



BILLET D'ÉTAT

WEDNESDAY, 18th MARCH, 2020

VII
2020

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THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

STATES' ASSEMBLY & CONSTITUTION COMMITTEE

DATES OF STATES' MEETINGS – 1st SEPTEMBER 2021 to 31st AUGUST 2024

The States are asked to decide whether, after consideration of the policy letter entitled “Dates of States’ Meetings – 1st September 2021 to 31st August 2024” dated 30th January 2020, they are of the opinion:-

1. To agree that the Meeting originally scheduled for 7th July, 2021 should be rescheduled to 14th July, 2021.
2. To agree that the dates on which States’ Meetings shall be convened in the period from the 1st September, 2021 to the 31st August, 2024 shall be as set out in Section 4 of this report.
3. To agree that statements under the provisions of Rules 10(4) and (5) shall be made by the Presidents and, in the case of the States of Alderney, the nominated Alderney Representative according to the rota set out in Section 5 of this report.
4. To delete Schedule 1 and Schedule 1a of the Rules of Procedure of the States of Deliberation and their Committees and replace with Schedule 1 as set out in Appendix 1 to this report.

The above Propositions have been submitted to Her Majesty’s Procureur for advice on any legal or constitutional implications.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

DATES OF STATES' MEETINGS – 1st SEPTEMBER 2021 to 31st AUGUST 2024

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

30th January 2020

Dear Sir

1 Executive Summary

- 1.1 On 26th September, 2019, the States agreed that Rule 1.(1) of the Rules of Procedure of the States of Deliberation and their Committees should be amended with immediate effect to read as follows:

1. (1) The States' Assembly & Constitution Committee shall submit, in the six months prior to a General Election, a policy letter setting out the dates on which it proposes that States' Meetings should be convened during the States' term immediately following that General Election, having first taken into account the dates of school terms and any other information which it considers relevant. The policy letter referred to above shall also include proposals setting out the Committee or Committees whose President or Presidents will be obliged to make statements, and for the States of Alderney statement to be made by one of the Alderney Representatives, under the provisions of Rules 10(4) and (5) at each ordinary Meeting during the said period.

- 1.2 The 'Dates of States' Meetings – 1st September 2020 to 31st August 2021' policy letter was considered by the States on 25th September, 2019 and the States agreed the dates on which the States' Meetings shall be convened in the period from the 1st September, 2020 to the 31st August, 2021. It also agreed the rota of statements under the provisions of Rules 10(4) and (5). The dates and rota can be found at Schedule 1 and 1a of the 'Rules of Procedure of the States of Deliberation and their Committees'.
- 1.3 The purpose of this policy letter is to set out the proposed dates that States' Meetings should be convened from 1st September, 2021 to 31st August, 2024 and the rota of statements to be given under the provisions of Rules 10(4) and (5) at each ordinary meeting during that period.

- 1.4 The Committee suggests combining existing Schedule 1 and 1a and updating it to include meeting dates from March 2020 until August 2024 as set out in Appendix 1 to this report. It also suggests the meeting originally scheduled for 7th July, 2021 should be moved back by one week to 14th July, 2021.

2 Background to the dates of States' Meetings

- 2.1 Prior to 2016, the States of Deliberation generally sat on the last Wednesday of every month (excluding August and December, where the meeting was brought forward to avoid clashing with Christmas). Occasionally, in order to deal with the volume of business, Meetings were convened for the Tuesday immediately before that Wednesday. The procedure was that if the business of the Meeting had not been concluded by the end of the Friday of that week, the Meeting was adjourned to the second Wednesday next following.
- 2.2 This arrangement was changed from 2016 by the then States' Assembly & Constitution Committee. It introduced a system whereby States' Meetings began on set dates through the year rather than according to the previous "pattern" and it suggested a sensible frequency would be for the States to meet approximately every three weeks. It argued that this would aid a more consistent flow of business to the States and provide greater certainty. The full reasoning is set out in paragraphs 3 – 11 of the 'Rules of Procedure of the States of Deliberation and their Committees – Proposed new rules'¹ policy letter considered in November 2015.
- 2.3 The States met on set dates which generally followed a three weekly pattern for the first two years of the States term. However, in September 2017, when the States debated the 'Dates of States' Meetings – 2018 – 2019'², an [amendment](#) was passed to effectively return to a monthly cycle of meetings on the last Wednesday of every month. The amendment was carried (Pour: 20; Contre: 17; Ne vote pas: 2; Absent 1).
- 2.4 Moving back to a monthly system for 2018 - 2019 did not have the detrimental impact to the management of States business that some Members feared. In September 2018, the States agreed a return to a three-weekly pattern of meetings as set out in the policy letter entitled 'Dates of States' Meetings - 1st September 2020 to 31st August 2021'³, further to one minor amendment. This was narrowly approved on a recorded vote (Pour: 19; Contre: 15; Ne vote pas: 1; Absent: 5).

¹ [States Meeting on 24th November, 2015 \(Billet XXII\)](#)

² [States Meeting on 26 September 2018 \(Billets d'État XX\)](#)

³ [States Meeting on 25 September 2019 \(Billet d'État XVIII\)](#)

3 A new approach

- 3.1 The Committee does not think a 'one size fits all' approach of following either a monthly or three-weekly pattern of meetings is appropriate. It believes that Meetings should be scheduled – as far as is practicable – to seek to meet the needs of the States over a political term.
- 3.2 The Committee has undertaken an analysis of the number and length of States' Meetings since May 2008 to identify whether there are trends consistent over a political term or factors that should be taken into account when scheduling meetings. Based on this analysis, the Committee reached the following conclusions:
- a) It remains appropriate to continue to seek to avoid scheduling States' Meetings during school holidays.
 - b) The 'Special Meetings' should be scheduled to ensure they do not take place in the same week as an 'Ordinary Meeting' and should continue to commence on a Tuesday to allow enough time for consideration of these important States' items.
 - c) A meeting should be scheduled on the first Wednesday in September (as well as at the end of that month) to assist in managing the consideration of business after the summer recess and to reduce the gap between Meetings.
 - d) For the first three years of a political term, where practicable to do so (and taking into account the school holidays) a States' Meeting should be held on the last Wednesday of the month (excluding August).
 - e) In the final year of a political term between, the frequency of States' Meetings should gradually increase, with meetings taking place on a three-weekly cycle from September to December; moving to a fortnightly-cycle from January to March; and further to the Easter holidays ending, holding a meeting each week from mid-April to the first week of May (covering a three-week period).

a) Holding a meeting at the start of September

- 3.3 When setting Meeting dates, the Committee is required to take into account the dates of school terms. The States has traditionally not met in August and in recent years, has sought to avoid meetings falling within the school holidays. The Committee believe that the traditional gap in meetings is too long and hinders items being considered by the States in a timely basis. It recommends that this is resolved by scheduling a Meeting for the first Wednesday in September after the school term commences.

- 3.4 In order to reduce the gap between the Meetings in July and September 2021, it also recommends the meeting originally scheduled for 7th July 2021 should be moved back by one week to 14th July 2021. Proposition 1 relates.

| | First day | First day | Time between |
|------|-----------------------|---------------------------|---------------------|
| 2023 | 19 th July | 6 th September | 49 days |
| 2022 | 13 th July | 7 th September | 56 days |
| 2021 | 14 th July | 8 th September | 56 days |
| 2020 | 22 nd July | 4 th September | 44 days |

b) Special Meetings

- 3.5 A ‘special Meeting’ means any means any Meeting of the States convened to consider the Annual Budget of the States and the policy letter of the Committee for Employment & Social Security on the uprating of non-contributory benefits or the States’ Accounts and the Policy & Resource Plan.

i) Annual Budget of the States and the uprating of non-contributory benefits

- 3.6 Rule 1.(2) requires the Meeting held to consider the annual Budget of the States and the policy letter of the Committee *for* Employment & Social Security on the uprating of non-contributory benefits to begin on the first Tuesday in November. The meeting dates are therefore as follows:

| | First day |
|------|----------------------------------|
| 2023 | Tuesday 7 th November |
| 2022 | Tuesday 1 st November |
| 2021 | Tuesday 2 nd November |
| 2020 | Tuesday 3 rd November |

ii) Policy & Resource Plan and States’ Accounts

- 3.7 Rule 1.(2) requires the Meeting held to consider the Policy & Resource Plan and States’ Accounts at the same dedicated Meeting in June which shall begin on a Tuesday, except in general election years when they will be considered at a later date in that year.
- 3.8 Rule 23 sets out the timetable for the formulation and consideration of the Policy & Resource Plan from 2020 onwards.

| P&R Plan Policy Letter | Timing | Dates Proposed |
|-----------------------------------|---|------------------------------|
| Annual Report | At the end of the second and third years of the States' term (i.e. June 2022 and 2023) | 21 June 2022 20 June 2023 |
| 'End of Term' | Not more than three months prior to the General Election (i.e. March, April or May meeting) | 23 April 2024 |

- 3.9 In 2024, it is proposed that the States consider the States' Accounts immediately prior to the first Ordinary Meeting of the term i.e. Tuesday 16th July, 2024.

4 The proposed Meeting dates for 2020 to 2024

- 4.1 The Committee drafted a schedule in line with the conclusions in paragraph 3.3. For ease of reference, the school term dates approved by the Committee *for* Education, Sport & Culture are included in columns two and three of the following tables.
- 4.2 The Committee has provisionally scheduled in meeting dates in July 2024, after the General Election which will take place in June 2024. However, it is important to highlight that the future Committee will no doubt review these in light of experience of the post-2020 meetings and, should any changes be required, it will propose these through its General Election policy letter which it will be required to prepared in advance of the next General Election.
- 4.3 The Committee also acknowledges that whilst the meeting dates are proposed until the end of the political term, matters or events may occur that necessitate the rescheduling of meetings. In this event, the Committee would return to the States with a short policy letter requesting this change.
- 4.4 If additional meetings are required in the political term, under Rule 2.(5), the Presiding Officer has the authority to convene a Meeting in such manner and at such notice for such date as he or she shall decide, if, in his or her opinion, circumstances so require.
- 4.5 The proposed schedule of meetings is set out in the following tables. Appendix 2 shows these proposed dates in the context of the calendar year:

| 2021 | | |
|---|---------------------|---|
| States Meeting | School Dates | |
| 8 th September | <i>Term Starts</i> | <i>2nd September</i> |
| 29 th September | | |
| 20 th October | <i>Half-Term</i> | <i>25th to 29th October</i> |
| 2 nd November (Budget & ESS) | | |
| 24 th November | | |
| 15 th December | <i>Term Ends</i> | <i>22nd December</i> |

| 2022 | | |
|---|---------------------|---|
| States Meeting | School Dates | |
| 26 th January | Term starts | 6 th January |
| 16 th February | Half-Term | 21 st to 25 th February |
| 30 th March | Term Ends | 7 th April |
| 27 th April | Term Starts | 26 th April |
| 25 th May | Half Term | 30 th May to 3 rd June |
| 21 st June (P&R Plan & Accounts) | | |
| 29 th June | | |
| 13 th July | Term Ends | 19 th July |
| | | |
| 7 th September | Term Starts | 7 th September |
| 28 th September | | |
| 19 th October | Half Term | 24 th to 28 th October |
| 1 st November (Budget & ESS) | | |
| 23 rd November | | |
| 14 th December | Terms ends | 21 st December |

| 2023 | | |
|---|---------------------|---|
| States Meeting | School Dates | |
| 25 th January | Term starts | 4 th January |
| 15 th February | Half-Term | 20 th to 24 th February |
| 29 th March | Term Ends | 6 th April |
| 26 th April | Term Starts | 25 th April |
| 24 th May | Half Term | 29 th May to 2 nd June |
| 20 th June (P&R Plan & Accounts) | | |
| 28 th June | | |
| 19 th July | Term Ends | 21 st July |
| | | |
| 6 th September | Term Starts | 6 th September |
| 27 th September | | |
| 18 th October | Half Term | 23 rd to 27 th October |
| 7 th November (Budget & ESS) | | |
| 22 nd November | | |
| 13 th December | Term Ends | 21 st December |

| 2024 | | |
|-----------------------------------|---------------------|---|
| States Meeting | School Dates | |
| 17 th January | Term starts | 4 th January |
| 31 st January | Half-Term | 12 th to 16 th February |
| 21 st February | | |
| 6 th March | | |
| 20 th March | Term Ends | 28 th March |
| 17 th April | Term Starts | 16 th April |
| 23 rd April (P&R Plan) | | |
| 1 st May | Half Term | 27 th to 31 st May |

| 2024 (next political term) | | |
|---|---------------------|-----------------------|
| States Meeting | School Dates | |
| Elections | | |
| 1 st July (P&RC President) | | |
| 3 rd July (P&RC Members) | | |
| 5 th July (Committee Presidents) | | |
| 10 th July (Committee Members) | | |
| 16 th July (Accounts) | | |
| 17 th July (Ordinary Meeting) | Term Ends | 19 th July |

5 The proposed rota of statements

- 5.1 Under Rule 10.(4), the Presidents of the Policy & Resources and the Principal Committees are obliged to make a statement setting out his or her Committee's recent activities, forthcoming work and the like at an ordinary meeting.
- 5.2 The Presidents of the other Committees and the nominated Alderney Representative on behalf of the States of Alderney are obliged to make such a statement one every twelve months.
- 5.3 The following tables set out the rota of statements for 2021 to 2024:

| Committee | 2021 (1) | 2021 (2) | 2022 (1) | 2022 (2) |
|------------------------------|-----------------|-----------------|-----------------|-----------------|
| Two statements | | | | |
| Policy & Resources | 24.02.21 | 08.09.21 | 16.02.22 | 07.09.22 |
| Economic Development | 24.03.21 | 08.09.21 | 30.03.22 | 07.09.22 |
| Education, Sport & Culture | 24.03.21 | 29.09.21 | 30.03.22 | 28.09.22 |
| Employment & Social Security | 26.05.21 | 24.11.21 | 25.05.22 | 19.10.22 |
| Environment & Infrastructure | 28.04.21 | 20.10.21 | 27.04.22 | 28.09.22 |
| Health & Social Care | 14.07.21 | 15.12.21 | 29.06.22 | 23.11.22 |
| Home Affairs | 14.07.21 | 15.12.21 | 29.06.22 | 23.11.22 |
| One Statement | | | | |
| D&PA | | 29.09.21 | 13.07.22 | |
| OA & DC | | 20.10.21 | 13.07.22 | |
| SMC | | 26.01.22 | | 14.12.22 |

| Committee | 2021 (1) | 2021 (2) | 2022 (1) | 2022 (2) |
|--------------------|-----------------|-----------------|-----------------|-----------------|
| SACC | | 26.01.22 | | 14.12.22 |
| STSB | 28.04.21 | | 27.04.22 | |
| TLA | 26.05.21 | | 25.05.22 | |
| States of Alderney | | 24.11.21 | | 19.10.22 |

| Committee | 2023 (1) | 2023 (2) | 2024 (1) |
|------------------------------|-----------------|-----------------|-----------------|
| Two statements | | | |
| Policy & Resources | 25.01.23 | 06.09.23 | 17.01.24 |
| Economic Development | 15.02.23 | 27.09.23 | 17.01.24 |
| Education, Sport & Culture | 15.02.23 | 18.10.23 | 31.01.24 |
| Employment & Social Security | 26.04.23 | 22.11.23 | 06.03.24 |
| Environment & Infrastructure | 29.03.23 | 18.10.23 | 21.02.24 |
| Health & Social Care | 24.05.23 | 13.12.23 | 20.03.24 |
| Home Affairs | 24.05.23 | 13.12.23 | 20.03.24 |
| One Statement | | | |
| D&PA | 28.06.23 | | 17.04.24 |
| OA & DC | 28.06.23 | | 17.04.24 |
| SMC | 19.07.23 | | 21.02.24 |
| SACC | 19.07.23 | | 06.03.24 |
| STSB | 29.03.23 | | 31.01.24 |
| TLA | 26.04.23 | | 06.03.24 |
| States of Alderney | | 22.11.23 | 17.04.24 |

6. Compliance with Rule 4

- 6.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.
- 6.2 In accordance with Rule 4.(1), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.
- 6.3 In accordance with Rule 4.(4) of the Rules, it is confirmed that the propositions have the unanimous support of the Committee.
- 6.4 In accordance with the provisions of Rule 4.(5) of the Rules, the Committee

informs the States that its duties and powers include advising the States on “the practical functioning of the States of Deliberation”.

- 6.5 As set out above, Rule 1.(1) of the Rules of Procedure of the States of Deliberation and their Committees require the Committee to bring forward this policy letter at this time to fulfil its responsibilities. The Committee has consulted with the Policy & Resources Committee in respect of the dates of the Special States’ Meetings.

Yours faithfully

N. R. Inder
President

J S Merrett
Vice-President

P T R Ferbrache
J P Le Tocq
E A McSwiggan

Appendix 1

Schedule 1

| 2020 | |
|---------------------------------------|--|
| States Meeting | Statement at Ordinary Meeting or Special Meeting scheduled |
| 18 th March | Committee <i>for</i> Employment & Social Security Transport Licensing Authority |
| 21 st April | Policy & Resource Plan (End of Term) |
| 22 nd April | Committee <i>for</i> Health & Social Care Committee <i>for</i> Home Affairs |
| 5 th May (Tuesday) | N/A |
| | |
| 1 st July | Election of President of the Policy & Resources Committee |
| 3 rd July | Election of Members of the Policy & Resources Committee |
| 7 th July | Election of Presidents |
| 13 th July | Election of Committees |
| 21 st July (Tuesday) | Accounts |
| 22 nd July | Policy & Resources Committee |
| | |
| 2 nd September | Committee <i>for</i> Economic Development |
| 30 th September | Committee <i>for</i> Education, Sport & Culture Development & Planning Authority |
| 21 st October | Committee <i>for</i> Home Affairs Overseas Aid & Development Commission |
| 3 rd November (Tuesday) | Budget Meeting & Policy Letter of the Committee <i>for</i> Employment & Social Security on uprating of non-contributory benefits. |
| 25 th November | Committee <i>for the</i> Environment & Infrastructure Committee <i>for</i> Health & Social Care |
| 15 th November | Policy & Resource Plan Meeting |
| 16 th December | Committee <i>for</i> Employment & Social Security The States of Alderney |

| 2021 | |
|---------------------------------|--|
| States Meeting | Statement at Ordinary Meeting or Special Meeting scheduled |
| 27 th January | Scrutiny Management Committee States' Assembly & Constitution Committee |
| 24 th February | Policy & Resources Committee |
| 24 th March | Committee <i>for</i> Economic Development Committee <i>for</i> Education, Sport & Culture |
| 28 th April | Committee <i>for the</i> Environment & Infrastructure States' Trading Supervisory Board |
| 26 th May | Committee <i>for</i> Employment & Social Security Transport Licensing Authority |
| 15 th June (Tuesday) | Policy & Resource Plan (Phase 2) & Accounts |
| 14 th July | Committee <i>for</i> Health & Social Care Committee <i>for</i> Home Affairs |
| | |
| 8 th September | Policy & Resources Committee Committee <i>for</i> Economic Development |
| 29 th September | Committee <i>for</i> Education, Sport & Culture Development & Planning Authority |
| 20 th October | Committee <i>for the</i> Environment & Infrastructure Overseas Aid & Development Commission |
| 2 nd November | Budget Meeting & Policy Letter of the Committee <i>for</i> Employment & Social Security on uprating of non-contributory benefits. |
| 24 th November | Committee <i>for</i> Employment & Social Security The States of Alderney |
| 15 th December | Committee <i>for</i> Health & Social Care Committee <i>for</i> Home Affairs |

| 2022 | |
|----------------------------|--|
| States Meeting | Statement at Ordinary Meeting or Special Meeting scheduled |
| 26 th January | Scrutiny Management Committee States' Assembly & Constitution Committee |
| 16 th February | Policy & Resources Committee |
| 30 th March | Committee <i>for</i> Economic Development Committee <i>for</i> Education, Sport & Culture |
| 27 th April | Committee <i>for the</i> Environment & Infrastructure States' Trading Supervisory Board |
| 25 th May | Committee <i>for</i> Employment & Social Security Transport Licensing Authority |
| 21 st June | Policy & Resource Plan (Annual Report) & Accounts |
| 29 th June | Committee <i>for</i> Health & Social Care Committee <i>for</i> Home Affairs |
| 13 th July | Development & Planning Authority Overseas Aid & Development Commission |
| | |
| 7 th September | Policy & Resources Committee Committee <i>for</i> Economic Development |
| 28 th September | Committee <i>for</i> Education, Sport & Culture Committee <i>for the</i> Environment & Infrastructure |
| 19 th October | Committee <i>for</i> Employment & Social Security The States of Alderney |
| 1 st November | Budget Meeting & Policy Letter of the Committee <i>for</i> Employment & Social Security on uprating of non-contributory benefits. |
| 23 rd November | Committee <i>for</i> Health & Social Care Committee <i>for</i> Home Affairs |
| 14 th December | Scrutiny Management Committee States' Assembly & Constitution Committee |

| 2023 | |
|----------------------------|--|
| States Meeting | Statement at Ordinary Meeting or Special Meeting scheduled |
| 25 th January | Policy & Resources Committee |
| 15 th February | Committee <i>for</i> Economic Development Committee <i>for</i> Education, Sport & Culture |
| 29 th March | Committee <i>for the</i> Environment & Infrastructure States' Trading Supervisory Board |
| 26 th April | Committee <i>for</i> Employment & Social Security Transport Licensing Authority |
| 24 th May | Committee <i>for</i> Health & Social Care Committee <i>for</i> Home Affairs |
| 20 th June | Policy & Resource Plan (Annual Report) & Accounts |
| 28 th June | Development & Planning Authority Overseas Aid & Development Commission |
| 19 th July | Scrutiny Management Committee States' Assembly & Constitution Committee |
| | |
| 6 th September | Policy & Resources Committee |
| 27 th September | Committee <i>for</i> Economic Development |
| 18 th October | Committee <i>for</i> Education, Sport & Culture Committee <i>for the</i> Environment & Infrastructure |
| 7 th November | Budget Meeting & Policy Letter of the Committee <i>for</i> Employment & Social Security on uprating of non-contributory benefits. |
| 22 nd November | Committee <i>for</i> Employment & Social Security The States of Alderney |
| 13 th December | Committee <i>for</i> Health & Social Care Committee <i>for</i> Home Affairs |

| 2024 | |
|---------------------------|---|
| States Meeting | Statement at Ordinary Meeting or Special Meeting scheduled |
| 17 th January | Policy & Resources Committee Committee <i>for</i> Economic Development |
| 31 st January | Committee <i>for</i> Education, Sport & Culture States' Trading Supervisory Board |
| 21 st February | Committee <i>for the</i> Environment & Infrastructure Scrutiny Management Committee |
| 6 th March | Committee <i>for</i> Employment & Social Security Transport Licensing Authority States' Assembly & Constitution Committee |
| 20 th March | Committee <i>for</i> Health & Social Care Committee <i>for</i> Home Affairs |
| 17 th April | Development & Planning Authority Overseas Aid & Development Commission The States of Alderney |
| 23 rd April | Policy & Resource Plan (End of Term) |
| 1 st May | n/a |
| Elections | |
| 1 st July | Election of President of the Policy & Resources Committee |
| 3 rd July | Election of Members of the Policy & Resources Committee |
| 5 th July | Election of Presidents |
| 10 th July | Election of Committees |
| 16 th July | Accounts |
| 17 th July | Policy & Resources Committee |

2021 Calendar: School Terms and Proposed States' Meetings

| | January | February | March | April | May | June | July | August | September | October | November | December | |
|----|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------|-------------|-------------|-------------|-------------|----|
| 1 | NYD | | | Term Ends | | Half-Term | | | | States' Mtg | | | 1 |
| 2 | | | | Good Fri | | Half-Term | | | Term Starts | | States' Mtg | | 2 |
| 3 | | | | | Bank Hol | Half-Term | | | | | Budget & | | 3 |
| 4 | | | | | | Half-Term | | | | | E&SS | | 4 |
| 5 | Term Starts | | | Easter Mon | | | | | | | | | 5 |
| 6 | | | | | | | | | | | | | 6 |
| 7 | | | | | | | | | | | | | 7 |
| 8 | | Half-Term | | | | | | | States' Mtg | | | | 8 |
| 9 | | Half-Term | | | LIB DAY | | | | States' Mtg | | | | 9 |
| 10 | | Half-Term | | | | | | | States' Mtg | | | | 10 |
| 11 | | Half-Term | | | | | | | | | | | 11 |
| 12 | | Half-Term | | | | | | | | | | | 12 |
| 13 | | | | | | | | | | | | | 13 |
| 14 | | | | | | | States' Mtg | | | | | | 14 |
| 15 | | | | | | States' Mtg | States' Mtg | | | | | States' Mtg | 15 |
| 16 | | | | | | P&R Plan & | Term Ends | | | | | States' Mtg | 16 |
| 17 | | | | | | Accounts | | | | | | States' Mtg | 17 |
| 18 | | | | | | | | | | | | | 18 |
| 19 | | | | | | | | | | | | | 19 |
| 20 | | | | Term Starts | | | | | | States' Mtg | | | 20 |
| 21 | | | | | | | | | | States' Mtg | | | 21 |
| 22 | | | | | | | | | | States' Mtg | | Term Ends | 22 |
| 23 | | | | | | | | | | | | | 23 |
| 24 | | States' Mtg | States' Mtg | | | | | | | | States' Mtg | | 24 |
| 25 | | States' Mtg | States' Mtg | | | | | | | Half-Term | States' Mtg | Xmas Day | 25 |
| 26 | | States' Mtg | States' Mtg | | States' Mtg | | | | | Half-Term | States' Mtg | Boxing Day | 26 |
| 27 | States' Mtg | | | | States' Mtg | | | | | Half-Term | | Bank Hol | 27 |
| 28 | States' Mtg | | | States' Mtg | States' Mtg | | | | | Half-Term | | Bank Hol | 28 |
| 29 | States' Mtg | | | States' Mtg | | | | | States' Mtg | Half-Term | | | 29 |
| 30 | | | | States' Mtg | | | | Bank Hol | States' Mtg | | | | 30 |
| 31 | | | | | Bank Hol | | | | | | | | 31 |

2022 Calendar: School Terms and Proposed States' Meetings

| | January | February | March | April | May | June | July | August | September | October | November | December | |
|----|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------|-------------|-------------|-------------|-------------|----|
| 1 | NYD | | | States' Mtg | | Half-Term | States' Mtg | | | | States' Mtg | | 1 |
| 2 | | | | | Bank Hol | Half-Term | | | | | Budget & | | 2 |
| 3 | Bank Hol | | | | | Half-Term | | | | | E&SS | | 3 |
| 4 | | | | | | | | | | | | | 4 |
| 5 | | | | | | | | | | | | | 5 |
| 6 | Term Starts | | | | | | | | | | | | 6 |
| 7 | | | | Term Ends | | | | | Term Starts | | | | 7 |
| 8 | | | | | | | | | States' Mtg | | | | 8 |
| 9 | | | | | Liberation | | | | States' Mtg | | | | 9 |
| 10 | | | | | | | | | | | | | 10 |
| 11 | | | | | | | | | | | | | 11 |
| 12 | | | | | | | | | | | | | 12 |
| 13 | | | | | | | States' Mtg | | | | | | 13 |
| 14 | | | | | | | States' Mtg | | | | | States' Mtg | 14 |
| 15 | | | | Good Fri | | | States' Mtg | | | | | States' Mtg | 15 |
| 16 | | States' Mtg | | | | | | | | | | States' Mtg | 16 |
| 17 | | States' Mtg | | | | | | | | | | | 17 |
| 18 | | States' Mtg | | East Mon | | | | | | | | | 18 |
| 19 | | | | | | | Term Ends | | | States' Mtg | | | 19 |
| 20 | | | | | | | | | | States' Mtg | | | 20 |
| 21 | | Half-Term | | | | States' Mtg | | | | States' Mtg | | Term Ends | 21 |
| 22 | | Half-Term | | | | P&R Plan & | | | | | | | 22 |
| 23 | | Half-Term | | | | Accounts | | | | | States' Mtg | | 23 |
| 24 | | Half-Term | | | | | | | | Half-Term | States' Mtg | | 24 |
| 25 | | Half-Term | | | States' Mtg | | | | | Half-Term | States' Mtg | Xmas Day | 25 |
| 26 | States' Mtg | | | Term Starts | States' Mtg | | | | | Half-Term | | Boxing Day | 26 |
| 27 | States' Mtg | | | States' Mtg | States' Mtg | | | | | Half-Term | | Bank Hol | 27 |
| 28 | States' Mtg | | | States' Mtg | | | | | States' Mtg | Half-Term | | | 28 |
| 29 | | | | States' Mtg | | States' Mtg | | Bank Hol | States' Mtg | | | | 29 |
| 30 | | | States' Mtg | | Bank Hol | States' Mtg | | | States' Mtg | | | | 30 |
| 31 | | | States' Mtg | | Half-Term | | | | | | | | 31 |

