

STATES ADVISORY AND FINANCE COMMITTEE

2002 POLICY AND RESOURCE PLANNING REPORT

(Incorporating the Draft Strategic and Corporate Plan)



TO THE MEMBERS OF THE STATES OF THE ISLAND OF GUERNSEY

I have the honour to inform you that a Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE**, on **WEDNESDAY**, the **10th JULY, 2002**, at 9.30 a.m.

ADVISORY AND FINANCE COMMITTEE

2002 POLICY AND RESOURCE PLANNING REPORT

The President
States of Guernsey
Royal Court House
St Peter Port
Guernsey
GY1 2PB

5 June 2002

Dear Sir,

I enclose a copy of the 2002 Policy and Resource Planning Report.

I request that you will be good enough to lay this Report before the States at a special States Meeting to be held on 10 July 2002, together with appropriate propositions.

Yours faithfully,

L.C. MORGAN

President
States Advisory and Finance Committee

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“2002 Sustainable Guernsey – monitoring Social, Economic & Environmental Trends” and ***“The Work of States Committees”***
form supplements to the Policy and Resource Planning Report.

Section 1 INTRODUCTION

1.1 THE PURPOSE OF THE POLICY AND RESOURCE PLANNING REPORT

1.1.1 The objectives of the Policy and Resource Planning process are as follows:

- To define and secure commitment to a set of common Strategic objectives for the States of Guernsey.
- To define and secure commitment to a set of common Corporate policies for the achievement of those objectives.
- To facilitate the most appropriate allocation and management of the resources available to implement those policies.

1.2 AN EVOLVING APPROACH TO POLICY AND RESOURCE PLANNING

1.2.1 Last year, the Advisory and Finance Committee substantially revised the form and content of the Policy and Resource Planning Report to make it more readable and to develop clearer linkages between policies and the allocation of resources to carry them out.

1.2.2 As part of this approach, the Report was divided into **Part 1**, dealing with Policy Matters (including specific projects and policy initiatives) and **Part 2** comprising the Resource Plans for Public Money, Human Resources, Information and Communications Technology and the use of Land. This format has been retained with some additions and modifications.

1.2.3 It was recognised that the 2001 Report was only a transitional document; a first step towards a more integrated way of working to achieve government objectives.

1.2.4 The Report identified a series of broad themes to be developed over future years:

- Presenting the States and the wider public with the '**Big Picture**', **strategic context** for making decisions.
- Developing a **positive corporate agenda** to deal with issues of acknowledged importance to the community.
- Establishing **strategic priorities** and directing resources to deal with them.
- Obtaining **best value** in the use of public resources of all kinds.
- Establishing and monitoring **indicators of our sustainability** as a community in social, economic and environmental terms.
- Monitoring the **effectiveness** of policies in achieving results so that government can review its decisions and change course if necessary.

Each of these themes is taken forward in this year's Report:

- Prioritisation – see particularly Section 2.7 as a whole.
- Value in the use of public resources – see particularly Sections 2.7.29 and 2.7.30.
- Indicators of sustainability and the development of systems to monitor and review policies are addressed in the new annual report entitled “2002 Sustainable Guernsey – monitoring Social, Economic and Environmental Trends”. This document replaces the former Economic and Statistics Review and is referred to elsewhere in this document as the ‘Monitoring Report’.

1.2.5 In addition to progressing the key themes, the 2001 Report stated that the following additional topics would be included in future as part of the policy planning process:

- **New Legislation**

In previous Policy and Resource Planning Reports, there has been no reference to legislation which the States have agreed should be enacted and which is in the course of preparation.

This was highlighted last year as something that could usefully form part of the Policy and Resource Planning Report particularly bearing in mind that policymaking frequently requires the introduction of new legislation.

With the agreement of the Law Officers a list of pending legislation, (as at 1st May 2002), is enclosed for noting with this Report as Appendix I.

The list has been split into broad categories according to the importance and urgency which the Law Officers and the Committee perceive as attaching to each item. Category A items are top priority, Category B items high priority and Category C items are normal priority.

The Law Officers have pointed out minor items with lower priority may sometimes appear to ‘jump the queue’ simply because they can be prepared very easily and quickly. Similarly, an item with top or high priority may take longer to prepare than expected if a draft is referred back to a committee for some reason or if the Law Officers encounter delay in receiving instructions.

In short, because of the varying length and complexity of different items of legislation, the order in which they are presented to the States for approval will not necessarily be in strict accordance with specified priorities.

- **The Work of States Committees**

As promised last year, the Committee has produced a separate supplement to this year's Policy and Resource Planning Report which describes the work being done by States committees.

At a time when structural reform of the present committee system is imminent, this document explains the way in which government business is currently carried out and provides a point of reference in the process of change arising from the Review of the Machinery of Government.

- 1.2.6 Throughout this Report, efforts have been made to follow through on the topics raised last year. There has been justifiable criticism in the past about the lack of coherence between annual reports and the Committee wishes to enhance the reputation and value of the policy planning process by demonstrating continuity.
- 1.2.7 Apart from explaining how the underlying themes detailed in 1.2.4 have been developed this year, this Report also provides an update on the many projects and initiatives described in the 2001 Report.

PART 1

Section 2 POLICY

2.1 SETTING THE SCENE: EXTERNAL AFFAIRS, COMMUNITY ISSUES AND THE MACHINERY OF GOVERNMENT

- 2.1.1 This Section describes the aspects of external affairs which are of particular significance to the economic and political context within which government is operating and making decisions. For more general information about the Island's economic position please refer to the Monitoring Report where a proposed new system of collating and disseminating information is explained.

2.2 EXTERNAL AFFAIRS

2.2.1 Guernsey as an International Finance Centre

Previous Policy and Resource Planning Reports have commented on the various external initiatives and evaluations relevant to the Island's position as a major international financial centre.

- 2.2.2 In relation to taxation last year's report stated that the development of "*international standards in the area of taxation will inevitably continue to evolve, irrespective of the outcome of the OECD process. The Island will need to keep its taxation system under review in the light of the OECD and other international initiatives as well as competitive pressures from jurisdictions such as the Republic of Ireland and the Isle of Man. The Committee and its Fiscal Policy Working Group Sub-Committee continue to give this work priority*"

- 2.2.3 This prediction has proved to be correct. International standards in taxation and exchange of information have been major areas of activity for the Committee with an update on the OECD and EU tax initiatives being an almost permanent agenda item for its weekly meeting.

The Organisation for Economic Co-operation and Development – Harmful Tax Practices Initiative

- 2.2.4 The OECD published its report entitled 'Harmful Taxation: An Emerging Global Issue' in 1998. This report set down the criteria by which the OECD would identify so called 'tax havens' and harmful preferential regimes in Member and non-Member states.

- 2.2.5 Following the publication of the 1998 report, the Committee engaged in discussions with the OECD with the aim of demonstrating that Guernsey was a co-operative jurisdiction with the highest standards of regulation endorsed by international organisations such as the Financial Action Taskforce and the Financial Stability Forum.

- 2.2.6 The Committee worked closely with the Policy and Resources Committee of the States of Jersey throughout the discussions with the OECD over nearly four years. While the Island has always supported the principles of exchange of information and transparency, the Committee did not feel it was appropriate to commit to the OECD process until sufficient reassurances had been given with respect to the need for a level playing field in the implementation of new international standards.

2.2.7 In 2001, following pressure from the new US Administration, the OECD recognised that it should remove 'ring fencing' which since the 1998 Report it had developed as a criterion for listing tax havens as unco-operative. Detailed discussions between Guernsey and OECD officials had already highlighted the problems inherent in this newly developed criterion. This decision was reflected in the 2001 Progress Report which was agreed in June but not authorised for publication until November 2001. Following this decision, Guernsey and Jersey put forward a joint position paper to the OECD which formed the basis of further protracted and detailed negotiations towards the end of 2001 and the early months of 2002. **These negotiations resulted in an agreement being announced on 27 February and the OECD declaring that Guernsey was a co-operative jurisdiction and as such would not be on any forthcoming blacklist.**

2.2.8 The Committee only reached this agreement following acceptance by the OECD of a number of principles:

- First, there is now clear recognition from the OECD of the essential importance of a level playing field. The Island's letter to the OECD confirming its commitment includes a reference to the need for a level playing field, stating:

'Guernsey considers the establishment of a level playing field among all OECD member countries and also those non-Member jurisdictions with which it is materially in competition in the provision of cross-border financial services to be essential.'

- Second, it is clearly stated in the letter that the Island already has existing legislation in line with the OECD's proposals for exchange of information in respect of criminal tax matters. As such, Guernsey is in advance of many other jurisdictions including some OECD Member States.
- Third, the letter clearly states that any necessary legislative or policy change as a result of the general political commitment requires States of Guernsey approval.
- Finally, the Committee secured agreement for a single document, unlike earlier commitments by other jurisdictions which were accompanied by unpublished 'side letters'. The Island's agreement is therefore totally transparent and the need for a level playing field is absolutely clear.

2.2.9 **The agreement with the OECD means that Guernsey has undertaken to reflect the OECD's principles of exchange of information on request and transparency both in a general political commitment and in tax information exchange agreements to be negotiated with individual jurisdictions. Guernsey has already acted on this commitment and is in the process of agreeing a Tax Information Exchange Agreement (TIEA) with the US. This agreement should prove a useful template for future TIEAs based on exchange of information on request.**

2.2.10 Following the passage of the deadline for agreement on 28 February 2002, the OECD identified a list of un-cooperative jurisdictions. This so called 'blacklist' was published on April 18 and consisted of seven jurisdictions. The OECD does not have power to implement any form of sanctions and does not propose to orchestrate co-ordinated defensive measures against these blacklisted jurisdictions before April 2003, the deadline for progress on harmful preferential regimes.

- 2.2.11 The Committee is convinced that the agreement reached with the OECD protects and enhances both the Island's international reputation and its economic interests. The Committee has made it clear to the OECD that it will continue to take a proactive rôle in the development of genuinely international standards which are uniformly adopted and implemented. The Committee has noted that OECD Member countries such as Switzerland and Luxembourg have continued to abstain from endorsing the harmful tax practices process. The Committee will monitor the progress that the OECD makes towards its stated objective of removing harmful preferential regimes in Member and non-Member states.

European Union Tax Package

- 2.2.12 The Members of the European Union are scheduled to reach agreement on the EU Tax Package by 31 December 2002. However, at the ECOFIN meeting held on the 13 December, 2001 it was agreed that Member States would decide on a final text of the Draft Directive on Taxation of Savings Income, only "*once Member States have assessed the assurances provided for in the Feira Conclusions with regard to equivalent measures in third countries and the same measures in dependent or associated territories*".
- 2.2.13 The Committee has stressed to the UK Government that tax matters do not fall under Protocol 3 to the UK's Treaty of Accession and therefore any future Directive on Taxation of Savings Income cannot be binding on Guernsey. The UK Government accepts the Island's constitutional position. The Committee and the UK Government have now entered discussions with the aim of achieving a position that protects the interests of both Guernsey and the UK.
- 2.2.14 The Committee recognises the wish of EU Member States to limit as far as possible any circumvention of the draft Directive on Taxation of Savings Income by their residents. Guernsey has already indicated that the Island is prepared to help the EU achieve this objective, while safeguarding our competitive position in the global financial market.
- 2.2.15 Discussions between the Committee and HM Government are proceeding on the basis that Guernsey will not implement any measures in advance of all EU Member States, or the named third countries or other dependent or associated territories.

- 2.2.16 **Agreement on the Draft Directive is linked in the EU Tax Package to implementation of the Code of Conduct on Business Taxation on which the Code of Conduct Group is scheduled to reach its final conclusions in July 2002. The Code (which is a non-legally binding initiative) does not apply to Guernsey, but the Committee has publicly recognised its importance for Member States in the EU Single Market. Within the context of the Island's review of tax structures and fiscal policies, consideration is being given to the principles and objectives of the Code. The Committee will not propose any process of taxation and fiscal reform which is not in the long-term economic interests of the Island.**

Core principles

- 2.2.17 In the 2000 Policy and Resource Planning report it was stated that 'It is clearly in the best interests of Guernsey and the international community that the island should have a firm and continuing objective to be the best regulated and most responsible of the off-shore centres as well as the most successful' (2.4.6 page 740). The Committee firmly believes that this should remain the Island's core objective. To this end the Committee recommends that the States endorse the following updated principles for inclusion in the Strategic and Corporate Plan:

- The States of Guernsey will ensure that local standards of regulation of the financial services sector and co-operation in law enforcement remain at the forefront of developing international standards.
- The Island will argue in international fora for a global level playing field in standards amongst reputable jurisdictions. International initiatives will continue to be monitored and, once agreed, international standards should be adopted in the best long term interests of the Island's economy and reputation. The implementation of accepted standards in the area of taxation may be in the form of legislation, tax information exchange agreements and double tax agreements.
- Money laundering is recognised as a critical adjunct to underlying criminal and terrorist activities. It damages the reputation of individual financial institutions and can undermine trust in the integrity of any financial centre. The States of Guernsey will therefore continue to play a leading rôle in the fight against money laundering and will take all reasonable action to prevent money laundering within the Bailiwick.
- The regulatory and law enforcement agencies of the Bailiwick will continue to work closely together, share information and assist in criminal investigations in other jurisdictions to deny criminals and their illicit funds access to the global financial systems.
- The States of Guernsey will continue at all times to play their part in the fight against terrorism and terrorist activities. Law enforcement agencies and the Guernsey Financial Services Commission will devote the necessary resources to prevent the use and abuse of the financial services sector by fully co-operating with the international community in the tracing, freezing and confiscation of the assets of terrorists, their agents, sponsors and supporters.
- The States of Guernsey will preserve an appropriate balance between the legitimate right to confidentiality and the need to assist foreign law enforcement agencies to effectively fight serious crime including tax evasion and corruption. At all times this commitment will take fully into account privacy obligations arising out of Article 17 of the International Covenant on Civil and Political Rights, Article 8 of the European Convention of Human Rights and similar obligations.

2.2.18 International Law and Order Issues

The necessity of maintaining the highest standards of both law and order within the community and international mutual co-operation with foreign law enforcement and regulatory authorities has long been accepted in Guernsey.

2.2.19 The tragic events that took place in the United States of America on 11th September, 2001 serve as a reminder of the need to ensure that the Bailiwick is at the forefront of fighting international crime of all kinds, including terrorism.

2.2.20 The Terrorism (United Nations Measures) (Channel Islands) Order 2001 (implementing Security Council Resolution 1373) and the Al-Qa'ida and Taliban (United Nations Measures) (Channel Islands) Order 2002 (implementing Security Council Resolution 1390) came into force in October 2001 and February 2002 respectively. They supplemented earlier Afghanistan Orders. In October 2001 the States resolved that two important Conventions on terrorism, namely the 1997 United

Nations Convention for the Suppression of Terrorist Bombing and the 1999 United Nations Convention for the Suppression of Financing Terrorism should be extended to the Bailiwick. Early extension of these Conventions will now be sought following a decision of the States of Guernsey in April 2002 to approve the Projet de Loi entitled 'The Terrorism and Crime (Bailiwick of Guernsey) Law, 2002'. It is the latest in a long line of Terrorism laws in force in the Bailiwick since 1974. The 2002 legislation will give law enforcement officers more extensive powers to enable them to play an even greater part in the fight against terrorism, both within the Bailiwick and internationally.

2.2.21 A further indication of the Bailiwick's commitment to fighting international crime is demonstrated by the decision of the Advisory and Finance Committee to request Her Majesty's Government to secure the extension to the Bailiwick of several international Conventions, namely:

- The 1959 Strasbourg Convention on Mutual Assistance in Criminal Matters.
- The 1988 Vienna Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.
- The 1993 Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds of Crime.

2.2.22 **The United Nations Convention against Trans-national Organised Crime was opened for signature in December 2000.** It has not yet been ratified by the United Kingdom. It is viewed internationally as a most important instrument aimed at tackling cross border crime. Before the United Kingdom can ratify the Convention it will have to pass legislation on a number of topics. This will also be the case in the Bailiwick. **The Advisory and Finance Committee intends to seek extension of the Convention to Guernsey as soon as the necessary legislation has been enacted.**

2.2.23 **In May 2002 the Advisory and Finance Committee extended the anti-money laundering Regulations made under the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 by making the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) (Amendment) Regulations, 2002.** These extend the types of financial services businesses which are required to meet the anti-money laundering standards embodied in the Regulations made under the 1999 Law and require financial services business which are defined in the Regulations, but not regulated by the Guernsey Financial Services Commission, to notify the Commission of basic information on their business. The Advisory and Finance Committee is also in the course of promoting amendments to enhance the Bailiwick's anti-money laundering legislation. These measures will enhance existing disclosure gateways between Bailiwick agencies engaged in fighting crime and co-operation with foreign criminal law investigators. The legislation will also mirror recent anti-money laundering measures recently enacted in the United Kingdom. The Committee also intends, in due course, to promote yet further amendments to its anti-money laundering legislation to reflect changes soon to be promoted in the United Kingdom to implement the EU 2nd Money Laundering Directive. **Guernsey is presently ahead of most European Union countries in the range and depth of its anti-money laundering legislation and the Committee's intention is to ensure that this remains the case.**

2.2.24 For more than ten years the Bailiwick has promoted laws and policies to assist foreign agencies investigating tax evasion. These laws and policies act as a significant deterrent to tax evaders using the Bailiwick and demonstrate the Bailiwick's unequivocal commitment to attract only lawful, good quality business.

2.2.25 It is important that institutions should redouble their efforts to preserve the good reputation of their institutions and secure the Bailiwick's future as a respectable, well regulated finance centre where no home or safe harbour can be found for any criminal activity.

2.2.26 **The Advisory and Finance Committee recognises the need to ensure that the Courts, Law Officers, Police, Customs and Excise, Financial Intelligence Service and the Guernsey Financial Services Commission shall at all times have the necessary resources to enable them to discharge their criminal, regulatory and other civil law duties.**

Thereby Guernsey will maintain a society in which law and order is accorded appropriate priority and timely co-operation can be given to foreign Courts, law enforcement agencies and regulatory bodies.

2.2.27 The British-Irish Council

The British-Irish Council (BIC) was established in April 1998 under Strand Three of The Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Ireland.

2.2.28 **The Council is a unique institution whose membership includes the Irish and British Governments, the devolved institutions in Northern Ireland, Scotland and Wales, together with representatives of the Isle of Man, Guernsey and Jersey. It is the only international forum in which these eight members participate. It seeks to promote positive, practical relationships among the people of the islands and to provide a forum for consultation and co-operation with a view to agreeing common policies or common actions in areas of mutual interest for the benefit of all.**

2.2.29 **The formal purpose of the Council as outlined in Strand Three of the Agreement is:**

"...to promote the harmonious and mutually beneficial development of the totality of relationships among the peoples of these islands... the BIC will exchange information, discuss, consult and use best endeavours to reach agreement on co-operation on matters of mutual interest within the competence of the relevant Administrations."

Priority Areas of Work

2.2.30 The work of the Council has been divided into a number of areas of mutual interest where co-operation across the Administrations can have a positive and beneficial impact. To date seven such areas have been identified and each of the Administrations has undertaken responsibility for leading on one of the subjects, as detailed below:

| <u>Topic</u> | <u>Lead Administration</u> |
|-------------------|----------------------------|
| Drugs | Ireland |
| Environment | United Kingdom |
| Knowledge Economy | Jersey |
| Social Inclusion | Scotland and Wales |
| Telemedicine | Isle of Man |
| Tourism | Guernsey |
| Transport | Northern Ireland |

Structure of the British-Irish Council

2.2.31 The BIC is divided into four principal structures:

- Summit Meetings - normally take place twice a year and participating administrations are represented by the head(s) of the Administration. The meetings focus on a particular theme usually the priority work area of the host Administration. The Summit considers reports on the priority areas, reviews developments in the overall work and approves new sectoral areas.
- Sectoral Meetings - focus on particular areas of policy which the Council has agreed to consider, at both Ministerial and official level. Four Ministerial meetings have taken place to date: on Transport in December 2000, on Environment in October 2000 and February 2002 and on Drugs in March 2002.
- The Secretariat - provided by the British and Irish Governments and is responsible for the co-ordination of all aspects of the BIC's work.
- The Senior Officials Co-ordination Group - provides a link at a senior level between the Secretariat and each of the Administrations. Guernsey's representative at this Group is the States Supervisor.

Summit Meetings

2.2.32 The inaugural Summit was held in London in December 1999. At this Summit the Council agreed a number of priority areas of work (two further areas were agreed at the second summit).

2.2.33 Due to difficulties in the implementation of the Northern Ireland 'peace process' the second Summit which was held in Dublin did not take place until November 2001. This Summit effectively marked the 'relaunch' of the BIC, as far as its priority areas of work were concerned, and each Administration acknowledged its importance, the need to afford its work an appropriate priority and seek tangible outcomes from the Council's work. The Council considered a detailed progress report of the work

undertaken within the drugs work stream on anti-drugs measures and areas for co-operation and consultation across the Administrations.

- 2.2.34 The British and Irish Governments' delegations were led by the Prime Minister and by the Taoiseach. The First Minister/Secretary headed the devolved administrations' delegations. The President of the Advisory and Finance Committee and the States Supervisor represented Guernsey and the Isle of Man and Jersey were similarly represented.

Guernsey's Participation

- 2.2.35 The Council affords the Island a unique opportunity to meet with representatives of HM Government and the governments of the other BIC Administrations on an equal footing around the Summit table. Further, the work streams provide similar opportunities for the Presidents of those States committees whose mandates cover the priority areas of work and their senior officers to meet their counterparts within the BIC both at Ministerial and senior officials meetings.

- 2.2.36 A BIC Co-ordinating Group has been established to take its work forward locally. The Group comprises the States Supervisor, the senior officers who are Guernsey's representative for each of the work streams and the External and Constitutional Affairs Officer, as Guernsey's BIC Liaison Officer.

The senior officers are:

| <u>Topic</u> | <u>Senior Officer</u> |
|-------------------|-------------------------------------------------|
| Drugs | Chief Officer, Customs and Immigration |
| Environment | Deputy Chief Executive, Board of Administration |
| Knowledge Economy | Manager of Information Services |
| Social Inclusion | Chief Executive, Housing Authority |
| Telemedicine | Chief Executive, Board of Health |
| Tourism | Chief Executive, Tourist Board |
| Transport | Chief Executive, Transport Board |

- 2.2.37 The Co-ordination Group will ensure that Guernsey is appropriately represented at the various official and ministerial meetings and that the Island plays a full and active rôle in progressing the work which will provide a basis for information to be shared across the various work streams.

Funding

- 2.2.38 The British and Irish governments meet the expenses of the Secretariat and other administrative support for the British-Irish Council. Member Administrations have agreed to provide financial support for its activities in sectoral areas. In Guernsey this financial support for conference and travel expenses is currently being met from Unspent Balances held by the Advisory and Finance Committee and the recommended Cash Limit for 2003 includes allowance of £70,000 to meet such costs associated with the Island's participation in the Council in 2003.

2.3 COMMUNITY ISSUES

2.3.1 Part of a Wider Community

As part of the international community, Guernsey is affected by and a participant in observing and setting standards which go beyond national boundaries especially in regard to human rights and fundamental freedoms.

- 2.3.2 Matters dealt with by the Committee include international conventions being considered for extension to the Island and a substantial number of EU Regulations and Directives which are referred to Guernsey.

- 2.3.3 Whilst the vast majority of EU legislation does not apply to the Bailiwick under Protocol 3, it has to be considered nonetheless to determine whether its application might be beneficial for the Island. Similarly, UK legislation is often referred to Guernsey, not because it applies directly, but to enable consideration to be given as to whether it would be in the Island's interest to enact similar legislation.

- 2.3.4 International obligations and responsibilities cannot be undertaken lightly. Many international conventions require not only legislative and administrative advice but also carry overseas reporting obligations or require compliance monitoring. Dealing with these international, EU and UK Instruments places considerable and growing pressure not only on the Advisory and Finance Committee's small department which deals with these matters but also on the Law Officers and on staff of many other committees who are consulted.

International Conventions

- 2.3.5 **The following is an update on progress with the five International Conventions specifically mentioned in last year's Policy and Resource Planning Report.**

UN Convention on Climate Change (Kyoto Protocol)

- 2.3.6 The Advisory and Finance Committee's External Relations Sub-committee has agreed that ratification of the Kyoto Protocol and UN Framework Convention on climate change be extended to Guernsey. This is covered in more detail in the Environment Section of the Report (see Part I, Section 3 – Implementation).

UN Convention on Biological Diversity

- 2.3.7 Guernsey is currently not a party to this Convention but the States are signed up to the protection of the environment and its resources, as detailed in its Strategic Policy Statement on the Environment.

The Advisory and Finance Committee has taken advice from the Law Officers of the Crown on the possibility of extending this Convention to Guernsey and following that is seeking advice from the authorities in England as to what legislative provisions they believe implement this UN Convention in their jurisdiction and what legislation would be required to enable the Island to subscribe to it.

UN Convention on the Rights of the Child

- 2.3.8 The Advisory and Finance Committee has consulted with the Children Board, Board of Health, Education Council, Board of Industry, Social Security Authority, Public Assistance Authority and Committee for Home Affairs over the potential extension of this Convention to Guernsey and all these committees support this. The Law Officers of the Crown have advised that further legislation is required before extension of the Convention to Guernsey should be requested but this is in hand. The Board of Industry and Education Council are addressing issues relating to the employment of children and the Children Board is bringing forward comprehensive proposals to update the Island's other legislation with regard to children.

The Advisory and Finance Committee has resolved, in principle, to recommend that this Convention be extended to Guernsey and it will bring a policy letter to the States on this matter once the necessary further legislation, referred to above, is in place.

UN Convention on the Elimination of all Forms of Discrimination against Women

- 2.3.9 It is regrettable that due to limited staff resources work has not progressed in addressing this Convention but it is hoped that progress will be made shortly.

UN Convention on the Elimination of Racial Discrimination

- 2.3.10 This Convention has been extended to the Bailiwick and specific legislation to enact it is under consideration by the Law Officers.

2.3.11 Human Rights Legislation

The Human Rights (Bailiwick of Guernsey) Law, 2000 ("the Law") was registered in the Royal Court in Guernsey on 21 January 2001 but has not yet been brought into force.

- 2.3.12 **Although the Law creates no new rights, it incorporates the European Convention for the Protection of Human Rights and Fundamental Freedoms into domestic legislation (the "Convention"). It allows those who believe that their Convention rights have been infringed by a public authority to pursue those rights in the local courts and tribunals rather than, as at present, incurring the delay and expense of taking their case to the European Court of Human Rights in Strasbourg.**

- 2.3.13 The Law, the direct consequences of which were summarised in the 2001 Report, is likely to have profound implications for the executive, legislative and judicial public authorities in the Bailiwick and all public authorities will be affected. For this reason, the Advisory and Finance Committee, when it brought its proposals for the incorporation of the Convention into local legislation to the States (Billet d'Etat IX, April 2000), foresaw a delay between the registration of the Law and its implementation. This period was considered necessary to allow public authorities to prepare for the coming into force of the Law, involving, inter alia:

- The training of courts and tribunals.
- The review by public authorities of their policies and procedure and any legislation for which they are responsible for compliance with the Convention rights.
- The training of staff generally in Human Rights awareness and in greater depth according to their individual responsibilities.

2.3.14 There was a similar delay of almost two years in the UK between enactment of the Human Rights Act, 1998 and its implementation in October 2000.

2.3.15 Preparations locally are now well under way. In addition to the work being carried out within each committee:

- The Committee has appointed a senior member of staff to oversee preparations for implementation of the Law in States committees, to monitor progress in other public authorities and to liaise with the authorities in Alderney and Sark. A Working Party comprising senior staff representatives of the major States committees has been formed to advise and assist in this task.
- An internet site (www.humanrights.gov.gg) has been established, containing extensive guidance on Human Rights.
- With the co-operation of the Civil Service Board, general awareness training has been made available to all States staff and to political representatives and committee members; detailed training and workshops have taken place for selected staff and further training is planned.
- The need to prepare for implementation of the Law is being promoted to non-governmental public authorities.

2.3.16 **As regards the date when the Law will come into force, the Committee is aware that more than a year has passed since the Law was registered and believes that the Convention rights should be made available in the Bailiwick with the minimum of further delay. It has requested reports from each committee and the recently corporatised trading boards, as well as the authorities in Alderney and Sark, on the progress of preparations and, in particular, has asked for details of any issues that may be of sufficient importance to warrant deferring implementation of the Law until corrective action is complete. With the exceptions mentioned below, no such matters had been confirmed at the time of writing. However, some committees are awaiting legal advice on possible delaying issues and others may still emerge as preparations proceed.**

2.3.17 **The Law Officers have advised that it would be sensible for the avoidance of any doubt as to compliance with the Convention rights for certain items of criminal legislation to be in place before the Law comes into force. Of these, the most significant concern the Regulation of Investigatory Powers and the Police and Criminal Evidence (commonly referred to as RIPA and PACE respectively). The States approved proposals in respect of RIPA in April (Billet d'Etat VI, April 2002) and it is expected that a policy letter on PACE will be considered before the summer recess.**

2.3.18 Assuming that the States accept the PACE proposals, approval of the Projets de Loi must still be sought and Royal Assent obtained. This cannot take place until the

autumn and therefore the legislation itself is most unlikely to be registered before the last few weeks of the year. If this were achieved, the way would then be clear for the Human Rights Law to be brought into force at the beginning of 2003.

2.3.19 As soon as the timing of RIPA and PACE legislation through to registration is known with sufficient certainty, and if no other delaying issues are apparent, the Committee, after consultation and agreement with the authorities in Alderney and Sark, intends to announce publicly the implementation date for the Law that it will ask the States to approve as part of a Commencement Ordinance. In this way, a balance can be struck between bringing the Law into effect as soon as possible and giving the Bailiwick's people, businesses and other organisations (including public authorities) reasonable notice.

2.3.20 A new Tribunals service

In the course of the reviews of legislation and practice being undertaken by all States committees in preparation for the incorporation of the European Convention for the Protection of Human Rights and Fundamental Freedoms into domestic legislation, a recurring area of concern has been raised regarding existing appeals tribunals and the need for new tribunals where none already exist.

2.3.21 There already exist numerous appeals bodies created either by statute or States resolution and it is clear that there are a number of areas where it will be necessary to introduce some form of appeals procedure. Examples of such bodies include the Social Insurance Tribunal, States Tenancies Independent Tribunal, Guernsey Tax Tribunal, Interception of Communications Tribunal and the Administrative Decisions Review Board.

2.3.22 The Advisory and Finance Committee believes that if the various appeals and review bodies continue to be dealt with on a piecemeal basis the result will be a multitude of unco-ordinated systems servicing a variety of different groups, some of which will meet only very infrequently.

2.3.23 **Following discussions with the Law Officers it has been decided to recommend the establishment of a Tribunals Service that would co-ordinate appeals currently dealt with by independent tribunals. The Tribunals Service will be established as an independent body by Order in Council. The Law will:**

- Describe the basic functions of the Tribunals Service, in particular setting out the types of disputes over which it will have jurisdiction which will be conferred by Ordinances (the Law will be drafted sufficiently widely to enable the Tribunals Service to deal with appeals from other non-governmental bodies (for example, the Guernsey Financial Services Commission or Parochial Authorities) should that be considered appropriate in the future.
- Provide for the appointment of a Chairman and Deputy Chairman who shall be legally qualified and appointed by a body or individual independent from the executive.
- Determine the duration of term of office (5 years), resignation/removal from office and eligibility for reappointment of the Chairman and Deputy Chairman.
- Provide for the appointment of independent Panel Members (the composition of Panels will vary according to the nature of the matter under review: some

members will be chosen because of particular knowledge or expertise but it is not the intention that every member *must* have relevant experience).

- Make provision for the remuneration and payment of expenses of Chairman, Deputy Chairman and Members.
- Provide for appropriate staff to be engaged and remunerated.
- Require the provision of accommodation for Tribunal meetings and staff.
- Set out how the Tribunal Service is to be funded, including the ability to charge fees.
- Enable detailed rules of procedure to be made by subordinate legislation (this will include composition of tribunals, arrangement of business, disclosure of interests of members, manner of application, time for applying and extensions, notification of hearing time and place, discontinuance of proceedings, power to adjourn, rights of audience, evidence, recording of proceedings, decision-making, costs orders and approval of forms).
- Confer express right of appeal (on questions of law only) on decisions taken by the tribunals within the proposed Service to Royal Court (or directly to Court of appeal if more appropriate).
- Include standard provisions about service of notices, subordinate legislation, etc.

2.3.24 As noted above, it is envisaged that the Chairman and Deputy Chairman would be lawyers but they would not necessarily be experts in all, or indeed any, of the various diverse matters that would be referred to them. As is presently the case with individual tribunals, some members of the panel would be drawn from the local population but in some cases it might be necessary to draw from expertise outside the Island.

2.3.25 **The proposed Tribunals Service will, in time, replace the present Review Boards as the Administrative Decisions review system is not considered to be compliant with the Human Rights Convention. It is envisaged that all existing appeals bodies will be absorbed into the new Service, unless there are compelling reasons in a particular case why that should not happen.**

The cost of funding the Tribunals Service will not be insignificant. Remunerating the Chairman, Deputy Chairman, Members and staff, the provision of appropriate premises and other expenses is likely to be in the region of £250,000 per annum. The cost will, however, be balanced in large measure by savings which will be achieved by having a centralized service rather than a proliferation of separate tribunals.

2.3.26 **The Committee therefore recommends the States to direct the preparation of appropriate legislation to establish a Tribunals Service as set out above.**

2.3.27 Legal Aid

At its meeting of 25th July 2001 the States resolved to establish a comprehensive system for the provision of civil and criminal legal aid to satisfy the Island's obligations under the European Convention on Human Rights and

the International Covenant on Civil and Political Rights. Further, it was agreed for the scheme to be established in two stages.

- 2.3.28 **The first stage was the establishment of an interim Scheme** to provide civil and criminal legal aid and replaces the current voluntary scheme with an agreed system of payments to advocates undertaking civil and criminal legal aid cases. It was envisaged that this stage would also provide the evidence base which would be required in the second stage which will be the establishment of a statutory legal aid scheme
- 2.3.29 In August 2001, the Advisory and Finance Committee appointed Advocate Dr. N Le Poidevin as the Legal Aid Administrator with responsibility to:
- Administer the interim criminal and civil legal aid schemes, in particular, to assess whether applicants have sufficient means to pay for legal representation and whether the application warrants assistance.
 - Scrutinise the invoices of advocates where they request reimbursement.
 - Assist in the development of and progress towards a statutory scheme.
- 2.3.30 The Interim Criminal Legal Aid Scheme commenced on 1st September 2001 with advocates in private practice opting into the Scheme which includes an on-call rota for out-of-hours attendances. The Scheme is broadly based on the schemes which exist in England and Wales and in the Isle of Man. Advice and assistance is provided by a duty advocate for detainees at the police and customs suites regardless of means. Legal representation beyond a first court appearance is means tested.
- 2.3.31 The costs associated with the provision of legal aid for criminal matters under the Interim Scheme during 2001 (September to December) amounted to £174,125. The accounts submitted during the period January to April 2002 indicate that costs associated with the provision of legal aid under scheme are at a similar level.
- 2.3.32 **The Interim Civil Legal Aid Scheme commenced on 1st January 2002.** The Administrator has received a large number of applications for assistance. In the first instance applicants are means tested and if they qualify on grounds of low income are provided with an initial legal aid certificate which affords them between one and four hours of advice and assistance from an advocate. The advocate also provides the Administrator with an assessment of the legal merits of the application which will form the basis for further certificates.
- 2.3.33 It is too early to provide any reliable indication as to the likely costs of providing civil legal aid or the type of applications for such assistance which may predominate. However, over 80% of the applications which have been received since 1st January 2002 relate to marital and domestic proceedings and child custody matters.
- 2.3.34 **The preparatory work to establish the statutory scheme has already commenced and involves researching the legal aid schemes of England and Wales and the Isle of Man and consultation and discussions with all areas of the Island's criminal justice system. It is envisaged that this preparatory work together with the evidence base which is being collected under the interim scheme will form the basis for determining the most appropriate form for the statutory scheme.**

2.4 REVIEW OF THE MACHINERY OF GOVERNMENT

2.4.1 **On the 17th May, 2002 the States concluded a four day debate on the Review of the Machinery of Government in Guernsey.** The propositions of the Joint Committees (i.e. the Advisory and Finance Committee and the States Procedures and Constitution Committee) were approved subject to the following exceptions:

- There will not be a Chief Minister's Department.
- The number of People's Deputies will not be reduced from 45 to 35.
- The Advisory and Finance Committee was directed to report to the States and submit appropriate proposals for one or more Scrutiny Committees.

