



BILLET D'ÉTAT

WEDNESDAY, 12th DECEMBER, 2007

XXVI
2007

1. Home Department - Amendments to Disclosure Provisions in the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 ^a, p. 2605
2. Projet de Loi entitled "The Guernsey Bar (Bailiwick of Guernsey) Law, 2007", p. 2609
3. Projet de Loi entitled "The Protection of Investors (Bailiwick of Guernsey) (Amendment) Law, 2007", p. 2609
4. Projet de Loi entitled "The Company Securities (Insider Dealing) (Bailiwick of Guernsey) (Amendment) Law, 2007", p. 2609
5. The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) (Amendment) Ordinance, 2007, p. 2610
6. The Customs and Excise (General Provisions) (Amendment) Ordinance, 2007, p. 2610
7. The Housing (Control of Occupation) (Amendment of Housing Register) Ordinance, 2007, p. 2610
8. The Elections Ordinance, 2007, p. 2610
9. Housing Department – New Member, p. 2611
10. Elizabeth College Board of Directors - New Member, p. 2611
11. Priaulx Library Council – New Member, p. 2611
12. Policy Council – Energy Policy, p. 2612
13. Treasury and Resources Department – Staff Number Limitation Policy, p. 2672
14. Public Services Department - Pilotage Dues and Examination Fees and Introduction of Fees for Man in Charge Licences – Minor Amendments to Legislation, p. 2686
15. Health and Social Services Department – St Julian's House, p. 2689
16. Commerce and Employment Department – Registration of Unregulated Financial Services Businesses, p. 2714
17. Public Sector Remuneration Committee – Review of Public Sector Pension Schemes, p. 2731
18. Requête – Vehicle Exhaust Noise, p. 2764

APPENDIX

Home Department – Relief from and Drawback of Excise Duty on Fuels – Statutory Instrument, p. 2767

^a Accompanying The Terrorism and Crime (Bailiwick of Guernsey) (Amendment) Ordinance, 2007

B I L L E T D ' É T A T

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 12th DECEMBER, 2007,** immediately after the meeting already convened for that day, to consider the items contained in this Billet d'État which have been submitted for debate by the Policy Council.

G. R. ROWLAND
Bailiff and Presiding Officer

The Royal Court House
Guernsey
23 November 2007

HOME DEPARTMENT

AMENDMENTS TO DISCLOSURE PROVISIONS IN THE TERRORISM AND CRIME (BAILIWICK OF GUERNSEY) LAW, 2002

The Chief Minister
Policy Council
Sir Charles Frossard House
La Charoterie
St Peter Port

15th October 2007

Dear Sir

1. Executive Summary

At their meeting in July 2006, the States approved proposals to introduce legislation to prescribe the form and manner of disclosures concerning terrorist financing and money laundering relating to terrorism by financial services businesses and other types of business under the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 ('Terrorism Law'). This was to ensure that disclosures under the Terrorism Law would be made in a manner and form similar to those made in relation to money laundering and drug money laundering.

Her Majesty's Procureur has advised, supported by the Home Department, that further amendments should be made to the Terrorism Law to ensure consistency with the provisions relating to disclosures by financial businesses and non-financial services businesses in the Disclosure (Bailiwick of Guernsey) Law, 2007 ('Disclosure Law') approved by the States at their meeting in May 2007.

To ensure that international recommendations relating to terrorist financing are fully met, Her Majesty's Procureur is further recommending that the definition in Section 1 of the Terrorism Law is also amended. This will provide for the definition of 'terrorism' to also include use or threat of action designed to influence an international organisation such as the United Nations or the EU Commission.

2. The Recommendations from Her Majesty's Procureur

Her Majesty's Procureur has written to the Department in the following terms.

At their meeting in July 2006, the States approved proposals to introduce legislation to prescribe the form and manner of disclosures concerning terrorist financing and money laundering relating to terrorism by financial services

businesses and other types of business under the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 ('Terrorism Law'). This was to ensure that disclosures under the Terrorism Law would be made in a manner and form similar to those made in relation to money laundering and drug money laundering.

Amendments to the Terrorism Law may be made by Ordinance. During the course of preparation of an Ordinance amending the Terrorism Law to give effect to the States resolution referred to above, it has been noted that further amendments should be made to the Terrorism Law to ensure consistency with the provisions relating to disclosures by financial services businesses and non financial services businesses in the Disclosure (Bailiwick of Guernsey) Law, 2007 ("Disclosure Law") approved by the States at their meeting in May 2007. In particular, further amendments are required to ensure that the duties to disclose knowledge or suspicion of terrorist financing and money laundering relating to terrorism are framed in terms that are consistent with the similar disclosure obligations in the Disclosure Law relating to money laundering and drug money laundering; this will also ensure compliance with international recommendations relating to disclosures concerning terrorist financing and money laundering. Therefore, I recommend that such amendments are made to the Terrorism Law.

I also recommend a further amendment to the definition of "terrorism" in section 1 of the Terrorism Law. At present the definition includes "the use or threat of action.. where it is designed to influence the government or to intimidate the public or a section of the public". To ensure that international recommendations relating to terrorist financing are fully met, this definition should also include such a use or threat of action designed to influence an international organisation such as the United Nations or the EU Commission.

I must also stress the need to deal with these amendments swiftly. It is important that the amendments relating to the disclosure provisions are in force by 15th December, 2007 as the disclosure provisions are referred to in the Transfer of Funds Ordinances applicable in each part of the Bailiwick and which are to come into force on that date. The Transfer of Funds Ordinances were approved by the relevant island legislatures in July, 2007. It is important that the references in the Transfer of Funds Ordinances refer to the disclosure provisions in the Terrorism Law, as amended, to ensure full implementation of the EC Transfer of Funds Regulation in relation to which the Bailiwick agreed to put in place equivalent rules as outlined in Article XI of Billet d'État No. XIV of 2005. The disclosure provisions in the Terrorism Law are also referred to in the draft money laundering regulations applicable to financial services and the accompanying Handbook. These are expected to come into force by the end of the year, and will form an important plank in the Bailiwick's implementation of international recommendations in respect of money laundering.

Ideally therefore this matter should be dealt with at the November or December

States meeting, which means that the necessary report would need to go to the States in October or November.

It should also be noted that the Terrorism Law requires prior consultation with Sark and Alderney on the terms of any Ordinance. Therefore, such consultation will need to take place as a matter of urgency and reference to that consultation made in the States Report. A draft Ordinance has already been prepared and I enclose a copy for your information.

Finally, I am pleased to say that this is likely to be the last piece of criminal justice legislation emanating from these chambers in connection with the forthcoming IMF evaluation. I appreciate that you and the members of your Department have been asked to deal with a considerable volume of legislation in connection with the evaluation and would like to reassure you that this particular work stream is now coming to an end.

3. Resources

As outlined in other recent States reports the Department is conscious that this is one of several such Reports in just over 18 months which has recommended amendments to the Bailiwick's drug trafficking and financial crime legislation. Whilst the individual Reports may not have significant resources implications the cumulative effect on the resources of the Guernsey Police and the Customs and Immigration Service are of increasing concern. The Department is conscious that these resources are already stretched.

The Department accepts that the measures set out in this Report, as in previous ones, are essential if the Bailiwick is to retain and maintain its international reputation and standing with organisations such as the Financial Action Task Force (FATF) and the International Monetary Fund (IMF). However, it wishes to put the States on notice that it has asked the Chief Officers of Police and Customs and Immigration to undertake a full review of the resources necessary to ensure that this legislation, that which was previously approved by the States, and future proposals to extend civil forfeiture to cover property and high value goods in addition to the provisions relating to civil forfeiture which were approved by the States in July 2006, is enforced robustly and consistently in line with the international standards required by the FATF and the IMF.

The Department will present the findings of this review to the States as soon as practicable. The Department undertakes to ensure that any request for additional resources is proportionate to the need to protect the Island's international reputation and ensure that the Bailiwick continues to be an attractive place for the types of business the islands are seeking to encourage.

4. Alderney and Sark

The authorities in Alderney and Sark have been consulted and concur with the content of this Report.

5. Conclusion

The Department recommends the States:

To approve the provisions of the Terrorism and Crime (Bailiwick of Guernsey) (Amendment) Ordinance, 2007

The Policy Council, with the concurrence of the Presiding Officer, has agreed that this States Report and the draft Ordinance appear in the same Billet D'État due to the urgency of the matter.

Yours faithfully

G M Mahy
Minister

(NB The Policy Council supports the proposals.)

(NB The Treasury and Resources Department has no comment on the proposals.)

The States are asked to decide:-

I.- Whether, after consideration of the Report dated 15th October, 2007, of the Home Department, they are of the opinion:-

To approve the draft Ordinance entitled “The Terrorism and Crime (Bailiwick of Guernsey) (Amendment) Ordinance, 2007” and to direct that the same shall have effect as an Ordinance of the States.

PROJET DE LOI

entitled

THE GUERNSEY BAR (BAILIWICK OF GUERNSEY) LAW, 2007

The States are asked to decide:-

II.- Whether they are of the opinion to approve the Projet de Loi entitled “The Guernsey Bar (Bailiwick of Guernsey) Law, 2007” and to authorise the Bailiff to present a most humble petition to Her Majesty in Council praying for Her Royal Sanction thereto.

