



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Tuesday, 18th August 2020

*All published Official Reports can be found on the
official States of Guernsey website www.gov.gg*

Volume 9, No. 38

ISSN 2049-8284

Present:

R. J. McMahon, Q.C., Bailiff and Presiding Officer

Law Officers

R. M. Titterington, Q.C. (H.M. Comptroller)

People's Deputies

St Peter Port South

Deputies P. T. R. Ferbrache, D. A. Tindall,
B. L. Brehaut, R. H. Tooley

St Peter Port North

Deputies, J. A. B. Gollop, C. N. K. Parkinson, L. C. Queripel,
M. K. Le Clerc, J. I. Mooney

St Sampson

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

The Vale

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

The Castel

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

The West

Deputies A. C. Dudley-Owen, E. A. McSwiggan,
D. de G. de Lisle, S. L. Langlois

The South-East

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

Representatives of the Island of Alderney

The Clerk to the States of Deliberation

S. M. D. Ross, Esq. (The States' Greffier)

Absent at the Evocation

Miss M. M. E. Pullum, Q.C. (H.M. Procureur)
Deputy M. P. Leadbeater (*relevé à 16h 21*); Deputy N. R. Inder (*relevé à 10h 14*); Deputy L. B. Queripel (*indisposé*); Deputy J. P. Le Tocq (*relevé à 9h 37*); Deputy A. H. Brouard (*relevé à 9h 37*);
Alderney Representatives S. Roberts and A. Snowdon (*relevé à 10h 03*).

Business transacted

Evocation	5
Convocation	5
Urgent Propositions in Pursuance of Rule 18.....	5
Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No.5) Regulations, 2020; Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No.5) (Amendment) Regulations, 2020 – Approved	5
Billet d’État XVI.....	11
I. The Guernsey Financial Services Commission – Commissioners – Drs. Cees Schrauwiers appointed Chairman – Advocate Simon Howitt re-elected as an ordinary member	11
Billet d’État XVIII	13
I. Parole Review Committee – Re-appointment of Chairperson – Mr Philip John Taylor re-appointed as Chairperson	13
Legislation Laid before the States	16
The Driving Licences (Guernsey) (Amendment) Ordinance, 2020	16
The Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No 4) (Amendment) Regulations, 2020	16
The Polling Stations (Hours of Opening) (Revocation) Regulations, 2020	16
The Polling Stations (Hours of Opening) (No. 2) Regulations, 2020	16
The Limited Partnerships (Fees) Regulations, 2020.....	16
The Limited Partnerships (Guernsey) (Migration) Regulations, 2020.....	16
The Prison (Guernsey) (Amendment) (No 2) Regulations, 2020	16
The Severe Disability Benefit and Carer’s Allowance (Guernsey) (Amendment) Law, 2019 (Commencement) Regulations, 2020.....	16
The Electoral Roll (Availability) Rules 2020	16
The Postal Voting Regulations, 2020	16
Billet d’État XVI.....	17
II. The Income Tax (Guernsey) (Approval of Agreement with Finland) Ordinance, 2020 – Approved	17
III. The Document Duty (Guernsey) Law, 2017 (Amendment) Ordinance, 2020 – Approved	17
Billet d’État XVII	18
I. States of Alderney – Excise Duty on Motor Fuel and Document Duty – Propositions approved as amended	18
II. The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2020 – Approved	23
III. The Protection of Investors (Bailiwick of Guernsey) Law, 2020 – Approved	24
IV. The Financial Services Business (Enforcement Powers) (Bailiwick of Guernsey) Law, 2020 – Approved	25
V. The Banking Supervision (Bailiwick of Guernsey) Law, 2020 – Approved.....	26

Billet d'État XVIII	27
IV. Developing the legislative framework necessary for vaccination against SARS-CoV-2 – the virus causing COVID-19 – Propositions carried	27
Billet d'État XVI	38
IV. Contributory Benefits and Contribution Rates for 2021 – Propositions carried	38
<i>The Assembly adjourned at 12.32 p.m. and resumed its sitting at 2.30 p.m.</i>	52
V. Supported Living and Ageing Well Strategy: Extending the Life of the Long Term Care Insurance Scheme – Debate commenced	53
<i>The Assembly adjourned at 5.31 p.m.</i>	92

States of Deliberation

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

[THE BAILIFF *in the Chair*]

PRAYERS

The States' Greffier

EVOCATION

CONVOCATION

The States' Greffier: Billet d'État XVI, XVII and XVIII of 2020.

To the Members of the States of the Island of Guernsey I hereby give notice that a meeting of the States of Deliberation will be held at The Royal Court House on Tuesday 18th August 2020 at 9.30 a.m. to consider the items listed in this Billet which have been submitted for debate, and Billet XVII and Billet d'État XVIII are convened pursuant to the provisions of Rule 2(4) of the Rules of Procedure.

The Bailiff: Good morning, Members of the States of Deliberation.
Without further ado we will move straight into the first items of business and I have given an indication to the Chairman that we will take both of the Rule 18 matters together.
Greffier.

Urgent Propositions in Pursuance of Rule 18

CIVIL CONTINGENCIES AUTHORITY

**Emergency Powers (Coronavirus) (General Provision)
(Bailiwick of Guernsey) (No.5) Regulations, 2020;
Emergency Powers (Coronavirus) (General Provision)
(Bailiwick of Guernsey) (No.5) (Amendment) Regulations, 2020 –
Approved**

The States are asked to decide whether they are of the opinion to approve the Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No. 5) Regulations, 2020.

The States are asked to decide whether they are of the opinion to approve the Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No. 5) (Amendment) Regulations, 2020.

The States' Greffier: Proposition 2020/143 Civil Contingencies Authority – Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No.5) Regulations, 2020; and Proposition 2020/147 Civil Contingencies Authority – Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No.5) (Amendment) Regulations, 2020.

The Bailiff: I invite the Chairman of the Authority, Deputy St Pier, to open debate.

Deputy St Pier: Thank you very much, sir. I shall be brief given the business before the Assembly at this meeting.

The No. 5 Regulations are effectively a re-enactment of the previous version of the Regulations which of course have to be renewed.

The amendment Regulations which I am grateful, sir, for you allowing them to be presented together, amend the Regulations to provide for phase what is now called phase 5(b) and in particular the provision to now allow those entering the Bailiwick to self-isolate for seven days and have a test at the end of the seven-day period, and then also to provide the appropriate sanctions in the event of somebody providing false information as to their point of origin, which is clearly critical in terms of the appropriate enforcement of these Regulations, that we do have honesty around people's original point of destination 14 days prior to them entering the Bailiwick.

That, sir, is the purpose of the Amendment Regulations and the Civil Contingencies Authority felt that it was better to deal with it through Regulations rather than through any other powers that may have been available to the Medical Officer of Health under the terms of the Extant Resolutions.

With that, sir, I encourage Members to support the Regulations, but obviously will be pleased to respond to debate.

The Bailiff: Thank you very much.

Now, during the course of the meeting so far Deputy Le Tocq and Deputy Brouard you have both arrived, is it your wish to be relevés?

Deputy Brouard: Yes, please, sir.

Deputy Le Tocq: Yes, please, sir.

The Bailiff: Thank you very much, then we will mark you as present.

It is the height of summer, normally the recess, and therefore for those who wish to do so at any point during the course of this meeting without further announcement then – *(Interjection and laughter)* removing jackets will be permitted in two minutes' time. *(Laughter)* Removal of jackets and other similar outerwear is obviously permitted during this time.

Deputy Tindall.

Deputy Tindall: Thank you, sir.

I actually was going to speak with regard to Regulations No. 4 but obviously these have now been superseded; however, Regulation 11 is still within the new Regulation 5.

It was in respect of the powers for customs officers to be exercised because I was curious whether or not these powers could actually have been needed prior to this, but I have been assured that this is only just to dot the *i*'s and cross the *t*'s and that they have other powers that have been used in the meantime. That is a minor point.

My main question is, I would like to understand from the President of P&R precisely the reasons why he considers this emergency still requires these Regulations and for the CCA to be *in situ*, and when indeed we will be able to end the need for the CCA to make such Regulations?

Thank you, sir.

The Bailiff: Deputy Merrett.

Deputy Merrett: Thank you, sir.

65 I will be very brief because I do welcome the amendment and the rescinding of many of the Laws and I thank the CCA for their good work in this regard.

70 The seven-day self-isolation period, I just think that we need to be very clear, sir, and the CCA need to be very clear, in the fluidity of the countries or jurisdictions that can affect. Members of the communities of other jurisdictions have been caught out when they travel to a jurisdiction, expecting to return to their homeland, shall I say, for want of a better word, only to find upon return they have had to isolate for far longer than when they left the jurisdiction. So if the President of the CCA can be very clear to our community, but also to this Assembly as to the fluidity of the country and jurisdictions and how quickly as they move between (a), (b), etc.

75 I think other than the very pertinent question from Deputy Tindall, which I resonate with, but I do not wish any repetition, how much longer, sir, do we believe we have to act under the CCA Emergency Regulations? I know Deputy St Pier has not got a crystal ball, I appreciate that. However, my understanding is that this Law was meant to be for emergency scenarios only and a short, brief period of time. There are some concerns from the community regarding the forthcoming Election, and there might be reason to believe that the CCA between 7th October and before the re-election of the PRC, that returning Members of PRC, if they are indeed returned, will have the ability to enforce emergency meetings or emergency vote. I think that little bit of disconnect for our community again. It does it my opinion, sir, if not in yours, but in mine it does refer Laws before us today because we need to know if it should be affirmed or rescinded by this Assembly at the first opportunity.

85 If we are not going to be meeting the entirety of September, and it is not going to happen from the Election until the middle of October, then there are some genuine concerns from our community. So if I could have some reassurance along those lines I would be most appreciative.

Thank you, sir.

90 **The Bailiff:** Deputy Dudley-Owen.

Deputy Dudley-Owen: Thank you, sir.

95 I will not repeat any of what Deputy Merrett and Deputy Tindall have said this morning, just rising to voice my entire support for the questions that they have asked and the comments that they have made this morning.

Thank you.

A Member: Hear, hear.

100 **The Bailiff:** Deputy Le Pelley.

Deputy Le Pelley: Thank you, sir.

Like Deputy Dudley-Owen, I thank the other two speakers for the questions they have asked.

105 For clarification, sir, I would like to ask the President, the Chairman, if he could just explain what happens at the end of the seven days under the 5(b) arrangements. People are going to come to the Island, they are going to self-isolate for seven days and then they are going to take a test. How long is it going to take for that test to be known? Are those people going to be able to wander round the Island for a day or two until that test is known? And, what happens if in that time the test is negative?

110 I just would like that broadcast wide and clear for the people who are listening.

Thank you.

The Bailiff: Deputy Gollop.

115 **Deputy Gollop:** Thank you very much, sir.

There are some complexities to this because I think we have all been grateful for the measured way Guernsey and the Civil Contingencies Authority have handled everything. But we have seen in other places countries change their designation, even regions. Brittany and Paris were stiffer parts of France and I certainly resonate with speakers who have mentioned that people could be coming back from countries that suddenly change; and, as we saw in the UK, there was a degree of chaos when Spain changed from one category to another followed by France. So that is something we need perhaps a greater clarity on and how that works.

Also whether there are any anomalies at the moment whereby somebody could quite lawfully be going about their business in Guernsey over the next two weeks but not being able to travel to Alderney without self-declaration.

The honesty factor I do appreciate, we do indeed need people travellers to be honest, but how far that goes in terms of passing through a country or town. For the sake of argument there may be places in the United Kingdom, even for the sake of argument Leicester, or Preston or Blackburn or wherever, whereby they have a different designation than other parts. Now, how far you take that if somebody gets out of the railway station or is on a train that stops there or goes to a motorway service station, that is obviously is something that is quite nuanced.

The other matter is that the fact, as Deputy Dudley-Owen and others have reminded us, that these Civil Contingency Authority emergency powers are continuing with their beneficial impact on the community but their adverse effect on certain elements of the economy especially tourism, hospitality and business travel. What we do not want to see is the kind of situation of threatened court action. We need measures responses for that.

But my wider question is: given the fact that we are deciding as a States, as an Assembly, to give powers to the Civil Contingencies Authority and ratify them, it is part and parcel of that that we are making decisions that continue to have an adverse and negative affect on certain economic sectors more than others, because some are really thriving ... In fact you could argue that the policy approach we have taken in comparison to our sister Island of Jersey has benefited some parts of our internal economy and society without all the banning of netball that has gone on in Jersey, etc., but has weakened others.

I therefore want to know really from the Civil Contingencies Authority, whether they will continue to make a stronger case and listen to travel and tourism businesses who will obviously require greater significant financial support, because the possible re-opening of the economy in early September to that sector now will not take place. That needs also to be considered for fringe activities that may be benefiting from that, like kiosks and tourist visitor attractions.

So really my point is: how far in making these regulations are the Civil Contingencies Authority minded to consult with Policy & Resources and Economic Development to ensure that areas of the economy which are adversely affected, compared to even our Jersey alternatives, are considered as part of this development?

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Sir, in an attempt to shorten the debate because I think we have posed certain questions that are not really actually relevant to these Regulations, I thought I would make a couple of responses to I think Deputies Merrett and Le Pelley. The information that they are asking for is in the public domain, there is a huge rich source of information on the Coronavirus web pages, it is all there.

But Deputy Merrett saying, 'Oh, how much notice will people have?' Well, there will be very short notice, because things can change overnight, but that is a risk people take by going off Island.

Now, it is slightly different here to the UK, where the UK went from nothing to 14 days self-isolation overnight, whereas people here know that there is a potential that they will have 14 days self-isolation, whether or not they go for the seven day test, because they might prove to have a positive result.

So it will be either seven days-plus to the point where the test results come through, and the maximum time I think they will be able to get the results is about 48 hours, but that is the maximum time, but people will need to appreciate it is a risk that they are taking by going off Island.

170 So really I am just hoping that that would shorten, make people aware of what is going on, and there is so much information online for people to look at.

The Bailiff: Deputy de Lisle.

175 **Deputy de Lisle:** Thank you, sir.

I wanted clarity with respect to the resumption of the Blue Islands Jersey connection, sir, and the period that is appropriate to that particular case in terms of isolation. Is it the 14-day, or does the seven-day isolation period apply in that case? Or is it in fact a business tunnel that has been established with respect to Jersey?

180

The Bailiff: As no one else is rising I invite the Chairman of the Authority, Deputy St Pier, to reply to the debate.

Deputy St Pier: Thank you very much, sir.

185 Thank you to those that have contributed to the debate and raised some questions.

In relation to Deputy Tindall who has first posed a question as how long this emergency will last. It is of course as Deputy Merrett said difficult to crystal ball, but I hopefully can provide the reassurance to Deputies Tindall, Merrett and Dudley-Owen that of course the existence of an emergency is a prerequisite for the Authority being able to use its powers under the Civil Contingencies Law, so we do need to satisfy ourselves each and every time that a regulation is made that an emergency continues to exist –

190

Deputy Tindall: Point of correction, sir.

195 **The Bailiff:** Point of correction Deputy Tindall.

Deputy Tindall: The Law actually says that the CCA can exist after the emergency is ended, so that is why I asked the question.

200 **The Bailiff:** Deputy Tindall, that is not a valid point of correction because what Deputy St Pier said is accurate under the Law, that before the regulation-making power can be exercised there has to be an emergency and there are other conditions as well. The Civil Contingencies Authority sits as a permanent body under the Law.

So Deputy St Pier to continue.

205

Deputy St Pier: Thank you very much, sir, and thank you for that clarification too.

So each and every 30 days we do need to satisfy ourselves that there is an emergency, which of course includes a threat to public health as within the definition of the Law.

210 I think the experience of New Zealand and the Faroes would reinforce the point that this remains a global threat, and so long as that state continues then actually we need to take some action to, in particular, have some control at the borders, which is fundamentally the basis of the Regulations before the Assembly today.

215 In relation to the question that Deputy Merrett asked – and it is a very valid one given the experience of others elsewhere where the categorisation of jurisdictions has been changed with some haste. The approach that we are seeking to adopt here, working with the Director of Public Health, is that there is also a warning list where in essence a jurisdiction whose rate of infection per 100,000 is rising will be put on that warning list. France is currently there, for example, and given

the seven-day trend it is quite likely that that will move from the warning list as a (b) jurisdiction to become an (a) jurisdiction.

220 So my advice, exactly as Deputy Soulsby said, is really everybody who chooses to leave the jurisdiction with an intent on returning, do need to be aware that the Rules could change and could change relatively quickly depending on the pace of developments infection elsewhere. But the approach is one that is seeking to look at a trend, in other words the seven-day rate of infection rather than a snapshot, and to provide a warning list as a route by which members of the community
225 can better inform themselves and make appropriate decisions for them and their families in light of that.

There is no categorical assurance clearly, and I know Deputy Merrett was not seeking one, but it is worth making the point for the community that there can be no categorical assurance if they depart for a jurisdiction that, when they return, the jurisdiction will have remained on the list it was
230 on when they left. That is a risk, as Deputy Soulsby said, that each individual traveller must make for themselves.

I think Deputy Soulsby has dealt with the questions from Deputy Le Pelley; and also the advice from the Director of Public Health is quite clear in relation to the issue of passing through, which was Deputy Gollop's question. There is quite clear guidance on that as to whether an individual has
235 exposed themselves potentially as they have gone through a jurisdiction, whether that counts for the purposes of their providing an honest declaration when they reach our borders.

In terms of the economy – the role of the economy in the decision-making of the Civil Contingencies Authority – of course considering the wider public health interests of the community, including the mental health and well-being of the community, does inevitably require some
240 consideration of economic impact and how that is affecting the community as well. That has been a feature of the Civil Contingencies Authority's deliberations really since the outset, as you would expect and will continue to be so.

In relation to Deputy de Lisle's question, sir: Jersey currently is a group (b) jurisdiction and the existence of a direct flight through from Blue Islands does not change that. So, like any other
245 jurisdiction, it could go up or down to group (c) if we were to agree an air bridge with them – for which there are no plans to do so – or indeed it could move to group (a) if its position were to change via the warning system that I described earlier.

The business tunnels again make no change whatsoever to the status of Jersey. A Jersey resident could take advantage of a business tunnel in the same way as somebody could from the UK, but
250 they would have to go through the same process of applying with seven days' notice providing details of the reason for their trip and following all the guidance as set out. So there is no reason to expect that the mere existence of the flight with Blue Islands will make any difference to the number of travellers from Jersey even of itself.

With that, sir, I hope Members will of course support the Regulations.

255 **The Bailiff:** Members of the States, there are two Propositions here. I am going to put each of them to you separately. The first relates to the principal Regulations, now the Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No.5) Regulations, 2020. All those in favour; those against.

Members voted Pour.

260 **The Bailiff:** I declare those Regulations duly approved.

Secondly, the Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No.5) (Amendment) Regulations, 2020. All those in favour; all those against.

Members voted Pour.

The Bailiff: I declare those Regulations also approved. So both sets of Regulations are now approved.

Billet d'État XVI

POLICY & RESOURCES COMMITTEE

I. The Guernsey Financial Services Commission – Commissioners – Drs. Cees Schrauwers appointed Chairman – Advocate Simon Howitt re-elected as an ordinary member

Article I.

The States are asked to decide:

Whether, after consideration of the Policy Letter dated 29 June, 2020, of the Policy & Resources Committee, they are of the opinion:

- 1. to extend Drs. Cees Schrauwers' term of office as an ordinary member of the GFSC until 30 December 2021;*
- 2. to extend Drs. Cees Schrauwers' term of office as Chairman of the GFSC until 30 December 2021;*
- 3. to re-elect Advocate Simon Howitt as an ordinary member of the GFSC for a fixed term of three years, with effect from 1 February 2021;*

265 **The States' Greffier:** Billet d'État XVI – Article I – Policy & Resources Committee – The Guernsey Financial Services Commission – Commissioners.

The Bailiff: I invite the Vice-President of the Committee, I think it is, to open debate in respect of this.

270 Deputy Trott.

Deputy Trott: Thank you, sir.

Sir, in order to ensure continuity of experience and a smooth transition to a new Board of Commissioners this short report proposes the extension of Drs. Schrauwers' term of office of up to
275 one year, and the extension of Commissioner Advocate Simon Howitt's term of office by three years.

Sir, further the decision not to replace all of the departing commissioners will mean a reduction in the number of commissioners from eight to seven. It is the opinion of the GFSC and of the Committee that this is a suitable number to have on the Board and will create the ideal balance of experience and fresh ideas to enable the GFSC to continue to function effectively.

280 Sir, there are a number of potential candidates from within the existing Board who would be suitable as Chairman and the GFSC will be recommending to this Assembly a new Chairman in the months ahead.

Thank you, sir.

285 **The Bailiff:** Deputy Tindall.

Deputy Tindall: Thank you, sir.

This is an extremely important policy letter for me, because this is the opportunity that we have to actually influence the regulator of our biggest industry, the finance industry, and we should take
290 the opportunity to scrutinise this report. I will do so briefly, but the decision to be brief does not detract from the importance of such scrutiny and I will not sit down if any Deputy waves at me to do so.

Firstly, I would add that I approve these Propositions as clearly practical for more time to find a suitable replacement. I should also add that I do appreciate the quality of Advocate Howitt, having
295 worked with him on the Legislation Review Panel for more than eight years, but I still question the length of term he will hold.

For me the decision with regard to the assessment by the GFSC, which basically indicates that they have considered what they feel is appropriate, but that we are not really told anything about the P&R's view which is disappointing considering the interests of some on P&R.

300 The GFSC oversee the finance industry and this industry is bound by the GFSC Code of Corporate Governance which says in regard to the Board:

The Board should collectively comprise an appropriate balance of skills, knowledge and competence, taking into account its members' relevant experience, such that the Board as a whole is able to discharge its duties and responsibilities effectively and that no individual or group of individuals can or does unduly dominate the Board's decision making.

So when we look at the length of time that both Drs. Cees Schrauwers and Advocate Simon Howitt have been on the Board, this is why I mention it.

I also refer briefly to the UK's version of the Corporate Governance Code because I think this is
305 important to bear in mind for the future and for future succession planning because it says that:

Led by the senior independent director, the non-executive directors should meet without the chair present at least annually to appraise the chair's performance, and on other occasions as necessary.

I think that would be a useful addition.

17. The board should establish a nomination committee to lead the process for appointments, ensure plans are in place for orderly succession to both the board and senior management positions, and oversee the development of a diverse pipeline for succession. A majority of members of the committee should be independent non-executive directors. The chair of the board should not chair the committee when it is dealing with the appointment of their successor.

18. All directors should be subject to annual re-election.

– another observation there.

The board should set out in the papers accompanying the resolutions to elect each director the specific reasons why their contribution is, and continues to be, important to the company's long-term sustainable success.

More importantly:

19. The chair should not remain in post beyond nine years from the date of their first appointment to the board. To facilitate effective succession planning and the development of a diverse board, this period can be extended for a limited time, particularly in those cases where the chair was an existing non-executive director on appointment. A clear explanation should be provided.

It is for this reason I stand, sir, because I do feel these elements are extremely important, because
310 we need to have confidence in the Guernsey Financial Services Commission and the industry needs to have that too.

The full operational Board may well be separate from the Commissioners but that must be important that the States are involved in how those Commissioners who oversee the working is actually appointed and that is our job today.

315 Thank you, sir.

The Bailiff: Deputy Lester Queripel.

Deputy Lester Queripel: Sir, I fully support these proposals.

320 The previous Assembly gave the GFSC a much-needed wake-up call and they responded admirably under Mr Schrauwers, so that is why I fully support these proposals.

Thank you, sir.

The Bailiff: As no one else is rising I will turn back to the Vice-President of the Policy & Resources Committee, Deputy Trott, to reply to that short debate.

Deputy Trott: Thank you, sir.

Sir, Deputy Tindall gave us an enjoyable run through corporate governance, and this is the world that I live in outside of this Assembly. What she neglected to mention is that as long as boards comply or explain their reasons for their actions their absolute, total, strict adherence to corporate governance is not necessary.

Although, having said that, I am aware that all aspects of the internal corporate governance are adhered to including Board evaluations, and the reason the GFSC Commissioners and the Policy & Resources Committee has agreed to the extension of Drs. Schrauwers' time as Chairman of the Commissioners is because Covid has interrupted the ability of the Commissioners to sit in meetings face to face. The view of the Commissioners, one that I wholeheartedly agree with, is that it is better to be certain that the new candidates in particular who join the Board, the way they interact and their communication and interaction around the Board in person, is of the standard that is required before a decision is made on the new Chairman.

So I am grateful sir, to Drs. Schrauwers for agreeing to the extension and I do agree with Deputy Tindall that the quality of the Commissioners is absolutely superb and long may that continue.

The Bailiff: Members of the States, there are three Propositions here, two relating to the current Chairman and one to a member. Is there any request that any of them be taken discretely?

Can I just turn to the two Alderney Representatives? Alderney Representative Roberts and Snowdon, is it your wish to be relevés so that you can at least vote?

Alderney Representatives Roberts and Snowdon: Yes, please, sir, thank you.

The Bailiff: Thank you very much, then we will mark you as present.

I am going to simply put all three Propositions to you relating to Drs. Schrauwers and to Advocate Howitt. Those in favour; and those against.

Members voted Pour.

The Bailiff: I declare all three Propositions carried and therefore the extended appointments made.

Billet d'État XVIII

COMMITTEE FOR HOME AFFAIRS

I. Parole Review Committee – Re-appointment of Chairperson – Mr Philip John Taylor re-appointed as Chairperson

Article I.

The States are asked to decide:

Whether, after consideration of the Policy Letter dated 3rd August 2020, they are of the opinion:

1. To approve the re-appointment of Mr Philip John Taylor as Chairperson of the Parole Review Committee retrospectively, for three years with effect from 1st July 2019.

2. To direct the preparation of such legislation as may be necessary to validate the decisions made by the Parole Review Committee since 1st July 2019.

355 **The States' Greffier:** Billet d'État XVIII – Article I – Committee for Home Affairs – Parole Review Committee – Re-appointment of Chairperson.

The Bailiff: I turn to the President of the Committee for Home Affairs, Deputy Lowe, to open debate.

360 **Deputy Lowe:** Thank you, sir.

Sir, the Committee for Home Affairs is presenting this policy letter to the Assembly to re-appoint Mr Philip Taylor as Chairperson of the Parole Review Committee retrospectively from 1st July 2019.

Mr Taylor was first appointed as Chairperson of the PRC in July 2016. His initial term of office expired on 30th June 2019 and was not renewed prior to this date due to an administrative oversight, which is why this policy letter proposes a retrospective re-appointment.

365 The Chairperson does not have an original vote; however, he or she will cast a deciding vote should there be a split decision on a case. The Chairperson has no power to act alone under the Law except for the signing and dating of decisions. As set out in the policy letter there have been 55 decisions made by the PRC since 1st July 2019 and only one of these required the Chairperson to cast a vote, and this application has since been reviewed. Having sought the advice from the Law
370 Officers of the Crown, the Committee is of the view that it would be appropriate for legislation to be enacted to ensure the validity of those decisions made since 1st July 2019.

Sir, the PRC is beyond reproach and I would, as far as I can, reassure the Assembly and the public that all applications for early release are considered with care and due diligence. Members are
375 appointed by the Royal Court and they carry out their roles with the utmost integrity. Should the Assembly approve the re-appointment of the Chairperson today the PRC will ratify all the decisions made during the period.

Thank you, sir.

380 **The Bailiff:** Deputy Tindall.

Deputy Tindall: Sir, again I apologise to my colleagues, but I just cannot let this policy letter go past without comment.

Obviously the ones I mentioned in the debate we have just had with regard to the term lengths
385 is relevant, but what is more relevant is the fact that we have had an appointment not ratified by the States for over a year because we are told of an administration oversight. I feel that is rather concerning to say the least.

I would like to have the Law Officer's advice please, H.M. Comptroller. I would be very grateful if he could advise of what the position would be if we do not approve these Propositions, because for
390 me this is just an appalling example of governance and concerns me as to where the error occurred.

We are asked to support the appointment of a Chair, and again I do not know him individually and I do not wish to impugn his character, but I certainly do question that if you are appointed as a Chair and your responsibility is to have good governance that you are not aware, and indeed others, that the decisions may be in question and actually have to have legislation to ratify those
395 *ultra vires* decisions.

I also would like to understand whether or not it is more than just this. We refer to one incident in particular in respect of the casting vote, but for me it is a question of whether the panel itself was properly constituted if no Chair was appointed. So for me there are 55 decisions, potentially, which affect people's lives – and whether or not those could be challenged. And therefore, again, going
400 back to the effect of the actual Propositions if they were not approved.

I just feel how on earth did this happen? It just feels awful. I would like to understand more about why we are wasting resources and asking for legislation for this when it is such a poor example of

lack of good governance. And to assist me with deciding whether to support these Propositions to get out of this mess I would like to understand those questions from H.M. Comptroller.

405 Thank you, sir.

The Bailiff: Well, Mr Comptroller, nobody else has leapt to their feet to give you some thinking time. I do not know whether you were forewarned of those questions from Deputy Tindall and whether you can assist us?

410

The Comptroller: Sir, I was not forewarned of the questions, but I think it must be fairly obvious that unless the appointment is ratified in this way there must be question marks over the decisions that have been taken by the Committee over the course of the period when the appointment had not been validated by the States.

415 It is not a matter I have had a chance to consider in detail but I think it is fairly apparent from the policy letter as well, sir.

The Bailiff: Thank you, Mr Comptroller.
Deputy Oliver.

420

Deputy Oliver: Thank you, sir.

One thing I will say to Deputy Tindall is all the questions she has proposed we, as Committee Members, asked within the Committee and we were not very happy that this came so late, but it was just a diary glitch and there was nothing else we could do about it.

425

The Bailiff: Deputy Merrett.

Deputy Merrett: Sorry, Members, I resonate with what Deputy Tindall said and maybe I would have used – actually, I am not known for being a diplomat – but I might have used slightly more diplomatic language. But that is by the by.

430

I think what we need to do from this, sir, is have some understanding from the President of Home Affairs as to lessons learnt so we can avoid this happening again. I think that is of key importance. We cannot change the past, although I would love to, I cannot, so if we could just understand from the President please what parameters or what boundaries, what has been put in place to ensure this does not and cannot happen again?

435

If the President can give us those reassurances I would be really appreciative because I think it is a case of moving forward.

I did read the policy paper and I was concerned that it was so out of date because it had been, I think, it was a year – well it was quite a long period of time. So if we could have some reassurances of what has been put in place by the Committee *for* Home Affairs to ensure that this cannot happen again I would be most grateful.

440

Thank you, sir.

The Bailiff: I invite the President of the Committee *for* Home Affairs, Deputy Lowe, to reply to that debate.

445

Deputy Lowe: Thank you very much, sir.

I can reassure Deputy Merrett that we have asked and that has been now implemented. The diary notes are put in for all the panels – we have several panels – and this was just an administrative error. We are all human, there can be an error, and I am sure Deputy Tindall has probably made errors in her life as well. We are not apportioning blame, it is an unfortunate situation but they are now all in the diary for all the panels.

450

I ask Members to support this report.

The Bailiff: Well, Members of the States, there are two Propositions relating to re-appointing the Chairperson of the Parole Review Committee and some remedial legislation. I put them both to you together. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare both Propositions duly carried.
Greffier.