2023 Calendar: School Terms and Proposed States' Meetings

| | January | February | March | April | May | June | July | August | September | October | November | December | |
|----|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------|-------------|-------------|-------------|-------------|----|
| 1 | NYD | | | | Bank Hol | Half-Term | | | | | | | 1 |
| 2 | Bank Hol | | | | | Half-Term | | | | | | | 2 |
| 3 | | | | | | | | | | | | | 3 |
| 4 | Term Starts | | | | | | | | | | | | 4 |
| 5 | | | | | | | | | | | | | 5 |
| 6 | | | | Term Ends | | | | | Term Starts | | | | 6 |
| 7 | | | | Good Fri | | | | | States' Mtg | | States' Mtg | | 7 |
| 8 | | | | | | | | | States' Mtg | | Budget & | | 8 |
| 9 | | | | | Liberation | | | | | | E&SS | | 9 |
| 10 | | | | Easter Mon | | | | | | | | | 10 |
| 11 | | | | | | | | | | | | | 11 |
| 12 | | | | | | | | | | | | | 12 |
| 13 | | | | | | | | | | | | States' Mtg | 13 |
| 14 | | | | | | | | | | | | States' Mtg | 14 |
| 15 | | States' Mtg | | | | | | | | | | States' Mtg | 15 |
| 16 | | States' Mtg | | | | | | | | | | | 16 |
| 17 | | States' Mtg | | | | | | | | | | | 17 |
| 18 | | | | | | | | | | States' Mtg | | | 18 |
| 19 | | | | | | | States' Mtg | | | States' Mtg | | | 19 |
| 20 | | Half-Term | | | | States' Mtg | States' Mtg | | | States' Mtg | | | 20 |
| 21 | | Half-Term | | | | P&R Plan & | Term Ends | | | | | Term Ends | 21 |
| 22 | | Half-Term | | | | Accounts | | | | | States' Mtg | | 22 |
| 23 | | Half-Term | | | | | | | | Half-Term | States' Mtg | | 23 |
| 24 | | Half-Term | | | States' Mtg | | | | | Half-Term | States' Mtg | | 24 |
| 25 | States' Mtg | | | Term Starts | States' Mtg | | | | | Half-Term | | Xmas Day | 25 |
| 26 | States' Mtg | | | States' Mtg | States' Mtg | | | | | Half-Term | | Boxing Day | 26 |
| 27 | States' Mtg | | | States' Mtg | | | | | States' Mtg | Half-Term | | | 27 |
| 28 | | | | States' Mtg | | States' Mtg | | Bank Hol | States' Mtg | | | | 28 |
| 29 | | | States' Mtg | | Bank Hol | States' Mtg | | | States' Mtg | | | | 29 |
| 30 | | | States' Mtg | | Half-Term | States' Mtg | | | | | | | 30 |
| 31 | | | States' Mtg | | Half-Term | | | | | | | | 31 |

2024 Calendar: School Terms and Proposed States' Meetings

| | January | February | March | April | May | June | July | August | September | October | November | December | |
|----|-------------|-------------|-------------|-------------|-------------|------|-------------|----------|-----------|---------|----------|------------|----|
| 1 | NYD | States' Mtg | | East Mon | States' Mtg | | States' Mtg | | | | | | 1 |
| 2 | | States' Mtg | | | States' Mtg | | | | | | | | 2 |
| 3 | | | | | States' Mtg | | States' Mtg | | | | | | 3 |
| 4 | Term Starts | | | | | | | | | | | | 4 |
| 5 | | | | | | | States' Mtg | | | | | | 5 |
| 6 | | | States' Mtg | | Bank Hol | | | | | | | | 6 |
| 7 | | | States' Mtg | | | | | | | | | | 7 |
| 8 | | | States' Mtg | | | | | | | | | | 8 |
| 9 | | | | | Liberation | | | | | | | | 9 |
| 10 | | | | | | | States' Mtg | | | | | | 10 |
| 11 | | | | | | | | | | | | | 11 |
| 12 | | Half-Term | | | | | | | | | | | 12 |
| 13 | | Half-Term | | | | | | | | | | | 13 |
| 14 | | Half-Term | | | | | | | | | | | 14 |
| 15 | | Half-Term | | | | | | | | | | | 15 |
| 16 | | Half-Term | | Term Starts | | | Accounts | | | | | | 16 |
| 17 | States' Mtg | | | States' Mtg | | | States' Mtg | | | | | | 17 |
| 18 | States' Mtg | | | States' Mtg | | | States' Mtg | | | | | | 18 |
| 19 | States' Mtg | | | States' Mtg | | | Term Ends | | | | | | 19 |
| 20 | | | States' Mtg | | | | | | | | | | 20 |
| 21 | | States' Mtg | States' Mtg | | | | | | | | | | 21 |
| 22 | | States' Mtg | States' Mtg | | | | | | | | | | 22 |
| 23 | | States' Mtg | | States' Mtg | | | | | | | | | 23 |
| 24 | | | | P&R Plan | | | | | | | | | 24 |
| 25 | | | | | | | | | | | | Xmas Day | 25 |
| 26 | | | | | | | | Bank Hol | | | | Boxing Day | 26 |
| 27 | | | | | Bank Hol | | | | | | | | 27 |
| 28 | | | Term Ends | | Half-Term | | | | | | | | 28 |
| 29 | | | Good Fri | | Half-Term | | | | | | | | 29 |
| 30 | | | | | Half-Term | | | | | | | | 30 |
| 31 | States' Mtg | | | | Half-Term | | | | | | | | 31 |

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

STATES' ASSEMBLY & CONSTITUTION COMMITTEE

DATES OF STATES' MEETINGS – 1st SEPTEMBER 2021 to 31st AUGUST 2024

The President
Policy & Resources Committee
Sir Charles Frossard House
La Charroterie
St Peter Port

30th January, 2020

Dear Deputy St Pier,

Preferred date for consideration by the States of Deliberation

In accordance with Rule 4.(2) of the Rules of Procedure of the States of Deliberation and their Committees, the States' Assembly & Constitution Committee requests that the Propositions be considered before the end of this political term.

Under Rule 1.(1) of the Rules of Procedure of the States of Deliberation and their Committees, the States' Assembly & Constitution Committee is obliged to submit, in the six months prior to a General Election, a policy letter setting out the dates on which it proposes that States' Meetings should be convened during the States' term immediately following that General Election and the proposed rota of statements under the provisions of Rules 10(4) and (5) at each ordinary Meeting during the said period.

The States agreed on 26th September, 2019 the dates on which the States' Meetings shall be convened in the period from the 1st September, 2020 to the 31st August, 2021. This policy letter proposes the dates to be convened until 31st August 2024.

Yours sincerely,

N. R. Inder
President

J S Merrett
Vice-President

P T R Ferbrache
J P Le Tocq
E A McSwiggan

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *FOR* HOME AFFAIRS

INDEPENDENT MONITORING PANEL:
NOTIFICATION OF RESIGNATION

The States are asked to decide: -

Whether, after consideration of the Policy Letter dated 3rd February 2020, of the Committee *for* Home Affairs, they are of the opinion:

1. to note the resignation of Mr Peter Champion with effect from 22nd January 2020.

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

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *FOR* HOME AFFAIRS

INDEPENDENT MONITORING PANEL:
NOTIFICATION OF RESIGNATION

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

3rd February 2020

Dear Sir

1. Executive Summary

- 1.1. The purpose of this Policy Letter is to formally notify the Assembly of the resignation of one of the Independent Monitoring Panel (“the Panel”) Members, Mr Peter Champion.
- 1.2. Mr Champion was first appointed in January 2015 and re-appointed in July 2019. Due to a change in circumstances he has decided to step down.

2. Background

- 2.1. The Panel is an independent body made up of members of the public who make unannounced visits to Guernsey Prison. Members provide independent oversight of the day-to-day operations of the Prison and prison conditions, monitor the administration of the prison, the treatment of prisoners and whether the statutory objectives of the prison system are being met, and serve to protect the well-being of prisoners.
- 2.2. The Committee takes this opportunity again to put on record its sincere thanks and appreciation to Mr Champion and all the existing Panel Members for their continued dedication and commitment to their roles.

3. Resignation of Member

- 3.1. Schedule 3 of the Prison (Guernsey) Ordinance, 2013 ("The Ordinance")¹ states that *"The Panel is to consist of not less than four members"* and that *"a Panel Member may resign from office at any time by giving notice in writing to the Committee"*.
- 3.2. The Committee received notification of Mr Peter Champion's resignation on 22nd January 2020.
- 3.3. Schedule 3 of the Ordinance, states that *'The Committee must notify the States of the resignation or removal from office of the Chairman or any other Panel member at the first available opportunity'*.

3 Compliance with Rule 4

- 4.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.
- 4.2 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the Committee.
- 4.1 In accordance with Rule 4(5), the Propositions relate to the duties of the Committee to advise the States and to develop and implement policies on matters relating to its purpose including [...] imprisonment, parole, probation and rehabilitation.

Yours faithfully

M M Lowe
President

M P Leadbeater
Vice-President

V Oliver
P R Le Pelley
J C S F Smithies

¹ [Prison \(Guernsey\) Ordinance, 2013](#)

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

THE COMMITTEE *FOR* ECONOMIC DEVELOPMENT

DEVELOPMENT OF COMPETITION LEGISLATION

The States are asked to decide: -

Whether, after consideration of the Policy Letter dated 30th January 2020, of the Committee *for* Economic Development, they are of the opinion:-

1. to agree to amend the definition of 'merger or acquisition' and 'joint venture' as set out in paragraphs 4.1 to 4.5;
2. to agree to repeal the provision that no right, title, or interest shall pass in any property or shares on transactions that have not been notified to the Guernsey Competition and Regulatory Authority (the "**GCRA**"), and replace it with an ability for the GCRA to impose financial penalties for failure to notify a transaction that attracts mandatory notification, as set out in paragraphs 4.6 to 4.8;
3. to agree to insert an explicit exemption regarding the transactions set out at paragraphs 4.9 to 4.11, relating to financial institutions; and
4. to direct the preparation of such legislation as may be necessary to give effect to the above decisions.

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

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

THE COMMITTEE *FOR* ECONOMIC DEVELOPMENT

DEVELOPMENT OF COMPETITION LEGISLATION

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

30th January, 2020

Dear Sirs,

1 Executive Summary

- 1.1 Guernsey's competition law regime was introduced by way of the Competition Legislation (defined in paragraph 1.2), with the aim of bringing benefits to consumers, and the local economy more generally, by encouraging companies to increase efficiency, reduce costs and provide the lowest prices to consumers.
- 1.2 The Committee *for* Economic Development (the "**Committee**") is now proposing amendments to the following enactments:
 - 1.2.1 The Competition (Enabling Provisions) (Guernsey) Law, 2009;
 - 1.2.2 The Competition (Guernsey) Ordinance, 2012 (the "**Competition Ordinance**"); and
 - 1.2.3 The Guernsey Competition and Regulatory Authority Ordinance, 2012 (the "**GCRA Ordinance**");

(together the above are referred to, in this Policy Letter, as the "**Competition Legislation**").

2 Background

- 2.1 Guernsey's competition law regime, as set out in the Competition Legislation, is conceptually based on the European Union competition regime, in common with many other countries across the world. The competition law regime is administered and enforced by the Guernsey Competition and Regulatory Authority (the "**GCRA**"), established by the GCRA Ordinance.

- 2.2 The GCRA has a statutory function of advising the Committee *for* Economic Development (the “**Committee**”) generally in relation to (i) the administration and enforcement of the Competition Legislation, (ii) practice and procedures relating thereto and (iii) competition matters generally.
- 2.3 Since the implementation of the Competition Legislation, it has become apparent to the GCRA, and legal practitioners, that Guernsey’s competition regime would be improved by making some amendments to the Competition Legislation, in particular with regard to the regulation of mergers and acquisitions (the “**Merger Control Regime**”).
- 2.4 Mergers can bring many benefits to an economy, such as introducing new management skills and investment and, in many cases, improvements in efficiency through economies of scope and scale. However, mergers may also give rise to a lessening of competition in the market through, for example, increased prices or decreased output. The Merger Control Regime plays a crucial role in limiting the ability of firms to avoid competition by gaining control of their competitors.
- 2.5 The GCRA, therefore, seeks to filter out and examine, by way of the Merger Control Regime, those mergers that are most likely to give rise to a substantial lessening of competition within any market in Guernsey for goods or services, to the prejudice of (i) consumers, (ii) the economic development and well-being of the Bailiwick, and (iii) the public interest. Such mergers may be subject to conditions or, ultimately, blocked.
- 2.6 The current Merger Control Regime applies a two-stage assessment process. First, it provides that those mergers which fulfil certain threshold conditions¹ must be notified to the GCRA for clearance (the “**Threshold Test**”). Second, it provides that the GCRA shall not approve the merger unless it is satisfied that the merger, or acquisition, (a) would not substantially lessen competition within any market in Guernsey for goods or services and (b) would not be to the prejudice of (i) consumers or any class or description thereof, (ii) the economic development and well-being of the Bailiwick and (iii) the public interest².
- 2.7 In putting in place the legal framework for a system of merger control, the issue of where to “set the bar” for the Threshold Test is key. If the bar is set too low, the risk is that many transactions which do not give rise to substantive competition law issues will be notifiable to the GCRA. By contrast, if the bar is set too high, transactions which may be harmful to competition will not be

¹ Section 1 of The Competition (Prescribed Mergers and Acquisitions)(Guernsey) Regulations, 2012. See paragraph 5.2

² Section 13(2) of The Competition Ordinance.

notifiable. Framing an appropriate Threshold Test is particularly challenging in the context of a small island economy like Guernsey, where there are large (often financial) institutions with high turnover but whose consumer base is not local, in contrast to smaller businesses with relatively low turnover but potentially significant local market shares. Guernsey's Threshold Test is currently based on the merging parties' turnover.

- 2.8 Since the introduction of the Competition Legislation, various concerns have been raised in relation to the Merger Control Regime. These relate, mainly, to the way in which certain concepts have been defined, leading to the unintended consequence that certain transactions may be captured by the Merger Control Regime, even where there is no discernible anti-competitive effect in Guernsey.
- 2.9 The purpose of the amendments proposed in this Policy Letter, which the States of Deliberation (the "**States**") are asked to approve, is to refine the definitions of these concepts, with the intention that those mergers which are most likely to have an impact on the local market, are referred to the GCRA.

3 Proposed Amendments to the Merger Control Regime.

Many of the proposed amendments to the Merger Control Regime can be effected by regulations of the Committee, without the requirement for an Ordinance of the States. For the sake of completeness, an overview of the Committee's current intentions in this regard is set out in paragraph 5 of this Policy Letter for completeness. However, certain amendments can only be made by Ordinance, giving effect to a resolution of the States, and these are set out in paragraph 4 below.

4 Proposed Amendments requiring resolution of the States.

Definition of 'Merger or Acquisition' and 'Joint Venture'

- 4.1 The purpose of a regime of merger control is to regulate, in advance, the impact of mergers on the competitive structure of markets. Merger control regimes should, therefore, identify and scrutinise transactions that will give rise to a lasting change to market structure. The following example of the EU regime makes clear that, even if a transaction meets the relevant threshold test, only mergers, acquisitions and joint ventures that give rise to a lasting change in market structure should be of interest to competition regulators. The EU Merger Regulation, Council Regulation (EC) No 139/2004 of 20 January 2004, on the control of concentrations between undertakings, identifies a merger as reviewable if it gives rise to a "change of control on a lasting basis"³.

³ Article 3(1) of the Merger Regulation.

- 4.2 The Competition Legislation does not currently explicitly identify reviewable transactions as those affecting market structure *in some lasting way*. “Mergers or acquisitions” are defined in s.61 of the Competition Ordinance.
- 4.3 For present purposes, the most relevant parts of the definition are found in:
- 4.3.1 Section 61(1)(a) which provides that a merger or acquisition occurs when “there is a transfer from one undertaking (“the **transferor**”) to another (“the **transferee**”) of the business of the transferor”; and
- 4.3.2 Section 61(3)(b) which provides that a merger or acquisition occurs on the creation of a “joint venture”, defined in section 61(4) as being created when “a business previously carried on independently by two or more undertakings, or a new business, is carried on jointly by them, whether or not in partnership or by means of their joint control of, or ownership of shares in the capital of, a body corporate.”
- 4.4 These definitions have given rise to two issues. First, company reorganisations which involve the transfer of business between group companies are caught by s.61(1)(a) of the Competition Ordinance and thus qualify as “mergers or acquisitions”, despite the fact that an intra group reorganisation does not result in a lasting change in market structure. Second, the wide definition of “joint venture” and the absence of any link to a change of control is capable of catching joint ventures that are no more than contractual arrangements between two parties to co-operate (e.g. research and development agreements; or joint production agreements). Such contractual joint ventures do not bring about a lasting change in market structure.
- 4.5 The Committee therefore recommends that the definitions in section 61 of the Competition Ordinance identified in paragraph 4.3 above are amended to make clear that only those mergers, acquisitions and joint ventures that give rise to a lasting change in market structure.

Failure to obtain prior clearance

- 4.6 At present, if there is a merger or acquisition without the approval of the GCRA then:
- 4.6.1 where any party to a merger or acquisition is a company registered in Guernsey, no right, title or interest in any shares of the Guernsey company shall pass, vest or be transferred, charged or otherwise dealt with in accordance with the terms of the merger or acquisition, by virtue of section 13(6)(a) of the Competition Ordinance; and

- 4.6.2 no right, title or interest in any property in Guernsey, or governed, according to the Guernsey rules of private international law, under the Laws of Guernsey, shall pass, vest or be transferred, charged or otherwise dealt with in accordance with the terms of the merger or acquisition, by virtue of section 13(6)(b) of the Competition Ordinance.
- 4.7 Notwithstanding the possibility of acquiring retrospective approval under section 13(6), the fact that an un-notified transaction is ineffective to pass title is a significant issue for merging parties and their legal advisers.
- 4.8 The Committee therefore proposes that sections 13(6)(a) and 13(6)(b) should be repealed and replaced with an ability for the GCRA to impose financial penalties for a failure to notify a merger or acquisition which was subject to mandatory notification requirements, and a power to require the purchaser to divest itself of the right, title or interest in the Guernsey company or Guernsey property, where the transaction is found to give rise to a substantial lessening of competition.

Exempt transactions

- 4.9 Article 3(5) of the Merger Regulation exempts certain transactions, from the EU merger regime. The Committee proposes that these transactions should also be exempted from Guernsey's competition regime, to the extent relevant. The Merger Control Regime should only apply to transactions that bring about a lasting change in market structure whilst the exemptions listed in Article 3(5) would only effect temporary changes in respect of the same.
- 4.10 Such exemptions include:
- 4.10.1 Credit institutions, or other financial institutions or insurance companies, the normal activities of which include transactions and dealing in securities for their own account, or for the account of others, hold on a temporary basis, securities which they have acquired in an undertaking with a view to reselling them, provided that they do not exercise voting rights in respect of those securities with a view to determining the competitive behaviour of that undertaking or provided that they exercise such voting rights only with a view to preparing the disposal of all or part of that undertaking or of its assets or the disposal of those securities and that any such disposal takes place within one year of the date of acquisition; and
- 4.10.2 control being acquired by an office-holder relating to liquidation, winding up, insolvency, cessation of payments, compositions or analogous proceedings.

- 4.11 It is proposed that equivalent exemptions are explicitly inserted into the Competition Ordinance, in addition to the power of the Committee to grant exemptions under 14 of the Competition Ordinance, to ensure that financial institutions holding securities on a temporary basis, and liquidators are not inadvertently caught by Competition Legislation.

5 Amendments which the Committee intends to make by regulation.

- 5.1 For the sake of completeness, as part of the process of reviewing and revising the Merger Control Regime, the Committee currently intends to exercise its existing regulation making powers in the following respects:

Share of supply test

- 5.2 The Competition (Prescribed Mergers and Acquisitions) (Guernsey) Regulations, 2012 (the “**PMA Regulations**”) provide that mergers and acquisitions are notifiable to the GCRA, if;

5.2.1 the combined applicable turnover, of the undertakings involved, in the merger or acquisition arising in the Channel Islands exceeds £5 million; and

5.2.2 two or more of the undertakings involved in the merger, or acquisition, each have an applicable turnover arising in Guernsey, which exceeds £2 million.
(the “**turnover test**”).

- 5.3 The Committee intends to introduce an additional alternative test based on the estimated market share/share of supply to the market of the parties involved (the “**share of supply test**”).

- 5.4 The GCRA has advised the Committee that the turnover test alone has not proved satisfactory in giving the GCRA the resources it needs to achieve the objectives of the Merger Control Regime⁴. Mergers of parties with a combined turnover, below the notifiable levels, may still involve significant local activities, and potentially harm the local economy, and local consumers, whose choices post-merger may be restricted unacceptably.

‘Undertakings Involved’

- 5.5 The Committee intends to amend the PMA Regulations to provide that the turnover of the whole group to which the merging parties belong should be

⁴ That is, enabling review by the GCRA of those mergers that are most likely to give rise to a substantial lessening of competition in Guernsey.

counted, rather than just the merging parties themselves, in order to obtain a true picture of how the merger, or acquisition, effects competition within the whole of the relevant market.

Transactions in stages

- 5.6 In order to prevent a merger being carried out in stages, thereby avoiding the mandatory notification requirement, the Committee proposes the introduction of provisions specifying that transactions between the same undertakings which take place within a specified time period will be treated as the same transaction.

Definition of 'financial institution'

- 5.7 An entity's turnover is used as an indicator of its economic strength, and entities that have a combined turnover meeting, or exceeding, the thresholds set out in the Competition (Calculation of Turnover) (Guernsey) Regulations, 2012 are notifiable under the Merger Control Regime.
- 5.8 As the aim of the Merger Control Regime is to manage any anti-competitive impact of mergers in Guernsey, only local turnover (i.e. generated by a locally based business selling to a locally based consumer), is included when calculating whether an entity's turnover meets the relevant thresholds. As an exception to this principle, the turnover of financial institutions, credit institutions and insurance undertakings are deemed to arise in the location where the supplier is based. These rules have been created because these undertakings do not make sales to customers in the same way that normal trading entities do and so it is not possible to attribute turnover to customers' location in any meaningful way. The location of the business entity making the supply is therefore used. As such, financial institutions, credit institutions and insurance undertakings based outside of Guernsey, but selling to local consumers, may come within scope of the Merger Control Regime if they satisfy the threshold conditions.
- 5.9 The definition that has been given to the term "financial institution"⁵ under the Merger Control Regime is different to that in the Merger Regulation. It is extremely broad, encompassing not only controlled investment businesses within the meaning of the Protection of Investors (Bailiwick of Guernsey) Law, 1987 but also financial services businesses as defined in the Registration of Non-Regulated Financial Services Businesses (Bailiwick of Guernsey) Law, 2008⁶. This has led to transactions potentially becoming notifiable to the GCRA

⁵ Regulation 7 of the Competition (Prescribed Mergers and Acquisitions) (Guernsey) Regulations, 2012.

⁶ See Part 1 of Schedule 1 to the Registration of Non-Regulated Financial Services Businesses (Bailiwick of Guernsey) Law, 2008.

on the basis of turnover generated by a much broader spectrum of financial services businesses than the GCRA considers necessary, such as from sales made to customers outside of Guernsey and where there is therefore less possibility of the transaction having any impact on competition in Guernsey.

- 5.10 In order to remedy this, the Committee therefore intends to make regulations adopting a narrower scope which excludes non regulated financial services businesses from the definition of financial institution.

Introduction of short form merger application

- 5.11 The GCRA has proposed the introduction of a new “short form” merger application in Guernsey. This would be available for all submissions, regardless of the sector involved, where it is clear that the GCRA is unlikely to have concerns with the transaction.

6 Consultation

- 6.1 In November 2015, the GCRA launched a consultation on proposed amendments to the Merger Control Regime in Guernsey. Further discussions took place at a series of meetings held between GCRA and stakeholders to develop the proposed amendments set out in this Policy Letter.
- 6.2 The Law Officers have been consulted regarding the proposals in this policy letter.

7 Resources

No resourcing issues have been identified, outside of the required legal drafting.

8 Compliance with Rule 4

- 8.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.
- 8.2 In accordance with Rule 4(1), the Propositions have been submitted to the Law Officers for advice on any legal or constitutional implications. They have raised no legal objection to the Proposals in this Letter.
- 8.3 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the Committee.

Yours faithfully

C N K Parkinson
President

Vice-President
A C Dudley-Owen

D de G de Lisle
N R Inder
J I Mooney

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

**POLICY & RESOURCES COMMITTEE AND
COMMITTEE *FOR* EMPLOYMENT & SOCIAL SECURITY**

TRANSFORMING INCOME TAX AND CONTRIBUTIONS SERVICES – THE FINAL PHASE OF
THE REVENUE SERVICE PROGRAMME

The States are asked to decide:-

Whether, after consideration of the Policy Letter entitled “Transforming Income Tax and Contributions Services – the Final Phase of the Revenue Service programme”, dated 4th February, 2020, they are of the opinion:-

1. To delegate authority to the Policy & Resources Committee to approve a Capital vote of a maximum of **£12.1m** to fund the next phase of the Revenue Service programme. Funding will be divided between the Capital Reserve and the Guernsey Insurance Fund in a presumed 2:1 split, with the final split agreed by the Policy & Resources Committee and the Committee *for* Employment & Social Security at the end of the phase. Funding will be released in stages and on approval of the necessary documentation.

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

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

**POLICY & RESOURCES COMMITTEE AND
COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY**

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

4th February, 2020

Dear Sir

1. Executive Summary

- 1.1. In April 2018, after considering a policy letter titled ‘The Transformation of Income Tax and Contributions Services’¹, the States agreed to introduce a new operating model for the collection of income tax and social security contributions. It was recognised that the existing services were not meeting customer expectations or the requirements of the States’, and, without wholesale change, would become an increasing resource burden and source of public dissatisfaction.
- 1.2. The chosen model for future operations describes a **single, fully integrated service for the operation of income tax and contributions functions**, to be known as the Revenue Service. This target operating model represents the most effective means of organising income tax and contributions collection so as to deliver the States’ strategy and serve the needs of customers. Its implementation is intended to achieve three key outcomes aligned to the Policy & Resource Plan and the framework for Public Service Reform:

¹ The Transformation of Income Tax and Contributions Services, [Billet d’État XI](#), 2018

1. **Improved customer satisfaction** – by streamlining interactions whilst providing a more modern and flexible service built around customers' needs. A customer survey carried out in November 2018 demonstrated widespread dissatisfaction with the Services' response times, customer service and communications. The Revenue Service programme will target key operational changes to make it easy for customers, and the States, to complete things first time;
2. **Service improvements and a single organisational structure for the collection of revenue** – by focusing on process efficiency and effectiveness, supported by process integration, investment in skills and removing duplication; and
3. **Significantly reduced operating costs** – by designing and delivering a value for money service that collects as much as possible of the revenue owed to the States in an efficient and cost-effective manner.