2.4.2 The States Procedures and Constitution Committee was directed to report to the States and submit appropriate proposals for:

- The provision of simultaneous electronic voting in the States Chamber.
- Admission to the Electoral Roll without the need to make an application.
- The availability of postal ballots to persons other than those who are disabled or absent from the Island.

2.4.3 In addition to the foregoing, the Joint Committees were directed to undertake a survey of community opinion to ascertain whether a majority of the community broadly supports the resolutions of the States. If that survey indicates that there is not broad majority support for the resolutions then the Joint Committees are required to report the matter to the States with their considered recommendations.

2.4.4 **The Joint Committees are presently considering the way in which the consultation should proceed.**

2.5 THE HIERARCHY OF GOVERNMENT POLICY

2.5.1 **The overall objectives of the government of Guernsey and the way in which it conducts its business are expressed through a hierarchy of strategic and corporate policies and statements of Practice.**

2.5.2 **This hierarchy consists of the following elements:**

- **Strategic Objectives** – statement of principles expressing the relationship between the government and the individual citizen and the respective duties and responsibilities that arise from that relationship.
- **Strategic Policy Statements** on the economy, social issues and the environment.
- **Statements of Corporate Practice** which provide the benchmarks for the preparation of the Resource Plans (Financial, Human Resources, Information

and Communications Technology and Strategic Land Use Plans) which form Part 2 of the Policy and Resource Planning Report.

- **Corporate Policy Statements** which relate to certain areas of corporate policy which have a particular significance for the achievement of strategic objectives. These policy areas relate to population management, the use of energy and the maintenance of law and order.

2.5.3 **This 'high level' framework of Strategic and Corporate Policies and Statements is extremely important to the policymaking process. Its function is to ensure that the policies of individual States committees and the way they carry out their work is in alignment with the overall direction set by the States of Guernsey.**

2.5.4 Although the Strategic and Corporate Policies and Statements are reviewed annually, they are not expected to change radically year on year. Some revision and updating is, however, required from time to time especially in relation to Statements of Corporate Practice and Corporate Policy Statements.

2.5.5 **This year, in order to make this Report more concise and readable, the main text of the Strategic and Corporate Policies and Statements has been moved to an appendix, (Appendix II). There are, however, a number of changes being proposed as detailed below. Please cross reference these changes with the text in Appendix II. All changes are in bold print (and underlined where appropriate).**

2.6 UPDATES AND REVISIONS TO STRATEGIC AND CORPORATE POLICIES AND STATEMENTS

2.6.1 Corporate Practices – Overall Policy

It is recommended that the current policy be amended to clarify overall policy for managing human resources:

- States committees are accountable to the States for the efficient, economic and effective management and safeguarding of public funds, **staff** and other resources entrusted to them.
- To ensure impartiality, consistency and equality of treatment across the whole of the States, the Civil Service Board is responsible for the setting of pay levels and conditions of service for States employees except for a small number of specifically excluded groups. **The Board is also responsible for bringing forward policies and procedures designed to make the best of the people who work for the public sector.**

2.6.2 Corporate Practices – Human Resource Policies

The text of this Section which sets the benchmark for the Human Resource Plan, has been completely revised as follows:

The Strategic Policy of the States towards the management of human resources in the public sector is based on the following principles:

- That the rôle of the Civil Service Board, acting on behalf of the States of Guernsey as employer, is to ensure that States Departments have quality staff who will enable the provision of quality services to the people of Guernsey. In undertaking this rôle, the Board is responsible for initiating and implementing Human Resource policies and processes that support and contribute to the States and Committees' strategic and corporate objectives to the short and long-term benefit of the Island.
- In order to maintain a balance between the public and private sectors in recruiting and retaining staff, the States have resolved that the total States establishment should be controlled through a Staff Number Limitation Policy administered by the Civil Service Board.
- The long-term aim of the Policy is to achieve a reduction in the total establishment of the States and the immediate aim in any one year is to limit net growth to as close to zero as possible. These aims have to be pursued, however, in the context of other States priorities with regard to the provision of services.
- Thus the Civil Service Board has dual responsibilities – as an employer towards staff and, as part of government, towards the Island as a whole.
- The Board's focus is, therefore, to give a lead in bringing forward best practice Human Resource policies and procedures that satisfy social, ethical, business and legal criteria, and assist committees to make the best of their staff, particularly in a time of acute labour market pressures.

2.6.3 Corporate Practices – Information Technology Policies

As with Human Resources, the text of this statement has been completely revised this year in order to provide a more effective expression of States policy.

Information Technology and e-Government

Developments within Information and Communications Technology (ICT) will have a direct impact upon future employment, growth and prosperity and an awareness of the potential to create new business processes, combined with the confidence to implement these solutions, is essential for the local economy to remain competitive.

The ability of ICT to bring people together and to share information (in a controlled way) also has profound social implications. For example to support life-long learning or to create "virtual communities" that transcend geographical location or physical ability. Developments such as these will allow many more people to participate actively in society.

Government has a key rôle in creating the environment within which this "Information Society" can develop for the benefit of the whole community.

It also has a rôle in developing the application of ICT to deliver government services (e-Government) in ways which are most appropriate to the needs of the local community.

It is proposed that States strategy for ICT should, therefore, be to:

- Encourage the provision of IT training for all sectors of the community.
- Promote Guernsey as an e-Business centre of excellence.
- Secure the availability of broadband Internet access.
- Develop an appropriate legal framework.
- Promote awareness and use of ICT within the broader community.

At a corporate level it is proposed that the objectives should be to:

- Align e-Government deployment closely with corporate policy objectives and the needs of service users.
- Address the management and development of ICT skills within the States.
- Empower and support front-line staff.
- Develop the technical and business framework needed to support e-Government.
- Build partnerships with commercial and voluntary organisations to deliver services.
- Make services available through the Internet, digital television and local front offices.
- Encourage committees to work collaboratively to deliver integrated multi-agency services.

2.6.4 Corporate Practices – Strategic Land Use Policies

A new principle has been added which underlies the introduction of a new theme dealing with Telecommunications Infrastructure into the Strategic Land Use Plan at Part 2., Section 8 of this Report.

- **Telecommunications Infrastructure: making provision for Telecommunications systems.**

2.6.5 Corporate Policies – Population

The interim data release of the Census, taken on 29 April 2001, reveals an Island population figure of 59,807. This is over 100 fewer people than the projection contained in the “Population and Housing Policies” document produced by the Advisory and Finance Committee in 1998 which the Population Working Party used as a basis for reviewing population policies.

- 2.6.6** **The Advisory and Finance Committee and the Population Working Party are satisfied that the Island’s current population policies are effective. The Committee is not, therefore, proposing any changes this year to the population policy.**

2.6.7 Corporate Policies – Energy

A commitment was given in the 2000 Strategic and Corporate Plan to report annually to the States on progress in the use of renewable energy sources for the production of electricity.

2.6.8 With the establishment of the Guernsey Electricity Company, however, responsibility for managing this utility now lies outside the States. Information about the Company's policy on renewable energy is published on its website at www.electricity.gg. It is not intended to provide updates in future Policy Reports but the use of renewable energy will be covered in the Monitoring Report.

2.6.9 The Board of Administration has commenced, and continues to progress, discussions with the Utilities Regulator, the Board of Industry and the Advisory and Finance Committee with a view to ensuring that optimum use of the energy from the proposed Energy from Waste facility can be realised. At the same time the Board is promoting discussions on the merits of a "Green Energy" premium to promote the use of renewable energy.

2.7 RECONCILING RESOURCE REQUIREMENTS WITH RESOURCE AVAILABILITY – SETTING PRIORITIES

2.7.1 **In the 2001 Policy and Resource Planning Report, the Committee explained that the approach it had adopted in previous years in conjunction with the Civil Service Board, to reconcile competing demands from committees for financial and human resources was no longer adequate.**

2.7.2 This established approach was described as follows:

- To seek to meet demands for incremental increases in resource requirements through a reduction of requirements elsewhere or through increased efficiency.
- To seek to avoid a deterioration in the existing levels of essential health, education and other social services which might be caused by a lack of resource allocations.
- To ensure that any major development of services involving a significant increase in resource requirements is only undertaken with the prior approval of the States.
- In the use of any surplus of income over expenditure to give priority to:
 - Capital projects which secure the continued availability of existing assets through repair or replacement.
 - Capital projects which will result in savings in revenue expenditure or directly generate additional income to the States.
 - Capital projects which meet unavoidable or generally accepted needs.
 - The building up of reserves to meet projected future requirements or to provide against future adverse circumstances.

2.7.3 It was noted that :

“This approach has been broadly successful in the past but it will not be sufficiently robust to deal with the increasing pressure on public resources over the next decade. In purely financial terms, the level of public expenditure required to meet the community’s rising aspirations for more and better housing, healthcare and education facilities cannot be managed without an effective mechanism to establish priorities. In reality, however, the commitment of financial resources is only part of the picture since the provision of improved services also places similar demands on human resources and in some cases, on the development of land and the capacity of the local construction industry.”

2.7.4 The Report then went on to describe the enormous increase in committees’ requests for capital allocations from £89 million in 1997 to £195 million in 2000 and £300 million in 2001. This year’s requests from committees are of a similar order.

2.7.5 The truth of last year’s comment, however, that financial resources are only part of the picture has become very clearly apparent during the ensuing twelve months.

2.7.6 The scale of investment that is required to meet community aspirations for better public services has highlighted the difficulties States committees face in finding sufficient staff resources to carry out the process of change, let alone to operate the system thereafter.

2.7.7 As explained in Part 2, Section 6 of this Report, ‘Human Resources in the Public Sector’, however, there have been some staffing increases in recent years (notwithstanding the constraint imposed by the Staff Number Limitation Policy) in order to meet rising public expectations especially in key services. **The Committee places increasing importance on the strategic management of staff resources in the public sector to reconcile competing objectives to maintain good quality services without allowing an unsustainable expansion of the public sector as a whole.**

2.7.8 Similarly, the Board of Industry’s report to the April States meeting (Billet d’Etat VI 2002) has captured public attention by questioning the capacity of the local construction industry to cope with the scale of public sector development which is in the pipeline.

2.7.9 **The Committee has considered how best to manage this difficult situation and has concluded that the problem should be tackled from several angles.**

2.7.10 Project Co-ordination Working Group

Last year, the States endorsed the Committee’s recommendation that it should review the arrangements for the corporate prioritisation of major States projects and policy initiatives including the preparation of a Strategic Property Plan.

2.7.11 Initially, the Committee had in mind that it might ‘parallel’ the rôle of the Estates Sub-Committee with a similar, political level body to appraise the commitment of resources to non-infrastructure projects but on reflection, this approach did not seem to be a viable one.

2.7.12 Whilst the Estates Sub-Committee deals with the distinct subset of States projects that have a land/property dimension, there is no corresponding rationale for grouping together all other sorts of projects. The Committee has concluded that at least at this stage, a formal sub-committee would face considerable difficulty in defining its rôle

and making a positive impact on prioritisation and best value – especially if it attempted to address the full range of resource issues.

- 2.7.13 **The streamlining of the States committee system arising from the Review of the Machinery of Government, has as one of its aims the creation of a system which acts in a co-ordinated way to achieve explicit corporate objectives. During the process of change associated with implementing this new system, it will be important to find ways of gearing the ability to set priorities into this new, more corporate approach to government.**
- 2.7.14 **With this in mind, the Committee proposes to establish a Projects Co-ordination Working Group (PCWG) at senior staff level to achieve corporate objectives.**
- 2.7.15 At the present time major projects are developed at committee level. Most schemes are now being identified as being in preparation through the annual policy planning returns (see the Implementation Section of this Report) although this has not proved infallible in the past. The Committee promoting a particular project may consult widely with other committees in taking its proposals forward but with the exception of matters involving the Estates Sub-Committee, the process is discretionary and varies from case to case. Sometimes the only dialogue with the Advisory and Finance Committee takes place when a policy letter is submitted for comment in the run up to a States meeting.
- 2.7.16 **The purpose of the PCWG will be to establish (as the title suggests) a better co-ordinated approach to project development. The first point of call for any committee undertaking a major project (after it has signalled its intentions through the annual Policy and Resource Planning Report) will be for its staff to discuss the resource implications of its proposals with senior staff from the Treasury, Civil Service Board, Strategic ICT and Property Sections and other invitees as appropriate in each case who will comprise the Working Group.**
- 2.7.17 This system will replace the current practice whereby committees tend to deal with each of the 'resource providers' separately. It is intended that the PCWG will enable staff to report back to their respective committees from the earliest stage onwards.
- 2.7.18 Overall, the value of this additional Working Group from the Advisory and Finance Committee's perspective will be the presentation of regular progress reports on major projects in the pipeline and the opportunity to raise any concerns or obtain more information before proposals are firmed up. This will be a considerable improvement on the present situation where Advisory and Finance staff and the Committee can be required to consider complex policy proposals in the relatively short period before a matter is debated in the States.
- 2.7.19 The benefit of the Working Group to other committees will be in providing a context for the discussion of both the objectives of a project and its resource implications rather than their having to contact the Treasury, the Strategic Property Unit etc individually and ad hoc.
- 2.7.20 It is envisaged that all prospective, major projects will be eligible for consideration by the Working Group but that in the case of infrastructure projects which fall within the ambit of the Estates Sub-Committee, the Group will only deal with matters of human resources, ICT etc outside the Sub-Committee's area of responsibility.
- 2.7.21 The Working Group may also, for example, act as a mechanism for committees to agree jointly on terms of reference for consultants and the commissioning of studies. This could drastically reduce the likelihood of subsequent disagreement about findings

and the cost and delay associated with employing yet more consultants to verify research and recommendations. It could also highlight concerns about achieving value for money and indeed, disseminate examples of good practice.

2.7.22 **The Committee proposes to establish the new Working Group early in the Autumn with a view to meetings taking place on a bi-monthly or quarterly basis.**

2.7.23 **Capital Projects and Strategic Planning**

2.7.24 **The Board of Industry's report on construction costs and associated issues has identified the need to develop a new 'Rolling Capital Programme'. This could provide a mechanism to prioritise, plan and monitor spending and also to consider the non-financial resource implications of capital schemes.**

2.7.25 Any capital programme would need to reflect both agreed priorities and the practicalities of implementation which require that major development projects should be spread out over a period of time so that all the resource implications can be managed. This would also enable the States to take advantage of periods when there is a relative downturn in economic growth to proceed with its own schemes as suggested in the Board of Industry's report.

2.7.26 To assist this process, committees will be asked to prioritise their own major projects when submitting their annual Policy Planning returns. This is something which certain committees do already for departmental purposes; the Board of Health, for example, undertakes an extensive review of its priorities each year in order to bid for resources.

2.7.27 The sort of prioritisation the Committee has in mind would require committees to present their proposals in broad priority bands ranging from 'essential' to 'desirable'. The detail of this new approach will be worked out in dialogue with committees during the next few months.

2.7.28 **The Strategic Property Plan**

In last year's Policy and Resource Planning Report (P&RPR 2001, Part 1, paras 2.8.8 to 2.8.11 inclusive), the Committee explained the rôle of the Estates Sub-Committee and secured the States endorsement to prepare a corporate Property Plan for their subsequent consideration.

2.7.29 Para 2.8.11 of that report stated:

"In recognition of its enhanced rôle the Sub-Committee has been renamed as the Estates Sub-Committee and is mandated to advise the Advisory and Finance Committee on the "Strategic Property Plan" and other associated significant capital or revenue issues. The Estates Sub-Committee will proactively consider property provision and utilisation with a view to achieving best value, always recognising that there is no one definition of best value or one way of obtaining best value. The Sub-Committee's rôle will be to challenge the need for projects and assess their compatibility with the "Strategic Property Plan", as well as individual committees' own "Property Plans". It will have a duty to advise the Advisory and Finance Committee, when committees seek approval to carry out significant capital or capital related revenue works."

2.7.30 Clearly, there will need to be a close and coherent interrelationship between the Corporate Property Plan and a Future Capital Programme and the development of both systems represents a substantial job of work for the Advisory and Finance Committee and Estates Sub-Committee during the next year.

- 2.7.31 **The preparation of the Property Plan having been delayed pending the recent appointment of the Head of the Strategic Property Unit, can now proceed within the overall context of prioritisation described in this Report.**
- 2.7.32 Similarly, the States decision on the new Land Planning and Development Law (which is scheduled for consideration at the June States meeting) will clarify the future status of States development in relation to the Island's land use planning system. It is hoped that this will enable the Committee to develop a more positive relationship between the Strategic Land Use Plan (Part 2, Section 8 of this Report) and the strategic management of States assets through the Corporate Property Plan.
- 2.7.33 Corporate Programmes**
- The final element in the Committee's proposals to establish explicit priorities endorsed by the States and to direct resources towards them, is the development of Corporate Programmes.**
- 2.7.34 This possibility was identified in last year's Report (P&RPR 2001 Part 1, Section 3, Paras 3.1.4 and 3.1.5) which stated that:
- "The Advisory and Finance Committee proposes to develop this approach next year and in future policy cycles into a process which integrates individual projects within broader corporate programmes. In this way, the planning and prioritising of projects and initiatives can take into account both the potential value and the resource requirements of a particular scheme as part of a bigger plan of government action. Such an approach can also take into account the crucial issue of timing.*
- In this year's Report it is only possible to describe the broad direction in which the Committee wishes to progress. A great deal of work and consultation will be required to put this new system in place. This will also include work on the use of indicators and targets to monitor and review the achievement of objectives."*
- 2.7.35 The development of a new Capital Programme will go some way to fulfil the broad objective of integrating major projects into a corporate framework for action. The Committee considers, however, that the concept of a 'Corporate Programme' could be used to target certain important issues where co-ordinated action is needed by a number of governmental and non-governmental bodies in order to achieve the best results.
- 2.7.36 The way in which public money is allocated provides an implicit indication of government priorities and in Guernsey, those implicit priorities show that the majority of public spending goes to fund healthcare, education and social services. The Committee believes that these areas will continue to absorb the majority of funding for the foreseeable future.
- 2.7.37 In terms of public concern, however, the topic which consistently assumes the highest political profile is the availability of housing and especially 'affordable' housing. A great deal of frustration is expressed about the inability of government to 'solve' this problem.
- 2.7.38 The Committee has been in consultation with the Housing Authority during the year about the many housing initiatives already under way and about the implications of the Housing Needs Survey and research being commissioned into the working of the Guernsey housing market.

- 2.7.39 **Although the provision of adequate housing is tacitly recognised as a priority issue this has not previously been stated explicitly in the Policy and Resource Planning Report. This year, the States is being asked to give formal endorsement to treat housing as a corporate priority through the mechanism of a Corporate Housing Programme.**
- 2.7.40 **The development of a Corporate Housing Programme is considered in detail in Part 1, Section 3.9 of this report which is part of the Implementation Section. It is intended to use this initiative as a pilot scheme for working across committee boundaries to achieve agreed corporate objectives.**
- 2.7.41 Although there are already some examples of this sort of approach being adopted in relation to the Drug and Alcohol Strategies, these are relatively small-scale projects in comparison with the complexity of taking a fully integrated approach towards housing matters.
- 2.7.42 The concept is a radical departure from the accustomed system whereby committees act separately to fulfil their individual mandates. The value of using housing as a pilot scheme is that it will enable the States to appraise the success of this way of working as government moves towards a more integrated approach across the board.
- 2.7.43 **In order to be effective and to reflect a genuine prioritisation of effort and resources, it is envisaged that the future designation of Corporate Programmes will be limited to two or three areas of work at any given time. If the pilot programme for housing receives support from the States and is seen to be working well, however, it is an approach which could logically be extended to facilitate an Anti-Poverty Strategy in due course.**

Section 3 IMPLEMENTATION – PROJECTS AND POLICY INITIATIVES

3.1 A BETTER INTEGRATED APPROACH

3.1.1 As in the previous Report, this Section draws projects together under the same broad policy headings used elsewhere in this document: the economy, social issues and the environment. This is acknowledged to be a rather simplistic form of categorization because most projects have implications for more than one of these policy areas. It does, however, enable the reader to appreciate how the strategic policy statements (see Section 2.5 and Appendix II) are translated into a wide range of practical initiatives.

3.1.2 Each of the following Sections on economic, social and environmental projects and initiatives is divided into two parts. The first part describes relevant projects which are in the course of implementation. The vast majority of schemes in this category will have been agreed by the States either through previous Policy Planning Reports and/or by means of individual policy letters. There is also an update, where appropriate, on schemes mentioned last year.

3.1.3 The second part of each Section describes very briefly new projects which are likely to be brought forward for consideration in the coming year. The proposals have mainly been extracted from the Policy Planning submissions supplied to the Advisory and Finance Committee by other States committees. It is important to make clear that reference to such projects in this Report does not imply that any particular scheme has the endorsement of the Advisory and Finance Committee, nor are these projects being recommended for approval by the States. The purpose of including them in this Report is to give States members and the general public a first indication of schemes which are 'in the pipeline'.

Please note that the overall list of projects and initiatives though wide ranging, is not yet fully comprehensive. Further work to integrate the process will continue in 2002/3.

3.1.4 Corporate working

The Section of this Report entitled '*Reconciling Resource Requirements with Resource Availability – Setting Priorities*', explained that the provision of housing, especially 'affordable' housing, has been identified as an appropriate area to pilot a Corporate Programme for action.

3.1.5 An explanation of this approach is set out as a separate element at the end of the Implementation Section.

3.2 MEASURING PROGRESS

3.2.1 As identified in Section 1 – Introduction, the broad themes the Advisory and Finance Committee is seeking to address through the Policy and Resource Planning process include:

- Establishing and monitoring **indicators of our sustainability** as a community in social, economic and environmental terms.

- Monitoring the **effectiveness** of policies in achieving results so that government can review its decisions and change course if necessary.

3.2.2 **A great deal of work has been undertaken during the past year to develop a set of Indicators of Sustainability. The purpose of identifying these indicators is to be able to measure and monitor those factors which give us a meaningful insight into our continued well-being as a community.**

3.2.3 **A description of the Indicators and how they will be used over time is set out in full in the Monitoring Report.**

3.2.4 Whilst sustainable indicators give us a benchmark to assess our economic, social and environmental status year on year they do not relate directly to specific States policies.

3.2.5 The development of measures to monitor the effectiveness of government activity requires a different approach including a clear expression of the outcomes to be achieved in any given case.

3.2.6 The debate surrounding the Review of the Machinery of Government has shown that there is considerable public frustration with the absence of agreed targets against which the effectiveness of government policy can be assessed.

3.2.7 The Committee considers that there should be a more 'outcome' based approach across the board on the way that committees manage their work. Policy initiatives should have explicit goals so that performance can be monitored and reviewed.

3.2.8 The intention is to approach this in a practical and commonsense way. In the UK, there are signs of a backlash against a system where targets and measurements are burdening public authorities in a counter-productive way. Clearly, there will be no benefit in re-enacting this in a small jurisdiction like Guernsey.

3.2.9 One of the areas which needs to be developed in order to monitor policies and projects effectively is the compatibility of ICT systems within the States. This is necessary to provide reliable statistics for corporate purposes. Reference is made to this in the ICT Resource Plan at Part 2 Section 7 of this Report and in the Section on the Corporate Housing Programme in this Report and in the Monitoring Report.

3.2.10 **As policy becomes more results oriented and as corporate information systems are developed to monitor and review progress, the Monitoring Report will become the main vehicle for policy review.**

3.3 THE ECONOMY – ACTIVE PROJECTS AND POLICY INITIATIVES

3.3.1 Commercialisation Update

The commercialisation process for postal and electricity services has now been completed, with Guernsey Post Ltd and Guernsey Electricity Ltd both now being fully operational States Trading Companies. The general regulatory regimes for both postal and electricity industries have also been established.

3.3.2 At the time of drafting this report, the future of telecommunications services in Guernsey is subject to a States debate at the end of May 2002. As explained in that policy letter, the original proposals to attract a Strategic Equity Partner, which would

take a controlling interest in Guernsey Telecoms, have had to be amended to a complete privatisation process involving selling 100% of the shares in Guernsey Telecoms Ltd.

- 3.3.3 Considerable progress has been made with establishing the Office of Utility Regulation. However, it is envisaged that significant work will be required in order to ensure that the interests of the consumer are protected. The Board of Industry will work closely with the Advisory and Finance Committee to ensure that the future needs of the Island (both at domestic and commercial level) are met through the provision of resilient telecoms, electrical and postal services.

The States Trading Companies (Bailiwick of Guernsey) Ordinance 2001

- 3.3.4 The above Ordinance regulates the designation and governance of the new States Trading Companies. It includes a provision (clause 7) for the States to give general guidance to the Advisory and Finance Committee on the policies they wish the Committee to pursue in exercising its functions under the Ordinance.

- 3.3.5 The Ordinance specifies that this guidance may only be given by means of the Strategic and Corporate Plan (S&CP) but now that the S&CP has been reverted to its original rôle as a Strategic Land Use Plan this arrangement is no longer appropriate.

- 3.3.6 **To remedy this situation, the States are recommended to agree to the amendment of the Ordinance to provide for guidance, in future, to be given only by means of the annual Policy and Resource Planning Report as endorsed by the States.**

Promotion of the Financial Services Sector

This project has successfully been delivered with the establishment of the Guernsey Promotional Agency. The requirement, originally identified in the Edwards Report, to separate the promotional elements of the financial services sector from the core regulatory functions undertaken by the Guernsey Financial Services Commission, has now been fully met.

e-Business

The Board of Industry's e-Business team continues to be very active in identifying niche markets for the Bailiwick to develop, and recognises the need for tangible evidence of the alternative sources of revenue that can be generated through this area of activity. The team has achieved significant progress in raising the profile of the Bailiwick to key decision makers in a number of highly reputable e-businesses, but still has a significant amount of work to complete in order to ensure that the Island has a land bank designated for e-Business. It will continue to work with the telecoms provider to ensure that the technical infrastructure (i.e. bandwidth capacity and pricing) is appropriate to attract new business.

- 3.3.9 The e-Business team continues to work closely with the Board's Business Development Service (non-financial services sector) in order to ensure that there is a common level of Business support and Brand image.

A Five Year Strategy for Tourism

The Tourist Board has continued to implement its Five-Year Plan for Tourism through its Action Plan for 2002. (This strategy has been produced by the Tourist Board as an independent document and has not been ratified by the States.)

3.3.11 Review of Best Value from Public Sector Support for Tourism

In November 2001, Tourism Resources Company was commissioned by the Advisory and Finance Committee with the remit to undertake an independent assessment of how to gain best value from funding provided. The study also investigated and reported on a range of organisational mechanisms to ensure a sustaining and viable tourist industry on the Island. The research has been recently completed and several options presented by the consultants. At present, the results of the study are under consideration by the Advisory and Finance Committee and the Tourist Board.

3.3.12 External Transport – Air and Sea Links

The vital importance of external transport links to the well-being of Guernsey and the smaller islands cannot be overemphasized. Transport links are essential for the tourist industry, the finance industry and for social services, especially health. The Bailiwick is critically dependent upon aviation and shipping for economic and social sustainability.

3.3.13 It has been noted previously that the ability of the States to influence the decisions of transport operators, airport authorities and other parties is often very limited. The loss of the Guernsey to Heathrow air service and the subsequent withdrawal of all KLMuk services are examples of the Islands' vulnerability to external factors.

3.3.14 The Transport Board has been granted its own budget and a more substantial and independent rôle in advising the States on matters relating to the provision of air and sea services to and from Guernsey.

3.3.15 The Transport Board is continuing its efforts to maintain and enhance external transport links. This includes its work to protect slots at major London hub airports, including liaison with other areas of the British Isles whose links to those airports might also be at risk and active participation in the Freedom to Fly campaign. The Board is formulating its policies for the consideration and granting of financial concessions to transport operators. It intends to use financial concessions and route licensing together to influence operators' decisions and to maintain and enhance transport links. The Board also aims to continue its Air Transport Licensing policy such that competition can be maintained between different airlines serving different airports.

3.3.16 Intellectual Property

The next 12 months will see the completion of the review of the Bailiwick Intellectual Property needs, with proposals for the generation of legislation and the establishment of a Bailiwick Intellectual Property Office. It is the Board's aim that the legislation will complement existing business operating from the Bailiwick and will create a significant business stream in the Island's economy.

3.3.17 Branding Profile

The Board of Industry will further develop links with Tourism and the Guernsey Promotional Agency to create, where feasible, a strong brand image and common message.

3.3.18 Retail

The States have now approved a strategy for Garden Retailing. The Board of Industry is now working on the wider integrated retail strategy policy.

3.3.19 Competition and Monopolies

The issue of developing a competition strategy will be monitored but the Board of Industry is keen that the Regulation of the Utilities becomes a more mature structure prior to embarking on this work stream.

3.4 THE ECONOMY – PROJECTS AND POLICY INITIATIVES LIKELY TO COME FORWARD IN 2002/3

3.4.1 Many of the projects listed above are major work streams that will take some time to deliver. Work will continue throughout 2002 and into 2003 on many of them. Other new initiatives likely to be pursued in 2003 include the following:

3.4.2 Guernsey Finance Sector Study

The Guernsey Financial Services Commission, Guernsey International Business Association and the Advisory and Finance Committee have commissioned consultants to undertake a comprehensive survey of the Island's financial services sector. The last study was undertaken in 1995 providing an analysis of the economic benefit to Guernsey. The aim of the latest study is to not only assess the economic benefit to the Island but the future sustainability of the sector. The study will seek to identify the extent of interdependence between business sectors, recruitment and training provision, factors affecting the business environment and future planning. With the support of the financial services sector, it is intended that the study will be completed by the early autumn.

3.4.3 The Construction Industry and the States Capital Programme

In April 2002, the States supported the Board of Industry's proposals in regard to "The Construction Industry and the States Capital Programme". The Board and the Advisory and Finance Committee will now work together to develop a prioritisation schedule for capital spending, and to implement an agenda for change with the construction industry and States committees.

3.4.4 Land Strategy

The Board of Industry will review the ongoing needs for land for business and industry with particular reference to the needs for local industries producing goods or services essential to the Island infrastructure.

3.4.5 Economic Indicators

The Board of Industry is keen to ensure that there is an accurate stream of economic information available on industry, business and commerce in order to ensure that the Board's and the Bailiwick's resources are focused appropriately. This issue is picked up in the Monitoring Report.

3.4.6 Legislation on Fair Practices and Sex Discrimination

In addition to the above it is expected that the Board of Industry will bring forward legislation covering both Fair Trading Practices and Sex Discrimination legislation ensuring that the Island is regarded as a sophisticated environment to both work and trade, thus protecting its reputation internationally.

3.4.7 Strategy to Improve the Viability of the Fishing Industry

The Sea Fisheries Committee has commissioned a report to develop a strategy to improve the viability of the fishing industry. The report will cover quality control systems, fishing economics and marketing. The report is likely to highlight the need to bring fishing infrastructure at the Fish Quay to a modern standard, possibly including the provision of an ice plant.

3.5 SOCIAL ISSUES – ACTIVE PROJECTS AND POLICY INITIATIVES

3.5.1 The past year has again resulted in a great deal of work being undertaken by the States committees with responsibility for social issues. It is increasingly clear that responses to social needs are best addressed by integrated and cross committee working. Much of this work is supported by the Social Policy Working Group which is comprised of senior officers of the Advisory and Finance Committee, Housing Authority, Children Board, Probation Services Committee, Board of Health, Income Tax Authority, Committee for Home Affairs (Police), Education Council and Social Security Authority. The integrated working of these committees is particularly relevant to the findings of the Survey of Guernsey Living Standards, which is commented upon later in this report.

3.5.2 Housing

For information on housing projects please refer to the 'Corporate Housing Programme' Section of this Report (Part 1, Section 3.9).

3.5.3 Education

The Future Organisation of Secondary and Tertiary Education in the Bailiwick of Guernsey.

Following consideration in May 2001 of the Education Council's policy letter on 'The Future Organisation of Secondary and Tertiary Education in the Bailiwick of Guernsey', the States charged the Council with:

- Retaining the Grammar School as an 11-18 school incorporating a Sixth Form Centre.
- Reporting back to the States with proposals to develop three new high schools and to develop an improved College of Further Education on its existing site or an appropriate alternative site, such proposals to include costs for the complete development.
- Pursuing the States decision, in principle, that the Blanchelande Girls College receives a grant and subsidy funding from the States to a similar level as that to be given to the Ladies College and Elizabeth College.
- Raising the school leaving age to sixteen by the beginning of the academic year 2008/2009, or sooner if resources and curriculum arrangements permit.

3.5.4 In pursuance of these requirements the States approved at the April 2002 meeting the Education Council's detailed proposals for the reorganisation of Secondary, Tertiary and Special Needs Education in the Bailiwick of Guernsey. Plans for the development

of the special education schools and services have been included by necessity because of the inter-dependence of different parts of the education system.

- 3.5.5 For the same reason of inter-dependence, the proposals included plans to rebuild La Mare De Carteret Primary School and the reorganisation of St Sampson's Infant School into a two-form entry primary school to occupy the vacated St.Sampson's Secondary School buildings.
- 3.5.6 To complete the full review of education provision, the Council is to review its future accommodation requirements for all its other premises, including the Grammar School and the primary sector and will also review the funding, governance and quality assurance of the non-States schools in the Bailiwick.
- 3.5.7 Delivery of the States requirements arising from the May 2001 decision are contingent upon agreement to a Site Development Plan for which the States, at the April 2002 meeting, approved in principle a capital allocation of up to £120 million over the next ten years.

Grants for Students in Higher Education

- 3.5.8 The States considered in May 2001 a report by the Education Council that proposed improvements to the value of student grants and to reduce parental contributions. These proposals were approved and took effect from September 2001.

Teaching Staff – Recruitment and Retention

- 3.5.9 In 2001 a comprehensive review of all teachers' salaries commenced with a view to establishing a revised salary structure, in line with that for teachers in England. An integral part of the structure is a system of performance management for all teachers. Other initiatives aimed at improving recruitment and retention include:
- An improved relocation package for teachers relocating to the Island.
 - Development of locally based teacher training initiatives to come into effect September 2002.
 - Financial incentives to attract people to enter teacher training programmes.
 - The same development opportunities as are currently provided to Mainland teachers will be provided locally under the National Training Framework for Teachers.

3.5.10 Health

The States approved the Board of Health's Site Development Plan, in principle, in July 1999 and a rolling programme of implementation is proceeding. A policy letter proposing the transfer from the Castel Hospital to La Corbinerie of continuing care wards for confused older people was approved by the States at the April 2002 meeting. Work continues on seeking suitable properties to replace Oberlands House, and progress has been made on a joint venture with St Martin's Church on a community centre project which will allow relocation of the base for the day services for persons with a learning disability. Once fully implemented the plan will provide appropriate accommodation for the services the Board provides within the Princess Elizabeth Hospital site and other premises including community homes and the Mignot Memorial Hospital in Alderney.