PROJET DE LOI

entitled

**THE PROTECTION OF INVESTORS
(BAILIWICK OF GUERNSEY) (AMENDMENT) LAW, 2007**

The States are asked to decide:-

III.- Whether they are of the opinion to approve the Projet de Loi entitled “The Protection of Investors (Bailiwick of Guernsey) (Amendment) Law, 2007” and to authorise the Bailiff to present a most humble petition to Her Majesty in Council praying for Her Royal Sanction thereto.

PROJET DE LOI

entitled

**THE COMPANY SECURITIES (INSIDER DEALING)
(BAILIWICK OF GUERNSEY) (AMENDMENT) LAW, 2007**

The States are asked to decide:-

IV.- Whether they are of the opinion to approve the Projet de Loi entitled “The Company Securities (Insider Dealing) (Bailiwick of Guernsey) (Amendment) Law, 2007” and to authorise the Bailiff to present a most humble petition to Her Majesty in Council praying for Her Royal Sanction thereto.

**THE CRIMINAL JUSTICE (PROCEEDS OF CRIME)
(BAILIWICK OF GUERNSEY) (AMENDMENT) ORDINANCE, 2007**

The States are asked to decide:-

V.- Whether they are of the opinion to approve the draft Ordinance entitled “The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) (Amendment) Ordinance, 2007” and to direct that the same shall have effect as an Ordinance of the States.

**THE CUSTOMS AND EXCISE (GENERAL PROVISIONS)
(AMENDMENT) ORDINANCE, 2007**

The States are asked to decide:-

VI.- Whether they are of the opinion to approve the draft Ordinance entitled “The Customs and Excise (General Provisions) (Amendment) Ordinance, 2007” and to direct that the same shall have effect as an Ordinance of the States.

**THE HOUSING (CONTROL OF OCCUPATION)
(AMENDMENT OF HOUSING REGISTER) ORDINANCE, 2007**

The States are asked to decide:-

VII.- Whether they are of the opinion to approve the draft Ordinance entitled “The Housing (Control of Occupation) (Amendment of Housing Register) Ordinance, 2007” and to direct that the same shall have effect as an Ordinance of the States.

THE ELECTIONS ORDINANCE, 2007

The States are asked to decide:-

VIII.- Whether they are of the opinion to approve the draft Ordinance entitled “The Elections Ordinance, 2007” and to direct that the same shall have effect as an Ordinance of the States.

HOUSING DEPARTMENT

NEW MEMBER

The States are asked:-

IX.- To elect a sitting Member of the States as a member of the Housing Department to complete the unexpired portion of the term of office of Deputy B L Brehaut, who has resigned as a member of that Department, namely to serve until May 2008 in accordance with Rule 7 of the Constitution and Operation of States Departments and Committees.

ELIZABETH COLLEGE BOARD OF DIRECTORS

NEW MEMBER

The States are asked:-

X.- To elect a member of the Elizabeth College Board of Directors to fill the vacancy which will arise on 6th January, 2008, by reason of the expiration of the term of office of Mr M B Riley, who is not eligible for re-election.

[NB Each year the States elect a Member of the Elizabeth College Board of Directors to serve a six year term. The College Statutes include the provision (13) that any person having served the office of Director shall not be qualified for re-appointment till after the expiration of twelve months from the time of his going out of office.]

PRIAULX LIBRARY COUNCIL

NEW MEMBER

The States are asked:

XI.- To elect a Member of the Priaulx Library Council to fill the vacancy which has arisen by reason of the expiration of the term of office of Deputy W M Bell, who is eligible for re-election.

[NB Each year the States elect a Member of the Priaulx Library Council, who does not need to be a Member of the States, to serve for a two-year term.]

POLICY COUNCIL

ENERGY POLICY

The Policy Council is pleased to append to this States Report its Energy Policy Group's Energy Policy Report. This is being submitted to the States at this time as a "**Green Paper**", so that it may be subject to a wide and full period of public consultation.

The Policy Council believes that there is much merit in the States having the opportunity to discuss the general principles of the Energy Policy Report at this stage. While the propositions cannot be amended during the "Green Paper" stage, the Policy Council will have the opportunity to listen to the views of States Members, and to consider the feedback it receives from the public and interested businesses.

There will be a period of **eight weeks** of public consultation, running to Friday 18th January 2008. After that date the Policy Council will consider the results of the consultation (including the States debate on the Green Paper), before finalising a "White Paper" on an Energy Policy which will be submitted for debate by the States in the usual manner.

In following this route, the Council wishes to make it clear that it has not yet considered in detail all of the recommendations made in the Energy Policy Group's Energy Policy Report, and it is not putting them forward for States approval at this time. The Policy Council's detailed recommendations will be determined following the period of consultation, and will be included in the "White Paper" to be debated by the States in 2008.

Recommendation

This States Report is submitted to the States for debate under Rule 12 (4) of the Rules of Procedure. The States are recommended to:-

- a) note the appended Energy Policy Report; and
- b) note that the Policy Council is undertaking a full eight-week public consultation on the appended Energy Policy Report, running to Friday 18th January, 2008, before finalising a States Report (including detailed recommendations) for submission and debate by the States in the normal manner in 2008.

M W Torode
Chief Minister

5th November 2007

Energy Policy Steering Group

Policy Council

States of Guernsey

Energy Policy Report

Guernsey Energy Policy

1. Executive Summary:

- 1.1. The environmental, economic and social links between carbon-based energy and climate change are such that any responsible developed government must take reasonable steps to reduce its carbon footprint and minimise the impacts of climate change. The UK Government-commissioned report, the ‘Stern Review’ (2006), looks principally at the economic impacts of climate change by assessing a wide range of evidence on climate change and its associated economic costs. The evidence gathered by the review leads to a simple conclusion: the benefits of strong and early action to ameliorate carbon emissions far outweigh the economic costs of not acting.
- 1.2. In mind of the need to take action at local level to help address the global issue of climate change, and of the economic benefits at civic, commercial and domestic level of improved energy efficiency; the Energy Policy Steering Group (EPSG) has agreed three principal policy themes which have been chosen to help deliver secure and robust energy supplies to the Island, help a migration towards low carbon energy supplies, and help consumers (both domestic and commercial) become more efficient in their overall use of energy.

Headline Policies –

1. **Reduce overall energy usage and minimise wastage**
 2. **Ensure a diverse and robust energy supply, which is cost effective and sufficient for Guernsey’s needs.**
 3. **Switch progressively to clean renewable energy sources, reducing Carbon Dioxide emissions and thus reducing Guernsey’s carbon footprint.**
- 1.3. All three of these policy goals can be achieved together. As far as possible, the States will ensure that the market framework and policy instruments reinforce each other to achieve these goals. Energy efficiency is likely to be the cheapest and most pragmatic way of contributing to all three objectives. Renewable energy will also play an important part in reducing carbon emissions, while at the same time strengthening energy security and improving our competitiveness as we develop towards cleaner technologies, products and processes.
 - 1.4. In the field of energy policy, changes are happening rapidly. Globally, new policy instruments are developing and technology development, particularly in the areas of micro generation and wave/current power is advancing rapidly. In this climate, any energy policy, especially one which is intended to meet the needs of a small island community with limited influence on the international

stage, must set in place short-timeframe hard policies and actions whilst at the same time setting softer policies and actions based on aspirations for the longer-term future. This energy policy has, therefore, been drafted in that context. It concentrates primarily on actions that can be delivered whilst balancing the three policy goals.

- 1.5. The Report focuses principally on addressing the contribution made to the Island's overall carbon footprint from electricity generation (*see Appendix C – Figure 10*). The Energy Policy Steering Group acknowledges that in terms of the Island's overall carbon footprint, electricity generation is a comparatively minor contributor; and that air, sea, and road transport contribute in major terms. However, the Group believes that it is within the field of electricity generation that the States should initially focus its efforts to make a significant impact, particularly in regard to the generation of electricity and consumption of oil, and energy efficiency in the home and in commercial buildings.

Reviewing the Energy Policy:

- 1.6. The Group considers that there should be a review of Energy Policy activity and progress in 3 to 5 years time.

Finance:

- 1.7. Given the current financial climate of the States of Guernsey, it should be acknowledged that the development and implementation of the Energy Policy will place significant additional demands on several departments, in particular the Environment Department.
- 1.8. The Treasury & Resources Department and the States should be aware, therefore, that some additional resources may be necessary in order to progress the work. Some of this additional cost should be balanced by reduced energy consumption across the States' estate.
- 1.9. It should be noted that Guernsey Electricity (GE) could face additional costs from some of the policy. These costs could be measured in millions of pounds if some of the policy options are developed, following the necessary research.

Government Business Plan:

- 1.10. In July 2007, the States debated Guernsey's first Government Business Plan (GBP). The GBP identifies the States' Priorities for action during the remainder of this States term, and the action plans to be pursued in each case.
- 1.11. Principally, this Energy Policy supports the objective of Service Priority 10 – 'Meet energy needs more efficiently and sustainably' – which has as its Level 1 objective, the aim to adopt policies which ensure a diverse and robust supply of energy sufficient for Guernsey's needs while also improving energy efficiency

both to minimise the need to import energy and to reduce the island's carbon footprint.

