, while the Dorey/Brehaut amendment asks for the money to be made available.

3725 So I am wondering why, I hear what Deputy Brehaut has just said, but I am still wondering why E&I have decided to weaken their position from directing to considering and asking us to support the P&R amendment. I would have much rather debated and voted on the Deputies Brehaut and Dorey amendment, so I would like clarification on that point at some stage, from somebody.

3730 If this amendment fails, will the other amendment be laid? If that is the case then I will vote against this amendment and I will vote in favour of the Brehaut/Dorey amendment, because that appears to guarantee the money that is needed, whereas considering will not guarantee the money that is needed. I realise I may be missing a fundamental point somewhere along the line, sir, but I stand corrected if I am wrong, but I need that clarification.

Thank you, sir.

3735 **The Bailiff:** Deputy St Pier will reply.

3740 **Deputy St Pier:** Sir, I did not include, in the summary that was distributed to Members, copies of the exchange of correspondence between the two Committees because I did not wish to overburden Members and did not assume that they would seek to challenge the consenting or consulting adults – I am not sure which! – agreement between the two Committees. But I think it is relevant, given the debate.

Deputy Brehaut wrote to me on 15th October:

We intend to continue to develop the approaches to biodiversity through reprioritising existing resources for the remainder of the year, utilising in-year under-spends and undertake some focussed research. We are looking to reprioritise existing resources in 2020 as far as possible, investigating cost-effective ways to support this priority area.

3745 Then, if required, to progress the particular elements of biodiversity as a strategy then the Committee might make a request to the Budget Reserve in 2020, in cases which would likely be further developed than the outline request submitted as part of the 2020 Budget. I then responded, in essence, confirming that position.

3750 So to those who say, 'Why is it to note?' we are noting what the Committee *for the Environment & Infrastructure* have said they are going to do themselves. The direction in the middle, again that wording was with the agreement of the Committee *for the Environment & Infrastructure* to provide the expression of intent that we will, as Deputy Fallaize, look upon this favourably, whilst preserving the integrity of the Budget Reserve. There is no point in having a Budget Reserve if we pre-allocate it through this process of amendments in the Budget.

3755 It is worth noting that this year the Environment & Infrastructure Committee are projecting a £200,000 underspend, as a result of additional income of £250,000, that they were not expecting, in relation to IDP. They are one of the few Committees that does have an income stream. They have a small budget overall but they do have an income stream. It is entirely reasonable for this Assembly to say to that Committee, please look to your own resources first, if there are not enough, then come back to the Treasury. That is all this amendment does and, with that sir, I do
3760 urge Members to support it.

The Bailiff: We vote on amendment 19. Those in favour; those against.

Members voted Pour.

3765 **The Bailiff:** I declare it carried and that means that amendment 12 will not be laid. Just before we rise, can I just remind Members that there are still quite a few amendments to be debated, and general debate, and then there is the Employment & Social Security Committee's policy letter on non-contributory benefit rates for 2020.

3770 So, unless Members are prepared to curtail their speeches somewhat, and I do not want to curtail good debate but there are, I am sure, some who could perhaps do so, unless they are prepared to do so, we are going to have to be prepared to sit late or maybe sit on Saturday in order to complete that business and that is without even starting the business that was sent out on the Billet for 6th November.

Deputy Lowe?

3775 **Deputy Lowe:** Sir, could I propose we actually start at 9 a.m. tomorrow morning, bearing in mind how much we have got to do yet?

The Bailiff: I will put to Members that we start tomorrow morning at 9 a.m. Those in favour; those against.

Members voted Contre.

3780 **The Bailiff:** We will start at 9.30 a.m. but it is in the hands of Members. They can either curtail their speeches or they need to be prepared to sit late or longer hours or extra days to complete the business. We will rise and close the meeting for this evening.

The Assembly adjourned at 5.39 p.m.