- 1.3. The Revenue Service programme is the delivery vehicle through which the new operating model will be introduced. Since the endorsement of the model in 2018, the programme has focused on the detailed design of the future service and on delivering the necessary enablers for transformation. This has required the introduction of a single, integrated organisational structure, the development and testing of new digital services for personal and corporate affairs, and the identification detailed requirements for the Revenue Services' future IT and support systems.
- 1.4. This phase of work will have been concluded in March 2020. It was delivered within the £5.0m budget approved by the States. Over this period, initial cashable benefits were delivered in line with the phase target, manual processing hours were reduced, and customer effort was lessened across a range of services. Crucially, the outputs of this detailed design phase will provide the foundation to enable full-scale transformation to be delivered and significant associated benefits to be realised.
- 1.5. The next phase will focus on the delivery of this transformation and the full implementation of the operating model. It will be the final phase of the Revenue Service programme and will include the majority of direct benefit generating activity. Through the replacement of IT, further process and team integration and the introduction of extensive digital services, the Revenue Service will become more responsive, more flexible and significantly easier for customers to use. The Service will also be able to deliver greater value to the Islands by investing in key functions, such as intelligence-led compliance, and by allowing opportunities for policy change to be more easily identified, tested and applied.
- 1.6. A total of £12.1m will be required to deliver the implementation phase of the Revenue Service programme. This one-off cost equates to 2.4% of the revenues

collected but these revenues are by their nature annually recurring. In summary, this funding will be used to carry out the following;

- Safely migrate all relevant data from legacy systems and from paper records to a new database. This database will form part of the States' improved IT architecture;
- Implement software to execute the rules for income tax and contributions, these rules were identified and validated in Phase 2 based on existing legislation and policy. This capability will support the digitisation and automation of processes and facilitate risk assessment;
- Progress further alignment of administrative income tax and contributions rules where appropriate, including legislative updates;
- Based on the prototypes developed in Phase 2, build digital customer services to ensure that customers can update and monitor their data. This will include customer authentication, customer reporting, account visibility and customer payment and repayment. Such services would be built as part of the wider States' customer interface to promote streamlined government services;
- Build staff facing software and support materials to allow staff to monitor and update customer information for customer service, audit and compliance purposes and to manage and monitor Revenue Service performance and workflow; and
- Launch the new services, including associated customer support and staff training and assistance, monitoring the full service process to ensure that it is successful throughout, from the identification of the customer's need to the matter's resolution.

- 1.7. Funding is intended to be split between the Capital Reserve and the Guernsey Insurance Fund. It is proposed that delegated authority be granted to the Policy & Resources Committee and the Committee *for* Employment & Social Security for the staged release of the funding and the final funding split (expected to be 2:1 between the Capital Reserve and the Guernsey Insurance Fund). The Committees will be supported by a rigorous assurance plan to ensure that the programme remains on track and delivers value for money.
- 1.8. **Whilst this is a significant funding request, by removing obsolete technology costs and reducing the staff numbers and resources required in the Revenue Service, the changes introduced in the next phase will drive direct cashable benefits and improve customer satisfaction. As a result, the programme is expected to recover its full costs by 2028. Combined with the extensive non-financial benefits, there is a strong case for the States continued investment in the Revenue Service programme.**

2. Introduction

- 2.1. Income tax and social security contributions play a key role in supporting public services. Combined, the two collection types raise approximately 80% of the total revenue of the States, totalling £511.3m in 2018 (£332.5m in income tax and £178.8 in contributions). At present, the cost of collecting this revenue is 1.5% of its total.
- 2.2. Considering the significance of the income to the States, the operating model for its collection is a key concern. Income tax and contributions functions need to be carried out in such a way as to collect the right amount of revenue owed to the States at a sustainable level of cost and in line with customer expectations.
- 2.3. In April 2018, after considering a policy letter titled ‘The Transformation of Income Tax and Contributions Services’², the States agreed to introduce a new operating model for the collection of income tax and contributions. The new model was to consist of a single, fully integrated service to be known as the Revenue Service. The service would be an operational function of the Policy & Resources Committee and would replace the separate Income Tax and Contributions service areas. The Committee *for* Employment & Social Security would remain responsible for the policy associated with social security contributions, in line with its mandate to advise the States on social insurance and to protect the integral relationship between contributions and benefits policy.
- 2.4. The Revenue Service programme is the delivery vehicle for implementing the new operating model. The programme is designed to coordinate the wholesale transformation required to introduce an effective single service. This includes projects to deliver a combined organisational structure, changes to customer communication and the service culture, and the implementation of technological enablers to support more flexible and customer orientated processes.
- 2.5. The significance of Revenue Service operations, and the potential impact and risk associated with change, make it essential for the States to have the opportunity to understand and influence the direction of transformation. In order to ensure such opportunity was available, the Revenue Service programme was divided into Phases. This policy letter provides an update on the progress made within Phase 2 of the programme, a phase which focused on detailed design, and

² The Transformation of Income Tax and Contributions Services, [Billet d'État XI](#), 2018

requests the funding and resources required for Phase 3, the key implementation phase.

3. The Problem and the Opportunity – why was the programme needed?

- 3.1. An effective and customer-focused system for revenue collection is critical for supporting a strong economy and achieving the States’ fiscal and social ambitions. Figure 3.1 illustrates the purpose of the Revenue Service and the value that it delivers to Guernsey and Alderney.

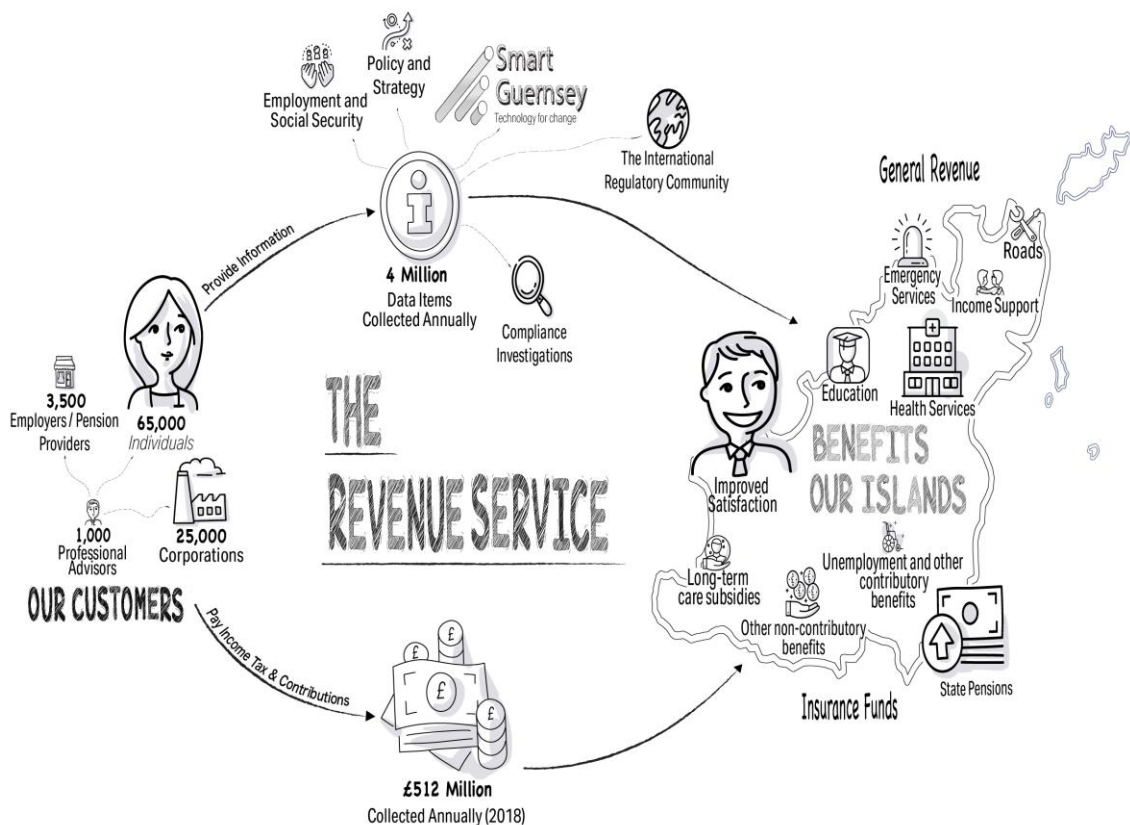


Figure 3.1: The Purpose of the Revenue Service

The Revenue Service supports vital public services through the collection of revenue. As a key source of information and insight on the Islands’ economy and population, it also informs wider decision making and the development of forward-thinking policy and strategy. The Service interacts with the majority of the Islands’ population and businesses and with key international standards organisations.

- 3.2. The Revenue Service programme is in the process of transforming the operating model for income tax and contributions functions so as to protect States’ revenue collection and ensure the needs of Guernsey and Alderney continue to be met. The programme forms part of the States’ framework for Public Service

Reform³, an operational transformation plan intended to ensure that Guernsey's public services are capable of supporting the States' vision and delivering the priorities described within the Policy & Resource Plan⁴.

- 3.3. The framework recognises that the Islands faces a number of significant challenges which demand large-scale change in public service delivery. An ageing population, changing customer expectations and rapidly developing technology will all put pressure on existing processes and systems. Meeting these challenges will require the organisation to make its services easier to access and use, ensure its operations can adapt easily as demands change, and to deliver and demonstrate value for money.
- 3.4. These challenges have particular significance within the context of income tax and contributions collection. Both the old Income Tax and Contributions service areas included a number of barriers which constrained service delivery. Without transformative change, these barriers had the potential to significantly limit the role revenue collection services could play in delivering States' strategy and in meeting future needs.
- 3.5. Whilst the arrangements for contributions and income tax collection have evolved over time, historically they have been restricted by departmental boundaries and have not considered changing customer needs. Waste, inefficiencies and customer dissatisfaction have been generated by duplication, legacy processes and limitations in data availability and sharing.
- 3.6. Furthermore, historic processes and infrastructure do not provide the flexibility or data to inform policy or to implement change efficiently. Instead, even minor changes can require significant cost and time to implement. Capacity for change and improvement has been further limited by an emphasis on technical skills, where staff development has generally focused on professional and technical expertise rather than introducing a broader skill mix.
- 3.7. Operations still rely on manual processing or interventions, with limited digital services for, or interfaces with, customers. Part of this constraint results from the legacy IT systems supporting the operations in each area, including both function's principal administrative systems and the electronic document management system supporting income tax. The applications are highly bespoke and utilise an outdated operating system and programming language, they have also relied on limited specialist support for many years. These features make the

³ The framework for Public Service Reform can be found at this link - gov.gg/change

⁴ The areas of focus in the Policy & Resource Plan can be viewed at this link - gov.gg/futureguernsey

systems more difficult and expensive to maintain than modern applications.

- 3.8. The majority of Guernsey and Alderney's population and businesses interact with income tax and contributions functions. In addition, income tax services engage regularly with other jurisdictions in order to meet Guernsey's international tax commitments. Restrictions within these areas therefore have a significant impact on the States' economic objectives and on the organisation's ability to meet international standards and improve customer satisfaction and perception of the States.
- 3.9. In recognition of the operational risks within the income tax and contributions functions, and the potential value generated by service improvements, the States resolved to progress a programme of largescale transformation, including reshaping the organisational structure and culture and its interaction with customers, as well as implementing new technological solutions and services.
- 3.10. The Revenue Service programme is actively working to change the operating model of income tax and contributions functions to remove the historic barriers and ensure the Revenue Service can play a positive part in delivering the States' objectives.

4. The Goal – what is the programme intended to deliver?

- 4.1. In 2018, the States endorsed the vision of the Revenue Service programme; **“to create a customer focused and cost efficient service for the collection of income tax and social security contributions, supported by an efficient organisational structure and IT systems”**.
- 4.2. Based on the programme's strategic framework and the operational needs of the old Income Tax and Contributions service areas, three key outcomes were established:
 - 1. Improved customer satisfaction** – a more modern and flexible service, built around customers' needs. The service will make it easy for customers to get things right and difficult to get things wrong;
 - 2. Service improvements and a single organisational structure for the collection of revenue** – process efficiency and effectiveness will be improved. This will be supported by process integration across the service, investment in skills and the removal of duplication; and
 - 3. Significantly reduced operating costs** – the service will deliver value for money by collecting the revenues due to the States in an efficient and cost effective manner.

- 4.3. In order to effectively deliver these outcomes, consensus was required on the long-term direction of transformation. The first step in the programme was to develop a Target Operating Model (“TOM”) to guide future changes and ensure that the new service would be capable of meeting the anticipated needs of the States.
- 4.4. A TOM is a high-level representation of how a service might be best organised to deliver an organisation’s strategy. The chosen TOM for the future of income tax and contributions functions is focused on the creation of a **single, fully integrated contributions and income tax service**, this service is known as the Revenue Service. The agreed model for the Revenue Service is illustrated in figure 4.1.

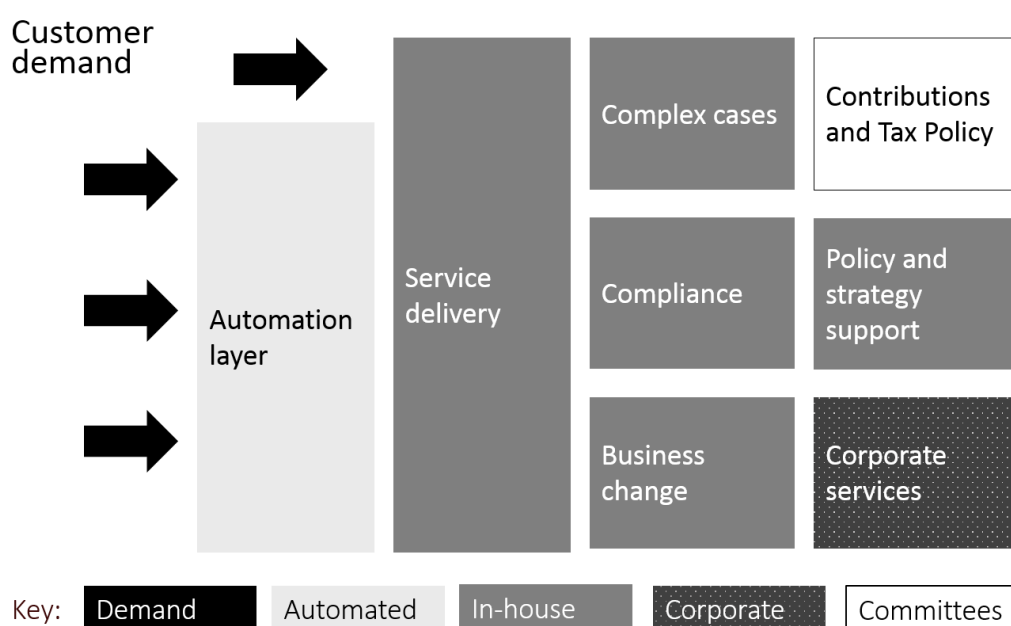


Figure 4.1: The structure of the Revenue Service target operating model.

The model comprises a number of layers. Customer demand is made up of all customer needs and requirements, including customer requests, queries, updates, review and assessment. It is filtered through the layers ensuring that an effective level of support and resource is applied depending on customer needs. Customer focused operations are supported by organisational units dedicated to the continuous improvement and future proofing of the service. Further detail on the TOM is available in the ‘Transformation of Income Tax and Contributions Services’ policy letter, Billet d’État XI, 2018.

- 4.5. In order to ensure that the formation of the Revenue Service is evidence based and carefully controlled, it was elected to introduce the TOM over a number of further phases. The design of the TOM was designated Phase 1. Two further phases were then planned; Phase 2, the detailed design of the service (where

further depth and detail was added to the TOM), and Phase 3, the major implementation phase.

- 4.6. The objectives for Phase 2 were described in section 6.1 of the 'Transformation of Income Tax and Contributions Services' policy letter;

Phase 2: Creation of a Single Service, Risk Mitigation and the Identification of Detailed Technology requirements

- 1. Create a single service with a single organisational structure,*
- 2. Introduce legislative change to enable the single service to operate effectively and with the necessary legal powers,*
- 3. Improve customer satisfaction, and generate customer insights, through a single sign-on service, ID verification service, online repayments and other digital services,*
- 4. Mitigate the risks associated with the current IT systems in Income Tax and Contributions,*
- 5. Describe the current rules, methodology and data quality and use to define the future requirements, and*
- 6. Using outputs and lessons from these work-streams, develop procurement requirements for the final phase and start the procurement process.*

- 4.7. **Whilst Phase 2 was not predicted to deliver considerable direct benefits, its products are essential for wider transformation and will help ensure that the end service is truly aligned to the needs of customers and the Islands. At this stage, Phase 2 is coming to a close and the programme is ready to enter Phase 3, the main delivery phase. Section 5 describes what has been achieved within Phase 2 and Section 6 describes the intentions for implementation.**

5. Preparation and Detailed Design – What was achieved in Phase 2?

- 5.1. Phase 2 has successfully established a foundation for the full-scale transformation of the Revenue Service. The phase has focused on the detailed design of future operations and on preparing the service, its customers and its staff to enter a period of implementation. This has required the introduction of a new organisational structure, the development of further digital services, and the identification of specific requirements for the replacement IT systems.
- 5.2. The phase was concluded in March 2020. It was delivered within the £5.0m budget approved by the States. Over this period, an annual cashable benefit of £246k has been delivered (meeting the target benefits for the phase), manual processing hours have been reduced and customer effort has been lessened across a range of services. Most crucially, the enabling outputs of the phase will

ensure that Phase 3, the main delivery phase, can realise significant additional benefits.

- 5.3. Whilst Phase 2 has achieved its overall goals, it has needed to address a number of challenges. To resolve these issues, the programme's plans have had to be flexible; this has helped to mitigate risks, deliver value for money and ensure priority needs are met. Over the phase, the programme was closely monitored and controlled to ensure that it remained aligned to the agreed objectives. The oversight provided by the two Committees and the Programme Board was supported by an ongoing schedule of independent assurance checks and reviews.
- 5.4. The key highlights and challenges of Phase 2 are described below. These have been divided by the phase objective to which they most contribute. A more detailed list of Phase 2 products is provided in appendix I. Cumulatively, the delivery of these objectives marks a significant step towards the desired programme outcomes and ensures that the Revenue Service is adequately prepared for Phase 3, the main implementation phase.
- 5.5. Highlights and Challenges
- 5.6. ***Objective 1: Create a single service with a single organisational structure***
 - 5.6.1. Phase 2 delivered the combined Revenue Service, bringing together the old Income Tax and Contributions service areas. On the 22nd October 2018, the new service was launched to the public. From this date, customers were able to ring a single number to deal with contributions or tax issues, send post to a single address, and submit enquiries or information through one email address. These changes were accompanied by organisational restructure and ongoing work to integrate and align service processes.
 - 5.6.2. The prompt introduction of the single service, rather than waiting until joint IT systems could be introduced, has enabled a better understanding of the needs of both income tax and contributions functions and of their relationship to each other. The consolidated leadership structure has also allowed consistent direction to be applied across the Revenue Service, helping to maintain the pace of change and ensure that opportunities for future integration or improvement are not missed.
 - 5.6.3. Furthermore, bringing the service areas together has provided an opportunity for some early realisation of benefits. It has helped to improve the customer experience by reducing contact requirements and has enabled the rationalisation of the management team. This has helped to validate the

programme premise that duplication between the service areas could be addressed through integration, generating greater value for money.

5.6.4. Whilst Phase 2 has successfully created a single organisation, lasting change requires reinforcement and time for the desired culture to embed. This will take place over Phase 3, when the introduction of replacement IT systems will facilitate further process integration and re-alignment. Further integration will ensure that the Revenue Service is successfully organised around customer need rather than collection type.

5.7. ***Objective 2: Improve customer satisfaction, and generate customer insights through a single sign-on service, ID verification service, online repayments and other digital services***

5.7.1. Ensuring that the Revenue Service meets customer expectations is a key priority for the transformation programme. Ahead of any significant interventions in the customer experience however, customer satisfaction first needed to be baselined to understand key problem areas and enable future performance measurement.

5.7.2. An extensive customer survey was conducted in November 2018, shortly after the Revenue Service was formed. The results of the survey⁵ identified high levels of dissatisfaction associated with response and waiting times, customer service, external communication and use of the website. This confirmed that the existing operating model was not meeting customer expectations and highlighted the requirement for greater digital service provision.

5.7.3. Along with extensive user research and input from the newly formed Customer Forum, the survey helped to inform the development of a range of customer experience improvements in Phase 2. These included;

- A review of all letters to improve the clarity and consistency of communication,
- A new end-to-end digital service to enable customers to change their employer online, saving manual processing hours and increasing customer convenience,
- The introduction of digital Revenue Service coding notices, combining the income tax coding notice and the social insurance card to save processing time, printing costs and customer wait time,

⁵ The Customer Satisfaction Survey Report is available at gov.gg/rssurvey

- Prototypes for a customer portal where all customers will be able to view and manage their status online. The prototypes focused on two customer groups – companies and tax agents, and
- A single sign-on for corporate customers to access all online services.

5.7.4. At the start of Phase 2, it was intended to focus customer experience improvements on the processes associated with personal tax and contributions collection. In 2018 however, following concerns raised by the EU Code of Conduct Group, the States introduced economic substance requirements⁶ for those companies tax resident in Guernsey carrying out relevant business activities. Effective implementation of these requirements was vital to ensure that Guernsey did not fall short of international tax standards, and, as such, improvements to corporate reporting and assessment tools were prioritised.

5.7.5. To meet this need, the phase introduced significant improvements to the corporate tax return and the associated assessment and risk review process. It also developed a single sign-on and digital account portal for corporate customers and tax agents to simplify access to key company or client information. By prioritising these improvements within the phase, rather than maintaining the initial focus, the programme was able to deliver significant cost avoidance savings (by removing the requirement to employ additional staff to process the additional substance information provided through the annual tax return) and ensure Guernsey was assessed as having a fully equipped monitoring mechanism. It has however, required that the online portal, authentication and single sign-on was focussed on corporate customers rather and delayed the introduction of digital repayments until Phase 3.

5.7.6. The deferral of some projects to Phase 3 will also help the Revenue Service programme remain aligned to the States' Smart Guernsey programme. As part of Smart Guernsey, Agilisys Guernsey Limited has been appointed as the States' Strategic Partner with a mandate to deliver business-as-usual IT services, to support the delivery of technological enablers for transformation, and to contribute to economic development in the Island. It will be more cost-effective and customer friendly to progress the development of wider Revenue Service

⁶ Economic substance legislation, including the [Income Tax \(Substance Requirements\) \(Guernsey\) \(Amendment\) Ordinance, 2018](#) and the [Income Tax \(Substance Requirements\) \(Implementation\) Regulations, 2018](#), requires companies tax resident in Guernsey, and undertaking specific activities, to demonstrate that they have sufficient substance in the Island, i.e. are directed and managed on the Island, conduct core income generating activities and have adequate people, premises and expenditure. Further information on substance requirements is available at gov.gg/economicssubstance.

online services, including customer identification and management, within the context of the partnership. For example, one key improvement to be introduced with the support of Agilisys is the development of a single ‘front door’ for all States’ services, including the Revenue Service’s digital provision.

5.7.7. Overall, customer experience projects in Phase 2 have generated considerable customer insight and baseline information. Whilst the focus of the projects changed, they have established the IT architecture required to develop and test digital services quickly and safely, this will help the Revenue Service to rapidly expand its digital offering in Phase 3. The results of the latest Revenue Service Customer Survey (carried out in December 2019) revealed a small increase in satisfaction, it is expected that customers’ perception of the service will improve considerably following the implementation of new services and support in Phase 3.

5.8. ***Objective 3: Introduce legislative change to enable the single service to operate effectively and with the necessary legal powers***

5.8.1. In order to ensure that the Revenue Service was able to operate effectively, a number of Resolutions to change the legislative framework were made at the start of Phase 2. Of these Resolutions, the phase’s key legislative attainment has been the transfer of operational contributions functions from the Committee *for* Employment & Social Security to the Policy & Resources Committee⁷. This was supported by an ordinance to establish the Director of the Revenue Service (a statutory position within the Income Tax (Guernsey) Law, 1975).

5.8.2. The transfer of functions enabled a single leader to be appointed, the organisational structure to be integrated, and data to be collected more efficiently. There are however, a number of useful changes that have not yet been implemented. Further legislation is in development to introduce a single Revenue Service Tribunal and standardise the confidentiality and disclosure rules associated with income tax and contributions data.

5.8.3. Phase 2 has also sought to identify further opportunities where amending the income tax or social insurance legislation would help to make the operation of the Revenue Service more consistent and ensure that the greatest benefits can be delivered by the programme. This review and challenge of operational rules will continue throughout Phase 3 when additional propositions may be brought before the States to progress changes as needed.

⁷ Achieved through the [Social Insurance \(Collection of Contributions\) \(Transfer of Functions\) Regulations, 2018](#)

5.9. ***Objective 4: Mitigate the risks associated with the current IT systems in Income Tax and Contributions***

- 5.9.1. The legacy IT systems that support the collection of income tax and contributions payments are outdated and pose an ever increasing risk to the operations of the Revenue Service. To help mitigate this risk, additional specialist support has been procured to ensure that the necessary resource and knowledge is available to fix and prevent any system problems.
- 5.9.2. To further mitigate any risk, as part of Phase 2, it was intended to repeatedly extract income tax and contributions data from the legacy systems. Discovery work however, identified two key challenges. The existing extraction tools for the Revenue Service systems would not be capable of delivering repeated extractions and, secondly, the States' IT infrastructure would not be sufficient to securely store the large volumes of data that would result from repeated extractions. Following this conclusion, multiple procurement exercises were carried out to identify an alternative solution. These exercises did not identify a sufficiently cost effective and safe method for continuous, mass data extraction.
- 5.9.3. In order to overcome this issue, the programme safely extracted data for specific initiatives, for example, in order to develop an online service for customers to change their circumstances. The programme has also successfully conducted a proof of concept exercise for an extraction method which will allow data to be migrated from the legacy systems to the new systems as they are developed in Phase 3. As such, the repeated extraction of data is not necessary for the programme to progress to the next stage.

5.10. ***Objective 5: Describe the current rules, methodology and data quality and use to define the future requirements***

- 5.10.1. Extensive legislative and operational rules determine the processes and decisions carried out within the Revenue Service. It is vital that these rules are effectively carried over into the future TOM and are constructively challenged where they may unduly restrict efficiency, customer experience or service alignment.
- 5.10.2. Within Phase 2, the programme isolated approximately 3,500 income tax and contributions rules and translated them from legislative or technical language into plain English. The resulting rules list will help facilitate improved customer communication, enhancing the clarity and consistency of letters, website content and FAQs, and will enrich training materials, reducing the time to train new staff and increasing the resilience of the Service. In defining the rules, the programme has also sought to identify key interactions with the benefits system

so as to prevent any negative impact on benefits operation due to Revenue Service changes.

5.10.3. Most significantly, the rules identified within Phase 2 have been used to inform the specification for the future IT systems. This has included the ongoing development of 'decision models' based on the rules. These models will drive the future automation of processes, including automated assessments, risk scoring and the prioritisation of compliance cases. With these capabilities, the service will be able to significantly reduce response times and introduce more intelligent resource allocation.

5.10.4. At the close of Phase 2, the programme has all of the information presently required on rules, methodology and data to enable effective process and system development.

5.11. ***Objective 6: Using outputs and lessons from these work-streams, develop procurement requirements for the final phase and start the procurement process***

5.11.1. As intended, the total work completed in Phase 2 has allowed the programme to identify the needs of the next phase and plan the future technological solutions, customer services and organisational culture in detail. This includes a detailed specification of the requirements for the replacement IT services.

5.11.2. The future IT services will utilise the States' IT platform being developed by Agilisys Guernsey, and, where possible, will use the platform's toolsets to develop the bespoke services required for the Revenue Service. Where any elements of the Service require IT services outside of the States' corporate functionality, it is anticipated the programme will work with Agilisys Guernsey to secure and develop these services. By using an expert external supplier's considerable experience and industry knowledge, the planned IT development will be modern, cost effective and will reflect best practice.

5.12. In achieving its overall objectives, Phase 2 has established a foundation to deliver the programme's desired outcomes. The phase has demonstrated that the programme's approach to transformational change is effective and has validated the anticipated benefit drivers including the removal of duplication and the development of digital services.