- 1.12. In addition, the Government Business Plan objectives supported by this Energy Policy include –

Fundamental Priorities:

- 2. – Plan for sustainable economic growth.
- 3. – Contain public finances and maintain economic growth.

Service Priorities:

- 11. – Investigate the impact of climate change.
- 15. – Protect and Enhance the Environment, Biodiversity and the Countryside (*see 1.14 below*)

- 1.13. At their July 2007 meeting, the States approved GBP Priority 10 ('Meet energy needs more efficiently and sustainably'), and Priority 11 ('Investigate the impact of climate change').
- 1.14. The States also agreed to investigate the development of a new priority action plan cascade, Priority 15, 'to Protect and Enhance the Environment, Biodiversity and the Countryside'.

2. Introduction and Background:

- 2.1. In November 2005, the States approved the following recommendations from the Commerce and Employment Department, to:
- 1. confirm their commitment to the existing policy of retaining sufficient sources of electricity to meet requirements, in any circumstances where two such sources (on-Island generators or the Channel Island Electricity Grid (CIEG) cable link to France) were unavailable at the same time (the n-2 policy).
 - 2. agree that electricity pricing policies should be based on the assumption that, over the coming 25 years, generation requirements will be met by a combination of replacing on-Island generation plant and reinforcement of the existing CIEG cable link to France via Jersey.
 - 3. agree that the above assumptions should be reviewed prior to any decision being taken on major expenditure on generating plant and/or reinforcement of the existing CIEG cable link to France via Jersey.
 - 4. initiate an Energy Policy Review Group to assess energy policy in

general and possible future sources of renewable energy, including tidal power and;

5. that the Policy Council should report back to the States on energy policy, including what investment should be made to assess renewable energy sources and how such investment should be funded.
- 2.2. As such, the Energy Policy Steering Group was established by the Policy Council, and commenced meetings on 20th April 2006. Members of the Group, chaired by Deputy Bernard Flouquet, are Deputy Graham Guille, Deputy Scott Ogier, Deputy Mike O'Hara, and Deputy Charles Parkinson, together with officers from the Environment and Commerce and Employment Departments, the Policy Council and the Treasury and Resources Department. In August 2006 Michelle Levrier was invited to join the Group as a non-voting member, given her relevant knowledge and experience on environmental issues.
 - 2.3. This Energy Policy Report addresses Resolutions 4 and 5 (above). Whilst the Group decided that it would not comment upon Resolutions 1 and 2, the Group's work has shown the fundamental importance of Resolution 3.
 - 2.4. Since it was formed, the EPSG has met regularly to discuss the issues surrounding an energy policy for Guernsey and to prepare this Report. During the course of the development of these policies, the Group has looked at many aspects of energy policy, and has heard from industry experts both locally and from the UK. Speakers to the Group have included HM Procureur, representatives from the Office of Utility Regulation (OUR), local energy providers including Guernsey Gas, Guernsey Electricity and Fuel Supplies, Amalgamated Facilities Management and two UK experts in renewable energy Professor AbuBakr Bahaj from the University of Southampton and Professor Peter Smith from the University of Nottingham.
 - 2.5. The Group has also met with the Jersey Energy Policy Group to discuss possible areas of mutual interest. Whilst the Jersey policies were at the time considerably more advanced than Guernsey's, there has been a positive exchange of information and research between the Groups, which has been to both Islands' advantage. It is intended to maintain and develop contact between the two groups to mutual benefit.
 - 2.6. In terms of the Policy itself, the Group has decided to set three overarching policy objectives, cascaded down to action points that sit within individual Departments, or in some cases, the Policy Council. The Group has worked with each of these Departments in developing these action points to ensure that they are realistic and financially deliverable in a timely manner.
 - 2.7. Whilst the Group will not micromanage the implementation of these activities, it will maintain oversight of the implementation of the energy policy as a whole, reporting back to the Policy Council, who in turn will report back to the States of Deliberation, as appropriate.

- 2.8.** In March 2007, the UK Government published its draft Climate Change Bill. The draft Bill aims to create a new legal framework for the UK to achieve, through domestic and international action, at least a 60% reduction in carbon dioxide emissions by 2050, and a 26-32% reduction by 2020, against a 1990 baseline (Source: Meeting the Energy Challenge: A White Paper on Energy, DTI, May 2007)
- 2.9.** The UK Government also aims to see renewables grow as a proportion of the UK's energy supplies to 10% by 2010, with an aspiration for this level to double by 2020. (Source: Meeting the Energy Challenge: A White Paper on Energy, DTI, May 2007)
- 2.10.** The EPSG has considered whether Guernsey should mirror the UK's strategic aspirations, principally:
- (a) to reduce carbon dioxide emissions by 26-32% on 1990 levels by 2020; and
 - (b) to generate 10% of electricity from renewable sources by 2010 and 20% by 2020
- 2.11.** Guernsey is currently committed to reduce CO₂ emissions by 12.5% on 1990 levels by 2010. The Island is currently out-performing this target, largely as a result of the switch to imported energy from the European grid.
- 2.12.** The EPSG believes that the target to reduce carbon dioxide emissions by 30% by 2020 is the most viable and reasonable target to set at this time. Therefore, the Group recommends that the States should direct research on the full economic, social and environmental implications of a 30% reduction in CO₂ emissions as part of the further development of the Energy Policy.
- 2.13.** Guernsey Electricity has a licence condition placed by the Office of Utility Regulation that requires it to source electricity on a least cost basis; to do otherwise would render the company liable to penalties. However, whilst achievement of UK target (a) would be largely delivered by the introduction of the French cable link, to maintain this reduced CO₂ footprint there must be a commitment to restrain from using on-island fossil fuel generation when such generation would otherwise be considered desirable on cost grounds.
- 2.14.** Achieving UK target (b) presents the Island with very significant challenges. From discussions with Guernsey Electricity it is apparent that, while a target of 10% of electricity from renewables is achievable in a short time by importing electricity generated from renewable sources; if local generation of electricity from renewables is desired, 5% by 2012 might be more reasonable.
- 2.15.** However, there are major cost implications of doing this, and it is highly questionable whether the minor contribution gained could be justified at this

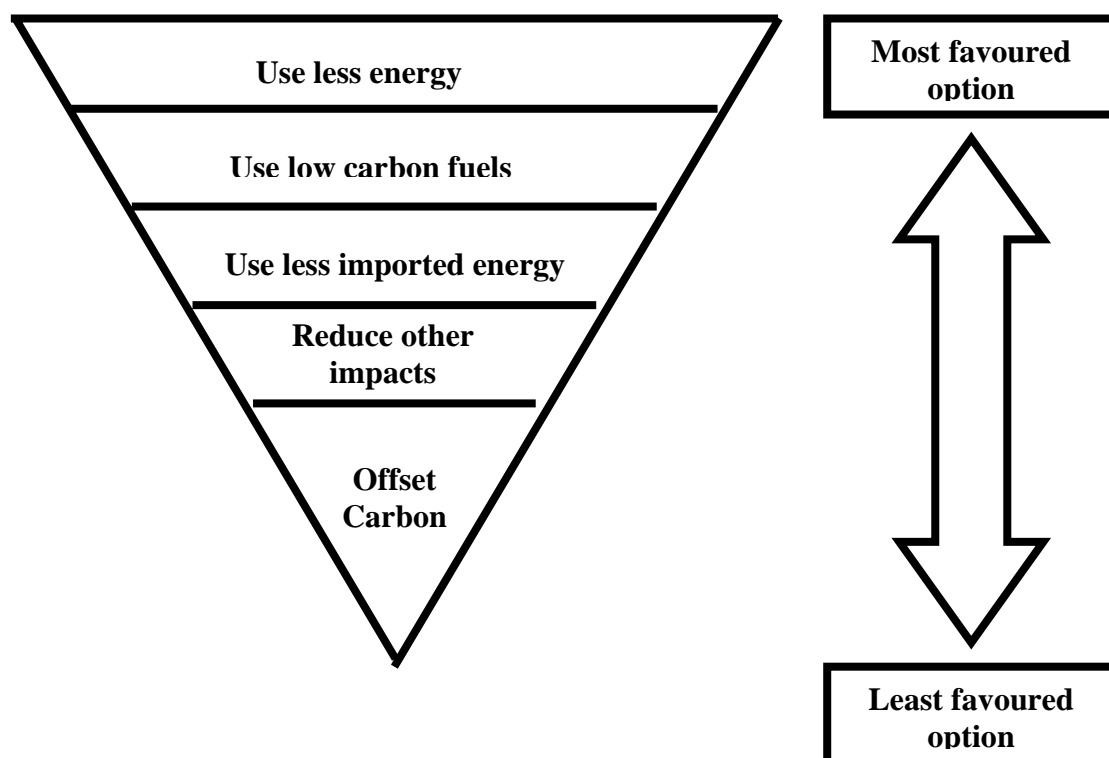
time. The EPSG believes that Guernsey can make more impact by developing other areas of its Energy Policy at this time, specifically energy conservation measures. Nevertheless, it is recommended that appropriate “renewable targets” for the Island should be properly regarded as part of the on-going development of the Energy Policy, and there is a recommendation that the Policy Council should work with the Treasury & Resources Department, Commerce & Employment Department, Environment Department, Guernsey Electricity and the Office of Utility Regulation to see whether it would be a practical proposition for GE to undertake further work on local renewable energy generation at this time (see Section 9).