LEGISLATION LAID BEFORE THE STATES

The Driving Licences (Guernsey) (Amendment) Ordinance, 2020
The Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey)
(No 4) (Amendment) Regulations, 2020
The Polling Stations (Hours of Opening) (Revocation) Regulations, 2020
The Polling Stations (Hours of Opening) (No. 2) Regulations, 2020
The Limited Partnerships (Fees) Regulations, 2020
The Limited Partnerships (Guernsey) (Migration) Regulations, 2020
The Prison (Guernsey) (Amendment) (No 2) Regulations, 2020
The Severe Disability Benefit and Carer's Allowance (Guernsey)
(Amendment) Law, 2019 (Commencement) Regulations, 2020
The Electoral Roll (Availability) Rules 2020
The Postal Voting Regulations, 2020

The States' Greffier: The following Legislation is laid before the States: The Driving Licences (Guernsey) (Amendment) Ordinance, 2020; The Emergency Powers (Coronavirus) (General Provision) (Bailiwick of Guernsey) (No 4) (Amendment) Regulations, 2020; The Polling Stations (Hours of Opening) (Revocation) Regulations, 2020; The Polling Stations (Hours of Opening) (No. 2) Regulations, 2020; The Limited Partnerships (Fees) Regulations, 2020; The Limited Partnerships (Guernsey) (Migration) Regulations, 2020; The Prison (Guernsey) (Amendment) (No 2) Regulations, 2020; The Severe Disability Benefit and Carer's Allowance (Guernsey) (Amendment) Law, 2019 (Commencement) Regulations, 2020; The Electoral Roll (Availability) Rules 2020; The Postal Voting Regulations, 2020.

The Bailiff: Members of the States, we will note that all of those measures have been laid before the States today. I have not received any motions in respect of any of them there is always the next meeting.

Members of the States, it is 45 minutes in and we have done two pages of the Agenda which is a third of it. We will be finished by lunch time. *(Laughter)*

Greffier.

Billet d'État XVI

POLICY & RESOURCES COMMITTEE

II. The Income Tax (Guernsey) (Approval of Agreement with Finland) Ordinance, 2020 – Approved

Article II.

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled 'The Income Tax (Guernsey) (Approval of Agreement with Finland) Ordinance, 2020', and to direct that the same shall have effect as an Ordinance of the States.

475 **The States' Greffier:** Billet d'État XVI – Article II – Policy & Resources Committee – The Income Tax (Guernsey) (Approval of Agreement with Finland) Ordinance, 2020.

The Bailiff: Is there any debate on this to open it? Deputy St Pier, on behalf of the Committee.

480 **Deputy St Pier:** Sir, I do not believe so, it is a standard piece of legislation to commence an international agreement.

The Bailiff: If there is no debate on this short draft Ordinance then I will simply put the Proposition to you whether you are minded to approve The Income Tax (Guernsey) (Approval of Agreement with Finland) Ordinance, 2020. Those in favour; those against.

485

Members voted Pour.

The Bailiff: I declare that duly carried.

POLICY & RESOURCES COMMITTEE

III. The Document Duty (Guernsey) Law, 2017 (Amendment) Ordinance, 2020 – Approved

Article III.

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled 'The Document Duty (Guernsey) Law, 2017 (Amendment) Ordinance, 2020', and to direct that the same shall have effect as an Ordinance of the States.

The States' Greffier: Article III – Policy & Resources Committee - The Document Duty (Guernsey) Law, 2017 (Amendment) Ordinance, 2020.

490 **The Bailiff:** Similarly, Deputy St Pier, as the President of the Committee do you wish to open debate on this?

Deputy St Pier: Sir, essentially these changes are really some technical changes to Document Duty provisions.

495 **The Bailiff:** Deputy Tindall.

Deputy Tindall: Sir, I just rise to declare an interest. I have a property in Alderney.

The Bailiff: Deputy Inder, is it your wish to be relevé?

500 **Deputy Inder:** Absolutely.

The Bailiff: Then we will mark you as present as well.

505 Nobody else is rising so, Members of the States, I will put to you – oh, Alderney Representative Snowdon.

Deputy Tindall: Sorry, sir, I gave the declaration of interest at the wrong paper, I apologise.

The Bailiff: That is all right, shall we withdraw that declaration of interest then, Deputy Tindall?

510 **Deputy Tindall:** Yes, please, sir. I will do it on the next one.

The Bailiff: Are you wishing to speak, Alderney Representative Snowdon?

515 **Alderney Representative Snowdon:** Just to say that this is supported by the States of Alderney. Thank you.

The Bailiff: Thank you very much. (*Interjections*)

520 Members of the States, as nobody else is rising, Deputy St Pier, there is nothing really to reply to other than to be grateful for that support. So, Members of the States, I will put to you the draft Ordinance and whether you are minded to approve it. Those in favour; those against.

Members voted Pour.

The Bailiff: I will declare that Proposition duly carried.

Billet d'État XVII

POLICY & RESOURCES COMMITTEE

I. States of Alderney – Excise Duty on Motor Fuel and Document Duty – Propositions approved as amended

Article I.

The States are asked to decide:

Whether, after consideration of the policy letter entitled 'States of Alderney – Excise Duty on Motor Fuel and Document Duty' dated 30 June, 2020, they are of the opinion:

1. To approve the proposals set out in that policy letter to enable the States of Alderney to set the rates of excise duty on Motor Fuel imports into Alderney and the rates of document duty on conveyances and other relevant documents in respect of Alderney real property, which was

included in the Review of the Financial Relationship agreed in 2016, with effect from the 1st January, 2021.

2. To approve The Customs and Excise (General Provisions) (Amendment) Ordinance, 2020.

3. To approve The Alderney (Application of Legislation) (Document Duty) (Amendment) Ordinance, 2020.

The States' Greffier: Billet d'État XVII – Article I – Policy & Resources Committee – States of Alderney – Excise Duty on Motor Fuel and Document Duty.

525

The Bailiff: I invite the President of the Committee, Deputy St Pier, to open debate.

Deputy St Pier: Thank you, sir; and perhaps deal with the amendment as well at the same time?

530

The Bailiff: Yes.

[Amendment](#)

1. In the draft Ordinance entitled 'The Customs and Excise (General Provisions) (Amendment) Ordinance, 2020' (page 6 of the Policy Letter), in section 5, for 'section 17(2)' substitute 'section 17(1)'.

2. In the footnotes of the draft Ordinance entitled 'The Alderney (Application of Legislation) (Document Duty) (Amendment) Ordinance, 2020' (page 9 of the Policy Letter), for 'this Law', wherever appearing, substitute 'this Ordinance'.

Deputy St Pier: Sir, this fairly simple piece of legislation of course follows the decision in 2016 in relation to the financial relationship between Alderney and Guernsey, which has been the subject of some discussion over a period of time, and I am delighted that obviously the States of Alderney support this which of course they need to.

535

In essence what this particular measure does is switch off Excise Duty on Fuel and Document Duty – Guernsey Excise Duty and Document Duty in Alderney, and enabling Alderney to switch on its own variance at their own rates – setting their own rates; and the consequential adjustment is a reduction in the Grant from the States of Guernsey to the States of Alderney. So this is the implementation of a previous decision of the States with an appropriate technical amendment sitting alongside it, sir.

540

The Bailiff: You are moving the amendment, Deputy St Pier, at the same time?

Deputy St Pier: Yes, sir.

545

The Bailiff: Deputy Trott, do you formally second that amendment?

Deputy Trott: I do, sir, thank you.

550

The Bailiff: Can I just ask if there is any debate on the amendment at all?
Declaration of interest is it?

Deputy Tindall: I would like to make that declaration of interest please, sir; and I do apologise to my colleagues for confusing them. I got my documents mixed up.

555

The Bailiff: That is all right, we will note your interest Deputy Tindall. It does not preclude you from voting, of course.

So I am going to put to Members the amendment which is a bit of a technical one, as it explains there, proposed by Deputy St Pier and seconded by Deputy Trott. Those in favour; those against.

Members voted Pour.

The Bailiff: I will declare that amendment duly carried.

Is there any debate on the substantive Propositions? Deputy Gollop.

Deputy Gollop: Well, firstly, I would like to say that I have recently inherited a property in Alderney but there is still a degree of confusion as to where it is on the register of the States of Alderney or not, and maybe they need to refine their bureaucratic processes because I think we do need to make things simpler – building back better rather than more complicated. But I think that is a declaration of interest for me in relation to property, and of course therefore I am liable to this year's and last year's TRP in Alderney ... Which brings me on to the substance of this.

I have already seen it of course through the Legislation Select Committee, as has Deputy Tindall, and probably Mr Snowden and Mr Roberts in a different context. But I remember the inspiration for this debate where we are now. It happened rather a long time, actually four and a half years, but in the last few meetings of 2016 when the then Deputy Langlois was Deputy Chief Minister, he developed a positive working relationship with Mr McDowall in the States of Alderney, and there was a lot of traction from the Policy Council and Treasury & Resources at that time in building an improved relationship between States of Alderney and States of Guernsey – which is why I was a bit puzzled that kind of reinvented the wheel in this States, and implied nothing had been done, because things were to be done.

But as I recall that era, which not everyone in Alderney agreed with anyway, because Alderney has always a diverse variety of views on such matters. One of the ideas that was floated four and a half years ago, which is one of the downsides of doing debates in the last few weeks of an Assembly, because you have to vote for things you are not too sure about and then they get lost in the Election and they kind of do not come back. But one of the ideas was that Excise Duties would be transferred to Alderney on a self-sustainable basis.

Now, I was looking forward, of course I was, to Duty-Free trips by sea or air to Alderney where I could buy cigarettes and alcohol and whatever, perfumes even, at discount prices, but that did not happen. That could have been a good earner for Alderney, perhaps not so good from Guernsey fiscally, but we have to be generous.

It seems to me that what they have ended up with is just the Excise Duty on Motor Fuel and the Document Duty on property. I have to say I am not going to get any votes from Alderney, whether I stand or not, so I am free to say what I like to a degree; but I think that was not a very good deal from Alderney's point of view, because Alderney now are faced with an intriguing scenario. They either achieve their objective of reducing rates for property, commercial property, at the expense of increasing residential property or they spend less, or they get less money; or they target the holiday homeowner, which is a very important factor in their economy. And the same goes for petrol, because they already have significantly dearer fuel than Guernsey by a margin of 30% or 40%, 30p or 40p. It is a not a cheap, un-green option to drive around Alderney, it is very expensive despite it being a small place.

So much as I will I suppose support this amendment, there is no obvious reason not to, I do have concerns that it will not necessarily lead to the blissful panacea for the Island's economy. I think in a way it was a very shrewd move, as they always are, of Policy & Resources in facilitating more independence to Alderney, actually making their political decision-making perhaps more complicated; and it perhaps also feeds into the border debate that maybe the States of Alderney – as Deputy Brouard in the past has mentioned, amongst others, Deputy Trott and Deputy St Pier – might have to dovetail their fiscal economic and social and legislative policies more closely in Guernsey in order to reach harmonies.

The Bailiff: Deputy Merrett.

Deputy Merrett: I think, sir, that Deputy Gollop asked my question, but I am not convinced he did, so I will try and do it in a few less words. (*Interjections*) I do not think I will, sir, but I will certainly try.

Now this, to me, is another step towards moving away from our fiscal union with Alderney – ‘fiscal’ union, I hope I have said that properly – fiscal union with Alderney; and the key question to me to the Alderney Reps who are present today is: are they content with this? Are they happy with that? Because I do not think that they should be – and I am sure that they are not, sir – but, naïve in what Deputy Gollop alluded to about the ‘cleverness’, I think it was Deputy Gollop’s word, or shrewdness, of PRC in this regard.

Of course ultimately it is up to the States to determine this, but if the States of Alderney are content and their eyes are wide open with the potential consequences of this, of the diversion of this fiscal union, then I will support it. But I really do need to hear from the Alderney Reps that are present today.

The Bailiff: Alderney Representative Roberts.

Alderney Representative Roberts: Thank you, sir.

Sir, these are changes to the Ordinances that we have requested Guernsey to allow Alderney to retain the process of Document Duty in Alderney, and to vary the rates of Fuel Duty and Document Duty when considered appropriate in Alderney. I appreciate Deputy Gollop’s comments on the cost of fuel in Alderney, and there are some worries underneath it all, but on the whole the States of Alderney do welcome this in our new financial relationship.

Thank you.

The Bailiff: Alderney Representative Snowdon.

Alderney Representative Snowdon: Thank you, sir.

I do not know if I have got to declare an interest, but I do have property in Alderney.

This is supported fully by the States of Alderney. I think it started off, as was highlighted already, in the Billet in 2016. It seemed to take us quite some time to get to this stage, but I think we need to work on other issues going forward and get round the table – probably after your Elections and after our Elections – working with the two Governments to make sure that we can find a positive way forward, because the communities have really come together.

Touching on one thing with this Item sort of connected, is that I think Alderney would like to see alcohol come back and then look at that and see how we can redo that. I think that is quite a big thing that they probably want to look into.

But I think I welcome this Item and I hopefully look forward to more items as we move with the new States whenever that might be after the Election.

Thank you.

The Bailiff: Deputy Prow.

Deputy Prow: Thank you, Mr Bailiff.

I have just got a very brief question for the President of Policy & Resources, just to ask him if the question of Duty diversion fraud has been discussed at Policy & Resources with regard to this?

Thank you, sir.

The Bailiff: Deputy Tindall.

Deputy Tindall: Thank you, sir.

Whilst I declared an interest under the amendment, obviously the interest applies to this as well. But I would also further the point about divergence from the fiscal union. The moneys were given

660 to Alderney in a roundabout way and this enables to raise them independently at their own rates so they can charge commercial rates at higher than homes, etc. In fact the other way round is the preference to enable them to have their economy, certainly in the High Street, to be boosted by some assistance to the commercial shops and businesses there.

But more to the point, it is a start and needs to be continued in dialogue on the 1948 Agreement and it is shame that this has not been progressed during this term and I hope that it will.

Thank you, sir.

The Bailiff: I invite the President of the Committee, Deputy St Pier, to reply to that debate.

670 **Deputy St Pier:** Thank you, sir.

Sir, just to repeat, as I began: this is the enactment of a previous decision of the States, indeed a prior States, so it is not Policy & Resources Committee being clever, it is merely fulfilling the direction of the States obviously in conjunction and in dialogue with the States of Alderney.

I do not recall the Policy & Resources Committee discussing the question of Duty diversion fraud in response to Deputy Prow's question.

675 The question of alcohol that Alderney Representative Snowdon raised of course was a matter that was considered back in 2016, and it was recognised that actually that did present some very practical and logistical problems in a way which did not impact either Document Duty or the Excise Duty on Motor Fuel, which is why it was left out of scope at that time. I do not think there is anything that has changed in the four years since, that would make it more practical now.

680 We seem to have drifted into a bit of a discussion in relation to TRP, although the matter before us does not actually touch on that; and the comments in relation to the 1948 Agreement I think are valid, that we do need to continue as we have said several times during this term to engage in that review. I think it would have made further progress during 2020 had it not been for other more urgent matters intervening in States' business.

685 **The Bailiff:** Well, Members of the States, there are three Propositions. I am going to put Proposition 1 to you first, because if you do not approve Proposition 1 then we do not get to Propositions 2 and 3. Alderney Representative Roberts.

690 **Alderney Representative Roberts:** Sir, may I declare my interest? I have property in Alderney, not as much as Mr Snowdon –

The Bailiff: All right. Are you interested in his property as well then? *(Laughter)*

695 So I am going to put Proposition 1 to you, Members of the States. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare Proposition 1 duly carried.

I am going to put Propositions 2 and 3 to you bearing in mind that on each occasion the draft Ordinance has been amended in accordance with the amendment. Those in favour of those Propositions; those against.

Members voted Pour.

700 **The Bailiff:** I declare both of those Propositions duly carried, and therefore all Propositions are carried.

POLICY & RESOURCES COMMITTEE

**II. The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc
(Bailiwick of Guernsey) Law, 2020 –
Approved**

Article II.

The States are asked to decide:

Whether they are of the opinion to approve the Projet de Loi entitled 'The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc (Bailiwick of Guernsey) Law, 2020', as amended in accordance with the Resolution of the States made on the 15th July, 2020, and to authorise the Bailiff to present a most humble petition to Her Majesty praying for Her Royal Sanction thereto.

The States' Greffier: Article II – Policy & Resources Committee – The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2020.

705 **The Bailiff:** I invite opening of debate from the Vice-President of the Committee, Deputy Trott.

Deputy Trott: Thank you, sir.

Sir, my opening remarks cover all four items of legislation that we will be taking in this section. These items of legislation have been an enormous undertaking for all involved in the drafting and I
710 extend our collective gratitude to staff at St James' Chambers and at the GFSC. They have also been subject to extensive consultation with our financial services sector and I think it is equally appropriate that we express our collective thanks to them for their continuous and constructive dialogue throughout.

Sir, such a mammoth task deserves a brief introduction. The package of Laws before us today
715 comprises new versions of the Banking Supervision Law, the Regulation of Fiduciaries Law and the Protection of Investors Law, and a brand new Enforcement Law. I understand, sir, you have yet to call the last three but this way I hope I only need to speak once.

Enforcement matters historically contained in the individual sectoral laws have been separated
720 into a new law so as to ensure there is a clear division between day-to-day licensing and supervision under the sectoral laws on the one hand and enforcement on the other. This division recognises that day-to-day supervision and enforcement are different and will help understanding by all stakeholders that are subject to supervision or enforcement being key.

Sir, overall the Laws will update the legal framework for supervision and enforcement in line with
725 modern expectations and international standards. As we all know, Guernsey is routinely subject to international scrutiny and we must ensure that our supervisory and enforcement frameworks continue to be fit for purpose.

The Assembly has considered this package of Laws already. The outcome was that the Laws should be made gender neutral. This has been done by St James' Chambers and the Laws have come back to the States for approval.

730 Sir, I ask you to note that I have received no advance notice of any technical questions, or any other questions for that matter, and hope after years in the making these Laws can proceed with extreme haste.

Sir, thank you.

735 **The Bailiff:** Deputy Tindall.

Deputy Tindall: Thank you, sir.

I just wish to pass on my grateful thanks, not only for the swift turnaround of the amendments, we actually received our first draft for checking as a Member of the Legislation Review Panel before

740 the end of the last States' meeting. Also I am grateful that all have been done and been put before
us today, because although Deputy Trott's speech was rather familiar I do endorse everything that
he said, and that was the primary aim of getting these back so that we could get on and make sure
that we are able to be ready for the Moneyval visit.

Thank you, sir.

745

The Bailiff: Well, as no one else is rising, Deputy Trott, I doubt that there is any need to reply to
that.

So I am going to put to Members of the States the single Proposition in relation to the draft
Projet, The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc.
750 (Bailiwick of Guernsey) Law, 2020 first. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that duly carried.

POLICY & RESOURCES COMMITTEE

III. The Protection of Investors (Bailiwick of Guernsey) Law, 2020 – Approved

Article III.

The States are asked to decide:

*Whether they are of the opinion to approve the Projet de Loi entitled 'The Protection of Investors
(Bailiwick of Guernsey) Law, 2020', as amended in accordance with the Resolution of the States
made on the 15th July, 2020, and to authorise the Bailiff to present a most humble petition to Her
Majesty praying for Her Royal Sanction thereto.*

The States' Greffier: Article III – Policy & Resources Committee – The Protection of Investors
(Bailiwick of Guernsey) Law, 2020.

755

The Bailiff: Deputy Trott, as the Vice-President of the Committee, has already introduced this.
Is there any debate from anyone in respect of this draft Projet?

In that case I will put the Proposition to you, Members of the States, whether you are minded to
approve the draft Projet. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that Proposition duly carried.

POLICY & RESOURCES COMMITTEE

**IV. The Financial Services Business (Enforcement Powers)
(Bailiwick of Guernsey) Law, 2020 –
Approved**

Article IV.

The States are asked to decide:

Whether they are of the opinion to approve the Projet de Loi entitled 'The Financial Services Business (Enforcement Powers) (Bailiwick of Guernsey) Law, 2020', as amended in accordance with the Resolution of the States made on the 15th July, 2020, and to authorise the Bailiff to present a most humble petition to Her Majesty praying for Her Royal Sanction thereto.

760 **The States' Greffier:** Article IV – Policy & Resources Committee – The Financial Services Business (Enforcement Powers) (Bailiwick of Guernsey) Law, 2020.

The Bailiff: Once again, Deputy Trott has opened debate. Unless there is anything further to say, Deputy Trott? So, Deputy Gollop.

765

Deputy Gollop: Yes, we heard as part of the preamble to this bundle of laws very much that we wished to ensure compliance with international and EU standards, including the Markets in Financial Instruments Directive (MiFID). But part of the thinking, as Deputy Trott is more aware than most of us, is very much to ensure that we have appropriate and proportionate regulation that is nevertheless transparent and easy to understand.

770

I noticed in the introduction that this particular Law, the Financial Services Business (Enforcement Powers) Law is designed effectively to consolidate different powers that existed over different years for different sectors for fiduciaries, banks and so on, and as they put it 'ameliorate the legal administrative burden on the regulator', the Guernsey Financial Services Commission, in order to operate fine enforcement regimes across the different laws, which over the years have become increasingly divergent, often in mere points of detail.

775

Now, in a previous debate, Deputy Trott certainly stirred up massive amounts of conversation about, for example, speculating that with equal pay for equal value, like this £50 million. Now, out of that, for example, came inevitably a discussion about whether if you are looking for, say, equal pay you would level up or level down which is always the very nature of when you consolidate.

780

In the nature of this legislative exercise, Deputy Trott has indicated the corporate and financial sector are generally very pleased, or at least not complaining about anything, and obviously the people at the sharp end have understood and consulted. But would it be fair to say that the powers have levelled up or levelled down? And, in making life potentially easier for the Guernsey Financial Services Commission as a regulator, will it: (a) lead to a reduction in cost or staff work from their point of view, because clearly the job will be better for them?

785

Secondly, does that mean an easier or more challenging scenario for practitioners? Because when you sort out anomalies and differences and nuances in legislation that has an impact. So perhaps, although that is slightly wider than the narrow legislation itself, I think that would be useful to know as we are approving this package today.

790

The Bailiff: Well, as no other Member is rising to speak in debate on this draft Projet, I turn to the Vice-President, Deputy Trott, to reply to Deputy Gollop's contribution.

795

Deputy Trott: Thank you, sir.

I think Deputy Gollop hit the nail on the head with his opening remarks when he said that this is all about appropriate and proportionate and understandable enforcement.

There is no doubt, sir, that the *overwhelming majority* of practitioners within our financial services community are never, quite understandably, subjected to any enforcement measures. However, on occasions some are and it is my view, sir, that the GFSC deals with these matters, particularly with reference to its panel of QCs who undertake a filter before enforcement matters are undertaken. It gets it right most, if not all, of the time. I mean, there are occasionally contentious matters that require the court's intervention, but the overwhelming majority of people – and it is a very small majority who have enforcement letters – accept the enforcement measures laid down by the Commission.

Sir, I think Deputy Gollop need not fear that these measures are proportionate, are appropriate and are understood by the overwhelming majority of our compliant industry.

Thank you, sir.

The Bailiff: Well, Members of the States, there is a single Proposition as to whether you are minded to approve this draft Projet. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that Proposition duly carried.

POLICY & RESOURCES COMMITTEE

V. The Banking Supervision (Bailiwick of Guernsey) Law, 2020 – Approved

Article V.

The States are asked to decide:

Whether they are of the opinion to approve the Projet de Loi entitled 'The Banking Supervision (Bailiwick of Guernsey) Law, 2020', as amended in accordance with the Resolution of the States made on the 15th July, 2020, and to authorise the Bailiff to present a most humble petition to Her Majesty praying for Her Royal Sanction thereto.

The States' Greffier: Article V – Policy & Resources Committee – The Banking Supervision (Bailiwick of Guernsey) Law, 2020.

The Bailiff: The Vice-President, Deputy Trott, introduced this earlier, Members of the States. Does anyone wish to speak on this?

In that case I will put to you the single Proposition, whether you are minded to approve this draft Projet de Loi. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare that Proposition duly carried as well.

Billet d'État XVIII

COMMITTEE FOR HEALTH & SOCIAL CARE

IV. Developing the legislative framework necessary for vaccination against SARS-CoV-2 – the virus causing COVID-19 – Propositions carried

Article IV.

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'Developing the legislative framework necessary for vaccination against SARS-CoV-2 – the virus causing COVID-19', they are of the opinion:

- 1. To agree, in line with the published Exit framework, that the implementation of a voluntary vaccination programme in the Bailiwick of Guernsey is a key element of the Bailiwick's response to mitigating against the risks presented by the global presence of the SARS-CoV-2 virus;*
- 2. To authorise the Committee for Health & Social Care to implement the voluntary vaccination programme following consultation with the Policy & Resources Committee and Principal Committees and the relevant committees of the States of Alderney and the Chief Pleas of Sark;*
- 3. To agree to amend existing legislation as set out in the Policy Letter to provide the framework necessary for the expedient implementation of a vaccination programme, including in circumstances where such a vaccine has only temporarily been authorised, recognising, notwithstanding the potential clinical and legal risks, the international effort and commitment to accelerating the availability of the vaccination while maintaining the standards for vaccine quality, safety and efficacy;*
- 4. To agree that the Prescription Only Medicines (Human) (Bailiwick of Guernsey) Ordinance, 2009 should be amended in the manner described in the Policy Letter;*
- 5. To approve the draft Ordinance entitled 'The Prescription Only Medicines (Human) (Bailiwick of Guernsey) (Amendment) Ordinance, 2020', attached at the Appendix to the policy letter, and to direct that the same shall have effect as an Ordinance of the States; and*
- 6. To direct the Committee for Health & Social Care to consult (to the extent that it has not already done so) with lead committees of the States of Alderney and the Chief Pleas of Sark in order to establish whether Alderney and Sark wish to be included in the vaccination programme.*

The States' Greffier: Billet d'État XVIII – Article IV – Committee for Health & Social Care – Developing the legislative framework necessary for vaccination against SARS-CoV-2 – the virus causing COVID-19.

825 **The Bailiff:** I invite the President of the Committee for Health & Social Care, Deputy Soulsby, to open debate on this matter.
Deputy Soulsby.

830 **Deputy Soulsby:** Thank you, sir.
The World Health Organisation has highlighted the critical importance to global health of the rapid availability and deployment of effective vaccines against Covid-19. Locally, this has been recognised similarly in the exit framework. Our collective efforts as a community were able to reduce the impact locally and led to our acceleration through the phases of lockdown, but we have not been immune. While we have been clear of the virus for over 100 days, sadly 16 individuals died or
835 probably died from the disease and we must not forget that.

The lockdown measures introduced in March, while successful in slowing the spread of the disease, brought with them their own consequences on our economy, on our schools, on our daily lives. It has always been made clear that just as strict restrictions of the early stages of lockdown were not sustainable in the long term, neither can we remain in the Bailiwick bubble that we are currently enjoying indefinitely. Travel continues to pose a real risk of reintroducing the virus into the Bailiwick and a voluntary vaccination programme plays a vital role in mitigating this risk.

Since the initial reports of a Novel Coronavirus being identified in Wuhan, China earlier this year, scientists have been using whole genomic sequencing and second- and third-generation vaccine development techniques to accelerate the normal vaccine development processes. A number of candidate vaccines are in various phases of development and it is hoped that a vaccine may be available by the end of this year. For Guernsey to have the ability to deliver locally a vaccination programme of the necessary scale and complexity in the same timeframe as other parts of the British Isles, and ahead of the detail of the precise vaccine has been confirmed, the appropriate enabling legislative framework needs to be in place.

The Law as currently drafted does not, in the way that the UK Legislation does, for example, recognise particular emergency circumstances, which limits its flexibility to respond to the unprecedented circumstances currently faced. Given the time until the General Election and the need for operational planning to continue in earnest throughout the election period in parallel with national efforts, steps have been taken to expedite the necessary technical changes to the Law.

The Committee for Health & Social Case is grateful both to the Law Officers for prioritising the preparation of the draft Ordinance, and to the Presiding Officer for agreeing that the policy letter and draft legislation may be considered by the Assembly at the same time. A lot of work has been done in the space of just over a week and I am grateful to everybody who has given their input.

The legislative changes will, if approved, recognise the temporary authorisation from the Secretary of States under Regulation 174 of the UK Human Medicines Regulations 2010, and enable a wider scope of health care workers to administer a Covid-19 vaccine. These changes are necessary to enable a product which is unlicensed by regulatory authority but approved by the Secretary of State at the recommendation of the Independent Joint Committee on Vaccination and Immunisation to be used locally, and to provide sufficient capacity to deliver the programme of the anticipated scale. It is worth bearing in mind here that we have Public Health, and our Director of Public Health has observer status on that Joint Committee.

Whilst such an approach has not been used locally before, it must be recognised that the question of ensuring, as far as possible, the safety of any vaccination programme is a key priority for governments and scientists across the world. The Secretary of State will be advised by the UK's leading experts on vaccinations, and there is a need to balance a risk of proceeding with a vaccination programme using an unlicensed product against the risk of not providing a vaccine. We have been guided by the evidence throughout our response to Covid-19 and the letter appended to the policy letter from the Science & Technical Advisory Cell, commonly known as STAC, is clear that in their collective professional opinion an early vaccination programme is in the best interests of the community.

Once the precise details of any vaccination programme are known, there will be a comprehensive engagement and awareness campaign and that will be for individual Islanders to decide whether they wish to participate in the voluntary programme. Participation will be encouraged and we hope the take-up in the identified cohorts will be high. But no Islanders will be compelled to take part.

Until we know which vaccine might be used it is not possible to determine the precise operational details of a vaccination programme, but work to plan for all eventualities will continue in earnest informed by discussions with national bodies and the continued planned engagement with Alderney and Sark and other States' Committees. This will also allow work to be progressed on better understanding and, if possible, addressing the important liability consideration associated with such a programme, with a specific operational sub-group formed to discuss.

We are also enabling administration of the vaccine to be undertaken by non-registered health care professionals. Unless we do so, if we are required to vaccinate the numbers we anticipate will

be offered the vaccine, we will physically not be able to do so unless more people are trained. It is important to note that each eligible person who has chosen to receive a vaccine will be triaged by a registered health care professional who will risk-assess them. Those who are non-registered will simply be administering the vaccine. Advanced life support practitioners will also be present.

Sir, this policy letter is not about the whole vaccination programme. It does not and cannot say what vaccine will be used or when, nor does it mean we will adopt anything that comes along purporting to do the trick. However, what it does do is remove the barriers to us being able to make available a professionally approved vaccine to Islanders when it does become available.

I ask Members to support it.

The Bailiff: Deputy Merrett.

Deputy Merrett: Thank you, sir.

I have listened intently to Deputy Soulsby and I have had assurance, some assurances – assurances as clear as Deputy Soulsby can give in her current position as President of Health & Social Care, and I thank her for them. But I do still find myself in a bit of a quandary, a scenario arguably that none of us would wish to find ourselves in; but, as the saying goes, we are where we are. So yet again for me, sir, this actually will be a difficult decision; and I will explain to Members why.

In my opinion, this policy paper is very much about a balance of risk versus benefit, or benefit versus detriment. But what in my mind is of paramount importance is our community. As stated by Deputy Soulsby, each individual must be able to make an informed, intelligence-based decision, they must make their own determination and that is why the word ‘voluntary’, which is littered throughout this policy paper, is of key importance in my mind.