- 3.5.11 In 1999 the Board commissioned a report by Health Advisory Service 2000 on its mental health services and services for older people. This has resulted in the introduction of community mental health teams which will involve a significant improvement in referral practices to acute mental health services and case management. Work is also being undertaken to develop acute day care services.
- 3.5.12 Contracts with the Medical Specialist Group, the Ophthalmology Group, the Guernsey Physiotherapy Group and Alderney doctors, which are funded by the specialist health insurance scheme, expire at the end of 2002. The Board of Health and the Social Security Authority have over the last 18 months, been in detailed discussion and negotiation with these groups over the scope and cost of services to be covered from 1 January 2003. The States approved a policy letter setting out details of the new contracts in February 2002.
- 3.5.13 The provision of off-Island healthcare services remains under constant review. The Board now has in place 27 Service Level Agreements with UK NHS Trusts which are renegotiated jointly each year with the Jersey Health and Social Services Committee.
- 3.5.14 The Board of Health's strategy for cancer services was reviewed and endorsed in June 2001. A number of recommendations have already been implemented while others have been costed and are included in the Board's requirements for 2002 and subsequent years.

3.5.15 Social Services

Survey of Guernsey Living Standards (Poverty Survey)

In March 1998 the States accepted a Requête regarding low-income earners and households (Billet d'Etat VI, 1998). The Requête concluded that:

"...extra help should be given to low income earners using a broad approach including the use of Social Security."

- 3.5.16 The Advisory and Finance Committee asked the Social Policy Working Group to prepare a report on the issues involved and to suggest how they might be best addressed. The Working Group's report (Billet d'Etat XII, 2000) concluded that there was insufficient data on relative poverty in Guernsey to give definitive answers on the best method(s) to address the concerns expressed in the Requête.
- 3.5.17 Following consideration of the Social Policy Working Group's Report the Advisory and Finance Committee authorised a survey of relative poverty to be undertaken. The outputs sought from the survey were:
- An assessment of the numbers of households in Guernsey that may be considered to be in "relative poverty" judged against various relevant benchmarks, both local and from other jurisdictions.
 - An assessment of how "relative poverty" may be addressed in the Island's particular circumstances and drawing on the experiences of other jurisdictions.

A contract was subsequently awarded to the Townsend Centre for International Poverty Research which is based at the University of Bristol.

- 3.5.18 The Townsend Centre used a consensual method of research which provides that persons are deemed to be in poverty when their standards of living fall below the minimum deemed necessary by current public opinion.
- 3.5.19 The first stage of the survey, conducted in November 2000, gathered information using a questionnaire issued to randomly selected households which was used to establish a 'benchmark' of what Guernsey residents considered to be the necessities of life. The second stage of the survey, carried out during March and April 2001 and involving face-to-face interviews with randomly selected householders, measured the incidence and causes of poverty set against that benchmark.
- 3.5.20 Following analysis of the data the report on the 'Survey of Guernsey Living Standards' was presented to the committee members and senior staff that comprise the Social Policy working Group in February 2002. This was followed in March 2002 by a press conference and the survey being made available to the public.
- 3.5.21 **The major finding of the survey was that the overwhelming majority of people in Guernsey have a very high standard of living. They are content with their accommodation and with life on the Island and have good friends, neighbours and close family who can provide them with support when needed. They are living healthy and happy lives and can afford to buy the things that they need. However, the report identified that 16% of households have a standard of living below the standard acceptable to the majority of Islanders and are classed as 'poor'. A further 5% were found to be vulnerable to poverty.**
- 3.5.22 Households are classed as poor or suffering from poverty if people in them do not have four or more of the necessities of life that the majority of Guernsey residents feel they should be able to afford and not have to go without. The major areas of deprivation were found to be amongst lone parents, 63% of whom were suffering from poverty, as were 43% of single pensioners and 26% of large households with children.
- 3.5.23 The Social Policy Working Group recognises that the solutions to many of the problems highlighted by the survey will be complex and will require integrated and cross committee working. To assist the Group with developing a response to the findings the Advisory and Finance Committee has commissioned the Townsend Centre to work in conjunction with the Social Policy Working Group on the production of an anti-poverty strategy which will in turn feed into a social inclusion strategy. The anti-poverty strategy is expected to be delivered during August 2002.
- 3.5.24 The Committees represented by the Working Group also agreed, in parallel with the survey of relative poverty, to undertake preliminary investigations into the feasibility, suitability and financial implications of a number of measures (Billet d'Etat XII, 2000) that may individually or collectively alleviate relative poverty experienced by low-income households.
- 3.5.25 The Advisory and Finance Committee anticipated that by progressing these two areas for further investigation in parallel it would be able to bring forward proposals for a package of measures that may be identified as necessary and appropriate to assist low income earners and households. It has become clear, however, that some of the measures could only be fully addressed after the results of the survey of relative poverty became known although work has been continuing in the interim pending the availability of the survey results. These measures are commented upon, as appropriate, elsewhere in this Section of the Policy and Resource Planning Report.

Long Term Care Insurance Scheme

- 3.5.26 The States approved the Social Security Authority's detailed proposals for a long-term care insurance scheme on 1 March 2001. The States at the April 2002 meeting approved the Projet de Loi, giving effect to the scheme. Subject to legislation being returned from the Privy Council, the Authority expects to be collecting contributions to the scheme from 1 January 2003 and to start paying benefit from 1 April 2003. Administrative systems are in the process of being set up, including arrangements with the Board of Health covering the operation of the Needs Assessment Panel. The Board of Health's community services are also being developed to ensure that people do not have to be admitted to a home unnecessarily.

Children's Services

- 3.5.27 The Children Board is continuing to work with other committees with responsibility for children's services. This work on children's services planning has been assisted by the Survey of Guernsey Living Standards which provides data about children living in poverty and the associated problems they face. A new assessment process 'The Framework of Assessment of Need' which supports inter-agency strategies, has also been introduced. Training in the new assessment process has been provided in the last year to 180 persons covering both staff of the Children Board and of other agencies with responsibility for children's services.
- 3.5.28 The development of community projects aimed at providing accessible services to children and families has continued over the last year. The Board considers these resources to be a priority in its strategy of early intervention and prevention. The Board will be taking proposals to the States during 2002 for the development of a further family centre at Les Genats Estate.
- 3.5.29 The Children Board recognises the needs of young people who are at risk of becoming socially excluded. As part of the response to these needs the Housing Project for Young People is continuing to be run in partnership with the National Children's Homes, Youth Concern and the Housing Authority. A joint policy letter from the Board and the Housing Authority which will aim to secure resources for this work will be taken to the states during 2002. The Board is also pursuing the provision of a hostel for homeless young people.

3.5.30 Leisure and Recreation

In October 2001 the States gave final approval to the redevelopment of Beau Sejour. The work is progressing smoothly with business being maintained at a better than anticipated level. At the time of drafting this report, the completion date of 7 April 2003 is expected to be met.

- 3.5.31 The Recreation Committee remains in discussion with the Education Council regarding a number of joint ventures to use school facilities for the wider community. However, in the light of the States decision on the Council's proposals for secondary education, it has been agreed not to pursue such proposals further until the Council has produced its blueprint for future education in Guernsey.
- 3.5.32 The Recreation Committee has pursued the development and enhancement of the Footes Lane facilities over the last year. The clubhouse is scheduled for completion by September 2002 and following the successful fundraising efforts of the Guernsey Stadium Trust, work on the Grandstand should commence shortly with completion expected by January 2003, well in time for the Island Games.

3.5.33 Update on the Bailiwick Drug Strategy

The Bailiwick Drugs Strategy was born of a realisation that no single States Committee had the mandate or necessary authority to tackle all aspects of the growing 'drugs problem' in the Bailiwick. Successfully containing the misuse of drugs requires the optimum but changing balance between supply reduction (through intelligence, interception and enforcement), demand reduction (through education for all ages), and effective treatment and rehabilitation of those affected by drugs misuse. However, to improve administrative efficiency responsibility for the budget has now transferred to one of the operational departments, (Board of Administration).

3.5.34 The Bailiwick Drugs Strategy was agreed by the States in April 2000, a Drugs Strategy Co-ordinator appointed in April 2001, and steady progress has been made with the implementation of the strategy.

3.5.35 An inter-agency drugs misuse database has been established, and plans are well advanced for the appointment of a criminal justice drugs worker and the improvement of intervention and treatment services. As the drugs misuse database develops, it will be possible to monitor the effectiveness of the strategy, particularly through changing patterns of drugs misuse and the prevention of longer-term drugs-associated harm.

3.6 SOCIAL ISSUES – PROJECTS AND POLICY INITIATIVES LIKELY TO COME FORWARD IN 2002/3**Survey of Guernsey Living Standards – Response to Findings**

3.6.1 As stated in the previous Section, the Advisory and Finance Committee has commissioned the Townsend Centre for International Poverty Research to produce an anti-poverty strategy in consultation with the Social Policy Working Group. The strategy is expected to be completed during August 2002. In due course this will be fed into a social inclusion strategy.

3.6.2 Until the anti-poverty strategy has been received and considered by the Advisory and Finance Committee and the committees comprising the Social Policy Working Group it will not be possible to set a firm date for work to begin on a social inclusion strategy. However, it can be reasonably anticipated that this should begin in the first half of 2003.

Education

3.6.3 During 2002/3 the Education Council will bring forward a number of the policy initiatives that are encompassed within the first programme of the Education Development Plan that flows from the States decision of April 2002 on the detailed proposals for the future of secondary and tertiary education in the Island and the site development plan supporting the agreed changes.

3.6.4 The Education Council's ICT project is now likely to be completed at the end of 2003. The Council anticipates submitting a policy letter during 2003 which will address, amongst other issues, the future funding and management of the project and a community access strategy.

Health

- 3.6.5 During 2002/3 the Board of Health will continue to progress with the implementation of its Site Development Plan which will centralise most services and facilities at the Princess Elizabeth Hospital.
- 3.6.6 The Board of Health will review legislation affecting mental health, nursing and residential homes, the control of environmental pollution, poisons and pharmacies and the misuse of drugs. Policy letters containing proposals concerning all of these areas are expected to be presented to the States before the end of 2003.
- 3.6.7 The Board will continue to implement its agreed cancer strategy on an incremental basis and is embarking upon the production of strategies for services for persons with a learning disability, cardiovascular disease and children's health services.
- 3.6.8 Secondary care services will continue to be developed by the Board, as detailed in the policy letter on the new contracts for the Specialist Health Insurance Scheme approved by the States in February 2002 (Billet d'Etat II, 2002)
- 3.6.9 The Board will proceed with the development of community services in line with the proposals set out in the policy letter on the Long-Term Care Insurance Scheme, approved by the States in February 2001, (Billet d'Etat III, 2001).
- 3.6.10 The Board of Health is also carrying out investigations into the possible need for a Bailiwick Alcohol Strategy. It is anticipated that a report on this preliminary work, for consideration by relevant committees at staff level, will be completed in the latter part of 2002.

Social Security

- 3.6.11 The Social Security Authority intends reporting to the States before the end of 2002 with proposals to achieve gender equality in the social insurance scheme. The proposed changes will require phasing in and transitional provisions to meet the entitlements and expectations of people under existing legislation.
- 3.6.12 At the time of drafting this report, the Social Security Authority was resuming work on a full technological migration of its computer systems after suspension of the project in 2001. Substantial progress is expected during the remainder of 2002. The Authority considers a new computer system to be essential in terms of the future delivery of services and efficiency and its ability to take on new services such as the long-term care insurance scheme.

Children's Services

- 3.6.13 **Review of Childcare Legislation** - The Children Board is undertaking a review of the legislation in relation to children where this falls within its mandate. This covers a wide area including child protection, the accommodation of children, juvenile justice, adoption, the regulation of under-5s resources and arrangements for children in matrimonial and domestic proceedings. The Board anticipates bringing forward a policy letter with proposals for new primary legislation later in 2002 or early in 2003.
- 3.6.14 **Community Development Initiatives** - The Board is likely to bring forward a number of initiatives to tackle child poverty and social exclusion at family and community level. The needs of children and families living in deprivation and the impact this has on their health, social life, and ability to be included in society has been highlighted by the

recent Survey of Guernsey Living Standards. Such initiatives are based on a 'joined up' approach involving States committees, voluntary bodies, and the community in developing strategies to improve the well-being of children and families.

- 3.6.15 **Assistance With the Cost of Childcare Provision** - The Children Board has been exploring the possibility of providing more free or subsidised childcare places and/or childcare allowances as measures to assist low-income households. Research has shown that children who are socially deprived have been shown to benefit the most from early interventions to enable them to achieve their full potential. The need for a strategy to address the needs of children whose parents are socially deprived as a preventative measure against future deprivation and social exclusion is supported by the findings of the Survey of Guernsey Living Standards. The Children Board will, therefore, be coming forward with proposals, some of which will involve cross committee working, for improving the availability and accessibility of childcare for children in greatest need.
- 3.6.16 **Off-Island Placements for Children** - The Children Board, Board of Health and Education Council have been jointly reviewing policies and procedures for placing children off-Island. A report for consideration by those committees and the Advisory and Finance Committee should be completed in the Autumn of 2002. It is also likely that one of the outcomes of the review will be proposals for initiatives to enable the committees concerned to be able to meet the needs of more children within the Bailiwick.

Law and Order

- 3.6.17 The Home Affairs Committee (Police) will produce a Draft Crime Strategy by October 2002 for introduction in January 2003. This will entail consultation with internal and external groups in order to establish the crime responses for the short and medium term.
- 3.6.18 The Customs and Immigration Department will be pursuing its extant objective of increasing the quality and quantity of intelligence gathered both at the frontier and through commercial links. This aim will be complemented by the recent establishment by the Police of a Street Crime Unit.

3.7 THE ENVIRONMENT – ACTIVE PROJECTS AND POLICY INITIATIVES

Review of the Urban Area Plan (UAP)

- 3.7.1 The comprehensive review of the current UAP was published in September 2001 and was considered at a public Planning Inquiry which closed at the end of January 2002.
- 3.7.2 At the time of drafting, the Island Development Committee has received the report of the independent Planning Inspector and expects to be able to present its policy letter to the July 2002 States meeting.
- 3.7.3 Progress with the combined review of the Rural Area Plan Phases 1 and 2 has been delayed as priority has been given to the further work on the preparation of the proposed new planning law as explained below.

New Planning Legislation

- 3.7.4 An IDC policy letter detailing the content of the proposed legislation and presented to the States in November 2001 (Billet d'Etat XXII 2001) was the subject of a successful Sursis requiring that the Committee undertake a further round of consultation before reporting back to the States.
- 3.7.5 That consultation exercise has since taken place and at the time of drafting, a further IDC policy letter is expected to be put to the June 2002 States meeting.

Public Transport

- 3.7.6 In March 2001 a new route network for scheduled bus services was introduced. The level of services has been increased on three occasions since then. A revised fare structure was put in place in October 2001 which included a flat 50 pence fare and system tickets which provide for fares as low as 20 pence per journey. At the time of drafting, the Committee has sought tenders for the supply of a fleet of new buses.
- 3.7.7 The Traffic Committee has submitted two policy letters dealing with pay parking and the co-ordination of roadworks for consideration at the May 2002 States meeting.

Parking in St Peter Port

- 3.7.8 In January 2002 the States approved a policy letter submitted by the Board of Administration and agreed that additional investigations and consultations on the subject of parking and quayside enhancement in St Peter Port should be carried out and that further work should concentrate on opportunities at the southern end of Town. The States also directed the Advisory and Finance Committee to convene and lead a cross-committee working group involving the Traffic Committee, the Board of Administration and the Island Development Committee to produce a brief for the appointment of consultants to carry out detailed feasibility studies.
- 3.7.9 Consultants have now been appointed and it is intended to report the results of the feasibility studies to the States in early 2003.

Solid Waste Management

- 3.7.10 This was referred to in the 2001 Report and an update is provided in the Strategic Land Use Plan (Part 2, Section 8 of this Report).

Agriculture and Countryside

- 3.7.11 Following something of a hiatus in 2001 caused by the need to respond in a precautionary manner to the Foot and Mouth Threat, the Board's resources are now strongly directed towards the implementation of the policies agreed by the States in 2000 concerning support for dairy farming and the countryside through the milk-subsidy scheme. In particular the establishment of Farm Countryside Management Plans will be completed in the summer of 2002 and thereafter will be monitored for compliance.
- 3.7.12 The review of animal welfare legislation, also a victim of the Foot and Mouth emergency measures in 2001, is again in hand and it is intended that this will be progressed to a wide public consultation this year with a subsequent approach to the States with proposals for improvements to the Island's laws in this regard.

3.7.13 Legislation with regard to Genetically Modified Organisms is also being reviewed.

Water

3.7.14 The annual demand for water from the public supply has reduced from a peak of over 5,700 megalitres during 1970/71 to 4,867 megalitres currently. Analysis of current trends show that increasing domestic requirements have been offset by reducing demand for commercial purposes, especially power generation, horticulture and tourist accommodations.

3.7.15 The Water Board is preparing a policy letter on a complete revision of the current plumbing standards legislation to bring it into line with the latest regulations recently introduced in England and Wales.

Biodiversity Action Plans

3.7.16 A Biodiversity Working Group has been formed as a sub-group of the Advisory and Finance Committee's Environmental Policy Working Group to progress the production and implementation of a Biodiversity Action Plan. This will provide a strategy for the conservation and improvement of the terrestrial and marine environment of the Islands of Guernsey, including measures to protect and improve their diverse wildlife and to promote the importance of a healthy and sustainable environment. Progress has been made and it is expected that a draft plan will be completed this year.

3.7.17 Membership of the Working Group includes staff of the Advisory and Finance Committee, the Board of Administration, the Island Development Committee, the Agriculture and Countryside Board and La Société Guernesiaise.

Climate Change

3.7.18 The possible impacts of relatively rapid Climate Change brought about by global warming could be highly significant in Guernsey where a major proportion of the population lives and/or works very close to sea level.

3.7.19 The Advisory and Finance Committee's External Relations Sub-Committee has agreed that Guernsey should be included in the UK ratification of the Kyoto Protocol and UN Framework Convention on Climate Change.

3.7.20 Negotiations will be entered into with the Lord Chancellor's Department to include Guernsey within the UK's contract with a monitoring agency for the production of a greenhouse gas inventory.

3.7.21 The States, through their participation in the British Irish Council, are taking advantage of work being undertaken by the United Kingdom Climate Impacts Programme (UKCIP) that is based in Oxford. It is anticipated that representatives of UKCIP will visit Guernsey later in the year to lead a Climate Impacts Seminar.

3.7.22 Following on from last year's Report the Channel Islands have now been included in the local level 25 kilometre scenario models being run by UKCIP in order to provide reliable information upon which to build a climate change strategic policy in future years. The data from this modelling exercise should be available in spring 2003.

Designation of a RAMSAR site (Convention on the Protection of Wetlands of International Importance)

3.7.23 The purpose of this Convention is to promote the conservation and wise use of wetlands by national action and international co-operation as a means of achieving sustainable development throughout the World.

3.7.24 The Island is included in the UK ratification of this Convention which covers areas, among others, of marine water the depths of which at low tide does not exceed six metres. The Islands of Guernsey and Herm have an extensive and valuable marine environment within this definition and the Board of Administration, working with the Environmental Policy Working Group, is actively seeking the possible designation of a Ramsar site. As part of this process, the Board will participate in meetings of the UK Ramsar Committee.

Third Golf Course

3.7.25 This has been given low priority against the background of other major initiatives which the Recreation Committee is undertaking. However, it remains the Recreation Committee's wish for a third golf course to be provided on the Island by a private developer.

3.8 ENVIRONMENTAL ISSUES – PROJECTS AND INITIATIVES LIKELY TO COME FORWARD IN 2002/3

Review of the Rural Area Plan (RAP)

3.8.1 A combined review of both phases of the RAP will proceed during the coming year.

Traffic Related Issues

3.8.2 The Traffic Committee intends to undertake a number of policy initiatives during this period:

- An Integrated Traffic Strategy.
- Review of the Schools Bus Service.
- Review of the Park and Ride Infrastructure and Services.
- Evaluation of the need for compulsory annual vehicle emission testing.

Biological Record Centre

3.8.3 The Environmental Policy Working Group, through its Biodiversity Working Group, is pursuing the feasibility of establishing a Local Biological Record Centre to collate, manage and provide data on the Island's species and habitats. The Centre is seen as being a not-for-profit service run in partnership with the States for the public benefit. Its customers would be likely to be States departments, conservation agencies, local naturalists, schools, members of the general public and commercial interests.

3.8.4 The establishment of a Local Biological Record Centre is seen as an important initiative through which to:

- Provide information and education about the Island's natural heritage.
- Conserve plant and animal species.
- Protect local ecosystems.
- Give knowledgeable guidance to land habitat and farm management activities.
- Support the Island's international obligations with regard to environmental issues.
- Enable the monitoring of biodiversity which is one of the Island's Sustainability Indicators.

3.9 DEVELOPING A CORPORATE HOUSING PROGRAMME

3.9.1 Introduction

In 1991, the States endorsed a series of propositions by the Housing Authority which collectively comprised a Housing Strategy. At that time, the Island was faced, as now, with a shortage of affordable homes together with rising property prices.

3.9.2 The 1991 Housing Strategy included proposals to create a distinct category of 'need' housing and subsequently, the new generation of IDC Development Plans included a mechanism for need housing to be provided in accordance with Outline Planning Briefs in Housing Target Areas, Action Areas and Mixed Use Redevelopment Areas.

3.9.3 Nonetheless, there was a reluctance to introduce the necessary legislation to enable this intervention in the private housing market by empowering the States to control the type, price and market into which need housing could be sold and resold. It was feared that such a system would be unduly cumbersome and bureaucratic.

3.9.4 Whilst the issue of housing remained highly controversial throughout the 1990s, there was a prevailing view that, provided an adequate and consistent supply of land for residential development was maintained, the market would be able to meet the majority of the Island's projected housing needs.

3.9.5 It was recognised, however, that the Housing Authority should 'lead by example' in constructing affordable housing on publicly owned land and promoting alternative forms of home ownership and tenure through the onward sale of sites in its ownership.

3.9.6 **The effectiveness of this approach was urgently reviewed following the States elections in 2000 when great public disquiet was expressed about the continuing lack of affordable homes. The Housing Authority presented an interim report on the housing situation to the States in September 2000 (Billet d'Etat XX, 2000). The report outlined a framework for a new, comprehensive Housing Strategy to be presented to the States following the completion of Guernsey's first Housing Needs Survey.**

3.9.7 **The report also explained that the Housing Authority was continuing to progress other initiatives whilst work on the Housing Needs Survey proceeded. These initiatives were described in the 2001 Policy and Resource Planning Report and are updated below.**

3.9.8 Active Projects and Policy Initiatives

- **Housing Needs Survey**

3.9.9 **The findings of the Housing Needs Survey were presented to the Housing Authority in December 2001.** The Authority has produced a policy letter which is due for consideration by the States in May 2002, that focuses on the size type and price of houses required, either for purchase or rent to meet the Island's housing needs and the consequent policy implications.

3.9.10 Following further assimilation of the information contained in the report, a second policy letter addressing other important but secondary housing issues will be presented to the States. These two policy letters and the further investigations and measures they recommend will contribute to the ongoing formulation of a comprehensive Island Housing Strategy.

- **Housing Associations**

3.9.11 **Following States agreement to the principle of establishing housing associations in Guernsey, the detailed funding and regulatory arrangements that would apply, particularly in relation to the formation of the Guernsey Housing Association, were agreed in September 2001.** Terms of the Agreement between the States and the Guernsey Housing Association were signed in March 2002 and the Association is progressing the development of transferred States owned sites on which approximately 170 dwellings will be developed.

3.9.12 The Housing Needs Survey also identified **partial ownership schemes** as a means of addressing the issue of affordable housing. The Authority is in discussion about such schemes with the Guernsey Housing Association with a view to their introduction as part of its first developments.

- **Sheltered Housing**

3.9.13 **In April 2001 the Housing Authority presented a report to the States regarding the provision of sheltered housing in the Island, identifying a particular shortfall in the provision of units for affordable rental.** As part of that report, the Authority outlined its proposals to provide financial assistance to a developer/operator to develop the former Girls' Grammar School site at Rosaire Avenue predominantly for affordable sheltered housing, including extra care accommodation.

Following a tendering process, the Authority has selected the preferred tenderer with whom it is currently in intensive negotiations to bring the project to fruition.

- **Housing Quality**

3.9.14 **Following a comprehensive condition survey of its housing stock, the Authority brought a report to the States in September 2001 setting out proposals for a long-term refurbishment and renovation programme for its estates.** The States made a commitment to provide capital funding for this programme on an ongoing basis, subject to the approval of an annual programme by the Advisory and Finance Committee.

3.9.15 The Authority indicated in that report that it was seeking to follow an innovative approach to the overall management of that programme. The Authority has subsequently agreed that this can be best achieved through 'partnering' and following

a tender exercise, it has selected a preferred partner with whom it is currently in detailed negotiations with a view to putting formal arrangements into place.

3.9.16 With regard to housing quality in the private sector, the Survey of Guernsey Living Standards, undertaken by the Townsend Centre for International Poverty Research, identified the problems of substandard accommodation that exists particularly within the rented sector. The Housing Needs Survey provides additional information on this issue and the Authority will report on those findings as part of its second report to the States on the Survey.

- **Provision of Affordable Housing**

3.9.17 **The construction of new private sector housing on previously States-owned land at the Amherst Hospital site and at Bulwer Avenue, (within Housing Target Area 9), is progressing.** The Housing Authority applied conditions to the sale of the land to ensure that the houses and flats will be sold at affordable prices and the developers involved have, with the approval of the Authority, applied additional conditions regarding their resale prices with the intention of keeping them within the first-time buyer's market. **The Authority also sold property at the Bordage by tender in 2001 which, following development, will provide flats for sale at affordable prices.**

3.9.18 **Projects and Initiatives Likely to Come Forward in 2002/3**

- **Study of the Guernsey Housing Market**

3.9.19 The Housing Authority and the Advisory and Finance Committee have jointly agreed to commission and fund an economic study of the Guernsey housing market with a view to obtaining a better understanding of the factors influencing the market and their relative importance. **The study is due to be completed by the Autumn of 2002.**

- **'Keyworker' Housing**

3.9.20 The inability of public sector workers such as teachers, police officers and nurses to compete in the Guernsey housing market has been identified as having recruitment and retention implications. The Housing Authority is chairing an inter-departmental staff working party to investigate the provision, funding and planning implications of developing specific accommodation for 'key workers' in Guernsey. **A discussion document will be presented to the relevant employing committees, the Housing Authority and Advisory and Finance Committee before the end of 2002.**

- **Review of States Rental Policy**

3.9.21 The Housing Authority, as part of a group of inter-departmental officers, is carrying out a review of current charging policies, and the rent rebate and rent surcharging schemes. It is intended that the review will ensure the best use of the States housing stock and fair and equitable treatment of all tenants. **The Authority intends to take to the States a report containing the results of the review during 2002.** Although the report will focus on public sector rental issues it will also refer to the private sector in accordance with the States direction relating to the 1998 Requête on Low Income Earners and Households.

- **Housing Control Law**

3.9.22 The existing Housing Control Law expires in 2004. The Open Market provisions were reviewed during 2000 and a report placed before the States in 2001. **A review of the remaining provisions of the Law will be completed and brought before the States late in 2002 or early 2003.**

3.9.23 The Purpose of a Corporate Housing Programme

The purpose of the proposed Corporate Housing Programme is to provide a specific framework for translating the emerging Housing Strategy into effective action.

3.9.24 **Through the Programme, all States committees with responsibilities for addressing housing issues will be committed to work together in a co-ordinated way and against an agreed timeframe, to meet strategic objectives that cut across the mandates of individual committees.**

3.9.25 The provision of adequate housing to meet the Island's needs does not require a single solution to a single problem. It requires a corporate effort to manage a complex mixture of issues which are interrelated and which change over time.

3.9.26 Although it is rightly perceived that the Housing Authority is the States committee with primary responsibility in this area, many other committees have a major part to play in the implementation of a Housing Strategy.

3.9.27 At present, the Housing Authority, supported by the Advisory and Finance Committee works in an informal way through staff level groups to co-ordinate the work of committees in addressing the various aspects of housing policy. At political level, the Housing Task Force comprising three members of the Advisory and Finance Committee also acts as a focus for action on housing matters.

3.9.28 Despite the benefits of these arrangements, however, the current system falls short of providing the explicit and comprehensive programme of action which would achieve the best possible outcomes.

3.9.29 Proposals

As the above Sections on current and proposed housing projects and initiatives demonstrate, a great deal of work is already being undertaken to tackle a wide range of housing issues. These projects will be assimilated into and form part of the formulation of the Island Housing Strategy.

3.9.30 **The development of a Corporate Housing Programme is complementary to this process and represents the implementation aspect of the strategy.**

3.9.31 **The Advisory and Finance Committee proposes to work with the Housing Authority and other committees on the preparation of the Programme during the coming months. It is anticipated that the Programme will address:**

- **The specific objectives and targets that policies are intended to fulfill.**
- **The structure of the Programme and rôles to be played by various committees and non-governmental organisations in meeting the corporate objectives.**

- **The resourcing of the Programme with particular emphasis on long-term funding but also the need for adequate staffing and IT support.**
- **The integration of the Programme with the prioritisation of relevant legislation, with the Strategic Land Use Plan, the future Strategic Property Plan and the individual Policy and Resource Plans of relevant committees.**
- **The production of corporate statistical information to monitor and review the effectiveness of the Programme over time to be presented annually in the Monitoring Report.**

PART 2

Section 4 FINANCIAL REPORT

4.1 INTRODUCTION

4.1.1 This Section of the Report deals mainly with the anticipated overall financial situation of the States for the period 2001 to 2005. A more detailed summary and commentary on the Committee's expectations for 2002 and 2003 is also provided. This Section also contains a number of recommended revisions to parts of the existing States Financial Procedures.

4.1.2 The Accounts Billet d'Etat, which is published and is to be debated at the same time as this Report, contains full details of individual committee accounts and includes a report from the States Treasurer summarising and commenting upon the financial outturn for 2001.

4.1.3 **The States Treasurer's Report shows:**

- The operating surplus for 2001 was £57.3m (2000: £53.2m) and the balance on the General Revenue Account Reserve at 31 December 2001 was £26.4m, excluding unspent balances available to committees. This is an increase of £0.9m since the beginning of 2001.
- Total capital expenditure, including transfers to the newly established Housing Funds, for 2001 was £35.0m (2000: £13.9m).
- As at 31 December 2001 the balances on the Capital Fund and the Capital Reserve were £31.3m and £90.1m respectively (2000: £22.3m and £76.1m). Following the 2002 Budget Debate the States approved a further transfer to the Capital Reserve at the beginning of 2002 of £18.0m.
- The balance on the Contingency Reserve Fund as at 31 December 2001 was £131.7m, which represents an increase of £12.5m in the year. This balance represents 59% of the equivalent of a full year's revenue expenditure (2000: 58%). Following the 2002 Budget Debate the States approved a further transfer to the Fund at the beginning of 2002 of £5.0m.

4.1.4 Preparing projections of income and expenditure, the setting of individual committee cash limits, capital allocations, returns of unspent balances and transfers to reserves is a complex process which takes several months and involves many factors and staff level discussions. At the time of preparing this Report the Committee was in the process of negotiating the sale of Guernsey Telecoms Limited. The majority of the work required to prepare the financial Sections in this Report have therefore been prepared without knowledge of the precise details of the deal and, more importantly, whether they were approved by the States.

4.1.5 Therefore, any proceeds from the sale of the Telecoms business have not been included in the detailed Sections of this Report. However, as stated in the Committee's policy letter, if the sale is approved, the cash proceeds (£23.8m over two years) will be dealt with in the forthcoming Budget Report and probably appropriated to the Contingency Reserve Fund as and when appropriate.

4.2 GENERAL REVENUE FINANCIAL PROJECTIONS

4.2.1 The table below shows projections for General Revenue for the five years 2001 to 2005. The figures for 2002 and 2003 are those used in the Detailed Financial Proposals Section of this Report (Part 2, Section 5). The figures for 2004 onwards are based on the following assumptions:

- **Income tax revenue** – income tax receipts are anticipated to grow by 3.75% per annum in real terms. In last year's Report an annual growth rate of 3.0% in real terms was assumed. However, as set out in the 2002 Budget Report, a degree of uncertainty in these estimates is unavoidable.
- **Capital and revenue expenditure** are derived from committees' own projections, adjusted for a provision for additional expenditure not included in the projections but which the Committee believes is likely to be incurred.
- The annual increase in the **Guernsey Index of Retail Prices** (headline inflation) as at the end of March 2002 was 2.9% (2000: 3.3%). This was at the higher end of the Committee's expectations and is a reversal of the trend of steadily falling inflation over the past 18 months. The Committee has assumed that annual headline inflation in 2002 onwards will be between 2.5% and 3.5%.

4.2.2 **General Revenue Account Reserve** – the balance on the General Revenue Account Reserve is maintained at its target level of 5% of annual revenue income. The protection that this Reserve affords against adverse budget variances is an essential feature of the States financial system. Its value has been amply demonstrated in providing a buffer against the re-evaluation of income tax collections and the Committee therefore considers that ensuring that the Reserve is maintained at its target level must be a first call on available resources.

General Revenue Finance Projections

| | 2001 | 2002 | 2003 | 2004 | 2005 |
|---------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
| | £m | £m | £m | £m | £m |
| | (Actual) | | | | |
| Income | 280.2 | 277.0 | 290.0 | 300.0 | 315.0 |
| Expenditure | <u>222.9</u> | <u>240.0</u> | <u>260.0</u> | <u>270.0</u> | <u>285.0</u> |
| Operating Surplus | 57.3 | 37.0 | 30.0 | 30.0 | 30.0 |
| Capital Income>Returns of Unspent Balances | <u>1.4</u> | <u>0.7</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> |
| Available for future Capital Exp. and Appropriations | <u>58.7</u> | <u>37.7</u> | <u>30.0</u> | <u>30.0</u> | <u>30.0</u> |
| Capital Expenditure | <u>35.0</u> | <u>40.0</u> | <u>70.0</u> | <u>70.0</u> | <u>70.0</u> |

4.2.3 The above table indicates that projected revenue will not be sufficient to meet all committees' aspirations for revenue spending and provide the substantial sums needed for future capital projects without unprecedented and probably unacceptable increases in taxation.

4.2.4 Any decrease in direct taxation receipts, or significant increase in revenue or capital expenditure, will mean that, albeit with considerable reluctance, and only after ensuring that committees' expenditure is restrained as far as possible, the Committee would need to recommend that the States increase the existing rates of indirect taxation; a situation the States has been in the fortunate position of being able to avoid for several years. Furthermore, significant real terms increases in personal tax allowances, similar to those announced in the 2002 Budget Report, will not be possible.

4.2.5 The Committee would emphasise the following:

- The income estimate for 2003 is based on current statistical data and may therefore be considered reasonably reliable. However, the estimates for future years are merely projections of the trend, there being no better information yet available on which to base a more reliable calculation. They should therefore be treated with caution.
- No allowance is made for a reduction in income due to a slowing down of the economic cycle or for any fall in revenue resulting from possible changes to the Island's direct taxation arrangements in response to reductions in the rates of direct tax implemented, or announced, by competing jurisdictions, such as the Isle of Man.
- Income in 2002 is expected to increase only slightly compared to 2001 (after adjusting for accounting policy changes). However, General Revenue expenditure is still expected to increase significantly mostly in respect of payroll costs. Even allowing for the fact that some of the increases in expenditure in 2002 are one-offs, this is an unsustainable trend.
- No allowance is made for the possible cost of measures that may be recommended following the present investigations into the needs of individuals and households on low incomes.