5.13. Without further work however, the potential benefits enabled by Phase 2 will not come to fruition. Phase 3, the implementation phase, will build on the outputs and lessons from the phase to make larger scale operational changes and drive greater benefits realisation. Further detail on the requirements and plans for Phase 3 are provided within section 6 of this policy letter.

5.14. Phase 2 Spend:

5.15. A total of £5.0m was spent on the outputs achieved in Phase 2. Areas of output and associated spend are illustrated in figure 5.1.

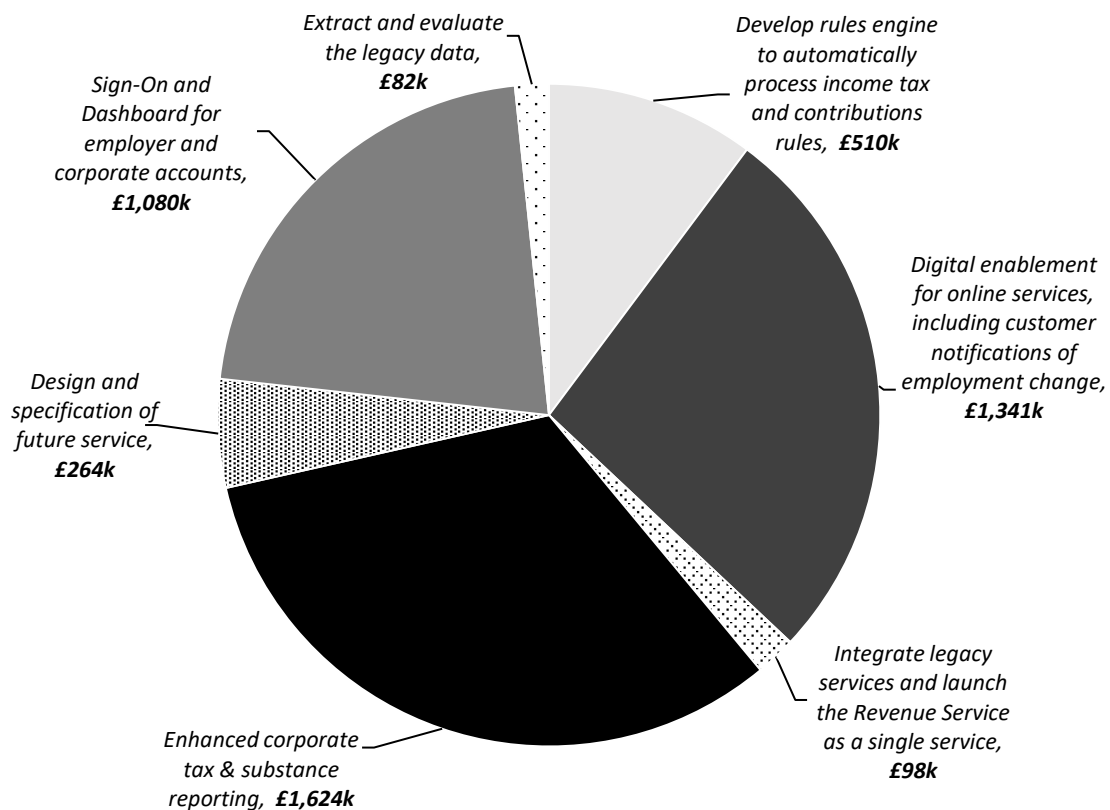


Figure 5.1: Distribution of Phase 2 Spend by the Revenue Service Programme

5.16. The development of enhanced digital services for customer change of circumstance, corporate reporting and corporate online services accounted for the majority of the Phase 2 costs. These delivery areas required specialist support and knowledge and created products which can be built on in Phase 3, the main implementation phase.

6. Implementation - what is required to successfully complete the programme and realise the desired outcomes?

6.1. Phase 3 is the key implementation phase for the Revenue Service programme. This will be the phase where the majority of direct benefit generating activity takes place, including the replacement of the Service's IT systems, further process and team integration and the introduction of extensive digital services.

6.2. In summary, completing the implementation of the target operating model will require Phase 3 to;

- Safely migrate all relevant⁸ data from the legacy systems and from paper records to a new database. This database will form part of the States' improved IT architecture currently being introduced by Agilisys Guernsey.
- Implement software to execute the rules for income tax and contributions, as were elucidated and validated in Phase 2. This will support the digitisation and automation of processes and facilitate risk assessment.
- Progress further alignment of administrative income tax and contributions rules where appropriate, including legislative updates.
- Based on the prototypes developed in Phase 2, build digital customer services to ensure that customers can update and monitor their data. This will include customer authentication, customer reporting, account visibility and customer payment and repayment. Such services will be built as part of the wider States' customer interface to promote streamlined government services. They will cover all customers, including the general public, corporate accounts and employers.
- Build staff facing software and support materials to allow staff to monitor and update customer information for customer service, audit and compliance purposes and to manage and monitor Service performance and workflow.
- Launch the new services, including associated customer support and staff training and assistance, monitoring the full service process to ensure that it is successful throughout, from the identification of the customer's need to the matter's resolution.

⁸ Relevant data refers to all of the data required to accurately carry out a contributions or tax assessment for a customer, including all the data needed by the benefits function. It is recognised that different periods of data will need to be retained for contributions and tax records.

6.3. Figure 6.1 illustrates some of the key Phase 3 products and the relationship between the States of Guernsey architecture and Revenue Service IT services;

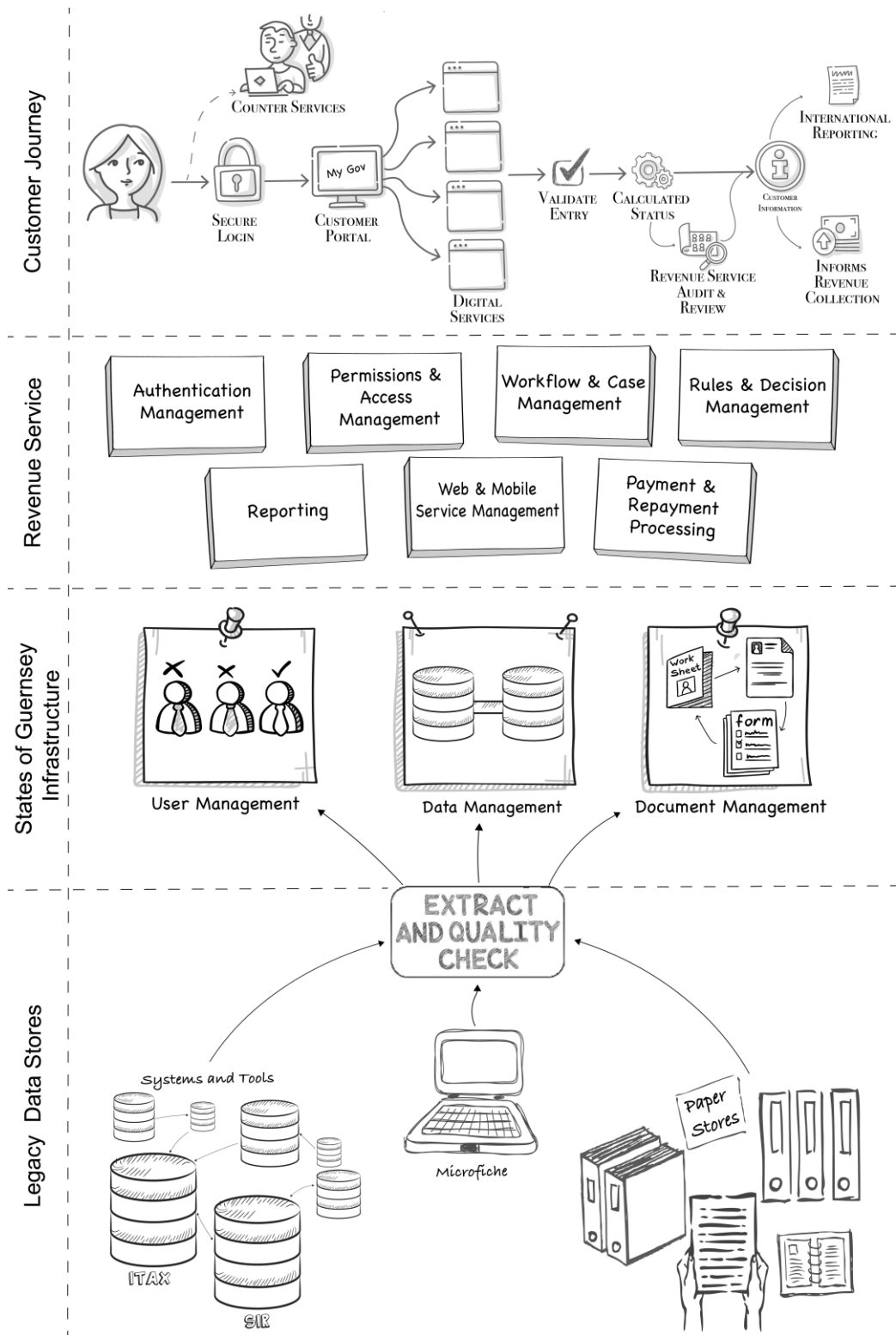


Figure 6.1: Revenue Service Products and the Customer Journey Created by Phase 3

- 6.4. The programme does not intend to purchase a single 'off-the-shelf' system to deliver the entirety of contributions and income tax service provision. Such systems have been reviewed and do not suit the needs of the full Revenue Service and would likely further the technical duplication experienced in the States. Instead, the Revenue Service programme will utilise the States' technology platform delivered by Agilisys Guernsey (as shown in the States of Guernsey Infrastructure row in Figure 6.1) to host the range of specific services required by Revenue Service customers (key examples of these are shown in the Revenue Service row in Figure 6.1), ensuring that these are tied into other States' service delivery.
- 6.5. This planned approach increases the overall value for money for the States and enables the advancement of wider IT transformation in line with Smart Guernsey. Importantly, it also enables services and features to be released as they are ready rather than when the whole system is complete, this allows benefits to be released earlier, lessons learnt over time, and lowers the risk associated with the introduction of the new service elements.
- 6.6. The research, testing and planning that took place in Phase 2 will ensure the Phase 3 products are designed around customer needs and are capable of delivering the desired programme outcomes; improved customer satisfaction, service improvements and a single organisational structure for the collection of revenue, and significantly reduced operating costs.
- 6.7. Further detail on the means through which Phase 3 will deliver the programme's outcomes is provided in section 6.8 – 6.31. A comprehensive Programme Business Case has been developed and can be made available to States' Members on request.
- 6.8. Improved Customer satisfaction
- 6.9. Phase 2 identified the key causes of customer dissatisfaction; response times, external communication, customer service and use of the website. Phase 3 will significantly improve the customer experience by introducing tailored solutions to these issues and ensuring that improved services are accessible to all of the Revenue Service's customers.
- 6.10. By the end of Phase 3, all customers will be able to access a secure online portal where they will be able to view and manage the information held on them by the Revenue Service. Building on the Phase 2 prototypes, these pages will allow the customer to make changes to their circumstances (such as employment, address and mortgage details), see the status of tax and contributions submissions, view their balances, make payments and request rebates. Furthermore, customers will be able to receive their assessments, and any

progress updates, through the portal's secure messaging solution, rather than relying on postal or telephone communication.

- 6.11. Improvements in customer interaction facilitated by the customer portal will be supported by operational changes within the Revenue Service. This will include the automation of manual processes, removal of paper records, improved work management, interactive website guidance and online liability calculators, and digital service training for staff. These changes will significantly reduce the time and effort required for customers to complete Revenue Service transactions.
- 6.12. Whilst the new customer experience will focus on the use of digital services, counter and phone services will remain an integral part of service delivery so as to help support channel shift and to cater for those customers without digital access or for whom digital services are not appropriate. With some of the pressure on these services reduced, staff will have more time to support and guide customers and services will be better tailored to those interactions most commonly conducted face-to-face.
- 6.13. Regular customer surveys and digital service monitoring will be used to measure adoption and ensure that new services are easy to use and meet customer requirements. This input will feed into the development cycle for new services and be reported to demonstrate any impact on customer satisfaction. The information will also be shared with other key change programmes in the States, supporting consistent and cost-effective improvements across government services.
- 6.14. Service Improvements and a Single Organisational Structure for the Collection of Revenue
- 6.15. Whilst Phase 2 introduced a combined Revenue Service and enabled considerable restructure, the degree of operational alignment and integration was constrained by the outdated and inflexible administrative systems. By the end of Phase 3, replacement systems will have enabled far greater assimilation of income tax and contributions processes and facilitated an organisational design based wholly around customer needs rather than collection type.
- 6.16. Phase 2 has developed a detailed specification for customer journeys and for the future Revenue Service administrative systems. The programme is looking to use these outputs to implement IT systems which provide a flexible service and can adapt to changing needs. For example, Phase 2 delivered a decision management system which can execute the rules involved in the assessment of income tax and contributions, such a system is known as a 'rules engine'. Amongst other features, this system includes the functionality necessary to drive automated income tax and contributions processing, to conduct corporate substance

assessment and to facilitate risk-based compliance activity ensuring that the Revenue Service can focus resources where they deliver the most value.

- 6.17. The rules engine will ensure that the Revenue Service can update or amend its rules more easily and without the requirement for extensive lead in time, cost and specialist support. This includes amendments to key policy rules, providing the States with the resource to test and progress policy development faster and with greater accuracy.
- 6.18. A key policy issue facilitated by the development of the systems is the introduction of independent taxation. The States made a decision to implement independent taxation, noting that the current system of joint taxation for married couples was outdated and inequitable⁹. A more flexible administrative system will enable this change to take place and will help to reduce the operational impact of the associated 13,000 person increase in the number of individual tax payers.
- 6.19. Facilitating a change to independent taxation will also help align the income tax function with social security contributions where the legislation is already gender neutral. The change is therefore a key enabler for the wider Revenue Service programme and will allow greater benefits to be realised through service integration and reduced customer effort.
- 6.20. As part of the system replacement, Phase 3 will also introduce a staff and managers portal through which team members will be able to access customer information and manage their work. This will help staff to easily maintain customer records, securely and quickly provide information to customers, and configure workflows to improve response times. Managers will also have better access to performance information and will be able to more rapidly identify cases which require additional, or more specialist, support.
- 6.21. As income tax and contributions functions come to share administrative systems and customer records, the Revenue Service organisation will be able to be further integrated until it reflects the agreed TOM. This will help to reduce duplicated work, streamline customer interactions and ensure that the Service can operate with reduced resources as it moves forward. A more integrated structure will also allow the desired culture to embed effectively across the Service and support the leadership to drive a continuous improvement mind-set. This will be further enhanced by the programme ambition to co-locate as many of its staff as possible.

⁹ [Policy & Resource Plan \(Phase 2\), Billet d'État XII, 2017](#) provides a summary of independent taxation.

- 6.22. Staff will be supported throughout the changes to operational processes, working location and customer interactions. The phase will produce training plans to prepare staff for the use of the new systems and ensure they are able to effectively support customers to use digital services. It will also introduce improved performance management systems to aid staff development and recognition.
- 6.23. The programme will monitor this outcome through a series of KPIs, such as response times and assessment backlog. This will help the Revenue Service and the States to understand whether the desired service improvements have been achieved and ensure that lessons can be learnt for other Public Service Reform projects in the States, particularly where the same technology is being adopted or reused.
- 6.24. Significantly Reduced Operating Costs:
- 6.25. By removing obsolete costs and reducing the resources required in the Revenue Service, the changes introduced in Phase 3 will directly drive cashable benefits. At the end of 2024, the programme is expected to have reduced the Revenue Service annual budget by £2.5-£3.0m. This is in line with the £1.0-£3.0m per annum predicted at the start of Phase 2. Figure 6.2 breaks this saving down by its drivers;

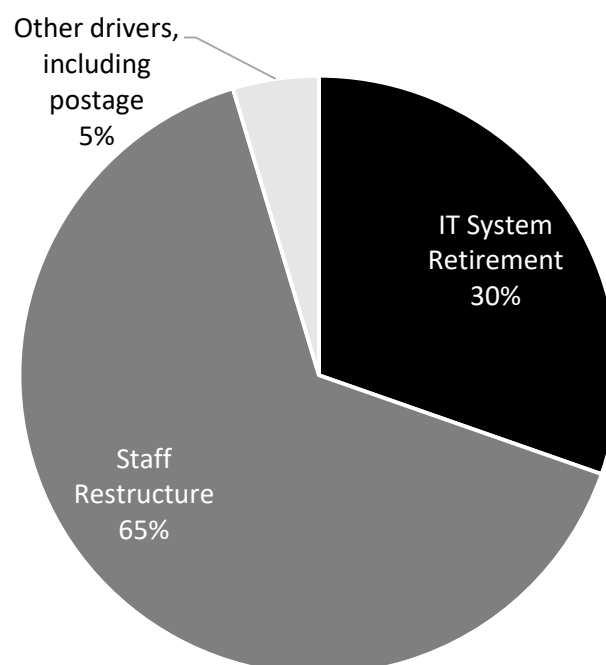


Figure 6.2: Key drivers for financial benefit within the Revenue Service programme.
The percentage refers to the proportion of the anticipated programme savings that each driver will facilitate.

- 6.26. At present, considerable specialist support is required to provide, maintain and update the legacy IT systems used in the Revenue Service, ITAX, SIR and EDM. Decommissioning these systems in Phase 3, as the main implementation phase, is predicated to save £850k from the Revenue Service budget. The more modern technology used in the replacement systems will be considerably cheaper to support and update and will also enable a more competitive procurement environment within the Service.
- 6.27. New technology and organisational redesign will help to remove duplication, automate processes, and allow customers to move online. This is predicted to, over time, reduce the amount of resource required to run the Revenue Service. The associated reduction in posts delivered in Phase 3 is expected to achieve savings of £1.5m-£2.0m. It is anticipated that this will be delivered through a combination of redeployment and natural wastage (voluntary retirement and resignation). Such an approach is favoured by the demographic of the Revenue Service workforce where a high proportion of staff are close to retirement age.
- 6.28. Due to legacy IT limitations and the need for data security, the Revenue Service currently relies heavily on postal interaction with its customers. By offering secure online services, including the customer portal, the Service will be able to remove the majority of its printing and postal costs. Phase 3 aims to eliminate letters for the majority of coding notices and assessments, minimise the use of paper forms, remove cheque-based repayments and enable customers to access information easily from home. The removal of printing, paper, postage costs etc. is expected to deliver financial benefits of £130k.
- 6.29. By the end of 2024, the programme is expected to have reduced the Revenue Service budget by £2.5-£3.0m annually. With the savings due to be delivered, the programme will have recovered its full cost by 2028.
- 6.30. Over the course of Phase 3 and post programme close, the delivery of cashable benefits will be carefully monitored and controlled to prevent double counting and ensure that realisation is effective. The precise level of benefits generated by each area will depend on Programme Board decisions associated with post reduction and the level of digitisation, these will be aligned to wider States' strategy. The benefits described in this section are indicative, where further or greater benefits can be realised, the programme will strive to deliver these.
- 6.31. All Phase 3 products will be iterated and improved over the time. The phase will help to embed a continuous improvement culture that will ensure products do not become dated in the future and which will help break the cycle of investment and decline. Furthermore, outputs will be designed to be reusable across the

States in order to make the most effective use of States' resources and ensure that customer's experiences are consistent.

7. Funding – what further funding will be required to achieve the programme outcomes?

- 7.1. A total of **£12.1m** will be required to deliver Phase 3 of the Revenue Service programme. The cost of Phase 3 has been calculated based on evidence-based cost estimates for each work-package; contingencies have been included based on the level of certainty associated with each of these cost estimates. The estimates were informed by previous experience, the anticipated work-package requirements and market testing, and have been validated by members of the States' finance function, Agilisys representatives and through the programme's assurance reviews.
- 7.2. Funding will be split between the Capital Reserve and the Guernsey Insurance Fund. Whilst it was initially decided to divide funding equally, Phase 2 identified that this split did not necessarily reflect the relative costs of income tax and contributions services or the comparative benefits achieved. It is anticipated that a 2:1 split between the Capital Reserve and the Guernsey Insurance Fund will be applied to Phase 3 funding, with a reduced contribution from the Guernsey Insurance Fund to account for the 1:1 split applied in Phase 2 (where the corporate tax return was prioritised). To ensure the division is appropriate, the Policy & Resources Committee and the Committee *for* Employment & Social Security would propose that the final split is agreed by the Committees at the end of the phase.
- 7.3. It is proposed that delegated authority be granted to the Policy & Resources Committee and the Committee *for* Employment & Social Security for the staged release of the funding and the final funding split. Funding would be released on the basis of the delivery of previous activities, the production of any necessary business cases or project documents and with the endorsement of the Programme Board (which includes representation from both Committees). By releasing funding in stages, the Policy & Resources Committee and the Committee *for* Employment & Social Security will have regular opportunity to consult with key stakeholders and to halt spending if required.
- 7.4. The rigorous assurance plan that has so far been applied to the Revenue Service programme will be continued throughout Phase 3. This will help to ensure that the programme's expectations and intentions are realistic, and that the programme remains aligned to organisational strategy. The assurance process will continue to provide independent and impartial confirmation that the programme, and its key projects and activities, are on track and provide value

for money. This is particularly important during a phase of rapid delivery and implementation.

8. Risk Profile – what are the risks associated with Phase 3 changes?

8.1. The Revenue Service programme has a direct impact on the States' future revenue collection and, as such, requires significant and careful risk management. Throughout Phase 2, the programme has carefully monitored ongoing and developing risks to ensure that appropriate mitigation plans are in place and programme decisions are well informed. Whilst many of the activities carried out in Phase 2 have helped to reduce the future risks to the programme and the Service, it is recognised that effective risk management will need to continue throughout the implementation phase.

8.2. The key risks identified for Phase 3, and associated mitigation actions, are described below;

- **Loss of data or functionality when legacy systems are discontinued.** The existing systems contain both contributions and income tax rules and store a large amount of historic data. To ensure that no relevant information is lost, the rules have been replicated and validated as part of the detailed design phase and a proven method for data extraction and transfer has been established. In Phase 3, relevant data will be safely extracted to a new database and the rules will be written into the new software. The new and old systems will be run concurrently until the Service is confident that the legacy systems are no longer required.
- **Customers and staff may not embrace digital services;** this will be tackled through communication campaigns with customers, supported use of digital channels, and proactive change management, training and support for staff. Throughout Phase 2, insights into customer needs and behaviours have been gathered and used to help design the Service around customer requirements. This information will be used in Phase 3 to ensure that services are as easy as possible for customers to operate and offer a streamlined and cohesive experience.
- **The States may not have the capacity to support the programme or the programme may disrupt business-as-usual service provision.** Other high-profile programmes and change requirements within the States will put pressure on corporate resources, such as procurement, HR and change support. The programme will also require subject matter expertise from within the Service which would otherwise be focused on delivering key Revenue Service functions. To mitigate these risks, the timeline and sequencing for the programme plan has been designed to minimise service

disruption and account for key dependencies, the programme budget also considers the employment of external resource to support the programme as well as to provide specialist expertise.

- **An adverse impact on the Social Security Benefits service** where changes in the contributions rule set and systems may reduce the efficacy of the interrelated benefits function. The requirements of the benefits service have been explored as part of the rules explication and will be monitored throughout the implementation phase to ensure that the Revenue Service continues to efficiently deliver the necessary information and service.
- **Technology development timeframes and costs.** The predicted costs and timeline have been informed by the information gathered in Phase 2, the States' relationship with Agilisys Guernsey, detailed work-package planning, and previous experience on related projects. Contingencies have been incorporated into the proposed budget based on the level of certainty associated with each work-package's cost estimate. Furthermore, the timeline has been designed to progress change at a manageable pace across the Service. These safeguards will help to ensure that the Phase 3 outputs are delivered without overspend and service disruption.

- 8.3. In order to address these risks, the programme has reviewed lessons from past States' projects, such as the implementation of SAP and the replacement of the Benefits IT system, and from the transformation of revenue collection services in other jurisdictions. Phase 2 has been used to gather the necessary information and foundations to ensure that key risks can be appropriately mitigated and managed in Phase 3.

9. Indicative Timeline – when are Phase 3 changes expected to take place?

- 9.1. The indicative timeline for Phase 3 suggests that all work will be completed by the end of 2022, with the legacy systems being fully decommissioned in the first half of the year. The realisation of benefits however, will continue well beyond this point.
- 9.2. Key milestones within the phase are illustrated in figure 8.1. Whilst the milestones are illustrated as points in time, the associated products will be developed and improved over a period, this means that some services may be available earlier, whether this is in a more limited capacity or to a more select group of stakeholders. This approach ensures that outputs can be improved over time depending on user and customer feedback.

| | 2020 | | | | 2021 | | | | 2022 | | | |
|--|------|--|--|--|------|--|--|--|------|--|--|--|
| Customers will be able to: | | | | | | | | | | | | |
| use the personal customer portal to access digital services and view/update their information | | | | | | | | | | | | |
| receive all their assessments through a secure digital contact facility | | | | | | | | | | | | |
| access online calculators and improved guidance to better predict and understand their obligations | | | | | | | | | | | | |
| manage their payments and balance information via the customer portal | | | | | | | | | | | | |
| receive digital repayments | | | | | | | | | | | | |
| Staff will be able to: | | | | | | | | | | | | |
| access comprehensive training and guidance on new systems and processes | | | | | | | | | | | | |
| use the staff portal to efficiently progress cases and update customer details | | | | | | | | | | | | |
| access improved management and performance information | | | | | | | | | | | | |
| manage case allocation and progression through the managers portal | | | | | | | | | | | | |

Figure 8.1: Key stakeholder milestones in Phase 3.

Phase 3 will implement significant changes to the customer and staff experience.

- 9.3. The timeline is not ordered by collection type and does not prioritise income tax or contributions functions. The services and milestones listed in figure 8.1 will deliver against the requirements of both collection types, supporting customers and staff to submit information once rather than multiple times. The detailed programme timeline has been designed to reflect the dependencies between different work-packages, including reliance on internal resource, and to minimise disruption to day-to-day service delivery.

10. Conclusion

- 10.1. Phase 2 of the Revenue Service programme has successfully prepared the income tax and contributions functions for wholesale transformation. It has

developed insights into customer needs and service demands, whilst developing a detailed understanding of future IT requirements and the most effective options for their introduction.

- 10.2. As was confirmed at the last assurance review, the programme is now ready to start Phase 3, the main delivery phase. This phase will implement the plans made in Phase 2, it will deliver replacement, modern IT systems, fully integrate the Revenue Service organisation and embed a new and improved customer experience. At the end of the phase, the Revenue Service will be able to demonstrate that customer satisfaction has been improved, service improvements and a single organisational structure have been achieved and significant savings have been made.

11. Compliance with Rule 4

- 11.1. Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.
- 11.2. In accordance with Rule 4(1), the Proposition has been submitted to Her Majesty's Procurer for advice on any legal or constitutional implications. Her Majesty's Comptroller has advised that there is no reason in law why the Proposition should not be put into effect.
- 11.3. In accordance with Rule 4(3), the Committee has included a Proposition which requests the States to approve funding of **£12.1m**. Further detail on the financial implications of the Proposition is provided in section 7.
- 11.4. To comply with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the Proposition attached to this Policy letter has the unanimous support of the Policy & Resources Committee and the Committee *for* Employment & Social Security.
- 11.5. In accordance with Rule 4(5), the Proposition relate to the duties of the Policy & Resources Committee and Committee *for* Employment & Social Security in respect of "raising and collecting taxes and revenues" and "social insurance" respectively. The Committees worked together to develop the Proposition.