Now, to enable members of our community to make their decision, it will be down to having this open and honest communication, as Deputy Soulsby alluded to; and also we should remember that the benefit of vaccination is not just to the individual but it is to the wider community as well. I am hopeful that this communication strategy, as alluded to, will reference that in some way. But clearly, sir, this potential vaccination programme can only be achieved by having community confidence in the vaccination – therefore members of our community volunteering *per se*, and I realise there will be a targeted group initially, but volunteering to participate in the vaccination programme. So the risks, I do believe, should be clearly articulated as well as the benefits. We need to be open and honest about it. As I said, public confidence is paramount to the aims of this potential programme being achieved.

Now, this programme could cost – let’s be open and honest about this, it is in the policy paper – between £1 million to £2 million to implement. But the associated costs of any damages awarded against this vaccination programme are also significant – and significant, for the avoidance of doubt, not just fiscally, but also to members of our community’s health and wellbeing. They are indeed, to my mind, significant.

Now, 6.6 – and if Members are minded to, it is on page 15 – explains the Vaccine Damage Payments Act of 1979. It provides a legal framework for payments from public funds as a one-off payment – I remind Members, and I am sure everyone has read it – of £120,000 tax free.

Now, 5.24 explains this could or would be a mass vaccination programme; and in 1.3 we are advised that the programme will prioritise allocating the vaccine to targeted cohorts of our community – those that are most at risk of adverse effects of Covid-19. To put that into context, that is 35,000 members of our community. That is 55% of our community. This is indeed potentially a mass vaccination programme.

Now, 6.7 does recognise that any adverse effects, as indeed is the case with any other new medicines, that may occur infrequently or in the medium- to long-term, will not and cannot be identified at this stage, or it may not be potentially for many years. That is the kind of openness and transparency we need to let our community know. This is indeed a new vaccine. This is the reality and a risk that our community needs to be aware of. So I have concerns, sir, and rightly so.

940 So as stated in Proposition 3, the expedient implementation of a new vaccination programme in conjunction with it being a mass implementation, are where some of my worries lie. This policy paper alludes to the worst-case scenario – arguably a worst-case scenario that how many of our community at the moment who have been infected by the virus are affected.

945 Now, sir, we could have, we might have, a significant liability arising from as yet unknown adverse effects and any associated medical costs, and a false sense of potential security that the vaccine has and will work. I mean, these are all risks that we need to be expressing to our community. We could have an unlicensed vaccine being administered by unregulated health care professionals. I have had the assurances from a meeting which I very much appreciated with Health & Social Care and the Director of Public Health, and others were available, and I have had some assurances, but these are my concerns.

950 So notwithstanding the fact these injections will be supervised, all of this is of concern to me; but ultimately, as I said earlier, we must be open and honest with our community and they need to understand the benefits and risks. They must determine for themselves if they wish to have the vaccine, it should absolutely be their choice, and I feel incredibly strongly about this.

955 Now, lastly, sir, I am sure there is a word for those members of our community who among others have a vaccine, I do not what the name is, anti-vaxxers, maybe that is the name? I do not know. I am sure there is a name. Or those that rely on the herd mentality of a large mass of the community having the vaccine to in theory protect themselves. That is their choice and if they do not wish to participate in this vaccination programme then that should be their choice.

960 Now for the avoidance of doubt, sir, myself and my family have and do have, after very careful research and reflection, had all of the Government-suggested vaccinations. But I have been able to do that in an informed, intelligence-based way, and I do not do so lightly, I always do the research. And there is obviously a lot of historical context to many of the vaccines our community have. This will not be the case.

965 As I said, at times for myself and my family it has been a difficult decision weighing up the information we have and determining not what is only best for ourselves as individuals and family members, but also what is best for our community. We do take that into consideration, sir. We are usually aware of any negative side effects of any vaccine, we are made aware of it, and I am led to believe this will be the case going forward. I am certainly not, sir, definitely not anti-vax in any way, 970 I am just very much about making an informed intelligence-based decision for myself and for any dependents I may have, and that is why the word ‘voluntary’ is very important to me.

Now, as long as we do have this openness in communication, and I hope I have tried to express that today, then as long as it is voluntary I should be assured. But it is still a difficult decision for me because we have this Election looming and whereas I have the assurances and the confidence in the current HSC Committee and the President of, I obviously have not got a crystal ball. And when this mass-vaccination programme could come online I really do not know what the community strategy is going to be, or who the President of Health is going to be. We just do not know, do we? So that makes it a little bit more of a tricky situation, although I absolutely respect and have confidence in everything Deputy Soulsby said when she opened debate.

980 So as long as there is open and clear communication, as long as we are open and honest about the risk versus the detriment, and as long as members of our community are allowed and enabled to make decisions for themselves, voluntarily, then I probably will be able to support this because not supporting it obviously also has risks.

985 So that is my quandary, sir. I am absolutely sure when Deputy Soulsby sums up that she will be able to give the assurances that I have had previously and she referred to in her opening speech that it will be voluntary, and that it will be open and transparent communication. I have asked the Committee on previous occasions, I asked the Committee and the Director of Public Health months ago just to ensure ... I asked the question and it was unable to be answered because it has not been discussed or deliberated. The question was this, sir: if we do not have a large enough cohort of our 990 community that are willing to take this voluntary vaccination what will the steps be? I am led to

believe, sir, because the Committee *for* Health & Social Care have not discussed it, they cannot answer the question.

The hope is very much that there will be enough public confidence in the potential vaccine, it is not actually here yet, that actually enough of our community will for their own personal benefit and for the wider community benefit be willing to have the vaccine. I understand that, and that sounds really positive and hopeful, and I hope that is indeed the case, as long as there are not any adverse effects clearly, I have not got a crystal ball.

So that is the question I have posed, probably on two or three occasions now, to the Committee *for* Health & Social Care. I understand why they cannot answer it, they cannot answer it because they have not discussed it; although at some point in deliberations I do think we need to be open and honest with our community and say if there is not x amount that do have this vaccination then obviously that could have consequences on our exit framework or how we come out of the Coronavirus pandemic.

So with that, I look forward to Deputy Soulsby summing up. I will just repeat, I am not anti-vaccine at *all*, it is just that I am not able to make an informed, intelligence-based decision with a vaccine that has got any historical context because we are, as I said, where we are.

Thank you, sir.

The Bailiff: Deputy Inder.

Deputy Inder: I am going to try and invoke 26(1).

The Bailiff: Okay. Deputy Inder is minded to move a motion pursuant to Rule 26(1) so I am going to invite all those Members who are still entitled to speak, and who would intend to speak in this debate, to stand in their places.

Is it still your wish Deputy Inder to put the motion?

Deputy Inder: Yes, it is.

The Bailiff: In that case, Members of the States, I will put to you the motion being proposed by Deputy Inder that debate on this matter be terminated subject to the normal winding-up speeches. It is a simple yes, no. Those in favour; those against.

Members voted Contre.

The Bailiff: I will declare that lost.
Deputy Roffey.

Deputy Roffey: Thank you, sir.

I agree with a part of what Deputy Merrett said and profoundly disagree with something else that she said. Of course I agree that a mass vaccination programme, when we get to it, should be voluntary and it should be the choice of individuals whether to get vaccinated. My understanding is HSC have made absolutely clear throughout that that is going to be the case, and I do not think that is going to be a difficulty for Guernsey because we traditionally have a very high take-up rate of vaccination programmes. People have had confidence in science and they are right to do so, and the idea that if we do not get sufficient take-up people are going to be held down screaming and squealing, where people are going to sort of shove something in their derrière, is just perverse. I mean, it is not going to happen.

But I really think we have to be careful about what message we send out from this Assembly. Deputy Merrett said this is going to be, for people, a very difficult decision. I think that implies that there is a really even balance of risk between taking a vaccine or not.

For me it will not be a difficult decision. I will do it for myself and I will do it for the community and I will know – maybe unlike something that is going to go on in Russia in the next few days – that anything that has been approved in the UK will have gone through three tranches of clinical trials, scaling up to very large clinical trials. Of course nothing is ever in this world absolutely risk-free, but the balance of risk will be enormously in favour of the decision of having a vaccination. It is important, not just for individuals, but for the community.

There has been a lot of bad publicity about the term ‘herd immunity’ and that is because some scientists have suggested if you let enough people get sick you achieve herd immunity. There is another way to achieve herd immunity and that is through vaccination where you get antibodies in a sufficient percentage of the population that the virus has really got nowhere to go, that it just does not have the vectors of transmission to allow it to happen, and that is what we have to achieve. I think it would be a shame if there was a debate in this States that sent out the message that it was a really difficult decision, because the balance of risk was so close.

Other communities have started to embrace that fallacy. Other communities are having people dying wholesale from measles. We are not because that sort of internet junk has not become mainstream science. I think it is really vital.

So Deputy Merrett may think this is a really difficult decision. I want to send out the message that this is a really easy decision (**A Member:** Hear, hear.) and that the vast majority of Guernsey people should do what they have sensibly been doing over many years and adopt scientifically proven and safe, as far as we can possibly make it, vaccination programmes.

The Bailiff: Deputy Oliver.

Deputy Oliver: Thank you, sir.

Just one point that Deputy Roffey said, he said it was a licensed drug. It might be actually that it is not quite licensed when the product comes to Guernsey. So just that one point of correction.

I have to say at first when I saw this paper I did go, ‘Ooh, ow! I do not know if I like this’, and then I actually went to the presentation that HSC put on and it did answer many of my questions. They are not in the policy letter so I just want to run over some of the questions that I asked just for the community’s benefit.

Now, the people it is going to target is the elderly and people with underlying issues, basically autoimmune diseases. If you have got an auto-immune you generally cannot take a live vaccination – it is not going to be a live vaccination, so that was one tick in my box.

It will have still gone, as Deputy Roffey says, under so much testing that even though it is not licensed it is probably going to be licensed within a short amount of time before it comes over.

Deputy Tooley: Point of correction, sir.

Deputy Oliver: Is that wrong? That is what you said in the meeting.

The Bailiff: Point of correction Deputy Tooley.

Deputy Tooley: Sorry, with the proposals, we are talking about a vaccination which would be licensed but would not yet be *regulated*. It is the marketing authorisation and regulation that would be still potentially *waiting* at this stage. It would be a licensed vaccine.

Thank you, sir.

The Bailiff: Thank you, Deputy Tooley. Deputy Oliver to continue.

Deputy Oliver: Thank you for that. But it will be licensed quite quickly once it comes here. So that is again another big tick for it.

1090 The other thing is, we must remember that this disease can kill people and the vaccination from what I could gather – and I am sure Deputy Tooley will correct me if I am wrong – it is already out there in many different forms and they are just kind of bringing it together, from what I could gather. That's right? *(Interjection)* Yes, okay. So it is out there and it is not a brand new never-been-tested drug before, so that also gave me comfort. Anybody with underlying issues and the elderly, this
1095 Covid does affect them more, you are more likely to die if you get it.

So I just think actually that the HSC Committee has the foresight to say actually let's bring this in and let's do a mass vaccination, so hopefully we can protect the Island from Covid.

The Bailiff: Deputy Tooley.

1100

Deputy Tooley: Thank you, sir.

I was going to hang back but in the hope that we can make this debate shorter and move things on, because I get the sense that the Assembly is ready to agree this, but wants to voice some concerns it might have.

1105 I just wanted to add a couple of things. So in response to the point just made by Deputy Oliver, and this is completely non-medical, I have no medical training, I am telling you what I understand from what the people who have the very clever medical training have told me. The vaccination is being based on tried-and-tested vaccines, so you kind of grow one vaccine out of another in a very non-medical explanation.

1110 There have been flu vaccines and so on around for a very long time, and work that has taken place on those has been used to inform work that has gone into the building of these candidate vaccines that we are potentially looking at. So a very non-medical opinion, but I hope that covers the query that Deputy Oliver just had.

The other issue I think I dealt with during the point of correction around the fact that we are
1115 talking here about a vaccination which would be licensed, it would be approved by the Secretary of State in the UK, it would be recommended by the Joint Council on Vaccines & Immunisations – which, as Deputy Soulsby has said, we are incredibly fortunate for such a small jurisdiction as ours to have our Medical Officer of Public Health sitting with observer status on an organisation such as that, is huge. I cannot tell you how fortunate we are to be in that position. So the information we
1120 will have will be literally direct from the horse's mouth on these vaccines. It will be the information that is informing the Secretary of State in the UK, and it is under authorisation from the Secretary of State in the UK that we will be able to make these temporary changes.

The one other thing I wanted to cover straight away was this concern that has been voiced in the Assembly by Deputy Merrett, and is potentially out there in the community, about what happens
1125 if there is not a voluntary take-up of the vaccination. What happens if the next HSC Committee just suddenly say 'Do you know what? It is not good enough. We are going to make everybody have it'.

I passed a note to H.M. Comptroller during the earlier part of this debate, just to confirm that his opinion agreed with mine, and I am sure he will speak for himself if he feels the need, that we would not be able, as an Assembly, to suddenly decide to make vaccination mandatory without
1130 returning to the Assembly. And there would be human rights considerations which legislation almost certainly would not trump anyway.

So I am hoping that information will allay the concerns of some who might think that it is all being blown up out of all proportion, there is a determination that people will be vaccinated with or without their permission, and so on. It is not really possible in any way for this Assembly or for
1135 the successors to this Assembly to just go out and do that. It is something that I can understand people being concerned about, but I would really wish to allay those concerns because it just could not happen.

Thank you, sir.

1140 **The Bailiff:** Deputy Gollop.

Deputy Gollop: Sir, yes, this has come a bit – not out of the blue, but it has been something that has come at a late point. I think it was first announced at one of the Covid press conferences as something that was going to happen.

When you look for example at Section 2 one very much sees

Modelling predicts that the economic impact will see a loss of GVA of approximately £300m ...

1145 However, paragraph 2.3 is quite interesting because it says something that perhaps has not been necessarily put to everybody in society. Paragraph 2.3 says:

As a result, those entering the Bailiwick, other than from the Isle of Man with whom the Bailiwick shares an 'air bridge', are currently subject to mandatory self-isolation periods of up to 14 days ...

Well, since then we have had the week –

... and are liable to prosecution ... There are, however, certain groups for whom self-isolation is not required. Critical workers, those attending the UK for healthcare treatment and some business travellers are permitted to enter the Bailiwick, and while other safeguard measures are in place, this may introduce the virus back into the Bailiwick.

1150 So there was an acknowledgement, however remote, that the virus could come back perhaps through those exceptions. Indeed, I remember one of the very professional presentations the CCA team made a few months ago, said that they would be surprised perhaps if there were not people who had it and we should not be too frightened of one or two cases emerging, and people with symptoms should of course seek appropriate testing and help.

1155 Indeed many people in the community, as I intimated earlier in the emergency debate, are kind of on the cusp of saying, 'We want to say stay safe and together and maintain our internal economy and community, without going backwards into lockdown. But at the same time we are also keen to open up to the extent that we cannot possibly live in this bubble forever'. And I think we have even heard expert medical advisers say that Covid/coronavirus could be with us for several years. So that means we have to have a debate on living with coronavirus without necessarily having the optimism of the UK Prime Minister who used to say viruses would be round the corner.

1160 I actually found a lot to support in Deputy Merrett's speech, because I think I am a bit more in the middle of this than Deputy Roffey. Deputy Roffey, historically, has not been much on Facebook and perhaps dismisses the Facebook trollers and other social media characters who have all sorts of conspiracy theories and concerns. Maybe they are misguided, and they exist in far greater proportionate numbers I expect in other communities like rural America or wherever, but
1165 nevertheless there is a constituency out there of people who are against vaccination. I remember my mother telling me that when she was a child some children had as their middle names, 'Anti-vaccination'. It is the kind of thing that bubbles to and fro.

1170 Although I would actually put myself on the side of rational people who say we should listen to the evidence, listen to the science, and have vaccinations wherever appropriate, I too have sometimes gone along for the ride with more complementary or alternative ideas; and I would be willing of course to be a guinea pig as a testbed for the virus in many respects.

But moving on, the policy letter does not pull its punches. It mentions, for example, that vaccine development normally takes time, but this could be an accelerated process but look to paragraphs 6.4 and 6.5:

... the vaccine 'Pandemrix' was approved ... for use across the European Union. The manufacturer, GlaxoSmithKline, was given an indemnity as described above by the UK Government.
Pandemrix was later linked to the development of narcolepsy, a chronic sleep disorder where a person falls asleep at inappropriate times ...

1175 Deputy Le Clerc will know I have done that once or twice in presentations and meetings. But, more seriously this affected children, and:

... one in every 52,000 vaccinations led to childhood narcolepsy. As a result, the administration of Pandemrix to those aged under 20 years ceased.

That was a risk that was measured and was then reconsidered. There the Government made the decision based on the evidence – you will get parents, you will get people who are concerned.

1180 Now, Deputy Tooley has reassured us that there is no suggestion, and I entirely endorse that, of any compulsion here or legislation compulsion. That is absolutely correct.

I will give way –

Deputy Merrett: Thank you, Deputy Gollop.

1185 I also wish to place on public record my thanks to Deputy Tooley, and I think that is what we need to be clear to our community about, that actually it will infringe human rights. We cannot possibly do this, because that gives the assurance to the community that it cannot or will not happen.

Deputy Gollop: Thank you very much, Deputy Merrett.

1190 But Deputy Merrett has not heard my punchline. And my punchline is this: that I recently attended a meeting where somebody who has great experience in social work was saying that they had read a book recently which had made them consider even more, sometimes, safeguarders need to step in where parents or grandparents who have custody of children are perhaps not allowing their children to socially mix, or have activities, or even have appropriate health guidance or a vaccination. That could be an issue.

1195 Another issue could be, let us assume we have a two-tier society where 80% of the population – I give way to Deputy Tooley.

Deputy Tooley: Thank you.

1200 I think Deputy Gollop has made a point about safeguarders potentially protecting the needs of vulnerable children. I think that is a valid point, but I do think we need to remember that in the case of the vaccination we are talking about, certainly in this first instance, in this early period where potentially this is an unregulated vaccine, and therefore that is the reason we need these legislations. The vulnerable groups that are identified are highly unlikely to have children in them, because children do not fall into those vulnerable groups who are most likely to be affected by this illness.

Thank you.

Deputy Gollop: Thank you very much to Deputy Tooley.

1210 I mean, I thoroughly endorse the idea of the policy letter for voluntary vaccination, but my second point is: let's imagine you get to a point where a large number of the community volunteer for the vaccine, which proves to be effective, but a minority for some reason does not. Will that minority not have the freedom to travel or the freedom to do everything? Could they be perceived, not necessarily by Guernsey but by other communities, whether it be the Isle of Man or Alderney or the United Kingdom, as not being allowed the same border entry on the grounds that they are a potential public health risk?

1215 That is a scenario that goes far beyond this policy letter, it is not what it is about, but I think it is a question that has to be considered if Coronavirus is still around the world and a vaccine is successful, but people are resisting for whatever reason having a vaccine and becoming ill or spreading the condition, the virus.

1220 I think we need to know more context about where we are going with this. As far as it goes, at this stage, I will support it; but I think there are wider human rights and mobility questions that will emerge at a later point.

1225 **The Bailiff:** Deputy de Lisle.

Deputy de Lisle: Can I just ask a question with regard to the proposed priority groups for vaccination? I notice that in communities where there is a second wave, very often it is the younger people that are affected by the virus and in our community there might be many people under the age of 50 that would want to partake in this vaccination programme.

1230 It is just that I notice here that for a small Island such as ours, do we need in fact a priority grouping of adults over the age of 50 years and those who have special medical cases of extreme vulnerability? I just wonder whether that is necessary in a community of just 60,000 people.

I can see that being important perhaps in larger communities such as the UK and so on, but given the second wave situation where this reappears in the community a lot of younger people are affected, and should they not also have that opportunity at first stage to have the vaccination?
1235 Thank you, sir.

The Bailiff: Deputy Tindall.

1240 **Deputy Tindall:** Thank you, sir.

My views on this are somewhat a bit different, in the sense that I was not at the HSC meeting when the policy letter was discussed by my colleagues, so I did not have the opportunity to put in my two pennies worth having been unfortunately banished to Alderney for their special week. I have, however, had – (*Interjection*) ‘Go and have a rest’ was the term! I have, however, had the benefit of our excellent Committee secretary’s response to a variety of my questions including ones
1245 I raised with my DPA and Legislation Review hats on.

Such questions included the points that Deputy Merrett had raised and also in respect of:

It is difficult to model the protective effect of the vaccination programme, should the uptake be sub-optimal.

– which was a comment made by Dr Brink in her letter at the end of the policy letter. And also she goes on to say:

However, there will still be individual protection for those receiving the vaccine.

1250 I think it is important to note that although there is not enough information at the moment about the particular vaccine, all of these things have a committee being set up to consider everything as it goes along. So we are at the moment looking at one specific point: the legislation.

The other point, I was reassured that even though we are not a Principal Committee the DPA will be consulted as there is a potential of clarifying the Salles Publique 1914 Law requirements.

1255 Also from a legislation point of view I was advised that the legislation was not being extended to other vaccines at this time, because we wish the Assembly to focus on this simple and necessary legislative change, rather than debate whether or not what vaccine we may or may not be able to deploy. (**A Member:** Hear, hear.) For me, it is extremely important to remember that this is about amending legislation to enable the later decision by, most likely, a new HSC Committee to be able
1260 to be made on a Covid-19 vaccine.

Whilst any vaccine may only be temporarily licensed and may not have a marketing authorisation before we need to deploy the vaccine, it *will* have gone through stringent tests. The risk of not taking the vaccine at the earliest possibility, once the vaccine is considered by experts to be safe, must be weighed up by the economic and mental health risks of not taking a vaccine as soon as possible.
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The ability of those of us with loved ones in the UK or elsewhere to go visit them, cannot be underestimated. At the moment most people do not have the ability to see loved ones due to even a seven-day compulsory isolation period, and by ensuring that if the vaccine becomes available it can be administered under our law then the possibility of seeing them becomes more of a reality
1270 to many – and this hope is immeasurable, certainly to me. I am sure many of our excellent health care workers will be at the front of the queue to enable them to continue to practise their profession safely and I too will be in the over 50’s queue. We need to show the public we trust our own

judgement or that of the next HSC Committee, who will approve the specific vaccination. We must show we continue to support decision-making based on evidence, evidence which has been analysed by our fantastic team including Dr Brink.

Despite the wonderful world we currently live in in our Bailiwick, and Isle of Man bubble, and have done since HSC decided to enter phase 5 on 20th June, we must return to the world. This is the first step, and *only* the legislative step, to enable that to happen.

I ask the Assembly to support these Propositions.

Thank you, sir.

The Bailiff: There being no further debate, I turn to the President of the Committee, Deputy Soulsby, to reply to the debate.

Deputy Soulsby: Thank you, sir.

I think a lot of the speeches focused on areas that were away from the primary purpose of the policy letter, which really is to enable the law to be changed to enable a potential vaccine when it comes along to actually be administered.

Although I do completely understand the concerns about risk of vaccines, we reiterate we have no intention of making it mandatory. It will be a voluntary vaccination programme. Indeed, we have never needed to even consider that here because of the intelligence of the Guernsey population who have been quite happy and supportive of vaccination programmes. So, unlike the UK, where they are below herd immunity for measles, and that is why they have got real problems in the UK because of that, and people listening to all the noise out there when it comes to vaccines. They have not got herd immunity for measles. We have. We need to maintain that and that is why every year we put out an awareness campaign.

That is to respond to Deputy Merrett, who is talking about risk and people need to be aware, etc. As we make very clear, there will be an awareness campaign over the vaccine and hopefully that will make more people be assured about what we are providing. The risk side of it that we have spoken about, yes, there is a potential risk. As we say in the policy letter, there is a sub group formed to specifically look around all the risks of undertaking the vaccine; and a vaccine will not be administered unless there is assurance on that matter.

Just to reiterate what I have just said, and just to come back on Deputy Gollop, like listening to social media. We should not be listening to what somebody from somewhere who has got this inside source from somebody who works in something, to what the truth is. We should be listening to our Director of Public Health as we have done over the last few months, and I would ask people to listen to her. She has got more knowledge than anybody who posts an uninformed comment on social media.

I had one comment email through a month or two ago telling me that how dare I mislead the public, it is all part of a conspiracy and that Covid-19 is really a bacteria, and we should come clean and will be held to account for not doing it. Which is absolutely rubbish. But this is the sort of thing that is happening on social media. We cannot spend our time trawling through that and saying 'No, sorry, you are wrong, look at this'; 'No sorry you are wrong, look at that'. We just need to listen to the people in authority who we should be trusting for their ability and their knowledge; and we could not have anybody better than our current Director of Public Health.

Deputy Victoria Oliver, I think Deputy Tooley answered your response. I think at the moment it is thought unlikely that it will be a live vaccine anyway, and it is understood that that would have a big impact on people with autoimmune diseases, and that is one consideration. So it is unlikely to be a live vaccine.

Responding to Deputy de Lisle, yes, there have been more younger people catching the virus recently but I think that has been as a result of the younger generation thinking, in the UK in particular and other places where the curve has gone down, people have kind of felt relaxed and they have allowed it to spread in those countries. It has been the younger generation because the older generation has been more wary and understanding of the risk to them, and have been either

1325 shielding or making sure that they are following non-pharmaceutical interventions, whereas that has been less so in younger generations.

But also we need to understand the impact that we have on over-50's and over-55's, because they are the ones more likely to suffer adverse consequences from Covid-19. So that is why it is like that. The reason why we prioritise is because we have absolutely no guarantee what vaccine will be
1330 available. So we need to start off from who will be the first people we would vaccinate; second, third and then to the numbers to enable herd immunity. Because whatever we do it will be probably proportionate to the UK. We have signed up to vaccination programmes, through – I forget which body it is, there are so many of these things. We should get our proportion compared to what the UK has got, but we have no way to guarantee what that number will be at the moment, and the
1335 numbers about the potential availabilities going up and down every single day. So there is no clarity on that front at the moment. But it could be anything from 5,000 to start with, or up to 35,000. We do not know.

But really I just ask Members to support this policy letter that will enable us to, at least when the vaccine comes along, it will not stifle what we want to do and will enable our Islands to break out
1340 of the Bailiwick bubble and reach some form of normality.

Thank you, sir.

The Bailiff: Members of the States, there are six Propositions to vote on. Is there any request that any of them be taken discretely? In that case, Members of the States, I am going to put all six
1345 Propositions to you together. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare all six Propositions duly carried.

Billet d'État XVI

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

IV. Contributory Benefits and Contribution Rates for 2021 – Propositions carried

Article IV.

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'Contributory Benefits and Contribution Rates for 2021', dated 29th June 2020, they are of the opinion:

- 1. To set the contributions limits and rates as set out in Table 4 of that Policy Letter, from 1st January 2021.*
- 2. To set the standard rates of contributory social insurance benefits as set out in Table 6 of that Policy Letter, from 4th January 2021.*
- 3. To direct the preparation of such legislation as may be necessary to give effect to the above decisions.*

The States' Greffier: Billet d'État XVI – Article IV – Committee for Employment & Social Security – Contributory Benefits and Contribution Rates for 2021.

The Bailiff: I invite Deputy Roffey, who has been nominated by the Committee to lead on this debate to open it.

Deputy Roffey.

Deputy Roffey: Thank you, sir.

We have slowed down slightly from your observations an hour or so ago but we have still got half way through our six-page agenda in two hours. So that augurs well, possibly. There is certainly no reason why this policy letter should slow things down because it really is very straightforward. There are, however, a couple of small differences from previous reports on contributing funds and schemes, so I will just point those out.

First of all, this year the Long-Term Care Insurance Scheme is not in this policy letter for the very simple reason that it is covered in depth in the next policy letter, which may prove slightly more controversial than this one, we shall see. Secondly, now the Health Fund is the responsibility of the HSC that was transferred across.

In all other respects, in respect of benefits and contribution rates, the proposals before Members are very prosaic indeed. Benefits are proposed to go up by a formula which was re-endorsed very recently by this Assembly. That is to say RPIX plus the difference between RPIX and the increase in average income. The only tiny variation for that formula comes from the fact that we needed to lay our report in the Billet slightly earlier this year because of the General Election, and therefore we had to base it on the first quarter RPIX rather than the second quarter RPIX. We said in the policy letter that if the second quarter threw up a big difference we would bring an amendment ourselves today to correct it.

Well it did throw up a difference: if we were using the second quarter RPIX we would be proposing putting up benefits by 2.5% rather than 2.6%, which would have equated to us bringing in an amendment to reduce the proposed increase on a full pension by 23p a week. We decided that was probably an act of calculated meanness and if somebody else wanted to do it they were free to do so, but I am glad that nobody did.

For the record if this policy letter is approved then the full States' pension next year will be £228.37.

Turning to the contributions side, we are proposing absolutely no change; but that does not mean that no changes are required. We are proposing no change basically for two reasons: firstly, because we tried to change the contribution rates not that long ago and got a firm message from the States wait until the comprehensive review of fiscal policy which is due to come back, we were told at the time, I think in the second quarter of next year. It would be interesting to know sometime how progress is cracking along with that. Is it going like a house on fire, lit both ends? Or has Covid perhaps thrown it off train somewhat?

The second reason is this will be a profoundly bad time to propose taking more money out of the economy with what the economy has been going through. In fact I think discussions have been had in high places about the possibility of even reducing, on a temporary basis, contributions. So for us to come and propose increasing them would obviously have not been politically acceptable. But keeping on with that policy much longer, without increasing the income of the General Insurance Fund, is going to be completely unsustainable. The trouble is Social Security and their predecessors have been told over the last decade or so that it is always the wrong time. It is Zero-10, it is the wrong time; it is the world economic downturn, it is the wrong time; now it is Covid, it is the wrong time.

But the buffer for the Insurance Fund is falling and falling rapidly. In four years it has fallen from 5.4 years of cover to 4.4 years of cover. Okay it was agreed to take it down very slowly to two years of cover in order to smooth in the increase in the demographic time bomb, but it is falling much more rapidly than was predicted. Something must be done, and early, in the next States otherwise we are talking about lower unemployment benefit, lower sickness benefit and lower States' pensions. If that is what Members want then nothing has to be done. But unless that is what people want something must be done, and done within the next year or two.

Of course the Fund has taken an extra hit from Covid-19. In fact it has had a bit of a triple whammy. The investment climate has meant that the investment income is far less, and perhaps there may not be any positive change in the scheme from that point of view. We have had to suffer deferred contributions which has impacted on cash flow. But most importantly there have been far more claims and, understandably, that is what the system is there for, that is not a problem; but it has obviously impacted on sustainability even more.

But in closing, sir, I do have some good news on that front. Members will have noticed that the latest published unemployment figures which were for 1st August, first of this month, that unemployment had fallen very significantly to 856 people unemployed, which is far less than at the peak of the lockdown. Well, I can bring Members up to date and say that a week later on 8th August, i.e. last Friday, that figure had reduced yet further to 686 people out of work. (*Interjections*)

But a health warning: it is unlikely that employment will continue to fall so rapidly, we cannot even rule out that it might tick up again at some point. We have got a rocky and bumpy road ahead of us, but I think it is fair to say that we are in this respect in a much better position than any of us had the right to expect just a couple of months ago. So that is really good news.

But I can certainly commend these uncontroversial proposals. At least I think they are to the Assembly, sir.

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: Sir, since February this year I have got on rather well with Deputy Roffey, we have sat together on a States' Committee and we have agreed on 98% of things, and the other 2% when he has been wrong and I have tried my best to convince him. But I came into this Assembly today not in a very good mood and that is despite the fact that we live in a free society; despite the fact that the sun is generally shining, although not particularly at the moment; despite the fact that we live in a place that is the envy of most other places in the world.