2.16. The Energy Policy Steering Group therefore recommends that the States should further investigate the following targets:

- (a) to reduce Guernsey’s carbon dioxide emissions by 30% on 1990 levels by 2020; and**
- (b) to generate 10% of electricity from renewable sources by 2012 and 20% by 2020.**

Formulating an Energy Hierarchy for Guernsey:

2.17. The EPSG recommends that the States should adopt the following Energy Hierarchy when making energy-related decisions, in order to achieve the overall objectives of the Energy Policy.



- 2.18. **Use less energy** – the Group acknowledges that there are economic, social and environmental consequences inherent in energy consumption. Rising energy costs will have adverse effects on the economy and on individual expenditure, particularly for low-income households. The Group therefore proposes that the first step to be taken in addressing these issues should be for the Island to use less energy.
- 2.19. **Use low carbon fuels** – the use of low-carbon fuels and environmentally sustainable energy sources in order to minimise the environmental impacts of energy consumption is favoured.
- 2.20. **Use less imported energy** – Guernsey’s reliance on imported energy sources makes it vulnerable to global energy prices. It is therefore the view of the EPSG that Guernsey should encourage and facilitate the development of local generation of electricity from renewable energy sources, in order for the Island to become more energy self-sufficient.
- 2.21. **Less other impacts** – In formulating an Energy Policy, it is important that care is taken to ensure that any reduction in carbon emissions is not compromised by increasing other forms of environmental pollution, for example, noise pollution in the case of onshore wind power.
- 2.22. **Offset carbon** – as referred to elsewhere in the Report, Guernsey’s necessary reliance on international modes of transport such as shipping and air travel produce large carbon deficits. It would be unrealistic for Guernsey to reduce the need for such modes of transport; therefore it is the view of the Group that it may be possible to offset the carbon emissions these sectors bring about through international reforestation schemes. However, because this method does not actively contribute towards the reduction in energy use, it is the least favoured option in the hierarchy,

Headline Policy 1 – reduce overall energy usage and minimise wastage

3. Reasons to reduce overall energy usage and minimise wastage

Global Issues:

- 3.1. Both rich and poor stand to lose as a result of climate change towards a warmer and more volatile world. Large numbers of people who are already affected by poverty, malnutrition and disease will face displacement and new hardships. In the developed world, industries, livelihoods and public health will face serious threats from drought, disease and extreme weather events.
- 3.2. The impacts of climate change, to which greenhouse gas emissions contribute, will disproportionately affect those societies who have contributed the least to the problem. Developing countries, as a result of climate change, are likely to suffer poor agricultural output, more natural disasters and increased deaths due to higher occurrence of diseases.

Local Issues:

- 3.3. Energy use in Guernsey is increasing. Over the last ten years, total electricity consumption for both domestic and commercial use has risen by 30%, whilst the total number of consumers (both domestic and commercial) has only risen by 5.6% (Source: Sustainable Guernsey 2007. See also Appendix D – Figure 11).
- 3.4. Not surprisingly, per capita electricity consumption has also steadily risen over the last ten years from 4,350KWh to 5,456KWh per annum, resulting in 25% more electricity being consumed per person on Guernsey than ten years ago. (See Appendix D – Figure 12).
- 3.5. In comparing prices via the Guernsey Retail Prices Index with those for the UK, Guernsey spends 4.1% of average household expenditure on fuel, light and power (coal, electricity, gas and oil) whilst the UK spends 3.3%. In other words, Guernsey households spend on average 24% more on fuel than their UK counterparts. (UK RPI Weights, (2006), ONS, UK Government), (Guernsey RPI Weights, (1998/99), Policy and Research Unit, Policy Council).
- 3.6. This phenomenon is not restricted to Guernsey alone. The 2004/05 Jersey Household Expenditure Survey states that ‘within the housing group (housing, water, electricity, gas and other fuels), actual average spending on certain elements are noticeably higher in Jersey than the UK, with Jersey households spending on average 40% more on home energy than households in the UK. Whilst the Guernsey Household Expenditure Survey (Autumn 2007) will supply more detailed information on average household energy costs, it is expected that despite a warmer climate Guernsey households spend more on energy than their UK counterparts. The experience of both higher prices coupled with higher consumption in Guernsey would indicate that increased price alone is not likely to significantly reduce demand.
- 3.7. The UK defines fuel poverty as an expenditure of 10% or more of total household income on heating and fuel. Heating costs inevitably contribute to a greater proportion of household expenditure amongst low-income households, particularly in the pensioner age group. Low income households tend to occupy the worst performing properties in terms of insulation, draft proofing and inefficient heating systems.
- 3.8. Energy is often wasted because of poorly insulated buildings or where heating, ventilation, air conditioning and lighting are poorly controlled. Products are generally less energy efficient than they could be – for example, the average upright freezer on the market today uses nearly three times as much energy as the most efficient one. Energy saving light bulbs use less than a quarter of the energy of ordinary light bulbs, and also last ten times longer (The Energy Challenge – Energy Review, (2006), DTI – HM Government). Businesses and householders may not know how to cut energy use, which is just one of many demands on their time and capital.

- 3.9. It would be worthwhile to consider the potential local issues which could arise following the UK Government's announcement that, as one of the "green" finance measures in its 2007 Budget, it will phase-out high-energy light bulbs in the UK by 2011. (Budget 2007 – Chapter 7: Protecting the Environment. HM Treasury, 2007). Similarly, in regard to the possible local "knock-on" effects, it should be noted that the European Council, in its Energy Action Plan, has invited the European Commission to rapidly submit proposals to enable increased energy efficiency requirements on office and street lighting to be adopted by 2008 and on incandescent lamps and other forms of lighting in private households by 2009. (Presidency Conclusions, European Council, 8/9 March 2007)

ENERGY FACTS...

Energy saving light bulbs can use less than ¼ of the energy of ordinary ones, and also last 10 times longer.

The saving in electricity costs over the lifetime of each energy efficient light bulb can be as high as £50. (Source: Office of Utility Regulation)

- 3.10. Furthermore, the UK Government announced, as part of its 2007 Budget, that from 1st October 2007 purchasers of new zero-carbon homes costing up to £500,000 will pay no stamp duty. Qualifying criteria for the relief, which will be set out in regulations to be laid before the UK Parliament by the end of the Summer Recess, will require zero carbon emissions from all energy use in the home over a year. To achieve this, the fabric of the home will be required to reach a very high energy efficiency standard and to be able to provide onsite renewable heat and power (HM Revenue and Customs – Stamp Duty Land Tax: Relief for New Zero Carbon Homes – 21 March 2007). In light of the UK measures, the Energy Policy Steering Group recommends that investigations should be carried locally into mirroring this legislation.
- 3.11. As a general principle, the cheapest, cleanest and most pragmatic way of addressing Guernsey's energy policy objectives is to use less energy. The financial benefits of doing so are clear. Better insulated buildings and more energy efficient workplaces cut energy bills for householders and businesses. Reducing demand puts less pressure on energy supplies. Building design is a very important aspect of making new buildings energy efficient.
- 3.12. In order for Guernsey to reduce its carbon footprint (see Appendix C), pending the normalisation of developing clean energy technologies, a concerted effort aimed at raising public awareness of energy efficiency and energy saving measures is required. The States should lead by example, introducing an energy code following best practice guidelines which should not only exceed minimum building regulations for all new builds but also support the use of micro-generation and clean fuels in all new builds. The States should also create a

public procurement policy which would support reduced energy consumption and improved energy efficiency where possible.

- 3.13. Energy leakage is a matter of concern raised by the Environment Department. The Group agrees; it therefore recommends that the Environment Department should undertake investigations into where the key areas of loss are, and what can be done to address the issue.
- 3.14. Policy support from Planning and Building Control regulations will support micro-generation of renewable energy, such as photovoltaics, geothermic heat pumps and small wind turbines. Tariffs are also required to set minimum price levels for buy back of electricity created through renewable energy projects. The further development of the Island's public transport system would also support energy efficiency goals.
- 3.15. The Group also recommends that the States monitor the development and impact of developmental policies in the UK and Europe, including, for example, the UK Electricity and Gas (Energy Efficiency Obligations) Order 2004, which requires certain energy suppliers who supply at least 50,000 domestic customers on a relevant date to meet energy efficiency targets.
- 3.16. In order to encourage the take up of microgeneration technologies at the domestic level, the EPSG propose that investigations should be undertaken into requiring, by 2012, that at least 10% of the energy in all new building is provided by renewable sources.

4. Requirements to reduce overall energy usage and minimise wastage

Local Requirements:

- 4.1. Efficient and robust energy supplies and the progressive switch towards increased renewable energy supplies will not be enough to deliver the goals of this energy policy. Additional measures will be needed, for example to stimulate further energy efficiency in business, in the public sector and in households. Policies to raise energy efficiency will have an important role.
- 4.2. Demand can be reduced through better energy efficiency. In the longer term reliability may also be enhanced by decreasing Guernsey's complete dependency on imported electricity and electricity generated from imported fossil fuels, e.g. through the use of technologies which will enable the Island to diversify its fuel options. Technologies and pricing structures that enable and encourage users to manage their electricity and gas demands away from peak periods can also help to reduce the maximum demand for on-island back-up generation.
- 4.3. Overall, there is a need to remove the least energy efficient products from the market, encourage competition to bring forward improved products, and make it

easier for people and businesses to choose the best. Ways to do so include minimum standards, voluntary agreements with industry, fiscal measures, procurement policy, and better information on product performance.