Yours faithfully

| | |
|---|--|
| Policy & Resources Committee | Committee <i>for</i> Employment & Social Security |
|---|--|

G A St Pier
President

M K Le Clerc
President

L S Trott
Vice-President

S L Langlois
Vice-President

A H Brouard
J P Le Tocq
T J Stephens

J A B Gollop
E A McSwiggan
P J Roffey

M J Brown
Non-States Member

A R Le Lièvre
Non-States Member

APPENDIX I

REVENUE SERVICE PROGRAMME PRODUCTS – PHASE 2

The planned products for Phase 2 are listed below, references to the products within the 2018 Policy Letter are included in brackets. The percentage delivery is provided for each output. Where outputs have not been completed, the notes on delivery explain the reasons.

| Phase Objective (section 6.1) | Product | % | Notes on Delivery |
|---|--|----------|--|
| Create a single service with a single organisational structure | A combined service, the 'Revenue Service', which employs all staff working on the collection of income tax and social security contributions (6.5.3) | 100% | <i>All staff were transferred to the Revenue Service ahead of its public launch.</i> |
| | Public launch of the Revenue Service providing a single point of contact for customers (6.5.1) | 100% | <i>Public launch took place on 22/10/2018.</i> |
| | A functional map to describe the future structure of the Revenue Service, and an interim organisational structure (6.5.3) | 100% | <i>Interim structure was implemented in January 2019.</i> |
| | Leadership roles appointed to, including statutory role, the Director of the Revenue Service (6.11.1) | 100% | <i>Restructure of the leadership team has taken place, reducing staff numbers in the management team.</i> |
| | Coaching and mentoring provision to prepare managers for change | 100% | <i>All managers were offered support.</i> |
| | First functional re-organisation of staff (6.5.3) | 100% | <i>Interim model – including significant changes to the management structure.</i> |
| | Co-location of related teams to increase efficiency and resilience and to reduce duplication (6.5.3) | Ongoing | <i>Where possible, related teams have been co-located in SCFH or ETWH, further co-location is anticipated in Phase 3.</i> |
| | Aligned to organisational aspirations, desired values and behaviours identified and established within the Service | 100% | <i>Values and behaviours were developed with staff.</i> |
| Introduce legislative change to enable the single service to operate | Operational contributions functions transferred from the Committee for ESS to the P&R Committee (6.11.1) (Policy responsibilities remain with Committee for Employment & Social Security) | 80% | <i>The majority of functions were transferred by Regulation. A Projet will be required to fulfil the remaining requirements.</i> |

| Phase Objective (section 6.1) | Product | % | Notes on Delivery |
|---|---|---------|---|
| effectively and with the necessary legal powers | Statutory roles retitled to reflect the combined service (6.11.1) | 100% | An ordinance was enacted to retitle the Director of Income Tax. |
| | Current routes of appeal replaced with a single aligned route (6.11.1) | 50% | A Project will be required to introduce further changes. Other legislation was prioritised in the 2018-2019 period. |
| | Data safeguarding and confidentiality requirements aligned for the Revenue Service (6.11.1) | | |
| | Disclosure of information for the purposes of the general estimate of the revenue of the States and the provision of economic advice and analysis (6.11.1) | | |
| | Further opportunities for operational rules alignment identified (for example, the alignment of penalty processes) | Ongoing | Existing data gateways have been maintained. Staff workshops have identified a number of areas for improvement. These will be progressed through the relevant channels, including future Propositions. |
| Improve customer satisfaction, and generate customer insights through a single sign-on service, ID verification service, online repayments and other digital services | Customer forum established to provide input and feedback on the development of the service | 100% | The Customer Forum was established in 2018. It includes representatives from a large number of customer groups. |
| | Baseline survey of customer satisfaction to identify problem areas and better understand the impact of any future changes | 100% | The survey was carried out from Nov-Dec 2018. A summary of findings is available on gov.gg . |
| | Periodic survey's to monitor improvements in satisfaction | Ongoing | The last survey closed Dec 19, showing a small increase satisfaction. |
| | Digital service monitoring introduced to enable digital service use and performance to be measured | 100% | All new services will include monitoring capabilities to assess their performance. |
| | Full review of outgoing letters to improve the clarity of customer communication | 100% | This was prompted by the baseline survey. |
| | New digital services introduced (6.5.1): | | |
| | Extensive user research | 100% | These products will be used repeatedly by the programme to develop new services. |
| | Platforms for rapid testing and development of new services | 100% | |
| | Digital channel shift approach defined | 100% | |

| Phase Objective (section 6.1) | Product | % | Notes on Delivery |
|--|--|--------------------------|--|
| | End-to-end digital change employer journey to allow customers to change their employer status online | 100% | The service is available on gov.gg . |
| | Combined digital coding notice and insurance card | 100% | Employed customers are no longer required to provide their employer with a social insurance card. All social insurance information is included in the coding notice. |
| | Corporate substance return and reporting | 100% | OECD substance requirements prompted the prioritisation of improvements to the corporate tax return process. |
| | Corporate substance assessment process | 100% | |
| | Facility for customers to check their status online - Corporate and Tax Agent Account Portal online (6.8.1) | 75% (Corporate only) | A Corporate and Tax Agent Account is nearly complete. This is a prototype for the wider customer portal which will be refined and released in Phase 3. |
| | Single Sign-On - Corporate and Tax Agent (6.5.1) | 100% (Corporate only) | Corporate customers can access all services using the same sign-in details. The same facility will be introduced for wider customers in Phase 3, in alignment with government level single sign-on. |
| | Online ID verification facility (6.6.1) | - | Due to the prioritisation of corporate services and the developments with the States' Smart Guernsey programme, an ID verification facility and a digital repayment facility have not been introduced. |
| | Digital repayment facility (6.7.1) | - | |
| Mitigate the risks associated with the | Expanded support contracts for legacy systems to ensure that the systems can be maintained and protected | 100% | Single person dependencies have been substantially reduced. |

| Phase Objective (section 6.1) | Product | % | Notes on Delivery |
|--|--|---------------------------|--|
| current IT systems in Income Tax and Contributions | Data extracted into an alternative database to safeguard information and allow further analysis (6.5.2) | Proof of concept complete | <i>Existing extraction systems and infrastructure were not adequate for recurring mass extraction. A cost effective alternative solution for Phase 3 data migration has been identified.</i> |
| | Data Committee established to provide direction, guidance and oversight with regard to data principles and methods. | 100% | <i>The Committee supports the wider and Service will continue to operate in Phase 3.</i> |
| | Data register recording all of the data points collected for income tax and contributions collection | 100% | <i>The register describes the type of data collected, when and how.</i> |
| | Data strategy to describe how records will be consolidated and duplication removed. | 100% | <i>The strategy will be applied in Phase 3.</i> |
| Describe the current rules, methodology and data quality and use to define the future requirements | Service rules documented in natural language (income tax and social security) to help inform future requirements reduce time to competence for staff (6.5.2) | 100% | <i>3,500 rules were identified from the legislation. These have been used to inform service design and training materials.</i> |
| | Service rules validated (6.6.2) | 100% | <i>To ensure accuracy, Subject Matter Experts reviewed and endorsed the ruleset.</i> |
| | Decision models created to facilitate risk based assessment and automated processing, this will also help the service make intelligent resourcing decisions (6.7.2) | 80% | <i>Decision models for income tax collection are complete, the models for contributions are 50% complete. They will be completed in early Phase 3.</i> |
| Using outputs and lessons from these work-streams, develop procurement requirements for the final phase and start the procurement process | IT architecture described (present and future state) | 100% | <i>Insights from other Phase 2 products supported the delivery of future design documents.</i> |
| | Data architecture described (present and future state) | 100% | |
| | Overarching design document (for the future of the service) | 100% | |
| | Specification for the replacement IT systems to enable Phase 3 transformation (6.8.2) | 100% | <i>Due to the contracting of Agilisys Guernsey as the States' Strategic Partner, a large scale procurement exercise is unlikely to be required.</i> |

APPENDIX II

FREQUENTLY ASKED QUESTIONS

Some of questions often associated with the Revenue Service programme are answered below.

| Question | | Answer |
|--------------------------|---|--|
| Programme Purpose | | |
| 01 | Why do we need the Revenue Service programme? | <p>To achieve the States' aims, income tax and contributions functions need to be carried out in such a way as to collect the correct amount of revenue owed to the States at a sustainable level of cost and in a customer-focused manner. The historic operating model however, imposes a series of constraints on service delivery which will result in the Revenue Service becoming an increasing resource burden and source of dissatisfaction if not addressed.</p> <p>The vision of the Revenue Service programme is to 'create a customer focused and cost efficient service for the revenue collection of income tax and social security contributions, supported by an efficient organisational structure and IT systems'. In reaching this goal, the programme will deliver cashable benefits, an improved customer experience, and a more flexible and adaptable organisation.</p> |
| 02 | Why is the Revenue Service programme good for Guernsey? | <p>Income tax and contributions collection accounts for approximately 80% of the States' revenue each year. The Revenue Service programme will ensure that the collection of this income is secure by reducing operational risks and, through the appropriate automation of processes, will enable resources to be focused on tax compliance and higher risk cases, ensuring that Guernsey's collection regime is as effective as possible and meets international expectations.</p> |
| 03 | Why is this good for customers? | <p>The Revenue Service interacts with the majority of local people and many of the businesses and companies in the Island.</p> <p>A customer survey carried out in November 2018 demonstrated widespread dissatisfaction with the Services' waiting times, customer service, website and external communications. The Revenue Service programme will use customer insights to target key operational improvements and to inform the design of digital services, the organisational structure and staff training.</p> |
| 04 | How will the Revenue Service support other States services? | <p>The Revenue Service is responsible for collecting the majority of the income that funds public services. It also provides a lot of the information used in the States e-census.</p> <p>The Programme will share the lessons it has learnt with other States' transformation programmes, including information on customer expectations and preferences, staff involvement and Furthermore, the technological solutions developed as part of</p> |

| | | | |
|----------------|---|--|-------------|
| | | Phase 2 and Phase 3 of the Revenue Service can be re-used across the States. | |
| Phase 2 | | | |
| 05 | What has Phase 2 achieved? | Phase 2 has successfully established a foundation for the full scale transformation of the Revenue Service. The phase has focused on the detailed design of future operations and on preparing the service, its customers and its staff to enter a period of implementation. This has required the introduction of a new organisational structure, the development of further digital services, and the identification of specific requirements for the replacement IT systems. | Section 5 |
| 06 | Why did some Phase 2 projects focus on corporate customers instead of the general public? | <p>In 2018, the States agreed to introduce economic substance requirements into the local tax legislation. As such, companies tax resident in Guernsey are required to demonstrate that they have sufficient substance in the Island.</p> <p>In order to ensure that these requirements could be administered effectively, the programme prioritised improvements to the corporate tax return and assessment process. This helped the service to avoid employing additional inspectors process the greater workload and made sure that the Island was in line with international tax standards.</p> | Section 5.7 |
| 07 | Why was repeated data extraction not carried out in Phase 2? | <p>At the start of Phase 2, it was intended to regularly extract income tax and contributions data from the legacy IT systems. The assessment carried out within Phase 2 identified that the systems existing extraction tools were not suitable for repeatedly extracting the data (although extraction was tested) and the procurement of an alternative tool for regular extraction would not be cost-effective or supported by the limited storage capacity within the States' current IT architecture.</p> <p>In Phase 3, data will be migrated from the legacy systems to the replacement systems. This process has been successfully tested in Phase 2.</p> | Section 5.4 |
| 08 | Phase 2 has made some improvements. Why not stop now? | <p>Whilst Phase 2 has created a single organisation and improved and digitised some services, it has primarily focused on establishing a foundation and evidence base for Phase 3, the key implementation phase.</p> <p>It is in Phase 3 that the majority of benefit generating activity will take place, including the decommissioning and replacement of the administrative IT systems, the reduction of service posts through redeployment and natural wastage (voluntary retirement and resignation), and the introduction of a comprehensive customer portal. Without Phase 3, significant IT failure risks would remain and the full benefits available from Phase 2 changes would not be realised.</p> | Section 5 |

| Phase 3 | | | |
|---------|--|---|--------------|
| 09 | What funding is required to support Phase 3? | <p>Up to £12.1m will be required to fund Phase 2 projects. The vast majority of this cost can be attributed to the development of IT solutions for the Revenue Service, including the completion of the customer portal, the staff portal and the rules engine.</p> <p>The remaining funding is required to support specialist resource and facilitate the further transformation of business processes and the organisational structure.</p> | Section 7 |
| 10 | How has the required funding been calculated? | Detailed cost estimates were made for each individual work-package based on the work hours required, the type of payment arrangements anticipated, information from the organisation's relationship with Agilisys Guernsey, and the team's previous experience. Based on the confidence associated with each cost estimate, appropriate contingency has been incorporated into the budget. | Section 8 |
| 11 | How much has been spent so far? | <p>To date, the total Revenue Service budget has been £5.9m.</p> <ul style="list-style-type: none"> - £914k was used to initiate the programme, develop the TOM and prepare for Phase 2. - The States authorised further expenditure of up to £5m for Phase 2 of the programme. This has been used to add further detail to the TOM and to develop a foundation for Phase 3 implementation. | Section 7 |
| 12 | What financial benefits will the programme deliver? | <p>The programme is anticipated to save £2.5-£3.0m from the Revenue Service budget. These savings will be driven by the decommissioning of the legacy systems, changes to the organisational structure, and the removal of large volume postal communication and associated printing.</p> <p>Benefits will be carefully monitored during Phase 3 and post-programme close to ensure that realisation is effective and benefits are real.</p> | Section 6.20 |
| 13 | Where will the predicted savings of £2.5-3m per annum come from? | <p>The majority of benefits will be generated by a reduction in the number of staff needed to operate the services. This will be enabled by the automation of manual processes, digital channel shift and the removal of duplication.</p> <p>£830k will be released through the decommissioning of the legacy IT systems and £130k through the removal of large volume postal communication and associated printing.</p> | Section 6.20 |
| 14 | How long will Phase 3 last? | The indicative timeline for Phase 3 suggests that all work will be completed by the end of 2022. Benefits realisation however, will continue beyond this point. | Section 8 |

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| 15 | Will Agilisys be involved in Phase 3? | <p>The Revenue Service programme intends to work with the States' Strategic Partner, Agilisys Guernsey, to develop and implement new digital services and replacement IT systems. This will ensure that functionality is not duplicated across the States, that all solutions meet government strategy and standards, and that work is as cost effective as possible.</p> <p>Specialist revenue collection system development or procurement however, may require the involvement of other external expertise.</p> | Section 6.10 |
| 16 | Why is the programme not being funded from the money allocated to Agilisys? | At its meeting on 12 th June 2019 (Billet d'État X ¹⁰), the States agreed to enter into a ten-year contract with Agilisys Guernsey Limited. At this stage, funding was agreed for the provision of business as usual IT (budget reallocation), for the improvement of business as usual IT (£26.9m) and for some States-wide digital projects (£16.7m). As was stated in the Future Digital Services Policy Letter, the States' significant transformation projects and programmes, which extend far beyond IT change, will continue to make their own separate, funding and approval applications to the States. | |
| 17 | Does the programme intend to purchase an existing commercially available 'off the shelf' system to provide all the tax and contributions services? | <p>It is not planned to purchase a single 'off the shelf' system as part of the Revenue Service programme. The intended approach is to leverage the States of Guernsey platform provided by Agilisys Guernsey. This platform provides most of the tools needed to develop the services required by the Revenue Service to support its customers. These services include, authentication permissions provision for users, website and digital platform management, rules management, case management, workflow management, reporting, payment processing, document storage, user storage and data management.</p> <p>This approach provides value for money and has other advantages as the service will release functionality as each element becomes available rather than waiting for the entire system to be available. The use of the States of Guernsey platform allows the Revenue Service to modify the service more easily in the future, supports a consistent customer experience and enables any information collected on behalf the States of Guernsey to be shared as appropriate.</p> | Section 6 |
| 18 | How will data protection be ensured with a new database and new IT systems? | Whilst income tax and contributions data records will be integrated, staff members will only be able to access the information relevant to their roles. In Phase 2, a data strategy was developed which will guide how Phase 3 consolidates records and disposes of extraneous data. | Section 8 |

¹⁰ [Future Digital Services, Billet d'État X, 2019](#)

| | | | |
|----|--|---|-------------|
| 19 | What is 'relevant data'? | All relevant data will be migrated to the new data base. This is all of the data required to make any contributions or tax assessment. The legacy systems will not be decommissioned until the Revenue Service is happy that all necessary data has been transferred. | Section 8 |
| 20 | Will the new IT system be secure? | <p>Cybersecurity will be a key consideration in the development of any new IT systems. The Revenue Service programme will work closely with experts in this field to ensure that any new service meets the necessary security requirements.</p> <p>The next phase will also build on the Phase 2 prototypes to ensure that the customer portal has effective customer verification protocols.</p> | Section 8 |
| 21 | How will this affect staff? | <p>Part of Phase 3 involves the development of training and development materials for staff. The skills mix required within the service will change as technological solutions are introduced, this will open up new pathways for staff and new opportunities to progress.</p> <p>Over time however, developments in the Revenue Service will mean that income tax and contributions functions can be carried out with fewer posts. Where possible, any changes to staff numbers will be managed through retirements and people leaving their posts naturally. All changes to the Services structure will be in line with wider States' HR strategy and requirements.</p> | Section 6 |
| 22 | Will there be redundancies? | Whilst the number of posts within the Revenue Service are anticipated to decrease, it is intended that this take place through a combination of redeployment and natural wastage (voluntary retirement and resignation). This is made possible by the demographic of the existing Revenue Service workforce where many employees are close to retirement age. | Section 6 |
| 23 | Will staff be co-located? | It is an ambition of the programme that the majority of staff will operate from the same location. This will help to embed a common culture, promote the desired behaviours and facilitate the sharing of issues and ideas. | Section 6 |
| 24 | Which Committee is responsible for the policy associated with contributions? | Whilst responsibility for the operational social security contributions functions has been transferred to the Policy & Resources Committee, the Committee <i>for</i> Employment & Social Security retains responsibility for policy. For example, the annual uprating report remains within the mandate of the Committee <i>for</i> Employment & Social Security. | Section 2.3 |
| 25 | Will changes impact the benefits system? | Benefits policy and the benefits IT system are dependent on contributions records and information. The specification developed in Phase 2 has carefully considered the relationship and identified the needs of the benefits system to include in Phase 3 development. | Section 8 |
| 26 | Is this the final phase of the programme? | At the end of Phase 3, the original scope of the Revenue Service programme will have been delivered. This does not mean that continuous improvement and change activities will not be ongoing in the Revenue Service, however these are unlikely to require significant States investment. | |

APPENDIX III

MEETING CUSTOMER NEEDS

The table below illustrates how the programme has reacted to and used some of the customer insights developed in Phase 2. It includes examples of actions already taken by the programme and actions intended for completion in Phase 3.

| Customer Insight | Programme Response |
|--|--|
| Written communication is difficult to understand. | <p>A review was carried out of all of the letters issued by the Revenue Service to improve the clarity and consistency of communication.</p> <p>These lessons will be incorporated into any outputs designed in Phase 3.</p> |
| Waiting and response times are too long. | <p>By increasing the number of automated processes within the Revenue Service, the programme intends to significantly speed up the response times for customers, particularly those customers with relatively straight forward affairs. Online interfaces will ensure that customers have access to these services when they need them, rather than being restricted to office hours.</p> <p>This will be supported by an improved staff interface for the Service's systems and improved performance management functions to ensure that timelines can be more closely managed and complex cases can be identified early.</p> |
| The website is difficult to use and services are hard to find. | <p>Significant user testing took place when designing the Phase 2 digital services. This has ensured that these services are easy to use and identified a range of useful lessons which can be applied to future website and customer service developments.</p> <p>Phase 3 will include expanded digital services available on the website from a common front page, improved FAQs and useful tools such as calculators for tax and contributions.</p> |
| Perception of customer service is mixed, with some customers identifying a lack of staff knowledge and unclear explanations as issues. | <p>Revenue Service values were identified within Phase 2, these emphasise the importance of customer service for all service staff.</p> <p>Staff training to support any system changes in Phase 3 has been prioritised. Staff will also have access to all of the Revenue Service rules in plain English, as was established in Phase 2, which will improve the clarity and consistency of information and make it easier for staff to support customer queries.</p> |
| Change in employment is the most common change in | The journey for customers to change their employer was the first service digitised as part of Phase 2. This has already |

| | |
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| circumstance request made by customers. | saved considerable staff and customer time and will be built on further in Phase 3. |
| Significant numbers of Social Insurance Registration Cards were requested when customers changed employment, rather than the original card being used. | As part of Phase 2, the need for physical Social Insurance Registration Cards was removed from the Contributions Regulations. The information which is provided on the cards has been combined with the Income Tax Digital Coding Notice to reduce the customer and employer effort required. |
| Query account/statement is the most common reason for contact | <p>Accounts and statements will be made available as part of customer portal. In this context, customers will be able to easily access further guidance associated with their statement structure and contents, and will have access to calculators to better understand their tax obligations.</p> <p>The design and text for customer guidance will be significantly tested before publication to ensure that it is clear and consistent.</p> |
| Very small repayment cheques are issued and small debts are actively chased by the service | The Revenue Service will no longer issue reminders and repayments for amounts under £20. Customers will still receive statements advising them of their balance, however small debts will not be chased. This will improve customer service and ensure that staff time is used more appropriately. |

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

POLICY & RESOURCES COMMITTEE

ESTABLISHMENT OF THE SOCIAL INVESTMENT FUND

The States are asked to decide:-

Whether, after consideration of the policy letter entitled 'Establishment of the Social Investment Fund', they are of the opinion:

1. To note that the Social Investment Fund will be established in 2020 as a Company Limited by Guarantee.
2. To rescind Resolutions 1, 2 and 4 of Article XIII, Billet d'État XX 2014 ('Culture and Leisure Department – Channel Islands Lottery – Administration Arrangements, Forfeited Prize Account and 2011-2013 Reports and Accounts).
3. To replace Resolution 3 of Article XIII, Billet d'État XX 2014 ('Culture and Leisure Department – Channel Islands Lottery – Administration Arrangements, Forfeited Prize Account and 2011-2013 Reports and Accounts) with "To direct that any Channel Island Lottery proceeds are to be retained in the Channel Islands Lottery (Guernsey) Fund Appropriation Account and to delegate authority to the Policy & Resources Committee to approve their use for:
 - (i) Funding initiatives designed to help and support individuals experiencing gambling problems locally;
 - (ii) Providing a ring-fenced annual grant to the Committee *for* Education, Sport & Culture specifically for funding Beau Sejour Leisure Centre; and
 - (iii) Transferring to the Social Investment Fund.
4. To agree that a ring-fenced annual grant of a maximum of £700,000 per annum for the three years 2021 – 2023 be provided from the Channel Islands Lottery (Guernsey) Fund Appropriation Account to the Committee *for* Education, Sport & Culture specifically for funding Beau Sejour Leisure Centre.
5. To note that the grant arrangement set out in proposition 4 will be reviewed by no later than December 2022 and proposals for any change made by the Policy & Resources Committee, following consultation with the Committee *for* Education, Sport & Culture, in the appropriate Budget Report.
6. To approve the transfer of the uncommitted balance of the Channel Islands Lottery (Guernsey) Fund Appropriation Account as at 31 December 2019 to the Social Investment Fund.

7. To agree that any balance of the Channel Islands Lottery (Guernsey) Fund Appropriation Account from 2020 onwards be transferred to the Social Investment Fund.

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

THE STATES OF DELIBERATION
Of the
ISLAND OF GUERNSEY

POLICY & RESOURCES COMMITTEE

ESTABLISHMENT OF THE SOCIAL INVESTMENT FUND

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

10 February, 2020

Dear Sir

1. Executive summary

- 1.1. In early 2017 the Association of Guernsey Charities proposed that a social investment commission or comparable body be established as a vehicle that would use both public and private funds drawn from a variety of sources to invest in the charitable and third sector, and would help build even greater partnership and joint working between the States and the charitable and third sector. Similar bodies have been set up in other jurisdictions as a way of developing and supporting the third sector work to deliver desired outcomes in an efficient and sustainable way.
- 1.2. Following consideration of the 2018 Budget Report, the States agreed a proposal to establish such a body¹. Work has been undertaken to establish the body as a Company Limited by Guarantee called the Social Investment Fund.
- 1.3. The Social Investment Fund's primary purpose will be to use funds to invest in the Bailiwick's charitable and community sector organizations in order to deliver the following four main themes of the States of Guernsey's Future Guernsey Plan:
 - Healthy community;
 - Inclusive and committed to social justice;

¹ [Billet D'État XX of 2017 Resolution 29 of The States of Guernsey Annual Budget for 2018](#)

- Safe and secure place to live; and
 - Lifelong learning.
- 1.4. In order to receive funding, organisations will need to demonstrate that their objectives meet the Future Guernsey Plan themes, together with any identified priorities outlined by the Policy & Resources Committee.
- 1.5. During 2018-19 work has been undertaken to unlock funding for investment by the Social Investment Fund from resources such as:
- The Guernsey surplus of the Channel Islands Lottery;
 - Dormant accounts;
 - Seized Asset Funds;
 - HM Receiver General funds; and
 - The transfer of the jurisdiction of the probate function enabling a grant to be made to good causes.
- 1.6. A working group has advised on the establishment of the Social Investment Fund, comprising expertise from the Association of Guernsey Charities, the Guernsey Community Foundation and the Lloyds Bank Foundation for the Channel Islands. This group looked at process, governance and structure together with the Policy & Resources Committee and officers.
- 1.7. In February 2019 the Policy & Resources Committee appointed three independent members of the Shadow Social Investment Fund following an open and transparent recruitment process:
- Jurat Stephen Jones OBE, who will also chair the Social Investment Fund
 - The Very Reverend Tim Barker, the Dean of Guernsey
 - Susie Crowder
- 1.8. The Social Investment Fund will be established as a Company Limited by Guarantee, as is common with formalised States of Guernsey partnerships with external partners (recent examples being the Guernsey Employment Trust and the Health Improvement Commission). The Social Investment Fund will come into formal operation in 2020 and this policy letter details its operating structure and prospective funding sources. It is proposed that the current uncommitted balance of the Channel Islands Lottery (Guernsey) Fund Appropriation Account and any future balances, after funding an annual grant to Beau Sejour Leisure Centre and initiatives designed to help and support individuals experiencing gambling problems locally, are transferred to the Social Investment Fund.

2. Background and rationale

- 2.1. The establishment of a Social Investment Commission or Fund followed a Resolution as part of the 2018 Budget Report:

“To direct the Policy & Resources Committee to establish a social investment commission during 2018, to begin operation from 1 January 2019.”

2.2. This followed on from a proposal in early 2017 from the Association of Guernsey Charities. The objective was to establish a body that would use both public and – if donated in the future – private funds drawn from a variety of sources to invest in the charitable and third sector, and would help to build even greater partnership and joint working between the States and the charitable and third sector. Similar bodies have been set up in other jurisdictions as a way of developing and supporting the third sector work to deliver desired outcomes in an efficient and sustainable way.

2.3. In the 2017 Medium Term Financial Plan², the Policy & Resources Committee set out its commitment to the establishment of a social investment commission or similar body:

“In order to support this, the Committee wishes to exploit all available sources of finance which might support the commissioning of services and enable investment in longer term preventative strategies that could significantly reduce the pressure on the future public service. The second phase of this work would involve ensuring that funding which is currently paid by way of grants and subsidies to the third sector is used to help deliver on desired outcomes. Therefore, the Committee is working with the Association of Guernsey Charities to explore the establishment of a social investment commission as a vehicle to act as an enabler of social investment projects and funder of the same.”

2.4. Since the States’ support for this proposal, work has taken place to establish the structure, governance, funding and objectives of the Social Investment Fund. This work benefited from the advice of an expert working group comprising:

- Wayne Bulpitt CBE – Chairman of the Guernsey Community Foundation
- Johanna Le Poidevin – Executive Director of the Lloyds Bank Foundation for the Channel Islands
- Peter Rose – Vice-Chairman of the Association of Guernsey Charities.

3. Governance

3.1. The Social Investment Fund will be established as a Company Limited by Guarantee (“LBG”) as is common with formalised States of Guernsey partnerships with external partners (for example the Guernsey Employment Trust, the Health Improvement Commission and Guernsey Finance). It will also be registered as a charity/non-profit organisation (“NPO”).