Why I was not particularly happy is because we face – and I know, sir, your tongue-in-cheek remark about possibly be finished by lunchtime, when clearly we are not going to be, but we have got a welter of paper, much of it too wordy, much of it jargon, much of it unachievable. But we have got that and we will go through it.

My mood, though, was not sullied by page 2 of *The Press* when I saw three politicians all in a happy pose telling us how they are going to govern Guernsey very well for the next four and half years. I was not sullied at all by any of that, but what I am sullied about is that we are continuing in this States at the end of it, as we have been throughout most of it supressing initiative, supressing enterprise, taking money from everybody at every conceivable opportunity.

In relation to these figures, we are going to be debating later in this Assembly a very wordy document with lots of jargon in it, but I will talk about that later – Improving Living Standards, and part of the policies there, Tax Policy from 6.117 through to whatever paragraph it is. But one of those is at paragraph 6.121 where it talks about the terms of reference for a review of the tax policy, and that is going to include taxation of company profits, extension or modification of the existing income tax and Social Security contribution system, a health tax and the addition of a general or limited consumption tax to the tax base.

Not much there – and I appreciate it is tax policy –about encouraging enterprise, encouraging initiative, cutting down on regulation, cutting down on civil servants, cutting down on anything that supresses people. (*Interjection*) When we look at these figures, and I appreciate I am quoting from the maximum not the average, but when you add it up this will add ... Most of the Island's businesses are run by self-employed people who employ very few people. They do it not because they are going to make a fortune but because they have got to make a living. Their life generally is difficult and it is not only difficult because of Covid it has been difficult because of the economic circumstances over the past four years, and the regulations brought in by States' Assembly after States' Assembly.

I have spoken to – I know everybody says they have spoken to lots of people when they often have not – but I have genuinely spoken to lots of people who run small businesses of various types and they are gasping. They are not just gasping because of Covid, they are gasping because it is like the slither. Years ago they were making reasonable profits, now they are continuing their business because they have got no option and they have still got to live and they have still got bills to pay. They are making absolutely nothing.

Now, this is of course just when we sit in here and get our £38,000 a year, or £50,000 a year, or £65,000 a year, or whatever it is, or somewhere in between; and where the civil servants get, some of them well over £100,000 a year and their salary is guaranteed, and they do a great job, etc. When you are out there and you are actually earning a living – and I am not saying people who work in the Civil Service do not earn a living, I am not implying that at all. But when you are actually out there and you have *got* to earn a living, you have *got* to earn money to pay your bills ... All of a sudden, if you are a self-employed person and you are at the top of the scale, you have got to find another £429 a year. If you are an employed person at the top of the scale, you and your employers extra contributions are again another £514.80. If you are a non-employed person at the top of the scale you have got to find another £381.16. Now, I know that is scaled down. I know all of that is scaled down.

Deputy Roffey is right, it is not the *rates* that have been increased, you have uplifted the income, it is as broad as its long. If you are telling somebody they have got to pay a bill, they do not care whether their rates have been increased or their income has been increased, or whatever. If their income has been decreased then they will pay less, I accept that. But people are struggling and this makes no acknowledgement of it at all.

Now, the deficit is £5.8 million this year, that is what is proposed, and I accept that may be more because of the financial circumstances. The net assets of the Fund according to Table 8 are to be at the end of December £738.6 million. Last year's investment returns were £52.8 million, so the overall surplus last year to the Fund was £28.3 million. Now, investments have also gone up and down, the Stock Market is about 6,000, the FTSE I think is about 6,000, the American Stock Markets over, 20,000 but they have come down from where they were and they went down much further and they have come up again, and they went up and they have come down again.

We have all these experts, and I sit in my professional capacity as a trustee and a non-exec director and all those kinds of things which I also do outside of the States, and I hear all these investment managers telling me: we are so-and-so above the norm, we are so-and-so below the norm. But really it all depends on the Stock Market. They earn great salaries because they follow the Stock Market. There is no great science in it, they are not geniuses they are not handed down wisdom from Solomon, they are people who are in a business, they press the computer and it gives them that kind of figure.

But you are telling people here that they are going to have to pay more money in the foreseeable future. We have been told by those who are going to lead us to the Promised Land in the next States that there is going to be a tax policy review. We should be leaving that until then. If we do not increase it – and Deputy Roffey will have done the arithmetic – as proposed in this policy letter, it is going to cost about £3½ million a year. That will be the cost if it went for a full 12 months.

Well, if you take £3½ million a year from £738.6 million, you are still left with £735 million which is a pretty good buffer – until you review the whole system.

I will be speaking at more length in relation to the next policy letter when we want to tax people who have had the audacity to buy their own home and take benefits away from them. But that is for the next debate.

This debate, although I maybe in a minority of one, and clearly I am going to vote in favour of the increase in benefits and I think I am still being ... I do not *think*, I *know* I am still being responsible when I say let people alone, let initiative thrive, stop taking money from everybody on the basis that it is just an extra 2.6%, we are just uplifting the base by a little bit. Because eventually you cannot do that and these businesses that are struggling, hanging on by their finger nails will collapse and fall over. That will be great for Guernsey, won't it?

Thank you very much.

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The Bailiff: Deputy de Lisle.

Deputy de Lisle: Thank you, sir.

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I do have concern with the investment policy, noting that the negative return of -7% January to May this year is totally erasing the gains of 2019. This suggests that there may well be need to reduce the level of risk in the portfolio further at this time.

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Now, being particularly sharp in the investment area over the years may well have reduced the need for a 0.5% increase, which was rejected by the States in the past, but is obviously something that Deputy Roffey would like to see re-introduced into the Guernsey Insurance Fund towards ensuring the sustainability of the Fund.

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But I would like to ask that before reporting back to the States not later than the last quarter of 2021, with further proposals to secure the financial sustainability of the Guernsey Insurance Fund, can we have the assurance of the Committee that a full review will be made of the portfolio investment strategy to do all possible to further reduce the level of risk to the portfolio and enhance investment returns? Because, after all, we rely on contributions and investment yields to boost the system, and I am not always sure that in fact we are doing all that we can to make sure that we are building through investment the returns.

I would like that to be considered and reported on before the Committee comes back to the States for more money.

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Thank you, sir.

The Bailiff: Deputy Inder.

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Deputy Inder: Sir, only briefly, I just want to pick up something Deputy Ferbrache said and he has made reference to what looks like the emerging St Pier, Trott and Deputy Soulsby party. Two of them are not here, maybe they are in the make-up room waiting for the one o'clock show. *(Interjections)*

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Now, over the past four years, sir, if you actually look about what Government has done – if you actually ask yourself how has Government benefited the people of the Island in the last four years, the only thing I can think of is probably the Waste Transfer Station and little or nothing else.

What this new party has been responsible for is, it has been responsible for centralisation, expansion of the States and taxation of the middle earners. That is all this Government has done in the last four years.

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Now, those who will gather round that party, and you are all here, and I know you are already here, those who are pretending they have not got anything to do with it, I know you are already here. I could name you, I will not. But when you do gather round this party, you really do need to think about the values that you are about to adopt.

You cannot create a party based on values –

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Deputy McSwiggan: Point of order, sir. *(Interjections)*

The Bailiff: Point of order, Deputy McSwiggan.

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Deputy McSwiggan: For one there is a matter of who is being addressed; and, for the other, I do not believe there is anything to do with parties in this policy letter.

The Bailiff: Deputy Inder, that is a fair point from Deputy McSwiggan.

Just because somebody makes a comment during the course of their speech does not give any other Member a licence to build on it. Debate must be relevant to the matter before the States.

1555 There are three Propositions and there is a policy letter supporting it, can you please refrain from making comments outside of the material that is being debated.

Deputy Inder: Certainly, sir, I accept that point of correction and I should apologise, but I won't. So, sir –

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The Bailiff: It was a point of order, Deputy Inder.

Deputy Inder: – in somewhat of a conclusion, I agree with Deputy Ferbrache. This States has only concentrated on the centralisation of power, expansion of the States and taxation of the middle earners.

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I will support Proposition 2 but I will not support Proposition 1 until we have a different Government.

Thank you.

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The Bailiff: Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

I think we have an early demonstration of the sort of purifying effect that parties are likely to have on our political system, to which we all look forward. (*Laughter*)

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Deputy Ferbrache was right I think in much of what he said about a dynamic economy, and in releasing entrepreneurship and encouraging innovation and creativity. What he did not say, but he could have said, because it was a logical next thing to say, is that the best way of trying to sustain the exchequer and the finance the States need to provide services and benefits, is economic growth.

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But I think he chose to make his speech in a slightly strange debate about all of this, because actually the proposals in relation to contribution rates that is set out by the Committee *for* Employment & Social Security, are basically to keep them the same in percentage terms. There is not any real increase proposed other than possibly, one could argue, that where the upper earnings limits are concerned, if people falling in that kind of category of income have not seen an increase in their income, then some people who previously earned some of their income which was outside of the contribution net, will be taken into the net because the upper earnings limit is being increased by a proposed 2.6%. But bearing in mind that the rate of inflation is something like 2.5%, it is not a real terms increase.

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In any event I do not think that Deputy Ferbrache is going to get much traction where he is referring to people who may be drawn suddenly into the upper earnings limit, because the upper earnings limit is proposed to £2,955 per week. Now that is earnings of £150,000 per year.

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That is fine, people who are earning that sort of money or more my view is good luck to them – the more they earn, the more successful they are, the more tax they pay and the more money that is raised for public services. So I have no ... Who is it who once made a comment about being intensely relaxed about people who are filthy rich? Well I think I am sort of in that position, but I do not think that a campaign for releasing entrepreneurship and creativity and economic growth and activity has got much traction if it is done in the context of the upper earnings limit for social insurance contributions, where we are talking about people who are earning £150,000 per year.

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Clearly we ought to be much more concerned if there is an effect of raising contributions on people who are middle income earners. I think this policy letter makes it clear that in terms of employees only 2.1% of people classified as employees are caught by the upper earnings limit. It is 12.4% where self-employed people are concerned, but still clearly the vast majority of people are not earning £150,000 a year and so our concern really ought to be in relation to the contribution rates charged on the majority of the work force. I do think there is some concern about increasing contribution rates, although that is not proposed for 2021, the future of it or the prospect of it is set out in the policy letter.

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The problem I think is and where I have some sympathy with the Deputy Ferbrache position, and I know I have said this before but it bears repetition – well, I think it does, whether other people do they can judge for themselves. But I do think that raising contribution rates now – not *now*, but doing it in the absence of a rather more fundamental review of taxes and contributions – is

We are funding aspects of what are basically public services, health care in particular, and long-term care to some extent, out of what is essentially a tax on employed people. Now, that is a very odd way of funding those public services, it would be more logical I think to fund it out of general rates of taxation rather than taxation that is levied only on employed people in relation to their earnings rather than income.

I know we have got this non-employed rate and some of income rather than earnings is caught in that, but generally speaking we are funding now a quite significant part of public services through a tax on employed peoples' earnings. There is something quite illogical and irrational about that. I mean, it might be opportunist because you can get away with ramping up social insurance contributions more easily than you can get away with raising other forms of taxation, but that does not mean that it is right, or fair, or logical.

So I think although I am in sympathy with the points that Deputy Roffey made. Clearly, if the States want to sustain benefits paid to pensioners and to other beneficiaries there is going to be a need to raise additional money because otherwise the Fund is going to run out.

But I do urge that Committee's successors to consider this issue of the fairness and the logic and the equity of continuing to increase social insurance contributions rather than other forms of taxation, because I think that we have now reached a point where we cannot continue to fund these public services like health care and long term care out of a tax on the earnings of employed people, without a rather more fundamental re-assessment of the whole tax system.

Thank you, sir.

The Bailiff: Deputy Le Clerc.

Deputy Le Clerc: Thank you, sir.

Sir, I will just pick up on a point that Deputy Fallaize has made, and I think it is fair to say that some of the reasons why we have over the years recommended increase in contributions is because actually we have seen a decrease in General Revenue Grants into the three Funds over the years, so what would have come in from taxes and Income Tax in another form has had to be replaced, and that is because of Zero-10 and reductions, so I think it is just worth remembering that the sum of the increases that we have had to propose and the sustainability of the Fund has been affected by the lack of, or the reduction of, General Revenue Grants over a number of years.

I really stand just to pick up on Deputy de Lisle's point about the portfolio and the portfolio performance, and we have reduced the risk of the portfolio. However, when you reduce the risk of the portfolio you end up reducing the reward of the portfolio so, as Deputy Gollop very often says, (*Interjection*) exactly – you cannot have the penny and the bun, sir.

So it is fair to say that the performance of the ESS funds have not done as well as the performance of the P&R Funds. One thing that I am disappointed about in my Presidency of ESS this term is the fact that we have not performed as well. I have been disappointed with the advice that our investment advisers have given us and we have challenged robustly the advice that they have given us, but we have been told by experts better than myself, because I am not an investment expert, that we should stick with the plan, and that is what we have done. We will have an opportunity again to review that in the next few weeks.

So, yes, I would say the Fund has been disappointing, so far this year it is down 4%, that is the latest figure. P&R is just up 1% for the year. So as I say that is disappointing but you cannot rely completely on investment returns because we know investment returns do go up and down.

So what I would say to Deputy de Lisle is, yes, we have reduced the risk but that means that we have reduced some of that reward. So that is always a difficult choice to make.

With regard economic growth I take on board what Deputy Ferbrache has said and I am expecting challenge in our next policy paper,, but again he was President of Economic Development for I think probably 18 months of this term and I think he would have to acknowledge that it is not an easy task to get that economic growth, that is something that we have been talking about since Zero-10 we were relying on that economic growth; and although we have had some growth, we have not had the growth that we would have wanted to replenish our coffers and so that is why we are faced with difficult decisions.

I do not think the difficult decisions are in this paper, I think the difficult decisions will come in the next paper and, as Deputy Ferbrache has said, through the Improving Living Standards paper that we will debate at some time either this week or next week.

Sir, I just wanted to point out those and I am sure Deputy Roffey will sum up.

Thank you.

The Bailiff: Deputy Langlois.

Deputy Langlois: Thank you, sir.

Possibly for the first time this term I was disappointed when Deputy Ferbrache sat down. (Laughter) He piqued my interest by using the word 'imagination' in the context of social security contribution. (Laughter) That is something which I actually am quite interested in and which Deputy Fallaize explained quite clearly, that we have done some rather strange things with social security contributions, which were originally intended to be a tax on earnings, so that if your earnings were lost through unemployment, sickness or whatever, you could get a payment. Really, very simple. But we have used them as a vehicle, as Deputy Fallaize explained, for long-term care insurance for the Health Service Fund in ways it was never actually intended.

Then along came Zero-10 and we started raising the upper earnings limit through the roof, basically through the roof. Other jurisdictions have done something similar, but what they have done is they marked the original upper earnings limit and called it something like – I think Jersey calls it the 'standard earnings limit' which would be about £50,000, which gives you the flexibility to set rates above and below that rather than the rather crude system we have adopted.

So there are a lot of things one could explore in an imaginative way regarding our social security contributions and when Deputy Ferbrache used the word 'imagination' at the beginning of his speech I thought he might be revealing some insights into his views on how our social security system could be rationalised – I think is probably a good word. Because if he had looked into it he would have realised if the fundamental problem is that social security contributions are an extremely effective way for a government to collect revenues, basically because there really are no personal allowances, and therefore you would have to raise Income Tax by a lot more than social security contributions to get the same amount of money in. So rectifying the situation we find ourselves in by allocating of revenues to other sources is a very difficult problem because a lot of people are going to miss out.

So it is a very complicated problem which we do have to look at and as I said it was rather disappointing that Deputy Ferbrache only actually used it as a vehicle to attack a policy letter which is only proposing that we stand still. But I am sure that in the future he will be engaging in the debate on rationalising our fiscal system to the benefit of all.

Thank you.

The Bailiff: Deputy Hansmann Rouxel.

Deputy Hansmann Rouxel: Thank you, sir.

I just wanted to briefly touch on what I think is potentially where Deputy Ferbrache raised his concerns over entrepreneurship, and that is the self-employed persons rate, and it has been raised in previous debates and in fact I did have a short exchange with Deputy Le Clerc around this because

it is something that I have raised in previous debates on this topic, but it is something that needs to be looked at in the round.

In previous debates I have raised that is it a barrier to entrepreneurship because anecdotally, like Deputy Ferbrache, I also speak to people who are self-employed and I am sure that we have all received emails from different businesses, and in the light of the current level of unemployment, one of the vehicles to get more people back into work is to actually enable them to create their own work.

Coming from South Africa with an unemployment rate of almost 70% at times, you leave school or university with a full degree knowing that the chances of you being employed by somebody else is very slim. Now, we have not had that problem in the past but I do think looking at the contribution rates and hearing anecdotal evidence is all very well, but we do need to actually look at the whole picture and that I would have thought would be something that Economic Development has done, and to some degree there is some movement there. But if it was identified as a real barrier then that should be coming – a conversation between ESS and Economic Development. But it is actually broader than that and it does require, as Deputy Fallaize outlined very well in his speech, the broader look at the review.

I have had confirmation that is something that will be part of the review of the whole picture, and the contribution that the revive and thrive, or whatever these plans are, we have to look at that in the whole, and whether that contribution rate can be changed for new start-up companies, and whether that can be put on hold.

But again it still needs to be funded, and one of the reasons why it sits at the rate it does is because of the debate we are having at the moment that the Fund itself is reducing and we need to be able to replenish it, but it is finding a way to make it open and transparent but also equitable for those accessing the funds and those contributing to the funds.

I have no problem agreeing with the Propositions and the future Assembly will need to have an open and honest debate on the review of taxation in the next term.

The Bailiff: Deputy Gollop.

Deputy Gollop: Thank you, sir.

I too, like many of the other speakers, have been a present or past Member of Deputy Le Clerc's Employment & Social Security Committee, and actually I am going to support and endorse the proposals.

But I remember one more learned Member of the States actually said to me one day, 'You are so like Churchill, Deputy Gollop,' and I was quite impressed – I thought, is it to do with cigars or smoking or 'Never in the field of human conflict ...?' 'No', she said, 'You're like the nodding dog who says, "Yes" all the time.'

Yes, there is in a sense of that in terms of insurance, I kind of go along with the Committee, but I am kind of secretly seething sometimes and not perhaps in the way Deputy Ferbrache is, because although I entirely endorse his view that we do not support enterprise enough on Guernsey, we do not support economic development with enough clout, impact. Deputy Inder kind of made the same point, and we need more economic development of one kind or another in order to pay social bills as Deputy Fallaize pointed out.

I nevertheless have been in the camp really more like the late Sir Bruce Forsythe going higher, higher, wanting the rates to rise because some Members – Deputy Fallaize, Deputy Langlois and others – put too much analysis into this because actually when you look at it in detail none of it makes much sense. You could look at Jersey and you could look at other places but it has evolved as a workable system, a way of being more socially conscious whilst not having high taxation rates on the label especially for higher earners.

Now, of course we probably have gone rather too far with the high extra rates for higher earners, which we do not call tax despite what Deputy Fallaize said, we call social security contributions, and of course it is regressive in the sense that it cuts into the high earners but not the ultra-high earners

because there is a cut off. But that has nevertheless risen substantially – what is the figure this year, about £150,000 of the top of my head? Deputy Roffey will correct it, but that is the ballpark. But if you start to pull that apart and come up with alternatives like a health charge, or maybe a sales tax, or general taxes on income other than employment, it actually starts to erode some of the economic benefits that Guernsey offers, or it runs the risk of cutting moneys available to those most need it.

Of course Deputy Lowe has proved to be right, I am afraid, because she predicted when she was Minister of Social Security that once you took away or reduced the general grant from Treasury & Resources, now Policy & Resources, it is inevitable that you would be less of a standalone institution and would evolve into a kind of rising tax rather than something that relied upon a general revenue input in order to level out some of the issues.

So where am I with this? Of course I support the rates, I think that given the circumstances of this year it would be difficult to raise the rates, but we will have a further debate on that later. But I do not necessarily think that is none-can-do for the relatively small amount that we will come to in a subsequent debate. As we have seen the upper earnings limit, I have got the figures now, £2,955 that is the cut-off figure.

But what I am more interested in is the supply side. I mean, when we come to the crunch we are raising old age pension by £5.50 a week, increase for a dependent wife – I do not like that phrase but there it is – £2.15 or so extra, and you look through the rates. Unemployment benefit is a good one and it is rising from the current £163.80 a week to £168.07. Now, that is not a King's ransom, Deputies do better than to say the least – *(Interjection and laughter)* Well, exactly right, that is the downside with the difficulty. Comments from my right kind of make the point for me, that actually people have found when they have unexpectedly lost their jobs especially to coronavirus, we were heartened to hear the significant reduction in unemployment today from Deputy Roffey, but I will perhaps allude to that in a minute. But even so, we would not expect in a normal August to have 600-800 unemployed. The unemployment benefit is a standard rate, you are not going to pay a mortgage on £168.07 a week, you are barely going to pay rent for one of the more average or above average places. That is not a substitute income for somebody who has had a middle management career in retail let alone finance, it is not a lot of money and these figures are not going up, coping with what amounts to real inflation in some areas.

They follow a formula and although I generally agree that the extremely able Civil Service advice we have, I think wouldn't it be strange, not just for parties, but if we had a more ministerial approach rather than a committee-based approach, on evidence Ministers would not necessarily follow a formula they would make a press release a press conference and say we are going up, we are doubling the rates for the old age pensioners this year.

Now, that would be a gesture, it would be grandstanding, it would benefit some and maybe it would harm others, but I think the formula is a constraint upon dealing with relative poverty and equalising income, so we will come to that later.

In passing Deputy Roffey, although it is not strictly relevant to this policy letter, spoke about the reduction in unemployment. Now, as we are seeing what is a commendable robustness in our economy against perhaps the more negative predictions, that surely makes the case Deputy Inder made forcefully last month that we can be more flexible with extending in certain circumstances housing and population licences *(Interjection)* because with a smaller number of unemployed, it is a game changer in that respect.

That will answer to a certain extent those who say we need to focus on improving our economy as well as spending the money. But my argument is that actually we are putting off decisions for another day about real funding for the longer-term future of sustainability of the Funds, and the amounts we are raising the contributions by will keep people going but will not do anything really to make a more equal society. We are just treading water at the moment.

The Bailiff: Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

Just a question for Deputy Roffey, but before I do: I do not know quite why the President of SACC gets so animated regarding parties when in 2018 the Charter Group was launched. (**Several**
1810 **Members:** Hear, hear.) Guernsey's first association, Guernsey's arguably first party, which appears to have evaporated.

Can I ask Deputy Roffey – and it is very difficult to get real-time information on who is exactly unemployed. Could he let the Assembly know what work has been done by either ESS or working
1815 with colleagues at P&R to establish whether we can have a system in the short term that identifies the profile, the nature of those unemployed and the groups that there are in?

I do realise that some work has been done and provided to the Population Management Group the non-political body but how close are we to getting real time information?

Thank you.

1820 **The Bailiff:** Deputy Soulsby.

Deputy Soulsby: Just to pick up a few points.

I think Deputy Roffey referenced it and it is in the policy letter, that responsibility for the Health Service Fund will be – (*Interjection*) Yes, Deputy Roffey referenced and it is in the policy letter that
1825 the responsibility for the Health Service Fund transitions to HSC from June. This is an important step in ensuring full visibility of public spend across health and care and will in turn, over time, enable budgets to be realigned to best support outcomes for Islanders.

Over £44 million was spent from the Guernsey Health Service Fund in 2019 including medical benefit and pharmaceutical benefit. This represents approximately 25% of the States' overall spend
1830 on health and care and increased over the last 10 years at much the same pace as HSC's revenue budget.

Now, as Members will be aware, HSC had planned to present to the Assembly this term comprehensive recommendations regarding the future of primary care, building upon the States' approval in 2017 of the Partnership of Purpose. The proposals which unfortunately needed a pause
1835 in late March just before its planned submission, due to the pressures of Covid-19, were the result of extensive work over the last few years, including consultation with primary care colleagues to identify how we can address recognise shortcomings in the current arrangements to ensure that everyone has access to good quality health care when they need it, at rates they can afford. Central to this will include looking at how primary care is funded, and the draft policy letter contained
1840 proposals regarding the reconfiguration of the Health Benefit Grant, recognising that the current £6 and £12 grants did little to improve affordability in order to support Islanders who use primary care services more frequently.

In parallel to this work the Committee has envisaged reviewing the use of pharmaceutical benefit. At present this is an £80 million subsidy meaning that all prescribed medicines are available
1845 to patients at a standard rate with the States absorbing the rest of the cost. While this helps to make medicine affordable for many Islanders, people who need multiple or repeat prescriptions still face significant annual costs; and, as detailed within ESS's policy letter, HSC intended to consider how this funding can be better used in supporting positive health outcomes. This will include consideration of how the standard rate is set; whether there should be an annual prescription cap
1850 for people who need multiple or repeat prescriptions; and whether, through the rearrangement of funds, some funds could be used to provide certain patient groups with a designated number of low-cost appointments per year for the purpose of obtaining repeat prescriptions; or whether some funding could be released to support the introduction of NICE-approved drugs. This work will support the development of the care passport through the Partnership of Purpose.

Given the Committee's wish to progress this important work in the coming months, HSC is not
1855 proposing a blanket increase of the prescription charge in 2021, considering that following the planned more comprehensive review more detailed and nuanced proposals will be able to be presented to the Assembly in time for 2022.

1860 So, sir, I thought that might be useful for Members having seen what is in the policy letter, the work that has been going on behind the scenes.

Thank you, sir.

The Bailiff: Deputy Dorey.

1865 **Deputy Dorey:** Thank you, Mr Bailiff.

There have been some comments made about contribution rates and comparisons between the employee and self-employed and we obviously were in an ideal situation, as has been said, where maximum contributions pay for the benefits and those who were not paying maximum contributions effectively had their contributions made up from general taxation, from general revenue, to bring them up to the maximum. So you either paid it by your earnings or for those that did not earn enough it was paid from general taxation. But of course we moved away from that with Zero-10, as has been said.

1870 Now effectively we are in a situation where those who have got enough money are paying contributions for those who are not earning enough money. Previously they were paying it through taxation or corporate taxation and now they are paying it directly into Social Security Funds. Nobody wants to be there but that is the result of Zero-10.

1880 People are saying we should be encouraging entrepreneurs and I totally agree, but there has to be some balance between how much effectively employees are paying and self-employed are paying. Currently it is 6.6% for the employer and 6.6% for the employee, making 13.2% but self-employed only pay 11%. Now, yes, there is a slight difference in benefits in terms of one gets unemployment benefit and one does not, self-employed do not, but the difference in contributions is not fair in terms of the difference in benefits received. So self-employed people are getting a better deal in terms of their contributions than employed people when you take the contribution from their employer and their employee and the employee of an employed person.

1885 It is interesting to note that in fact self-employed people there are 12.4% are at the upper earnings limit while only 2.1% of employees are at upper earnings limit. So actually self-employed are doing very well and are earning higher amounts than employed people, which is what you would expect normally in society.

1890 Although I would love to have a system which puts more money into encouraging people to be self-employed but somebody has to pay for it, and I think the balance is right. I think there is a slight balance in favour of self-employed against employed people but I would not like to see the percentages change. So I will be supporting the proposals.

Thank you.

1895 **The Bailiff:** Deputy Merrett.

Deputy Merrett: I will be very brief, sir.

1900 I am just a little bit frustrated at the comment Deputy Dorey just made saying that the self-employed are clearly doing very well. Now, some self-employed – if an indication of doing very well is purely on what they are taking home as a salary, potentially they are, as the percentage Deputy Dorey quoted to us. But I think, and I stand to be corrected, the concern is – and it is a concern that I share – that people who wish to become self-employed at the beginning of the growth of their business, so when the business is in its infancy, that is where potentially they could struggle, and a percentage of their potential income has this kind of contribution rate.

1905 I think that is where potentially some disconnect is between some of the Members today. So I just wish to say that. It is not, I can assure Members and our community, that many in this Assembly do not wish to penalise self-employed, do not wish to penalise entrepreneurship at all, it is a sad reality of our tax system. I have done many amendment to many budgets now banging my head against many walls that our current tax system is in the way it is. We do not actually have a higher tax rate for higher earners from a tax contribution point of rate, so it is done via a different

1910

mechanism. Rightly or wrongly, that is how this Assembly and previous Assemblies have chosen to do so.

1915 Even after we had a review of the tax and pensions we still determined to do something very similar, and yet we find ourselves in a situation today where Members are saying, 'Oh well, I am not happy with that'. Well, therefore, please bring amendments to Budgets; bring amendments and try to actually do something constructive to actually change our tax system as it is.

1920 I am going to support this because I am not going to turn round to our pensioners and to other members of our community be that unemployed, etc. and say actually we were not prepared to make this and it is a difficult decision, and I am sorry if Members find that in some way difficult or unpalatable. But I do not make these decisions lightly and I do try to reflect across the whole of our community.

So this is not an easy decision but again, when I weigh it up, I think this is the right decision; and I am sure Deputy Roffey will do his best to advise the Assembly of why it is the right decision to make at this time.

1925 So that is it, sir, because I am trying to be brief.

The Bailiff: As no other Member wishes to speak in debate, I invite Deputy Roffey to reply to that debate.

Deputy Roffey, please.

1930

Deputy Roffey: Thank you, sir.

I feel lunch coming on. I also feel an Election coming on. (*Laughter*) I think taken mid-term, a policy letter that suggests keeping contribution rates absolutely the same as they were before and increasing benefits by a formula that has very recently been approved by the Assembly, probably 1935 would not have taken quite so long. At times I felt it was more like sitting in Prime Minister's Question Time than a debate on the Contributory Pension Scheme. As somebody that wants no connection with any political grouping whatsoever, I really hope it is not a harbinger for the future.

1940 Deputy Ferbrache said he painted a picture that many people who were self-employed, many businesses are really struggling. I do not deny I think some have had a very significant reduction in the face of Covid. But I do not really understand what point he was making because for those people there will be absolutely no change in their contributions.

1945 The only difference – take Deputy Inder's point, he is going to vote against Proposition 1 – if Table 4 is thrown out and we keep the current contribution rate the only difference is on the upper earnings limit. So the only people who will feel any benefit from that vote are those earning, or self-earning *circa* £150,000 a year. So all of those self-employed that he is worried about that are struggling will not get any benefit from that, it will only be, I don't know, the doctors, the accountants and other lawyers, people like that – (*Laughter*) will actually get any benefit from that.

1950 Like Deputy Fallaize, if they are earning £150,000 then great, good luck to them, but please do not paint voting against Proposition 1 as somehow trying to help the hard-pressed self-employed that are only now scraping a living, because it is not.

He said actually look at the size of the investment fund. The size of the investment fund, when you say it in millions it sounds a lot. When it is obligations are taken into account its buffer has shrunk alarmingly. If you speak to other people in charge of buffer funds around the world they will say our buffer is extremely low.

1955 I think a lot of Guernsey people seem to think this is some kind of fully funded scheme that they paid in all these years, and all their money is in a little pot earning interest, and that they are going to be paid out from the money they paid in. They are not. It is today's contributors that are paying today's benefit with a modest buffer, and when that buffer disappears –

1960 Deputy Ferbrache says 'Why can't we just leave people alone? Well, the people we will be leaving alone is the pensioners, we will not be able to give the increases any more, that is what is going to happen if we are not careful.'