4.2.6 In the circumstances, and as stated in last year's Report, the Committee is convinced that the need for restraint and prudence remains paramount. It is accordingly firmly of the opinion that the approach it has taken in recommending revenue allocations for 2003 (see Part 2, Section 5), together with its consistent policy of building up reserves, in particular capital reserves, will continue to remain appropriate.

4.2.7 In summary, when considering its financial recommendations to the States, either as part of Policy and Resource Planning, the annual Budget, or when commenting on individual policy letters, the Committee must have regard to the:

- Level and uncertainty of income, in particular income tax receipts.
- Rate of growth of ongoing revenue expenditure.
- Need to fund capital projects to maintain and improve the Island's infrastructure.
- Need to build and retain sufficient reserves as a safeguard against future contingencies.
- Ability of individual committees to make internal efficiencies and to prioritise.

4.2.8 Of the above, the most pressing issue is the ever-increasing requests from committees for capital funding. As set out above, and in the Board of Industry's extremely important report on the local construction industry (Billet d'Etat VI, 2002), it is clear that not all of these requests can, or indeed should, be met from existing or projected resources. Prioritisation, not least to avoid further overheating of the local economy, will be required. It is for this reason (as set out in Section 5 below) that the Committee is taking the unusual step of recommending an immediate transfer to the Capital Reserve as part of this year's Report.

4.2.9 Furthermore, especially for major capital projects with the potential for an associated income stream, such as new car parks or the Energy-From-Waste facility, external financing by such means as Private Finance Initiatives (PFI) or Public Private Partnerships (PPP) will need to be fully considered. Indeed, these may be the only way of finding funding for these projects in competition with the major capital requirements of health and education (where, because of the absence of an income stream, direct States funding is the most appropriate and lowest cost option).

4.3 2002 REVENUE ACCOUNT INCOME AND EXPENDITURE

4.3.1 The Committee's prediction for 2002 compared to 2001 is as follows:

| | 2002 Prediction £m | 2001 Actual £m |
|-------------------|-----------------------------------|-------------------------------|
| Income | | |
| Direct taxation | 228.0 | 226.9 |
| Other income | <u>49.0</u> | <u>53.3</u> |
| | 277.0 | 280.2 |
| Expenditure | <u>(240.0)</u> | <u>(222.9)</u> |
| Operating Surplus | <u>37.0</u> | <u>57.3</u> |

4.3.2 As reported in the 2002 Budget Report, income tax receipts in 2001 benefited from a number of particular events which were not predicted and will not happen again. Therefore, only a very small growth in overall income tax receipts compared to 2001 is expected. Other income (after adjusting for changes to the accounting treatment of certain fees and charges and interest income) is also expected to remain stable.

4.3.3 Some of the major areas of anticipated general revenue expenditure growth in 2002 compared to 2001 (actual) are in respect of:

- Increased Formula Led expenditure, Social Security Grants, Legal Aid etc (£3.8m).
- Extra repair and maintenance work undertaken on the road network by the Public Thoroughfares Committee (£1.0m).
- International affairs and corporate and strategic measures (£1.0m).
- Expenditure on securing essential transport links (£0.65m).

- Expenditure on e-Business (£0.4m).

4.3.4 The revised Operating Surplus for 2002 is in line with that estimated at the time of the 2002 Budget Report (£37m).

Return of Unspent Balances and Capital Income

4.3.5 The following returns of unspent balances have been made where the States have in recent years approved specific increases to committee budgets but, for a variety of reasons, actual expenditure has been significantly less than originally anticipated:

- Advisory and Finance Committee: Bailiwick Drug Strategy £75,000.
- States of Alderney: Dairy Farm Management Scheme, £35,632.
- Agriculture and Countryside Board: Foot and Mouth Disease precautions £125,000.
- Home Affairs Committee: Mutual Aid Police, Financial Investigation Services £333,783.

4.3.6 Capital income is estimated to be £0.1m, which is less than reported at the time of the Budget due to timing differences.

4.4 2003 REVENUE INCOME

4.4.1 Revenue income for 2003 is expected to be £290.0m and is made up as follows:

| | £m |
|-------------------------------------------|-------|
| Direct Taxation | 237.0 |
| Indirect tax, duties etc. | 43.8 |
| Fees, Charges, Rents, Interest and others | 9.2 |
| | ——— |
| | 290.0 |
| | ——— |

4.4.2 The above figures take no account of any possible future indirect tax increases, with the exception that allowance has been made for additional impôts on tobacco. This is in accordance with the April 2002 States decision that for a minimum of five years commencing with the Budget for 2003 the impôts on tobacco must be increased by at least the annual increase in RPI plus 3%.

4.5 NOTIFICATION OF FUTURE CASH LIMITS

4.5.1 In the 1999 Report, the Committee stated that it "*can see merit in providing States committees with an indication of the cash limits that they could expect to receive on a longer term basis. It is anticipated that such an approach would allow committees to plan ahead with more certainty. However, any such process will need to allow for*

sufficient flexibility as a result of any significant changes to overall future income and expenditure projections and any future cash limits would be indicative only. The Committee will therefore be reviewing this approach in the coming months to determine whether it is indeed practical".

- 4.5.2 Accordingly, last year when notifying committees of their proposed cash limits for 2002 the Committee included an indication of the likely basis of their future allocations.
- 4.5.3 This process has proved to be of assistance both to the Committee, when setting the cash limits for 2003, and to States committees as it has provided them with a greater degree of certainty when producing their own financial plans. A similar approach will therefore be taken for this and future years.
- 4.5.4 However, as a result of the Review of the Machinery of Government, there will be a restructuring (and reduction in the number) of States Committees. In some cases existing committee responsibilities will need to be allocated between two or more new committees or departments. **As a result, in future the Policy and Resource Planning process will not only involve adjustments to the base line figures used to calculate new cash limits and additional allocations to individual committees but a complete review of individual committees' existing capital votes, capital allocations, unspent balances etc.** This will not be a straightforward or easy task. However, it does provide an excellent opportunity for a complete review of the financial resources required by individual committees.

4.6 REVIEW OF STATES FINANCIAL PROCEDURES

- 4.6.1 In April 1991 (Billet d'Etat VIII, 1991) the States approved the Committee's recommendations for a major revision of the States Financial Procedures. The Procedures introduced the concepts of Committee Revenue Cash Limits; Formula and Non-Formula Led Expenditure; the retention and use of unspent balances and the retention of proceeds from income generation.
- 4.6.2 The Procedures (which have been refined in various subsequent Budget and Policy and Resource Planning Reports) have undoubtedly increased the ability of individual committees to be flexible in their financial management, whilst at the same time increasing the level of responsibility and accountability of committees to the States and the taxpayer.
- 4.6.3 Subsequently, in May 1999 (Billet d'Etat XI, 1999) the States approved further recommendations from the Committee to clarify existing practice and provide the States with an appropriate regulatory framework to enable committees to manage their financial affairs in a manner combining flexibility with best practice. The Committee also undertook to keep the States Financial Procedures under review in particular as regards any issues which may arise from the Review of the Machinery of Government and the commercialisation of Trading Boards.
- 4.6.4 In last year's Report the Committee announced its intention to *"review the existing procedures to identify any areas that may require revision to ensure that they continue to achieve their aim of enabling committees to be flexible in their financial affairs while remaining responsible and accountable to the States and the taxpayer. The States Financial Procedures must, of course, ensure that committees obtain best value and that States expenditure is properly controlled. The Procedures must also operate in an administratively efficient manner. In this regard, the Committee will review, and make recommendations on, the delegation of authority from the States to the Committee*

and subsequent reporting arrangements on the use of such delegated authority. The review will include matters such as: final contracts with suppliers following States in principle approval for projects; budget increases; capital votes and overspending on individual capital projects.”

Recommended Changes to States Financial Procedures: Delegated Authority

4.6.5 Under the present States Financial Procedures the Advisory and Finance Committee has delegated authority to:

- Increase an individual committee’s revenue expenditure budget by the lower of £100,000 or 10% in any one financial period. The figure of £100,000 was set in 1991. This means that for a large committee (such as the Board of Health and Education Council) only very small increases, measured as a percentage of overall budget, can be approved without recourse to the States. On the other hand, for small committees, increases of just a few thousand pounds need to be referred to the States for approval.
- Approve capital votes of under £100,000, except for property purchases and straightforward replacements where the Committee has unlimited delegated authority.
- Sanction overspends on capital votes up to £10,000 regardless of the size of the original capital vote.

4.6.6 In addition, usually as part of an individual policy letter the States will grant the Committee delegated authority for specific purposes, for example, the Committee can approve expenditure in the respect of the Education Council’s ICT project subject to an overall final total of £12.6m.

4.6.7 There can be no doubt that the process of seeking financial approval from the States is very time consuming and administratively burdensome. Time is required from members and staff from both the sponsoring committee, the Advisory and Finance Committee, and from the staff of the Bailiff’s chambers. Furthermore, even for the most straightforward request, the procedures take up time in the States of Deliberation. The delay caused by taking such routine matters to the States also builds in uncertainty into project planning and work scheduling which can sometimes deter tenderers from showing an interest in undertaking States work. The latter point being particularly relevant at this time.

4.6.8 It is therefore recommend that the States Financial Procedures be revised such that the Advisory and Finance Committee has delegated authority to:

- Increase an individual committee’s revenue expenditure budget by the greater of £250,000 or 2% in any one financial period. (The 2% figure is being proposed so that for the medium and larger committees approval of amounts of more than £250,000 could be approved by the use of delegated authority, for example, in the case of the Board of Health this would be approximately £1.25m).
- Approve all capital votes for straightforward replacements and property purchases without limit and up to £250,000 for all others.
- Approve all capital overspends up to £250,000.

- 4.6.9 It is emphasised that just because the Committee has delegated authority does not mean that it cannot, or will not, refer specific instances to the States. The Committee, as it has done on past occasions, will refer such issues to the States when it considers it to be appropriate, in particular where capital overspends are concerned.
- 4.6.10 At present, the Committee's use of its delegated powers is reported to the States on four separate occasions, as appendices to the May and October Billet d'Etats and within the annual Policy and Resource Planning and Budget Reports. Again the Committee feels that reporting on four separate occasions (and on periods of unequal length) is unnecessarily burdensome and time consuming. **The Committee therefore recommends that it only report on the use of its delegated authority within the annual Policy and Resource Planning and Budget Reports.** The actual outcome will of course be included within the year-end accounts.
- 4.6.11 **In view of the Board of Industry's report on construction costs the Committee will also be considering in the coming months how the States Financial Procedures may need to be revised to accommodate any new practices in respect of major capital projects.**

Section 5 DETAILED FINANCIAL PROPOSALS

5.1 INTRODUCTION

- 5.1.1 This Section of the Report deals mainly with the Committee's detailed financial proposals for the allocation of resources for revenue expenditure in 2003 and for additional capital expenditure allocations. This Section also covers requests for additional revenue resources for various committees in 2002.
- 5.1.2 In the 2002 Budget Report the Committee concluded that *"as in recent years, public revenues remain buoyant and the financial position of the States is healthy. The Committee is therefore able once again to present a favourable Budget. However, in view of the increasing demands on ongoing expenditure, the unprecedented levels of capital expenditure and uncertainties in the long-term economic outlook the Committee is convinced of the ongoing need for prudence. If the States are able to show restraint and control public sector expenditure, the Committee remains confident of the Island's ability to maintain and improve its economy, infrastructure and public services"*.
- 5.1.3 Since the publication of the 2002 Budget Report, amongst other things, the Committee's report on Guernsey Living Standards and the Board of Industry's report on the Island's Construction Industry and the States Capital Spending Programme have increased the Committee's anxieties about the Island's ability to fund committees' expenditure plans. In particular it is unrealistic to expect that the majority, yet alone all, of the capital requests put forward by individual committees can be met. Increased competition from other jurisdictions will also continue to put pressure on direct tax revenues.
- 5.1.4 Against this background, when considering its financial recommendations, the Committee has sought to restrict ongoing revenue expenditure as far as possible and, as regards capital, to recommend capital allocations which, together with existing balances, will only allow the committees concerned to proceed with their more urgent projects and routine replacement programmes.
- 5.1.5 The Committee appreciates that allowing individual committees to build up their own capital allocations enables them to have a degree of freedom and certainty. However, if the States are serious about establishing a co-ordinated and prioritised programme of capital work, then restricting capital allocations, at least until such a programme is established and agreed, is a necessary first step.
- 5.1.6 Therefore, in contrast to previous years when appropriations to the Capital Reserve were only made as part of the Annual Budget at the end of the year, **the Committee is recommending that with immediate effect a transfer of £5m be made to the Capital Reserve.** A further transfer to this Reserve will be made in the normal manner as part of the 2003 Budget Report once the probable financial outturn of the States for 2002 is more firmly established. Funding for specific and prioritised capital projects can then be made available to committees from the Capital Reserve as and when required. **It is emphasised that the purpose of the Capital Reserve is to provide a means of funding future capital projects within a controlled and prioritised strategic framework. It does not represent a reserve that can be raided by individual committees at will.**
- 5.1.7 In making its recommendations for cash limits and additional capital allocations the Committee has given particular priority to Health, Education, Housing and maintaining the Island's infrastructure. The Committee has also been careful to ensure that adequate reserves are built up as a safeguard against future uncertainties.

5.2 ADJUSTMENTS TO COMMITTEE BUDGETS FOR 2002

- 5.2.1 As mentioned earlier in this Report, budgetary responsibility for the Bailiwick Drug Strategy has been transferred from the Advisory and Finance Committee - Strategic and Corporate Measures to the Board of Administration – General. A transfer of £277,000 between the 2002 budgets of these committees has been made.
- 5.2.2 As set out in its policy letter recommending the sale of Guernsey Telecoms Limited, the Committee obtained specialist assistance, including corporate finance advice, the total cost of which is now estimated to be £2.0m. Of this sum £200,000 was approved as part of the original policy letter (Billet d'Etat VI, 2001) and £1,100,000 as part of last year's Policy and Resource Planning Report. The Committee therefore recommends that its Strategic and Corporate Measures budget for 2002 be increased by £700,000 to fund the outstanding balance. Provision for this expenditure had previously been made in the General Revenue Account Reserve.
- 5.2.3 As can be seen from the earlier Sections of this Report, the Committee and its staff are faced with an unprecedented amount of work on international (including fiscal and taxation measures) and various other strategic and corporate matters (including issues arising from the Survey of Guernsey Living Standards). Furthermore, there is a requirement for resources, possibly substantial, if the States decisions in respect of the Review of the Machinery of Government are to be implemented properly and within the desired timeframe.
- 5.2.4 The Committee therefore recommends that its Strategic and Corporate Measures budget for 2002 be further increased for; continuing work on the issues arising from the Survey of Guernsey Living Standards (£100,000), international relationships, including fiscal and taxation measures (£150,000) and costs associated with implementing the Review of the Machinery of Government (£250,000).
- 5.2.5 In total, **the Committee recommends the States to approve an increase of £1,200,000 in its Strategic and Corporate Measures revenue expenditure budget for 2002.**
- 5.2.6 As reported in previous Policy and Resource Planning and Budget Reports, there has been an increase in the number of children and young adults with serious behavioural and emotional problems requiring specialised and intensive assistance some of which require Out of Island Placements.
- 5.2.7 In 1999 the Children Board spent £0.5m on these Placements, in 2001 this had risen to £1.2m and it is expected that expenditure in this area will continue at this level in the foreseeable future. When the Board's 2002 budget was originally set it included an increased provision for Placements, however, this has not proved to be sufficient. The Committee is therefore recommending that the Children Board's revenue expenditure budget for 2002 is increased by £200,000. However, it is emphasised that expenditure in this area is ring fenced and any unspent funds will be returned to General Revenue in the normal manner.
- 5.2.8 The Children Board has also identified an urgent need for a review of its Childcare legislation, much of which is presently not compliant with Human Rights legislation and/or best practice. The Committee is therefore recommending that the Children Board's revenue expenditure budget for 2002 be increased by £100,000 to fund the updating of legislation in this important area.
- 5.2.9 In total, **the Committee recommends the States to approve an increase of £300,000 in the Children Board's revenue expenditure budget for 2002.**

- 5.2.10 As set out in last year's report, specific funds have been set aside within the General Revenue Account Reserve in respect of the Education Council's property maintenance programme. It was the Committee's intention that these funds would be released once the Council's maintenance plan was completed. Unfortunately, partly due to uncertainty as regards the Council's long-term property plans, it has not been possible for the Council to prepare an all encompassing plan.
- 5.2.11 However, an interim plan concentrating on the most immediate areas of concern has been prepared by the Council (and agreed by the Advisory and Finance Committee's Estates Sub-Committee) and the Committee believes it is now appropriate to release the funds especially given the Council's commitment to develop a detailed maintenance plan as soon as practicable. The Committee therefore recommends the States to approve an increase of £160,000 in the Education Council's - General revenue expenditure budget for 2002.
- 5.2.12 In recent years, the Council has also experienced a significant increase in the amount of children with educational difficulties which the Council believes require extra specialist support and tuition. The Council has requested an increase in its 2002 budget of £250,000 to fund additional expenditure in this area which it regards as unavoidable and, in the long-term, the most appropriate way forward.
- 5.2.13 In total, **the Committee recommends the States to approve an increase of £410,000 in the Education Council - General revenue expenditure budget for 2002.**

5.3 ALLOCATION OF FINANCIAL RESOURCES FOR 2003

- 5.3.1 As set out above, in setting the proposed cash limits, the Committee has considered carefully the aggregate implications of committees' policy and resource plans for the forthcoming periods. It has also taken into account a number of other factors, including the state of the economy and inflationary trends, estimates of States income, the resources required for capital spending and the need to maintain or increase levels of reserves.

Overall Expenditure

- 5.3.2 As discussed above in Part 2, Section 4, maintaining the necessary balance on the General Revenue Account Reserve is of the highest priority. Furthermore in recent years, a further amount has been set aside to provide for specific short-term contingencies. The number and financial implications of such contingencies remains high and the Committee considers that a provision of £4.0m would be appropriate (compared to £5.2m included in the 2002 Budget Report and £7.25m this time last year) to cover such items as:
- The approval of additional manpower resources for various committees.
 - Increased expenditure on property maintenance programmes.
 - Blanchelande College – possible additional grant funding.
 - Increases in the Transport Board's budget to help safeguard essential travel links to the Island.

- Possible costs associated with the formation of an Office of Public Trustee.
- Overseas Emergency Aid.
- Possible increases in the pay awards over and above those already provided.
- Possible increases in the rates of employers' contributions to the Superannuation Fund as a consequence of the results of the triennial Actuarial Review.

5.3.3 It is emphasised that access to the funds set aside is subject to the approval of the States or, for smaller amounts, the Advisory and Finance Committee acting under its delegated authority.

5.3.4 The Committee is recommending that the overall allocation of resources for 2003 should be as follows:

| | £m | £m |
|--------------------------------------------------------------------------------------------|-------------|----------------|
| Estimated total revenue income in 2002 | | 290.0 |
| Less: Increase in General Revenue Account Reserve including provision for contingencies | | <u>(3.9)</u> |
| Available for Appropriation and Revenue Expenditure | | 286.1 |
| Non-Formula Led Expenditure | 199.1 | |
| Formula Led Expenditure | <u>57.0</u> | <u>(256.1)</u> |
| Available for Appropriations to Capital & Contingency | | <u>30.0</u> |

5.3.5 Of the above figure available for appropriation the Committee is recommending that £17.6m is added to committees' existing capital allocations (see Part 2, Section 5.4) and £5m is transferred to the Capital Reserve with immediate effect.

5.3.6 The actual final amounts available for appropriation to the Capital Reserve and Contingency Reserve Fund will be known with more precision later in the year. As in previous years, specific recommendations on the appropriations to these Reserves will be made as part of the 2003 Budget Report.

5.3.7 However, at this stage the Committee estimates that the appropriations to these Reserves at the beginning of 2003 will, in total, be approximately £5m - £15m (2002: Capital Reserve: £18m, Contingency Reserve Fund: £5m). These are in addition to any amounts agreed as part of this Report and in connection with the sale of Guernsey Telecoms Limited.

Recommended Committee Cash Limits for 2003

5.3.8 The recommended individual cash limits for 2003 have been arrived at as follows:

- Cash limits have been frozen at the level of the previous year in cash terms wherever possible.

- Where such a freeze was not wholly or partially possible, the maximum increase applied to goods and services costs was equivalent to the underlying rate of inflation (estimated at 3.0% for 2003). The maximum increase applied to staff costs was equivalent to estimated headline inflation plus a small margin.
- Special circumstances relating to particular committees have been taken into account, resulting in real increases in some cash limits.

5.3.9 The submissions of several committees contained requests for additional resources to expand existing services or to introduce new ones, inevitably involving a significant number of additional staff. Generally, and as in previous years, the Committee has not recommended an increase in revenue allocations in such cases, except where the approval of the States has already been given or where the Civil Service Board has approved additional staff. In some cases, funding has been set aside in the provision for short-term contingencies pending consideration by the States.

5.3.10 The Committee's recommendations for individual cash limits for 2003 are set out in the table on the following page. The table also includes the present estimate for Formula Led costs.

5.3.11 Formula Led costs arise where the value of individual payments are prescribed by Law or States Resolution and are those costs over which committees have no effective control in the short term. The major Formula Led costs are administered by the Guernsey Social Security Authority and include grants, paid out of General Revenue funds, to fund Social Insurance Benefits, Supplementary Benefits, Family Allowances, Health Benefits (drugs, medicine etc. and Health Insurance Scheme) and, with effect from the beginning of 2003, Long-Term Care. The level of the General Revenue grants are calculated by reference to the amount of contributions paid by employers, employees and the self employed. Therefore as employment and pay levels increase the amount required from General Revenue also increases.

5.3.12 **Although, in basic terms, high Formula Led costs in these areas reflect the Island's current strong economic position, the Committee is concerned that they are predicted to rise to in excess of £53.7m in 2003 compared to £47m in 2001 and less than £40m in 1998. This is a level of growth that can only be sustained if General Revenue income remains high and other areas of expenditure are restrained.**

5.3.13 The Committee's recommendations for Cash Limits for 2003 are as follows:

| | Non-Formula Led Cash Limit 2003 £ | Formula Led Estimate 2003 £ | Proposed Cash Limit 2003 £ |
|----------------------------------------|------------------------------------------------------|------------------------------------------------|-----------------------------------------------|
| Advisory and Finance Committee: | | | |
| General | 17,000,000 | 2,750,000 | 19,750,000 |
| Strategic and Corporate Measures | 1,300,000 | | 1,300,000 |
| States of Alderney | 1,310,000 | (410,000) | 900,000 |
| Agriculture and Countryside Board | 2,800,000 | 106,000 | 2,906,000 |
| Arts Committee | 115,000 | | 115,000 |
| Board of Administration: | | | |
| General | 6,200,000 | | 6,200,000 |
| Central Services | 2,750,000 | | 2,750,000 |
| Board of Health | 62,500,000 | | 62,500,000 |
| Board of Industry | 3,100,000 | | 3,100,000 |
| Cadastre Committee | 205,000 | | 205,000 |
| Children Board | 5,350,000 | | 5,350,000 |
| Civil Defence Committee | 125,000 | | 125,000 |
| Civil Service Board | 1,300,000 | | 1,300,000 |
| Education Council: | | | |
| General | 44,500,000 | | 44,500,000 |
| Higher and Advanced Education | 5,450,000 | | 5,450,000 |
| Guille Allès Library | 820,000 | | 820,000 |
| Gambling Control Committee | 6,000 | | 6,000 |
| Guernsey Social Security Authority | 1,470,000 | 53,770,000 | 55,240,000 |
| Heritage Committee | 1,220,000 | | 1,220,000 |
| Committee for Home Affairs | | | |
| Police | 10,150,000 | | 10,150,000 |
| Fire Brigade | 2,750,000 | | 2,750,000 |
| Prison | 2,700,000 | | 2,700,000 |
| - Transfer from Crown Revenues | (2,700,000) | | (2,700,000) |
| Committee for Horticulture | 920,000 | 300,000 | 1,220,000 |
| Housing Authority | 2,500,000 | 215,000 | 2,715,000 |
| Income Tax Authority | 3,750,000 | | 3,750,000 |
| Island Development Committee | 2,050,000 | | 2,050,000 |
| Island Reception Committee | 21,000 | | 21,000 |
| Liberation Celebrations Committee | 55,000 | | 55,000 |
| Overseas Aid Committee | 1,200,000 | | 1,200,000 |
| Probation Service Committee | 265,000 | | 265,000 |
| Public Assistance Authority | 450,000 | 310,000 | 760,000 |
| Public Thoroughfares Committee | 7,900,000 | | 7,900,000 |
| Recreation Committee | 1,300,000 | | 1,300,000 |
| Sea Fisheries Committee | 310,000 | | 310,000 |
| States Traffic Committee | 2,850,000 | | 2,850,000 |
| Tourist Board | 4,250,000 | | 4,250,000 |
| Transport Board | 825,000 | | 825,000 |
| | 199,067,000 | 57,041,000 | 256,108,000 |
| | _____ | _____ | _____ |

Advisory and Finance Committee – General: £19,750,000 & Strategic and Corporate Measures £1,300,000

5.3.14 The Committee has in recent Budget and Policy and Resource Planning Reports advised the States of the increased and increasing pressures with which it is faced. Many of these pressures are outside of its control and are the result of changing international standards. Those with the most significant effects on its budget are:

- The need for additional resources as a result of the incorporation of the European Convention on Human Rights and Fundamental Freedoms into domestic legislation.
- The need for additional legal resources to service the increasingly complex needs of the finance sector in particular.
- The escalating costs of dealing with international pressures, in particular, but not exclusively, as regards the OECD and European Union.
- The increase in the number and complexity of corporate initiatives (for example, property co-ordination, e-Government and IT).
- The rapidly increasing amount of Court business, particularly in respect of more complex civil finance based cases.

5.3.15 The Committee has a relatively high level of unspent balances as at the end of 2001. Although to a large extent these have already been committed to fund essential expenditure, some of which will be ongoing, the Committee believes it should continue to use up its unspent balances rather than seek a full increase in its cash limit. The Committee's allocation has therefore been kept as close as possible to its 2002 budget and expects its unspent balances to be substantially exhausted by the end of 2003.

5.3.16 However, allowance has been made in the 2003 Strategic and Corporate Measures cash limit for costs arising from the results of the Review of the Machinery of Government (£250,000), international affairs, including reviews and actions required in respect of taxation and fiscal matters (£450,000) and for ongoing work on low income earners and households. However, many of these areas are fast moving and the Committee may need to request additional funding for 2003 as part of the next Budget Report or in next year's Policy and Resource Planning Report.

Board of Administration – Central Services - £2,750,000

5.3.17 Since the events of 11 September 2001 the insurance markets worldwide have hardened and, as a result, insurance premiums have increased considerably. The States of Guernsey are not immune from this trend and has seen annual insurance premiums rise by over £400,000. The Board of Administration has agreed that the increase in insurance premiums for 2002 can be funded out of its unspent balances, however, the Board's recommended allocation for 2003 has been increased.

Board of Administration – General - £6,200,000

5.3.18 The Board of Administration – General had over £1.4m in unspent balances as at 31 December 2001, its recommended cash limit has therefore been restricted as far as possible. However, it is proposed to increase the cash limit in respect of a number of specific items as set out below.

5.3.19 Budgetary responsibility for administering the Bailiwick Drug Strategy has been transferred from the Advisory and Finance Committee to the Customs and Immigration Department. The Board's recommended allocation for 2003 therefore includes £200,000 in respect of the Bailiwick Drug Strategy.

5.3.20 In recent years there has been a significant increase in the numbers of End of Life Vehicles (ELVs) requiring disposal. This increase, together with rising unit disposal costs, has been funded from out of the Board's existing budget and unspent balances. However, the Board's unspent balances are predicted to be substantially exhausted by the end of 2002 and therefore the suggested cash limit for 2003 includes an additional £100,000 to fund ELVs disposal costs.

5.3.21 As in previous years, the recommended cash limit also assumes that maintenance of the Alderney Breakwater will continue. If a capital project is approved and maintenance curtailed, an appropriate sum will be returned from the Board's budget to General Revenue.

Board of Health - £62,500,000

5.3.22 The Board of Health continues to experience increasing demand for services across virtually all of its activities and continues to suffer from the high rate of medical inflation. As directed by the States, the 2003 cash limit includes in excess of £1.0m to fund the extra resources required to meet the waiting-time targets as a result of the new Health Insurance Scheme contract.

5.3.23 Another factor affecting the Board's expenditure is the cost of the Reciprocal Health Agreement, expected to increase by £400,000 (which is well above general inflation) following changes in the funding of the National Health Service. Staffing and related costs such as accommodation are also rising. The recommended cash limit includes £1.2m in respect of agreed nurses' retention payments.

5.3.24 Having identified healthcare as one of the priorities for funding, the Committee has therefore concluded that an increase in the Board's resources is again required if existing services are not to fall below the standards to which the community aspires and if essential new services are to be introduced.

5.3.25 The suggested allocation will provide the Board with about £3.5m of additional resources in real terms compared to 2002. The suggested allocation for 2003 also represents a total increase of £17.5m since 1999 when the Board's actual expenditure was £45m.

5.3.26 As in previous years, the recommended cash limit is still less than requested by the Board. However, taking into account the resources available for allocation in 2003 and the other priorities of the States (including capital expenditure on health services) the Committee is unable to recommend an allocation that would meet the Board's request in full. Notwithstanding the additional funding provided, the Committee therefore again asks the Board to seek further savings and efficiencies to offset the shortfall.

Board of Industry - £3,100,000

5.3.27 As set out in last year's Report, and reflected in the Board's cash limit for 2001 and 2002, the Committee recognises that e-Business is an area of considerable importance to the economic future of the Island and therefore an allowance of £1.2m has been made for 2003 to continue to fund the promotion of e-Business. The Board

has indicated that in future years reduced, but still significant, amounts may be required to continue with its efforts in this important area.

Children Board - £5,350,000

- 5.3.28 Although the number of individual cases is relatively small, for a variety of complex reasons, in recent years there has been an increase in the number of children and young adults requiring specialised and intensive assistance for serious behavioural and emotional problems, some of which require Out of Island Placements. As a result the Board's expenditure in this area has increased significantly in recent years. The recommended cash limit for 2003 includes £1,240,000 in respect of Out of Island Placements. Increased funding (£100,000) has also been included for continuing the review of Childcare legislation.

Education Council – General - £44,500,000

- 5.3.29 As in recent years, the Council's Policy and Resource Planning submission included requests for significant extra resources to fund additional staff in a number of areas and an increase in the cost of maintenance of its properties. The Civil Service Board has agreed an increase in the Education Council's staffing numbers, which together with higher than inflation pay awards, high recruitment and relocation costs, is reflected in the Education Council – General's 2003 allocation. Additional funding is also included in a number of areas including special support and tuition costs.

Education Council – Higher and Advanced Education- £5,450,000

- 5.3.30 In May 2001 (Billet d'Etat XI, 2001) the States approved proposals to improve the value of student grants and to reduce parental contributions in respect of Higher Education.
- 5.3.31 In prior years the Council generated high levels of unspent balances because fewer students than expected had gone on to higher education. The Council currently has over £1.2m of unspent balances in its Higher and Advanced Education budget and, as last year, has agreed that these will be used to fund the additional costs. No increase in its allocation is therefore necessary. Previously, the Council had returned the greater part of its unspent balances to General Revenue.

Committee for Home Affairs – Police - £10,150,000

- 5.3.32 The recommended cash limit for the Police is a significant increase on previous years and represents the increase in pay and associated costs (training and relocation costs) as a result of projected full establishment, accelerated promotion and recruiting a higher proportion of more experienced Police Officers. Extra funding is also provided in respect of a number of sensitive areas including the Financial Investigation Service.

Housing Authority - £2,715,000

- 5.3.33 As set out in the 2002 Budget Report, there have been significant revisions to the way in which the Housing Authority's income and expenditure are accounted for; the most significant being the formation of the States Housing Association Fund (as approved by the States in September 2001) and the States Houses Fund.

- 5.3.34 As regards expenditure on maintenance and other appropriate costs these are now paid from the States Houses Fund rather than charged to the Authority's general revenue budget, hence the reduced recommended cash limit compared to previous years.

Liberation Celebrations Committee - £55,000

- 5.3.35 During last year's Policy and Resource Planning Debate States Members reaffirmed that Liberation Day was a special day in the Island's calendar and that there was a wish for adequate funding to be made available. This is reflected in the increased cash limit for 2003.

- 5.3.36 There was also clear support for giving the Liberation Celebrations Committee an incentive to attract private sector sponsorship. It is therefore recommended that the above cash limit can be increased on the basis of one pound for each pound of sponsorship raised up to a maximum of £20,000 (compared to £15,000 for 2002). The Advisory and Finance Committee again requests the States that it be given the delegated authority to make the appropriate increase to the 2003 revenue budget of the Liberation Celebrations Committee by a sum up to £20,000.

Public Thoroughfares Committee - £7,900,000

- 5.3.37 As part of the 2002 Budget Report the States approved an increase of £1.0m in the Public Thoroughfares Committee's 2002 revenue expenditure budget "to fund substantial and immediate additional repairs to the Island's road network". It is envisaged that this higher level of funding will be required for two more years and this is reflected in the above recommended cash limit for 2003.

- 5.3.38 The Public Thoroughfares Committee's recommended cash limit also takes into account the offset of operating income in respect of sewage tanker charges with effect from the start of 2002.

States Traffic Committee - £2,850,000

- 5.3.39 In March 2001 (Billet d'Etat III, 2001) the States approved significant increases in the level of subsidies for scheduled bus services. A total allowance of approximately £1.2m has been made for this in the recommended cash limit for 2003.

- 5.3.40 However, due to the timing of preparing this Report, no allowance has been made for any additional costs arising from either of the Committee's policy letters due to be debated at the May 2002 States Meeting (Co-ordination of Roadworks and the Introduction of Paid Parking). The Advisory and Finance Committee will make any necessary subsequent adjustments to the Traffic Committee's budget using its delegated authority.

Tourist Board - £4,250,000

- 5.3.41 In last year's Report it was reported that *"in recent years the Board's expenditure under its Sale and Marketing heading has been considerably less than budgeted resulting in the generation of large sums of unspent balances (£1.3m). The Board's cash limit for 2002 can therefore be reduced without any adverse effect on its marketing activities. In making this recommendation the Committee considers that the Tourist Board should actually spend all of its promotional budget in support of its mandate. The Board should of course obtain the best possible value for money and seek efficiencies but any underspends should then be used for further targeted marketing rather than accumulated as unspent balances."*

5.3.42 During 2001 the Board used a significant amount of its unspent balances to fund additional marketing expenditure and plans to do so again in 2002. It expected that the Board's unspent balances will then be exhausted.

Transport Board - £825,000

5.3.43 In January 2002 (Billet d'Etat I, 2002) the States agreed that the Transport Board should have a greater degree of independence from the Board of Administration and should have the ability to grant financial concessions to transport operators in order to "strengthen its ability to achieve strategic objectives relating to the provision of external transport links". In addition, the Transport Board requested, and the States agreed, to increase its 2002 revenue expenditure budget by £650,000 to £680,000.

5.3.44 The recommended cash limit for 2003 reflects the Committee's support for the Board in its efforts to ensure that the Island's essential transport links are secured and is based on the Board's latest projections and assumptions.