3.2. The Social Investment Fund will be managed by a Board of Directors, comprising three expert independent members and two States’ representatives. The appointment of three independent members (“the independent members”) was agreed by the Policy & Resources Committee in February 2019 following an open and transparent application

² [2017-21 Medium Term Financial Plan](#)

and interview process. The independent members were appointed to serve a maximum of two full terms of three years and, alongside the States representatives on the board, will become directors of the company from the date that the Fund is incorporated. It is currently proposed that the directors will retire in rotation, to ensure continuity for the Fund's operation. Pending the incorporation of the company, the members have agreed to serve as independent members of the shadow board of the Social Investment Fund.

- 3.3. The recruitment of the board members was undertaken from December 2018 to January 2019. Applications were received from nine candidates, with six candidates invited to interview by a panel comprising Deputy Le Tocq, Deputy Stephens and the States Treasurer.
- 3.4. The three independent members appointed by the Policy & Resources Committee are:
 - Jurat Stephen Jones, OBE - who will also chair the Social Investment Fund
 - The Very Reverend Tim Barker – the Dean of Guernsey
 - Susie Crowder
- 3.5. The Board also comprises two members who are strategic leaders from within the States of Guernsey. In the first instance, the roles will be filled by:
 - The Strategic Lead for Place Policy to ensure alignment to policy objectives and States' commissioning intentions; and
 - The States Treasurer to ensure: integration with States funding, that longer term impacts for the States are considered and that opportunities for partnership funding are explored.
- 3.6. In addition, a Social Investment Fund support officer has been appointed on a two-year contract to provide a secretariat for the grant process, and to support grant applicants in submitting bids. This has been funded from the allocation made from the Transformation and Transition Fund to establish the Social Investment Fund.
- 3.7. The Social Investment Fund will be accountable to the States through the Policy & Resources Committee in terms of its funding decisions and distributions. Once incorporated, the Policy & Resources Committee, on behalf of the States, will be the member of the company. The Social Investment Fund will provide annual accounts to the Committee and hold an Annual General Meeting with the Committee as the voting member.
- 3.8. The Policy & Resources Committee will put in place a governance document which will set out: the relationship between the States and the Fund; specify the funds for the Fund to hold; set any limits for awards to be made; and set out its policy for reserves. This governance document will also provide for the Policy & Resources Committee to set the criteria for the prioritisation of funding awards to be made by the Social Investment Fund. These priorities could be revised by the Committee in line with any revisions to States' policies, operational and/or funding priorities.

- 3.9. The Social Investment Fund will report to the States of Deliberation through the submission of an annual report to the Policy & Resources Committee for inclusion in the Future Guernsey Plan annual update. It will also hold an annual meeting with a presentation of its work to the charitable sector. It will be expected to provide more regular updates as its work progresses and as may be requested by the Policy & Resources Committee. It will also be encouraged to meet with the States' Principal Committees to understand better their priorities and challenges.
- 3.10. To ensure transparency in its operations, the Social Investment Fund will publish the details of the funding arrangements it enters into with applicants.

4. Objectives

- 4.1. The Social Investment Fund's primary purpose is to use funds drawn from public and, potentially in the future from private sources, to invest in the charitable and community sector to help deliver the following four main themes of the States of Guernsey's Future Guernsey Plan:
- Healthy community;
 - Inclusive and committed to social justice;
 - Safe and secure place to live; and
 - Lifelong learning.
- 4.2. The Fund will work in partnership with the charitable and third sector, including third sector associations and other grant makers. The Fund will assist organisations in applying for funds; will be responsible for evaluating and approving funding applications from qualifying applicants; and will encourage public services to work closely with the third sector through commissioning and partnering models. Over time, and with the agreement of States' Principal Committees, it may also take on further responsibility for ensuring that relevant grants and subsidies from the States are targeted to achieving desired outcomes.
- 4.3. The Social Investment Fund has a number of supporting objectives:
- Supporting charities or NPOs as well as partnerships, including States Committees and operational areas, in delivering services that support the outcomes of the Future Guernsey Plan in the Bailiwick;
 - Working with the States and charities or non-governmental organisations to undertake and support the commissioning of services and investment in longer-term preventative strategies, community and charitable projects. This will have the aim of providing better outcomes, reduce future pressure on public services and potentially ensure that current grants and subsidies are targeted at delivering the desired outcomes;
 - Fostering greater resilience and capacity in the charitable and third sector; and
 - Providing short or medium-term loans to charities or non-governmental organisations to invest in augmenting existing services where there is a

demonstrable community need and a return on investment for the Social Investment Fund over time.

5. Approach to funding

5.1. The Social Investment Fund will:

- Be empowered to make impact investments in the Bailiwick (referred to in paragraph 5.7 below);
- Work with applicants to build a more sustainable approach to funding, rather than encouraging year-on-year grants. In doing so, it recognises the significant work led by the Association of Guernsey Charities to support its members in taking a more sustainable approach to funding and service provision; and
- Work with other grant-giving bodies to ensure that grant investment across the Bailiwick is co-ordinated, efficient and effective.

5.2. Funding support may take the form of grants, or potentially loans, or may be funded by a combination of both depending on the project. However, the Fund will need to be mindful of the need to ensure its funds are sustainable and the best means to achieve this.

5.3. The intention is that the Fund will make available funding to organisations that can demonstrate a real, measurable contribution to achieving successful outcomes under the Future Guernsey Plan and any priorities within that Plan as will be defined through the governance document. The scale and level of support from the Fund will depend on the anticipated outcomes and will require strong supporting evidence before funding is made available. Projects seeking support will need to be clear on the outcomes they aim to achieve, their sustainability and on the criteria by which success will be measured. One of the early tasks will be, guided by the priorities of the States, to develop and publish the criteria against which funding applications will be assessed, clearly linked to the Future Guernsey Plan.

5.4. Central to the Fund's success will be its work to support organisations to apply for funds but also encouraging public services to look at ways to work more closely with the third sector through commissioning or partnering.

5.5. The Social Investment Fund will need to be satisfied that the organisations it intends to support have the right governance and capability to deliver the outcomes envisaged under any application for funding (as referred to in section 6 below). This will include being satisfied about the capability of the charity to adequately safeguard any grants provided to it or to service any loans that may be advanced. This will require regular monitoring of performance in the delivery of the funded project against targets. In the event that performance is less than satisfactory, the Fund will have freedom to take such measures it believes necessary to mitigate any risks to its funds. It is hoped that such measures would not be needed but the Board should be expected to operate with longer-term sustainability in mind.

- 5.6. It is also expected that a “small grants” programme will be run for grants with a streamlined application, approval process and reporting requirement that will be managed by a not-for-profit partner of the States. This would succeed the current programme run by the Association of Guernsey Charities for distribution of the Christmas lottery proceeds. All grants made under this scheme will also be required to provide a link to the Future Guernsey Plan priorities.
- 5.7. The Social Investment Fund will develop and publish its approach to assessing applications for funding to include its expectations on governance, the likely terms attached to loans or grants and the steps it will take in the event of underperformance. Given the mix of planned funding sources, there is scope for some flexibility in the manner in which the funds will be put to work. There are some limitations on how certain fund sources can be made available and the purpose to which they are used. It is likely that some of the funds may be made available by way of loans, others (such as lottery funds) may be made available as grants and others (such as Seized Assets Funds) may require targeted investment to achieve specific outcomes. The Fund will have certain flexibility on how it allocates funds, keeping in mind the need for it to be sustainable long-term. It is also expected that the Fund may be able to support organisations through a form of social impact investment, where payments are normally made based on achieving agreed outcomes and can be used to finance services, costs or infrastructure.
- 5.8. The Social Investment Fund will focus on outcomes, and will encourage applications for funding to address these outcomes when applying for funds. That means that it will be easier for applicants to set out what the funding will achieve and, therefore, why it is needed; and it will also make it straightforward to monitor and determine if those outcomes have been or are being achieved.

6. Applicants’ governance

- 6.1. As well as applicants for funds needing to demonstrate that their applications satisfy the Future Guernsey Plan outcomes, the Social Investment Fund will need to be satisfied that the organisations it intends to support have the right governance arrangements in place and also the capability to deliver the outcomes envisaged under any application for funding. This will include the Social Investment Fund being satisfied about the capability of the organisation to adequately safeguard any grants provided to it or service any loans. This will require regular monitoring of performance in the delivery of the funded project against agreed targets and outcomes.
- 6.2. The Social Investment Fund will devise and publicise these monitoring processes for applicants. In the event that a recipient’s performance is not satisfactory, the Social Investment Fund will have freedom to take such measures that it believes necessary to mitigate any risks to its funds. It is hoped that such measures would not be needed but the Social Investment Fund should be expected to operate with longer-term sustainability in mind.

- 6.3. The Social Investment Fund will develop and publish its approach to assessing applications for funding, including its expectations on governance, the likely terms attached to grants or loans and the steps it will take in the event of underperformance. Clear application processes for funds will be put in place and shared with applicants. The Social Investment Fund officer will also provide support and advice to applicants, to enable them to effectively and successfully apply for funds.
- 6.4. These governance requirements will be aligned with the best practice guidelines established by the Association of Guernsey Charities and reproduced below³:

The charity's aims - the Constitution or Governing Document

A charity should be formally set up with clearly documented aims and rules by which it will be run. This should be set out in the charity's governing document (e.g. a constitution). A Charity may be constituted in a number of ways and these guidelines do not attempt to address specifically charities constituted as a company, by way of trust deed etc.

The UK Charity Commission has some helpful guidance and some model documents on constitutions for charities.

A charity should review its Constitution periodically to keep it up to date and to keep pace with the charity's development.

Governing committee

A charity should be run by a clearly identifiable body of people (which may be a governing committee, a board of trustees, a board of directors etc, described herein as the "Committee") who take responsibility, and are accountable, for controlling the charity so that it is effectively and economically run. The Constitution should clearly identify who within the charity has this role. The Committee should be of a manageable size and comprise members who together have the skills, knowledge and experience needed to run the charity effectively and economically given its complexity.

Unless the charity is constituted in a way which might limit their liability, the Committee, and if relevant the members, are effectively trustees and are jointly and severally liable for any debts and claims incurred by the charity.

The members of the Committee should submit themselves for re-election by the Beneficiaries periodically, and minimally every 3 years.

Management of the charity's activities

A charity which works effectively for its Beneficiaries takes steps to discover and

³ [Link to the AGC website](#)

understand their changing needs, and directs its charitable activity towards meeting those needs.

There should be an item in the agenda in which the affairs of the charity are discussed and managed and General Meetings where members and Beneficiaries have the opportunity to ask questions of and provide feedback to the Committee. One General Meeting in each year should be the Annual General Meeting which should deal with the election of Committee members and the presentation, approval and adoption of the annual accounts.

Integrity

No charity should use its resources on any activities which do not contribute, directly or indirectly, to achieving its stated aims. Donations which are received in response to a public appeal should be used by the Committee in accordance with the terms of that appeal. Funds donated for the general purposes of the charity may be used more generally toward achieving the charity's aims.

The Committee should act without regard to their personal interests. They should act solely in the interests of their charity, regardless of how or by whom they were appointed.

No-one should be a member of the Committee who has been convicted of a criminal offence involving dishonesty or deception, is an undischarged bankrupt, is disqualified as a company director or has a criminal conviction inappropriate in the context of the charity's activities.

Any monies paid to members of the Committee other than refund of properly incurred expenses should be approved at the annual general meeting.

Competence and effective management

The Committee is responsible for the charity having procedures and internal controls that are adequate for the nature and scale of the charity's activities. The Committee should manage and account for the charity's resources well and deploy them to the best advantage of its present and future Beneficiaries.

The Committee should include a treasurer whose responsibility is to keep proper records of the charity's assets, liabilities, income and expenses and prepare accounts annually. These accounts should be approved by the Chairman of the Committee and the Treasurer, and presented to and approved by the Beneficiaries at an annual general meeting.

The Association recommends that Charities should appoint an independent accountant to review and provide an independent accountant's report, or audit report, on the annual accounts and in particular if annual income or assets exceed £5,000.

Risk management

The Governing Committee should consider the risks of any activity in which the charity engages and should ensure that the individuals organising and involved in such activity have sufficient skills and are fit and proper persons and that any risks, either physical or financial, are minimised and properly explained, if appropriate, to others involved.

Legal compliance

The Governing Committee should take steps to ensure it complies with the law in respect of any activities in which it engages.

Reputation

A charity should conduct its external relations, fund-raising and publicity in a way that enhances its own reputation and that of charities generally.

Self Assessment

The Association recommends that Charities assess their compliance with best practice annually.

- 6.5. Recipients of funds, in the form of grants and loans, will need to agree to a standard of transparency and have governance in place which meets the minimum standards of compliance for charities and non-profit organisations. In addition, applicants will be required to satisfy due diligence checks. By having these measures in place, this will help to reduce any risks regarding potential misuse of public funds and ensure that funds are used for the purposes awarded.
- 6.6. The Social Investment Fund will require registration of all recipients of its funds either as non-profit organisations (NPOs) or as charities with the Guernsey Registry for Guernsey and Alderney organisations and with the Sark Registrar for Sark based organisations. Registered NPOs are currently subject to a number of legal and regulatory requirements, including that registered organisations must maintain records regarding all financial transactions made for up to six years, file annual statements with the Registrar unless exempt, and inform the Registrar of any changes regarding their registered details.
- 6.7. In addition, from the end of December 2019, registered organisations have been required to comply with the 2018 guidance issued by the Policy & Resources Committee, although at this stage these requirements have not been legally binding upon organisations. These governance requirements were subsequently outlined in the policy letter entitled “Charities and other Non Profit Organisations”⁴, considered by the

⁴ [Policy Letter Billet D’État I of 2020](#)

States in January 2020 and States resolutions.⁵ These resolutions provided for the introduction of legislation which will set out the legal requirements that organisations will be required to comply with in the future, as detailed in paragraph 6.8 below.

6.8. The 2018 requirements include enhanced governance measures for registered organisations regarding:

- The organisation’s constitution;
- Risk mitigation measures in place;
- Identification of donors;
- Identification of beneficiaries;
- Financial controls; and
- Financial probity and transparency measures.

6.9. As part of the Social Investment Fund’s compliance checks, prior to the release of any award, the proposed outline of the applications process is that recipients will be required to complete a detailed registration form. The completed form will inform the Social Investment Fund’s compliance checks to ensure that all funds received and transferred are properly accounted for and that the charity has appropriate measures in place to mitigate the risk of its funds (from any source) being used unlawfully, including through the payments of bribes, for financing terrorism or for money laundering purposes.

6.10. As part of the application process, it is proposed that applicants for funds will also be required to complete an enhanced due diligence questionnaire. The Social Investment Fund will then review the completed questionnaire before reaching a final decision on whether or not the organisation should receive funding for the particular project.

6.11. Any charity or third sector organisation applying for funding will need to ensure that its governance measures, financial controls and safeguarding measures (where required) satisfy the minimum standards required.

7. Funding for the Social Investment Fund

7.1. The Policy & Resources Committee has already used its delegated authority to allocate £205,000 of the social policy development funding within the Transformation and Transition Fund to support the establishment of the Social Investment Fund and fund the officer for an initial period of two years. Following its establishment, it is intended that the Social Investment Fund’s future expenses will be met from its income.

7.2. The 2018 Budget Report included that as part of the work *“to establish the [Social Investment Fund] and source additional funding, the Policy & Resources Committee intends to work to unlock funds that might currently be out of reach, but which could be used for public benefit by the commission including, for example, balances held in dormant bank accounts and by HM Receiver-General.”* This has been the focus of much

⁵ [States resolutions 15 January 2020, Billet D’État I of 2020](#)

work during 2018-19.

- 7.3. It is anticipated that funding from the following sources will be available for the Social Investment Fund. In some cases, separate policy letters, future States' resolutions and enabling legislation will be required to effect the allocation to the Social Investment Fund.

Guernsey Surplus of the Channel Islands Lottery

- 7.4. The Guernsey Lottery was established in 1971 as a means of providing funding for special States' led projects of benefit to the community. In the following year, the States of Deliberation agreed to refine the objective of the Lottery in order for it to contribute only to the Beau Sejour Leisure Centre ('Beau Sejour'), which was then under development. When the Lotteries of Guernsey and Jersey merged to form the Channel Islands Lottery in 1975, a States Resolution determined that the Guernsey portion of the proceeds should continue to be directed towards the operation of Beau Sejour in recognition of its value to the local people.
- 7.5. In 1989, the States resolved that the proceeds from one draw each year would be donated to the Association of Guernsey Charities which would then be able to allocate the grant between its members. The Christmas Draw, as the largest draw of the year, has routinely been allocated for this purpose.
- 7.6. Prior to 1998, Beau Sejour was sustained mainly on the proceeds from Lottery sales. However, between 1990 and 1996, the Centre's Cash Reserves were depleted to cover an emerging funding shortfall. The resulting States' review of funding arrangements in 1997 identified that Lottery proceeds alone were no longer sufficient to support the Centre.
- 7.7. In February 1998, the States agreed to the former Recreation Committee's recommendation that Beau Sejour receive General Revenue funding as the operating deficit at that time could not be fully covered by the contribution from Lottery profits alone. Lottery support is essential for Beau Sejour to remain able to provide amenities inclusively across the population and the centre has continued to benefit from the proceeds (2017: £493,000; 2018: £625,000; 2019 (budget): £667,000; 2020 (budget): £659,000).
- 7.8. The increases in Lottery sales in the early 2000s and greater efforts to secure efficiencies and reduce operating costs at Beau Sejour created a situation where Lottery proceeds were likely to exceed the operating deficit of the centre. Therefore the Culture & Leisure Department presented a policy letter to the States in September 2014 making recommendations on, inter alia, the administration arrangements for the Channel Islands Lottery and the use of surplus funds. (Billet d'État XX, 2014)

7.9. Following consideration of this policy letter, the States agreed⁶:

1. *"To agree that the proceeds from the annual Christmas Draw be donated to registered, local charitable bodies as authorised by the Treasury and Resources Department upon the recommendation of the Culture and Leisure Department.*
2. *To confirm that the annual proceeds of the Channel Islands Lottery, aside from the annual Christmas Draw, continue to be transferred to the Beau Sejour Centre up to the level of the Centre's operating deficit for that same calendar year.*
3. *To direct that any Channel Islands Lottery proceeds exceeding the operating deficit of the Beau Sejour Centre, excluding the Christmas Draw, is to be retained within the Appropriation Account to be used either for major projects that will enhance the Department's properties or for the funding of events which have a particularly special significance to the Island's heritage and unique cultural identity [or to fund initiatives designed to help and support individuals experiencing gambling problems locally]."*⁷
4. *To delegate authority to the Treasury and Resources Department to approve use of the Appropriation Account."*

7.10. Since the time when this arrangement was put in place, the Lottery Appropriation Account has been used to contribute towards the 2015 Liberation Day celebrations (£50,000) and the 2021 Island Games (£200,000). The balance as at end of 2018 for the Lottery Appropriation Account was £1.9 million with a remaining commitment £400,000 of £400,000 to the 2021 Island Games. In 2019, the Policy & Resources Committee approved two further uses of the Lottery Appropriation Account: £30,000 to fund a strategic review of the incidence and impact of gambling related issues locally; and £90,000 to contribute towards funding the 2020 Liberation Day celebrations.

7.11. The Policy & Resources Committee acknowledges the importance of Beau Sejour and that a subsidy is necessary in order to continue to support the wide range of services which deliver substantial benefits to the local community. As set out in the 2014 policy letter, Beau Sejour:

- Provides an important resource to sports which are not economically capable of using or establishing facilities elsewhere on the Island and serves as a focus for the growth and development of less traditional or mature sports;
- Provides significant support to cultural offerings including GADOC (the Guernsey Amateur Dramatic and Operatic Club) and the Eisteddfod;
- Hosts a number of specific initiatives aimed at promoting healthy lifestyle choices and social wellbeing in cooperation with Health & Social Care, such as the Lifefit programme; and

⁶ [States resolutions 25 September 2014 Billet d'État XX of 2014](#)

⁷ Additional wording introduced by amendment made by [Resolution 54 States Budget for 2019, Billet D'État XXIV of 2018](#)

- Is an important facility for community events and has extensive capacity in terms of banqueting, conferences and meeting rooms.

7.12. Overall the Beau Sejour Leisure Centre plays an important role in almost all aspects of the local community and makes a significant contribution to the strategic aims of the States. The Policy & Resources Committee therefore believes that the Centre should continue to receive lottery funding and, after consultation with the Committee *for* Education, Sport & Culture, is proposing that a ring-fenced annual grant is provided from the Lottery proceeds which will provide more planning certainty. The Committee is proposing that the grant is initially set at a maximum of £700,000 which exceeds the current deficit and would allow additional community projects to be developed and delivered.⁸ It is proposed that the grant is set at this level for three years 2021-2023 with a review to take place by no later than December 2022. This review would include consultation with the Committee *for* Education, Sport & Culture and any proposals for change would be included in the appropriate Budget Report.

7.13. In many other jurisdictions, proceeds from lotteries are distributed entirely to the benefit of the community through organisations outside of government. Lottery surpluses are often used to support charities, sport and active living; the arts and heritage. The surplus funds which have been accumulating in the Lottery Appropriation Account could contribute to significant community benefit if applied for such purposes and allocating the funds outside government would not preclude the type of initiatives funded to date, such as Liberation Day celebrations. Therefore, it is proposed that the uncommitted balance of the Channel Islands Lottery (Guernsey) Fund Appropriation Account as at 31 December 2019 is transferred to the Social Investment Fund and, from 2020, this Account is allocated as follows⁹:

1. To continue to fund initiatives designed to help and support individuals experiencing gambling problems locally;
2. To provide a ring-fenced annual grant of a maximum of £700,000 per annum for the three years 2021 – 2023 to the Committee for Education, Sport & Culture specifically for funding Beau Sejour Leisure Centre; and
3. The balance be transferred to the Social Investment Fund.

Dormant Accounts

7.14. In line with numerous other jurisdictions, the Policy & Resources Committee has been exploring the establishment of a statutory scheme which will require the transfer of balances in dormant bank accounts¹⁰. There is a proven and successful mechanism in

⁸ The existing arrangement will remain in place whereby General Revenue funding will be provided if the funding from the Lottery Appropriation Account is less than the agreed grant.

⁹ Existing resolutions from 2014 and 2018 regarding the Lottery and the Lottery Appropriation Account will be updated if the propositions (2-5) on page 1 of this policy letter are approved.

¹⁰ In general terms a dormant account is defined as an account where contact has been lost by a bank with a customer (natural and legal persons, wherever they reside) for at least fifteen years.

the UK, Jersey and the Isle of Man for collecting money from dormant bank accounts and using those funds for good causes.

- 7.15. A policy letter is being finalised for consideration by the States in the first quarter of 2020 which will seek agreement to establish such a scheme which would involve the balances of all dormant accounts to be transferred to a statutory fund – the Bailiwick Dormant Accounts Fund (BDAF) – which would be the responsibility of the Policy & Resources Committee.
- 7.16. A proposal will be included in the policy letter that funds contained within the BDAF will be made available for good causes and that the Policy & Resources Committee be given authority, once a policy has been put in place regarding the level of distributable funds, to nominate third parties to manage the distribution of such funds. It is the intention of the Committee that the Social Investment Fund be nominated in the first instance to manage such distributions to good causes.
- 7.17. It is not possible, at this stage, to estimate the level of funds contained within dormant accounts or how much of the BDAF could be made available for good causes, given the requirement that the BDAF would be required to repay any account holders who later reclaim their funds.
- 7.18. Following consideration of the policy letter entitled “Insolvency Law Review – Amendments to the Companies Law”¹¹ the Committee *for* Economic Development was tasked with preparing a policy letter with regard to the establishment of a statutory scheme for unclaimed dividends. The President of the Committee *for* Economic Development updated the States in January 2020 that the implementation of such a scheme, both conceptually and practically, is complex, that there remain a number of legal issues which require further consideration and that potential synergies are being explored with proposals being developed for the dormant bank accounts scheme.

Seized Assets Fund

- 7.19. The Seized Assets Fund was set up in 1995 to create a much needed additional resource in the fight against drug trafficking. HM Receiver General currently has oversight of this Fund, and has established a dedicated committee called the Seized Asset Fund Committee, comprising senior civil servants, the Law Officers and the Head of Law Enforcement to govern the Fund. The Fund receives and holds forfeited assets confiscated locally and from foreign jurisdictions, through criminal as well as civil proceedings. Expenditure of the Fund is agreed according to its expenditure policy which requires that once all costs have been recovered, any identifiable victims compensated and any assets sharing agreements honoured, the remainder is paid into

¹¹ [Resolutions regarding Billet D’État VII of 2017](#)

the Seized Assets Fund Criminal Justice Account or the Seized Assets Fund Community Account.

- 7.20. The Criminal Justice Account is ring-fenced for use by law enforcement and the Law Officers and used to provide financial support for selected complex or resource-intensive investigations, individually identified international co-operation initiatives, and procurement of specific specialist equipment.
- 7.21. Through the Community Account, support is provided for broader States work and charitable purposes such as community orders, crime prevention, drug and alcohol rehabilitation, and mental health initiatives; projects such as the Drug and Alcohol Strategy; groups such as Victim and Witness support, and other relevant charitable or not for profit groups.
- 7.22. The Seized Assets Fund had an unaudited balance of £15 million at the end of 2019.
- 7.23. Following consideration of the 2019 Budget Report, the States resolved:

“To agree to a review of the governance and operation of the Seized Assets Fund to be carried out jointly by the Policy & Resources Committee and the Committee for Home Affairs, consulting with HM Receiver General and other interested parties as appropriate and direct the Committees to report back to the States no later than December 2019 with recommendations for the future governance and operation of the Fund”

- 7.24. The review has now been completed and a policy letter is being prepared which the Committee for Home Affairs and the Policy & Resources Committee will be presenting for consideration by the States early in the second quarter of 2020. The policy letter will propose seeking to put the Fund on a statutory footing and recommend new governance arrangements.
- 7.25. In addition, the policy letter is likely to recommend that, whilst the majority of the Fund should be used to fight financial crime, a portion of the Fund and future net receipts to it should be applied for good causes and the Policy & Resources Committee considers that the Social Investment Fund would be the most appropriate vehicle for managing the distribution of such funds.

HM Receiver General

- 7.26. The HM Receiver General holds monies which are due to the Crown. These include escheats and forfeitures which devolve to the Crown following the deaths of persons leaving no known heirs or beneficiaries, and also include any assets of companies that may remain at their dissolution.
- 7.27. The current incumbent of the role of HM Receiver General is currently exploring with the Ministry of Justice whether the Lord Chancellor might consent to any of the monies HM Receiver General holds on trust for the Crown being distributed for good causes

following a certain period of time. However, this is a complex area which requires careful consideration and further research (as funds would need to be repayable in circumstances where rightfully entitled heirs make legitimate claims to their funds or where Companies are restored to the register and make application to the Court for the return of any assets which may have fallen *bona vacantia* to the Crown).

- 7.28. The funds are currently being audited but funds (taking into account the current potential liabilities noted above) are currently in the region of £8 million (with a net balance of just under £4 million plus contingent liabilities).

Participatory Budgeting Fund

- 7.29. Participatory (or community) budgeting is a means of the community engaging with government and deciding where to spend part of a public budget. This is an increasingly popular initiative in other communities which should deliver social and economic dividends, including through community building by participants prioritising projects requiring one-off funding that they assess will address the greatest community need. For example, in Guernsey this could have been used for projects such as the restoration works at La Vallette; replacement of the Town Christmas lights; provision of new playground equipment at the public parks; or providing one-off support for sporting, cultural or arts events.
- 7.30. Following consideration of the 2019 Budget Report, the States resolved¹² to establish a Participatory Budgeting Fund, with an allocation of £1m in part as a ‘dividend’ to the local community arising from the exceptional financial results recorded in 2017, in order to pilot such an approach.
- 7.31. The Policy & Resources Committee stated in the Budget Report that *“the process would work best when it is not directly administered by government so will seek to partner with a third-sector organisation to undertake the prioritisation exercise.”* The Committee now considers that the Participatory Budgeting Fund should be administered by the Social Investment Fund once the criteria for the Participatory Budgeting Fund have been finalised following consultation about the criteria with the Committees for Education, Sport & Culture, Health & Social Care and Home Affairs, together with any other relevant committee of the States, in accordance with the 2018 resolution.