- 4.4. In businesses and the public sector, there are many ways to reduce energy use. Improving insulation, heating, lighting and equipment are important, particularly in the commercial and public sectors. There are also many other opportunities in day-to-day operations and production processes. Many savings can occur at the time of investment in new or replacement plant. Technologies include more efficient motors, variable speed drives, heating and cooling plant and proper pipe insulation. Savings can also come through making productive use of otherwise ‘waste’ heat and cooling, and avoiding unnecessary heating and cooling through better design and control.

ENERGY FACTS...

The States of Guernsey – through its various departments and agencies – accounts for almost 10% of energy consumed in Guernsey. (Source: Office of Utility Regulation)

- 4.5. The States estate should set an example in introducing energy efficiency and energy reduction measures. Government procurement has been identified as an area that could more strongly support sustainable development goals. In particular there are certain goods with high energy efficiency standards which provide value for money in areas such as IT equipment, boilers, lights and lighting systems and refrigeration equipment.
- 4.6. Furthermore, the States should take steps to develop an awareness of the importance of design and layout, and in particular the structural orientation of new development, to the optimum conservation of energy. Additionally, the construction industry should be encouraged to take advantage of these opportunities in the design of new development.
- 4.7. There is a need for States Departments to realise the benefits of a ‘spend to save’ mentality, especially when considering the lifecycle of buildings.
- 4.8. Building Control Regulations should be modified to incorporate measures to further improve energy efficiency. Whilst the Energy Policy Steering Group has considered the possibility of mirroring Building Regulations used in the UK, the Group decided that it would be more appropriate for the Island to develop its own, Guernsey-specific Building Regulations. These would be reviewed to prescribe standards appropriate for Guernsey’s climate.
- 4.9. Free advice to households, businesses and public sector bodies on how to save energy is a vital part of any energy efficiency strategy. Raising awareness and providing targeted advice and information is a cost effective way of overcoming barriers to energy efficiency. ‘Warm Front’, until recently the main UK

Government initiative targeting fuel poverty, delivers a package of measures, typically including central heating and insulation, to households on benefit. Its primary focus has been on the owner-occupied and privately rented sectors. 'Warm Front' covers England with each of the devolved administrations having a similar programme. 'Warm Deal' in Scotland and the 'Home Energy Efficiency Scheme' in Wales are both similar schemes. In Scotland, a series of new initiatives has been recognised as successfully targeting households in fuel poverty. These are in addition to the Warm Deal initiative, and include a new Housing Act, setting tighter energy efficiency standards for new dwellings, and a new non-means-tested central heating grant. In 2004, the Scottish Executive announced a series of targets, including the provision of central heating to all council houses outside Glasgow and all housing association tenants, extending to all elderly households (in public or private housing). The UK Government's Decent Homes Standard targets social housing (local authority and housing associations) and aims to eradicate fuel poverty by 2010 by ensuring that all social housing meets set standards of decency.

- 4.10.** Locally, the States of Guernsey's Social Security Department has confirmed that it would be willing to consider linking energy efficiency grants to social security benefits, having regard to the UK Government's Warm Front and Decent Home schemes.

Examples of Energy Efficiency in action

- 4.11.** Locally, the States' Housing Department has already embarked on a programme of upgrading insulation and energy efficiency in social housing.
- Part of the modernisation programme for the States' housing stock includes, cavity wall and loft insulation that will significantly improve the thermal efficiency of the properties and reduce the energy costs for tenants.

In addition to the energy efficiency elements which form part of the modernisation programme for States Houses, the Housing Department insists that sustainable solutions are incorporated into all future Housing Association new build schemes which are part-funded by the States

- The Department has advised the Guernsey Housing Association that all new properties it builds with the assistance of States grant funding must incorporate energy efficient designs and enhancements. In order to achieve this, the Association have appointed the Building Research Establishment (B.R.E.) from the U.K. to advise them on incorporating sustainable solutions and highly energy efficient systems into the design and specification of all their new developments.

(Source: Housing Department, 2007)

The States' Culture & Leisure Department is already taking steps to become more energy efficient:

- The Department has installed specialist equipment (thermal wheels in air handlers), which allows fresh air flow into its buildings with minimal loss of heat.
- External lighting is linked up to light sensor switches and timers within the Building Management System (BMS), ensuring that lights are activated only when needed, and go off no later than required.
- Energy efficient light bulbs in its buildings create the same levels of illumination, but use lower wattage.
- Use of destratification fans in the Castle Cornet Hatton Gallery ensure that heat rising into the loft space is pushed back down, resulting in more even room temperature at different levels, and less energy required to heat the space.
- Automation of various pumps and plant at Beau Sejour on the BMS ensures that use is limited to specific need by linking to time clocks, temperature, humidity etc.

(Source: Culture & Leisure Department, 2007)

- 4.12.** The feasibility and benefits of setting targets to stabilise energy use in Guernsey at set levels should be investigated.
- 4.13.** The Group does not consider that the development of crops for bio-diesel or ethanol would be appropriate on-island, due to limited agricultural land. However, the feasibility and benefits of introducing an electricity/fossil fuel hybrid-powered public transport fleet to Guernsey should be investigated.

Transport:

- 4.14.** As referred to in the Executive Summary, the EPSG recognises the significant role of road, air and sea transport in contributing to the Island's carbon emissions. However, whilst acknowledging this, the Group is of the mind that it is within the field of electricity generation that the States should initially focus its efforts to make an impact in terms of reducing carbon emissions.
- 4.15.** In 2006, the States approved its Road Transport Strategy [Billet d'État VII, 2006]. The Road Transport Strategy includes a range of measures designed to discourage unnecessary vehicle use on the Island, and encourage increased use of public transport. The work of the Energy Policy Steering Group adds further impetus for the States to progress its Road Transport Strategy with vigour.

- 4.16. In terms of carbon emissions from air and sea travel, whilst the EPSG acknowledges that these sectors contribute notably to the Island's emissions total, the Group is also mindful of the need for Guernsey to maintain and encourage adequate transport links to and from the Island. It is the view of the Group, therefore, that to target this sector with measures which would ultimately discourage the development and maintenance of off-island transport links would conflict with States policy which seeks to encourage and support these vital links.
- 4.17. However, the EPSG recommends that the States should keep a watching brief on international developments aimed at addressing emissions from air transport

NB The EPSG has agreed sets of subordinate policies within each Headline Policy. It should be noted that some subordinate policies may be applicable to more than one Headline Policy.

5. **Policies, related projects and initiatives that will help to reduce energy usage and minimise wastage**

5.1. **Subordinate Policies:**

A. States to set example of Energy Efficiency and Energy Reduction across the States' estate (by a set volume by a set date).

- i. Raise energy efficiency standards throughout the States' estate.
- ii. Lead by example – introduce energy code and best practice into States new build and refit.
- iii. Set energy efficient public procurement policy throughout the States
- iv. Emphasise the need for all States Departments to realise the benefits of a 'spend to save' mentality, particularly when considering the lifecycle of buildings.
- v. Support recycled products through demand. Lead by example - consider procurement policies that commit to using recycled and recyclable products.

B. Encourage energy efficiency and energy use reduction across the community.

- i. Consider linking energy efficiency grants to social security benefits.
- ii. Investigate viability of loan fund to support energy saving developments.

- iii. Investigate the possibility of exemptions from document duty for new zero carbon homes
- iv. Develop an awareness of the importance of design and layout, and in particular, the structural orientation of new development, to the optimum conservation of energy; and to encourage the construction industry to take advantage of these opportunities in the design of new development.
- v. Develop Building Control Regulations for Guernsey that take into account the need to improve energy efficiency measures in buildings.
- vi. Investigate feasibility and benefits of setting targets to stabilise energy use by set levels.
- vii. Investigate feasibility and benefits of introducing electric/fossil fuel-hybrid public transport fleet.
- viii. Identify key areas of energy leakage and the possible measures to be taken to address it.
- ix. Investigate the feasibility and benefits of requiring, by 2012, that at least 10% of the energy in all new building is provided by renewable sources.