5.4 CAPITAL EXPENDITURE

5.4.1 The demand among States committees for capital resources is increasing at a rate that gives rise to considerable concern for the States future financial position. There are a number of reasons for this, including past delays, increasing expectations and levels of demand and changing standards. The challenge for the States is to match the competing demands of committees to adequately maintain their existing assets, acquire and enhance the properties used in the delivery of their services, avoid, as far as possible further overheating the local construction industry and stay within the Island's ability to fund the capital programme. It is worth repeating that this can only be done if committees show restraint in their plans.

5.4.2 The escalation in demand is illustrated by the fact that requests for capital expenditure from committees has risen from less than £100m in 1997 to approximately £320m this year. In addition, it is projected that capital expenditure for the period ended 31 December 2005 on the Ports will be £39.0m.

Capital Reserve

5.4.3 The Capital Reserve (which had a balance as at 30 April 2002 of £110m) plays an increasingly essential rôle in the management of the States finances. The Capital Reserve is used to accumulate funding for future capital projects of exceptional size and in respect of which:

- The Committee does not yet have sufficient information to assess the relative priorities of the projects concerned and the final costs.
- The amounts involved are substantial and need to be spread over a period of many years, for example the Education Council and Board of Health Site Development Plans.

5.4.4 Again, it is emphasised that the purpose of the Capital Reserve is to provide a means of funding future capital projects within a controlled and prioritised strategic framework. It does not represent a reserve that can be raided by individual committees at will. To do so would be completely contrary to the sentiments expressed by the States when the Board of Industry's report on the Construction Industry and the States Capital Spending Programme was considered.

5.4.5 The Committee reviews the requirements on the Capital Reserve on an ongoing basis and at this stage it considers that the major (probable and possible) calls on this Reserve are as follows:

- Alderney Breakwater.
- Refurbishment and extension of the Courts and other public buildings.
- Education Council's Site Development Plan.
- Board of Health's Site Development Plan.
- Sewage treatment, by means of a treatment plant, or otherwise.
- Public Thoroughfares Committee's Foul Water Network Extension Plan.
- Purchase of new buses to support the enhanced Scheduled Bus Service.
- New Laboratory facilities for States Analyst and Environmental Health.
- Replacement Programme of Road Traffic Signals.
- Development of Housing Target Area 8 at Belgrave Vinery.
- Social Needs Housing and Key Worker accommodation.
- CIEG Cable Link, ICT, e-Business and e-Government initiatives.

5.4.6 Furthermore, although the option of private sector funding is being considered, the Energy from Waste Plant may require at least partial funding from the Capital Reserve.

5.4.7 It is not possible to be precise about the final level of funding which will be required for the above projects. However, it is likely that the Reserve will need to provide in excess of £200m in the next three or four years. Therefore, as in recent years, appropriations to the Capital Reserve will need to be a high priority.

Capital Allocations for Individual Committees

5.4.8 The capital allocations available to committees at 30 April 2002 totalled £28.1m even after the substantial capital votes agreed at the April 2002 States meeting in respect of the Board of Health's continuing care wards (£6.3m) and the first phase of the Education Council's redevelopment programme (£4.0m).

5.4.9 The following table summarises allocations currently available to individual committees, recommended new allocations, and the total allocations thus available. These should allow the committees concerned to proceed with their more urgent projects and with routine replacement programmes. However, as explained above, the Committee is recommending an immediate transfer to the Capital Reserve to facilitate the development of a co-ordinated capital expenditure programme. Individual capital allocations have been restricted in order to make this possible.

- 5.4.10 If the States approve the proposed capital allocations, committees are then required to consider their priorities and formulate a capital programme of projects that can be funded from their available allocation. This programme will then be included in the forthcoming Budget. **It is emphasised that all individual capital projects need to be approved by the States, or the Advisory and Finance Committee acting under its delegated authority, before they can be started,** i.e. just because a capital allocation has been granted to a committee does not mean that capital expenditure can be incurred without the necessary permissions being received.

| | Balance of Allocation at 30/4/02 £ | Suggested New Allocation £ | Total Allocation available to Committees £ |
|-----------------------------------|-------------------------------------------------------|-----------------------------------------------|---------------------------------------------------------------|
| Advisory and Finance Committee | | | |
| General | 1,922,719 | 1,000,000 | 2,922,719 |
| States of Alderney | 521,430 | 100,000 | 621,430 |
| Agriculture and Countryside Board | 37,162 | 75,000 | 112,162 |
| Board of Administration | 4,418,246 | NIL | 4,418,246 |
| Board of Health | 4,279,913 | 5,000,000 | 9,279,913 |
| Board of Industry | 307,489 | NIL | 307,489 |
| Children Board | 458,505 | 200,000 | 658,505 |
| Civil Defence Committee | 53,829 | NIL | 53,829 |
| Education Council | 4,959,776 | 2,000,000 | 6,959,776 |
| Heritage Committee | 287,093 | NIL | 287,093 |
| Committee for Home Affairs | 1,603,396 | 1,000,000 | 2,603,396 |
| Committee for Horticulture | 100,907 | NIL | 100,907 |
| Housing Authority | 7,183,567 | 3,000,000 | 10,183,567 |
| Income Tax Authority | 605 | 400,000 | 400,605 |
| Island Development Committee | 56,840 | NIL | 56,840 |
| Public Thoroughfares Committee | 26,221 | 4,250,000 | 4,276,221 |
| Recreation Committee | 718,877 | 500,000 | 1,218,877 |
| Sea Fisheries Committee | 25,750 | 75,000 | 100,750 |
| States Traffic Committee | 653,948 | NIL | 653,948 |
| Tourist Board | 526,602 | NIL | 526,602 |
| | ----- | ----- | ----- |
| | 28,142,875 | 17,600,000 | 45,742,875 |
| | ----- | ----- | ----- |

Advisory and Finance Committee - £1,000,000

- 5.4.11 The Committee's current allocation together with the suggested allocation should be sufficient to cover IT additions and network upgrades in connection with corporate IT projects and the first phase of developing the e-Government infrastructure (to be funded from the Corporate IT Fund).

States of Alderney - £100,000

- 5.4.12 No allowance has been made for the installation of a waste incinerator in the above sum, funding for this project will come from the Capital Reserve. Together with the existing allocation, the suggested new allocation should enable the carrying out of various minor works.

Board of Health - £5,000,000

- 5.4.13 In April 2002 (Billet d'Etat VI, 2002) the States approved the acceptance of tenders to carry out the work to create three continuing care wards at La Corbinerie at a total cost, including associated work, of £6.3m. This is one of the next stages of the Board's Site Development Plan.
- 5.4.14 It is expected that the suggested allocation will be sufficient to fund the Development Plan until towards the end of 2003 and also enable the Board to continue with its programme of replacement and additional equipment. However, if the Development Plan progresses faster than is currently expected, it may be necessary to transfer an amount from the Capital Reserve to allow the project to progress.

Education Council – £2,000,000

- 5.4.15 In its report to the States in April 2002 (Billet d'Etat VI, 2002) the Council presented its Site Development Plan which highlighted the need for future substantial capital expenditure. The States agreed a capital vote of £4.0m to cover the cost of compiling the project execution plan and formulating proposals for initial individual projects. This vote should be sufficient to fund the Council's programme until next year's Policy and Resource Planning Report at which time further capital allocations can be made, having regard to, amongst other things, capital priorities in other areas and the States continuing ability to fund the proposed plan. The States also authorised the Committee to make any necessary capital allocations from the Capital Reserve.
- 5.4.16 Following consideration of the Council's ICT Strategy by the States in July 2000, the Council, subject to approval by the Advisory and Finance Committee, has authority to spend up to £12.6m. Up until the end of December 2001, expenditure on the Council's ICT Strategy was £4.3m, a further £3.8m had been approved but not spent.
- 5.4.17 Together with its existing allocation, the recommended new allocation should be sufficient to allow the Council to progress with its ICT Strategy, commence its Site Development Plan and fund its more pressing maintenance works and routine replacements.

Housing Authority - £3,000,000

- 5.4.18 As set out in the 2002 Budget Report there have been some significant changes to the accounting policies in respect of States houses. Rents on States houses are now credited (net of rebate) to the States Houses Fund and maintenance and other appropriate costs are now paid from it. As a result, the States Houses Fund generates approximately £3m each year over and above any capital allocation provided as part of the Policy and Resource Planning process. The Committee considers this an important step in improving the accountability of this area. The Authority's existing allocation of £7.2m is sufficient to enable it to proceed with its major programme of refurbishing States houses and therefore no new capital allocation is required in this area.

- 5.4.19 The recommended new allocation is to enable the Authority to top up the States Housing Association Fund which was established by States Resolution in September 2001 and in due course make grants to housing associations. This allocation will also allow the Fund to build up a modest reserve balance.

Income Tax Authority - £400,000

- 5.4.20 The above amount should be sufficient to enable the Authority to implement its planned Document Management System.

Public Thoroughfares Committee - £4,250,000

- 5.4.21 In October 2000 the States approved the Public Thoroughfares Committee's foul water network extension plan to be completed by a series of term-contracts with a funding requirement in the first five years (Phase 1) of £3m annually. The suggested new allocation will enable the Committee to continue this plan. Between the time of the States approval of the network extension plan and the end of 2002, in excess of 550 properties will have been connected to the main drain. This is more than the total for the previous ten years.

- 5.4.22 The suggested allocation will also enable the Public Thoroughfares Committee to undertake further work in respect of pumping stations development and continue its programme of sewage tanker replacements.

Recreation Committee – £500,000

- 5.4.23 The suggested allocation will enable the Recreation Committee to continue its programme of upgrading the Island's sporting facilities and to increase the amount available to various sporting clubs and societies through the Sports Loans Fund.

States Traffic Committee – NIL

- 5.4.24 In March 2001 the States approved the States Traffic Committee's proposals for the purchase of new buses up to a maximum of £3.15m. It is understood that the new buses will be acquired in a series of batches starting towards the end of 2002. Provision for the cost of these buses has been made in the Capital Reserve.

- 5.4.25 In February 2002 the States approved the Traffic Committee's request for a maximum of £1.8m to improve the Island's traffic signals and authorised the Advisory and Finance Committee to approve a capital vote up to this amount and for that sum to be taken from the Capital Reserve. The Traffic Committee does not therefore require a new capital allocation in respect of this project.

5.5 THE CORPORATE IT FUND

- 5.5.1 In last year's Report the Committee set out its intention to "provide leadership at the corporate level by developing a States e-Government strategy and taking responsibility for the management of the corporate facilities needed to support committees in their implementation of e-Government."

- 5.5.2 Specifically the Committee anticipated that there would be a need for further upgrades to the network infrastructure to support e-Government and associated projects. The earlier parts of this Report provide more detail of the proposed future developments in

this area. The Committee therefore recommends the States to vote a sum of £1,400,000 to increase the Corporate IT Fund, such amount to be taken from its capital allocation.

5.6 OTHER MATTERS: UPDATE FROM 2002 BUDGET REPORT

Housing Development and Loan Fund

- 5.6.1 As a result of an increase in the maximum amount available to individual borrowers, the number and value of loans advanced has increased substantially in the last few years. However, the amount and value of loans issued since the middle of 2001 has slowed significantly.
- 5.6.2 In order to fund this borrowing, and as envisaged when the Fund was established in 1990, private sector funding has been obtained. Having sought tenders from appropriate local banks, the Committee has obtained a £25m borrowing facility. At the time of writing, the Fund has borrowed £11m from this source and a further £1m from General Revenue.
- 5.6.3 This initial facility is expected to be sufficient to fund new loans for the foreseeable future. The Committee will continue to work closely with the Authority in monitoring the resources required by the Fund and the impact that the Housing Authority's policy is having on, amongst other things, home ownership, local house prices and the construction of new properties.

Abolition of Treizième

- 5.6.4 The Committee, in accordance with the States Resolution of December 2000 (Billet d'Etat XXIV, 2000) is progressing with the abolition of Treizième. At the time of writing, the necessary consultations, including receipt of approvals from relevant authorities in the United Kingdom have been completed. The Committee anticipates bringing forward the necessary legislation in the second half of 2002.

Taxation of Motor Vehicles and Tax on Rateable Values

- 5.6.5 The Committee, together with the Cadastre and Traffic Committees continues to work on possible ways of revising the present systems for taxing property and the use and ownership of motor vehicles. As regards the latter, the Committee, as directed by the States (Billet d'Etat VI, 2000), is working on proposals for providing an incentive for the use of smaller motor vehicles. The Committee would hope to be in a position to bring forward its proposals, at least for consultation with the relevant parties, in the second half of 2002.

Revisions to States Accounting Policies and Reporting

- 5.6.6 As set out in the States Treasurer's Report, which is included in the year-end accounts Billet d'Etat published at the same time as this Report, the Committee is committed to ensuring that the year-end accounts of all States entities are prepared in line with best practice and are made as easy to read and understand as possible.
- 5.6.7 In recent years there have been a number of changes, in particular to the format of the accounts for the Ports and in respect of States Housing. Although these are important changes it is acknowledged that further improvement, especially in regard to the methods for accounting for capital assets, is required.

Review of the States Audit Arrangements

- 5.6.8 In its covering letter to the 2001 Annual Report of the States Audit Commission (Appendix II, Billet d'Etat IV, 2002) the Committee reported that, in co-operation with the Commission, a review of the audit arrangements of the States was being carried out by the United Kingdom National Audit Office to ensure that "they are appropriate and in accordance with modern best practice".
- 5.6.9 This review is now complete, however, it has not been appropriate to progress certain areas, such as the respective duties of the Audit Commission and any resultant scrutiny body (such as a Public Accounts Committee) until the States Debate on the Review of the Machinery of Government is complete.
- 5.6.10 The Committee is now in a better position to consider these matters and would hope to bring forward specific proposals to the States before the end of this year.

Section 6 Human Resources in the Public Sector

6.1 THE WIDER CONTEXT

6.1.1 **The principles of the proposed States strategy for the management of human resources in the public sector are set out in Part 1, Section 2.6.2 of this Report.**

6.1.2 These principles provide overall guidance for the work of the Civil Service Board as explained below.

6.1.3 It was noted last year that the recruitment and retention of public employees is influenced by the broader, local labour market and by labour markets for key skills that operate across national boundaries. It was also emphasised that there are no simple solutions to the problems Guernsey faces.

6.1.4 At that time, the Committee acknowledged the Board of Industry's initiative in commissioning Professor Jon Clark, a consultant in this field, to conduct an independent review of mechanisms for determining public sector pay in Guernsey. This was seen as a positive initiative to address one aspect of a complex situation.

6.1.5 Professor Clark's report, published in April 2001, recommended the States to explore the concept of establishing an Independent Pay Review Body.

6.1.6 Following an extensive period of consultation with employee groups and States committees, the Board of Industry, the Advisory and Finance Committee and the Civil Service Board are jointly reviewing a number of options for change in the light of Professor Clark's report and the reaction to it. It is intended that the three committees will meet, in the autumn to consider how this issue might be progressed by which time it is hoped that any structural changes resulting from States decisions on the Machinery of Government may be related to any new approach to determining public sector pay.

6.1.7 At a time when the Review of the Machinery of Government is likely to bring about major changes in the organisation of the Civil Service, it will be essential for the Board and the Advisory and Finance Committee to work together to manage the transition.

6.1.8 The Committee welcomes the support of the Civil Service Board for the establishment of the Project Co-ordination Working Party.

6.1.9 It is hoped that this more integrated way of working at the centre of the government organisation will assist this overall process of change.

6.1.10 Quality Staff and Services

The strategic rôle of the Civil Service Board, acting on behalf of the States of Guernsey as employer, is to ensure that States Departments have quality staff who will enable the provision of quality services to the people of Guernsey. Within the Policy and Resource Planning process, the Board co-ordinates and provides Human Resource Planning which helps committees to maximise staff effectiveness while working within legal/regulatory, political, financial and staffing constraints.

6.1.11 This is achieved by a variety of human resource interventions including constantly seeking out and applying best practice in the recruitment, retention, training and development of high calibre staff so that States activities are undertaken and services

delivered efficiently, effectively and economically, and to the satisfaction of service users.

6.1.12 Management Practices

More and more evidence is coming forward (for example, from the Chartered Institute of Personnel and Development) to link good practices in managing people with effective business performance. This does not mean that there is a simple recipe to be followed whatever the context, rather that there is a “bundle” of practices which, used in an integrated and consistent fashion, reinforce each other in generating employee satisfaction and motivation – to the benefit of the organisation.

6.1.13 The Civil Service Board therefore seeks to encourage good practices including:

- The development of talent through recruitment and selection procedures.
- Continuous learning.
- Appraisal and feedback.
- Encouraging diversity to aid decision-making and delivery of services.
- Generating understanding of common goals, and giving people the skills and motivation to work towards them.
- Promoting cultures and designing structures, jobs and processes that enable people to keep on giving of their best.

The Board is involved in active initiatives and projects in all these areas.

6.1.14 Such evidence has, of course, implications not only for the public sector, but also for private sector employers.

6.1.15 Commitment to Corporate Objectives

The Board is aware that the States strategic policies may sometimes be in conflict, particularly when the benefits of a buoyant economy threaten other aspects of quality of life. The economic, social and environmental objectives of the States have to be weighed against each other, and priorities determined. The States must consider the wider picture and take care that benefits in one area do not create damage in others. This is particularly the case when committees make requests that may result in additional staffing. The Board therefore welcomes the moves towards clearer strategic direction and identification of priorities by the States so that these considerations may be taken into account in the management of human resources.

6.1.16 The Board recognises that its commitment to provide quality staff has to be implemented in an environment in which such staff are at a premium. The Board is affected by the pressures that affect all employers on the Island – and its staff are subject to the same external environmental pressures as other employees. This has consequences for both the recruitment and retention of staff.

6.1.17 Recruitment and Retention

With regard to the recruitment of Civil Servants, the Board has been reviewing its policies in order to build on its strengths as an employer with particular emphasis on:

- The States commitment to equal opportunities.
- Action to attract a more diverse workforce.

This is in line with last year's commitment by the Advisory and Finance Committee to encourage a flexible and innovative approach to the employment of those groups who might otherwise be discouraged from joining the workforce. The Civil Service Board is taking steps to encourage the employment of people with disabilities and to investigate forms of flexible working.

6.1.18 Recruitment strategies have to be complemented by retention strategies. At the heart of both are the pay and conditions package offered by the States, and the quality of the working environment and management that people encounter as employees.

6.1.19 Recent research carried out by the Industrial Society on behalf of the UK Treasury Public Services Productivity Panel identifies the following requirements for a highly motivated workforce:

- A strategic framework that includes an inspirational vision, transparent values, effective performance measures and HR functions that are central to the business.
- A supportive culture, that provides for delegation, recognition and effective communication within a friendly informal environment in which people are respected and supported.
- A strong emphasis on line managers' interpersonal skills, their ability to feel connected to the leadership, values and direction and consistent action to translate and communicate this to their staff.

It is important that these principles (which are relevant to the private as well as the public sector) are practised as well as preached.

6.1.20 In addition, the report recommends that organisations need to assess:

- The motivation (and morale) of their staff regularly, and to act on the findings.
- The people management skill of their managers regularly, and act on the findings.

The vital rôle of line managers in translating principles into practice cannot be overstated.

6.1.21 **With regard to assessing motivation and morale, the Civil Service Board believes that an attitude survey would provide many benefits and help to focus activity. This should address not only motivation and morale, but also diversity and equal opportunities issues. Such a survey would provide a helpful benchmark of the progress that is being made across departments.**

6.1.22 **As a matter of principle the Civil Service Board and the Advisory and Finance Committee believe that equal opportunity and diversity issues should be one of the States continuing strategic thrusts. Diversity is vital for the balanced workforce, reflective of the local community, which is essential to effective decision-making and delivery of services.**

6.1.23 The Advisory and Finance Committee and the Civil Service Board will continue to promote equal opportunities and diversity as key to the recruitment and retention of quality staff and the delivery of quality services. With regard to services, equal opportunities and diversity should be mainstreamed, i.e. integrated into policies and services across all committees, in order to ensure that there is equal access and consultation of interests across all Sections of the community.

6.1.24 **The Civil Service Board welcomes the development of cross-committee working. A culture of co-operative working and the sharing of knowledge will assist with the changes that are likely to result from the States Review of the Machinery of Government.**

6.1.25 Whatever the shape of things to come, a professional Human Resource function will continue to be needed to create the strategies, policies and working practices required to encourage high performance and quality of delivery.

6.1.26 Human Resources - Planning at Committee Level

After three years of being asked for human resource statements to be included in submissions, this year committees were asked to provide human resource plans which derived from and supported strategic and corporate objectives. Such information helps to complete the picture the Civil Service Board needs to determine its own priorities.

6.1.27 A number of committees had grasped the importance of using human resource planning to work within constraints and find ways of maximising the effectiveness and efficiency of the resources available to them. Commitment to Investors in People was seen as a valuable tool in reviewing internal processes and making the best of people.

6.1.28 Nonetheless, continuing workload pressures were highlighted. The impact of the initiatives contained elsewhere in the 2002 Policy and Resource Planning Report is evident. The main pressures identified were:

- Increased demand for existing services.
- The pressure of public expectations.
- Legal, regulatory or professional compliance with national as well as international standards and obligations (with Human Rights, Data Protection and the impact of UK policies as the most commonly cited).
- Necessity for continuing professional development for specialist staff.
- Consequences of audit reports.
- Health and safety.

Responses also indicated the impact of social problems on workloads and the increasing level of skills needed to deal with complex casework.

- 6.1.29 The Civil Service Board will continue to allocate its resources to provide and support priority skills development in response to committees' needs, building on the particular focus in the last year on Human Rights, Data Protection and IT. However, this depends on adequate resourcing. The Board believes that there must also be adequate resourcing to ensure that the skills infrastructure of the Island (including both the general level of education and further training) is able to meet future challenges successfully.
- 6.1.30 Not surprisingly, recruitment and retention continue to cause concern (in some areas more than others). The Board will be reporting to all committees on its annual review of feedback from exit interviews. For the first time, a significant number of committees identified succession planning as an issue, particularly where a number of key staff will be retiring within a relatively short time of each other. **Committees are invited to discuss their needs with the Board at an early stage.**
- 6.1.31 Many committees recognise the fundamental part that IT can play in increased productivity, access to services and staff savings. However, there must be adequate resourcing in terms of finance, skills and project management to realise the benefits of IT. **It is vital that individual committees have access to technology that will allow staff to work more effectively and efficiently and that there is a States-wide infrastructure that will allow committees to communicate with each other and with the public.**
- 6.1.32 The Civil Service Board will be giving more detailed consideration to specific points raised by committees.
- 6.1.33 Other strategic issues will be considered in the light of the outcome of the Review of the Machinery of Government.

6.2 STAFF NUMBER LIMITATION POLICY AND THE ACHIEVEMENT OF CORPORATE OBJECTIVES

- 6.2.1 Pressure on staff workloads and services creates pressure for the Staff Number Limitation Policy (SNLP).
- 6.2.2 When staff number limitation was first proposed in 1987, three main areas of concern were identified. The first was that if the Civil Service continued to grow there would be increasing difficulty in recruiting sufficient numbers of staff of the right calibre. The second and third were linked: that continued growth in the public sector would increase the pressure on wage inflation and create greater problems for local employers in recruiting and retaining staff.
- 6.2.3 In 1997, following a review of the Staff Number Limitation Policy, the States agreed that the Policy should be made permanent. In respect of requests for additional posts and posts deleted, the short-term aim is to limit any growth to as close to zero as practicable and the long-term aim is to achieve a reduction in current numbers.
- 6.2.4 The States also agreed that, in applying the Staff Number Limitation Policy, the Civil Service Board would have regard to:
- The Strategic and Corporate objectives, policies and priorities adopted by the States through the Policy and Resource Planning process.

- The detailed long-standing arrangement for requests for additional posts and deleted posts which were set out in its December 1995 Report approved by the States by Resolution IX of Billet d'Etat XXIV of 1995.

- 6.2.5 The States further agreed that a progress report on the achievement of the aims and on the application of the Policy should be included in the annual Policy and Resource Planning Report.
- 6.2.6 Therefore, this year committees were again asked to provide information with regard to their staffing requirements.
- 6.2.7 Appendix III shows the staffing requirements projected by committees for the five year period ending 2006.
- 6.2.8 The table below shows the changes in the number of Full Time Equivalent (FTE) posts since 1990 when the SNLP was extended to cover all Civil Servants and Non-Established Staff (except Police Officers and States of Guernsey staff working in Alderney and Sark) and the changes which would result from the projections shown in Appendix III.

| | <u>Actual Numbers FTE</u> | <u>Projected Numbers FTE</u> | <u>Actual Change to FTE</u> | <u>Projected Change to FTE</u> | <u>Cumulative Total Change (from Nov 1990)</u> |
|--------------------------|-------------------------------|----------------------------------|---------------------------------|------------------------------------|--------------------------------------------------------|
| Prior to 1 November 1990 | 4706 | | | | |
| As at *1 November 1990 | 4658 | | -48 | | |
| 31 December 1991 | 4655 | | -3 | | -3 |
| 31 December 1992 | 4635 | | -20 | | -23 |
| 31 December 1993 | 4631 | | -4 | | -27 |
| 31 December 1994 | 4631 | | 0 | | -27 |
| 31 December 1995 | 4645 | | 14 | | -13 |
| 31 December 1996 | 4688 | | 43 | | 30 |
| 31 December 1997 | 4719 | | 31 | | 61 |
| 31 December 1998 | 4731 | | 12 | | 73 |
| 31 December 1999 | 4748 | | 17 | | 90 |
| **31 December 1999 | 4481 | | | | |
| ***31 December 2000 | 4503 | | 22 | | 112 |
| ****31 December 2000 | 4035 | | | | |
| *****31 December 2001 | 4074 | | 39 | | 151 |
| 31 December 2002 | | 4157 | | 83 | 234 |
| 31 December 2003 | | 4353 | | 196 | 430 |
| 31 December 2004 | | 4449 | | 96 | 526 |
| 31 December 2005 | | 4494 | | 45 | 571 |
| 31 December 2006 | | 4497 | | 3 | 574 |

- * Following a review of requirements and posts filled, Committees agreed to a reduction in their recorded establishments.
- ** Total re-based to take account of removal of 267 Telecommunications Board staff removed from SNLP from 31 March 2000
- *** See Appendix IV
- **** See Appendix IV – Total re-based to take account of removal of 468 Post and Electricity workers following commercialisation respectively from 1 October 2001 and 1 February 2002
- ***** See Appendices III and VI

- 6.2.9 The above table shows that between 1 November 1990 and 31 December 2001 there has been a net increase of some 151 FTE posts. To date, States approved decisions to introduce the Health Insurance Scheme, to increase teaching staff numbers in line with the increasing pupil population and to increase policing strength have added some 143 FTE additional posts as follows: Board of Health (61 FTE), Education Council (77 FTE) and Committee for Home Affairs (5 FTE for civilian staff).
- 6.2.10 Committees were again asked to comment on the potential for reductions in both staff and services to meet the longer-term objectives of reducing overall States expenditure and of meeting the stated objectives of the SNLP.
- Regrettably, but unsurprisingly given continuing pressures, particularly arising from Human Rights and Data Protection, no committee reported significant savings in the past year and no significant opportunities were identified in submissions. Overall in 2001 there was an increase of 39 FTE (see Appendix VI). In allocating additional posts the Board has had regard to the priorities identified by the States in 2001, and it will do so in 2002. There are projected requirements for a further 423 FTE in the coming five years.
- 6.2.11 Consequently, the Advisory and Finance Committee and the Civil Service Board would urge the States as well as individual committees to give the most serious consideration to the potential staffing implications of any proposals. **Committees should therefore consult the Civil Service Board at an early stage of any proposals for new or expanded services or capital projects. In addition, they should identify the staffing implications of any proposals (including legislation) which are taken to the States. Committees should also consider areas of work which can be outsourced, particularly off-Island.**
- 6.2.12 **The Advisory and Finance Committee and Civil Service Board share the view that the justification for the SNLP remains valid and that the overall size of the public sector should continue to be constrained in the interests of the Island's economy as a whole. The context within which the SNLP operates is, however, an increasingly complex one. Acknowledging the difficult balance which has to be struck in delivering high quality public services without increasing the size and cost of the public sector, the Advisory and Finance Committee and the Civil Service Board believes that there are considerable benefits in establishing the New Projects Co-ordination Working Party (even if this proves to be an interim arrangement before any new "Policy Council" encompasses these issues).**

Section 7 INFORMATION AND COMMUNICATIONS TECHNOLOGY (ICT)

7.1 ELECTRONIC GOVERNMENT FOR GUERNSEY

7.1.1 **The principles of the proposed States strategy for ICT are set out in Part 1, Section 2.6.3 of this Report.**

7.1.2 Last year's Policy and Resource Planning Report explained the States agreed approach to the development of e-Government and e-Business and associated work in progress on the Guernsey Grid for Learning, IT training, the Geographical Information system and the legal framework for the provision of electronic services and information.

7.1.3 This year, this Section of the Policy and Resource Planning Report has been reformatted so that it is presented explicitly as a plan for the development and deployment of ICT resources in support of the government's strategic and corporate objectives.

7.1.4 Vision

The States have recognised that principles underlying the Information Society can also be applied to the work of government, challenging existing business processes for communicating and transacting with clients and business partners. This process, often referred to as e-Government, offers important potential benefits for the development of public services.

7.1.5 e-Government has implications far beyond the use of the Internet as a gateway to existing services and now represents best practice, being the natural way for committees to develop their next generation of services. This trend is already apparent with a number of committees implementing e-Government projects at a practical level e.g. Treasury, Civil Service Board, Income Tax Authority, Housing Authority and Traffic Committee. The need now is to create a technical and organisational framework that will allow these committee-led initiatives to develop into a coherent programme for e-Government.

7.1.6 The Audit Commission noted that opportunities to exploit synergies between projects were being missed because of the lack of co-ordination between committees. There was also considerable duplication of effort between committees. The deployment of e-Government will allow the States to address these issues, consolidating and integrating common support services where appropriate.

7.1.7 The concept of the "one-stop shop" offering a single point of contact for all services is widely recognised. However, the practical limitations of that concept must be clearly recognised. In particular:

- Specific qualifications or experience may be needed to provide particular services and it is impossible for any individual to acquire all possible skills.
- The public may want to maintain clear separation between different aspects of life.

Thus, rather than the one-stop shop, it may be more appropriate to think of e-Government in terms of a “shopping centre” bringing together a range of specialist suppliers all sharing common services within the same building.

7.1.8 Aims

The e-Government programme aims to:

- Provide the public and local businesses with high quality and relevant services at the time and place, and in the format, required.
- Allow committees to provide high quality, cost-effective services while making best use of the available manpower.
- Ensure that States committees have access to full and complete information when making plans and policy.
- Support the promotion of the Bailiwick as a centre of excellence for e-Commerce.
- Support the development of ICT awareness and skills within the wider community.

7.1.9 Guiding Principles

The following principles underlie the e-Government strategy:

- Services should be designed to meet the needs of the recipient as well as the provider.
- e-Government should be aligned with the strategic objectives of the States.
- Front-line staff should have access to complete information and the ability to communicate easily with service users and business partners as appropriate.
- Where services involve organisations outside the States (e.g. residential care homes) those organisations should be integrated within the business process.
- States services should always be available through a front office but, where possible, they should also be available electronically so that users of the service do not need to visit the office in person.
- Committees must retain responsibility for meeting their mandates but may deliver services in partnership with other committees and be supported by a common business framework and technical infrastructure.
- The corporate business framework must be able to support secure and reliable applications:

- **Across all committees.**
- **Within some or all of an individual committee.**
- **To selected staff across different committees.**
- **Wherever possible the States will use existing commercial solutions rather than attempting to create another arm of government to deliver these services.**
- **Members of the public will opt-in to any e-Citizen scheme, avoiding many data protection issues, ensuring that information is accurate and that services are of value to the citizen.**

7.1.10 Implementation

It is proposed the current Information Communications Technology Strategy Forum will revise its mandate and title to oversee the implementation of e-Government, and to ensure that the process yields measurable improvements in quality and efficiency while addressing key States policy objectives. The work of this group will need to be closely co-ordinated with that of the new Project Co-ordination Working Group.

7.1.11 As part of its strategic planning rôle Advisory and Finance Committee will be responsible for:

- The management of the States e-Government Strategy.
- The management of associated budgets such as the Corporate IT Fund.
- The management of an action plan identifying, time tabling and prioritising e-Government projects across all committees. The department will monitor and report upon progress against this plan.
- The development of standards and procedures needed to underpin a corporate e-Government framework.
- The provision of support and advice to other committees.
- Negotiation and management of contracts with third party organisations providing e-Government services on behalf of the States.
- The management of corporate IT resources underlying e-Government including wide area networking, security and common services such as e-Mail and Internet access.
- Working with the Civil Service Board in a Head of Profession rôle to ensure that the States have access to staff with appropriate technical and project skills.

7.1.12 The Committee intends to use the expertise of an ICT Strategy Advisor with substantial practical experience of the implementation of e-Government appointed on a part-time consultancy basis to:

- Work with the States on a long-term basis, developing a detailed understanding of the e-Government programme in Guernsey.
- Provide independent expert advice, particularly to validate local strategy against national and international experience.
- Assist in the promotion of the strategy to staff and within the wider community at all levels.

7.1.13 Action Plan

- A corporate licence will be negotiated with GGIS to provide web-based Digimap services supporting a corporate land and property information system to all committees.
- Business partnerships will be negotiated with appropriate organisations to deliver:
 - Front Office Services.
 - Banking and electronic bill payment and presentation.
 - Services via digital satellite television.
 - Encryption and authentication of “e-Citizens”.
 - Technology to “link” information held in legacy systems to a modern e-Government portal.
- Work will continue to build the States Information Network into a robust, resilient and secure system for all committees.
- Committees developing and implementing projects that support e-Government will continue to be supported.
- Work will continue with the States Education Council to make IT skills training available within the community.
- Work will continue with the Civil Service Board to ensure that the States have access to staff with appropriate technical and project management skills. This will include the definition of appropriate professional standards, career structure and training schemes.

Section 8 2002 DRAFT STRATEGIC LAND USE PLAN (STRATEGIC AND CORPORATE PLAN)

8.1 THE PURPOSE OF THE STRATEGIC LAND USE PLAN

- 8.1.1 **The Strategic Land Use Plan (SLUP) is formally denoted as the Strategic and Corporate Plan. It has been prepared by the Advisory and Finance Committee in pursuance of Section 2(1) of the Island Development (Amendment) (Guernsey) Law 1990 and is laid before the States in pursuance of Section 2(3) of that Law. It sets out the strategic objectives to be followed by the Island Development Committee in implementing the Island Development (Guernsey) Laws 1966-1990.**
- 8.1.2 The principles upon which the SLUP is based are set out in the Section of this report which deals with Corporate Practices and Policies (see Part 1, Section 2.6.4 and Appendix II of the 2002 Policy and Resource Planning Report).
- 8.1.3 The SLUP was comprehensively revised in 2000 and last year's Plan incorporated only minor changes associated with the introduction of an additional policy for Tourism (Policy 17(A)).
- 8.1.4 **This year the Plan has been more substantially revised and updated to take account of policy development during the last two years. The broad direction of strategic land use planning and the structure of the Plan itself, however, remain unchanged.**
- 8.1.5 **Where the content of the SLUP has been altered, the proposed new text is presented in italics so that the amendments and additions are readily apparent. The alterations include a number of very minor changes to improve the clarity of the document (eg changing the term 'Strategic Statement' to Strategic Objective').**
- 8.1.6 The most significant changes and updates to the SLUP involve the Sections on housing, large-scale retail developments, waste water, solid waste management and the countryside. In addition, a new Strategic Objective (5) and a new Strategic Policy (S.P. 23) have been incorporated into the Plan to deal with telecommunications infrastructure.
- 8.1.7 **Please note that Paras 8.3.1 – 8.3.6 inclusive dealing with the 'Housing Requirement' and Strategic Policy I, have been drafted in advance of the States consideration of the Housing Needs Survey at the May 2002 States meeting.**
- 8.1.8 **The target figure for housing provision assumes that the States will endorse the recommendation of the Housing Authority. If this is not the case an appropriate amendment will be presented to the States when the Policy and Resource Planning Report is considered.**
- 8.1.9 The final Section of previous SLUPs dealing with 'Monitoring and Review' has been deleted as these matters will in future be part of the system being set up through the Monitoring Report.