General Revenue Grant

- 7.32. The Policy & Resources Committee has been working with the Dean of Guernsey and officials of the Ecclesiastical Court as a working group to develop proposals which would transfer the jurisdiction to grant probate in relation to personal property from the Ecclesiastical Court to the Royal Court. This proposal will be set out in a policy letter to be considered by the States in early 2020.

¹² [States Resolution 5 & 5A, 9 November 2018](#), (Billet d’État No XXIV)

- 7.33. The Ecclesiastical Court historically has generally made a surplus from undertaking the probate function in relation to personal property. The value of this surplus fluctuates annually, in the same way as probate income fluctuates, as it is dependent on the number and value of estates processed. The average level of surplus for the last five years based on the figures provided by the Ecclesiastical Court was £540,000.
- 7.34. At present, surplus income from probate fees is transferred to the Deanery Fund LBG, a charitable organisation with a mission statement to support charitable and community functions, including the advancement of the Church of England in the Bailiwick of Guernsey.
- 7.35. The Policy & Resources Committee considers it appropriate that charities continue to benefit following the transfer of jurisdiction. The Committee will therefore be recommending that an annual grant is made from 2021 to the Social Investment Fund which will provide certainty regardless of the size or existence of a probate specific surplus in any one year. The policy letter entitled “Review of the Jurisdiction of the Ecclesiastical Court in relation to Grants of Representation regarding personal property” concerning the proposed transfer of the jurisdiction of probate for personal property will include a proposal for this grant which the Policy & Resources Committee considers should be in the range of £300,000 - £500,000 per annum and set at £400,000 for the first two years from 2021, with proposals for future years to be included in the appropriate Budget Report.

8. Consultation and engagement

- 8.1 Currently the charitable sector benefits from funding support from a number of sources. Leading funding bodies in the Bailiwick include the Association of Guernsey Charities, the Guernsey Community Foundation and the Lloyds Bank Foundation for the Channel Islands, all three of which have contributed significantly to the Social Investment Fund’s development. There are also numerous individual, family and business grant-givers.
- 8.2 The Social Investment Fund will work as appropriate with these partners and will take a leading role in co-ordinating funding arrangements and strategy in relation to the funding of individual charities and non-governmental organisations.
- 8.3 The Social Investment Fund will continue to work closely with the Association of Guernsey Charities on the distribution of the Christmas lottery funds, for when the Social Investment Fund takes on responsibility for this function. This will ensure that the applications processes are in place and appropriate support for applicants provided.
- 8.4 The Committee *for* Education, Sport & Culture has been consulted regarding the proposals for the future use of the Lottery surplus and has indicated its agreement to the arrangements for the future funding for Beau Sejour and the allocation of lottery surpluses to the Social Investment Fund.

- 8.5 HM Receiver General has been consulted regarding the future potential uses of the HM Receiver General Funds and is supportive of this approach as outlined in paragraphs 7.19 to 7.28.

9. Compliance with Rule 4

- 9.1 Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.
- 9.2 In accordance with Rule 4(1), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications. She has advised that there is no reason in law why the propositions should not be put into effect.
- 9.3 In accordance with Rule 4(3), the Propositions are not requesting the States to approve funding.
- 9.4 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the Committee.
- 9.5 In accordance with Rule 4(5), the Propositions relate to the duties of the Committee to develop and promote the States overall policy objectives.

Yours faithfully

G A St Pier
President

L S Trott
Vice-President

J P Le Tocq
T J Stephens
A H Brouard

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *FOR* EMPLOYMENT & SOCIAL SECURITY

SCHEME FOR THE FUNDING OF MEDICAL TREATMENT FOR GUERNSEY AND ALDERNEY
RESIDENTS TRAVELLING IN THE UK

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled ‘Scheme for the funding of medical treatment for Guernsey and Alderney residents travelling in the UK’, dated 10th February 2020, they are of the opinion:

1. To agree that a scheme for the funding of medical treatment for Guernsey and Alderney residents travelling in the UK should be implemented as soon as possible during 2020, as outlined in section 4 of that policy letter, and to agree that:
 - a) the scheme will only be available to those individuals who can demonstrate, in the manner and with the evidence required by the Committee *for* Employment & Social Security, their inability to obtain medical insurance for travel to the UK, either at all, or at a reasonable cost;
 - b) individuals who are approved, under the terms of the scheme set out by the Committee *for* Employment & Social Security, will be issued with documentation that can be provided to a UK hospital, should they require proof of ability to pay for NHS secondary care;
 - c) individuals will be required to pay the first £250 towards their medical costs, should they require NHS secondary care, that is compliant with the terms of the scheme, as set out by the Committee *for* Employment & Social Security;
 - d) States expenditure shall be limited to a maximum of £250,000 per incident for an individual’s medical treatment under the scheme;
 - e) the scheme will include the cost of repatriating a person, who was approved as being covered by the scheme, by medevac transport, should a medical professional confirm this as a necessary means of transport, and if it would

be more cost effective for the States to continue, or complete, the patient's treatment in Guernsey, than it would for them to remain in the UK.

2. To direct the Committee *for* Employment & Social Security and the Committee *for* Health & Social Care to agree the practical arrangements for the implementation of the scheme set out in section 4 of that policy letter.
3. To note that it remains the responsibility of the Policy & Resources Committee to pursue the negotiation of a Reciprocal Health Agreement between Guernsey and the United Kingdom.

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

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

SCHEME FOR THE FUNDING OF MEDICAL TREATMENT FOR GUERNSEY AND ALDERNEY
RESIDENTS TRAVELLING IN THE UK

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

10th February 2020

Dear Sir

1. Executive summary

- 1.1. The Committee for Employment & Social Security ('the Committee') has explored extensively, the options for the provision of a scheme of insurance, or funding, for Guernsey and Alderney residents who require medical treatment while travelling in the UK. The primary aim of the scheme is to assist those who struggle to afford or access medical insurance for travel to the UK, and protect them from exposure to prohibitively high medical bills, should they require treatment during a visit to the UK. This has been a gap for the population since April 2009, when the UK ended the former reciprocal health agreement (RHA) that Guernsey had with the UK, although, there was an opportunity to negotiate a more limited version of an RHA in 2010, which was deemed unsuitable for Guernsey by the States at the time.
- 1.2. A full investigation into the options available to Guernsey commenced following a successful amendment by Deputy Fallaize in October 2015¹. The Committee proposes that a States-operated scheme is put in place for those who struggle to obtain insurance at a reasonable cost, funded through the Guernsey Health Service Fund ('the Fund'), and subsequently, the Guernsey Health Service Allocation, when the Fund moves to General Revenue, as directed by the 2019 policy letter on the reform of healthcare funding². Subject to approval by the States, the Committee's intention is that the new

¹ Benefit and contribution rates for 2016 ([Billet d'État XVIII of 2015](#), Article VIII, Resolution 32)

² Reform of health care funding ([Billet d'État X of 2019](#), Article VII)

scheme will be implemented during 2020, as soon as possible following debate.

- 1.3. This policy letter is concerned only with the options for providing cover for Guernsey and Alderney residents who require medical treatment while travelling in the UK. The scope of the new scheme is not in relation to those residents who are referred to the UK to receive treatment that cannot be provided locally. Anyone referred off-island for medical treatment on this basis is already covered under States of Guernsey insurance for any unexpected medical treatment that they may need while in the UK, from the day before until the day after their appointment. It is also not concerned with the feasibility, negotiation, detail, or costs of a new reciprocal health agreement between Guernsey and the UK. Following an unsuccessful amendment to the Policy & Resource Plan in June 2019³, from Deputy Prow, and a similar successful amendment from Deputy Le Tocq, this responsibility now falls to the Policy & Resources Committee.
- 1.4. The anticipated cost of the scheme proposed in this policy letter is in the region of £160,000. This is based on estimated claims costs, which were calculated using data and assumptions on travel patterns, the extent of private medical cover, and average claims costs.
- 1.5. Regardless of the outcome of the debate on this policy letter, the Committee wants to make it clear that any residents travelling overseas should always obtain relevant information and advice about the cost to them of medical services in their destination country. Appropriate travel or medical insurance should be sought and obtained by Guernsey residents, where possible, regardless of whether there is an RHA in place with that country, or any cover provided by the destination country. This is due to the limited coverage provided by RHAs, and the potential cost that individuals could incur, should they require medical treatment or repatriation while off-island.

2. Background

- 2.1. This section outlines the background to the circumstances that have led to the publication of this policy letter. This includes the former Reciprocal Health Agreement between Guernsey and the UK, the successful amendment from Deputy Fallaize, and work streams that have contributed to the development of this policy letter.

³ The Policy & Resource Plan – 2018 review and 2019 update ([Billet d'État IX of 2019](#), Article I, Resolution 1A)

Former Reciprocal Health Agreement

- 2.2. The States of Guernsey had a reciprocal health agreement (RHA) with the United Kingdom until April 2009. The RHA had been in force in various forms since 1948, when the National Health Service (NHS) was established in the UK. The decision to end the arrangement was made unilaterally by the Secretary of State in the UK. While the handling of this notification, without consulting the Crown Dependencies, was a matter which the States of Guernsey objected to, the States did recognise at the time that the agreement was outdated and no longer fit for purpose.
- 2.3. Following representation made by the authorities in Guernsey, Jersey, and the Isle of Man, the UK Government offered a new form of RHA, which differed in terms from the agreement that ended in 2009. The revised RHA offered to the Islands was much narrower in scope than the previous agreement. It covered a narrower range of services and excluded treatment for individuals with pre-existing medical conditions. In line with the old RHA, the arrangement would not have covered repatriation. In addition, the agreement would have had an estimated cost to Guernsey of over £500,000 a year (in 2008 terms), as the States would have had to absorb the cost of treating UK patients in Guernsey, because no money would have changed hands.
- 2.4. Due to the limited benefits of that proposed agreement, and the estimated costs that Guernsey would have incurred, the States of Guernsey could not justify entering into a revised RHA with the UK at that time. Jersey and the Isle of Man were both able to accept the agreement on offer, as their health funding model operates on a different basis to Guernsey's.
- 2.5. Under the former RHA, money changed hands on both sides for costs incurred. It was the complex administrative and financial arrangements that were one of the main considerations for the UK Government in deciding to end the RHA. If a future RHA followed the same model as the revised RHAs that the UK now has with Jersey and the Isle of Man, it would have no such arrangement. However, it would create a financial liability for the UK and for Guernsey, albeit the revised RHA is much narrower in scope than the former Agreement, and would operate on a 'when in Rome' basis⁴. Appendix 1 shows the funding arrangements for treatment under the former RHA. This was correct when it was produced in 2011, however, some of the exclusions in the UK have changed since.
- 2.6. While the benefits of the revised RHA with the UK had limitations for Guernsey, it was a matter that remained under review by the former Health

⁴ A 'When in Rome' model means that the patient would be treated as though they were a resident of the jurisdiction that they were in. For example, UK visitors to Guernsey would pay for primary care services, as Guernsey residents do, but would not pay for secondary care.

and Social Services Department for a number of years, until there was evidence to suggest that the chances of obtaining such an agreement with the UK in the near future would be difficult. For example, the NHS implemented further funding restraints for overseas visitors in 2015⁵, and the fact that 40% of the UK RHAs were ended by the UK Department of Health, as at 1st January 2016. Any case for entering into a revised RHA would be required to demonstrate benefits for UK tax payers and be truly reciprocal in nature. However, the States could push to negotiate from a constitutional angle to provide another argument to secure an RHA with the UK, especially given the fact that Jersey and the Isle of Man have one.

- 2.7. More recently, in September 2018, the UK Department of Health indicated that it would be open to the possibility of discussing the potential to negotiate a new RHA in the future, in light of the arrangements that the UK may need to put in place with EU countries as a result of Brexit. However, any discussions with Guernsey will not be a priority for the UK, until post-Brexit. The responsibility for pursuing these discussions rests with the Policy & Resources Committee, who have a duty to report back to the States on progress in the 2020 update to the Future Guernsey Plan, as directed by the States in resolution 1A b) of 28th June 2019, following the 2018 P&R Plan Review and 2019 Update. This work will be undertaken in conjunction with the Committee for Health & Social Care. Representatives from both Committees have already begun discussions with the UK on this matter.

The current situation for Guernsey and Alderney residents requiring medical treatment while travelling in the UK

- 2.8. Since the removal of the RHA in 2009, local residents visiting the UK have been required to pay for any secondary care that they had received. It should be noted that, at the time of writing, visitors to the UK, including Guernsey and Alderney residents, were not charged by the UK for access to primary care, although it is expected that this could change in the future. Primary care constitutes treatment and consultations received from General Practitioners or at emergency departments, and ambulance costs. Secondary care is the treatment received after a patient is admitted to a hospital, such as operations and specialist consultations and treatment.
- 2.9. A patient who is not entitled to free NHS secondary care would be asked to pay the full cost of treatment in advance, unless emergency treatment was required. If proof of the ability to pay cannot be provided, for example travel insurance, health insurance, or personal funds, treatment will be refused. However, emergency medical treatment that stabilises a life-threatening

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[The National Health Service \(Charges to Overseas Visitors\) Regulations, 2015](#)

condition would not be refused, but a patient would be expected to return home for it to be completed, once the emergency was over.

- 2.10. If there was no emergency, but treatment has to start immediately, an undertaking to pay would be requested from the patient. If it was not urgent and the patient could not afford to pay, then they would be able to refuse treatment and wait until they returned home to receive it there instead.

2015 Fallaize Amendment

- 2.11. During the October 2015 debate of the Policy Letter on the Benefit and Contribution rates for 2016⁶, Deputy Fallaize placed a successful amendment, on which the States resolved on 30th October 2015:

‘32. To agree that the Committee for Employment & Social Security shall investigate the merits of including within the ambit of the Guernsey Health Service Fund the costs of healthcare and medical treatment incurred by Guernsey residents while travelling to the United Kingdom which would previously have been within the ambit of the States’ reciprocal health agreement with Her Majesty’s Government, or alternatively of the States entering into partnership with one or more private insurance providers to ensure that such insurance cover can be made available to Guernsey residents at reasonable cost; provided that such investigation shall be undertaken on the presumption that any such insurance scheme would most probably require any claim to be subject to both maximum and minimum conditions in relation to cost coverage; and further to agree that the Committee for Employment & Social Security shall report to the States thereon by no later than October, 2017; and further to note that, for the purposes of Rule 15(2)(a) of the Rules of Procedure of the States of Deliberation, carrying into effect the proposals in this amendment, i.e. the carrying out of such an investigation, will not increase the expenditure of the States.’

- 2.12. In response to the resolution resulting from the successful Fallaize amendment, the Committee has investigated the options for the provision of a scheme of funding for Guernsey and Alderney residents who require medical treatment while travelling in the UK. This has included contracting an independent insurance consultant to scope the initial options available, conducting a soft market test and formal tender exercise to further refine the options and identify a potential insurance provider, and the consideration of

⁶ Benefit and contribution rates for 2016 ([Billet d’État XVIII of 2015](#), Article VIII, Resolution 32)

options that are not insurance-based, to reach a final proposal. All options that were considered are outlined in Appendix 2.

Independent Report

- 2.13. The former Social Security Department contracted with an independent insurance consultant to identify the options available to the States, which would provide cover for Guernsey and Alderney residents in broadly the same circumstances as would have been covered by the former RHA with the UK. This report was then considered by the newly formed Committee *for* Employment & Social Security in 2016.
- 2.14. The report outlined five options, and recommended that the Committee pursue a Group Travel Medical Insurance scheme. The recommendation offered a solution to the issue of the unavailability, or high cost, of medical insurance for islanders visiting the UK. The Committee looked to further refine the option presented, and to identify a suitable company who could provide a formal quote. The scheme proposed by the Committee, which is outlined in section 4, varies from the scheme presented in the independent report. The other options that were considered are outlined in more detail in Appendix 2.

Soft market test and formal tender exercise

- 2.15. Following the consideration of the independent report by the newly formed Committee in late 2016, a tender process was undertaken to seek an insurer who could provide a scheme of medical insurance, which suitably covered the needs of the population, and limited exposure to the risk of high value claims for the States. A soft market test was conducted initially, to gauge interest and inform the formal tender exercise.
- 2.16. There was one response to the formal tender exercise, which came from a local insurance broker, who would engage with a local insurer, to deliver the scheme. Initially, the company that responded seemed suitable for the Committee's requirements.

3. Insurance based options

- 3.1. Discussions continued with the company who had provided a quote through the formal tender exercise, including negotiations to refine the insurance model to best suit the needs of the population and balance that with the possible costs of the scheme. The discussions detailed the operation of the new scheme, including the claims handling process, as well as the contract and payment options. The Committee obtained quotes for a number of variables, including restricting eligibility criteria for accessing the scheme,

including or excluding repatriation costs, and changing the level of risk that the States would assume for low value claims.

- 3.2. The Committee considered its preferred option from those available from the insurers, noting that the potential cost of the scheme could not be known, due to its demand-led nature. However, using assumptions based on travel patterns, claims data, and existing private medical insurance cover, it was estimated that the maximum cost to the States could be £890,000, if the worst case scenario claims volume and cost was experienced. The minimum cost would be the premium of £90,000 that the insurer would charge to the States, regardless of whether any claims were received in the insurance period.
- 3.3. The Committee's findings were presented to the Policy & Resources Committee in March 2018. That Committee had significant concerns about the wide scope and potential cost of the scheme, and that there would be an upper limit on the costs that the insurer would be willing to provide cover for. The Policy & Resources Committee suggested that the option of establishing a captive insurance scheme should be researched and considered. Details of how this could work, including the potential costs, risks and benefits involved, were obtained through discussions with two independent local captive insurance experts. Both advised that setting up a captive insurance scheme would not be suitable for the States, due to the ongoing cost of regulatory and administrative requirements that apply to captives, which would not be offset, due to the small size of the scheme. In essence, what the Committee was trying to do was not profitable, and therefore commercially difficult for a private insurer to be involved with, and the cost and complexity of setting up a captive scheme did not appear to represent value for money for the States.
- 3.4. Further, in order to restrict the cost of the scheme, the Committee considered the appropriateness of implementing eligibility criteria, so that the scheme would only be open to people who struggled to obtain insurance, either due to age, pre-existing conditions, or prohibitively high policy premium costs. Further work was also undertaken in order to scope the feasibility of charging individuals to participate in the scheme, but it was noted that there was a regulatory requirement to have a licence to sell insurance policies. The States would have been required to pay a premium for this service, which would also include claims handling, emergency assistance, the service of an insurance manager, access to the reinsurance market, and a potential reduction in the risk of high cost claims. However, none of the insurers contacted were willing to offer this service.
- 3.5. Two insurers who specialise in insuring older people were also contacted to scope the possibility of them providing a bespoke scheme that would meet the Committee's preferred terms, especially focusing on affordability for

people. The outcome of those discussions was that the insurers would not be able to provide any kind of stop-loss scheme without any previous claims data on which the underwriters could base the potential risks, claim numbers and premium income. While they did offer travel medical policies to people over pension age and who had pre-existing medical conditions, those people had to be assessed on a case by case basis. This is because many of the situations are complex, and therefore had to be individually screened and rated. For that reason, they would not be able to insure those people through a group scheme, which is what the States scheme would be.

- 3.6. After extensive investigations and detailed discussions with insurers, the Committee unfortunately reached the conclusion that there were no suitable insurance based options available that would address the scope of the 2015 Fallaize amendment. The Committee therefore had to reconsider the options of doing nothing or implementing an in-house scheme that would cover the costs of medical treatment only for those who needed it most, which was the original intention of the 2015 Fallaize amendment. The Committee's preferred option for implementation, to run an in-house scheme, is outlined in section 4 below.

4. Proposed scheme for implementation

- 4.1. The Committee is proposing that an in-house scheme is developed, which is targeted at those who struggle to obtain medical insurance for travel to the UK, either due to age, a pre-existing medical condition, or prohibitively high cost. This is in line with the aim of the 2015 Fallaize amendment, and will minimise expenditure by limiting the scheme to those who need it most. In simple terms, Social Security will pay medical bills received by individuals pre-approved by Social Security, who require NHS secondary care and/or repatriation while travelling in the UK. Repatriation will cover the cost of travel to Guernsey via a medevac/air charter transfer for the patient. This would be done in the event that it would be more cost effective for the States of Guernsey to bring the patient back to Guernsey and continue their treatment locally. If the person is declared medically fit to travel on a commercial flight or ferry, this must be done at their own expense. In the event of a person's death while in the UK, the repatriation of their body would not be covered by this scheme.
- 4.2. Measures will be put in place to ensure that the scheme targets those with no alternative, is proportionate to the issue that this policy letter aims to address, and recognises the Committee's responsibility to limit unnecessary expenditure of public money.
- 4.3. Individuals who want to access the scheme will need to demonstrate that they had enquired with two or more insurers, including insurers who

specialise in complex cases, policies for older people, and for those with pre-existing medical conditions. The individual would then contact Social Security with this evidence, and it would be assessed whether the person was eligible to access the scheme. If approved, the individual would be issued with documentation confirming Social Security's commitment to pay any bills that the individual may incur, subject to the limitations set out in paragraphs 4.7-4.9 below. This would be presented to the UK hospital when they asked how the patient was going to pay for their treatment. Alternatively, confirmation could be obtained from the office during normal office hours. As the UK treats emergency cases, regardless of the ability to pay, it is not deemed necessary that a 24hr emergency phone number would need to be set up to provide confirmation that a person was covered by the scheme.

- 4.4. It is difficult to say what is reasonable or affordable, as people have different circumstances and financial situations. Therefore, to ensure that the assessment of eligibility is consistent, a benchmark of being able to answer the following questions will be set, and officers will take a common-sense approach to assessing eligibility:
- Has the individual obtained evidence from at least two different insurers?
 - If the individual can obtain medical insurance for travel to the UK, but considers it to be prohibitively high in cost, does the individual have savings of less than £100,000?
 - Is the individual over pension age, and/or does the individual have complex needs or pre-existing medical conditions?
 - Has the individual been quoted for medical insurance that is not prohibitively high in cost, but excludes treatment for their pre-existing medical conditions?
- 4.5. Even when individuals are approved as being able to access the scheme, should they require medical treatment while travelling in the UK, the Committee recommends that they obtain a travel insurance policy to cover the risk of travel delays, and lost baggage, etc. Further, the Committee recommends that individuals obtain limited cover for medical expenses and repatriation if they are able to, which may exclude treatment for particular pre-existing health conditions, as the policy they obtain would provide much more extensive coverage than the emergency cover provided by the scheme proposed in this policy letter. The proposed Social Security scheme would then agree to pay the costs of any treatment required in relation to any conditions excluded from their private insurance policy.
- 4.6. Notwithstanding the possibility of Guernsey being able to negotiate a new RHA with the UK in the future, which the Policy & Resources Committee now has responsibility for investigating, the Committee considers an in-house

scheme to be the most appropriate option. This approach is simple to administer and understand, and is also practical and proportionate to the issue. What the Committee is proposing is not a formal insurance scheme, as it would be too costly to register as an insurer compared with the size of the scheme. The Committee's proposed approach is based on the assumptions that claims volume and costs would be quite low. This option would have no upfront policy premium costs and would not involve an external provider. The Committee therefore considers the risk of high expenditure to be low.

Limitations of the scheme

- 4.7. One way that the Committee proposes to limit the number of people relying on the scheme, and therefore the risk of increasing expenditure, is to require that anyone who does access the scheme pays the first £250 of any medical bill they receive from the UK NHS for secondary care. It is anticipated that £250 would not be prohibitively expensive a risk for individuals relying on the scheme to take, but also high enough that it would deter those who could obtain medical insurance at a reasonable cost from taking the risk. Medical insurance policies available in the market are far more comprehensive than the emergency cover that this option would provide, so the Committee wants to encourage people to opt for that, if they are able to. In practical terms, the individual would be required to submit their bill to Social Security within one month of receiving it, unless there were any extenuating circumstances that Social Security considered acceptable. Social Security would then pay the NHS and invoice the patient for £250.
- 4.8. This option ensures that a safety net is provided for those who were truly unable to obtain medical insurance at a reasonable cost, as the 2015 Fallaize amendment intended, but does not include those who choose not to purchase insurance. It also will not include people who thought that their existing medical or travel insurance policy would cover secondary care in the UK, but in fact does not, as it should be the individual's responsibility to understand their insurance policy. This restriction of the scheme is considered reasonable by the Committee, and intends to limit potential expenditure, which the Committee hopes will be reassuring to the States. To ensure that people are not caught out by assuming that the proposal in this policy letter will cover the whole population, the Committee intends to widely publicise, online and in the media, exactly what the scheme will cover and how people can opt in, if they think that they may be eligible.
- 4.9. The Committee proposes that:
- cover would be restricted to UK NHS secondary care medical expenses and repatriation costs via a medevac charter only;

- cover would not apply if the travelling resident had personal or business travel or health insurance in place that covered the treatment that they required⁷;
- treatment or the cost of continuing prescription and administering of drugs in the Channel Islands, or elsewhere, would be excluded;
- UK primary care would be excluded (primary care is still free for foreign visitors to the UK);
- any costs associated with a medical condition where a trip to the UK is made for the purpose of obtaining medical treatment for that condition would be excluded;
- elective care would be excluded;
- there would be no age limit on eligibility to access cover;
- there would be no exclusion for pre-existing medical conditions, however, death, bodily injury, or sickness resulting from a trip to the UK undertaken against the advice of a qualified medical practitioner would be excluded; and
- cover would be limited to £250,000. Any medical expenses in excess of that amount would need to be covered by the individual.

5. Costs of the scheme

- 5.1. This section sets out the costs of the proposed scheme to the States and to the individual participating in the scheme.

Cost to the States

- 5.2. Based on 2015 data, it has been estimated that the likely cost of medical treatment currently payable personally by local residents travelling in the UK with no insurance is approximately £160,000 annually. This equates, on average, to approximately 160 travel claims of £1,000 each. If a £250 excess was applied to each claim, this would reduce the estimated total cost by £40,000 (£250 multiplied by 160), to £120,000.
- 5.3. The cost of bringing people back to Guernsey, who are unable to travel on a commercial flight or ferry, but who are well enough to travel back to Guernsey for the remainder of their treatment via medevac, needs to be added to this, as the Committee proposes that repatriation is included in the scheme. Repatriation referred to here would not include a person's body, in

⁷ This could be a possibility if a person holds an insurance policy that covers some medical treatment, but not a pre-existing condition. Social Security would only pay the bill for something that they could not obtain insurance for.

the event of their death in the UK. The inclusion of the costs of repatriation in this scheme is especially important, as it is quite likely that it would be cheaper for the States to provide treatment in Guernsey, than to pay the UK to provide it. In addition, repatriation can be very expensive, and would not be likely to be covered by any form of RHA that Guernsey may be able to negotiate with the UK in the future. This is because it was not included in the former RHA between the two jurisdictions, and is not included in the model that Jersey and the Isle of Man currently operate with the UK. Based on average repatriation costs in 2015, this is likely to cost in the region of £30,000, which gives a total estimated annual cost to the States of £150,000. As these assumptions were based on 2015 data, the total anticipated claims cost of £150,000 has been uprated by inflation to £160,000, in 2019 terms.