5.2. Related Projects/Initiatives

Project/Initiative	Lead Department	Time Frame
A. i) Raise energy standards throughout the States' estate, (with the view to rolling out the scheme to all public buildings, offices and homes on the Island), through building regulations, planning controls and possibly through grants, loans and subsidised insulation, light switch and CHP schemes.	Environment Department	
A. ii) Lead by example – introduce energy code and best practice into States new build and refit	Treasury & Resources Department	
A. iii) Set public procurement policy supporting reduced energy consumption and improved efficiency	Treasury & Resources Department	
A. iv) Emphasise the need for all States Departments to realise the benefits of a 'spend to save' mentality, particularly when considering the lifecycle of buildings.	Treasury & Resources Department	
A. v) Support recycled products through demand. Lead by example – consider procurement policies that commit to using recycled and recyclable products.	Treasury & Resources Department	

B. i) Direct Social Security Department to consider linking energy efficiency grants to Social Security benefits (e.g. the UK governments Warm Front and Decent Homes schemes).	Social Security Department	
B. ii) Investigate viability of a loan fund to support energy saving developments with repayment through the resulting revenue savings.	Environment Department/ Treasury & Resources Department	
B. iii) Investigate the possibility of exemptions from document duty for new zero carbon homes	Treasury and Resources Department	
B. iv) Develop an awareness of the importance of design and layout, in particular, the structural orientation of new development, to the optimum conservation of energy; and to encourage the construction industry to take advantage of these opportunities in the design of new development	Environment Department	
B. v) Develop Building Control Regulations for Guernsey that take into account the need to improve energy efficiency measures in buildings	Environment Department	
B. vi) Investigate the feasibility and benefits of setting targets to stabilise energy use in Guernsey at a set level.	Environment Department	
B. vii) Investigate the feasibility and benefits of introducing an electric/fossil-fuel hybrid-powered public transport fleet.	Environment Department	
B. viii) Identify key areas of energy leakage and the possible measures to be taken to address it.	Environment Department	
B. ix) Investigate the feasibility and benefits of requiring, by 2012, that at least 10% of the energy in all new building is provided by renewable sources.	Environment Department	

Headline Policy 2 – ensure a diverse and robust energy supply, which is cost effective and sufficient for Guernsey’s needs

6. Reasons to ensure a diverse and robust energy supply, which is cost effective and sufficient for Guernsey’s needs

Global Issues:

- 6.1.** Energy requirements are a major policy area for every developed country. Whilst there are fossil fuel stocks to maintain the anticipated growth in world energy demand for the next 50 years or more, at a business-as-usual level which

the planet could not withstand, the lead-in time for new technology development and the transition required to bring such new technologies into everyday life is such that planning for a new energy future is a high priority for all governments. Whilst smaller jurisdictions cannot drive the agenda, they do need to be able to respond effectively. Robust diverse energy supplies are the key to the ability to respond.

- 6.2. The Stern Review suggests that the investment that takes place in the next 10-20 years will have a profound effect on the climate in the second half of this century and into the next. Our actions now and over the coming decades could create risks of major disruption to economic and social activity, on a scale similar to those associated with the great wars and the economic depression of the first half of the 20th century. And it will be difficult or impossible to reverse these changes (Stern Review, 2006).
- 6.3. In March 2007, the UK Government published its blueprint for tackling climate change. The draft Climate Change Bill aims to set out a framework for moving the UK to a low-carbon economy. The draft Bill proposes a series of targets for reducing carbon dioxide emissions, including making the UK's targets for a 60% reduction by 2050 and a 26 to 32% reduction by 2020 legally binding ['Draft Climate Change Bill Published'. DEFRA, 2007]
- 6.4. Additionally, the UK Government's 2007 Budget included 'green' measures such as not levying income tax or capital gains tax for income derived from micro-power generation in the home.
- 6.5. At the Spring European Council on 8/9th March 2007, EU Heads of Government agreed an ambitious, independent binding target to reduce Europe's greenhouse gas emissions by at least 20% by 2020 (compared to 1990 levels) and to increase this commitment to a 30% reduction as part of an international agreement. They also decided to increase the use of renewable energy sources so that they make up to 20% of EU energy consumption by 2020, with differentiated overall targets for Member States [source: UK Government Draft Climate Change Bill, March 2007].

Local Issues:

- 6.6. Geographically, Guernsey is located in one of the world's highest tidal ranges, making it ideal for tidal energy initiatives, which would also help to diversify the Island's energy supplies. **Whilst direct investment into a tidal energy scheme from States general revenues is not proposed at this time, it is vital that the necessary legislation is in place that will allow private investment into such initiatives to take place.** Such legislation will make clear the responsibilities involved in establishing a tidal energy project, especially in regard to contracts and licensing of the sea floor.
- 6.7. Legislation outlining the States' entitlement to exploit natural resources is a further requirement, as is the need to investigate possible co-operation with other

jurisdictions in regard to jointly developing larger scale renewable energy projects [*NB refer to Appendix F for the comments of Her Majesty's Procureur, in regard to the legal considerations of this issue*]. Whilst the Policy Council does not recommend that the States should directly invest financially in tidal energy research, it does believe that the States should encourage, promote and facilitate tidal power opportunities, and recognise its role in facilitating, encouraging and promoting Guernsey as a good base for tidal power and companies to invest in tidal power opportunities. The Group is also recommending that the Policy Council should work with the Treasury & Resources, Commerce & Employment and Environment Departments, and the Office of Utility Regulation, to request Guernsey Electricity to submit a project proposal, including costs and funding options for the company to progress initiatives which would help Guernsey to generate renewable energy locally.

- 6.8. At present, Guernsey is almost entirely dependant upon imported energy, or imported fuels for energy production. As a result of this, the Guernsey energy market is very vulnerable to global fluctuations in supply, prices and competition. Guernsey has until recently experienced relatively low energy costs; however, energy costs internationally, and subsequently in Guernsey, are increasing, and are forecast to continue to increase into the immediate future.
- 6.9. Guernsey requires a resilient energy system, without significant weaknesses, which works well and recovers quickly if problems occur. This means a diverse system based on a mix of fuel types, a variety of supply routes, efficient international markets, back-up facilities such as storage and on-island production and robust infrastructure. Developing low carbon options will also create opportunities to further increase energy reliability.
- 6.10. The goal is that people and businesses can rely on secure supplies of energy – gas, oil, motor fuel and electricity – at predictable prices delivered through the market. Reliable energy supplies are an essential element of Guernsey's progression towards sustainable development. However, energy supplies will never be totally secure as long as energy is imported.
- 6.11. According to the latest Customs & Excise figures, Guernsey used just under one-and-a-half times as much fuel per capita as Jersey in 2006 (see table below).

Oil imports in 2006 (in litres)	Guernsey	Jersey
Transport	45,000,000	55,529,380
Heating/Electricity	79, 673,000	68,135,299
Total	124,673,000	123,664,679
Total litres per capita	2,084	1,418
Sources: the Customs & Excise services of Guernsey and Jersey KEY: Transport = leaded and unleaded petrol and aviation fuel (but not diesel, as it is not taxed in Guernsey and therefore not recorded by Customs) Heating/Electricity = kerosene, gas oil fuel oil (but not LPG, which is not recorded by Customs)		

- 6.12.** In 2006, the total amount of oil imported to the Island rose by 14% on 2005 figures to 124,673,000 litres. This rise is in part due to increased quantities of heavy fuel oil imported by Guernsey Electricity for local power generation and increased demands for transport fuel [source: Sustainable Guernsey 2007].
- 6.13.** During 2005/06, the per capita consumption of gas was 2176.6 kWh [source: Guernsey Gas; quoted in Sustainable Guernsey 2007]. The total annual gas consumption for 2005/06 was 132,832,000 kWh. Per capita consumption of gas in Jersey is lower, at 1,400kWh per head. This compares with 11,300kWh in the UK [source: States of Jersey pers. com].
- 6.14.** Per capita consumption of electricity in Guernsey in 2006 was 5,456kWh [source: Sustainable Guernsey 2007]. In Jersey, the total final consumption across all sectors of electricity per head of population is 7,000kWh/capita. This compares to 5,700 in the UK [source: States of Jersey pers.com]
- 6.15.** Renewable energy may be imported over the cable link. Importing renewable power would put a further restraint on Guernsey Electricity and would tend to reduce on-island generation from oil. However, it would also cause GE to have to pay the price for imported power plus the additional premium for a renewable source. The utility has advised that this could increase the cost well beyond the pure renewable premium, therefore cutting across the “economic” purchase requirements.
- 6.16.** According to Guernsey Electricity, the lead time for any local renewable energy project would be about four years, but this would be critically dependent on planning consent [*see Section 9 of this Report for more information on renewables*]. The utility has said that imports and local generation are not

mutually exclusive; the one could lead to the other, provided the financing issues are addressed. However, it has advised that the States should recognise the competitive nature of the heating market and the need for a holistic approach to energy policy.