8.2 LAND USE STRATEGY

Housing

- 8.2.1 *The Plan indicates* the amount of new housing required over the plan period, and gives guidance on where it should be located. It also recognises the need to improve the quality of people's lives by ensuring good homes in a quality environment. The Plan requires that a range of housing options are available to meet changing requirements and that full and effective use is made of suitable sites.

Strategic Objective 1

To provide adequate opportunities to meet the identified housing requirement, with minimum detrimental impact upon the environment and good design to create a high standard of living and social conditions.

Employment

- 8.2.2 The aim of *this Plan* is to facilitate sustainable economic activity. This means providing an appropriate range of opportunities for industry and commerce within the capacity of the Island's resources, and within an overall improvement of environmental quality and social well-being.

Strategic Objective 2

To provide an appropriate range of opportunities for employment and wealth creation within the capacity of the Island's resources, while conserving and enhancing environmental quality and social well-being.

Commercial centres

- 8.2.3 The commercial centres in Guernsey serve an important social and economic function. The Town, in particular, provides jobs in shops, offices and other services as well as being a focus for shopping, social, leisure and cultural facilities. All the centres are important to the quality of life in the Island. The aim for commercial centres and shopping is to maintain and enhance the centres as attractive places to live, work, and enjoy, strengthening the rôle of the Town and the Bridge as the principal shopping and service centres. This means ensuring that everyone has convenient access to a wide choice of shopping, leisure and other facilities.

Strategic Objective 3

To maintain the viability of commercial centres as attractive places in which to live, work and take enjoyment, strengthening the rôle of the Town and the Bridge as the principal centres, while ensuring that everyone has convenient access to a wide choice of shopping, leisure and other facilities.

Strategic transport links

- 8.2.4 The strengthening of external transport and other communication links is of strategic importance for the continued development of a sustainable economy. Good passenger and freight transport is essential for business and for permitting access to services. Air and sea links to and from the Island therefore, need to be kept under review and improved where possible. Development will be encouraged which supports existing transport infrastructure.

Strategic Objective 4

To develop a safe, environmentally friendly and efficient transport infrastructure which serves the needs of local residents, industry and commerce.

Telecommunications Infrastructure

- 8.2.5 *As telecommunications are opened up to competition from different operators, there will be an increased need to provide for the installation of communications equipment to support the local economy whilst minimising any adverse impacts on the environment and addressing any appropriate matters relating to public health and safety.*

Strategic Objective 5

To support the development of telecommunications infrastructure that delivers economic and social benefits to the local community and minimises adverse impacts on the environment.

Water and waste management

- 8.2.6 Adequate provision for water and waste management infrastructure is crucial not only to exploit business opportunities but also to retain and enhance a high quality environment, in itself an important economic resource.

Strategic Objective 6

To manage water resources and waste disposal with the aim of minimising the environmental impact and making the most effective use of existing resources and infrastructure.

Social, community and recreation

- 8.2.7 Access to a range of services and facilities is an important aspect of quality of life. Their existence also helps support the local economy and tourism. Recent years have seen a big increase in the demand for social, community, and leisure facilities and this is expected to continue in the future. Sport, entertainment and social facilities will be encouraged where appropriate. Catering for recreation in the countryside without damaging the environment, and developing the potential of the Town and eastern seaboard are also of paramount importance.

Strategic Objective 7

To encourage the provision of opportunities for leisure and the development of community facilities which are easily accessible to all.

Countryside

- 8.2.8 The quality of the environment affects people who live in the Island, and can deter or attract potential visitors, tourists and investors. The Island has much to conserve in its rural and urban environments, but it also has poor and degraded environments, which need improvement and enhancement. *This Plan* contains policies and proposals to reconcile and manage potentially conflicting demands on the countryside.

Strategic Objective 8

To conserve and enhance the countryside, including maintaining and improving biodiversity by protecting and enhancing habitats.

THE STRATEGIC POLICIES

“Adequate housing provision”

8.3 THE HOUSING REQUIREMENT

- 8.3.1 *In previous years, the Island’s housing requirement has been deduced from an analysis of demographic information mainly obtained from the census. This generated the benchmark target (incorporated into the 2000 and 2001 Strategic Land Use Plans) that provision should be made for an additional 250 homes to be created each year.*
- 8.3.2 *In September 2000, the States endorsed a major policy letter on the housing situation from the Housing Authority. The policy letter identified the need for a Housing Needs Survey to inform the preparation of a comprehensive strategy to deal with the provision of housing.*
- 8.3.3 *The survey, carried out by a limited company operating from the University of Swansea, has since been completed and its findings were reported to the States by the Housing Authority in May 2002.*
- 8.3.4 *The survey report examined a number of options for setting a new strategic target for the provision of additional homes but the States agreed with the Housing Authority’s recommendation that a target of providing for 300 new homes should be adopted on an interim basis for three years only.*
- 8.3.5 *The figure of 300 homes substantially exceeds the minimum of 179 homes needed to satisfy the net annual shortfall in housing units identified by the Needs Survey. It is intended to provide for a sufficient ‘surplus’ to cater for the needs of a backlog of potential new householders wanting to obtain independent accommodation and to provide some spare capacity in the system to enable a better ‘fit’ between the size and type of housing people want and the accommodation that is available.*
- 8.3.6 *The effectiveness of the strategic target in enabling the development of an adequate supply of new homes will be monitored annually and will be fully evaluated at the end of the three-year period in the 2005 Policy and Resource Planning Report.*

Strategic Policy 1

Arrangements will be put in place through the Detailed Development Plans to ensure that provision is effectively made to create 300 new homes each year.

- 8.3.7 *The above policy provides guidance for the preparation of Development Plans and the provision of infrastructure. It relates to the strategic land use planning aspect of States policies for housing but cannot, in itself, ensure the carrying out of development.*

8.3.8 *A variety of information about the development of new homes is currently gathered in different ways and for different purposes by the Island Development Committee, the Cadastre Committee, the Housing Authority and the Advisory and Finance Committee.*

8.3.9 *These committees need to share their information in order to provide reliable statistics about the housing situation. This corporate approach will be increasingly important as use is made of the Housing Needs Survey to direct policy towards achieving a closer alignment between demand and supply in the housing market. This will increasingly take into account both housing types and affordability. Any shortfall between the effective provision of opportunities for housing development and the level of implementation will also need to be addressed on a corporate basis.*

Strategic Policy 2

The housing requirement as set out in Strategic Policy 1 will be monitored annually and reviewed in the 2005 Policy and Resource Planning Report [Strategic Land Use Plan].

Location of development

8.3.10 To accord with the development strategy's objectives and strategic themes, policies for housing development aim to steer demand to appropriate locations within existing settlements in the urban area. The development strategy seeks to achieve as much new housing as practical and possible within the existing urban areas and on previously-developed land, in order to minimise the amount of development which will be needed on open and undeveloped sites.

Strategic Policy 3

The majority of this provision should be within the Urban Area.

8.3.11 In order to encourage regeneration of the existing urban areas and to get development in place on previously developed land it is essential to control the release of new open and undeveloped land. Housing Target Areas may be identified in the Urban Area Plan but these should only be released for development when the States are satisfied that there are no reasonable options available for development within the existing built-up areas.

8.3.12 In order to meet the principles of sustainable development, any new Housing Target Areas should conform to a number of general criteria. These include:

- Sites should be well related to the existing pattern of development, with access to local facilities.
- Sites should be capable of being served by good public transport as an alternative to the private car.
- There should be no detrimental effect on important landscape, conservation, wildlife or other environmental concerns.
- Appropriate infrastructure can be provided in a sustainable manner.

Strategic Policy 4

Greenfield sites may be allocated as Housing Target Areas but land allocated as such will **only** be released for development if it can be demonstrated that there is a clear need for additional greenfield development *in order to fulfill the requirement set out in Strategic Policy 1*. The release of such land should be phased to give firm priority to potentially suitable or available land within built-up areas.

Making the best use of sites in urban areas.

- 8.3.13 The spread of housing development across the countryside is one of the most potent symbols of perceived environmental damage. Although to meet the anticipated household growth some greenfield land will need to be developed it will be a priority to seek to achieve as much new housing development within the existing built-up areas as possible. It is important that opportunities are taken to re-use previously developed sites and the potential to convert and re-use derelict or vacant buildings should be thoroughly explored.
- 8.3.14 Land within the urban areas is likely to have, or be capable of being provided with good public transport links, and good links to footpath and cycleway networks, all of which are important to encourage less use of the private car.
- 8.3.15 To reduce the land-take impact of new development an economical use of limited land resources is desirable. One way to maximise the number of dwellings that can be accommodated within existing urban areas is to design housing schemes to achieve the highest number of dwellings on a site without detriment to the quality of urban life.

Strategic Policy 5

Housing development should be of a type and design to achieve as high a density as compatible with achieving good standards of accommodation and residential amenity, particularly in areas well served by public transport and other services and facilities. The density of housing should take account of:

- The trends in the size of households, particularly towards smaller households.
- The need for good design.
- The need for mixed use in appropriate locations.
- The provision of open space and landscaping.
- The reduced need for parking provision and road space.

Affordable housing

- 8.3.16 'Affordable' housing is intended to meet the needs of local people who for financial reasons are unable to compete for accommodation in the open housing market. It is clear the operation of the housing market is not responding adequately to these needs. The solution to these issues does not lie solely with land use planning but will require innovative initiatives by the public and private sectors.

8.3.17 Where appropriate *and taking into account the information provided by Housing Need Survey(s)*, the States will identify levels of housing need, indicate overall targets for the provision of affordable housing, and determine specific requirements for development.

8.3.18 The pursuit of housing that is affordable should not result in housing that is of poor standard or offers inadequate amenities. Affordable housing does not mean housing of poor quality or design. This is becoming an increasingly significant issue as the focus shifts to higher density schemes in the Urban Area. Low standards of amenity and a lack of parking may have undesirable environmental and social consequences for the Town that could undermine its attractiveness as a place to live.

Strategic Policy 6

Detailed Development Plans will include policies to facilitate the provision of affordable housing where the need is identified. In this context, affordable does not mean substandard, but should be well designed, of a size which matches household size, with adequate standards of amenity.

Buildings suitable for re-use as housing

8.3.19 A significant amount of surplus accommodation exists which is of a lower standard and is no longer economically viable for its former use.

Strategic Policy 7

Encouragement will be given to the re-use of surplus accommodation for housing purposes. This will enable its conversion and subsequent sale or rent as sheltered accommodation, residential or nursing homes and staff hostels. *In the case of tourist accommodation, re-use for housing purposes may be encouraged where this is compatible with Strategic Policy 17(A).*

Special needs

8.3.20 Housing quality and the ability to gain access to housing are key elements of meeting the strategic objectives and housing needs of people. The importance of housing which meets the needs of all sectors of society in contributing to the overall well-being and sustainable development of balanced communities is recognised. Two aspects are particularly important – affordability and the ability to accommodate a range of housing needs for all members of the community, including elderly people and those with disabilities.

8.3.21 The second aspect is particularly important to meet the existing and changing needs of all members of the community, including those of the ageing population. It is already known, for example, that there is under-provision of sheltered housing for the elderly. Measures have already been taken to facilitate the development of such housing, but further research and analysis will be required to determine the extent of such provision and to devise suitable mechanisms for ensuring that sheltered housing is accessible to those who need it. To ensure such housing is capable of meeting the changing needs of households the quality of design is crucial. The siting of this housing on flat ground, close to shops, other amenities and public transport links is also particularly important.

Strategic Policy 8

A wide mix of housing which reflects housing needs should be encouraged, including homes for families and small households; housing for elderly households and other households with special needs; and provision for people requiring community care.

Improving the existing housing stock

- 8.3.22 With respect to the existing housing stock, it is evident that a significant proportion of private rented accommodation, some new conversions and some purpose-built accommodation, particularly in St Peter Port, is also of poor standard and lacks amenity space.
- 8.3.23 In most cases it is better to make good use of the existing housing stock than to have large-scale clearance and redevelopment. However, adequate resources must be made available to tackle under-investment, and improve and renovate the existing housing stock.
- 8.3.24 Proposals to bring empty houses back into use should be supported. The available range of regulatory mechanisms – development control, building control and the preservation of heritage value – should be used to ensure that new development, and the redevelopment of run-down and derelict accommodation, is of adequate standard.
- 8.3.25 It is essential that improvements in the housing stock are accompanied by environmental and infrastructure improvements in order to improve the quality of life for local residents and ensure that the full potential of the housing stock is realised. A comprehensive programme of environmental, traffic and social improvements is required to ensure that the Town continues to be an attractive and desirable place to live in.

Strategic Policy 9

Priority should be given to making better use of the existing housing stock. In particular, proposals *will* be supported which:

- Maintain and improve existing houses to a high standard.
- Bring empty houses back into use.
- Reduce under-occupation.
- Ensure that the environment of housing areas is of a good quality.

8.4 DIVERSE EMPLOYMENT OPPORTUNITIES

Office development

- 8.4.1 Redevelopment at Gategny Esplanade and Le Bouet will improve the stock of new office accommodation in the Island, secure other amenities, and above all enhance the perception of the Town as a place for investment, business and leisure. The ageing office stock of the Town also needs to be upgraded to provide attractive alternative opportunities for other uses, for example, housing.

- 8.4.2 Investment in new office schemes should be associated with improvements to the environment and accessibility; a greater diversity of uses, including housing and improved leisure and retail facilities; and should not increase traffic congestion or displace other essential uses.

Strategic Policy 10

The refurbishment of the existing office stock in the Town should be encouraged. New office development may be facilitated on redevelopment sites to secure a more diverse mix of uses including housing, subject to safeguarding the character of the Town.

Office based industry

- 8.4.3 A significant recent trend in employment generation has been the development of activities that cross the boundary between traditional industrial and office use. Such activities include data processing, software development, telemarketing, research and development, information technology, etc. Forecasts from GMEx and others suggest that significant employment opportunities exist in these sectors and demand exists for suitable sites and buildings.

Strategic Policy 11

The IDC should encourage a comprehensive range of accommodation to meet the needs of manufacturing and service employers.

Industrial land supply

- 8.4.4 The general industrial land supply represents an important base for economic development. This land provides accommodation for the development of local business initiatives as well as providing yard and storage space and is vital to the long-term health of the economy. Detailed Development Plans should, therefore, seek to maintain an adequate supply of local industrial land and to manage that supply flexibly.

Strategic Policy 12

To ensure an adequate supply of industrial land in terms of location, size and quantity, the Detailed Development Plans will identify a range of opportunities for industrial development.

Small-scale business development

- 8.4.5 A major aspect of the development strategy is to assist in the creation of small-scale economic activity to provide employment opportunities. The IDC will, therefore, work with the Board of Industry in seeking to encourage and create the conditions to develop local business opportunities and to diversify the local economy. This would include supporting the provision of small-scale business development, in appropriate locations. The cumulative impact of such developments must, however, be considered.

Strategic Policy 13

Provision may be made for the development or extension of small-scale businesses in appropriate locations.

Horticulture

- 8.4.6 With notable exceptions, the horticultural industry is contracting and significant areas of glass remain uncropped. In terms of the overall area under glass, therefore, there remains no requirement to make provision for any net or overall increase in the area of land which may be used for horticulture. In order to permit the continued rationalisation of land holdings, however, development or redevelopment on existing holdings will be permitted in those cases where the IDC and the Committee for Horticulture jointly recognise that greenhouse or related horticultural development will make a valuable and needed contribution to the industry and is likely to continue to do so for the foreseeable future, by virtue of the site's suitability for commercial operations.

Strategic Policy 14

In order to permit the continued rationalisation of land, development or redevelopment on or adjacent to existing holdings may be permitted in those cases where the IDC and the Committee for Horticulture jointly recognise that greenhouse or ancillary horticultural development will make a valuable and needed contribution to the industry and is likely to continue to do so for the foreseeable future, by virtue of the site's suitability for commercial operations.

Land reclamation areas

- 8.4.7 The Strategic Land Use Plan supports the rôle of the ports and accepts the need to identify land for future port use and development by port related industry. Existing reclamation areas and future expansion at St. Sampson's Harbour will be concentrated on upgrading infrastructure in order to cater for the anticipated growth in future traffic flows.
- 8.4.8 The aim of Policy SP15 is to preserve the land reclamation areas at St. Sampson's for those activities that will benefit from the unique location. Such activities include those with a high environmental impact and which are of strategic importance.

Strategic Policy 15

Priority should be given to port related industrial development and activities with a high environmental impact in existing and future land reclamation areas at St Sampson's Harbour.

Development requiring an airport location

- 8.4.9 The Plan encourages the future development of the Airport but only by businesses and industries that require an airport location. The land surrounding the Airport is by definition, scarce and in a rural area of the Island. A range of other industrial locations will be identified for other companies that do not require an airport location.
- 8.4.10 The IDC will identify those types of 'airport related' uses which are acceptable in the Detailed Development Plan.

Strategic Policy 16

In reviewing the Rural Area Plan, consideration may be given to provision for development requiring accommodation at or adjacent to the Airport.

Tourism

Tourist related developments

- 8.4.11 *This Plan recognises the employment potential of tourism in the local economy. Many of the policies and objectives of the Plan have as their ultimate aim the protection and enhancement of the natural and built environments, which are such an attractive feature of the Island and an important element in terms of promoting tourism. The Tourist Board has prepared a strategy for the development of the tourism sector.*

Strategic Policy 17

Provision may be made for tourist related developments, taking into account the objectives for tourism set out in a strategy for tourism in Guernsey.

Tourist accommodation

- 8.4.12 The viability of tourism depends, amongst other things, on the maintenance of sufficient, good quality visitor accommodation to meet demand and to sustain the standard and frequency of air and sea links to the Island which are also essential to the economic and social well-being of the community as a whole.

Strategic Policy 17(A)

The Detailed Development Plans will include policies to ensure that an adequate stock of visitor accommodation is maintained in the interests of sustaining the future viability of tourism.

8.5 ATTRACTIVE CENTRES OF ACTIVITY

“Reinforcing the rôle of the Town and the Bridge”

- 8.5.1 There is increasingly a requirement to focus attention upon the main town centre of St. Peter Port to reinforce its Island rôle in ways that enhance its unique character, and to ensure that development elsewhere does not dilute that rôle or further reduce its vitality and viability.
- 8.5.2 Both the town centre of St. Peter Port and the Bridge are focal points for a range of community, leisure, and commercial activity. The Town contains significant elements of built heritage in terms of both individual listed buildings and conservation areas. Focusing demand for services toward these centres will ensure continuing investment in the urban fabric.
- 8.5.3 The Town is facing rising pressures on the historic physical fabric, excessive traffic and the displacement of traditional local shops, which are an important element in the character of the Town. These pressures need to be managed in order to reduce traffic congestion, conserve the historic character and mix of shopping and other activities while attracting necessary investment in maintaining the physical fabric, and up-dating the facilities and general amenity of the Town.

8.5.4 A public/private sector 'Town Centre Partnership' *has been* formed to co-ordinate a multi-agency approach involving The Chamber of Commerce, The St. Peter Port Traders, The Douzaine, States Departments and other key interests *to address these concerns in a co-operative and innovative way.*

8.5.5 The IDC will seek to maintain and enhance the attractiveness of the Town with appropriate policies incorporated into Detailed Development Plans or other corporate policy documents and possibly by way of public/private sector initiatives.

Strategic Policy 18

The States will seek to instigate measures and support projects for the Town and the Bridge that:

- Encourage a wide range of retail, commercial, leisure, business, culture and arts facilities and residential uses.
- Promote the re-use of vacant buildings.
- Retain and increase residential accommodation.
- Promote environmental improvement.
- Safeguard the historic character.
- Improve pedestrian and cycle access, improve public transport links and provide for appropriate levels of car parking.

8.5.6 Implementation of this policy will involve a combination of strict control over the scale and nature of any new development to secure the conservation of the historic built environment, and safeguard the diversity of activity; and/or action by the States, in conjunction with other agencies, including local residents and traders, to secure improvements to the shopping environment.

Local centres

8.5.7 The provision of local shops and services is important in providing for local needs and reducing the need to travel. Facilities which are readily accessible by walking, cycling and public transport and which provide for day-to-day needs make an important contribution to the overall sustainable development strategy of the Plan. It is important that local facilities are of a scale that is consistent with the function and character of the local centre so as to meet local needs.

Strategic Policy 19

The retention and improvement of local shopping facilities and services may be supported, provided that the development is of a scale consistent with the function and character of the local centre.

Large scale retail developments

8.5.8 Although the plan is aiming to direct development to the existing centres, there may be circumstances where retail development may be acceptable elsewhere. It should be possible in many cases to locate these types of development in the allocated areas at

Le Bouet and at Leale's Yard, or in other appropriate edge of centre locations. If there are no such sites available, and there is an acknowledged demand for the development concerned, then other suitable sites, having regard to the Board of Industry's forthcoming *Island Retail Strategy*, may be considered.

- 8.5.9 *In advance of the adoption of a comprehensive strategy, the States have agreed (Billet d'Etat, IV 2002) that certain garden retail operations will be permitted within the rural areas of the Island subject to specific controls through the planning system and additional regulatory powers to be exercised by the Board of Industry. This will involve the prior introduction of new legislation.*

Strategic Policy 20

Where there is an acknowledged demand which can reasonably be provided within the Island for out-of-town retail developments, additional provision may be made provided that the vitality and viability of any commercial centre would not be undermined and the local environment would be improved. *The Detailed Development Plans may include policies to regulate the establishment of such uses including garden retail operations.*

8.6 EXTERNAL TRANSPORT LINKS

Harbours

- 8.6.1 Ports and harbours fulfill an important rôle in the economy. This has already been recognised by Policy SP15. St. Sampson's is the main strategic port offering opportunities for further growth, both in terms of trade and development land, and should be safeguarded against inappropriate development. Similarly, port-related development should not be constrained by the inappropriate use of land immediately adjacent to the port areas and Detailed Development Plans should reflect this accordingly.

Strategic Policy 21

A strategy for the future rôles and development of the Harbours should be prepared and kept under review. The Urban Area Plan should accommodate proposals for the development and promotion of the Harbours together with their associated land uses.

Airport

- 8.6.2 Guernsey Airport is a major asset for the future of the Island's economy. This is recognised in part by Policy SP16. However, any expansion of airport-related facilities at Guernsey Airport will impact upon the local environment. Any future development or operational changes, therefore, requires careful consideration and, within the context of an overall strategy, should be related to specific demands, and the prospects for growth at the Airport, as well as to the development of unused land both within the Airport itself and in the surrounding area.

Strategic Policy 22

The provision of airport-related facilities for Guernsey Airport may be supported, provided that adequate measures are taken to mitigate any harmful environmental consequences of the Airport's operation.

8.7 TELECOMMUNICATIONS INFRASTRUCTURE

- 8.7.1 *As operations compete to provide a wide range of telecommunications services to domestic and business users, there is potential for the proliferation of stations, masts and other installations to occur which could have a damaging cumulative effect on the environment.*
- 8.7.2 *It is important that a planning framework is put in place to ensure that the Island enjoys quality and choice in its telecommunications services whilst minimising any adverse impacts. This may require operators to share sites and masts where this is justified in terms of limiting the visual impact on the locality.*
- 8.7.3 *Considerations relating to public health and safety may be taken into account within the terms of the Island Development Law but it is recognised that the Island Development Committee will require expert advice from other agencies and the Board of Health in particular, in dealing with this issue.*

Strategic Policy 23

The Detailed Development Plans may include provision for the development of telecommunications infrastructure and equipment taking into account the need to minimise any adverse impacts on the environment.

8.8 SUSTAINABLE WATER AND WASTE MANAGEMENT

Water resources

- 8.8.1 Since 1992, the Water Board's management of water resources has been based on the following objectives:
- Increasing the water catchment to practical economic limits.
 - Increasing the water storage capacity (although the Board estimates a requirement for at least a further 1,000 megalitres of storage. Les Vardes and St Andrew's Quarries offer the most significant storage opportunities for reserves).
 - Development of the abstraction and transfer infrastructure to provide a comprehensive raw water grid linking 21 stream sources to 15 reservoirs and 3 treatment works.
 - A water conservation and leak reduction programme.
 - Improvements in stream water quality, by reducing nutrient pollution from agriculture and horticulture.
 - Researching the availability of the groundwater supplies.
- 8.8.2 Although rainfall records show that the probability of a prolonged period of low rainfall is small, there is statistical evidence of climatic change towards lower rainfall with anecdotal evidence that fluctuations in weather conditions are becoming more extreme. If rainfall is lower and less reliable, there is an increasing risk that a prolonged and serious drought could occur. The Water Board has therefore proposed

a contingency plan to protect the security of Island water supplies to be implemented only if reserves of water in storage become seriously depleted.

- 8.8.3 The Board's contingency plan would require an area of land on which a desalination plant could be constructed within a maximum of 12 months. Subject to approval of such a plan by the States, and provided the site and construction plans were readied in advance, the plant itself would not be constructed until made necessary by the onset of a severe drought which could otherwise exhaust the available reserves of water in storage.

Strategic Policy 24

In order to conserve potable water resources, the efficient use and re-use of all available sources of water should be maximised.

Surface water drainage

- 8.8.4 The St. Sampson's Marais catchment forms a major part of the surface water drainage system of the Urban Area, and is of immediate interest in relation to the development of the Belgrave Vinery site. In effect, the St. Sampson's Marais represents 20% of the Island's water catchment and steps need to be taken to ensure that the amount of water directed to the public supply from this catchment is protected and, if possible, enhanced.

- 8.8.5 In this regard the States will promote a policy of Sustainable Urban Drainage, by the incorporation of Best Management Practices acceptable to the relevant authorities, with a view to dealing with runoff from the projected developments, preventing the flooding of these and other developments, and maximising the quantities of water recovered for the public supply.

Strategic Policy 25

The effect of development on the aquatic environment shall be managed by the use of Sustainable Urban Drainage Systems, incorporating Best Management Practices at appropriate developments.

Flood management

- 8.8.6 It will be necessary for the risk of flooding in all low-lying land within the Urban Area Plan to be carefully assessed against a range of flood events so that preventative measures may be adopted, where necessary. A further concern is the possible rise in sea levels resulting from climatic changes. While estimates vary as to the timescale during which this might occur, it is clear that additional coastal protection measures may well be necessary in due course and priorities might need to be reassessed in some areas. This makes flooding events increasingly difficult to predict and reinforces the need for a precautionary approach.

- 8.8.7 Notwithstanding the above, there must be an element of risk tolerance in flood management especially in the Urban Area. The nature of the risk in any given circumstance must be weighed against competing economic, employment, social, environmental or recreation benefits that might accrue. There may be instances therefore, where the planning benefits of placing buildings or services in vulnerable locations may outweigh the risks from flooding.

Strategic Policy 26

The risk of flooding of all low-lying areas shall be carefully assessed and taken into account in planning for new development.

Waste water

- 8.8.8 *Following consideration of the Waste Strategy Assessment presented in Billet d'Etat XI, 1997 and subsequent investigations as described in Billet d'Etat XI, 1999, the States resolved to commence progress towards implementation of sewage treatment. The basis of this decision was that the long sea outfall does not comply with EU standards for the level of sewage treatment, even though EU Standards for quality of bathing waters are satisfied. The Waste Strategy Assessment found that the most significant liquid waste pollution problem arises from inland sources and their effect upon the water catchment. Provision of sewage treatment will therefore offer minimal environmental benefits, compared with other liquid waste management priorities. Consequently, a report is to be prepared which will review the priority of sewage treatment within the Capital Works programme.*

Strategic Policy 27

The identification of sites for sewage treatment works may be incorporated into the relevant Detailed Development Plans and technical assessments of methods of sewage treatment shall be taken into account in the identification of those sites.

Solid waste

- 8.8.9 Following consideration of the options and policies for the disposal of solid waste, a Solid Waste Strategy was adopted by the States in 1998 (Billet d'Etat XII).
- 8.8.10 The Strategy is founded on the assessment that Les Vardes Quarry is unsuitable for the disposal by landfill of putrescible waste and that the principal means of disposal of solid waste should be through a Waste-to-Energy plant.
- 8.8.11 *A Solid Waste Working Party was set up to implement the States Resolutions led by the Board of Administration. The Board commissioned an Environmental Impact Assessment (E.I.A) of suitable sites for the location of an integrated waste management facility including an energy from waste facility, materials recovery facility, scrap metal yard and civic amenity site. This Environmental Impact Assessment concluded that with appropriate standards and mitigation measures an integrated waste management facility could be located at Longue Hougue land reclamation site.*
- 8.8.12 *The direction to the Island Development Committee to identify appropriately located sites for the collection, sorting, transfer and recycling of solid wastes and to examine the merits of co-locating such facilities alongside the energy from waste facility was investigated through the E.I.A process. This E.I.A process concluded that with the exception of a possible second civic amenity site located to serve the west of the Island, waste sorting and transfer facilities should be located alongside the energy from waste facility.*
- 8.8.13 *An Amendment to the Urban Area Plan and associated Outline Planning Brief (OPB) to enable Longue Hougue to be developed for waste management purposes received the support of the independent Planning Inspector following a public, Planning Inquiry in December 2001. The Amendment and OPB were subsequently approved by the States in April 2002.*

- 8.8.14 *The Board of Administration is currently completing its work in respect of the waste strategy through the Waste Disposal Plan and will shortly be submitting proposals to the States for consideration. Future charging policies will be addressed within these proposals. The Board of Administration has also carried out extensive investigations into the feasibility of commissioning an energy from waste facility and will shortly be tendering the project. Specific proposals for development will have to meet the requirements set out in the OPB. It is anticipated that the energy from waste facility will be commissioned and operating before 2006.*

Strategic Policy 28

The development of the approved site at Longue Hougue, St Sampson's for an integrated waste management facility will be implemented in accordance with the principles of the Solid Waste Strategy, strategic policy for the environment and revised environmental health legislation. In reviewing the Detailed Development Plans, the IDC will make provision for those waste facilities identified in the Waste Disposal Plan as adopted by the States.

8.9 ACCESSIBLE SOCIAL, RECREATION AND COMMUNITY FACILITIES

"Making maximum use of existing resources"

- 8.9.1 There is already considerable use of education facilities such as playing fields, swimming pools, the assembly halls and classrooms by members of the local community outside of school hours. There is further scope for the use of education facilities though not all schools are suitable. When new schools are built, this provides an opportunity to include additional facilities, which can be used by schoolchildren and the public.

Strategic Policy 29

Measures designed to make maximum use of existing facilities may be supported, with particular emphasis on the joint provision and dual use of education facilities for leisure purposes.

Co-ordinated social recreation and community provision

- 8.9.2 The planned provision of adequate social, recreation and community facilities requires a strategy, which assesses demand in relation to existing provision, so that need can be identified. The Education Council, Board of Health and Recreation Committee have all identified certain indicative needs, but further work is required to arrive at a more refined position. There is scope to promote further co-ordinated provision of new or improved community facilities.
- 8.9.3 It will be for the Detailed Development Plans to identify where existing facilities should be retained and where new facilities should be provided.

Strategic Policy 30

The States will seek a strategic approach to the provision of social, recreation, and community facilities by assessing needs (including social needs) and local demand (including latent demand). The Detailed Development Plans will make provision for the protection, enhancement, and new development of such facilities.

8.10 COUNTRYSIDE

Landscape

- 8.10.1 The Island contains a variety of different landscapes ranging from coastal landscapes of cliffs and bays, to the lowland landscapes of marais and hougues, and the upland landscapes of valleys and escarpments. The distinctive character for each of these different areas must be maintained and enhanced, and new development should contribute to that character.

Strategic Policy 31

Priority may be given to protecting and enhancing the quality and amenity of the Island's landscapes.

Wildlife and Nature Conservation

- 8.10.2 The Island contains a wide variety of ecological habitats. These range from unimproved grassland and orchid meadows to reedbeds and water filled quarries. The protection and enhancement of ecological habitats will maintain the diversity of the countryside and encourage visitors.

Strategic Policy 32

The IDC should seek to identify landscapes of particular ecological importance, and to ensure the protection and enhancement of such areas by encouraging appropriate management schemes.

Rural Development

- 8.10.3 *A viable farming industry is essential to the protection of countryside character and quality. Agriculture makes use of approximately 10,000 verges of land, which represents 26% of the total land area and 65% of open land. Farming practices have a significant impact on the countryside and Island wildlife. Farmers therefore have a vital rôle in environmental management as a part of the farming business.*
- 8.10.4 *The policy of the States is that the rural environment should be conserved and enhanced. This means taking pro-active steps to avoid damaging the countryside while promoting practices that support nature conservation and maintain its character. To manage and conserve its value the countryside needs viable agricultural businesses which promote and protect the rural environment. Acceptable forms of rural development should be accommodated, but recognising that this must not be at the unreasonable expense of landscape, nature conservation, historic interests or the land needed for farming activities. All agencies involved in rural areas should be encouraging the continuation of good land management and practices which conserve the qualities of landscape, nature conservation and heritage.*
- 8.10.5 *The particular rôle of farmers and farming practices in fulfilling this policy has been recognised through contractual payments to farmers who farm in an environmentally sensitive way. The farm management contracts promote a less intensive form of farming which:*
- *Ensures the installation of equipment to prevent farm pollution.*
 - *Develops farming practices that sustain the environment.*

- *Maintains hedgerows, trees, earth banks, water courses, wetland areas and other natural or historic features.*
- *Promotes nature conservation and biodiversity.*

The dual purpose of supporting viable businesses and environmental management to maintain and enhance the countryside should therefore benefit the farming industry, the rural environment and the Island community.

Strategic Policy 33

The character, appearance and amenity of the countryside will be improved and enhanced by:

- *The integrated development of viable farming business linked to nature conservation and environmental management.*
- *Locating new development within the existing built-up area wherever possible.*
- *Preventing development which does not need to be located in the countryside.*
- *Encouraging opportunities to extend and improve wildlife habitats on farmland, for example through additional tree planting, retaining and creating new hedgerows, and creating new wetlands.*
- *Protecting agricultural land from irreversible development wherever possible.*
- *Considering development proposals in the countryside on the basis of their environmental, economic and agricultural implications, and how they can enhance countryside quality.*

Derelict land

8.10.6 Many parts of the rural area have suffered from the decline of horticulture resulting in large areas of derelict and unused land. Some substantial areas of derelict land have been reclaimed through clearance schemes organised by the Board of Industry and its predecessors *but labour is no longer readily available through the Fieldwork scheme for unemployed people to carry out this work as a public service. Alternative ways of funding and implementing the clearance of glass are being considered.*

8.10.7 It is clearly essential that areas of derelict land should be reclaimed and restored. Opportunities should be taken to reinforce and enhance the landscape character of the area, and to provide new recreational amenities and wildlife habitats.

Strategic Policy 34

Derelict and disused land should be reclaimed with priority given to sites that have a major impact on local residents, and the image of the Island for potential investors and tourists. Restoration and after-use of derelict land should have regard to overall setting, landscape character, and potential for creating new habitats.