- 5.4. The costs quoted above are based on an assumption, calculated by an independent insurance consultant, that approximately 30% of the population do not hold an employment or personal travel or medical insurance policy that would cover them for NHS secondary care treatment in the UK. A further assumption is made based on an analysis of the travel patterns of Guernsey and Alderney residents, and the average duration of stays in the UK. These costs are assumptions based on anticipated use of the scheme. There is no benchmark available, as there is no similar scheme identifiable that Guernsey could base its assumptions on. The costs are also based on 100% of the cost of medical treatment in the UK, however, since 2015, the UK has charged overseas visitors a tariff at the rate of 150% of the cost of their treatment. The Policy & Resources Committee and Committee *for* Health & Social Care are still negotiating this issue with the UK, so dependent on the outcome of that, there is a small chance that the proposed costs of this scheme may need to be increased by 50%, which would be £240,000 per year.
- 5.5. The Committee proposes that one of the limitations of the scheme, as outlined in paragraph 4.9 above, is that the maximum cost that the States would cover is £250,000. Any bill in excess of that amount, although extremely unlikely, would need to be funded by the individual, in addition to the first £250 of their medical treatment costs. The Committee hopes that this provides reassurance to States Members that expenditure is not open-ended, but also to the population, that they would be able to travel to the UK and not incur a large medical bill, should they require medical treatment.
- 5.6. The other cost to the States would be in terms of administering the scheme. With low volumes anticipated, it is expected that all of the processing would be handled by existing staff, notwithstanding the forthcoming transfer of health benefits staff to the Committee *for* Health & Social Care.

Cost to the individual

- 5.7. Individuals approved by Social Security who require medical treatment, which is covered by the terms of this scheme will be required to pay the first £250 of their medical bill. The reason for this approach is two-fold. Firstly, it encourages those who could easily obtain insurance at a reasonable cost to continue to do so, as the majority of the population are able to obtain a medical policy for the UK for substantially less than £250 per year, often with more substantive insurance cover than this scheme would provide. This deters people from relying on the scheme if they do not need to do so, and reduces potential claims, where an insurer could bear the cost instead of the taxpayer. Secondly, the requirement for the patient to pay the first £250 of their medical bill is set at a low enough level for those who struggle to obtain medical insurance to be able to afford to pay it, should they require medical treatment while travelling in the UK. This would not deter people from travelling to the UK to visit friends and family, should they wish to do so.
- 5.8. The Committee will continue to monitor the costs of the proposed new scheme during the first few years of implementation, as will the Committee *for* Health & Social Care when the responsibility for funding health services transfers to that Committee in the future. While this Committee is still responsible for the scheme, it will consult with the Committee *for* Health & Social Care on any recommended adjustments to the scope and eligibility criteria of the scheme, if necessary in order to reduce expenditure. The Committee is aware that health costs can be volatile, and that the sustainability of the Guernsey Health Service Fund, soon-to-become the Guernsey Health Service Allocation, needs to be monitored to ensure its availability for future generations and higher priority spending on health services.

6. Implementation

- 6.1. Subject to the States approval of the propositions, the Committee envisages that the scheme could be implemented during 2020, and endeavours to do so as soon as possible following debate.
- 6.2. Section 1(3)(a)(ii) of the Health Service (Benefit) (Guernsey) Law, 1990, allows for a pilot scheme to be implemented under the Guernsey Health Service Fund. In addition to the ability to implement the scheme sooner, another reason for conducting a pilot would be because the costs of the scheme are unknown. It would be useful to trial and review the process and model, and have an understanding of the costs involved, before making a commitment in legislation to fund the scheme on an ongoing basis.

- 6.3. Section 4(d) of the Law allows for categories of benefits to be added to the Law by Ordinance, so a policy letter would need to be brought back to the States following the end of the pilot, making the recommendation for this to be done, if the pilot is successful. However, it should be noted that, by the time this pilot is completed, it is likely that responsibility for services currently funded by the Guernsey Health Service Fund will have transferred to the Committee *for* Health & Social Care, who may take a different view on the future of the scheme and whether it should be developed into a statutory scheme. It was therefore important that that Committee was consulted during the development of this policy letter. The Committee *for* Health & Social Care expressed some concern about the uncertainty around volumes and administrative overhead. It was noted that its preference would be for a new Reciprocal Health Agreement to be established between Guernsey and the UK.
- 6.4. It is anticipated that the pilot would operate for a minimum of two years, which should be sufficient time to collate data which can inform the Committee, or the Committee *for* Health & Social Care, of whether the approach is appropriate to the population's needs and whether expenditure levels from the Guernsey Health Service Fund, or its replacement, are acceptable to the States.

7. Conclusions

Compliance with Rule 4 of the Rules of Procedure

- 7.1. Through the drafting of this policy letter, the Committee has consulted with the Policy & Resources Committee, the Committee *for* Health & Social Care, independent insurance advisers, and representatives of the UK's Department for Health and Social Care.
- 7.2. The Committee has also consulted with the Law Officers' Chambers regarding the legal implications and legislative drafting requirements resulting from the propositions set out in this policy letter.
- 7.3. Throughout this policy letter, the Committee has set out its proposals for a funding scheme for Guernsey and Alderney residents who require medical treatment while travelling in the UK. The Committee seeks the States' support for the propositions, which are based on the Committee's purpose:

'To foster a compassionate, cohesive and aspirational society in which responsibility is encouraged and individuals and families are supported through schemes of social protection relating to pensions, other contributory and non-contributory benefits, social housing, employment, re-employment and labour market legislation.'

- 7.4. The propositions are aligned with the priorities and policies set out in the Committee's Policy Plan, which was approved by the States in June 2017⁸. The Committee's Policy Plan is aligned with the States objectives and policy plans. This policy letter would discharge a 2015 Resolution that the Committee has been working on for a number of years.
- 7.5. In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions have the unanimous support of the Committee.

Yours faithfully

M K Le Clerc
President

S L Langlois
Vice-President

J A B Gollop
E A McSwiggan
P J Roffey

M J Brown
Non-States Member

A R Le Lièvre
Non-States Member

⁸ Policy & Resource Plan – Phase Two ([Billet d'État XII of 2017](#), Article I)

APPENDIX 1

8. Funding arrangements for the former Reciprocal Health Agreement between the States of Guernsey and the UK

| WHO PAYS? | | | |
|---|---|---------|------------------|
| II = INDIVIDUAL OR INSURER | | | |
| UK = UK GOVERNMENT | | | |
| SoG = STATES OF GUERNSEY | | | |
| | UK RESIDENTS VISITING GUERNSEY - WHO PAYS | | |
| | FORMER RHA | NEW RHA | NO RHA (CURRENT) |
| PRIMARY CARE (SURGERY) | | | |
| | II | II | II |
| | II | II | II |
| | SoG | SoG | II |
| AMBULANCE | II | II | II |
| A & E | | | |
| | II | II | II |
| | UK | SoG | II |
| | UK | SoG | II |
| | II | II | II |
| | II | II | II |
| IN PATIENT (SECONDARY CARE) | | | |
| | UK | SoG | II |
| | UK | SoG | II |
| | UK | SoG | II |
| ELECTIVE TREATMENTS | II | II | II |
| RENAL DIALYSIS | II | II | II |
| REPATRIATION | II | II | II |
| *Exemptions for Guernsey residents visiting the UK with no RHA (i.e. Current Position): <ul style="list-style-type: none"> IN RECEIPT OF UK STATE PENSION FULL TIME COURSE OF STUDY > 6 MONTHS SELF EMPLOYED WORKING FOR A UK COMPANY LICENCE HOLDERS < 5 YEARS RESIDENCY & > 10 YEARS CONTINUOUS LAWFUL RESIDENCE IN UK AT ANY TIME IMMEDIATELY NECESSARY TREATMENT FOR CONTAGIOUS DISEASES | | | |

NOTES:

- A & E treatment in Guernsey is provided by Primary Care and is chargeable to all who access it.
- Repatriation (£3K to £15K) between both territories was always chargeable & insurance for this reason alone was always recommended.

9. Options considered while developing the preferred option

Option 1: Do nothing

- 9.1. The Committee is aware that the status quo should always be considered when investigating options for change, however, it agrees that 'do nothing' is not an acceptable solution.
- 9.2. The RHA with the UK ended in April 2009. Given that it has been more than 10 years, it could be argued that there is no need to implement a scheme at all, as the population has managed without any form of cover provided by the Government since 2009. However, it has become apparent that there is a group of people who are unable to travel to the UK to visit relatives, as they are unable to obtain medical insurance at a reasonable cost.
- 9.3. At present, there is no financial risk faced by the States of Guernsey associated with the cost of secondary medical treatment, hospital care and repatriation provided to local residents travelling to the UK. That risk is currently borne either by local residents themselves or, where they are able to obtain travel or health insurance, transferred to an insurance company. The risk currently borne by the States of Guernsey is one of reputational damage in that the local public may expect that, in the absence of an RHA, the States of Guernsey should be responsible for meeting such costs.
- 9.4. In recent years, there has been continued public and political pressure to find an alternative solution to the lack of an RHA with the UK. While the Policy & Resources Committee has been directed by the States to negotiate a new RHA with the UK, this may not be possible. Even if the UK is open to discussion on the matter, it would not be for some time that a solution could be negotiated and implemented, as the UK prioritises Brexit issues for the foreseeable future. The Committee therefore discounted this option.

Option 2: Optional individual travel insurance

- 9.5. The second option is for the States to promote the need for local residents to buy travel or health insurance, and provide information on suitable levels of cover and where such insurance cover can be bought. This could be achieved through marketing, and working with the local travel industry.
- 9.6. While this may be a suitable option for those who can easily obtain insurance, but choose not to, it would not address the issues faced by the target group set out in the 2015 Fallaize amendment. The Committee therefore discounted

this option, however, it will always recommend that people obtain suitable travel or medical insurance, wherever possible.

Option 3: Group travel medical expenses insurance

- 9.7. The insurer who submitted a response to the tender exercise, provided two options for a group travel medical expenses insurance scheme. The policy details proposed by the insurers for the first option, would have meant that the States would pay a minimum of £270,000, regardless of claims experience. Additional charges would also be applied for claims costs, and age-related excesses, where the States would pay £5,000 and £10,000 excesses for claims from people over the age of 80 and 85 respectively.
- 9.8. The second option quoted for a group travel medical expenses insurance scheme had a minimum cost of £90,000 in the form of a premium, but costs to the States could escalate up to a cap of £890,000, as the reduction in premium cost compared with the first option would be reflected in additional claims experience risk for the States.
- 9.9. The benefit of these options would be that some of the catastrophe risk could be borne by the insurer. However, the disadvantages include the potential cost involved, even if there is no claims experience. With cover arranged on an annually renewable basis, premiums at renewal could fluctuate substantially in the event of an expensive year for total claims costs, a high number of claims, or a large individual claim.

Option 4: Establishing a cell in a protected cell company

- 9.10. A 'captive' has conventionally been defined as a subsidiary company set up to insure the risks of its parent or owner. In reality, a captive is not a conventional insurance company, but rather a risk-retention vehicle. It issues policies, collects premiums, and pays claims. What fundamentally distinguishes a captive, and makes it alternative to commercial insurance, is the form of ownership and who keeps any profit. In a traditional commercial insurance arrangement, insurance premiums are paid to an insurance company, and the profits of that insurance company stay with that insurer. With a captive, premiums are paid to a company that you own and any profits can be returned to you. This relationship allows a captive the ability to customise its insurance programme to best serve the needs of its owners. While captives require capitalisation and incur administrative costs, for suitable organisations they can provide the greatest possible return for the assumed risk.
- 9.11. Alternatives to a full captive that could be considered are a cell in a Protected Cell Company or an Incorporated Cell Company, owned by an insurance

company or a captive insurance company manager, for example. A cell company is a company that has the ability to create one or more cells with assets and liabilities that are distinct from the assets and liabilities of other cells, and the cell company itself. These cells can be used to carry out separate and distinct businesses. However, there are fees and annual costs associated with a cell in a third party sponsored Protected Cell Company, when operating as a registered insurance entity.

- 9.12. While there could be a number of benefits to this option, the captive insurance experts consulted both said that the size of the scheme that the Committee was proposing would not make a captive or cell an appropriate option for the States.

Option 5: Negotiate a new Reciprocal Health Agreement with the UK

- 9.13. Members considered the possibility of entering into a new RHA with the UK, however, this was not an option available at the time of the Fallaize amendment. Now that there is some scope for a new RHA to be considered, the States has directed the Policy & Resources Committee to pursue this.
- 9.14. Further, the cover available under the RHA that was on offer by the UK would not do what the 2015 Fallaize amendment directed, as it would not include repatriation.

Option 6: Extension of Specialist Medical Benefit

- 9.15. This option was to amend the legislation to extend the Specialist Medical Benefit scheme to cover those currently eligible to treatment while in the UK, on the same terms as secondary care is provided while at home. This is the simplest option for the population to understand and the States to administer, however, there is no limit on the costs that the States could incur. All Guernsey and Alderney residents would be covered for the costs of secondary care treatment in the UK, however, private insurance would take precedent. Individuals who received treatment would be billed directly by the NHS and would submit the bill to Social Security for payment. At that point, they would be required to sign a declaration stating that they did not hold a form of insurance that could pay the medical bill.
- 9.16. Guernsey and Alderney residents would receive primary care treatment free of charge, which they do not receive in Guernsey, as the UK did not charge visitors for this, at the time of writing. If the UK implemented a primary care charging model for UK visitors during the lifetime of this scheme, the Committee could legitimately argue that the individual should be liable for any primary care costs, including GP, ambulance and Emergency Department treatment, as they would be charged for those services at home.

- 9.17. The Committee also considered that individuals incurring a medical bill in the UK could be charged £250 towards their treatment costs.
- 9.18. Given that the scheme is intended to be an interim measure until a new Reciprocal Health Agreement can be negotiated with the UK, it could be an appropriate option for the States to consider. Although the costs of the scheme are unknown, the timeframe is a finite period, on the assumption that an RHA would replace it within a few years.
- 9.19. The Committee discounted this option, due to the open-ended nature of potential States expenditure.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

REQUÊTE

**EXTENSION TO THE BAILIWICK OF THE UK-US EXTRADITION TREATY OF 2003
AND CHANGES TO PROCESSES RELATING TO THE APPROVAL OF
INTERNATIONAL INSTRUMENTS**

The States are asked to decide:-

Whether, after consideration of the Requête dated 5th February, 2020, they are of the opinion:-

1. To agree that before any request is made for the UK-US Extradition Treaty of 2003 to be extended to the Bailiwick, the States of Deliberation must approve a proposition that such a request be made, and the States of Alderney and Chief Pleas of Sark must also be consulted; and
2. To direct the Policy & Resources Committee, in consultation with other Committees of the States, to develop proposals for a modernised approach to the adoption of international treaties and conventions in Guernsey, which includes a greater degree of democratic scrutiny and engagement by the States Assembly as set out in this Requête, to replace the 1987 Resolution, and to return to the States with proposals no later than the end of 2021.

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

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

REQUÊTE

EXTENSION TO THE BAILIWICK OF THE UK-US EXTRADITION TREATY OF 2003
AND CHANGES TO PROCESSES RELATING TO THE APPROVAL OF
INTERNATIONAL INSTRUMENTS

THE HUMBLE PETITION of the undersigned Members of the States of Deliberation
SHEWETH THAT:

INTRODUCTION

1. International agreements (treaties and conventions) govern relationships between nations (for example, on tax or trade) or set down common standards on matters of global concern (such as human rights or climate change).
2. Participating in such international instruments is an important part of the development of Guernsey's reputation as a mature democracy, capable of a positive role on the global stage.
3. International agreements are not binding on Guernsey (or the Bailiwick) unless Guernsey (or the Bailiwick) has requested or acquiesced to their application. Guernsey does not generally have the power to sign treaties and conventions in its own right (although in some cases, particularly in respect of tax and social security agreements, this has been entrusted to the Island). Instead, Guernsey adopts international instruments by making a request to the United Kingdom, on behalf of the Crown, to extend their territorial scope to us. Current practice, which is accepted by the UN, is that the extension of an agreement can take place at the time of the UK's accession or ratification of that agreement or at a later date.
4. The Policy & Resources Committee is mandated to carry out the States of Guernsey's functions in relation to international agreements pursuant to a Resolution of the States of 25 February 1987. The power to make this request sits with the Policy & Resources Committee (and its predecessors, since 1987) by delegated authority from the States. The Resolution on Article VIII of Billet d'Etat IV of 1987, which sets out the process as it presently stands, states:

"1. That each international agreement in the application of which to this Island the Insular Authorities are invited to acquiesce shall be referred by the Bailiff to the States Advisory and Finance Committee [*now the Policy & Resources Committee*]

and that the States Advisory and Finance Committee shall make to the Bailiff its recommendations as to whether a notification of acquiescence in the application of an agreement to this Island either in whole or with reservations or of non-acquiescence should be made and thereupon the Bailiff shall communicate with the proper quarter in accordance with such recommendations provided that:--

- (a) where the terms of any international agreement appear to the States Advisory and Finance Committee to involve questions of human rights and fundamental freedoms, or matters which, in the opinion of the States Advisory and Finance Committee are likely to be considered controversial, the terms of the proposed agreement shall be laid before the States;
- (b) where the subject matter of the agreement relates to a subject which is the concern of any other States Committee, the States Advisory and Finance Committee shall refer the agreement to that Committee with a request for its views;
- (c) where the States Advisory and Finance Committee or a States Committee concerned considers it necessary or expedient that the matter of acquiescence or non-acquiescence in the application to this Island of an agreement should be submitted to the States for a decision, the matter shall be so submitted by the States Advisory and Finance Committee together with any necessary clarification and recommendations; and
- (d) where the views of the States Advisory and Finance Committee and of any other States Committee concerned are not in accord on the matter, the difference between them shall be submitted by the States Advisory and Finance Committee to the States for a decision thereon.

“2. That the States Advisory and Finance Committee shall submit annually to the Bailiff for inclusion as an appendix to a Billet d'Etat a report setting out the title and brief description of each international agreement received by the States Advisory and Finance Committee in the preceding year and giving details of the action taken in relation to that agreement.”

5. There are a number of situations when international agreements must be referred to the States for consideration before P&R seeks their extension. These are:
 - i. If the treaty involves fundamental freedoms or questions of human rights;
 - ii. If the treaty is otherwise controversial in nature ('in the opinion of [P&R] is likely to be considered controversial');
 - iii. If P&R and/or the Committee(s) which is mandated to deal with the topic(s) covered by the international agreement considers it 'necessary or

- expedient that the matter of acquiescence or non-acquiescence ... should be submitted to the States for a decision’;
- iv. If there is a difference of opinion between P&R and the Committee whose mandate the treaty touches on, in respect of its extension.
6. The authors of this Requete are seeking to introduce additional transparency into this process.
 7. The first aim of this Requete is to establish a clear States' direction that the UK-US Extradition Treaty of 2003 (**'the Extradition Treaty'**) must be referred to the States for consideration before any extension is sought. This follows a recent debate on Guernsey's own Extradition law. Although the Extradition Treaty should be brought to the States as a result of the tests set out in paragraph 5 above, this Requete seeks to put the matter beyond doubt.
 8. In developing this Requete, it became clear that it would be appropriate, in a modern democracy, to improve parliamentary scrutiny of the process by which Guernsey adopts international instruments in general, by requiring Committees to seek direction from the States at an early stage in regard to the extension (or otherwise) of international agreements where this is practicable. Following discussions with representatives of the Policy & Resources Committee, we are recommending that P&R review the 1987 Resolution and revert to the States, during the next term, with proposals for an improved and more transparent process.
 9. The changes proposed in this Requete are consistent with the States' Policy & Resource Plan, especially the commitment to establishing Our Place in the World as a mature and independent jurisdiction, including through the adoption of appropriate international standards, and the development of Guernsey's autonomy in respect of the legislative process and the adoption of international agreements.

PART 1: THE UK-US EXTRADITION TREATY OF 2003

10. On 26th September 2019 the States of Deliberation resolved to approve the Extradition (Bailiwick of Guernsey) Law, 2019. During the debate on that *Projet*, queries were raised in relation to the UK-US extradition treaty of 2003 (**'the Extradition Treaty'**), which came into force in 2007 but which has not been extended to the Bailiwick.
11. Extradition between the Bailiwick and the US is currently governed by the UK-US extradition treaty of 1972, which extends on its face to the Bailiwick.
12. If the Extradition Treaty were to be extended to the Bailiwick, it would provide a new framework to allow for the extradition of Guernsey residents to the US.

13. Primarily because of the continued existence of the death penalty in 29 American states, extradition to the US raises serious human rights issues.
14. We understand that extension of the Extradition Treaty is not currently under active consideration by any Committee of the States. Accordingly, the States of Deliberation have not been consulted on whether or not it should be extended to the Bailiwick. However, the recent changes to Guernsey's own Extradition legislation has brought this issue into the spotlight; and the absence of a strong civil society voice, dedicated to the protection of human rights and fundamental freedoms in Guernsey, makes it all the more important that the States itself should show leadership on this matter.
15. In view of the serious human rights concerns identified above, we consider that any decision to extend the Extradition Treaty must be taken by the States as a whole, and not delegated to any individual Committee of the States. While the treaty process established by the 1987 Resolution would provide for this, following debate on the Extradition Law *Projet*, we consider it essential that this matter be put beyond doubt. This Requete allows the States to make a clear resolution to that effect, rather than leaving it to the discretion of any Committee to determine, at any future date, whether or not to refer the Extradition Treaty back to the States before seeking its extension.

PART 2: EXTENSION OF INTERNATIONAL TREATIES AND CONVENTIONS

16. In drafting this Requete, its authors had cause to consider whether the overall process for seeking the extension of international conventions and treaties to Guernsey (or the Bailiwick) remains appropriate.
17. One of the four themes of the Policy & Resource Plan during this States' term has been "*Our Place In The World*", and one of its central priorities the development of Guernsey's "*Mature International Identity*". It has never been more important for Guernsey to demonstrate that it has an appropriate, transparent and democratic approach towards international engagement, including the adoption of international treaties and conventions which reflect the Island's values.
18. The authors of this Requete do not consider that substantial changes to the current process are needed. However, the opportunity for parliamentary scrutiny (and public awareness) of the international instruments adopted by Committees of the States under delegated authority should be a minimum requirement.
19. There are many cases where Committees bring policy letters on specific subjects which, among other things, include a recommendation that a certain treaty or convention should be extended to Guernsey. In those cases, the need for

transparency is satisfied. However, in other cases, P&R and the relevant Principal Committees may operate under delegated authority alone, without any reference to the States.

20. We are advised that the UK's Constitutional Reform and Governance Act 2010 "gave parliament a statutory role on treaties that includes a new power to block ratification."¹ A treaty is negotiated and signed by the UK government, and then (in the majority of cases) laid before parliament for a period of 21 days, during which time the parliament can move that the treaty must not be ratified. This process can, in theory, be repeated so that ratification is postponed indefinitely. In practice, it is rare for treaties to be signed but not then ratified in the UK (because the government usually commands a majority in parliament). If it did happen, it would usually be because the treaty has not been pressed for ratification due to international events rather than due to issues within parliament.
21. It is not straightforward just to mirror this process in Guernsey. There is not the same distinction between parliament and government; and, as Guernsey is not a sovereign state, it does not have the same authority to enter into treaties in its own right. Instead, Guernsey (or the Bailiwick) acquiesces or makes a request to the UK for it to extend the territorial scope of treaties to the island(s). The decision is made by the UK on our request, and the States cannot subsequently refuse to ratify the treaty in the same way the UK parliament might.
22. Discussions with the External Affairs team have identified a number of areas where Guernsey's experience of entering into international treaties has changed significantly since the 1987 Resolution was made. For example, Guernsey has asserted a more independent international identity, and has been granted entrustment to negotiate and enter directly into certain kinds of international agreement – particularly relating to tax and social security matters.
23. The authors of this Requete have been grateful for open dialogue with the External Relations team. It is clear that the process of adopting international treaties and implementing treaties negotiated under entrustment by Guernsey does require modernising. The authors of this Requete are of the opinion that an element of wider engagement with the States – based on a similar approach to that used in the UK, but one which fits our unique governance arrangements and constitutional position – should be central to that.
24. We recognise that there will always be instances where a certain amount of speed and flexibility is needed, which might not fit easily with a parliamentary process. For example, we are advised that, at present, there is often a need to enter tax

¹ See House of Commons Library (2017) "Parliament's role in ratifying treaties" Briefing Paper no. 5855 [Online] Available at: <https://researchbriefings.files.parliament.uk/documents/SN05855/SN05855.pdf>

information exchange agreements (TIEAs) on relatively short timeframes, and these could not be brought to the States in advance – however, the States has agreed the principle of TIEAs, and individual agreements are pursued in the context of that overall framework. We consider that there are certain types of agreement that would suit this approach, and would welcome its continuation in future, in the context of an overall improved and modernised approach to international agreements.

25. Accordingly, the second part of this Requete invites the States to agree that the Policy & Resources Committee, in consultation with other Committees of the States, should revisit Guernsey's approach to adopting international treaties and conventions, and should develop a process to replace the 1987 Resolution, which includes a greater degree of democratic scrutiny by ensuring that the States are sighted on – and have an opportunity to challenge, if need be – treaties and conventions at a suitably early stage in the process.

RULE 4 INFORMATION

26. In accordance with Rule 4(1), this Requete has been submitted to Her Majesty's Procureur for her advice on any legal or constitutional implications.
27. In accordance with Rule 4(3), we understand funding for a Treaty Officer within the External Affairs function was secured within the 2020 budget (although the role has not yet been recruited), providing the necessary capacity to address this work, and that this Requete should not have any additional financial implications.
28. In accordance with Rule 4(4), this Requete has the full support of its seven signatories.
29. In accordance with Rule 4(5), this Requete contributes to "Our Place in the World" – especially the development of Guernsey's mature international identity – which is one of the four pillars of this term's Policy & Resource Plan. The proposals in this Requete will enhance transparency and democratic engagement with regard to Guernsey's participation in international agreements and its consequent obligations and should further safeguard the human rights and fundamental freedoms of our community.
30. Rule 4(5) also requires us to report "what joint working or consultation has taken place with other Committees in the preparation of the propositions." The Requete was first discussed with P&R's lead member for External Affairs on 24 October 2019, and a helpful response was provided on his behalf. Officers of the External Affairs function have provided thorough and helpful responses to our questions, in their professional capacity, as we have progressed the drafting of the Requete. A near-final version was shared informally with the President of P&R in early January,

and the final version sent to the full Committee thereafter. While P&R have advised that they are unable to schedule this for consideration before the submission deadline, we appreciate their engagement to date, which has been helpful in formulating the proposals set out in this Requete.

THESE PREMISES CONSIDERED, YOUR PETITIONERS humbly pray that the States may be pleased to resolve:

1. To agree that before any request is made for the UK-US Extradition Treaty of 2003 to be extended to the Bailiwick, the States of Deliberation must approve a proposition that such a request be made, and the States of Alderney and Chief Pleas of Sark must also be consulted; and
2. To direct the Policy & Resources Committee, in consultation with other Committees of the States, to develop proposals for a modernised approach to the adoption of international treaties and conventions in Guernsey, which includes a greater degree of democratic scrutiny and engagement by the States Assembly as set out in this Requete, to replace the 1987 Resolution, and to return to the States with proposals no later than the end of 2021.

AND YOUR PETITIONERS WILL EVER PRAY
GUERNSEY

This 5th day of February 2020

Deputy J S Merrett

Deputy M J Fallaize

Deputy P T R Ferbrache

Deputy C J Green

Deputy S T Hansmann Rouxel

Deputy E A McSwiggan

Alderney Representative E A J Snowdon

STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

DEPUTY J.S. MERRETT & SIX OTHERS

REQUETE: 'EXTENSION TO THE BAILIWICK OF THE UK-US EXTRADITION TREATY OF
2003 AND CHANGES TO PROCESSES RELATING TO THE APPROVAL OF INTERNATIONAL
INSTRUMENTS'

The President
Policy & Resources Committee
Sir Charles Frossard House
La Charroterie
St Peter Port

10th February 2020

Dear Deputy St Pier,

Requete;

EXTENSION TO THE BAILIWICK OF THE UK-US EXTRADITION TREATY OF 2003 AND
CHANGES TO PROCESSES RELATING TO THE APPROVAL OF INTERNATIONAL
INSTRUMENTS'

In accordance with Rule 4. (2) of the Rules of Procedure of the States of Deliberation and their Committees, the requearants request that the requete is considered before the end of this political term.

Yours sincerely,

J S Merrett

M J Fallaize

PTR Ferbrache

C J Green

ST Hansmann Rouxel

EAJ Snowdon

E A Mc Swiggan