- 6.17. Opportunities for on-island renewable energy generation at the micro scale, for example, solar power, should be facilitated. This would require support through both planning policy and building control regulation. There is a need to recognise that planning policy and legislation cannot be applied in such a way that it gives unjustifiable priority to one policy area over another; and factors such as neighbourhood impacts, overlooking, noise, and heritage would need to be taken into account and balanced.
- 6.18. Micro-generation such as photovoltaics, wind turbines and geothermic and ground-source heat pumps need promoting. The setting of tariffs for buy back schemes, setting minimum rates paid for electricity units generated and sold back into the electricity grid would work as an incentive for micro generation schemes on the Island.
- 6.19. Geothermal energy stems from the decay of naturally radioactive isotopes in granite rocks in the continental crust. In soil, even at shallow depths, geothermal heat flow and heat retained from summer solar warming means that subsurface temperatures are higher than winter air temperatures. This heat source can be exploited using a heat exchanger known as a ground-source heat pump that uses upward and downward pipes about 100 – 150 m long set into the ground and circulates water within the loop to transfer heat from the ground to the properties above. Other variations in the design of ground-source heat pumps use a system of shallower pipes rather than deep boreholes. When demand is low during the summer the underlying soil and rock reheats for winter use. A variant on this is to use heat pumps – effectively reversible air conditioners – to pump excess heat downwards in summer and upwards in winter, offsetting at least some of the high energy cost of air conditioning. On relatively large sites such as Mixed Use Redevelopment Areas (MURAs), Housing Target Areas (HTAs) and social housing developments where piling is already indicated, the installation of ground-source heat pump systems could be considered as a cost-effective method of district heating. There is also unexplored potential in examining the distribution or reutilisation of waste heat produced by electricity generating plant and other industrial plant on the Island to offset primary energy use for heating and cooling.[Source: Webb. 'Energy: Fossil Fuels, Nuclear and Renewables'. Open University, 2006]
- 6.20. The Office of Utility Regulation, in conjunction with Guernsey Electricity, should be requested to investigate further the implications of favouring low-carbon power generation, and to produce a joint report back to the Policy Council, via the Energy Policy Steering Group, on how such tariffs may be introduced to reflect the States' Energy Policy.

- 6.21. Additionally, in light of the “green finance” measures proposed in the UK Government’s 2007 Budget, the Group recommends that in Guernsey, investigations are undertaken into exempting income derived from micro-power generation in the home from income tax.
- 6.22. Research into the viability of cables linking the major Channel Islands to each other and to the European Grid, via France, should be investigated further. This cable linking is sometimes called ‘daisy chaining’ and would allow the system to be fed from either end in the event of a failure at any point and would allow for supply in any direction from different sources. Such a system of linkage would also enable the export of electricity from renewable micro- and macro-generation sources within the Bailiwick, as well as ensuring the resilience of Guernsey’s own electricity supply. The Island’s own capacity to generate electricity to meet critical minimum levels should be maintained in case of energy supply problems. The concept of daisy chaining will need to be investigated before any significant investment decisions are made for future generation by Guernsey Electricity. These deliberations will need to be informed by the States’ Energy Policy
- 6.23. Energy from residual waste policies on the Island also form a close relationship with energy policies, and require further support. Residual wastes represent an increasingly important fuel source. Using residual wastes as fuel can have important environmental benefits. It can provide safe and cost-effective disposal options for wastes that could otherwise present significant disposal problems. It can help reduce CO2 emissions, through displacement of fossil fuels. Methane, for example, is 23 times more damaging than CO2 for global warming. If biodegradable waste is diverted from landfill, methane emissions can be avoided.
- 6.24. Any energy that is recovered from biological wastes can be regarded as renewable energy. It comes from plant material (either directly, or in the case of animal wastes, paper or card, indirectly). As plants grow, they absorb carbon dioxide from the atmosphere. When this biomass material is used as a fuel, the carbon dioxide is returned to the atmosphere in a "carbon neutral" cycle. If biomass is used to displace fossil fuels instead of being left to decompose naturally, it will actually help to limit the emission of carbon dioxide and methane into the air.

7. Policies, related projects and initiatives that will ensure a diverse and robust energy supply, which is cost effective

7.1. Subordinate Policies:

A. To maintain energy costs at a level that supports economic growth.

- i. Investigate the benefits of ‘daisy chain’ cable links to the European Grid.

- ii. Maintain on-island electricity generation capability.
- iii. Support micro-generation of renewable electricity, via planning policy and building control regulations.
- iv. To request the OUR, in partnership with GE, to research the level of buy back tariffs that would encourage small-scale renewable electricity generation and to produce a joint report back to the Policy Council, via the Energy Policy Steering Group, on how such tariffs may be introduced to reflect the States' Energy Policy.
- v. Identify incentives and legislation required for macro renewable energy generation, and appraise the feasibility of generating electricity locally from on- and off-shore wind power turbines
- vi. Support energy from residual waste policies, (which are deemed as 'renewable').
- vii. Encourage consumption of food products which have low miles, and support local production (including milk).
- viii. Investigate the possibility of exempting income derived from micro-generation, from income tax.
- ix. Request the OUR, in conjunction with Guernsey Electricity, to review the implications of favouring low-carbon power generation

7.2. Subordinate Policies:

Project/Initiative	Lead Department	Time Frame
A. i). Investigate the benefits of duplicate/ daisy chain cable links.	Treasury and Resources Department	
A. ii). Maintain on-island generation capability to meet critical minimum levels.	Commerce and Employment Department	Done
A. iii). Support micro-generation – via planning policy and building control regulations.	Environment Department	
A. iv). To request the OUR, in partnership with GE, to research the level of buy back tariffs that would encourage small-scale renewable electricity generation and to produce a joint report back to the Policy Council, via the Energy Policy Steering Group, on how such tariffs may be introduced to reflect the States' Energy Policy.	Commerce and Employment Department	

A. v). Identify the tools/ mechanisms to offer as incentives for research and development of macro renewable electricity generation, including any legislation, contracts, and licences; and establish States' entitlement to exploit natural resources and investigate possible co-operation with other islands for jointly developing a larger renewable energy project. Additionally, appraise the feasibility of generating electricity locally from on- and off-shore wind power turbines	Policy Council	
A. vi). Support energy from residual waste policies, (which are deemed 'renewable').	Environment Department	
A. vii). Encourage consumption of food products which has low miles, and support local production (including milk)	Environment Department	
A. viii). Investigate the possibility of exempting income derived from micro-generation, from income tax	Treasury & Resources Department	
A. ix). Request the OUR, in conjunction with GE, to review the implications of favouring low-carbon power generation	Commerce and Employment Department	

Headline Policy 3 – Switch progressively to clean renewable energy sources, reducing Carbon Dioxide emissions and thus reducing Guernsey's carbon footprint

8. Reasons to switch progressively to clean renewable energy sources, reducing carbon dioxide emissions and thus reducing Guernsey's carbon footprint.

Global Issues:

- 8.1.1.** The Stern Review (2006) concludes that there is overwhelming scientific evidence which reveals that climate change is a serious global threat that demands an urgent global response. Having assessed evidence on the impacts of climate change and on the economic costs and risks, the report concludes that the benefits of strong and early action to address climate change far outweigh the economic costs of not acting. The costs of stabilising the climate are significant but manageable; delay would be dangerous and much more costly. Furthermore, the report states that action on climate change is required across all countries. It calls for strong, deliberate policy action in order to motivate the take-up of the range of options that exist to cut emissions (Stern Review, HM Treasury, 2006).
- 8.1.2.** There is strong evidence that climate change is happening and that it is being accelerated by human activity. The world is getting warmer. Levels of Carbon

Dioxide in the atmosphere, one of the main causes of climate change, have risen by more than a third since the industrial revolution and are now rising faster than ever before. This has led to rising temperatures; over the 20th Century the earth warmed by about 0.6°C and is forecast to rise between 1.4°C and 5.8°C this Century, largely due to increased greenhouse gas emissions from human activity. Globally, the 1990's were the warmest decade since records began (UK Energy White Paper, Our Energy Future – creating a low carbon economy, dti, 2003).

- 8.1.3. As referred to in the Stern Report, climate change is a global problem. It has to be tackled globally. Guernsey cannot solve this problem alone. The United Nations Framework Convention for Climate Change, and its Kyoto protocol, demonstrates that it is possible to reach global agreement on action, but far more needs to be done. Guernsey's own actions will have no impact on climate change unless they are part of a concerted international effort.
- 8.1.4. As previously mentioned, the UK and the EU have recently announced their latest proposals to address climate change. However, it should be noted that at this stage, the UK Climate Change Bill remains in draft form (Draft Climate Change Bill, (2007) UK Government), and the European measures are still to be endorsed by the European Parliament. (Presidency Conclusions, European Council, 8/9 March 2007).

Local Issues:

- 8.1.5. The consequences of changes in global temperatures, rainfall patterns and sea level rise are all likely to impact significantly upon Guernsey. Mean annual air temperatures have been recorded on Guernsey since 1947. These figures show an increasing trend over the last half a century. An average increase of 0.015°C per year has been measured, resulting in an overall increase of nearly 1°C over the whole period (see Appendix A – Figure 1). Mean sea water temperatures around Guernsey have also risen, temperatures recorded since 1980 show an average increase of approximately 1.7°C over the 27 year period (see Appendix A – Figure 2).
- 8.1.6. Data collected on the average spring flowering date of 21 of Guernsey's more common spring flowering species of plants show that flowering dates have become significantly earlier in the last twenty years. Of the 21 Spring flowering species, 19 have shown some evidence that they are flowering earlier, 7 of which are statistically significant. Overall, the mean flowering date of the 21 species has become significantly earlier, by almost exactly one day per year. The mean flowering date of the 21 species has become earlier by 21 days in the past 21 years (see Appendix A – Figure 3). This is likely to be almost entirely due to an increase in temperature.

9. Local opportunities for the macro-generation of electricity from renewable sources

- 9.1. The two most feasible initiatives for the macro-generation of electricity from renewable sources on Guernsey are wind (onshore/offshore) and tidal.