Section 9 RECOMMENDATIONS

The Advisory & Finance Committee recommends the States:

1. To approve the **Core Principles** set out in Section 2.2.17 of this Report as guidance for upholding the good reputation of the Island as an offshore financial centre.
2. To re-affirm approval of the **States Strategic Objectives** as set out in Appendix II of this Report.
3. To re-affirm approval of the **Strategic Policy Statements** as set out in Appendix II of this Report.
4. To approve the **States Corporate Practices** as set out in Appendix II, of this Report, including the following amendments:
 - a) **Corporate Practices – Overall Policy**, as set out in Section 2.6.1.
 - b) **Corporate Practices – Human Resource Policies**, as set out in Section 2.6.2.
 - c) **Corporate Practices – Information Technology Policies**, as set out in Section 2.6.3.
 - d) **Corporate Practices – Strategic Land Use Policies**, as set out in Section 2.6.4.
5. To approve the **States Corporate Policies** as set out in Appendix II of this Report, including the following amendment:
 - a) **Corporate Policies – Energy**, as set out in Section 2.6.7 – 2.6.9.
6. To note the Committee's intention to establish a **Project Co-ordination Working Group** (as explained in Sections 2.7.10 – 2.7.22).
7. To note the Committee's intention to develop mechanisms to help in the prioritisation of **Capital Projects and Strategic Planning** (as explained in Sections 2.7.23 – 2.7.27).
8. To note the Committee's intention to develop a **Strategic Property Plan** (as explained in Sections 2.7.28 – 2.7.32).
9. To note the Committee's intention to promote the development of **Corporate Programmes** (as explained in Sections 2.7.33 – 2.7.43).
10. To approve the development of a **Corporate Housing Programme** as set out in Section 3.9.
11. To agree that the **States Trading Companies (Bailiwick of Guernsey) Ordinance 2001** be amended so that in future provision for the States to give general guidance to the Advisory and Finance Committee on the policies they wish the Committee to pursue in exercising its functions under the Ordinance be given only by means of the annual Policy and Resource Planning Report as explained in Sections 3.3.4 - 3.3.6, and to direct the preparation of the necessary legislation.
12. To note the list of **pending legislation**, together with broad categories of importance and urgency, as set out in Appendix I, and referred to in Section 1.2.5 of this Report.
13. To approve the establishment of a **Tribunals Service**, as set out in Sections 2.3.20 – 2.3.26 of this Report, and to direct the preparation of the necessary legislation.

14. To approve an increase of £1,200,000 in the revenue expenditure budget for 2002 of the States Advisory and Finance Committee – [Strategic and Corporate Measures](#).
15. To approve an increase of £300,000 in the revenue expenditure budget for 2002 of the [States Children Board](#).
16. To approve an increase of £410,000 in the revenue expenditure budget for 2002 of the [States Education Council – General](#).
17. To approve that the cash limits for ordinary expenditure for 2003 for individual committees totalling £256,108,000 shall be as set out in the table in paragraph 5.3.13 of this Report.
18. Notwithstanding item 17 above, to grant the Advisory and Finance Committee delegated authority to increase the revenue expenditure budget for 2003 of the Liberation Celebrations Committee by a sum of up to £20,000.
19. To transfer the sum of £5,000,000 from the General Revenue Account to the [Capital Reserve](#) with immediate effect.
20. To approve that the additional capital allocations for individual committees totalling £17,600,000 shall be as set out in the table following Section 5.4.10 of this Report.
21. To vote the States Advisory and Finance Committee the sum of £1,400,000 for [Corporate IT Projects](#), such sum to be taken from that Committee's allocation for capital expenditure.
22. To vote the [States Housing Association Fund](#) the sum of £3,000,000, such sum to be taken from the States Housing Authority's allocation for capital expenditure.
23. To approve the revisions to the [States Financial Procedures](#) as set out in Section 4.6 of this Report such that the States Advisory and Finance Committee has delegated authority to:
 - Increase an individual General Revenue Committee's revenue expenditure budget by the greater of £250,000 or 2% in any one financial period.
 - Approve all capital votes for straightforward replacements and property purchases without limit and up to £250,000 for all others.
 - Approve all capital overspends up to £250,000.
24. To require the States Advisory and Finance Committee to report twice a year on the use of its delegated authority within the annual Policy and Resource Planning and Budget Reports.
25. To approve the [Human Resources Plan](#) as set out in Part 2 Section 6 of this Report.
26. To approve the [Information and Communications Technology Resources Plan](#) as set out in Part 2 Section 7 of this Report.
27. To approve the "[Strategic Land Use Plan](#)" as set out in Part 2 Section 8 of this Report as the Strategic and Corporate Plan for the purposes of the Island Development Laws and all other legislation and instruments referring to that Plan.
28. To note all other Sections of the 2002 Policy & Resource Planning Report not specifically referred to above.

APPENDIX I

**GUERNSEY
STATES RESOLUTIONS
REQUIRING PREPARATION OF LEGISLATION**

Key:-

A means top priority; B means high priority; C means normal priority.

| Billet & art. no. | Resol. date & priority | Subject matter |
|------------------------------|-----------------------------------|--------------------------------------------------------------------------------------------|
| XXI/01 (art.XXI) | 01.11.01 [A] | Corruption: new Law enabling ratification of conventions |
| VI/02 (art.VI) | 24.04.02 [A] | Regulation of Investigatory Powers: Law to regulate |
| IX/02 (art.VII) | 29.05.02 [A] | Barclays Bank: transfer of undertaking Law |
| XVI/97 (art.XVI) | 29.10.97 [B] | Detention of suspects without charge: <i>[to be included in PACE]</i> |
| XVIII/99 (art.VII) | 11.11.99 [B] | Sunday trading <i>[Amended by art.V of Billet IV/02]</i> |
| XXI/01 (art.XXII) | 01.11.01 [B] | Protection of Investors – false markets in securities: amend 1987 Law |
| XXIV/01 (art.IX) | 13.12.01 [B] | Criminal Injuries Compensation: New Law to implement scheme |
| I/02 (art.VII) | 30.01.02 [B] | Court bail in criminal proceedings: Law based on Bail Act 1966 |
| IX/02 (art.VI) | 29.05.02 [B] | Money laundering: strengthening of existing legislation |
| I/93 (art.V) | 27.01.93 [C] | Island Development (G) Law: re-enactment of 1966 Law |
| IV/96 (art.XIII) | 03.04.96 [C] | Sex Discrimination (G) Law & amendment of Conditions of Employment (G) Law, 1985 |

| | | |
|-----------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| X/96 (art.VII) | 30.05.96 [C] | Traffic Signs & Traffic Lights Ordinance, 1998 – amendment |
| II/97 | 26.02.97 [C] | Control of Environmental Pollution Law: amend public health law & ordinance; enact control of env. pollution law [draft with BH consultant]; enact waste disposal ordinance; amend refuse disposal ordinance, 1959; amend parochial collection of refuse law, 1958. |
| X/98 (art.IV) | 10.06.98 [C] | Merchant Shipping Law |
| XXII/98 (art.XV) | 29.10.98 [C] | Parking strategy |
| XXIII/98 (art.IV) | 25.11.98 [C] | Rear seatbelts |
| XI/99 (art.IX) | 26.05.99 [C] | Post-release supervision |
| XII/99 (art.IX) | 30.06.99 [C] | Theory testing L drivers |
| VI/00 (art.VI) | 24.02.00 [C] | Vehicle registration & licensing Laws – re-enactment |
| VIII/00 (art.II) | 15.03.00 [C] | Fair trading & consumer protection Law |
| XVIII/00 (art.VII) | 27.07.00 [C] | Housing register: Ordinance to inscribe dwellings |
| XX/00 (art.XIII) | 28.09.00 [C] | Divorce for Sark persons: amend Mat. Causes Law 1939. |
| XX/00 (art.XVI) | 11.10.00 [C] | Public transport legislation: amend & consolidate 1986 Ordinance |
| XXIV/00 (art.I.4) | 14.12.00 [C] | Treizième - abolition: after consultation with HO |
| VII/01 | 10.05.01 [C] | School leaving age - 16: w.e.f. academic year 2008/09 |
| XVII/01 (art.VI) | 25.07.01 [C] | Legal aid scheme: implementing legislation |
| XVII/01 (art.IX) | 25.07.01 [C] | Export of dual-use items: implement EC regulation |
| XIX/01 (art.IX) | 27.09.01 [C] | Guernsey Housing Association: legislation to facilitate incorporation |

| | | |
|-----------------------|-----------------|---------------------------------------------------------------------------------------------------------------------|
| XXIV/01 (art.XIII) | 13.12.01 [C] | Oversize vehicles: new legislation to regulate |
| II/02 | 28.02.02 [C] | Specialist health, physio & Alderney GP benefit: conditions of entitlement & contribution rates |
| IV/02 (art.III.3) | 27.03.02 [C] | International organisations - privileges & immunities: enabling Law |
| IV/02 (art.III.4) | 27.03.02 [C] | ECHR - privileges & immunities: Ordinance under enabling Law |
| IV/02 (art.V) | 27.03.02 [C] | Garden centres: amend IDC use class; and establish registration system |
| VI/02 (art.X) | 26.04.02 [C] | Tobacco and smoking: amend 1913 Ordinance; & display notice re smoking <i>[Lowe amendment carried]</i> |

APPENDIX II

THE HIERARCHY OF STATES POLICY

(see PART 1, Section 2.6 of this Report)

This appendix sets out the Strategic Objectives, Strategic Policy Statements, Statements of Corporate Practice and Corporate Policy Statements as most recently approved by the States as part of the 2001 Policy and Resource Planning Report.

Where changes to these statements are being proposed in Section Part 1, Section 2 .6. of this Report, the current text to be deleted is underlined and the proposed new text is shown in italics. Very minor changes to update the text are also identified in the same way.

STRATEGIC OBJECTIVES

STATEMENT OF PRINCIPLES

The following Statement of Principles was adopted by the States of Guernsey in July 1996 (Billet d'Etat XIV, 1996). The Statement expresses the relationship between the government and the individual citizen and the respective rights, duties and responsibilities which arise from that relationship.

1. The community of Guernsey aspires:

- To foster and develop the conditions by which people may secure their well-being and realise their full potential.
- To protect those who are unable to safeguard their welfare or to enjoy an adequate quality of life.
- To sustain the general well-being and culture of the whole community.
- As part of an international community, to consider the impact of its actions on the welfare of people elsewhere.

2. Every member of the community has:

- A right to benefit from these aspirations.
- A duty to contribute to fulfilling them.
- A responsibility to safeguard his or her own welfare.

3. The actions of the States are exercised through:

- A constitutional framework, which defines the terms on which measures may be taken, ensures representation in the decision-making process and provides mechanisms for accountability.

- A legislative and judicial framework, which defines and safeguards the scope and limits of authority.
- An executive and administrative framework, which implements the decisions of the duly constituted authority.

4. The States have the duty:

- To serve and protect the community and its members.
- To recognise and respect the rights and independence of individuals as members of the community.
- To act as the steward of the Island, not only for present but also for future generations.
- To protect the international constitutional status of the Island.
- To manage Guernsey's affairs on a sustainable and cost-effective basis.
- To develop and implement measures to meet the aspirations of the community.

5. To this end the States undertake:

- To secure the provision of an infrastructure of resources and services for the people of Guernsey.
- To secure the provision of services and benefits which protect and enhance the welfare of individuals, groups and the whole community.
- To facilitate economic activities which make best use of available resources to create wealth for the community.
- To secure the maintenance and improvement of the environment of the Island.
- To secure the representation of the Island's interests on international matters.

* For the purposes of this Report the "community of Guernsey" is generally taken to be those who are legally, ordinarily resident in the Island and members of their household. Its application to others, including residents of Alderney and Sark, is determined by appropriate legislation or resolution of the States.

STRATEGIC POLICY STATEMENTS ON THE ECONOMY, SOCIAL ISSUES AND THE ENVIRONMENT

The three following statements on the Economy, Social Issues and the Environment encapsulate the way in which the States of Guernsey approach the task of government in conformity with the over-arching Statement of Principles as set out above.

1. THE ECONOMY

The aspirations of the community can best be met if economic conditions are such that there is:

- A sustainable rate of economic development.
- An economic structure of sufficient diversity to provide a range of employment opportunities appropriate to the skills and abilities of the Island workforce.
- The availability from within the Island population of a workforce sufficient in numbers and with the skills necessary to service the present and ongoing essential economic, social and environmental needs of the community.

To facilitate the maintenance of these economic conditions the States will:

- Seek to maintain and where possible enhance the Island's competitive position in such areas as the direct and indirect tax structure and the legislative framework.
- Favour the development of enterprises which satisfy as closely as possible the following attributes:
 - Produce a high added value in the use of Island resources.
 - Make efficient use of Island resources.
 - Provide a high net contribution to the Island economy and to public sector revenues.
 - Contribute to the achievement of social and environmental objectives.
- Encourage the workforce to achieve its optimum earnings potential and productivity through education, training and retraining to develop the skills needed to sustain economic growth and to enable individuals to exploit fully the opportunities which such growth can bring.
- Control through the Housing Licensing system the importation of outside labour in a manner consistent with the achievement of economic, social and environmental objectives.
- Encourage investment in advanced technology and other capital items which improve productivity or the quality of local products and services.
- Provide in an efficient, economic and effective manner the level of essential public services sought by the community and fund them on a long-term basis by the generation of public sector income from taxes on profit, personal income, consumption of goods and other sources.

2. SOCIAL ISSUES

The aspirations of the community can best be met if social conditions are such that people:

- Feel secure and part of an Island community which has:
 - A concern for the well-being of individuals.
 - Respect for the community values, culture and heritage of the past which can enlighten the attitude to the future.
- Are adequately housed, fed and clothed.
- Have the opportunity to develop their potential through education, training and leisure pursuits.
- Have access to services which will assist them in maintaining and improving their physical, mental and social well-being.
- Have access to support and protection in conditions of dependency, such as childhood, old age, disability and special need.

To facilitate the maintenance of these social conditions the States will:

- Develop and maintain a legislative and administrative framework which protects people's rights and freedoms.
- Assess social needs and identify how, within the resources available to the community, these might best be met through a combination of services.

provided by

- family support and voluntary/charitable bodies or
- private enterprise or
- the States;

where **access** is

- through a commercial transaction (including social security contributions) or
- based on an assessment of need or
- is universal by way of right;

and where any **charge** for accessing the service is met

- by the individual or

- by the States or
- jointly by the individual and the States.
- Seek to deliver in an efficient, economic and effective manner the range of co-ordinated and responsive social services required of them.

3. THE ENVIRONMENT

The aspirations of the community can best be met if environmental conditions are such that:

- Renewable resources are conserved.
- Non-renewable resources and irreplaceable environmental assets are used prudently and are not depleted below a level which is necessary to maintain the health and quality of life of the existing population and of future generations.
- In the development of policies and programmes, immediate and longer term environmental factors are given equal consideration alongside economic and social factors.
- In the implementation of policies and programmes, measures are undertaken:
 - Both to protect and achieve an overall enhancement of the environment.
 - To minimise any detriment to the environment and, when such detriment does arise, to provide for compensatory beneficial measures.

To facilitate the maintenance of these conditions the States will:

- Develop and maintain a legislative and administrative framework for the protection and enhancement of the environment.
- Develop and maintain an audit of the Island's natural and built environmental assets and identify and agree priorities for the maintenance and protection of those assets.
- Set targets for the protection and enhancement of the environment and agree actions for meeting those targets in an efficient, economic and effective manner within the resources available to the community.
- Require that environmental implications are clearly presented in all policy proposals submitted to the States.
- Promote and encourage the adoption of best environmental practices in the Island particularly through the example of the administration and management of their own land, property and other resources.

CORPORATE PRACTICES

The following statements set out the Corporate Practices and Policies which the States of Guernsey have adopted to enable States committees to meet the strategic objectives set out above.

These statements provide the benchmarks for the preparation of the Resource Plans (Financial, Human Resources, Information and Communications Technology and Strategic Land Use Plans) which form Part 2 of the Policy and Resource Planning Report.

Corporate Practices – Overall Policy

- The States of Guernsey are a corporate body and every States committee and its employees should:
 - Be committed to the States strategic objectives and the policies being pursued to achieve them.
 - In all activities, be seen to act impartially, consistently, equitably and with confidentiality, in accordance with the law, States policies and generally accepted principles of best practice.

States committees are accountable to the States for the efficient, economic and effective management and safeguarding of public funds, *staff*, and other resources entrusted to them.

- The processes for the preparation and consideration of the Policy and Resource Planning Report and for the adoption of the Strategic and Corporate Plan provide the means by which the States can debate and resolve on their strategic objectives and policies.
- One of the Advisory and Finance Committee's responsibilities is the development and maintenance of administrative and accounting guidelines on what constitutes accepted best practice and against which the activities and practices of States committees and their employees can be audited.
- To ensure impartiality, consistency and equality of treatment across the whole of the States, the Civil Service Board is responsible for the setting of pay levels and conditions of service for States employees except for a small number of specifically excluded groups. *The Board is also responsible for bringing forward policies and procedures designed to make the best of people who work for the public sector.*

Financial Policies

1. A Balanced Budget

- The General Revenue Account is the mechanism within which general revenue income is accrued and from which annual allocations are made for revenue and capital expenditure and for allocations to reserves.

- The level of income is reviewed and rates of taxation revised annually with the aim of ensuring that sufficient monies are available to cover the coming year's revenue expenditure, appropriations to the Capital Fund and to reserves.
- Within the General Revenue Account, provision is made each year to maintain a residual balance, the General Revenue Reserve, against unforeseen variations in levels of income and expenditure. The long term target for the General Revenue Reserve is 5% of general revenue income. The actual balance accrued at the end of the year is carried forward and is available to assist in balancing the following year's budget.
- There is a general presumption against raising monies to fund capital expenditure by way of borrowing. Such borrowing would not be ruled out, however, in exceptional circumstances.

2. Raising Public Sector Income

- - The major proportion of general revenue income is raised on an "ability to pay" basis through income tax.
 - There is a fundamental presumption that the basic rate of income tax will be set annually at no more than that of directly competing offshore financial jurisdictions, which is currently 20%.
 - Allowances against taxable personal income are applied in a consistent manner to all Island residents.
 - Business profits are taxed so as to achieve a balance between consistency of treatment across all business sectors and enhancing the Island's competitive trading position.
- Whilst a relatively small proportion of general revenue income is raised through a tax or duty on specified goods, transactions and property ownership, there has been a presumption against the introduction of a general tax on consumption.
- Income raised by way of tax, duty and other sources accrues to the General Revenue Account for allocation across the whole range of States general revenue activities. Such income is not earmarked for expenditure in the area from which it was raised.
- The entire services of a number of committees of the States, and some services within the mandates of other committees, are operated on a trading basis with income being generated through the charging of fees for services. The trading undertakings are currently not required to contribute funds for the General Revenue Account.
- *Some committees and some services are operated on a trading basis with income being generated through the charging of fees for services (for example, the States Water Board).*
- The services provided by the Social Security Authority under the Health Service and Social Insurance Schemes are funded by contributions from employees, employers, the self-employed and the non-employed earned

income above specified levels. There are grants from general revenue to supplement contributions from those on lower incomes.

3. Expenditure and Reserves

- Each year total revenue expenditure and that for individual committees is subject to a limit imposed by the States which reflects the priorities which the States attach to services, the demands for those services, the requirements of the capital programme and a projection of income.
- In rare instances, elements of revenue expenditure are considered to be formula led in that expenditure is incurred in compliance with legislation or some other requirement over which a committee can exercise little control in the short term. Such elements of expenditure are not subject to a predetermined limit.
- Individual committees are able to retain unspent balances remaining on revenue expenditure at the end of the year other than in respect of formula led expenditure. Subject to the approval of the Advisory and Finance Committee, unspent balances are available to the individual committee to offset overspends or an increase in expenditure in other areas, or to convert into a capital allocation.
- Funds for capital expenditure are allocated on the basis of a three-year rolling programme. The magnitude of the new allocation made to top up remaining allocations each year is determined by the funds available and a review of capital requirements over the coming three-year period. Having received an allocation, committees are required to obtain specific approval from the States (or for smaller projects the Advisory and Finance Committee under its delegated authority) before capital projects may be undertaken.
- In addition to maintaining a General Revenue Reserve, whenever possible, monies are put to reserve funds which have been established with the following aims and targets:
 - The Contingency Fund – a strategic reserve which it is intended will only be used to ease the transition to a reduced level of public sector expenditure in the event of a structural (i.e. major and long term) detrimental change in the Island's finances or to meet an emergency requirement of exceptional magnitude. The Advisory and Finance Committee announced in the 1997 Budget Report that the target for the Contingency Fund should be regarded as 100% of annual revenue expenditure.
 - The Capital Reserve – a tactical reserve established in 1994 to contribute to the cost of unusually large capital projects foreseen for future years which cannot reasonably be financed from annual allocations without detriment to the ongoing capital programmes. The Reserve could also be used as a means of achieving a more even flow of capital spending over the economic cycle.

Human Resource Policies

- The States have resolved that the States Civil Service Board shall control the total States establishment through the application of a Staff Number Limitation Policy.
- In applying the Policy, the Board is required to have regard to the Strategic and Corporate objectives, policies and priorities adopted by the States and the detailed arrangements approved by the States in December 1995 (Billet d'Etat XXIV, 1995).
- The long-term aim of the policy is to achieve a reduction in the total establishment of the States and the immediate aim in any one year is to limit net growth to as close to zero as possible.
- The Civil Service Board has been directed to consider, in consultation with the Advisory and Finance Committee, refinements to the application of the Policy to make it more flexible but without fundamental changes being made until the States have resolved issues relating to the extent of their services and the regulatory framework within which they are delivered.

The Strategic Policy of the States towards the management of human resources in the public sector is based on the following principles:

- *That the rôle of the Civil Service Board, acting on behalf of the States of Guernsey as employer, is to ensure that States Departments have quality staff who will enable the provision of quality services to the people of Guernsey. In undertaking this rôle, the Board is responsible for initiating and implementing Human Resource policies and processes that support and contribute to the States and Committees' strategic and corporate objectives to the short and long-term benefit of the Island.*
- *In order to maintain a balance between the public and private sectors in recruiting and retaining staff, the States has resolved that the total States establishment should be controlled through a Staff Number Limitation Policy administered by the Civil Service Board.*
- *The long-term aim of the Policy is to achieve a reduction in the total establishment of the States and the immediate aim in any one year is to limit net growth to as close to zero as possible. These aims have to be pursued, however, in the context of other States priorities with regard to the provision of services.*
- *Thus the Civil Service Board has dual responsibilities – as an employer towards staff and, as part of government, towards the Island as a whole.*
- *The Board's focus is, therefore, to give a lead in bringing forward best practice Human Resource policies and procedures that satisfy social, ethical, business and legal criteria, and assist committees to make the best of their staff, particularly in a time of acute labour market pressures.*

Information Technology Policies

- The basic thrust of the States IT Strategy has, to date, been to decentralise the operational decision-making processes on the specification of hardware/software for specific applications but to exercise corporate regulation through the issuing of guidance notes, the establishment of an investment appraisal and post implementation review process and a requirement for committees to submit IT Policy Statements to the Advisory and Finance Committee for approval. However, this approach is currently under review and the Committee will be bringing proposals to the States in the near future which are aimed at maximising efficiency and creating the opportunities for delivering the benefits of e-Government.

Information Technology and e-Government

Developments within Information and Communications Technology (ICT) will have a direct impact upon future employment, growth and prosperity and an awareness of the potential to create new business processes, combined with the confidence to implement these solutions, is essential for the local economy to remain competitive.

The ability of ICT to bring people together and to share information (in a controlled way) also has profound social implications. For example to support life-long learning or to create “virtual communities” that transcend geographical location or physical ability. Developments such as these will allow many more people to participate actively in society.

Government has a key rôle in creating the environment within which this “Information Society” can develop for the benefit of the whole community.

It also has a rôle in developing the application of ICT to deliver government services (e-Government) in ways which are most appropriate to the needs of the local community.

It is proposed that States strategy for ICT should, therefore, be to:

- *Encourage the provision of IT training for all sectors of the community.*
- *Promote Guernsey as an e-Business centre of excellence.*
- *Secure the availability of broadband internet access.*
- *Develop an appropriate legal framework.*
- *Promote awareness and use of ICT within the broader community.*

At a corporate level it is proposed that the objectives should be to:

- *Align e-Government deployment closely with corporate policy objectives and the needs of service users.*
- *Address the management and development of ICT skills within the States.*
- *Empower and support front-line staff.*

- *Develop the technical and business framework needed to support e-Government.*
- *Build partnerships with commercial and voluntary organisations to deliver services.*
- *Make services available through the Internet, digital television and local front offices.*
- *Encourage committees to work collaboratively to deliver integrated multi-agency services.*

Strategic Land Use Policies

- States policy is for economic growth and environmental quality achieved through a balanced and sustainable strategy for the benefit of Guernsey. The three interdependent principles of sustainable development as they relate to the local context are:
 - To encourage the further social and economic development of the Island and to ensure as far as possible that sufficient land and support infrastructure are available to accommodate this objective.
 - To use land and buildings efficiently, and consequently to channel development activity into existing and committed urban areas, particularly through a rehabilitation and upgrading of the existing fabric and infrastructure thus constraining further inroads into undeveloped land and generally resulting in higher density development than at present.
 - Actively to conserve and enhance the quality of the environment of both urban and rural areas.
- ***These principles underlie the eight strategic themes on which the Strategic Land Use Plan is based:***
 - **Housing:** making optimum provision for the Island's housing needs.
 - **Employment:** meeting the needs of a diverse economy.
 - **Commercial Centres:** maintaining the vitality and viability of Town, the Bridge and other parish centres.
 - **Strategic Transport:** securing the provision of adequate air and sea links.
 - **Telecommunications Infrastructure:** making provision for telecommunications systems.
 - **Water and Waste:** sustainable management and the provision of essential infrastructure.
 - **Social, Community and Recreation:** enabling the broadest possible access to facilities and services.

- **Countryside:** balancing the competing demands on the countryside.

Corporate Governance, Risk Management and Disaster Recovery

In all aspects of Corporate Practice and the management of public resources, the Committee wishes to ensure that appropriate standards of **Corporate Governance** are adopted by all States bodies including the proposed commercialised trading undertakings. In its third annual report (Appendix I, Billet d'Etat VI, 2001) the Audit Commission sets out the importance that it places on establishing the highest possible standards of Corporate Governance to ensure that committees "can improve their stewardship of the public funds entrusted to them".

The Committee is working on the many separate areas of Corporate Governance. However, as reported in last year's Policy and Resource Planning Report (paragraph 5.3.11) one specific area that has been identified for early review is **Risk Management**. As a result of the Audit Commission's report on Risk Management and Insurance (Appendix II, Billet d'Etat X, 2001) an officer level working party, consisting of staff from the Treasury, the Internal Audit Department and the Board of Administration, has been established. Following a competitive tendering exercise, Marsh Risk Consulting, specialist consultants in this area, have been appointed to assist the working party to develop a framework for enhancing States Risk Management procedures.

The existence of formal, up to date and regularly tested Disaster Recovery (Business Continuity) Plans is an essential part of risk management. In the last few years the number of States departments with such formal plans has increased significantly. However, further work is still required in some areas and all States committees are encouraged to develop comprehensive, realistic and tested Plans adequate for their own purposes. Although, by their nature, Disaster Recovery Plans need to be specific, and appropriate, to individual departments, the Committee will be working with committees to ensure, as far as possible, a common approach using shared resources.

CORPORATE POLICIES

In previous years, the Strategic and Corporate Plan has identified certain areas of corporate policy which have a particular significance for the achievement of strategic objectives. These policy areas relate to population management, the use of energy and the maintenance of law and order. These policies have now been transferred to the Policy and Resource Planning Report.

Population

As reported in the Policy and Resource Planning Report 2000, the States resolved in April 2000 to dissolve the States Population and Migration Committee and to transfer its mandate to the Advisory and Finance Committee. The States further approved the establishment by the Advisory and Finance Committee of a Population Working Party.

The mandate of the Population Working Party includes responsibility to:

"review population policies and report to the Advisory and Finance Committee with recommendations for any changes which would be referred to the States through the annual Policy and Resource Planning process for incorporation in the Strategic and Corporate Plan".

The Advisory and Finance Committee agreed the following revised Population Policy as recommended by the Working Party:

- (i) The growth in population should be limited to as low a level as possible consistent with achieving Economic, Social and Environmental objectives.
- (ii) The main population control measures should continue to be the Housing Control Law and the Right to Work Law.
- (iii) The States should continue to encourage the use of new technology and the provision of training in order to increase the level of skills and productivity of the resident population.
- (iv) As far as possible, jobs should be filled by local residents. However, there continues to be a need to employ overseas labour to supplement the local labour force in specific areas.
- (v) No members of the resident population, be they licence holders, Open Market residents or members of their households, shall be restricted from maximizing their contribution to the economy through employment.

In support of the objective set out in (i) above, the Housing Authority has stated that, in administering the Housing Control and Right to Work Laws, its policies are as follows:

- 1. (a) The vast majority of those employed from overseas should continue to be on short-term housing licences (ie for periods up to nine months or three years).
- (b) The issue of short-term licences should be judged on the basis of no suitable local labour being available to undertake the work.
- 2. Wherever possible, essential licences will be limited so that such licence holders do not reside in Guernsey for more than five consecutive years. The Authority may issue licences for longer periods of residence where appropriate, for example, where (i) limitation would act to the detriment of achieving Economic, Social and Environmental objectives, or (ii) long term continuity in the post is essential to the community; or (iii) the skills required for the post are scarce on a national or international basis so that recruiting is exceptionally difficult.
- 3. The Housing Authority, when considering an application for an employment related licence, will take into account the extent to which the applicant is using new technology and providing training.
- 4. With the exception of licences granted in respect of cohabitation on a one to one basis, the Housing Authority will generally only grant licences, on compassionate grounds, to persons who:
 - (a) are potentially qualified residents as specified in the Law; and
 - (b) are currently resident in the Island; and

- (c) have already completed a substantial proportion of the specified qualifying period.

Energy

States Energy Policies as stated in last year's Policy and Resource Planning Report are as follows:

- Building regulations should be monitored and regularly reviewed so that they take account of any improved energy conservation standards which are introduced, particularly in the United Kingdom, and implemented as soon as possible following any changes there.
- The Board of Administration should continue to manage an ongoing public awareness campaign on the economic and environmental benefits of energy conservation.
- Private sector energy suppliers should be encouraged to make their consumers aware of ways of conserving energy.
- Energy use in States departments should be reduced whenever practicable in accordance with a planned programme. Where major expenditure is involved the proposals shall be submitted to and approved by the Advisory and Finance Committee.
- The practicability of using renewable energy sources for producing electricity should continue to be monitored by the States Electricity Board and other States departments. Individuals and businesses should be encouraged to use renewable energy resources wherever practicable. Progress on the use of renewable energy should be reported upon annually in the Policy and Resource Planning Report.
- Due weight should be given to the potential benefits both to the Island and globally, of reducing energy consumption and greenhouse gas emissions in the drawing up and implementation of traffic and other policies.
- The installation of combined heat and power systems where economically feasible should be encouraged. The States Electricity Board shall without delay draw up guidelines for connection to the electrical distribution network, and set a price for such electricity as is amenable to the Board and encourages potential combined heat and power system operators.

Law and Order

As a matter of Corporate Policy the States of Guernsey will strive:

To prevent all types of criminal activity operating in or from the Bailiwick and to pursue all criminal activity that may occur, including the provision of assistance to international law enforcement agencies.

In the implementation of this strategy:

- (a) the States Committee for Home Affairs will continue to pursue those policies included in the Committee's Report to the States of January 1998 (Billet d'Etat II), and covering such aspects as community policing, public order, crime, financial investigation and drug, alcohol and solvent abuse;
- (b) the Board of Administration will continue to pursue the strategic objectives set for the Customs and Immigration Department with respect to the combat of drug smuggling and money laundering as presented in the 1999 Policy and Resource Planning Report;
- (c) the States Advisory and Finance Committee and other appropriate agencies will continue to pursue those policies identified in the volume relating to Guernsey of the "Review of Financial Regulation in the Crown Dependencies" (November 1998).

APPENDIX III

Committee/Department Projections of Five Year Manpower Requirements

| Posts within Staff Number Limitation Policy ¹ | Establishment at end of 31/12/2001 | Projections of end of year Establishment Requirement | | | | | Change end 2001 end 2006 (FTE) |
|-------------------------------------------------------------|------------------------------------------|---------------------------------------------------------|----------------|----------------|----------------|----------------|-----------------------------------------|
| | | 2002 | 2003 | 2004 | 2005 | 2006 | |
| FTE = Full Time Equivalents | (FTE) | (FTE) | (FTE) | (FTE) | (FTE) | (FTE) | (FTE) |
| Advisory and Finance Committee | 129.08 | 133.72 | 134.72 | 134.72 | 134.72 | 134.72 | 5.64 |
| Bailiff's Office | 8.54 | 8.54 | 8.54 | 8.54 | 8.54 | 8.54 | 0.00 |
| H M Procureur's Office | 20.42 | 21.42 | 21.75 | 21.75 | 21.75 | 21.75 | 1.33 |
| H M Greffier's Office | 24.17 | 24.17 | 24.17 | 24.17 | 24.17 | 24.17 | 0.00 |
| H M Sheriff's Office | 9.82 | 9.82 | 9.82 | 9.82 | 9.82 | 9.82 | 0.00 |
| Agriculture and Countryside Board | 49.97 | 50.39 | 51.39 | 51.39 | 51.39 | 51.39 | 1.42 |
| Arts Committee | 0 | 0 | 1 | 1 | 1 | 1 | 1 |
| Board of Administration | 523.59 | 530.34 | 530.34 | 530.34 | 530.34 | 530.34 | 6.75 |
| Board of Health | 1450.25 | 1455.25 | 1603.03 | 1685.39 | 1713.99 | 1713.99 | 263.74 |
| Board of Industry | 36.73 | 37.27 | 39.27 | 39.27 | 39.27 | 39.27 | 2.54 |
| Cadastre Committee | 6.49 | 6.49 | 6.49 | 6.49 | 6.49 | 6.49 | 0.00 |
| Children Board | 98.60 | 98.60 | 98.60 | 98.60 | 98.60 | 98.60 | 0.00 |
| Civil Defence Committee | 1.75 | 1.75 | 1.75 | 1.75 | 1.75 | 1.75 | 0.00 |
| Civil Service Board | | | | | | | |
| Administration | 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 22.00 | 0.00 |
| Junior Executives and Trainees | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 | 20.00 | 0.00 |
| Education Council | 830.34 | 856.34 | 871.34 | 883.34 | 901.34 | 901.34 | 71.00 |
| Gambling Control Committee | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 |
| Guernsey Social Security Authority | 109.17 | 110.17 | 112.17 | 112.17 | 112.17 | 112.17 | 3.00 |
| Heritage Committee | 22.50 | 22.50 | 22.50 | 24.50 | 24.50 | 24.50 | 2.00 |
| Committee for Home Affairs | | | | | | | |
| Police ² | 39.33 | 69.33 | 71.33 | 71.33 | 71.33 | 71.33 | 32.00 |
| Fire Brigade | 70.56 | 70.56 | 70.56 | 70.56 | 70.56 | 70.56 | 0.00 |
| Prison | 64.00 | 64.00 | 74.00 | 74.00 | 74.00 | 74.00 | 10.00 |
| Committee for Horticulture | 16.41 | 16.41 | 16.41 | 16.41 | 16.41 | 16.41 | 0.00 |
| Housing Authority | 93.68 | 95.68 | 104.99 | 104.99 | 104.99 | 104.99 | 11.31 |
| Income Tax Authority | 85.34 | 87.34 | 87.34 | 87.34 | 87.34 | 87.34 | 2.00 |
| Island Development Committee | 43.56 | 44.56 | 44.56 | 44.56 | 44.56 | 44.56 | 1.00 |
| Probation Service Committee | 7.00 | 7.00 | 9.00 | 9.00 | 9.00 | 9.00 | 2.00 |
| Public Assistance Authority | 12.92 | 12.92 | 12.92 | 12.92 | 12.92 | 12.92 | 0.00 |
| Public Thoroughfares Committee | 40.69 | 43.69 | 43.69 | 43.69 | 43.69 | 43.69 | 3.00 |
| Sea Fisheries Committee | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 5.00 | 0.00 |
| States Traffic Committee | 25.00 | 25.00 | 27.00 | 27.00 | 27.00 | 27.00 | 2.00 |
| Tourist Board | 30.67 | 30.67 | 30.67 | 30.67 | 30.67 | 30.67 | 0.00 |
| Recreation Committee | 89.40 | 89.40 | 89.40 | 89.40 | 87.40 | 90.40 | 1.00 |
| Water Board | 86.00 | 86.00 | 86.00 | 86.00 | 86.00 | 86.00 | 0.00 |
| Electricity Board³ | 263.80 | - | - | - | - | - | - |
| TOTAL | 4337.78 | | | | | | |
| Less Electricity staff | 4073.98 | 4157.33 | 4352.75 | 4449.11 | 4493.71 | 4496.71 | 422.73 |
| Number of Police Officers | 177 | 177 | 177 | 177 | 177 | 177 | 0.00 |

1. Excludes States of Guernsey staff working in Alderney and Sark.
2. Number of Police Officers set by States and not included in SNLP.
3. Electricity Board excluded from 5 year projection following Commercialisation with effect from 1 February 2002.