That was put forward at the end of the last big fiscal review and, there were some, I think the former Commerce & Employment Minister said, 'Look, our pensions are much bigger than they are in the UK; the answer is obvious, let's have much smaller pensions'. I am glad that the States rejected that at the time and I hope they are going to reject it in future.

I think Deputy de Lisle was probably answered by my President.

Deputy Fallaize warned about the dangers of just increasing contributions. I was very careful in my opening speech not to say that an increase in contributions was needed soon, and what I said was an increase in income to the General Insurance Fund was needed soon, otherwise it would become unsustainable. One route would be an increase in contributions; another route might be a grant from General Revenue. There are all sorts of ways it could happen. Maybe if we are lucky through greater investment returns – and we are working with P&R to try and work far more closely in investment strategy, although I would warn that the smaller the fund gets, because we take time, the less money we are actually investing and therefore the more stellar the performance will have to be in order for a significant amount to come in from the investment returns.

So Deputy Hansmann Rouxel warned about the self-employed rate; Deputy Dorey says that they get a good deal. The last time we did suggest increasing contributions we caught it hot from some of this Assembly including, I think, P&R for actually not including the self-employed in that increase because we had taken the message from an earlier States' Resolution that we should try to do something to encourage self-employment. So you cannot win either way.

I think those who have said it that really this issue, this conundrum, needs to be addressed in common with all of our other financial and fiscal issues in one significant review, which we have already approved, are probably right, which is one of the reasons we are not asking for any change whatsoever in this set of proposals. But it is right to flag up that in that review, this issue will need to be addressed otherwise the sustainability will disappear.

Deputy Brehaut asked about real time information on unemployment and who is unemployed. Normally we put out monthly figures on unemployment and in normal circumstances, where Guernsey has a very stable unemployment situation that is fine. We have just started generating – which is why I was able to give you one today – weekly figures now on unemployment, because we think just at the moment these things are fairly crucial to have that real time information. I think Home Affairs would probably like to know from the population control point of view; P&R would want to know; CRAG would want to know about the financial support that is going in. So we will for the time being, although it is a lot of work, because the IT is not perfect there and quite a lot of manual intervention is needed, we will be producing weekly figures. They do include the background of the people concerned, but very often they just quote the previous job they have done, it does not necessarily include all of their talents, although I think there are interviews that go on and they are they, so we have tried to step up our game and actually produce more timely information.

But coming back to the proposals as they stand, they are to keep contribution rates exactly as they are, the only difference is in the upper earnings limit, and that is just index-linking. If we do not approve it then actually the better off at the top of that area will actually be paying a smaller amount in real terms than they are at the moment, whereas that will not apply to people further down the income scale that apparently some in this Assembly are really worried about, and the benefits will go up, they will go up according to a formula approved by the States just a few months ago.

Sir, I do not think there is really – Deputy Merrett says why is this the right decision at this time? Because it is a no brainer, basically. It is keeping things the same, it is steady as you are, and it is doing what the Assembly has asked us to do. So please vote for it.

Deputy Ferbrache: Can we have a recorded vote on Proposition 1?

The Bailiff: There is a request for a recorded vote in respect of Proposition 1.
Greffier.

The States' Greffier: The session begins with the Vale.

There was a recorded vote.

Carried – Pour 30, Contre 3, Ne vote pas 1, Absent 5

POUR

Deputy Fallaize
Deputy Lowe
Deputy Smithies
Deputy Hansmann Rouxel
Deputy Graham
Deputy Green
Deputy Paint
Deputy Dorey
Deputy Le Tocq
Deputy Brouard
Deputy Dudley-Owen
Deputy McSwiggan
Deputy De Lisle
Deputy Langlois
Deputy Soulsby
Deputy de Sausmarez
Deputy Roffey
Alderney Rep. Roberts
Alderney Rep. Snowdon
Deputy Tindall
Deputy Brehaut
Deputy Tooley
Deputy Gollop
Deputy Parkinson
Deputy Lester Queripel
Deputy Le Clerc
Deputy Trott
Deputy Le Pelley
Deputy Merrett
Deputy Stephens

CONTRE

Deputy Inder
Deputy Ferbrache
Deputy Meerveld

NE VOTE PAS

Deputy Prow

ABSENT

Deputy Laurie Queripel
Deputy Oliver
Deputy Leadbeater
Deputy Mooney
Deputy St Pier

2015 **The Bailiff:** Members of the States, in respect of Proposition 1 there voted *Pour* 30, *Contre* 3, 1 abstention, 5 absentees and therefore I declare Proposition 1 duly carried.

I am going to put Proposition 2 to you *aux voix*. Those in favour; those against.

Members voted Pour.

The Bailiff: I declare Proposition 2 also carried.

Finally Proposition 3. Those in favour; those against.

Members voted Pour.

2020 **The Bailiff:** I declare Proposition 3 also carried.

We will now adjourn the States until 2.30 p.m. this afternoon.

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

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

**V. Supported Living and Ageing Well Strategy: Extending the Life of the
Long Term Care Insurance Scheme –
Debate commenced**

Article V.

The States are asked to decide:

Whether, after consideration of the Policy Letter entitled 'Supported Living and Ageing Well Strategy: Extending the Life of the Long-term Care Insurance Scheme', dated 29th June, 2020, they are of the opinion:

1. To agree that the 'co-payment', when aggregated with the Long-term Care Benefit in payment for a care home bed, results in a sum too low to ensure the stability of the private care market and to promote the ongoing investment required to ensure that there is a sufficient supply of care to meet the long term demand of the market.

2. To agree that the 'co-payment' is increased from £209.37 to £229.37 per week with effect from 5th October, 2020.

3. To agree that the weekly rates payable in respect of Long-term Care Benefit are increased from 5th October, 2020 as follows:

Residential care £521.00 (current rate £463.89)

Residential respite care £750.37 (current rate £673.26)

Residential dementia care £681.00 (current rate £611.24)

Residential respite dementia care £910.37 (current rate £820.61)

Nursing care £940.00 (current rate £866.11)

Nursing respite care £1,169.37 (current rate £1,075.48)

4. To approve the draft ordinance entitled the 'The Long-term Care Insurance (Guernsey) (Rates) Ordinance, 2020', attached at Appendix 2 to the Policy Letter, and to direct that the same shall have effect as an Ordinance of the States.

5. To note that the increase in the co-payment of £20 per week, from £209.37 to £229.37 will increase Income Support formula-led expenditure by £40,000 in 2020.

6. To agree that the 'co-payment' shall be further increased, over two years, to be £280 per week from January 2023, in line with the lower estimates for the cost of providing 'living and accommodation' services indicated by the LaingBuisson analysis.

7. To agree that the total of the 'co-payment' aggregated with the Long-term Care Benefit rate for the provision of residential care beds, residential dementia care beds and nursing beds should be increased to the mid-point indicated by the LaingBuisson benchmarking by 2023 with allowance made for inflation (RPIX) in the intervening period; and the mid-points in 2020 terms are as follows:

Residential care £801.00 (current rate £673.26)

Residential dementia care £961.00 (current rate £820.61)

Nursing care £1,220.00 (current rate £1,075.48)

8. To agree that a review of the adequacy of benefit rates should be conducted in conjunction with each five-yearly actuarial review of the Long Term Care Fund to ensure that benefit rates remain appropriate; and that additional or interim reviews should be conducted by the Committee for Employment & Social Security if there is evidence of significant pressure on the cost of delivering Long-term Care services.

9. To agree in principle to introduce a higher rate of benefit payable for exceptional and complex cases to be provisionally set at £1,112.00 per week, and to direct the Committee for Employment & Social Security and the Committee for Health & Social Care to develop suitable eligibility and assessment criteria for access to this benefit by no later than December 2020.

10. To note that if the foregoing propositions are approved, and future benefit rates are maintained in line with the same methodology, it is estimated that the contribution rate necessary to ensure the sustainability of the Long-term Care Insurance Fund will need to increase by 0.9%, taking it

from 1.8% to 2.7% for people under pension age and from 1.9% to 2.8% for people above pension age.

11. To agree, in principle, that the Long-term Care Scheme should be extended to incorporate care provided at home and to direct the Committee for Employment & Social Security and the Committee for Health & Social Care to develop detailed implementation plans for this proposal no later than June 2022 and to agree that such plans should include:

a. A minimum care need threshold to be eligible for subsidised care from the Long-term Care Insurance Fund;

b. Additional rates of benefit, lower than those that apply to care homes, to support people receiving care in their home;

c. A scheme whereby claimants receiving a subsidy towards residential or nursing care could in the future have the option of using this subsidy towards care in their own home

d. Criteria for establishing long-term need (for example care requirements likely to persist for at least six months or until end of life) which would qualify for a claim from the Long-term Care Insurance Fund; and

e. A suitable assessment process capable of establishing eligibility for benefit for those requiring care at home in a time and cost-efficient manner.

12. To note that if proposition 11 is approved, the estimated contribution rate necessary to ensure the sustainability of the Long-term Care Insurance Fund, referred to in proposition 10 will need to increase by a further 0.4%, taking it to a total of 3.1% for people under pension age and 3.2% for people above pension age.

13. To note that if the above propositions are approved and there is no substantial change in the financing methodology, the necessary increase of 1.3% in the contribution rates for the Long-term Care Insurance Fund will be an increase of approximately 70% over the current rates.

14. To agree that a reliance on increased contribution rates to ensure the financial sustainability of the Long-term Care Insurance Fund, in the context of the changing demography, risks an increasing and significant intergenerational unfairness.

15. To direct the Policy & Resources Committee, in conjunction with the Committee for Employment & Social Security, to investigate the formation of a States-run or supported scheme for deferred property loans to be made available to those seeking or receiving Long-term Care and to report to the States no later than December 2021 and to agree that such a scheme should be fair and equitable and include protections for any spouse, partner or dependant relative resident in the property.

16. To agree in principle that, subject to the development of a suitable deferred loan scheme, those with property assets (including their primary residence) with a value in excess of £350,000, should not be entitled to income support to assist in meeting the cost of the personal allowance and co-payment payable in respect of care beds under the Long Term Care Scheme and to direct the 4 Committee for Employment & Social Security to provide updates on the implementation of this policy in its annual 'non-contributory benefit rates' Policy Letter.

17. To direct the Committee for Employment & Social Security and the Policy & Resources Committee to report to the States, by December 2021, on the options that exist to moderate the increase in contributions which will otherwise be required and to agree that those options should include a model similar to the scheme in place in Jersey, which includes a requirement that those with assets above £350,000 (including their primary residence) must meet the first £35,000 of the costs otherwise covered by the Long-term Care Benefit Scheme.

18. To note that, subject to the outcomes of the States' decisions on the report set out in Proposition 17, the Long-term Care Fund will require additional funding of up to £25million per annum, equivalent to an increase in the social security contribution rate of 1.3%, in order to become financially sustainable; and

a. to direct the Policy & Resources Committee, as part of the Review of Taxation and in consultation with the Committee for Employment & Social Security, to identify a suitable source of funding to

ensure the long term stability of the Long-term Care Fund, in accordance with the principles of the Fiscal Framework; and

b. to direct the Committee for Employment & Social Security, if the Review of Taxation does not identify measures to ensure the long-term stability of the Long-term Care Fund, to propose within its annual contributory benefit report an increase in the social security contribution rate of a maximum of 1.3% with effect from January 2022.

19. To direct the Committee for Employment & Social Security, in co-operation with the Committee for Health & Social Care, to continue to work towards establishing contractual arrangements with some or all care homes providers in order to provide certainty of income for the care home and certainty on the number of beds available at 'States rates'.

20. To rescind Resolution 6 of the 1st March, 2001 on Article VII of Billet d'État No. III of 2001 ('Long-term Care insurance scheme for Guernsey and Alderney') which has the effect of requiring the Committee for Health & Social Care to set the standard charge for occupants of long-term residential and nursing care beds provided by the States of Guernsey at an amount equivalent to the standard Long-term Care Insurance Scheme co-payment.

The Deputy Greffier: Article V – Committee for Employment & Social Security – Supported Living and Ageing Well Strategy: Extending the Life of the Long Term Care Insurance Scheme.

2025 **The Bailiff:** I Invite the President of the Committee, Deputy Le Clerc, to open debate.

Deputy Le Clerc: Thank you, sir.

2030 Sir, this could be a short debate or a long one if people repeat the same arguments, and in fact we have had the warm-up act from Deputy Ferbrache in the previous debate. I expect Members will repeat themselves as there are no quick wins or easy answers and that is why the Committee have taken so long to deliver this policy paper today. But it is telling that there have been no amendments with alternative proposals. (**A Member:** Hear, hear.) I believe that is because, like most developed countries, we are facing the same problem and all are struggling for a fair and sustainable solution.

2035 The 20 Propositions associated with this policy letter seek to address the strategic funding issues, part of the Supported Living and Ageing Well Strategy. That Strategy was approved by the States in 2016 as the previous Assembly came to the end of its term, and it is telling that we are once again at the end of a political term in considering these funding issues. It tells of the difficulty encountered by the Policy Council in the previous Assembly and as I have said Employment & Social Security in this Assembly, and that is in finding consensus on financing long-term care.

2040 But we do have two proposals to consider today and they do offer a way forward. The proposals are of two main types: those for approval and immediate implementation before the Election, and those seeking in principle approval and for development by the next Assembly.

2045 The Propositions for immediate implementation include an increase of £20 per week in the co-payment which is a minimum amount that a person in care has to pay from their own resources before the long-term care benefits are paid. The co-payment will increase from the current £209.37 per week to £229.37 per week from 5th October this year and we recommend that further increases in co-payment should apply over the next two years to be £280.00 per week by the start of 2023.

2050 We are also recommending an immediate increase in the benefits that are paid for from the Long-Term Care Insurance Scheme. There are several different benefits depending on whether it is residential care, dementia care or nursing care. We are recommending increases of between £57 and £74 per week.

2055 Detailed financial modelling has been undertaken by the States' own accountants using the actual financial accounts for Guernsey and Alderney care homes and benchmarking results against the highly creditable LaingBuisson standards for care costs and profitability. The detailed modelling using the LaingBuisson toolkit recognises the need for care homes to make a profit to encourage them to stay in business. The benchmark is for a profit of 6% on the capital cost of a care home and at 10% return on the operating costs.

Modelling has shown that the current level of co-payment and benefit rates are insufficient to give care homes a profit according to the LaingBuisson model. That does not mean that there is no care home in Guernsey making a profit, some homes make good profits and have done for many years, but the profits are only achieved through the charging of fees over and above the standard co-payment and the relevant long-term care benefit rate.

When the Long-Term Care Insurance started in 2003 many beds were available at the so-called States' rates, meaning that the co-payment and benefit level was sufficient for the homes' financial viability. At the same time it should be remembered that when the Scheme started there was at least one home where no beds were available at States' rates. When the Scheme started, the several not-for-profit homes did not charge top-up fees, they all do now, very substantially in some cases. Again this is indicative of the current rates being too low.

We have recently seen two residential homes close and there was apparently no interest shown by investors in continuing to run them as care homes. There are reports of other care homes who were close to crisis point financially before Covid-19 and the effects of the pandemic will have only exacerbated this.

We need a viable care home sector committed to providing good care in good conditions for our most vulnerable Islanders, our close family and friends. To use the phrase of the moment we genuinely do need the care home sector to revive and thrive. We need the sector to reinvest in refurbishment, expansion and new build. On that point I applaud the Trustees of Le Platon Home for the development that they have undertaken.

We know that Health & Social Care is very committed to the continuous improvement and availability of care in your own home, including end of life care, and most of us say that we would very much want to stay in our own homes as long as possible, but I am absolutely sure that we need all the forms of provision. The sheer numbers of older people that we will have in our community in the next 10, 20, 30 years makes that obvious to me. Sir, I am saying that we need the care home sector, we need a good relationship with the owners, trustees, and managers. I am hopeful that at the end of debate the States will approve the set of proposals for immediate implementation.

So I would now like to turn attention to thornier problem of who pays. The current rate of contribution into the Long-Term Care Insurance Fund is not sufficient for its long-term sustainability. Unlike the Guernsey Insurance Fund, Long-Term Care is at present in an annual operating surplus because of the interim increase in contribution rates from 2017. But this will not last, the reserves of the Fund, which are about £90 million, are forecast to run out by around 2040. The contribution rates for Long-Term Care Insurance are bundled together with those for social insurance and health insurance, so as contributors we seldom see the amounts in isolation.

The current contribution rate for Long-Term Care Insurance is 1.8% for people under pension age, and 1.9% for pensioners – the slightly higher rate for pensioners is because there is an allowance on income. To make the Fund sustainable in the long term, the rates need to increase by 0.9%, so the rate becomes 2.7% for people under pension age and 2.8% for pensioners. However, it is worth mentioning that at the end of 2019 there were 4,928 Guernsey and Alderney pensioners making contributions. There are around 11,000 people over pension age in Guernsey and 700 in Alderney. So it is correct to say that more than half of pensioners do not currently pay anything towards the Long-Term Care Fund.

Benefits from the Long-Term Care Fund are extended to cover care provided in your own home which the States have already approved in principle and which are also in Proposition in this policy letter, the rates then would have to increase by a further 0.4%. So a combined increase of 1.3% in the Long-Term Care contribution rate is one option for achieving sustainability of the Fund. It does not sound much because the number is small, but an increase from the current 1.8% to 3.1% is an increase of 70%, so when you think about your contributions to Long-Term Care going up 70% it becomes far more significant.

Employment & Social Security agreed with Policy & Resources not to include in this policy letter any immediate Propositions for increased contributions. We agreed that the financing options for

Long-Term Care and for the Guernsey Insurance Fund should be part of P&R's review of taxation. That agreement pre-dated the Covid-19 lockdown and its consequences.

The review of revenue-raising for all the Island's need will now take place within the Revive and Thrive considerations. While agreeing to that approach ESS wanted to guard against unnecessary delay in financing decisions that arguably should have already been made and implemented. That is why Proposition 18 is saying that if the review of taxation does not identify measures to ensure the long-term sustainability of the Fund ESS should be directed to increase contribution rates by a maximum of 1.3% with effect from January 2022.

Simply raising contribution rates as necessary is one option for ensuring the sustainability of the Long-Term Care Fund and we know that it will be the favoured option for many people, but the burn will be felt particularly hard by young workers who will have to pay the higher rate of contributions possibly for decades. Again, as said, they may also be needed to pay more for their States' pension with the addition of the new contribution to a secondary pension, and that is only in the field of social security before taking into account Income Tax and other taxes and Government charges. In recognition of this we have included in the policy letter, in the Propositions, an outline of how increases in contribution rates could be moderated by requiring people in long-term care to make a limited contribution from their assets, whether that be cash, investment or property, including the former family home.

The outline proposal for future redevelopment and refinement is that a person with assets with a value in excess of £350,000 should make a contribution of up to £35,000 towards their care before being entitled to benefit from the Long-Term Care Insurance Scheme. It is envisaged that in the case of a couple the maximum contribution would be £50,000. This could be in the form of an equity release scheme or a deferred loan scheme – which I will talk about in a moment – meaning that people would not be forced to sell their home to pay for their long-term care. Such a scheme would have the advantage of moderating the increases in the percentage of contribution rates, helping all contributors, but particularly the younger ones who will be paying for so much longer.

It would still ensure a very high level of protection of assets for the future estate of the person in care. It needs to be acknowledged, however, that this would be the rules and protection within the States' system, it could not be guaranteed that this level of asset could be protected from other demands that come by way of top-up fees that the individual agrees to pay in agreement with the care home.

The first thing that I mentioned in this opening speech was the need to increase the co-payment by an initial £20 per week from this October and a further increase over the next two years, so that is £280.00 in 2023. People who cannot afford to pay the co-payment are currently assisted by income support and in the assessment add in their needs to have a personal allowance, which is currently £36.00 per week. As we increase the co-payment and also take account of the need for a personal allowance, we will be assisting an increasing number of people through income support.

The original undertaking in the Long-Term Care Scheme was that a person needing income support assistance with the co-payment would have the capital value of their vacated family home ignored in their assessment. This is a specific exception to normal income support rules, the normal rule for people not in long-term care is that the house that you live in is not taken into account but, when you vacate it, it is. The Committee considers that it is time for the rule to be changed so that a person with property assets, including their former home with a value in excess of £350,000, should not be eligible for income support in helping to pay for the co-payment and personal allowance. The property would not be valued for income support purposes if it was still occupied by a spouse, partner or other close relative.

The Committee recognises that both of the Propositions, which would involve taking account to some extent of property assets, would first need to be in place as a States'-run or States' scheme for deferred property loans. This would be so that the property owner could release equity from the asset as and when required at reasonable transaction costs, interest rates and charges. A Proposition is included which directs P&R in conjunction with ESS to investigate and report back on such a scheme by the end of 2021.

So I hope that it has been a useful summary of the Propositions and the reasoning behind them and it ends my opening remarks. I cannot say I look forward to receiving questions but I will take questions.

Thank you.

The Bailiff: Deputy Prow.

Deputy Prow: Thank you, Mr Bailiff.

Whilst I normally admire the work of the ESS Committee I did not get a warm glow from this policy letter. Not least, it is very technically written and I needed assistance from officers at ESS for which I thank them most sincerely. I am now perhaps better at making head or tail of it. For example, sir, I now have a much better understanding of exactly what co-payment means and that currently there is no means test for long-term benefit and that anyone who *cannot* afford to pay the co-payment may be eligible for assistance through an income support claim. However, whilst I understand the underlying sustainability message that Deputy Le Clerc has outlined there is much that troubles me and I believe will trouble the taxpayers too.

But, sir, we have much business to get through, so I will cut to the chase. I will listen to debate before deciding on most Propositions but I shall not be supporting Propositions 15, 16 and 17. Furthermore, it is just not transparent and fair to be including such radical measures outside of a wider fiscal policy discussion which this States has frankly avoided all term.

Sir, in the UK there is a mechanism to tax and I quote from the policy letter on page 7 Section 1.5:

... those who ... benefit from inherited wealth.

Sir, it is called inheritance tax. If we in Guernsey are going to play with such things we much be entirely open and transparent and do so in a way that is fair across the whole fiscal landscape.

No, sir, this is not what we have here in this policy letter, except that ESS clearly dislike the concept of people benefiting from inherited wealth from older relatives. What we do have here is a report about Long-Term Care Insurance Scheme.

Therefore, sir, please can we be entirely clear, the Propositions to which I refer are recommending a change to the Care Insurance Fund. I have been informed by officers within ESS, and I quote, that:

... the Long Term Care Insurance Scheme was set up to stop the need to sell family homes to afford care home fees.

The 2001 policy letter affirms this and again I quote from that letter:

The Authority believes there is an implicit commitment with the introduction of the insurance scheme that people should not be forced to sell the family home to pay for long-term residential or nursing care.

This is only really touched upon in the policy letter tucked away in one sentence in section 5.30 on page 27 the concept of moving to self-funding what is currently a right to benefit by those who own their homes is and I quote:

... publically and politically challenging ...

It is a tad disingenuous as already pointed out. It confuses taxation with the Long-Term Care Insurance Scheme saying that it is seen by some as incompatible with the original stated intentions. Well, of course it is seen that way because this is exactly what has been recommended. (**A Member:** Hear, hear.)

Sir, please may I emphasise for the avoidance of doubt what we are being asked to agree? We are asking those who have paid into the Insurance Scheme since 2003 and, just because they own their own homes, to take out a loan and pay £35,000. This means that those who will have made that life decision to take out a mortgage to invest in their old age by owning their own property to live rent free without assistance from the States, who would have foregone holidays and the new

2205 car to save for the deposit, (**Several Members:** Hear, hear.) and struggle bringing up a family when keeping up mortgage payments will now have to fund their care against the backdrop that is as set out in the policy letter itself which says:

... incompatible with the original stated intentions of the scheme.

Sir, I cannot see how this can be reasonable, fair or proportionate. The Committee is controversially in my view taking a political stance by saying at Section 5.18 that it:

... takes the view that [the] protection of the former home is no longer justifiable.

2210 That is what it says, sir. The States is reneging on a commitment and penalising those who have sought home ownership, a practice previously encouraged by Government. Unlike the Doctor they cannot hop into the Tardis and change their financial choices or take out life insurances to cover a bill of £35,000 they were promised would never arrive.

2215 Sir, Members have all received a letter email from a lady who has put this rather well. She points out: 'You have a scenario where two people had identical working lives paying the same taxes and insurance, one bought a house one did not. Both require care on the same day, only one can claim long -term benefit, even though they have both paid in'.

Sir, if this is not bad enough, I would ask Members to see the direction of travel the Committee has outlined at sections 5.39 and 5.40 and Section 14 that and I quote:

In England an individual is expected to use almost the entire value their assets ...

2220 As said at the outset, if we want to follow the English model then we need to be completely transparent and have a fiscal policy debate. If this is where we are headed then I can see legal structures emerging which will facilitate vesting home ownership to loved ones avoiding the position of inheritance upon their demise.

I urge all Members of this Assembly to soundly reject Proposition 15, 16, and 17 and I ask for a recorded vote on these Propositions.

2225 Thank you, sir.

The Bailiff: Deputy Lester Queripel.

Deputy Lester Queripel: Sir, thank you.

2230 Sir, I resonate with Deputy Prow. I am concerned about Propositions 15, 16, and 17. There are many people here in the Island who are asset rich and cash poor: they own their own houses, they are worth more than £350,000 but they just manage to get by every week by adhering to strict budgets that they themselves have put in place.

2235 I have worked with several of those people over the years in my capacity as a Deputy, I am sure all my colleagues have done the same. In relation to my experiences over the years I recall a case I worked on back in 2013 when a couple who owned their own home were extremely concerned about this happening. They told me their next door neighbours rented their property and they also told me that they were extremely irresponsible people who had hardly worked a day in their lives and yet they would get a much better deal if they ever had to go into a care home.

2240 They would get a much better deal because they did not own their own property, they had not worked day and night at two or three different jobs, year-after-year to pay for their own home like the people I was working with told me they had done. They had not worked their fingers to the bone to better themselves, therefore they would have nothing to contribute towards the cost of their care. Yet people who had struggled all their lives to better themselves would be penalised should they ever need to be taken into care.

2245 How can that be fair and equitable? That is my question to Deputy Le Clerc, sir. How can that be fair and equitable?

I await a response to that question with great interest because I might be way off beam with this one, I appreciate that, but if I am not then I intend voting against those three Propositions. Of course there is every possibility I am way off beam because we are told in paragraph 5.18 on page 24:

The Committee also notes that a person who vacated a house valued at, say, £400,000 while no longer being eligible for income support may not readily be able to access some of that capital.

2250 The paragraph goes on to say:

The Committee, therefore will not seek to implement this proposed new rule until such time as a deferred property loan scheme is available.

I am somewhat confused by that because that still sounds to me as though we are being asked to penalise Islanders who have struggled all their lives to pay for their own home.

So again that is the same question: how can that be fair and equitable? I look forward to the clarification on that point, sir, when Deputy Le Clerc sums up.

2255 I find it very sad when people you speak to who have worked hard to pay for their own homes are almost in tears when they are talking to you. They are saying, 'My next door neighbour has not done a day's work in their life, they have not contributed a penny to the system, and they will get everything for nothing should they be taken into care'. I look forward to a response from Deputy Le Clerc, sir.

2260 Thank you.

The Bailiff: Deputy Inder.

Deputy Inder: Sir, thank you.

2265 Hopefully I will not be long, because both Deputy Prow and Deputy Queripel have covered off most of what I am likely to say. Basically, by having a base figure of £350,000 – in short, that is everyone in the Island, unless you have got a lower-priced flat, of which I do not think there are too many. Basically, everyone with an asset of £350,000 is going to be brought into scope. We are not talking about Alderney Deputy Gollop, through you, sir. Well, I am not.

2270 What I find odd about this and in a previous item I did mention, probably impetuously, as usual, what this Government has done has effectively centralised its power, expanded its State and hit the middle man on taxation; and that is effectively all this Government has done. It is very much a case of look over here, but do not look over there.

2275 Now, not too long ago – well, quite a few years ago now – we were supposed to have something that looked like a rationalisation of the State. But we are not allowed to talk about that, we are just not allowed to talk about that at all. But we are allowed to find ways of supporting that State because it is not saving money in certain areas and therefore it cannot afford other parts of public service.

2280 It is very easy for those of us with big houses, the truth of it is – and I will be perfectly frank with you – should I ever reach my dotage, given the size of my property, £350,000 is not going to be an awful lot; but it is going to be a lot to a lot of other people.

2285 Now, the chances are people who have got large properties have got other benefits as well. If you have got a £350,000 house I doubt you have got any insurance to look after yourself in any type of long care insurance. I doubt you could afford to put yourself into one of the posher places; I also doubt you have probably got spare capital kicking around that you can access; and I also doubt you have got trusts or you have got funds invested. I know that is a bit of a stereotype, but in all likelihood if you are in that £350,000 range you are going to have not an awful lot of assets beyond that property, that Deputy Queripel mentioned, if you have spent your whole life trying to build and probably happy that you have got mortgage free.

2290 Having said that, if you are sitting on a £6 million property or a £2 million property you have probably got cash all over the place, you have got trusts this way and that way, and actually it may well be ...

Deputy Trott points quite amusingly to Deputy Ferbrache behind me, but Deputy Trott might want to point a little bit right as well to the gentleman sitting to the right of him. Now, there is wealth (*Interjections*) in this Island and it seems *grossly unfair* to me that the working man and woman in Guernsey who in their small, meagre property seems to be looking like it is going to take, in terms of their global wealth, the greatest hit. It seems horribly unfair to me.

But it does not matter for those in bigger properties, because you can probably ... In fact, it probably gets worse than that because if you got any sense, if it looks like you are heading into that range what you do is you sell your house to your daughter, split it up and it never becomes your property. But when you have got £350,000 you do not think like that, because you have not got the smart accountants that can find their way around it.

Sir, because of that, because I think it is unfair, because I believe this States has centralised its power, taxed the middle person and in fact has done nothing to reduce the size of the States at all, I will not be supporting this.

I am sure Deputy Le Clerc, in her response to someone who spoke to us, asked whether those of us who are going forward are going to be talking about how we are going to pay for things. Well, I do have a piece on that in my manifesto, and I will talk about it. What I said in my last manifesto, unlike many other people, not all of us in this States, those of us who said ... I will just stop there.

There is one thing I said in my last manifesto, I would not be putting 'For Sale' signs up on the older folk in Guernsey until the States has looked at its own costs; and for that I will stay true to my manifesto pledge. I will not do it. I will not do it today and I will not do it because this Government has done nothing but expand the State and tax the middle person and I will move forward on that.

Thank you.

The Bailiff: Deputy Langlois.

Deputy Langlois: Thank you, sir.

The debate is straying a bit. (*Interjection*) At the heart of these 20 Propositions there are two key issues: the stability of our private care home sector, which Deputy Le Clerc referred to, and the sustainability of our long-term care grant. There are other issues, and they have been brought into the debate already, but hopefully I can simplify things slightly in my explanation of why I did not support increasing the Long-Term Care Fund grant levels as noted in the policy letter.