APPENDIX IV

Establishments of Staff as at 31 December 2000 of Committees/Departments covered by States Staff Number Limitation Policy (see footnote)

| FTE = Full Time Equivalents | Established Staff Establishment (FTE) | Non-Established Staff Establishment (FTE) | Total Establishment (FTE) |
|----------------------------------------------------|---------------------------------------------|-------------------------------------------------|---------------------------------|
| Advisory & Finance Committee | 129.08 | - | 129.08 |
| Bailiff's Office | 4.00 | 4.54 | 8.54 |
| H.M. Procureur's Office | 19.42 | - | 19.42 |
| H.M. Greffier's Office | 24.17 | - | 24.17 |
| H.M. Sheriff's Office | 9.56 | 0.26 | 9.82 |
| Agriculture & Countryside Board | 25.47 | 24.50 | 49.97 |
| Board of Administration | 198.26 | 325.33 | 523.59 |
| Board of Health | 330.93 | 1106.85 | 1437.78 |
| Board of Industry | 22.06 | 1.00 | 23.06 |
| Cadastre Committee | 6.49 | - | 6.49 |
| Children Board | 92.23 | 6.37 | 98.60 |
| Civil Defence Committee | 1.00 | 0.75 | 1.75 |
| Civil Service Board | | | |
| Administration | 22.00 | - | 22.00 |
| Junior Executives & Trainees | 20.00 | - | 20.00 |
| Education Council | 162.59 | 643.28 | 805.87 |
| Gambling Control Committee | 1.00 | - | 1.00 |
| Guernsey Social Security Authority | 108.17 | 1.00 | 109.17 |
| Heritage Committee | 15.87 | 6.63 | 22.50 |
| Committee for Home Affairs | | | |
| Police (excluding Police Officers*) ⁴ | 34.06 | 5.27 | 39.33 |
| Fire Brigade | 6.56 | 64.00 | 70.56 |
| Prison | 4.00 | 59.00 | 63.00 |
| Committee for Horticulture | 30.02 | 0.50 | 30.52 |
| Housing Authority | 45.75 | 47.19 | 92.94 |
| Income Tax Authority | 82.49 | 2.85 | 85.34 |
| Island Development Committee | 43.56 | - | 43.56 |
| Probation Service Committee | 7.00 | - | 7.00 |
| Public Assistance Authority | 4.00 | 8.92 | 12.92 |
| Public Thoroughfares Committee | 3.69 | 37.00 | 40.69 |
| Sea Fisheries Committee | 4.56 | - | 4.56 |
| States Traffic Committee | 25.00 | - | 25.00 |
| Tourist Board | 31.67 | - | 31.67 |
| Recreation Committee | 44.65 | 44.75 | 89.40 |
| Water Board | 44.00 | 42.00 | 86.00 |
| Electricity Board ⁵ | 128.84 | 135.96 | 264.80 |
| Post Office Board ⁵ | 47.50 | 156.00 | 203.50 |
| TOTALS | 1779.65 | 2723.95 | 4503.60 |
| Less Electricity and Post staff⁵ | 1603.31 | 2431.99 | 4035.30 |

4 Police Officer establishment is 177.00 FTE.

5 Totals rebased to account for removal of Post and Electricity staff following Commercialisation respectively from 1 October 2001 and 1 February 2002.

Footnote

This policy and therefore the above table excludes Police Officers (establishment for the States to determine – see*) and States of Guernsey staff working in Alderney and Sark (some 96 FTE in some 6 committees) if their employment costs are not effectively met by the States of Guernsey and if such staff are not taken from the Guernsey employment pool (establishment for employing committees to determine in the case of Non-Established Staff or the Board to determine in the case of Established Staff).

APPENDIX V

Establishments of Staff as at 31 December 2001 of Committees/Departments covered by States Staff Number Limitation Policy (see footnote)

| FTE = Full Time Equivalentents | Established Staff Establishment (FTE) | Non-Established Staff Establishment (FTE) | Total Establishment (FTE) |
|--------------------------------------------------|---------------------------------------|-------------------------------------------|---------------------------|
| Advisory & Finance Committee | 129.08 | - | 129.08 |
| Bailiff's Office | 4.00 | 4.54 | 8.54 |
| H.M. Procureur's Office | 20.42 | - | 20.42 |
| H.M. Greffier's Office | 24.17 | - | 24.17 |
| H.M. Sheriff's Office | 9.82 | - | 9.82 |
| Agriculture & Countryside Board | 25.47 | 24.50 | 49.97 |
| Board of Administration | 198.26 | 325.33 | 523.59 |
| Board of Health | 335.93 | 1114.32 | 1450.25 |
| Board of Industry | 33.54 | 3.19 | 36.73 |
| Cadastre Committee | 6.49 | - | 6.49 |
| Children Board | 92.23 | 6.37 | 98.60 |
| Civil Defence Committee | 1.00 | 0.75 | 1.75 |
| Civil Service Board | | | |
| Administration | 22.00 | - | 22.00 |
| Junior Executives & Trainees | 20.00 | - | 20.00 |
| Education Council | 180.06 | 650.28 | 830.34 |
| Gambling Control Committee | 1.00 | - | 1.00 |
| Guernsey Social Security Authority | 108.17 | 1.00 | 109.17 |
| Heritage Committee | 15.87 | 6.63 | 22.50 |
| Committee for Home Affairs | | | |
| Police (excluding Police Officers*) ⁶ | 34.06 | 5.27 | 39.33 |
| Fire Brigade | 6.56 | 64.00 | 70.56 |
| Prison | 5.00 | 59.00 | 64.00 |
| Committee for Horticulture | 16.41 | - | 16.41 |
| Housing Authority | 46.49 | 47.19 | 93.68 |
| Income Tax Authority | 82.49 | 2.85 | 85.34 |
| Island Development Committee | 43.56 | - | 43.56 |
| Probation Service Committee | 7.00 | - | 7.00 |
| Public Assistance Authority | 4.00 | 8.92 | 12.92 |
| Public Thoroughfares Committee | 3.69 | 37.00 | 40.69 |
| Sea Fisheries Committee | 5.00 | - | 5.00 |
| States Traffic Committee | 25.00 | - | 25.00 |
| Tourist Board | 30.67 | - | 30.67 |
| Recreation Committee | 44.65 | 44.75 | 89.40 |
| Water Board | 44.00 | 42.00 | 86.00 |
| Electricity Board ⁷ | 127.84 | 135.96 | 263.80 |
| TOTALS | 1753.93 | 2583.85 | 4337.78 |
| Less Electricity staff ⁷ | 1626.09 | 2447.89 | 4073.98 |

6 Police Officer establishment is 177.00 FTE

7 Totals rebased to account for removal of Electricity staff following Commercialisation from 1 February 2002.

Footnote

This policy and therefore the above table excludes Police Officers (establishment for the States to determine – see*) and States of Guernsey staff working in Alderney and Sark (some 96 FTE in some 6 committees) if their employment costs are not effectively met by the States of Guernsey and if such staff are not taken from the Guernsey employment pool (establishment for employing committees to determine in the case of Non-Established Staff or the Board to determine in the case of Established Staff).

APPENDIX VI

Net Changes in Establishments of Staff between 31 December 2000 and 31 December 2001 of Committees/Departments covered by States Staff Number Limitation Policy (see footnote)

| FTE = Full Time Equivalents | Net Changes in Established Staff Establishment (FTE) | Net Changes in Non-Established Staff Establishment (FTE) | Net Changes in Total Establishment (FTE) |
|--------------------------------------------|------------------------------------------------------|----------------------------------------------------------|------------------------------------------|
| Advisory & Finance Committee | - | - | - |
| Bailiff's Office | - | - | - |
| H.M. Procureur's Office | 1.00 | - | 1.00 ⁸ |
| H.M. Greffier's Office | - | - | - |
| H.M. Sheriff's Office | - | - | - |
| Agriculture & Countryside Board | - | - | - |
| Board of Administration | - | - | - |
| Board of Health | 6.00 | 6.47 | 12.47 ⁸ |
| Board of Industry | 11.48 | 2.19 | 13.67 ⁹ |
| Cadastre Committee | - | - | - |
| Children Board | - | - | - |
| Civil Defence Committee | - | - | - |
| Civil Service Board | - | - | - |
| Administration | - | - | - |
| Junior Executives & Trainees | - | - | - |
| Education Council | 17.47 | 7.00 | 24.47 ⁸ |
| Gambling Control Committee | - | - | - |
| Guernsey Social Security Authority | - | - | - |
| Heritage Committee | - | - | - |
| Committee for Home Affairs | - | - | - |
| Police (excluding Police Officers*) | - | - | - |
| Fire Brigade | - | - | - |
| Prison | 1.00 | - | 1.00 ⁸ |
| Committee for Horticulture | (13.61) | (0.50) | (14.11) ⁹ |
| Housing Authority | 0.74 | - | 0.74 ⁸ |
| Income Tax Authority | - | - | - |
| Island Development Committee | - | - | - |
| Probation Service Committee | - | - | - |
| Public Assistance Authority | - | - | - |
| Public Thoroughfares Committee | - | - | - |
| Sea Fisheries Committee | 0.44 | - | 0.44 ⁹ |
| States Traffic Committee | - | - | - |
| Tourist Board | (1.00) | - | (1.00) |
| Recreation Committee | - | - | - |
| Water Board | - | - | - |
| Electricity Board ¹⁰ | (1.00) | - | (1.00) |
| TOTALS | 22.52 | 15.16 | 37.68 |
| Less Electricity staff¹⁰ | 23.52 | 15.16 | 38.68 |

8 States agreed increases

9 Transfers of function/establishment

10 Totals adjusted to account for the removal of Electricity staff following Commercialisation from 1 February 2002.

Footnote

This policy and therefore the above table excludes Police Officers (establishment for the States to determine - see *) and States of Guernsey staff working in Alderney and Sark (some 96 FTE in some 6 committees) if their employment costs are not effectively met by the States of Guernsey and if such staff are not taken from the Guernsey employment pool (establishment for employing committees to determine in the case of Non-Established Staff or the Board to determine in the case of Established Staff).

Appendix VII

Requests by General Revenue Committees for Revenue Expenditure

| | Net Expenditure Projections from committees (at 2002 prices) | | | | |
|--------------------------------------|--------------------------------------------------------------|----------------|----------------|----------------|----------------|
| | 2001 £'000 (Actual) | 2002 £'000 | 2003 £'000 | 2004 £'000 | 2005 £'000 |
| AFC – General | 12,760 | 16,500 | 17,050 | 17,050 | 17,050 |
| AFC – Strategic & Corporate Measures | 2,348 | 2,961 | 1,308 | 1,058 | 1,058 |
| AFC – States of Alderney | 834 | 963 | 1,006 | 1,006 | 1,006 |
| Agriculture and Countryside Board | 3,199 | 3,180 | 2,899 | 2,899 | 2,899 |
| Arts Committee | 119 | 160 | 168 | 165 | 165 |
| Board of Admin. – General | 5,447 | 6,891 | 7,034 | 6,847 | 6,685 |
| Board of Admin. – Central Services | 2,197 | 2,878 | 3,099 | 2,953 | 2,971 |
| Board of Health | 53,469 | 57,306 | 63,294 | 65,089 | 65,902 |
| Board of Industry | 2,202 | 3,650 | 3,485 | 2,872 | 2,872 |
| Cadastre Committee | 198 | 211 | 195 | 195 | 195 |
| Children Board | 4,882 | 5,651 | 5,257 | 5,174 | 5,062 |
| Civil Defence Committee | 97 | 160 | 125 | 125 | 125 |
| Civil Service Board | 1,089 | 1,356 | 1,289 | 1,289 | 1,289 |
| Education – General | 38,516 | 42,207 | 44,663 | 46,003 | 46,442 |
| Education – Higher & Advanced | 4,936 | 5,710 | 5,800 | 5,830 | 5,930 |
| Education – Guille Allès Library | 767 | 789 | 814 | 816 | 816 |
| Gambling Control Committee | 4 | 16 | 6 | 6 | 6 |
| Guernsey Social Security Authority | 48,365 | 51,121 | 53,765 | 55,367 | 56,306 |
| Heritage Committee | 982 | 1,427 | 1,328 | 1,428 | 1,428 |
| Home Affairs – Police | 8,284 | 9,868 | 11,176 | 11,172 | 11,173 |
| Home Affairs – Fire Brigade | 2,453 | 2,715 | 2,658 | 2,658 | 2,658 |
| Home Affairs – Prison | 2,368 | 2,653 | 2,860 | 3,005 | 3,005 |
| Horticulture Committee | 1,168 | 1,273 | 1,228 | 1,226 | 1,226 |
| Housing Authority | 2,289 | 2,798 | 2,819 | 2,923 | 2,850 |
| Income Tax Authority | 3,547 | 3,730 | 3,702 | 3,702 | 3,696 |
| Island Development Committee | 1,762 | 2,335 | 2,225 | 2,145 | 2,145 |
| Island Reception Committee | 66 | 21 | 96 | 51 | 21 |
| Liberation Celebrations Committee | 50 | 68 | 76 | 76 | 96 |
| Overseas Aid Committee | 1,019 | 1,101 | 1,150 | 1,250 | 1,350 |
| Probation Service Committee | 254 | 280 | 339 | 340 | 344 |
| Public Assistance Authority | 651 | 732 | 740 | 749 | 750 |
| Public Thoroughfares Committee | 8,319 | 7,711 | 7,761 | 7,761 | 6,761 |
| Recreation Committee | 1,124 | 1,761 | 1,330 | 1,230 | 1,290 |
| Sea Fisheries Committee | 253 | 300 | 303 | 303 | 303 |
| States Traffic Committee | 2,001 | 2,776 | 2,904 | 2,904 | 2,904 |
| Tourist Board | 4,882 | 4,865 | 4,554 | 4,464 | 4,464 |
| Transport Board | - | 681 | 819 | 819 | 819 |
| Totals | 222,901 | 248,805 | 259,325 | 262,950 | 264,062 |

Appendix VIII

Unspent Balances as at 31 December 2001

| | Unspent Balances As at 1/1/01 £ | Unspent Balances used in 2001 £ | Unspent Balances generated in 2001 £ | Unspent Balances As at 31/12/01 £ |
|------------------------------------|------------------------------------------|------------------------------------------|-----------------------------------------------|--------------------------------------------|
| Advisory and Finance Committee: | | | | |
| General | 1,877,332 | (1,326,105) | 1,201,525 | 1,752,752 |
| Strategic and Corporate Measures | 831,816 | (752,756) | 1,136,250 | 1,215,310 |
| States of Alderney | 436,413 | (107,675) | 37,065 | 365,803 |
| Agriculture and Countryside Board | 299,556 | (284,463) | 579,894 | 594,987 |
| Arts Committee | 11,220 | (5,000) | 11,447 | 17,667 |
| Board of Administration: | | | | |
| General | 1,162,975 | (590,250) | 873,203 | 1,445,928 |
| Central Services | 1,106,029 | (103,625) | 229,143 | 1,231,547 |
| Board of Health | 76,171 | - | 32,577 | 108,748 |
| Board of Industry | 496,769 | (259,200) | 261,730 | 499,299 |
| Cadastre Committee | 38,528 | (15,000) | 171 | 23,699 |
| Children Board | 449,968 | (264,630) | 96,978 | 282,316 |
| Civil Defence Committee | 94,642 | (10,250) | 35,634 | 120,026 |
| Civil Service Board | 68,369 | (8,500) | 122,010 | 181,879 |
| Education Council: | | | | |
| General | 298,712 | (50,000) | 22,579 | 271,291 |
| Higher Education | 749,215 | - | 513,668 | 1,262,883 |
| Guille Allès Library | - | - | - | - |
| Gambling Control Committee | 12,813 | - | 1,764 | 14,577 |
| Guernsey Social Security Authority | 240,353 | (103,000) | 53,620 | 190,973 |
| Heritage Committee | 113,770 | - | 145,414 | 259,184 |
| Committee for Home Affairs: | | | | |
| Police | 975,184 | (697,426) | 789,065 | 1,066,823 |
| Fire Brigade | 77,769 | (58,500) | 114,696 | 133,965 |
| Prison | 258,434 | (134,500) | 35,081 | 159,015 |
| Committee for Horticulture | 767,359 | (24,687) | 108,740 | 851,412 |
| Housing Authority | 956,936 | (682,650) | 1,823 | 276,109 |
| Income Tax Authority | 45,005 | (41,182) | 136,546 | 140,369 |
| Island Development Committee | 644,666 | (443,800) | 386,819 | 587,685 |
| Island Reception Committee | 69,666 | (69,666) | 24,640 | 24,640 |
| Liberation Celebrations Committee | 11,872 | (7,400) | 2,363 | 6,835 |
| Overseas Aid Committee | 370 | (370) | 1,031 | 1,031 |
| Probation Service Committee | 56,352 | (21,350) | 16,354 | 51,356 |
| Public Assistance Authority | 48,875 | (23,000) | 2,346 | 28,221 |
| Public Thoroughfares Committee | 920,502 | (650,000) | 124,178 | 394,680 |
| Recreation Committee | 726,808 | (151,068) | 226,207 | 801,947 |
| Sea Fisheries Committee | 44,331 | (16,500) | 8,656 | 36,487 |
| States Traffic Committee | 263,334 | (170,405) | 122,450 | 215,379 |
| Tourist Board | 1,265,851 | (978,900) | 470,699 | 757,650 |
| Totals | 15,497,965 | (8,051,858) | 7,926,366 | 15,372,473 |

Appendix IX

Formula Led Headings

| Committee/Heading | Actual 2001 £'000 | Budget 2002 £'000 | Predicted 2002 £'000 | Estimate 2003 £'000 |
|-------------------------------------------|----------------------------------|----------------------------------|-------------------------------------|------------------------------------|
| Advisory and Finance Committee | | | | |
| Payments to States Members | 923 | 976 | 975 | 1,105 |
| Maintenance of Prisoners in the UK | 72 | 245 | 245 | 245 |
| Legal Aid Scheme | 374 | 1,400 | 1,400 | 1,400 |
| States of Alderney | | | | |
| Congé | (535) | (400) | (400) | (400) |
| Leasehold Duty | (27) | (30) | (30) | (30) |
| Transfer Duty | (4) | - | - | - |
| TV Tender Payments | (1) | (2) | (2) | (2) |
| Out Relief | 16 | 18 | 18 | 19 |
| Cull Cattle Compensation Payments | 1 | 3 | 3 | 3 |
| Agriculture and Countryside Board | | | | |
| Cull Cattle Compensation Payments | 75 | 135 | 100 | 100 |
| B.S.E. Compensation Payments | 1 | 10 | 6 | 6 |
| Guernsey Social Security Authority | | | | |
| Social Insurance Grant | 23,128 | 24,008 | 24,560 | 26,085 |
| Supplementary Benefits | 9,273 | 9,712 | 9,620 | 8,990 |
| Family Allowance | 6,718 | 6,976 | 6,910 | 7,120 |
| Health Service Grant | 5,884 | 6,079 | 6,235 | 7,920 |
| Attendance and Invalid Care Allowance | 1,671 | 1,914 | 1,815 | 1,975 |
| Long-Term Care Grant | - | - | - | 1,265 |
| Concessionary TV Licences for the Elderly | 238 | 350 | 380 | 415 |
| Committee for Horticulture | | | | |
| Interest Subsidy Scheme | 226 | 300 | 300 | 300 |
| Housing Authority | | | | |
| Document Duty and Treizième Grants | 125 | 304 | 215 | 215 |
| Public Assistance Authority | | | | |
| Parochial Outdoor Assistance Boards | 196 | 186 | 285 | 304 |
| Medical Assistance Scheme | 5 | 6 | 6 | 6 |
| Totals | 48,359 | 52,190 | 52,641 | 57,041 |

Appendix X

Requests by General Revenue Committees for Capital Allocations for the period ending 31 December 2005

The following lists have been compiled from committees' Policy and Resource Planning submissions.

| Committee | Request £m |
|-------------------------------------------------------|---------------|
| Advisory and Finance Committee | 5.1 |
| States of Alderney | 2.9 |
| Agriculture and Countryside Board | 0.9 |
| Arts Committee | 5.0 |
| Board of Administration | 64.0 |
| Board of Health | 61.5 |
| Board of Industry | 0.7 |
| Children Board | 1.9 |
| Civil Defence Committee | 0.1 |
| Education Council | 55.5 |
| Heritage Committee | 1.6 |
| Committee for Home Affairs | 10.7 |
| Housing Authority | 33.4 |
| Income Tax Authority | 0.4 |
| Island Development Committee | 0.1 |
| Public Thoroughfares Committee | 56.9 |
| Recreation Committee | 11.5 |
| Sea Fisheries Committee | 0.3 |
| States Traffic Committee | 4.1 |
| Tourist Board | 3.5 |
| Total Requests | 320.1 |
| Less Balance of existing allocations at 30 April 2002 | (28.1) |
| Total additional capital allocations requested | 292.0 |
| SUMMARY | £m |
| Major Construction and Development Projects | 208.7 |
| Miscellaneous Capital Works | 43.8 |
| Transfer to States Housing Funds | 32.0 |
| Equipment, Machinery and Vehicles | 20.5 |
| ICT Projects | 15.1 |
| Total Requests | 320.1 |

It should be noted that the above lists do not include expenditure for an Energy from Waste Plant which may be funded, at least in part, from the private sector.

Appendix XI

Use of Delegated Financial Authority

1. The States Financial Procedures require the Advisory and Finance Committee to report periodically on the use of its delegated financial authority in respect of:

- a) Increases in General Revenue operating costs.
- b) Use of the Asset Purchase Fund.
- c) Capital projects (straightforward replacements and projects under £100,000).
- d) As otherwise specifically directed by the States.

The Committee last reported to the States on these matters in Appendix II to Billet d'Etat IX for 29 May 2002.

2. The following increase in operating costs for 2002 has been approved:

| | £ |
|----------------------------------------------------------|--------|
| Education Council – General – Golden Jubilee Mugs | 27,360 |

3. No further items have been approved for acquisition using the Asset Purchase Fund.

4. The following capital projects have been approved:

| | £ |
|-----------------------------------------------------------|-----------|
| Advisory and Finance Committee | |
| Royal Court House – Security Measures | 20,000 |
| Board of Administration | |
| Waste Services – Compactor replacement | 156,700 |
| Foulon Cemetery – Paths refurbishment | 54,621 |
| Board of Industry | |
| Trading Standards Office Vehicle | 9,900 |
| Fieldworkers Portable Toilet Unit | 8,150 |
| Children Board | |
| Rue des Pins – Family Centre | 74,350 |
| Education Council | |
| ICT Strategy Phases II & III | |
| Building Preparation Works – Secondary Sector final phase | 1,282,562 |
| Grammar School Alterations – Consultants Fees | 10,525 |
| Amherst – Temporary Classrooms / Network Connections | 151,962 |
| Asbestos Removal (three separate contracts) | 141,133 |
| College of Further Education – Temporary Classrooms | 90,149 |

Committee for Home Affairs

| | |
|------------------------------------------|--------|
| Police | |
| Server replacement and Network upgrade | 75,000 |
| Computers replacement / upgrade | 60,000 |
| Vehicle replacements | 59,500 |
| Alderney Office CCTV | 47,000 |
| Fixed Penalty Automation | 30,000 |
| Technical Support Equipment replacement | 18,500 |
| Photo Processing Machine replacement | 12,000 |
| General Office – Photocopier replacement | 9,500 |
| Forensic Computing Equipment replacement | 8,000 |

Public Thoroughfares Committee

| | |
|-----------------------------------|-----------|
| Foul Water Network Extension Plan | 1,597,018 |
|-----------------------------------|-----------|

Recreation Committee

| | |
|------------------------------------------------------|---------|
| Footes Lane Landscaping and General Site enhancement | 491,000 |
|------------------------------------------------------|---------|

Sea Fisheries Committee

| | |
|---------------------|--------|
| Patrol Vessel refit | 50,000 |
|---------------------|--------|

States Traffic Committee

| | |
|----------------------------------|--------|
| Halfway Junction Traffic Signals | 96,800 |
|----------------------------------|--------|

The States are asked to decide:

Whether, after consideration of the Report dated 5th June 2002, of the States Advisory and Finance Committee, they are of the opinion:

1. To approve the **Core Principles** set out in Section 2.2.17 of that Report as guidance for upholding the good reputation of the Island as an offshore financial centre.
2. To re-affirm approval of the **States Strategic Objectives** as set out in Appendix II of that Report.
3. To re-affirm approval of the **Strategic Policy Statements** as set out in Appendix II of that Report.
4. To approve the **States Corporate Practices** as set out in Appendix II, of that Report, including the following amendments:
 - a) **Corporate Practices – Overall Policy**, as set out in Section 2.6.1.
 - b) **Corporate Practices – Human Resource Policies**, as set out in Section 2.6.2.
 - c) **Corporate Practices – Information Technology Policies**, as set out in Section 2.6.3.
 - d) **Corporate Practices – Strategic Land Use Policies**, as set out in Section 2.6.4.
5. To approve the **States Corporate Policies** as set out in Appendix II of that Report, including the following amendment:
 - a) **Corporate Policies – Energy**, as set out in Section 2.6.7 – 2.6.9.
6. To note the States Advisory and Finance Committee's intention to establish a **Project Co-ordination Working Group** (as explained in Sections 2.7.10 – 2.7.22 of that Report).
7. To note the States Advisory and Finance Committee's intention to develop mechanisms to help in the prioritisation of **Capital Projects and Strategic Planning** (as explained in Sections 2.7.23 – 2.7.27 of that Report).
8. To note the States Advisory and Finance Committee's intention to develop a **Strategic Property Plan** (as explained in Sections 2.7.28 – 2.7.32 of that Report).
9. To note the States Advisory and Finance Committee's intention to promote the development of **Corporate Programmes** (as explained in Sections 2.7.33 – 2.7.43 of that Report).
10. To approve the development of a **Corporate Housing Programme** as set out in Section 3.9 of that Report.
11. That the **States Trading Companies (Bailiwick of Guernsey) Ordinance 2001** be amended so that in future provision for the States to give general guidance to the States Advisory and Finance Committee on the policies they wish that Committee to pursue in exercising its functions under the Ordinance be given only by means of the annual Policy and Resource Planning Report as explained in Sections 3.3.4 - 3.3.6 of that Report and to direct the preparation of such legislation as may be necessary to give effect to this proposition.
12. To note the list of **pending legislation**, together with broad categories of importance and urgency, as set out in Appendix I, and referred to in Section 1.2.5 of that Report.
13. To approve the establishment of a **Tribunals Service**, as set out in Sections 2.3.20 – 2.3.26 of that Report, and to direct the preparation of such legislation as may be necessary to give effect to this proposition.
14. To approve an increase of £1,200,000 in the revenue expenditure budget for 2002 of the States Advisory and Finance Committee – **Strategic and Corporate Measures**.

15. To approve an increase of £300,000 in the revenue expenditure budget for 2002 of the **States Children Board**.
16. To approve an increase of £410,000 in the revenue expenditure budget for 2002 of the **States Education Council – General**.
17. To approve that the cash limits for ordinary expenditure for 2003 for individual committees totalling £256,108,000 shall be as set out in the table in paragraph 5.3.13 of that Report.
18. Notwithstanding proposition 17 above, to grant the States Advisory and Finance Committee delegated authority to increase the revenue expenditure budget for 2003 of the States Liberation Celebrations Committee by a sum of up to £20,000.
19. To transfer the sum of £5,000,000 from the General Revenue Account to the **Capital Reserve** with immediate effect.
20. To approve that the additional capital allocations for individual committees totalling £17,600,000 shall be as set out in the table following Section 5.4.10 of that Report.
21. To vote the States Advisory and Finance Committee the sum of £1,400,000 for **Corporate IT Projects**, such sum to be taken from that Committee's allocation for capital expenditure.
22. To vote the **States Housing Association Fund** the sum of £3,000,000, such sum to be taken from the States Housing Authority's allocation for capital expenditure.
23. To approve the revisions to the **States Financial Procedures** as set out in Section 4.6 of that Report such that the States Advisory and Finance Committee has delegated authority to:
 - Increase an individual General Revenue Committee's revenue expenditure budget by the greater of £250,000 or 2% in any one financial period.
 - Approve all capital votes for straightforward replacements and property purchases without limit and up to £250,000 for all others.
 - Approve all capital overspends up to £250,000.
24. To require the States Advisory and Finance Committee to report twice a year on the use of its delegated authority within the annual Policy and Resource Planning and Budget Reports.
25. To approve the **Human Resources Plan** as set out in Part 2 Section 6 of that Report.
26. To approve the **Information and Communications Technology Resources Plan** as set out in Part 2 Section 7 of that Report.
27. To approve the "**Strategic Land Use Plan**" as set out in Part 2 Section 8 of that Report as the Strategic and Corporate Plan for the purposes of the Island Development Laws and all other legislation and instruments referring to that Plan.
28. To note all other Sections of the 2002 Policy & Resource Planning Report not specifically referred to above.

DE V. G. CAREY
Bailiff and President of the States

The Royal Court House
Guernsey
The 14th June, 2002

IN THE STATES OF THE ISLAND OF GUERNSEY

ON THE 10TH DAY OF JULY, 2002

The States resolved as follows concerning Billet d'Etat No. XV
dated 14th June, 2002

ADVISORY AND FINANCE COMMITTEE

2002 POLICY AND RESOURCE PLANNING REPORT

After consideration of the Report dated 5th June, 2002, of the States Advisory and Finance Committee:-

1. To approve the Core Principles set out in Section 2.2.17 of that Report as guidance for upholding the good reputation of the Island as an offshore financial centre.
2. To re-affirm approval of the States Strategic Objectives as set out in Appendix II of that Report.
3. To re-affirm approval of the Strategic Policy Statements as set out in Appendix II of that Report.
4. To approve the States Corporate Practices as set out in Appendix II, of that Report, including the following amendments:
 - (a) Corporate Practices – Overall Policy, as set out in Section 2.6.1.
 - (b) Corporate Practices – Human Resource Policies, as set out in Section 2.6.2.
 - (c) Corporate Practices – Information Technology Policies, as set out in Section 2.6.43.
 - (d) Corporate Practices – Strategic Land Use Policies, as set out in Section 2.6.4.
5. To approve the States Corporate Policies as set out in Appendix II of that Report, including the following amendment:
 - (a) Corporate Policies – Energy, as set out in Section 2.6.7. – 2.6.9.
6. To note the States Advisory and Finance Committee's intention to establish a Project Co-ordination Working Group (as explained in Sections 2.7.10-2.7.22 of that Report)

7. To note the States Advisory and Finance Committee's intention to develop mechanisms to help in the prioritisation of Capital Projects and Strategic Planning (as explained in Sections 2.7.23-2.7.27 of that Report).
8. To note the States Advisory and Finance Committee's intention to develop a Strategic Property Plan (as explained in Sections 2.7.28-2.7.32 of that Report).
9. To note the States Advisory and Finance Committee's intention to promote the development of Corporate Programmes (as explained in Sections 2.7.33-2.7.43 of that Report).
10. To approve the development of a Corporate Housing Programme as set out in Section 3.9 of that Report.
11. That the States Trading Companies (Bailiwick of Guernsey) Ordinance 2001 be amended so that in future provision for the States to give general guidance to the States Advisory and Finance Committee on the policies they wish that Committee to pursue in exercising its functions under the Ordinance be given only by means of the annual Policy and Resource Planning Report as explained in Sections 3.3.4-3.3.6 of that Report and to direct the preparation of such legislation as may be necessary to give effect to this proposition.
12. To note the list of pending legislation, together with broad categories of importance and urgency, as set out in Appendix I, and referred to in Section 1.2.5 of that Report.
13. To approve the establishment of a Tribunals Service, as set out in Sections 2.3.20-2.3.26 of that Report, and to direct the preparation of such legislation as may be necessary to give effect to this proposition.
14. To approve an increase of £1,200,000 in the revenue expenditure budget for 2002 of the States Advisory and Finance Committee – Strategic and Corporate Measures.
15. To approve an increase of £300,000 in the revenue expenditure budget for 2002 of the States Children Board.
16. To approve an increase of £410,000 in the revenue expenditure budget for 2002 of the States Education Council – General.
17. To approve that the cash limits for ordinary expenditure for 2003 for individual committees totalling £256,108,000 shall be as set out in the table in paragraph 5.3.13 of that Report.
18. Notwithstanding proposition 17 above, to grant the States Advisory and Finance Committee delegated authority to increase the revenue expenditure budget for 2003 of the States Liberation Celebrations Committee by a sum of up to £20,000.
19. To transfer the sum of £5,000,000 from the General Revenue Account to the Capital Reserve with immediate effect.
20. To approve that the additional capital allocations for individual committees totalling £17,600,000 shall be as set out in the table following Section 5.4.10 of that Report.

21. To vote the States Advisory and Finance Committee the sum of £1,400,000 for Corporate IT Projects, such sum to be taken from that Committee's allocation for capital expenditure.
22. To vote the States Housing Association Fund the sum of £3,000,000, such sum to be taken from the States Housing Authority allocation for capital expenditure.
23. To approve the revisions to the States Financial Procedures as set out in Section 4.6. of that Report such that the States Advisory and Finance Committee has delegated authority to:
 - Increase an individual General Revenue Committee's revenue expenditure budget by the greater of £250,000 or 2% in any one financial period.
 - Approve all capital cotes for straightforward replacements and property purchases without limit and up to £250,000 for all others.
 - Approve all capital overspends up to £250,000.
24. To require the States Advisory and Finance Committee to report twice a year on the use of its delegated authority within the annual Policy and Resource Planning and Budget Reports.
25. To approve the Human Resources Plan as set out in Part 2 Section 6 of that Report.
26. To approve the Information and Communications Technology Resources Plan as set out in Part 2 Section 7 of that Report.
27. To approve the "Strategic Land Use Plan" as set out in Part 2 Section 8 of that Report as the Strategic and Corporate Plan for the purposes of the Island Development Laws and all other legislation and instruments referring to that Plan.
28. To note al other Sections of the 2002 Policy & Resource Planning Report not specifically referred to above.
29. To authorise the Advisory and Finance Committee acting upon a Resolution of that Committee (after receiving advice from the Administrator of Income Tax and the Law Officers) to nominate a member of the Committee to execute Tax Information Exchange Agreements.

K. H. TOUGH
HER MAJESTY'S GREFFIER