Now, Deputy Prow will be pleased that I will not be using the terms 'top-ups' or 'co-payments' which actually today mean very little to service users. I want first to define the real crisis in the provision of long-term care: the threat to the stability of the market. The main problem care home owners currently face is that the States expects, but cannot compel, them to offer a certain number of beds at below cost. These are known as States' rates beds and their fee is the aggregate of the fixed sum of Long-Term Care Fund's grant and the maximum income support payable. Such beds are not profitable and in most cases are loss-making. The problem is compounded, as anybody can occupy a States' rates bed if it is available, they do not have to be in receipt of income support. Therefore in an expensive market there is always a heavy demand for such beds and the result is that for care homes to be financially viable the fees they charge to those residents not occupying States' rates beds are higher than they would be otherwise. In effect, the majority of care home residents are subsidising States' rates beds through inflated fees.

This is neither an equitable nor a sustainable situation, it has too many serious flaws and the cracks are getting larger. Some care homes have closed. One obvious solution to the States' rates beds problem is to raise the level of the Long-Term Care Fund grants available as, amongst other things, the Committee is proposing. However, this has several downsides.

Firstly, the grants are common to all beds and therefore raising them does not target the specific problem currently inherent in States' rates beds. Secondly, increasing the grants will either reduce the sustainability of the Long-Term Care Fund further or require a greater contribution to the Fund from whatever source. Thirdly, the States has no control over whether the care home owners will

use the increased grant to reduce the fees for beds other than States' rates beds, increase their profitability or some combination of the two. There is a heavy reliance on goodwill.

An alternative solution, which was my preference, acknowledges States' rates beds is an income support problem rather than a Long-Term Care Fund problem. It would therefore target the problem specifically by raising the level of income support such that States' rates beds are no longer loss-making. This would have the added benefit of not reducing the sustainability of the Long-Term Care Fund as the grant levels would not necessarily change.

Obviously it would put pressure on General Revenue's instead, but looking at the States' finances holistically it could well be a more efficient solution to the problem caused by States' rates beds than raising the Long-Term Care Fund grants simply by being more targeted. This alternative solution would have no direct or adverse effect on the fees the majority of care home residents pay, in fact it would eliminate the need for those fees to include an element of subsidy for States' rates beds. The solution would also focus attention on income support's role. The original intention behind income support was to aid those, and I quote from the Law:

... whose resources are insufficient to meet their requirements ...

That is, the least well-off Islanders. However, in the case of States' rates beds we are distributing income support to many whose resources are quite sufficient to meet their requirements. That is why Proposition 15 and 16 regarding deferred property loans are so important, if the States is genuine in its expressed desire to minimise the tax burden on younger working families.

I would now like to consider the Long-Term Care Fund grant and the sustainability of the Fund more generally. Distributing contributory benefits to individuals in the form of fixed sum grants towards a service provided by the private sector, as we do for long term care, results in a combination of two effects when there is a high demand for that service: (a) making the service more affordable to individuals; and/or (b) allowing the private sector providers to raise their fees by up to the level of the grant. In the case of long-term care the States has no control over the balance between (a) and (b). Care home owners have the flexibility to charge fees up to whatever the market will bear; that is the market rate. Therefore the States has no influence on the fees individuals have to fund themselves or on the level of the care homes profitability. In fact the grants can act as a potential gearing to those market rates.

The only way the States could exert more control over the fees individuals have to pay care providers would require a radical reform of the system; for instance, involving the commissioning of beds. The States could offer more security to care home owners in exchange for more control over care home fees and perhaps over allocations of bed spaces. Short of such radical reform for the system, analogous in many ways to Education, Sport & Culture's approach to procuring pre-school places, increasing contributions and grants cannot give any guarantee that the financial demands on care home residents will diminish. However, there is an understandable reluctance amongst care home owners to relinquish any control, so negotiations on commissioning would be prolonged and complex. I am hopeful that Proposition 19 will open the door to a more general consideration of commissioning in consultation with care home owners.

It is incorrect to say the Long-Term Care Fund pays care home fees, it only makes a grant towards them. The value of the grant as a percentage of care home fees is decreasing in exactly the same way as the value of such grants always does; the grant towards primary health care being a good example. Typically, residents have to fund about 45% of nursing care fees which, over just a couple of years, can amount to a very substantial sum. The still quite generous grants in the Long-Term Care Fund go a long way to obviating the need for individuals to sell their homes to pay for their long care fees, but they do not eliminate that possibility. That is the second reason for supporting Proposition 15: the introduction of deferred property loans.

The option – and it is just an option – for people, would allow continued occupation of the family home and protect the majority of the care home resident's capital wealth whilst funding care costs over and above the grant level.

The ideas behind Propositions 17 and 18 which have also been mentioned with some alarm involve what I have called 'actuarial engineering'. There are analogies with the decision individuals take over their pension pot, and whether it is better to take a lump sum and a reduced monthly pension, or no sum and a higher monthly pension depends upon how long you believe you will live. Likewise, whether paying all the care home fees up to a certain lump sum, £35,000 was mentioned and then only a contribution towards accommodation, or alternatively receiving the full monthly grant works for you financially depends on the length of your stay in the care home.

I do not believe States' Members should be too distracted by Propositions 17 and 18 as they only require a further report on the options. There will be plenty of time in the future to consider the implications with more details in front of the States.

Despite not supporting the idea of reducing the sustainability of the Long-Term Care Fund by raising the grant level, I will be voting for all the Propositions. Taken as a whole, they are at least a step in the right direction and more importantly they address the stability crisis in our increasingly vital care home sector.

Thank you.

The Bailiff: Deputy Tindall.

Deputy Tindall: Thank you, sir.

I support most of the Propositions and I also applaud the President of Employment & Social Security for a great opening speech and her Committee for coming to the Assembly with a policy letter on a most difficult subject. We do need to reconsider how we fund the payment of care home fees including the eligibility for income support and the Long-Term Care Insurance Scheme.

I do not intend to comment on most of the Propositions because the arguments that support them have been very well explained just now by Deputy Langlois.

Most speakers though have so far concentrated on the inclusion of the family home and this is the debate that I was most fearful of hearing. Exactly what happens when there is a lack of information in the policy letter about such a complex subject, when there is so much myth about what is and should be in a care home financial assessment? I lived through so many discussions, forums, articles which totally got the UK scheme wrong and this is what I feared from this debate here in Guernsey.

Propositions 15, 16 and 17 deal with the inclusion of the primary residence or family home in the calculation on eligibility for support in paying care home fees and the deferred loan scheme. This support can come from both income support meeting the personal allowance on co-payment or from the Long-Term Care Benefit Scheme meeting the cost of the rest of the care home fees.

I have a *multitude* of concerns over these three Propositions. One such is whether the deferred loan scheme is the right mechanism for the protection of the spouse, partner or dependent relative who lives in the home; or should this protection be given irrespective of whether or not the deferred loan scheme is used? Whether such protection should be afforded to other occupants, such as all dependents whether relatives or not? Or relatives who live in the family home but are not dependents? Whether, by the way Proposition 16 is worded, it actually introduces a moratorium on the inclusion of other property assets other than the family home pending the creation of the deferred loan scheme.

Why should the higher £35,000 cap be considered appropriate for Long-Term Care Benefit Scheme but not for income support for the co-payment and personal allowance?

Some will vote against Proposition 16 as they fundamentally disagree with a person's interest in the family home being included in the calculation ever. I do not think that.

We have also had emails setting out what they consider is the unfairness of including the family home when others who rent do not have to foot this bill, unless of course they have other property assets. But I ask how would those who, through no fault of their own, are in rental accommodation without assets be distinguished from those who deliberately spend money to avoid care home fees especially when homes on this Island cost so much?

2445 We have been told the taxpayer should foot the bill, but I also do not agree that paying social security or taxes is more equitable as I believe that taxpayers should not pay for another person to benefit from an inheritance of hundreds of thousands of pounds. For me, inheriting the family home from your parents should not be a given. Children should not automatically get that windfall especially when at the same time the burden of paying their parents' care home fees shifts to the taxpayer. I appreciate that the family home represents hard work and sacrifice and that contributions into the Long-Term Care Benefit Scheme were based on an initial belief it would cover care home fees. But properties have increased in value, and for some by a great deal, and this combined with the concern over the longevity of the contribution scheme from the start confirms my belief.

2455 But I believe that the home should only be included in the assessment when the home is no longer a home, but when it is vacant – so, when up for sale or rent, and in effect represents someone's inheritance. That was and is the basis for the UK scheme, albeit that is far from understood or indeed what happened in practice.

2460 In her opening speech Deputy Le Clerc said, and I quote, thanks not to my ability to take shorthand but because I have been sent the exact wording:

The original undertaking in the Long Term Care Scheme was that a person needing income support assistance with the co-payment would have the capital value of their vacated family home ignored in their assessment. This is a specific exception to normal income support rules. The normal rule for people not in long term care is that the house that you live in is not taken into account but when you vacate, it is.

2465 The Chief Secretary has added that under current rules, if the former family home was vacated because someone went into long-term care, it would not be valued. If it was vacated because, for example, you went to live with a relative, it would be valued. So that to me confirms my belief in the position that I expressed for both income support and long-term care benefit, and not to include the property until it represents in effect an inheritance.

2470 What I also object to is the arbitrary figure of £350,000 being used as the threshold when a person's' property assets are brought into charge. That is the phrase we used in the UK and I hope that makes sense. This is a complex area and my concerns are based on many years of advising clients on Property and Trust Law in respect of the Care Home Fee Scheme introduced in the UK in the 1990's. The way the home was taken into account was different from that proposed, but from a basic understanding of Guernsey Property Law and with the benefit of a long discussion with a Guernsey Property Lawyer, a conveyancer with 40-years practical experience, I can see a real issue with including such a figure.

2475 I do not believe we should introduce any figure without a full understanding of the effect of such. I have been told that the Jersey scheme has had no problem with valuations whilst valuing an interest in property is not the issue, confirmation that they have not had any trouble with valuing property does not mean that it will not happen. The first few years of the UK scheme went quietly because of the lack of appreciation of the relationship between the assessment and Property Law, in fact most local authorities did not at first include the family home because they simply did not understand the intricacies. Then they did; and all hell was let loose.

2485 I am also concerned that Guernsey people do not have access to legal advice which will assist them. I provided such advice under the Legal Aid scheme when the person was eligible. Such extension to the Legal Aid scheme here, being very unlikely. It would also be difficult to find suitable advice especially when even St James' acknowledge that they do not have a Guernsey property expert who could advise me. This advice would be needed, not only for those who are in receipt of care, but those living with them and those who choose to enter into third-party contracts with the care homes to cover the top-up. I have actually seen people lose their own homes when they enter into such a top-up contract when their own financial position changed.

2490 The other aspect of the Scheme we are being recommended to introduce in Proposition 17, and presumably which will also apply to the income support eligibility, although as I said earlier it may not, is the one in Jersey; however, this is fundamentally different from the UK scheme. The Jersey

scheme states that the assets of spouses and partners are to be included in the calculation, which is also how income support is generally calculated here. Although the UK do have a requirement that a spouse or partner supports the other, there were limits to this and this was not arbitrarily applied, as many family circumstances are different. I personally do not agree we should extend this assumption to care home fee contributions and so find it difficult to again agree this £350,000 at this time.

This arbitrary figure of £350,000 is based on a policy letter which does not take into account the many ways in which property can be held and by whom, and the fair and equitable expectations of all types of occupiers of such property. It may appear on the face of it that stating such a figure would reassure some their home is safe, but it will not do so because of the way it is calculated in the policy letter; and, worst of all, the simple inclusion in this figure of £350,000 repeats the errors made by the UK when the family home began to be brought into charge there, perpetuating the mistaken perception of all what it means.

Because it is so complex I feel the need to explain briefly a few basics of how the family home could be treated under these proposals. Firstly, it is important to confirm it is the interest of a person in the property which is valued and brought into charge, and not the sale value of the home. So a husband's 50% share of a property valued at £350,000 should be at most £175,000 if the other half was owned by his wife, but that value would also depend on the form that interest takes if it is not owned absolutely, or indeed mortgage free.

There are many ways in which you can own a property: it can be owned absolutely by one person or it could be that the person only has the right to live in the home for their lifetime; if the property is owned by two or more people, they could own it 50/50 or in other proportions, and these interests can be held jointly and for the survivor, or in undivided shares. The complexity arises when, for example, there is a mortgage, there are occupiers who have an interest in the property but who are not on the title documents, when couples divorce and/or remarry and where there are children of a previous marriage. All of these scenarios can change the ownership of the property and the value of the interest in the property.

The Guernsey conveyancer who I spoke to agreed with me that it was reasonable to assume that approximately 25% of properties owned by pensioners are held other than absolutely. However, at 5.15 of the policy letter it says:

The available data shows that approximately 75% of pensioners own their own property. The majority of these will be unencumbered since mortgage lenders do not routinely allow people to extend their mortgages beyond the state pension age and equity release in retirement is rare in Guernsey. It is estimated that the mean average value of assets owned (or co-owned) by pensioners in Guernsey is approximately £620,000.

Whilst these scenarios in the way a property interest is identified and valued could be considered for the report to come back in 2021, in the same way it will be in respect of the Long-Term Care Benefit Scheme, we are asked today to make an in-principle decision on Proposition 16 in relation to income support and include the £350,000 now.

The figure of £350,000 is included for several reasons as quoted in the policy letter, and at 5.18 it states:

Rather than switching to a position of fully valuing the former home, the Committee believes that there is a compromise position where the value of the former home in excess of £350,000 should be taken into account in the assessment of eligibility for income support.

We are given some figures for the effect of income support at Table 5.2 and Long-Term Care Benefit at 5.45 on how this change will contribute, which appears to say that this could amount to up to approximately £9 million, but we are not told how these figures are calculated. I have requested further details on this but I have not received them.

My fear is that due to the lack of appreciation of Guernsey Property and Trust Law and how people own their homes, these figures are probably over-optimistic. So much so that when this is calculated based on a true assessment of peoples' property assets this will mean the level where

2535 contributions start will need to be reconsidered downwards. This is not scaremongering, this is being realistic. I think it better to not vote for Proposition 16 and instead for this research to be done under Proposition 17. That way it will be clearer what is involved before going too far and too fast by setting a threshold of £350,000; and my other concerns can also be addressed at the same time.

2540 I should also add that I did draft an amendment to cover my concerns but ran out of time to get it right due to these complexities. I would like to thank both ESS Chief Secretary and the Crown Advocate from St James' Chambers for answering my queries on some of the aspects. Whilst they have to a certain extent allayed by concerns by confirming they will be looked at during the next stage, they also helped me to see that the best approach was to simply vote against Proposition 16.

2545 I have also sent a draft of this speech to the President of the Committee *for* Employment & Social Security to assist her although I acknowledge that the final version of this speech has introduced other factors, but that was as a result of our short conversation at lunch.

So to avoid a repeat of the errors of the UK, to avoid confusion and the lack of clarity over how the family home would be assessed and to protect those who are occupiers of the family home, we need to look at it before agreeing even an in-principle figure. So I cannot support Proposition 16, although I will support Propositions 15 and 17 and ask for a recorded vote on that single Proposition.

Thank you, sir.

2555 **The Bailiff:** Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

The States, successive States, have made really heavy weather of this issue. It is a very difficult and complex and challenging issue, but I can remember going back at least three terms where the resolution of long-term challenges in relation to the Long-Term Care Scheme have always been on the horizon.

2560 I think in fairness to the Committee *for* Employment & Social Security they deserve some credit for finally, I do not mean *them* finally, but they have enabled the States finally to begin this debate. This is certainly not the end of the debate, but I think the policy letter is appropriately detailed for the level of debate today and it does move the conversation forward.

2565 One of the risks of having a debate immediately before a General Election is there is a tendency for speeches to exaggerate what is actually being proposed. Sometimes it is because Members think that might be their last opportunity to have their say on something, and sometimes it is because they are putting up sort of false targets to try and shoot them down and I think we have some of both of those things in this debate so far.

2570 If the States vote in favour of these Propositions, all of them, the States will not have voted in favour of forcing the people to sell their family homes in order to pay for long-term care, and yet I think there is a risk listening to some of the speeches that anybody who is listening to this debate could think that is what the States are being asked to vote for. Now, a convenient controversy to oppose in the run-up to an election, but not actually what is before the States today.

Deputy Lester Queripel: Point of correction.

The Bailiff: Point of correction, Deputy Lester Queripel.

2580 **Deputy Lester Queripel:** I may be off-beam with this but I do not think so. Proposition 17 says at the very end:

... which includes a requirement that those with assets above £350,000 (including their primary residence) must meet the first £35,000 of the costs otherwise covered...

So it seem to me, sir, Deputy Fallaize is misleading the Assembly.

2585 **The Bailiff:** Deputy Lester Queripel if you look at the opening words, it is to direct the Committee to do some work that includes that, so I am not sure that Deputy Fallaize is misleading the Assembly. Deputy Fallaize to continue.

2590 **Deputy Fallaize:** Yes, thank you, sir, that is what I was going to say to Deputy Queripel in response, that he has quoted only the end of the Proposition. The beginning of the Proposition directs the relevant Committees to look into some options and come back to the States with some recommendations.

So I think Deputy Queripel's intervention was a classic case in point of exaggerating what is actually before the States today.

2595 **Deputy Lester Queripel:** Sir, point of correction.

The Bailiff: Point of correction, Deputy Lester Queripel.

Deputy Lester Queripel: Sir, it clearly says:

... includes a requirement that those with assets above £350,000 ... must meet the first £35,000 of the costs ...

2600 **Deputy Fallaize:** Sir, may I read the whole of Proposition 17? I think it might help.

The Bailiff: Read the whole of all the Propositions, Deputy Fallaize, (*Laughter*) but Deputy le Clerc might –

2605 **Deputy Fallaize:** I am being asked to give way I think.
I give way.

Deputy Le Clerc: Thank you, sir.

Sir, I draw people's attention to page 58, paragraph 10.8:

The Committee remains committed to the principle that a person should not have to sell their main residence to pay for care (as is typically the case in England and Wales) ...

2610 So it is very clear. I thank Deputy Fallaize for giving way, sir.

2615 **Deputy Fallaize:** I thank Deputy Le Clerc for that, but she is quite right. But of course apart from that, whether the issue forcing the family home to be sold or requiring the person who has assets to make a contribution to their care, (*Interjection*) even then Proposition 17 says direct the relevant Committees to report to the States:

... on the options that exist to moderate the increase in contributions which will otherwise be required and to agree that those options should include ...

Those options should include:

...a model similar to the scheme in place in Jersey [*etc.*]

So I think Deputy Queripel, on reflection, would agree that the States are not today being asked to put in place a scheme which would require the home to be taken into account when calculating long-term care fees.

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Deputy Lester Queripel: Sir, point of correction.

The Bailiff: Point of correction, Deputy Lester Queripel.

Deputy Lester Queripel: Sir, Deputy Fallaize said he thought I should agree. Well, I do not agree.

The Bailiff: Deputy Fallaize to continue, please.

Deputy Fallaize: Thank you, sir.

Now, the central issue obviously as is set out in the policy letter is that there is a gap between what the Fund can support and the overall costs of long-term care under the current arrangements. The policy letter advises that the gap in no time at all in the foreseeable future will become £11 million or £12 million per year. I agree with some of the things that Deputy Inder said about the public sector but he created the impression that just by painless efficiencies it would be possible to avoid all the difficult decisions about raising contribution rates, or –

Deputy Inder: Point of correction, sir.

The Bailiff: Point of correction, Deputy Inder.

Deputy Inder: I did not say that, I did not intimate that at all, sir.

What I actually said was that what Government has done as usual, which is look over there but do not look over here.

The Bailiff: Deputy Fallaize to continue.

Deputy Fallaize: Yes, but Deputy Inder did say that he was not going to vote for any of these proposals until in his view Government got its own house in order. I do not know if those were his exact words, but what is implicit in that is that by 'getting its own house in order' the difficult decisions about sustaining the Long-Term Care Fund can somehow be avoided. (*Interjection*)

The only ways really of dealing with this problem of a revenue gap of £11 million or £12 million per year would be to cut spending of that order somewhere else and transfer that money into long-term care – but £11 million or £12 million is a substantial sum of money; or raising contribution rates so that the costs are spread among all social insurance contributors, or requiring the recipient of the care or their families to meet the additional costs, or some combination of those factors.

I do not think it is adequate –

I will give way to Deputy Graham.

Deputy Graham: I am grateful that Deputy Fallaize has given way.

I am wondering whether in amongst his list of 'ors' he would also contemplate that it may well be that we can invest resources more economically by putting more effort into enabling more elderly to stay longer in their own homes?

Several Members: Hear, hear.

Deputy Fallaize: Yes, well I agree with him on the principle, but I think the policy letter is clear that that is what is intended. But one of the challenges which makes that a difficult objective to realise is that at the moment there is actually an incentive to go into long-term care, because of the relative lack of financial support that is available to people who need care in their own homes.

The policy letter is trying to address that, but obviously that increases the costs and if they are funded through the Long-Term Care Scheme all that means is that the Fund runs out more quickly, which is the dilemma set out in the policy letter. The point is that by simply kicking the can down the road and pretending that there is some way of meeting this funding gap which is painless, the most likely scenario is that a stage is reached where it becomes impossible to maintain the level of benefits so the level of benefits have to be cut and the people who will suffer are the recipients of long-term care.

So I think this is where there is sometimes displacement activity in these debates, and maybe the advent of political parties will help this because they will not in the morning be able to argue that they can cut taxes and in the afternoon argue that they want to raise spending. *(Interjection)* Well, Deputy Inder says they will which, looking at some of the manifestos, is probably a fair point, but they ought not to. It has the prospect of being able to generate some consistency in policy-making. But this problem of the gap of at least £11 million or £12 million, potentially more, if some of Deputy Graham's ideas are incorporated, has got to be resolved.

I think Deputy Tindall said some people will reject Propositions 15, 16 and 17 because in principle they are so opposed to the recipients of long-term care having their assets taken into account when calculating their long-term care costs, but of course voting out those Propositions is not the way of avoiding that. The only way of avoiding that is to propose some alternative scheme of funding it; and I think that is the other side of this debate. It is okay to criticise the Committee's proposals but what is the alternative?

With the greatest respect to Deputy Inder, although I think there is scope for efficiencies in the public sector, the answer to the question of how are going to sustain the Long-Term Care Insurance Fund, when we know there is a revenue gap of £12 million-plus per year ... ? I do not think the answer to that question can possibly be efficiencies in the public sector. Because no doubt when the question is asked: how are you going to deal with escalating costs in health care? The answer will also be efficiencies in the public sector.

How are you going to invest in infrastructure? How are you going to invest in the economy? The answer will be efficiencies in the public sector. While there are *some*, there are not enough to pay for all of those things. *(Interjection)* Deputy Inder is right, you have to start somewhere.

So the issue really is, because it is not going to be possible not to raise contributions *and* avoid a contribution from the recipient of long-term care – and that essentially is the choice. Either the contribution rate is going to have to go up, maybe it will not have to go up by quite as much as is set out in the policy letter, if there are some efficiencies to be obtained in the way that Deputy Inder suggests but the contribution rate is going to have to go up to some extent; or the recipient, or their family, of long-term care is going to have to make a larger contribution.

What I read in these Propositions is simply asking for the permission of the States for the Committee to go away and carry out effectively the next phase of work. I do not have any particular political principle to defend in this debate, but I think for anybody who is going to deny the Committee the option of investigating one possible solution, I think that the Committee ought to be given some direction to investigate a different option. So those Members who do not want the asset option to be taken into account, that is fine, but where is the Proposition to increase contribution rates instead. Because the Fund has got to be supported in some way.

Now, if the increase in the contribution rate, or requiring the recipient of long-term care to make a greater contribution to their care up to a limit of £35,000 is considered controversial, Deputy Tindall's suggestion that the inheritance of the family home should not be considered some kind of right within the family, it is going to look like some recent controversial debates which I have been peripherally involved in, look like a cake-walk, because that is the most ... That is not an appropriate parliamentary term is it? I am sorry, sir, it is going to make it look like a very easy task, because I think that is about the most controversial idea that the States could go out to the community with.

Oh, I will give way to Deputy Tindall.

Deputy Tindall: I thank Deputy Fallaize.

I do realise it is slightly controversial, but I did clarify that it was in relation to the windfall and therefore an element of increase in value rather than the blood, sweat and tears that people put into their home.

Thank you.

Deputy Fallaize: I accept that, but to all intents and purposes that would be seen as an attack on inheritance and as an attack on hard work and prudence in families. So, respectfully, it is not

going to go anywhere. So the option is an increase in the contribution rates or the recipient of long-term care or their families, if there is a deferred loan scheme up to £35,000, are going to have to make a greater contribution.

I think rejecting any of these Propositions today will just tie the hands of the future Committee for Employment & Social Security when I think actually what is needed – because this has been a really difficult problem and they have actually done quite well to get to this stage – is for them to work from the widest possible range of options, (*Interjection*) so that their successors can then come back to the States with a considered set of proposals, having assessed all of the options which are realistic.

Trying to narrow those options today off the back of a policy letter, which is interesting and useful and full of good information, but is really just stage one of the journey, I think would be a serious mistake.

I will give way to Deputy Tindall before I finish.

Deputy Tindall: I thank Deputy Fallaize.

The reason that I wanted to stand is Proposition 16 does exactly that, it does limit by giving the in-principle sum of £350,000 which is absolutely fundamental to the reason I do not want it.

Thank you.

Deputy Fallaize: Yes, I accept that, but of course Deputy Tindall's argument is that it might be the family of the recipient that should be required to make a greater contribution than is envisaged in Proposition 16; if they are going to be required to make no contribution or a smaller contribution then there is no point voting against Proposition 16.

So I think these Propositions should be allowed to pass, but I would like the Members of the Committee for Employment & Social Security, and particularly Deputy Le Clerc when she sums up, to make it very clear that if these Propositions are approved, the States will not today have voted in favour of requiring people to sell the family home to pay for long-term care; because that is the message that some people will try to interpret out of the debate and out of the Propositions, and that is not what the States would have voted in favour of.

But I will vote for the Propositions so that the options available to the next Committee and the next States are kept open as widely as possible for as long as possible.

The Bailiff: Deputy Le Tocq.

Deputy Le Tocq: Thank you, sir.

I am very grateful to follow on from my colleague Deputy Fallaize because it is also my feeling that, whilst I am generally supportive of these propositions before us today, my fear is if we and then a future Assembly continues in the direction that they have set us that it will change behaviours with regard to individuals and families who have property and have done the wise thing of saving and not choosing to spend all their spare cash, but to invest it in bricks and mortar. That would not be helpful for any of us if we create a culture in our community, we would be faced with the same problem further down the line. That is what I fear.

So what Deputy Fallaize alluded to, which is hinted at in this policy letter, but it is not explicit enough for my liking, is the various options that we might bring in to enable choice to be made. For example, I think it would be wise if we went in this direction for individuals as they approach retirement age and approach the time when they may need care of various types, to have the option and maybe their family of paying additional or providing an additional insurance scheme that means that they do not need to have to get rid of their family residence. I also think, sir, that we need to create a culture intentionally where we encourage our families to look after their older loved ones for longer.

I say that out of unashamed experience, and I know that not everyone can do that, but I do know that more people would do it if they had encouragement to do it, and there are huge benefits from

2780 that. Sir, we looked after my two elderly parents in their 90's for just over seven years and it cost us to do so as at the time there was no States-funded aid. At the end, both my parents needed I think three months in a care or hospital environment at the end of their lives, but my father had until that time spent only one night in hospital in the whole of his life. So very good value for money was got by the States from our decisions there.

2785 But we did not do it for that reason, there was not an altruistic reason in that way we just felt it was the right thing to do, and the healthiest thing for my parents, because they continued to live an active life for much longer than some of their peers who were put into homes or chose to go into homes or other sorts of care. So there were all sorts of benefits and there were benefits for my children who grew up in a multi-generational family who were able to engage with and understand older people far better than some can today.

2790 I will give way.

Deputy Inder: Thank you, Deputy Le Tocq, for giving way.

I would suggest through you, sir, that is this not part of the problem? We are looking at it from the scope of people who have had larger properties, the ability to extend their wings of which I am one, my mother who is 83 years old lives with me now. But those who are of more meagre *means* – that is the word, thank you, Deputy Smithies – they are just not going to be able to tell the stories that I am sure Deputy Le Tocq now can tell, and I am able to tell, and many other people in this Assembly.

2800 That is not where the problem is.

Deputy Le Tocq: Yes and Deputy Inder is absolutely right, sir, I did not say we would *solve* the problem in doing that, all I am saying is that there should be more meat on the bones in terms of other options. There are many in my condition, and that have smaller properties, that could still do that for an element of time and it needs to be there.

2805 We have had a one-size-fits-all solution and as someone who has visited residential homes and nursing homes for *many* years I do not think it is appropriate that we just continue with that. We need to encourage other types of solution.

To do that we certainly need to invest in broadening our social care and community care. My wife was a trained nurse, so she gave up her job in order to be able to nurse my parents, obviously at cost, but not everyone can do that. So one option is if there was greater provision of that care then people could live either in their own homes or in homes alongside their wider families. So I am just suggesting, sir, that today we are not being asked to look at those options in particular, but I do ask the Committee therefore to lay the paths so that when this comes back to the new Assembly we are given a number of different options and we allow our community the broadest choices.

2815 Having said that, sir, we all realise I hope that there always will be a small number of people who make bad decisions in their lives and who are left perhaps with no family at the end, for all sorts of reasons; and we cannot just say, 'Well, the States does not take responsibility'. If we are a caring community we have to take responsibility for them. My point is, sir, that we should seek to do our best to minimise that group of individuals rather than create a culture that almost encourages that sort of thing to flourish. It will always be there for all sorts of reasons and I think we can choose to do that.

2820 So as I started, sir, I am broadly supportive of this because we are not, as some have alluded to, here being asked to make final decisions today, we are just being asked that these particular directions are taken forward. My support is on the proviso that we do seek further options for care choices in the future, so that it all does not come down to a one size or a few simple options but we have a good plethora of options available to our society so that individual families, if they are in the case of Deputy Inder and myself, or in other cases, they can make their choices and they can take responsibility. Ultimately, helping our society to take responsibility I think is one of the roles that we have as Government.

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The Bailiff: Deputy Roffey.

Deputy Roffey: Thank you, sir.

2835 I would like to pick up a few things that other Members have said and then make a few points of my own, if I may.

I will start off with Deputy Le Tocq as he has just sat down. I think that this is a very large part of what the policy letter in front of us today is seeking to achieve, to provide other options. At the moment the Long-Term Care Insurance Fund will not fund your care at home; it will not fund your care in sheltered housing – it really does funnel people into residential and nursing care. The whole point, and it is one that Deputy Graham has made, is that we should have a cultural shift and should encourage people to stay at home.

2840 Yes, absolutely, that is what this policy letter is seeking to do, but perhaps the intuitive thing is that would be a lot cheaper and therefore it would help with the funding, actually when you dig into it, absolutely the opposite is true. Providing that support in peoples' homes tends to be very expensive, which is perhaps one of the reasons that residential homes sort of grew up traditionally as, if you put a bunch of people needing care together there were certain... It may not be the best thing for them or for society but ergonomically it actually works. I do not think we should overlook that this policy letter seeks to extend the scheme way beyond its original purpose into providing care at home.

2850 I would also like to respond to Deputy Lester Queripel. In his world it seems as if the Island is made up of home owners and people who have never done a stroke of work in their life. The reality is the vast majority of people in rented accommodation who have never owned their own home have worked darn hard in jobs that simply do not pay sufficient in this expensive Island to actually go down the property-owning route. Many of them have been in social housing, many of them have worked for us in the States, and I just thought that was a very unfortunate characterisation. I know he was trying to make a point about not penalising people who had sacrificed to buy homes, but I think he laboured the point to an extent that it was unfortunate.

2855 To Deputy Prow, I say I plead guilty. I agree, this report from ESS does not fill anybody with warmth and joy and light and have them dancing around the Maypole. It would not have mattered who had brought this report, after looking at all of the options for stabilising the Long-Term Care Insurance Scheme, the difficult options would remain the same. I have been guilty for telling the truth, for laying to the Assembly these are some of the options, and I accept there are others. There are a range of options they can have, but none of them are going to be particularly electorally popular or are going to be particularly popular generally, because there are some hard choices to be made.

2865 No, we are not looking to go down the UK route. The UK have taken far too long in sorting out their own social care. It is just a symbol of how difficult and thorny a problem it is, that repeated Governments have said, I think, with sincerity over there: 'One of our first things is going to be to sort out the problem with social care'. They have all failed, they have all fallen by the wayside, because it is darn difficult.

2870 Deputy Prow said that this policy letter was complex. It is, because it is dealing with a complex matter. It cannot be reduced to, 'The cat sat on the mat'. These are difficult things and need a degree of complex analysis.

2875 The last thing anybody on ESS wants, is to force anybody that has made sacrifices to buy their property, to sell their own home. The easiest thing in the world we could have brought is simply a policy letter saying this is how much we need to increase contributions by, no changes whatsoever and I think we would probably have been sent running, and if we had brought back another option we would have been sent running. What we need to do is make the States face up to the various options – and they are not all in here, but a good balance of them are in here – so that going forward to the next stage we get a sense from the States.

2880 I know you do not like any of them, we do not like any of them. Sorry, I do not mean you, sir, but I know the States do not like any of them, we do not like any of them, but something has to be

done, because we are talking about breach of promise. People say 'Oh, people were *promised* 15 years ago ...' The biggest breach of promise will be if in 2040 this Scheme runs out of money and people who have been paying in to it for 40 years find that they cannot get the benefits that they actually deserve.

Now, is it worthy of looking at a requirement for a capital contribution as part of the next stage of investigation? I do not like the idea, but I think it is worthy of consideration; and I think there has been an exaggeration of forcing everybody to sell their own home. Typically, the inheritors from people who have been in residential or nursing homes, because of the age that they tend to be there, are actually themselves possibly in their 60's if they have gone down the home-ownership route, they have very often paid off their mortgages. They will inherit still *circa* 90% of the capital value of their parents' estate. Now, that is not 100% and that is not going to be popular, is it, because they want 100%? And of course the option is there for them to use their own assets earlier on to actually pay that £35,000. They do not have to take a bond against the property if they have those assets.

I do actually agree with Deputy Inder that when it is investigated, I would like a less flat structure looked at, because I think it is a bit unfair to say to anybody that has got a house worth £35,000 – sorry, £350,000, those were the days, a house worth £350,000 you will pay £35,000 ... Somebody who has got a house worth a million, you will have to pay £35,000. Maybe 5% or 4% of your asset base would be a fairer approach if you are going to do it at all.

But you do not *have* to do it at all, there is a catch-all here, you have got Proposition 18. If at the end of this investigation an acceptable way cannot be found to mitigate the need to put up the contributions, then the default position is putting up the contributions. So if this States – well, it will not be this States – the next States find that all of these other options to mitigate against that are just unacceptable, ESS are not saying you have to do it. We are saying that there is a parachute at the end, you can put up those contributions.

I want to pick up on one or two other things. So Deputy Shane Langlois – my Vice-President – said if we put up the payments, and I think we have to put up the payments today and if we do not there is going to be a crisis in the care sector, we cannot guarantee whether that will lead to more affordable care or whether it will lead to greater profitability in the care sector. Sir, I want it to do both. I want it to do both because one of the key achievements of this Scheme, the best part of 20 years ago, was to increase the profitability of the care sector; and, as a result, more care provision was provided. We are going to need, despite the encouragement to help people stay at home, the demographics are such that we are going to need a big expansion in the care sector. Therefore we need it to be profitable in order to invest in extra facilities.

The cost base for the care sector is going up all the time. The typical client group now is nothing like what it was 20 years ago. The level of dependence is much higher, and HSC quite understandably then say you need a higher staffing ratio. If you have got this sort of client group you need more staff, more carers and more qualified staff to look after those people, so the cost base has gone up.

People have said quite a lot about what was promised back at the beginning of this Scheme. Actually, and there are a few of us in here that were there at that time, the actual promise, the horizon that was given for the sustainability of the Scheme was 15 years; and saying that after that there would need to be very serious adjustment or *probably* would, I think it said the future is completely impossible to be certain. But all sorts of things have changed since then. There used to be a significant General Revenue grant into this Scheme, taken away after Zero-10, so that is a change – (*Interjection*) I am being corrected by Deputy ... he can do it later on, or he can do it now if he likes. If I have got that wrong, I am sorry, but I thought there was.

As I say, expanding it into care in peoples' homes is obviously adding to the cost.

Sir, I think we do need the idea of property loans. Can they work? Well, I have to say I was on the Housing Authority under Deputy Lincoln and Deputy Green back in the 1980's and the States ran their own deferred loan scheme and it worked extremely well, and far more effectively, and cost effectiveness, forcing people into the private loan area. If an elderly couple wanted to replace all

2935 their windows or put in thermal insulation a loan was granted, a bond taken against their property and recovered from the estate. They were not expected to make any payments toward it.

So I actually do not think this is reinventing the wheel. I think it could work, but if you do not want anybody to have to release any of their assets or to take a charge against their property, fine, just plough on and we can have the safety net in 18, but bear in mind what it means in terms of the increase in contribution rates.

I think there is something else that perhaps should be considered now which was not considered at the beginning of the Scheme, because it was not relevant, and that is to say what is this Scheme? Is it an insurance scheme? Is it like insuring your house against burning down? In which case very obviously the second you start paying the premiums you get the full cover, because that is how those sort of insurance schemes work. It does not matter if you have paid your premiums to Islands Insurance for 40 years or for four years, if your house burns down you are treated the same way. Likewise with our own States' schemes: if you start paying social security contributions and you become unemployed or you become sick you, are covered from the beginning. You have to; that has to be the way it works.

With States' pensions, which is also a sort of form of insurance scheme, it is very different. If you paid in for 10 years, you do not get the same level of benefits as if you had paid in for 45 years. I think the question needs to arise in future about whether this should be a uniform benefit under the Long-Term Care Insurance Scheme, no matter how long or how short you have paid into it. Of course that was not considered at the beginning of the Scheme, nearly 20 years ago, because nobody had a contribution record, so it had to be instant for everybody.

But I do pose the question: the Mrs Le Page that everybody here knows very well – nobody as well as me, but we will not go into that. (*Laughter*) Mrs Le Page leaves home at 16, and she needs nursing care at 86. Because she is above the threshold and she is one of those pensioners that carries on paying, she has a 70-year contribution record. Mrs Brown retires to Guernsey and she is again as a pensioner above the threshold where she has to pay, and she pays in for 10 years. They get exactly the same benefit out of the Scheme. Now I am –

I give way to Deputy Lowe.

Deputy Lowe: Thank you.

2965 If Mrs Brown moves to Guernsey she has got to wait five years before she qualifies for Long-Term Care.

Deputy Roffey: Exactly that is why I said, 10 years in she gets exactly the same benefit after those 10 years as the – Sorry? Well, she may have qualified after five years but it is another five years before she actually needed it ... So the point is here that I do not think Mrs Brown should be denied access and affordability of social care. In a caring community everybody should have that.

But should somebody who has only paid in for a few years get the same protection of their assets to pass on to their heirs as somebody that has lived in Guernsey and has paid into this continually? I do not know what difference that will make for the affordability of the Scheme. I do not know how many people will end up with reduced cover in that respect. But I think it is in all equity worth looking at, particularly because this is one of those where you do pay in for a huge length of time and you do not stop when you reach retirement age.

So I hope that in the next stage – and Deputy Fallaize is quite right, and Deputy Le Tocq – all this is doing is moving it on to the next stage, having flagged up some of the universally unpopular options for bringing this Fund into stability. I think that ought to be included. I did not put an amendment asking for it to happen, because I think the first part of 18, 18a, that is the sort of thing that if I am around I will feed into that process at the time where that review is due to take place.

I think that is really what I have to say. I think there has been some *faux* outrage here, nobody is saying we have to and if people vote against 15 I will go home and I will not feel that as a defeat. It will have been guidance, people will have told us no, we definitely want to rule that bit out now, but the problem does not go away.

As my President said at the beginning, nobody has really come up with alternatives, they have just thrown stones at us for being the messenger. We are the messenger on an unpopular thing, which says that if we are going to carry on supporting people in care with the rising numbers, with the demographic time bomb that is now unfolding, with increased dependency, with a higher staffing ratio – and I hope eventually actually a better pay for carers, which will also put even more strain on the Scheme. If that is going to happen, some more has to go in at the other end, and the only two sources are the clients or the community, or both.

We are suggesting a bit of both. If people prefer it is all the community, people prefer more on the clients that is fine, but we have flagged up the options. We are asking to move to the next stage; do not blame us for being the messenger.

Other people have tried, other committees have looked at this and it has all been too difficult so it has been passed down the road. Today actually I think quite bravely on the cusp of an Election we are bringing you this and saying let's shine a light on this, this is the problem we have and these are the principle options. They are not the only ones, let's move it to the next stage; and if none of this can be done, option 18b is still there, you just whack up the contribution rates.

I am not sure that that is the best option, but that is the default position if people cannot come up with an alternative. And, if you do not like our alternatives, come up with your own.

The Bailiff: Deputy Smithies.

Deputy Smithies: Thank you, sir.

Deputy Roffey has actually put his finger on it: it is guidance and that is what we are going to give to ESS today. I actually quite like 85% of this policy letter, of the Propositions, it is the same old three that other people have referred to – 15, 16 and 17.

ESS are in a bind; they are trying to sort out the mess. The trouble is that they are signalling a direction of travel not in the body of the policy letter, because Deputy Le Clerc has already said she has drawn attention to 10.8, the Committee are not saying that they want to force people to sell their houses. However, in the Propositions 15, 16 and 17 on which we are voting, they are indicating the way in which we are being directed; and that is, to my mind, not equitable.

Deputy Prow in his first-rate speech covered what I want to say in support of my view of the inequity and I will not repeat his words now, there is no point.

I do urge Members to reject Proposition 15, 16 and 17 before the Committees can begin to set foot down those paths which they will lead them, and now direct them to come back with some new ideas on how to solve the problem, i.e. to consider all the options to which they allude in Propositions 15, 16, and 17, except the option of selling or mortgaging the family home. No one is saying it is easy, but equally no one is saying it is impossible.

Thank you, sir.

The Bailiff: Deputy Ferbrache.

Deputy Ferbrache: I would like to start where Deputy Smithies finished. I am going to be in the same position as him and ask the States to reject 15, 16 and 17. But Deputy Roffey made a fair point: it is not enough to be negative, you should be positive.

Deputy Trott, in a previous debate, I cannot remember when, talked about the investment policy of this Committee and he gave the figures. I have probably got them wrong, but I recollect that if they had invested just a little less conservatively and if they had invested the same way as some of the funds that were under the control of P&R, they would have had an extra £30 million to £40 million in the last couple of years, and over a period of 10 years I think that would have been well over £100 million. So that is a solution: adopt a less conservative, without being reckless – because I do not think anybody is saying that P&R and their predecessors have been reckless in relation to their investment policy – because you do not always have to *take* money from people, you can actually draw it from your own investments and pay your bills.

Now, I appreciate that was in connection with the old-age pension, I think we are still allowed to call it that, I do not care if we are not, I am calling it the old-age pension, and I am a recipient of it. In relation to that, we should look at the States as a whole, and one of the matters that I referred to in the speech I made earlier today when I was one of the three sensible States' Members who voted at this stage to put a hold on just uplifting, and uplifting, and uplifting – it is a shame that the others would not, but I am sure the electorate will bear that in mind in a few months' time.

But in relation to that I referred to the Living Standards debate that we are going to have later in the week. It may be tomorrow, if the Bailiff's optimism is engendered. But in relation to that, paragraphs 6.121 and 6.122 talked about the tax policy and the things we should look at. Well, we should look at a whole variety of things in relation to how we can increase revenue and also, as Deputy Inder said, how we can diminish expenses. Diminishing expenses is much more difficult than perhaps sometimes increasing revenue, and I take Deputy Fallaize's point there, and there is no way we are going to be able bridge the gap between expenses and bills that we are going to have to pay in the future. There is no way that that is going to happen.

Now, Deputy Tindall said something I fundamentally disagree with. I am somebody whose parents have both died and whose in-laws have both died, and I have not inherited a bag of Spangles. Now, that may be different – and I know Deputy Trott, and he did it today – and when somebody constantly makes a sign or mentions you in States' debates, that means they either love you or envy you. I doubt that Deputy Trott envies me but I am grateful for his platonic love. But in relation to that, perhaps he should look to the person who is a lot closer to him politically and now physically in the States, who may or may not have inherited some property. I know not. I certainly did not.

What I do agree with is Deputy Le Tocq's point that there is no one solution. He talked about the love and the care that his wife and he and his family gave to his parents, and I am sure they reciprocated it. I was in a similar position in relation to my in-laws, they came over from England as elderly parents, they lived in the wing of our property and they gave us such love and such attention, and my kids grew up knowing their grandparents. Their grandparents were there, they had the benefit of seeing my children grow up and my children had the wonderful benefit of living in the same household as their wonderful grandparents. So that is a partial solution, but there is not one solution.

The point in relation to care homes is that we are going to need more and more of them. We should have, as Deputy Graham said, more people being supported in the community. But there is not one solution. We are going to need more and more care homes.

Deputy Le Clerc, in her opening speech, which I though was very good indeed for most of it, said in relation to care homes most of them are not making money – some are making money, some are struggling and they need support, and therefore we have got to put the rates up. I accept everything she said; she is entirely accurate. Let me give you an example, though, where the States does not do joined-up thinking and where the States has policies that it writes in concrete and then does not change.

In the 1990's I was Deputy Chairman of a charitable residential home that still occupies a States' property. That property had been in terrible disrepair, but the home had a policy of just charging its residents what they received from the States, so if they got £x per month from the States for their care that is what they charged. They invested hundreds of thousands of pounds in uplifting that States' building and providing either the best, or one of the best, residential homes for old people in this Island.

I left because, unlike others, I did not have inherited money so I had to go and make some money. I left the States in 2000, I went off and I made some money and I have got money in the bank. I have got a nice house and I have got other properties, all earned by myself, because of the opportunities I was given by the people of Guernsey when I took the 11-Plus and I went to Law School and I did all the other things. Very grateful for that and I owe this community a debt which I will never be able to discharge.

3090 But in relation to that, I came back somewhere in the 2000's. I became Chairman of this body and again the quality of staff, the quality of the care and the quality of the building all paid for by money received from the States, but no more, and some charitable donations that the home had had, it was maintained. So what do the States do? The *States* decided to charge them a full economic rent, and since then their financial position has changed dramatically. They have had to charge their residents over and above the money they got from the States and they are running out of money. Now, the States could have changed that decision in a blink of an eye. When they have approached various bodies of the States they have been dismissed.

3095 That is not going to solve the problem of the care of all the people that are going to need the care, but it would keep that home well-run and providing top class facilities for a number of people who need both nursing and residential facilities. But no, no, it does not fit in box a, box b or box c. Disgraceful.

We have the position in relation to Deputy Tindall saying, you have got no absolute right to inherit your parents' property. Well, hang on, we want the young to get on, because it is difficult to get on. But do not forget the old. My grandparents on both sides worked hard all their lives and did not have a bag of Spangles at the end of it – one had 14 kids and one had 3 kids, but they worked all their lives.

3105 My grandfather on my father's side was a stonemason and worked until he was 80, lived until he was 90, did not do too badly because he had 14 children along the way, so he was productive in lots of ways. *(Laughter)* My mother's family, the only thing I have ever inherited ... When my mother died in December 2017 my sisters agreed that my inheritance was – they did not have anything more, by the way – that I could have a picture of my maternal grandfather which my mother had kept in her hallway in her house, which was a picture of the Island Police Force in 1948 because my grandfather on that side was a policeman in 1948. Now, I have got that in a room at home and I treasure that and it is worth to me more than a million pounds, so that is the kind of background that I was able to benefit from.

3115 But my grandparents were hard-working people, they had nothing. My father was born in 1928 and my mother in 1932, so when the War came along my mother's parents went off to England; my father's parents stayed in Guernsey because one of my uncles had TB and was in the sanatorium and therefore they could not leave – his family were not going to leave him. My parents had very little, I grew up with very little albeit with other kids that had very little, but I was given the opportunity, as I say, to better myself financially.

3120 We now seem in this States to be equalising everything down, take away initiative, take away anything you have ever done. If you have got a house – I disagree with Deputy Roffey on this one – if you get a house that is a bad thing. Well why should you have a house? My goodness me, that should be taken away from you.

Because what would happen? Any scheme that is brought under Proposition 15 what would happen is you would be charged an interest on the £35,000 or £50,000 that you could not pay, 3% or 4%, so over 10 or 15 or 20 years that £50,000 would end up being £150,000 to £200,000.

3130 As Deputy Le Clerc said, with her usual candour and honesty, this would not be the end of it – that was not quite her phrase but that is effectively what she said. She cannot guarantee that that £35,000 would not be £60,000, it would not be £80,000, it would not be £100,000, it would not be £175,000 – or other grasping aspects of the States would not want some of that money for something else, because we must be equalised down. You must have nothing.

3135 But £350,000 is hardly anything in this day and age. If people have got a property, they have a pretty modest property for £350,000 in Guernsey. You might be able to, in the Highlands of Scotland, own half the country; but in Guernsey you own very little for £350,000, and we want to look at that we want to attack that. I appreciate these are just discussions and they are not absolutely written in black and white, but as Deputy Smithies says it takes us on a direction of travel, and that direction of travel will move faster than Deputy Trott when he is driving in his Range Rover. So it will be something that will gain momentum and that will happen. We take away incentive.

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I do not actually mind if other people inherit property and therefore it puts them on the market and they have got the benefit, with two or three kids, their parents' property is worth £450,000 and they end up with £150,000 each. Good luck to them, it gives them a boost, it gives them something – because their parents probably worked in greenhouses in the 1950's; their parents probably worked in the building industry; their parents probably worked in shops; their parents probably cut flowers and graded tomatoes at two or three o'clock in the morning. They did that to buy their house. Why should they have that taken away from them? Because that is what would happen here.

So to answer Deputy Roffey again, I have already said it once but I make no apology for saying it again, change your investment policy. I may have got it wrong, and if I do I apologise, I think Deputy Le Clerc said this morning that their investments have gone down 4% this year but P&R's have gone up 1%. She is nodding affirmatively so that is the case.

Again, 5% swing on lots of money is lots of money. That will pay for the odd care home, it will pay for the odd nurse – just by doing something that is less risky. Because we all know ... I read the Bible when I did Divinity 'O' Level, that was a long time ago and I have not read it a lot since. But in relation to that there is that story about some people putting their money under the thing and other people doing whatever. Sometimes you cannot just bury your money in the ground, you have got to take a bit of a risk with it.

Now, I do not think, as I say, P&R or their predecessors, they may have made a complete hash of the Bond, that may have been financial ineptitude of great scale, but *generally* they have done a pretty good job over the past x number of years in stewarding the public finances. So let's decide that today we will have this review – well, we are going to debate it later in the States' Assembly I appreciate that – we will have the Living Standards review, we will look at the next States when it may be the Green Party, I appreciate they are two conscientious States' Members but they were out of the States' meeting a bit this morning perhaps Deputy ... Sorry, what are their names? I am looking at them – Deputy St Pier and the gentleman to his left, Deputy Trott were out ... Perhaps they were discussing what the colour of their emblem will be going forward when they have got their party in a short time.

But in relation to all of that, let's forget that, let's go forward (*Interjection*) and say that today we are going to say to the people of Guernsey 'We respect you, we honour you, and those of you that have had the benefit of saving some money and buying a modest home, you should be able to keep it'.

The Bailiff: Deputy Merrett.

Just before that, Deputy Leadbeater, is it your wish to be relevé?

Deputy Leadbeater: Please, sir.

The Bailiff: Thank you.

Deputy Merrett.

Deputy Merrett: Thank you, sir.

I recently celebrated quite a large birthday and I am now feeling the physical effects of it.

I have listened with interest to the debate so far, and I am thankful for the Members that have taken part. I found very much that I have agreed with, and some that I have disagreed with, but some of the language used just concerns me. Some of the language used of, 'If our community had made *bad* decisions or *good* decisions' ... As if we are on some sort of higher plane and make better decisions than everybody else. Clearly, sir, I will put to you and this Assembly that, for example, if we had withdrawn the final salary pension provision for the Civil Service 10 years ago or 8 years ago in line with private sector, then we have also made some – and I will use the term I have used in the Assembly – bad and good decisions. So I think we should be a little bit careful on how we phrase the way we speak.

Actually it is, quite frankly, a bit of a cheek to tell our community that you have made a bad decision or a good decision regarding whether or not you have bought a property, or whether or not you have had a holiday. I just think that is a bit of a cheek, quite frankly.

3195 I do agree very much and resonate with what Deputy Le Tocq said about the extended family. I also think we should appreciate that as members of our community are having families later on in life, there will be a scenario where you will have minors and other dependents within the family home and the other dependents, for example, elderly and obviously minors as well may need additional care at the same time when the working adults – shall I say, for want of a better phrase
3200 – are also trying to bring money into the household.

So I put it to the Assembly that if we had a community where we had equal pay for equal work, if we had a community where we had flexible working hours and it was more possible, and if we had a community that reasonable adjustments could be given, then arguably it may be more achievable for more members of our community to actually embrace the idea that Deputy Le Tocq
3205 put forward about having extended family – which, personally, I resonate with, and it certainly would be my preference for any dependents, elderly or otherwise, that are in my immediate family.

Now, I really did agree with a lot of what Deputy Ferbrache said, especially in line with investment policies. My understanding, because I have questioned this before, sir, and I am sure Deputy Le Clerc will advise me when she sums up, is that the long-term fund is more risk averse, they have a
3210 different risk level to that Fund as to others. But I think it is a point well made, and between 1% and 4% obviously there is quite a difference. But I understand that is to do with the lack of will to ... Although I understand the lack of will, you do not want to be gambling *too* much with this Fund because obviously people are relying on it for pensions, etc.

But I do wish to ask where the Committee for Employment & Social Security have got this figure
3215 of £350,000 from. If it is in the policy letter and I have missed it, I apologise. But why £350,000? I know Members have said this, I think Members have actually pointed out this, but in Proposition 16, sir, my concern is this because it says:

To agree in principle that, subject to the development of a suitable deferred loan scheme, those with property assets (including their primary residence) with a value in excess of £350,000, should not be entitled to income support to assist in meeting the cost of the personal allowance and co-payment payable in respect of care beds under the Long Term Care Scheme ...

Okay, that is it basically, I do not think I have to read the rest of it. Other Members have said really what choice would you have? If you are in theory, I will not say you are particularly asset rich
3220 at £350K, although it sounds an awful lot of money, but if you are asset rich and you are cash poor then quite frankly what other option would you have but to sell your home to enable you to liquefy some of that asset? Because you would not be entitled to income support.

I think we have to be open with our community, I am pretty sure that is how I read it, maybe I am reading it incorrectly, but that is certainly how I read it. So in my opinion, sir, there would not
3225 be any choice.

The last thing, and Deputy Ferbrache spoke to this, and I am not sure if we are aligned or not to be totally honest, but he was talking about the charges to care homes and I think Deputy Roffey said – oh, two Deputy Peters in a row! He was talking about the profitability of care homes, and I am just a little bit uncomfortable with profit being made out of people when they are in need of
3230 care, long-term care, for health reasons or otherwise. I am still a bit uncomfortable with the whole terminology around it. So I am wondering if it should be the case that we are actually working towards, or recognising that we actually need to have more States' provision in this area because the States in theory should not be making profit out of people who need long-term care. That, to me, just seems odd to do that.

Now it is not saying for one moment that I do not appreciate that businesses want to make profit, I understand that, that is not what I am discussing. What I am discussing is: is it right that as
3235 a community we – and it is probably my morals ... Is it right morally, then I will use that term, that we are actually seeking to make profit on relying on the private sector to provide the care and

3240 providing for that profit to be raised for that very important part of health – I say health and social care, but I appreciate it is part of social security, but this is a fundamental part of our provision to our community. So those are my concerns. I apologise if I have misread it –

Oh, Deputy Brehaut, I give way, certainly.

Deputy Brehaut: I thank Deputy Merrett for giving way.

3245 I think it is clear the context of this is, in my view, the States used to do a lot more long-term care. At the bottom of the hill we had the Town Hospital, which was predominantly care of the elderly, which we do not have any more. We had the Duchess of Kent House which was predominantly care of the elderly, which we do not have any more. We had the King Edward VII, we had Seward Ward, Kinnorsly and Alan Grut, which we do not have any more. The States have actually, 3250 under General Revenue and funding former HSSD, put a great deal of money into care of the elderly. It is just now appearing somewhere else more obviously and it is making us feel a little bit uncomfortable. But we have spent a great deal in the past, a huge sum of money in looking after the elderly members of this community. It was absolutely the right thing to do then; and it is now.

3255 **Deputy Merrett:** Thank you, Deputy Brehaut.

It is not that I do not agree with what Deputy Brehaut just said, my point, sir, I hope it will be resolutely clear is should we be making profit out of that provision? That is my point: should we be making profit out of that provision? That is what makes me uncomfortable.

Now I apologise if I have misread Proposition 16 but it appears to me that the consequence of 3260 approving that Proposition may be that people who own their homes in value in excess of £350,000, if they are not entitled to support, would have no other option than to sell. I mean, what other option would you have unless you have got extensive savings, but then if you had extensive savings you would not have income support anyway. That is the bit that I would just like Deputy Le Clerc, if she could just try and assure me on, because as I am currently minded I cannot support that.

3265 I do agree with Deputy Fallaize on some of his. I know there was a bit of banter between himself and Deputy Lester Queripel, but I do agree with some of the analysis on the other Propositions because I think it is a direction and I think it is a warning shot as well across the bows to this Assembly and to future Assemblies.

I am in a bit of a quandary because I want to support the other Propositions, which obviously 3270 have a higher cost to the taxpayer and to the community, and yet I need to try to find some way of shoring up funding, supplementing the Long-Term Care Fund. It is a challenge, it is a challenge well made, and it is a challenge well made by Deputy Roffey. I am not convinced at this juncture that this is the right way to do it. I am not convinced it will be better to put it on to contribution rates, I am not convinced it would not be – or at least we will have explored – on people participating in a 3275 health-care fund, or whatever it is to be.

So I think we are seeing part of the picture here, but we are not seeing the whole of the picture. It is quite difficult because it is a jigsaw that we kind of need to put together and work collaboratively on.

3280 Lastly, sir, because we have had some personal anecdotes. I do not want to go down that rabbit hole but I will slightly because my family, rightly or wrongly, have always been of the belief that we go to our graves with empty pockets, our shrouds will be empty. So I am yet to inherit any sizeable sum of money because it is very much seen that you go into the world with nothing, you earn and work as or when you can. I appreciate not all of our community can. So my family tend to leave the money to charity and other charitable causes, not to family. I might change that, I do not know. So 3285 I have not been the beneficiary of any large inheritance.

But we are all able to come into this world and a lot of it is down to education actually, but I do not think it is *all* down to that, whilst it is a key element. We are not all able to earn the kind of money to get ourselves on the property ladder, that is the fact of the matter; and if you want to have dependents, if you want to have children you obviously – well I do, sir – prioritise those and 3290 how we are able to support those growing up in the first instance in potentially buying property.

So I do think we need to appreciate that dilemma and I do think again some of the terminology has been a little bit unfortunate in this Assembly. We live in a culture where it is seen as being good to buy property rather than to rent property – whether that is good or bad, I do not quite understand that – but I think we do need to accept that many in our community and many intergenerational challenges for our younger generation coming in, they will never be able to afford property, they just will not be able to get the deposit together, they will *really* struggle. I think that this is building the future and I think we need to recognise that.

So while Members' personal anecdotes are really interesting sometimes, mine clearly is not, I do think we need to take into consideration members of our community that will never get on the property ladder, members of our community that ... And I have worked three jobs at one point in my life but still could not get on the property ladder, by the way, I tried to get me through my education. But people, if they can and are capable they will, I believe, work; I think the majority of the community do wish to live in that way. This misconception that people – I do not understand it, sir – but basically that you just live off the State. The money that people are given, it is not going to pay you to have this amazing holiday, it just does not. People do, in my opinion, sir, want to live with respect and integrity and if they can, I believe they do and they will. I think we should show a bit of respect to our community in that regard. There will always be a few, sir, of course, but they are definitely a minority and not the majority.

So I have often said, and I will say it again, that these social buffers should be buffers to help support our community when they need them. And how we fund it, I am not comfortable certainly not with Proposition 16, I am struggling with 15 and I am struggling with 17, but that is probably not surprising really because I think quite a few Members are.

So unless I get the assurances that I need then I do not know if I can support them. Now, I look to Deputy Le Clerc because she may be able to persuade me, but my particular concern, the one I feel most strongly opposed is Proposition 16 for the reasons that I have alluded to.

So with that, sir, I do hope we can move to summing up, but I just say that because I have spoken now.

Thank you, sir.

The Bailiff: Deputy Dorey.

Deputy Dorey: Thank you, Mr Bailiff.

I would just like to read from February 2001 Billet and this was the Billet which proposed the Long-Term Care Fund. It says:

The Authority believes there is an implicit commitment with the introduction of the insurance scheme that people should not be forced to sell the family home to pay for longterm residential or nursing care. It therefore proposes that the Supplementary Benefit legislation should be amended to allow the value of the former residence to be ignored when completing the means tested assessment for assistance towards the standard co-payment.

People perhaps were not around at that time, this was a really controversial subject at the time and there had been a number of proposals, and it was just – for the reasons that people have said today about selling family homes, because that was what was happening, people were being forced to sell homes to finance their care and there was a requête I think from Deputy Waters which was the Conseiller, perhaps Waters, (*Interjection*) which started off this process, because it was considered unacceptable.

I feel that these proposals are taking a step back on one of the key foundation stones which this Scheme was based on and I just do not think they are acceptable. People have been paying into the Fund since it started on the basis of those commitments that were in that original report, and I just cannot support anything which goes back on those original principles.

We have had perhaps not a lot of public engagement in this issue, but I believe that if proposals come back we will get significant public engagement and it will fall down. I just do not think it is worth investigating and therefore that is why I cannot support those Propositions in relation to that.

The other interesting thing, and Deputy Brehaut referred to it, is that the whole Scheme has changed very much since it was introduced. When it was introduced the Board of Health, as it then, was had 57 residential care beds, the States' Housing Authority had 111 and the private sector had 306. In nursing care beds – and he has mentioned King Edward, the Duchess of Kent and Castel Hospital, some were residential some were nursing – the Board of Health had 158 beds and the private sector had 121.

Deputy Roffey is not here, but I apologise, I shook my head when he mentioned about a grant that was incorrect, there was a grant also which went into financing the Long-Term Care Fund. The grant was removed after Zero-10.

So effectively the States has withdrawn a significant amount of money which was going to the Long-Term Care Fund by financing these beds, by putting a grant in; and now surprise, surprise the rates have got to increase. It is to me unfortunate that they have got to increase, but I still stick by the original principles that it was built on.

I just do not think it is even worth investigating it. I think Deputy Roffey said it is worthy of consideration. I just say no, it is not.

Deputy Langlois spoke about the commissioning model and I think Appendix 10 refers to it in some detail. Because essentially the problem has been the top-up payments which people have got to make into the Fund, and others have referred to that. I completely agree. I think we have to look at doing something different and I think the commissioning model, as he outlined and is in Appendix 10, is a way forward because the basic principles which it was built on, that basic principle was not based on top-up payments. Now we are facing that and I think we have to try and do something about it and stop top-up payments.

It is interesting about the rate because on page 32 and 33 we have some details and it says it has been referred to by others, and for residential homes it says:

Profits appear low.

But for nursing homes, it says:

Profits in nursing homes and mixed nursing and residential homes appear reasonable or high. They vary considerably between homes, but on average are in the top half of the range anticipated by the benchmark.

So currently in fact there is good profit to be made in nursing homes or mixed ones, but not in residential homes. Obviously part of that is via top-up payments. I do not quite understand, based on those numbers, why we have such an increase in rates as proposed in Proposition 7 for the nursing care, but perhaps Deputy Le Clerc can answer that point of why, if they are being so profitable, is it for nursing homes that we need to make such a big increase in the grant for people to that particular type of home?

The other point I would like to talk about is, I am concerned about Proposition 11 which is to do with care provided at home. Currently obviously that is provided by HSC and financed from General Revenue. Now, if that is moved over into the Long-Term Care Fund – and I can understand the logic of that – unless the money moves with it, it is just going to mean that rates have to increase more. And in Proposition 12 we are told that a further 0.4% would need to be added to cope with care at home unless that money comes over.

I cannot vote for 11 if there is no commitment if that money, which currently funds care at home from General Revenue, moves into the Long-Term Care Fund. Now, that goes against the principle which has been tried to establish at that last review, that there are no grants going into the Fund and they are self-financing, but to move a service which is currently supplied by General Revenue to be then financed from the Fund and not to take the money, is a very easy way of saving expenditure. But for the community it just moves the cost on to contributions as opposed to from General Revenue.

Finally, when looking at extra care a number of us who were Ministers at that time went over to the UK, and we particularly went to Bristol and looked at various schemes they had over there,

3385 various extra care housing they had there. I have never forgotten what the financial director – and I apologise if people have heard me say this before, but he said extra care housing was a Rolls Royce of care. He said it is so expensive when you take the cost of it to Finance, and he said that this particular charity in Bristol was involved in every type of care from nursing, residential, extra care and just normal accommodation.

3390 But he said that the way forward in his view, and they have done a number of projects, this particular charity, which work was to try and build housing specifically for older people and they were designed for older people. And by doing that, rather than trying to live in their existing houses where they had to make compromises, they did not have to make compromises because everything was designed specifically for them. It enabled them to stay in accommodation where they lived without care for a lot longer. He also said that they had to try and build a community; they had
3395 some community rooms in there and they were run by the residents. Yes, there were care workers that sometimes were called in during the day but he said by designing housing specifically for older people you can put off the time that they need to move into residential care, because often they are struggling in their existing housing. But it is to do it at a cheaper price.

3400 So, other than that, I cannot vote for 11. I cannot vote for 15, 16, 17 and 18. I can vote for 18a but I cannot vote for 18b because the whole point of 18a is:

... to direct the Policy & Resources Committee, as part of the Review of Taxation ...

Then 18b is, if the review does not identify measures we then move to an alternative of increasing contributions. I do not want to make that decision now, I want to see the outcome of that review before I make the decision of what we would do if the review of taxation does not come up with a source of financing.

3405 So I encourage Members to vote for 18a, so that we do the review but do not vote for 18b because in some ways you are predetermining the outcome, because you are saying if it does not come up with a suitable source of funding then we move to an alternative. I would rather make that decision when we know the outcome of that report.

Thank you.

3410 **The Bailiff:** Deputy de Lisle.

3415 **Deputy de Lisle:** Sir, I share the concerns of Deputy Dorey actually, and to be quite honest the report is quite clear with regard to the fact that it has been a fundamental part of the Scheme since its design and implementation, that the capital value of the property which a person vacates immediately prior to moving to a care home is ignored, where that person claims assistance from income support to assist with the co-payment. So that is written in the document in 5.15 and 5.16, I should say.

3420 The problem I think is with the philosophy, really, that is embedded in what the Committee has written in many parts; for example; in 5.18 they say:

The Committee takes the view that this level of protection of the former home is no longer justifiable.

You see that gets at the dilemma and the argument between Deputies Fallaize and Queripel whereby you would swear that different people have written different sections of this report. Because further on there from 5.18 in 5.19 it states:

The Committee recommends, in principle, changing the income support rules so that, for those in receipt of Long-term Care benefit, the value of their residence in excess of £350,000 is included in their assessment for income support to meet the cost of their co-payment.'

3425 So that is the philosophy of the Committee which is basically along those lines, which people like myself and others who consider peoples' property as sacrosanct cannot in any way sit down and take.

I think it is quite serious to be actually writing that type of thing when in fact people have been paying in for years on the basis that they understood the fundamental principles of the Scheme. It is a lie, it is wrong, and I think that that should not go into any further report that the Committee puts forward. I think it should be enough for them to take from this Committee and from the Members that have spoken that that is not appropriate in this day and age.

So in terms of Propositions 15, 16 and 17, I wholeheartedly agree that I put to Members that they do not support those Propositions.

With respect to providing residential care at home I think that is something that certainly should be considered further and it has my blessing. But as I say a lot of it is a matter of philosophy, and philosophy in terms of property and property ownership that Guernsey has prided itself in in the past that one's property is one's property, and basically the States should keep their hands off, essentially.

What with TRP going up, and up, and up – *(Interjections)* Yes, thank you Members. *(Laughter)* Thank you for agreeing with me on that one. *(Interjection)* What, with that going up and up, the States are not satisfied they want to now take the property from us.

Thank you, sir.

A Member: Hear, hear.

The Bailiff: Deputy Gollop.

Deputy Gollop: Thank you very much.

Earlier we had a debate on the emergencies and it is interesting how definitions used in one context are not necessarily used in another context. I do not want to bore H.M. Comptroller and so on, but an example would be if you look at the Covid Emergency Regulations you will see you are not allowed to use public transport on arrival here, but you could use a taxi. Now we know what they mean, they mean a bus, but the taxi service historically has been counted as public transport from a point of view of Guernsey Legislation.

I use that example because I think one word that I often use in exactly – and I think it is used very strangely throughout society, it is not just a Guernsey issue, it is a public policy issue, it is an academic issue, it is a medical issue – is the word 'care'. Care means so many different things to different people. Do you care about something, a carer? A carer could be a professional person, it could be a regulated person, it could be a loved one. Extra care is different from what we are talking about here, although Deputy Dorey referred to it. It is a huge range of topics.

I am actually going to ask States' Members to in a sense follow my lead and vote for all of these Propositions even though I am not a massive fan of all of them, but we have been working on them collectively for not just four and a quarter years as a Committee, with changes in membership here and there, but the SLAWS has been an epic project and went back to the time when I was on the old Housing Board. I remember being on the Housing Board going round extra care, I did not think I would live in Rosaire Court but ... these things have like a 15-year gestation.

Funnily enough Deputy Dorey, who of course was Deputy Minister of Housing and later Minister for Social Security, maybe remembers in the early days of Supported Living and Ageing Well prior to many Members being here, the focus was more on designing the future for ageing population in terms of planning matters, in terms of covenants, in terms of architecture, in terms of neighbourhoods maybe that were suitable for lifetime homes and older communities. We have lost a bit of that because somehow or other we have become, dare I say it, more money conscious, and we have also become a little bit more crisis conscious. And, goodness me, this has been a year of crisis in the care sector and in various others.

I accept Deputy Merrett's philosophical position. In fact I have even said it myself on occasion in the Committee that I have regretted that we have to look for profits in the homes. But in reality we do, and other Members who have visited us, not necessarily from the Committee, have reminded

us that it is extremely difficult to envisage in recent times entrepreneurs investing in the care home sector. It is actually not as profitable as people think it is.

3480 I recall recently when I was President of the DPA, Deputy Tindall will remember that, and Deputy Lester Queripel too, I am sure. We had an application from a planning home that was not uncontroversial for an extension, and that extension is going ahead, but several years late, because it initially was not perhaps as easy to fund as it could have been; and we have seen homes closing.

3485 Deputy Ferbrache alluded to some home that perhaps uses a public space that the public sector own, that the States own, and rents have gone up. Well, I would accept that but of course for a while the trading boards had control of rents. They have now gone back to our hub and centre. But the problem is we give instructions to sweat the assets when it comes to managing our property portfolio, and of course that does not necessarily chime with the wider care issues; and of course it is precisely the care homes that have been managed by people who are really concerned about
3490 raising standards, raising activities, raising regulation, maybe the raising the shift system and the number of carers on board, that have the greater financial challenges, arguably, because they have had to up their fees because of the cost base.

I think the point has already been made this afternoon that care homes are getting more expensive and they all are charging top-up fees now is a real point. We have to consider where we
3495 are going with this.

Deputy Dorey's point is clear. Twenty years ago we had a structure of, I do not know, La Longue Rue and Maison Maritaine and the Duchess of Kent and a State-based more institutional, more conventional old peoples' home. We have moved away from that, the State has pulled out in some cases of direct provision. So what are we are going to do if there is not a thriving tertiary and private
3500 sector ready to invest in Guernsey?

One real issue that motivates SLAWS, and why reluctantly I support the package actually, is the capacity issue. It is not just about the funding dilemma, it is about providing resilience to the sector.

Of course I have actually been in the camp, as I said earlier today, of saying why do we not just raise the rates? But even if that was a popular or populist view amongst Deputies, particularly those
3505 concerned with the home ownership issue, I have heard like other Members there have been whispers of senior figures wanting to reduce social insurance rates in the present context, but clearly we cannot have the penny and the bun as Deputy Le Clerc reminded us earlier.

When one looks at the Propositions there was talk initially – we were advised actually by people who knew what they were talking about – that the co-payment really should go up from £209.37 to
3510 closer to £300. We thought that was politically unacceptable and we also thought people would struggle on that financially, but the irony of it is that Guernsey was in the vanguard of this kind of scheme – it has been talked about in Scotland, it has been talked about in England, and of course Jersey have had the advantage of installing perhaps more robust and more capped system, but a much later point. It is always easier to give people something when you have not given them it
3515 already and we have really had to cross that red line.

I had an enquiry, I have still got to reply to the constituent fully, about when we started this situation of moving beyond the strict employment-based insurance system to include the global income of people – we do that for older people aged over 65 in certain contexts, but that actually even predates this Scheme to 1994.

3520 I was reading only this afternoon about new political groupings and they say maybe it will bring back Guernsey's great consensus. Well, okay, but I was here 20 years ago like Deputy Roffey and Deputy Trott, and I recall the leading figures, the great leaders of that era were certain figures on *Advisor & Finance* and they argued passionately against this Scheme (**A Member:** Hear, hear.) because they said we would not be able to afford it. To a certain extent they have been proved
3525 right.

Of course it was easy to afford in the early years, but the demographics are going against us. I would argue that we are seeing a structural increase in the cost of regulation, a structural increase in the cost of care, and if one issue has come out of the coronavirus era and tragedies for some, actually it has been that maybe we have needed a bigger investment in terms of training and

resources and regulation in the care sector. In fact I would say it is more than maybe, it is inevitable that will follow across Europe as a whole and we cannot be left out of that.

The difficulty I have is that we have had certain Members saying that Members of Social Security have been almost wanting to say we will tax your homes and take them off you. Actually, nothing has been further from the truth, and I have been probably more on the populist side of the ring than some of the other Members who have argued very much on principles, on focusing more on States beds and contracts of purpose with the home sector.

But I would put it this way: we have two issues that we cannot run away from and these might even appeal to Deputy Inder and Deputy Ferbrache and other Members, Deputy Prow too. One is kind of generational inequality because the hard-working people who are perhaps 50-something, 60-something or 70-something, have had the bonus of Guernsey's boom years and a structural rise in the nature of residential property, that is less true for people who are now in their teens, 20's, 30's and 40's. It is that generation who, if we just belt up the self-employed, the employed and the employees' rates, will suffer. They will get less pay in their packets and make business less competitive. That is a given.

Another issue that comes out of that is we know why we accepted the idea that the home was sacrosanct, and it goes back predating 2001. It was based in a way on the sentimental almost, not American dream, Guernsey dream of the farmhouse in the west surrounded by cows and sheep, and beautiful pasture land that you would keep in generations forever. *(Interjection)* Yes, and Deputy de Lisle is working hard for those people, and rightly so, but it is not true of everybody in Guernsey, if there are people who have many children or have complicated estates that have to be divided. In some respects I cannot see the difference between somebody who has got a reasonable, but not an extravagant house, that say is worth £550,000, or somebody who does not own a property but has £550,000 equivalents in shares, antiques, real estate, fields, or cash in the bank.

We have really strict standards – too strict in my view – about what medical expenses you are eligible for, or whether you are eligible for income support with money in the bank; but you can own a property, maybe several properties, and come within the category, and those are the problems. So we have got stress on business, generational inequality and the fact that cash and property are treated differently. They are all issues that we have to be mindful of, plus the need to have more care in the community, care in the home.

This debate is inevitable anyway, even if we had been the most right leaning and traditional Social Security Committee in the history of the States we could not have got around the problem that homes which were not charging high top-up fees, with the exception of one or two, who are offering arguably a silver standard, are charging those top-up fees now.

So we are faced, as Deputy Fallaize said, with lots of 'ors'. We have to do something. Yes, I think this is an Election issue, I think it is a community issue and I do not think this is the last word on it. I think whatever we decide to go away and continue today that we will need to work on it. Maybe £350,000 was not the right figure, we argued for different figures, could be higher, could be lower, I accept the point perfectly that if a couple own a property and one of them moves into residential or nursing care and the other party stays in their home, we need to consider that perhaps at half rates in a very different way.

I am not 100% drawn to the £35,000 of costs, I think there might be better solutions there, a different mix and match. But this has to be considered very much as part of the review of taxation as well. We cannot run away from those questions. We have to agree that such a scheme should be fair and equitable and include protections for everybody across the community, because we actually need to pull out of this an even better care sector, a very well regulated care sector, a care sector with the resilience to deal with increasing demands, to futureproof not just for those higher standards but to provide more of a range of facilities from extra care to care in the community, a way of financing and improving, because Age Concern – I remember the late Deputy Kuttelwascher calling for more care in the community 10 years ago, and we have gone so slowly with SLAWS, we almost gave up entirely a year or two ago, but we put our hands to the wheel and continued. It is not easy to find consensus in the community, but maybe the last year has seen people begin to

realise that they cannot have everything they want, whether they are a bit sort of States'-centric or more inheritance-centric. We have to find a consensus to actually work on this and move this forward.

3585 So I urge the States to support all the Propositions.

The Bailiff: Deputy Oliver.

Deputy Oliver: Thank you, sir.

3590 Everyone will be very pleased to know that my speech has been cut drastically because a lot of people have said what I wanted to say. But I just will touch on something, and I think Deputy Gollop touched on it slightly, that the Committee did not quite know where or what level to pitch at the £350,000.

Now, £350,000 for a property in Guernsey is just *nothing*. Looking at some local websites there are two properties under £350,000 on one site, and there are a few more on another, but they are all one-bedroom apartments, none of them are houses. Now, for an average middle-of-the-run with finance, the middle class and especially the lower-middle class will *really* be affected by this and I just do not think that this is, as John said, fair and equitable.

I understand something does need to be done, I get that, I am not naïve enough that we can just carry on as we are going, but I just think this is the wrong way to look at it. My husband is in finance and he was looking at the Fund I know he has really done a lot of information about this, and he just said 'It is performing really, really badly'. And I just think that we can do so many smaller things to say, okay, what do we actually need after we have done all these smaller things, and then go from there. But just to say let's just do anyone above £350,000, we will look at to say they will have to pay, I just think is wrong. It is really sad that it has come to this, but it is still just wrong for those people. So I just cannot vote for it.

Thank you.

The Bailiff: Deputy Trott.

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Deputy Trott: Sir, I rise briefly, and firstly I do need to thank, as others have, the ESS Committee for bringing forward these proposals. The President and others have said they want some guidance. I do not think the Committee needs that from me, they are well aware of my views, they have been consistent. They have been consistent, oddly enough, since the St Sampson's hustings meeting four or more years ago now when this question came up, and I made clear that I would be adhering to the principles of when the Scheme was first introduced, and that was that we as a States made a contract in my view with our community.

We said if you pay into this Scheme you will be provided with long-term care. We did say that the rates may need to change but we did absolutely make clear that their property would not be touched. And that is a fundamental principle which I am eager to adhere to, much in the same way as Deputy Dorey.

Others have said, including the President of ESS, in a conversation with me earlier, 'Well, it is what they do in Jersey and it is what they do in the UK'. But as others have said, it is because their scheme came in after, and that was the original bargain with their community. We had a different arrangement and that arrangement should as I say be maintained, in my view. So I will not be supporting, I think it is Propositions 15, 16 and 17.

Sir, Deputy Ferbrache asked whether it was affection or envy for his success in life. It is certainly not envy, I am very grateful and appreciative to people who develop vast wealth like him, it is a good thing, sir, it is going to help repair the economy. But I do have some affection for Deputy Ferbrache, it is almost a sort off fraternal affection, like siblings. (*Interjection*) I mean, not a favoured brother, let's be honest not a favoured brother but more of a backstairs sort of chap – to quote the line exactly from *Black Adder*. (*Interjection*) Exactly, well done. I was also a little depressed to hear

of the Ferbrache family's fertility rates back in the day. My great grandmother was one of 18. (*Interjection*) But there you are, virility runs through the generations, as they say. (*Laughter*)

3635 He did make a valid point, sir, about inheritance, and I too have not inherited anything – yet. Because I am one day to be the proud recipient of my grandfather's significant collection of World War II medals and I hope that day does not come anytime soon because, as with all inheritances, it means because the generation above you has passed on, but when that day comes I shall be the custodian of those hard-fought medals, until such time as it is my turn to pass them on.

3640 The issue about behaviours though I think is valid, any of us who have worked in financial services in particular know that it is quite easy to shelter ones' assets; not to avoid tax or anything of that nature, but to carry out certain estate planning measures which insulate you from future events. It would be simplicity itself to design a scheme that would deal with this matter and I suspect it would be an extremely popular vehicle, sir.

3645 It is wrong for us to renege on our contract with the people of Guernsey but in doing so let me make clear, and I look to my good friend Deputy Le Clerc when I say this, I understand the consequences of my decision and taxes, in this case social security contributions will need to rise as a consequence. I mean, even if the social security funds had undergone *stellar* investment performance, even under that scenario it is likely that rates would need to go up.

3650 So I understand the consequences of my actions, but I will not be supporting at any time now or in the future, if I am to remain active in this Assembly, and therefore it would be disingenuous of me to support Propositions that would simply come back to this Assembly and not gather – well, not *retain* my support, they do not have my support now – they would not be able to obtain my support.

3655 So I hope that Deputy Le Clerc, through you, sir, understand the sentiments and sincerity in which that speech has been delivered.

The Bailiff: Deputy Lowe.

3660 **Deputy Lowe:** Thank you, sir.

It was mentioned before by Deputy Dorey about how controversial it was when the Long-Term Scheme actually was put in place, and really I do not think there has been enough consultation with this one. It has always been a bit buried. That is not a fault of yourself, Deputy le Clerc, I think there has been so much going on with Covid these sorts of things have actually got buried to a certain extent.

3665 But it was massively controversial because people were manipulating that they could actually hide their property by handing it down to the children or putting it in a limited company, and I think it is sheer naivety to even think that this scheme that is being proposed here would be okay and it would not happen. Of course it would happen, it will go absolutely full circle to where we were before this Scheme was put in place.

3670 I urge Members to actually reject the numbers 15, 16 and 17 in here. I have marked very similar to Deputy Dorey. I would vote for 18a but not 18b, and I would also vote against No. 11.

Things have changed even since we have had the Scheme in place, with all the different homes which were mentioned by Deputy Gollop, and we built Maison ... No, what is it called? Nouvelle Maritaine, and the one up at St Martin's has changed, but equally we must not forget that actually one of the homes that closed recently was because there were not enough rooms that were occupied. At the time the people I spoke to, when I was visiting there three or four times a week, were blaming the Partnership of Purpose because they were now taking care into the home, so therefore people were not necessarily going in to residential care.

3680 So again it is all a bit piecemeal of who is going to say what is happening, where and when, with this. Of course we are going to have – We have got the demographic growth, I mean, that was being flagged up back in the year 2000, so 20 years ago and that has not gone away. But certainly for a scheme for the long-term care I agree with others that we should quickly reject 15, 16 and 17.

Thank you, sir.

3685 **The Bailiff:** Deputy Soulsby.

Deputy Soulsby: Thank you.

I would just respond to Deputy Lowe there. I think a care home closing because there were not enough people for beds, I really doubt that is the reason why any care home would close at the moment. Yes, we have and I will speak a bit further on –

I will not give way, sorry, Deputy Lowe.

Deputy Lowe: Well, it is a point of correction, sir. It was not closing because –

3695 **The Bailiff:** Deputy Lowe, point of correction.

Deputy Lowe: Sorry, sir, I forgot to ask you to let me speak first.

I did not say it was closing because they did not have enough beds, it was one of the reasons.

3700 **The Bailiff:** Deputy Soulsby to continue.

Deputy Soulsby: Well, again, that would only be a temporary issue, it fluctuates a lot, at different moments in time there will be more demand than others. But, yes, and I will just speak a bit in a moment about how we really have expanded community care. It has been one of the successes we have had, but as is very clear from this whole document, the demand is going to go through the roof. You just have to look at the curve, that is not a straight-line curve to the future of demand, it is going up at a considerable rate. So I do not think from a long-term perspective that is going to be an issue. It is finding enough beds across the whole sector that is going to be the real problem, as has been made very clear.

3710 I have had a lot of people, what they do not want in this debate today, little in the way of solutions, and give him his due, Deputy Ferbrache tried, and he made a good point in terms of taking risks with our investments, and he may be right, but I refer him to paragraph 15.5 on ... I think it is page 80 actually. Yes, page 80, where it states that:

It is evident that improving the investment performance is not a panacea, but could contribute to the eventual solution.

3715 So, yes, there might be an aspect of that and I think it may well be true, but we need to think, this is far more complex than that.

The challenges of the Long-Term Care Scheme are well known and the complexity of reaching a fair and sustainable solution should not be underestimated. If it was easy it would have been done already, wouldn't it? Really, people are kidding themselves if they think we have a simple solution. The trouble is it is not easy, but it needs to be done. So we can prevaricate as much as we like but it does not stop us ... What we need to do is come up with a solution.

There have been quite a few speeches really calling for the proverbial can to be kicked down the road, but we are in danger of running out of road and then what do we do?

3725 This policy letter is just the start of getting things done, a further programme of work will need to be undertaken both by future HSC and ESS in order to give effect to many of the decisions hopefully that are made today.

3730 As I said, person-centred care, closer to home is key to the Partnership of Purpose and this has always been identified as a key overlap between the Partnership of Purpose and the Supported Living and Ageing Well Strategy. By making sure that funding for long-term care is put on a sustainable footing and ensuring that financial support is available for people to receive care in their own home on similar terms to the support that is available for people who move into a residential or nursing home, we can provide people with more flexibility to choose home-based care rather than institutional care, or to do so for longer than they otherwise would have done. We forget this, and we are talking about funding and where it comes from, but the solutions and what is being put in place here will enable people to access care that they cannot access at all at the moment.

3735 So in respect of the steps taken through primary and community care to provide services which support Islanders in managing their own health at home, mitigating pressures both on hospital service and the care home sector, for many of us ill-health will characterise several years at the end of our lives, if not more, and we owe it to each other to provide the kind of care we would want to receive. As noted in the policy letter the statistical information shows that while life expectancy is increasing, the amount of time spent in poor health and needing care has also increased.

3740 The modelling shows a significant increase of beds which will be needed over the coming decades in response to the ageing demographic, and this is a challenge being felt acutely across the health and care sector. The increasing demand needs to be met in a model which is financially sustainable and where the costs of care are transparent and fairly met by both the Long-Term Care Fund and the individuals themselves.

3745 HSC welcomes the immediate steps being recommended by ESS to increase the income of the care homes to improve the viability and confidence of the sector, where residential and nursing homes along with community care delivered directly in the home fulfil vital and complementary roles locally. Recent experiences through Covid-19 have shown the difficulty and importance of these roles and the dedication and professionalism of the staff in the sector. We need these sectors to be accessible to Islanders in a way which is sustainable and based on identified needs and enables Islanders to exercise personal choice. It is inevitable that the demand for community care will continue to increase responding to the same demographic change affecting care home demand, and there should be a common assessment process and funding mechanism for accessing care.

3750 Much has been done to expand community services, including increased capacity and the development of a reablement service to work alongside the rapid response service but, as noted in the policy letter, there remains some largely unquantifiable amount of unmet need within the community, and it is important that investment continues to be made into these key services.

3755 Sustainability of the private care market is key as there is no alternative States' service, as has been mentioned in this debate, to accommodate additional demand. In circumstances where care homes have ceased to operate in recent years not only has it caused considerable distress to those Islanders affected, it has placed considerable pressures on States of Guernsey staff seeking to support the relocation of residents.

3760 Through the Partnership of Purpose, HSC has made clear that more broadly a joined-up approach is needed across public, private and third sector organisations. There should be no concerns that care homes operate as private businesses and it is in the health care system's best interest for the sector to be operating in a way which allows a profit sufficient for further investment and sector confidence, and which enables effective consumer choice to be exercised in respect of the accommodation and daily living costs proportion of costs.

3765 HSC therefore fully welcomes the opportunity to work with ESS towards establishing contractual arrangements with some or all care home providers in order to provide certainty of income for the care home and certainty on the number of beds available at States' rates. Not only will this assist in terms of ensuring homes are working towards set, standard criteria designed to enhance the care and services that Islanders receive, and better support future-demand modelling, it links directly with HSC's plans for bringing together providers to exercise shared leadership and demonstrate shared ownership and responsibility.

3770 Now, recognising that those with the most complex care needs are likely to remain in publicly provided facilities, typically the Lighthouse Wards, we really welcome the opportunity to work with ESS to develop proposals for an exceptional or complex need rate to assist in the placement of individuals whose needs exceed that which would be covered by the standard provision, but whose needs may be effectively met in the private sector. Some of the times we have met with the care homes and it is clear that there are increasing more complex cases, people are living longer and we are keeping them alive, we are giving them the drugs and treatments they need and they are staying alive, but that means that their needs are more and more complex. It was clearly a plea from the care homes that they needed that support, and we totally understand that request.

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As noted in the policy letter, work is ongoing with HSC to develop comprehensive but proportionate regulation for health and care services within the Bailiwick following States' approval of the future regulatory model. Progress has slowed in 2020, I think I mentioned that in an earlier statement, due to the recognised budgetary pressures staff changes and the pressures of Covid-19, but HSC remains committed to providing assurances to Islanders that services and premises they are using are safe, and the people providing them are qualified to do so. Enabling legislation has been drafted and consideration is ongoing in respect of how practically proposals can be introduced.

It is likely that care homes and community care will be considered in an early stage of the proposed incremental roll out, and is likely to support self-assessment among providers backed up by external oversight as needed and reflecting on any lessons locally and nationally coming from Covid-19.

So after all that, sir, I have to say personally I do have reservations about these proposals, as I am sure everybody in this room does, and I hear what people like Deputy Ferbrache and Deputy Trott say losing the family home being used and equity release schemes, but I am also concerned about intergenerational fairness. I have heard little about that in this debate, (**A Member:** Hear, hear.) a few did, but very little, a lot of it has been mostly about the family home and inheritance. But I am really bothered about the future of my children and the amount of money that they are going to have to pay out, because we have got a completely underfunded Long-Term Care Scheme and at the rate this is going, it is going to run out before too long. That bothers me as well.

So I think, for me, it is intergenerational fairness that swings it and I think that is why I *am* happy to support the recommendations from ESS.

This is the start of something which, since SLAWS, this is what we have had after four years. Are we going to be in the same place in another four years saying 'Oh I do not want to do this with the home; and I think we should we put up contribution rates'. We have got to get this done, we cannot afford to prevaricate any longer and I think this policy letter is the start of being able to inch our way towards a solution. So I will support the proposals that ESS have put forward.

The Bailiff: Deputy Meerveld.

Deputy Meerveld: Thank you, sir.
I would like to invoke Rule 26(1).

The Bailiff: Can I therefore invite those Members who wish to speak in debate, who have not yet spoken in this debate, to stand in their places.

Is it still your wish, Deputy Meerveld, to invoke Rule 26(1)? I would not be turning to the President to sum-up on the debate and reply to it today anyway.

Deputy Meerveld: No, sir, with only one speaker I think we should let the debate finish.

The Bailiff: Deputy de Sausmarez.

Deputy de Sausmarez: Thank you, sir. I promise Deputy Meerveld I will be brief.

I just wanted to add a little bit more detail and pick up really where Dr – where *Deputy Soulsby* left off. (*Laughter*) I have just given her an entirely new profession there!

So I do not mean there is anyone who denies that we have got a structural, systemic problem here but the solutions, if I am right, that have been suggested in debate so far have really boiled to two things: one is make better returns on our investments – which is easier said than done, perhaps it is not something that I would like to model things on with any degree of certainty, although I think it is a very worthwhile aspiration; and make savings which again I do not think, as Deputy Fallaize rightly articulated, it just does not go anywhere near addressing the level of shortfall. So I do not think that either of those are adequate solutions that have been put forward.

I too was going to mention intergenerational fairness because I think it is important to understand that if we are not prepared to contemplate some of the solutions that are proposed by the Committee, then the alternative does fall disproportionately on the younger generation.

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Paragraph 5.30 does say:

To resolve the financial challenge solely by increasing contributions ...

Which of course is the alternative route, the most obvious alternative route:

...places the most significant lifetime cost burden on the youngest in our community and is particularly disadvantageous to those who may not benefit from inheriting wealth from older relatives. It also raises the overall level of taxation in Guernsey.

This was a quick point I wanted to make because I think many of the people who have raised concerns about the proposals about potentially including property as part of their assets, etc., and to contribute towards additional costs would also find the idea of overall taxation in Guernsey rising unpalatable, and I think it is something I can see that either way it is going to be very unpalatable.

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But just to put a little but more detail on this issue of intergenerational fairness, paragraph 5.35 goes on to say:

Considered across the course of a lifetime the difference is even greater. Someone aged 20 in 2020 with an income at median earnings might be expected to pay between £30,000 and £35,000 towards Long-term Care over the course of their lifetime at the current rates. If contribution rates are increased by 1.3% they might expect to pay a further £25,000.

– so that would take it up to £60,000:

The life time contribution of someone with a similar lifetime income aged 65 in 2020 would be approximately £13,000 at the current rates and they would pay an additional £2,500 if the rates were increased by 1.3%.

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I think that really does bring the point that Deputy Soulsby was making home, and these are the realities. It is a very uncomfortable choice but my preference would be to keep as many doors open as we can and investigate all options.

Thank you.

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The Bailiff: Well, Members of the States, it is just past 5.30 p.m. so we will now adjourn to 9.30 a.m. in the morning.

The Assembly adjourned at 5.31 p.m.