Wind Power:

- 9.2. Guernsey Electricity (GE) has advised that onshore wind power generation would be the cheapest macro-generation option. However, GE also advises that with estimated tower heights of 60 metres, such proposals would be likely to face opposition from local residents from both a visual and noise perspective.
- 9.3. GE advises that whilst offshore wind generation might be more acceptable than onshore, the costs would be roughly double that of onshore wind generation, and would be similar to the costs incurred in developing tidal power facilities.
- 9.4. Whilst wind would be the cheapest macro-generation option, meeting a target of 10% electricity from renewables through wind power would, according to Guernsey Electricity, require significant investment and development. A 10% contribution to Guernsey's consumption of electricity (for the year 2006/2007, this figure will be approximately 360,000MWh) amounts to about 36,000MWh.
- 9.5. GE estimates that it would require an array of 14 wind turbines with tower heights of about 60 metres to generate enough electricity to achieve this 10% target. Assuming suitable onshore sites could be found (previous discussions with planning and parish authorities, and residents have suggested that onshore wind turbines would not be acceptable), the rough area of capital cost for such a project would be in the area of £8.5million, and the production cost approximately £35/MWh, depending on precise capital costs, interest rates and amortisation period. GE has said that this delivered energy cost is competitive with local oil generation or imports.
- 9.6. Furthermore, the States of Guernsey's Environmental Health Department advises that whilst the case for experimentation in producing power from tidal flows is well-founded and should not result in significant environmental pollution, the same cannot be said of onshore wind power. Environmental Health points out that domestic wind turbines are not efficient means of generating power; and the Department is particularly concerned that onshore wind power generation on Guernsey would create significant noise pollution.

Tidal Power:

- 9.7. This Report has already proposed that, whilst the States should not directly invest in tidal energy schemes, the necessary legislation should be put in place to allow private investment in such initiatives. Appendix F of this Report contains a summary of HM Procureur's comments in regard to relevant legal considerations which arise from the development of tidal power facilities.

- 9.8. GE advises that tidal power has an aesthetic advantage over wind power generation, as well as predictable output from a source which is highly suitable to the island.
- 9.9. GE estimates that by about 2012 it should be possible to construct a tidal farm using 1.5MW machines for about £2.5m per machine, with the more machines used, the lower costs per unit. However, it adds that this figure can only be made more accurate by practical experience on pilot installations elsewhere, and that this estimate assumes technology development, as pilots are much more expensive.
- 9.10. GE estimates that each 1.5MW machine would produce about 1.1% of Guernsey's electricity requirements, and that 5 turbine units generating 5.5% of the Island's requirements could be delivered for about £12.5m in 2007 money.

Cost Comparisons:

- 9.11. Guernsey Electricity has compared the possible costs involved in creating an additional modern diesel plant on Guernsey, installing on- and off-shore wind-power, and constructing a tidal plant:
- 7.5MW of modern diesel plant, with exhaust cleaning would have a capital cost of about £3.75m
 - 7.5MW of onshore wind-power would have a capital cost of about £7.5m
 - 7.5M of offshore wind-power would have a capital cost of about £12.5m, depending on size
 - *7.5MW of tidal generation would have a capital cost of about £12.5m – once production of the devices is established – depending on size
 - GE adds that the life-cycle costing for the diesel option depends on the cost of fuel, and that, given the global demand; it is readily predictable that fuel costs will rise over time.

** It should be noted, however, that tidal generation technology is in its infancy and that these cost estimates must therefore be viewed with a considerable degree of caution.*

Financing the additional cost of generation from renewable sources in Guernsey:

- 9.12. The Energy Policy Steering Group has considered how the additional cost of electricity generation from renewable sources in Guernsey could be financed. Options have included the possible introduction a carbon tax, or direct States subsidy.

- 9.13. The Group does not recommend that the States should, through the Treasury & Resources Department (Guernsey Electricity's sole stakeholder), effectively "mandate" GE to fund the additional cost of developing renewables. It does, however, recommend that the Policy Council should work with the Treasury & Resources, Commerce & Employment and Environment Departments, to invite Guernsey Electricity to submit a Feasibility Study, involving costs and funding options on the options for the development of macro renewable generation on Guernsey.

10. Requirements to switch progressively to clean renewable energy sources reducing Carbon Dioxide emissions and thus reducing Guernsey's carbon footprint.

Global Requirements:

- 10.1. The United Nations Framework Convention on Climate Change (UNFCCC) and its Kyoto Protocol are the starting point for international efforts to cut emissions. The UNFCCC aims to prevent dangerous man-made climate change and commits developed countries to taking the lead in tackling climate change. The Kyoto Protocol set legally binding targets for them to reduce Greenhouse Gas emissions by around 12.5% on 1990 levels, in the period 2008-12.
- 10.2. To help meet reduced emissions targets, countries can use international emissions trading or receive credits for reductions achieved by supporting projects in other countries. The development of emissions trading in the next few years will primarily be dependant on developments at EU level. Currently, the EU Emissions Trading Scheme sets each participant a cap or target level of emissions. Each participant then receives trade able allowances equal to its cap. To comply with the scheme, each participant must hold allowances at least equal to its emissions. Participants therefore have three choices:
1. To meet their cap by reducing their emissions;
 2. To reduce emissions below their cap and sell or bank the excess allowances; or
 3. Let their emissions remain above their cap and buy allowances from other participants.
- 10.3. The best strategy for each participant depends upon the price of allowances in the market compared to the costs of reducing their own emissions. In this way, emission reductions from participating parties will be achieved at minimum cost across the European Union.
- 10.4. In the European Council Action Plan (2007-2009) Energy Policy for Europe (EPE), the Council underlined the central role that emissions trading must play in the EU's long-term goals to reduce GHG emissions, and stressed the importance of the review by the Commission of the EU ETS in delivering an improved EU ETS.

- 10.5. Carbon offsetting is an activity that compensates all or part of the carbon dioxide emissions of a party, by reducing the emissions – or increasing the carbon dioxide absorption – of another party. This reduces net greenhouse gas emissions with the goal of combating global warming. Carbon offsets may be purchased from a variety of commercial and non-profit organisations for £2 – £15 per metric tonne of CO₂.
- 10.6. The most common form of offset lies in reforestation schemes. The offset merit of trees lies in their capacity to absorb carbon dioxide (sequester carbon) by using photosynthesis to combine water with carbon dioxide from the atmosphere, thereby forming wood and releasing oxygen. Thus, forests that are increasing in area or density are carbon sinks, and mature forests are carbon stores. In principle, the potential is very large. In their 2001 assessment, the Inter-governmental Panel on Climate Change (IPCC) estimated the potential of biological mitigation options (mainly forests) is in order of 100 Gt Carbon by 2050, equivalent to about 10% – 20% of projected fossil fuel emissions during that period.
- 10.7. A wide variety of reforestation schemes are certified under the Clean Development Mechanism/ Joint Implementation schemes of the Kyoto protocol and can be used to claim carbon credits, in the form of allowances purchased from carbon emission trading schemes such as EU ETS. Such schemes can include re-creating natural forests (reforestation or avoided deforestation), but more commonly involves tree farming on plantations for logging or other commercial purposes complementing the profit from selling offsets. Afforestation schemes often produce higher carbon sequestration rates as they generally include growing trees where there have previously been none, for example on agricultural lands where the baseline of existing carbon is low, comparatively.
- 10.8. As a result of the decision to develop a common European energy policy, the first proposals ‘Energy for a Changing World’, were recently published by the European Commission, following a consultation process that took place in January 2007. It is claimed that these proposals will lead to a ‘post-industrial revolution’, or low-carbon economy, in the European Union, as well as increased competition in the energy markets, improved security of supply, and improved employment prospects. Although Energy Policy proposals have been adopted by the European Commission, and an Action Plan for the Energy Policy for Europe has been endorsed by the European Council, the proposals still require the approval of the European Parliament.

Local Requirements:

- 10.9. Guernsey is a signatory to the United Nations Framework Convention on Climate Change and has been included in the UK ratification of the Kyoto Protocol. In doing so the States of Guernsey agreed to reduce CO₂ emissions by

12.5% on 1990 levels, by 2010. Guernsey is not independently bound to these emission reductions, rather its emissions inventory is added to that of the UK's. However, since the cable link to France was established in 2000 the Greenhouse Gas emissions produced on Guernsey have been reduced by an estimated 14% (see Appendix B). This percentage is, however, dependant upon how much electricity is imported and how much is generated on-island from heavy fuel oil – a decision which to date has largely been taken purely on commercial grounds.

- 10.10.** Despite the fact that neither the States of Guernsey nor Guernsey-registered businesses have actually been set emission caps, there are Guernsey-registered businesses exploring investment opportunities under the EU Emissions Trading Scheme. In response to this interest, the States of Guernsey have agreed for the UK Government to act as Designated National Authority, allowing Guernsey-registered businesses entry into the EU Emissions Trading Scheme. It is important to keep up to date with carbon trading initiatives so that Guernsey businesses are able to capitalise on these emerging markets. Emissions trading is seen as an important international initiative in regulating national and international carbon emissions, and therefore taking action to mitigate the effects of global climate change.
- 10.11.** Guernsey's greenhouse gas inventory (see Appendix B) clearly shows how the Island's necessary reliance on international modes of transport, such as shipping and air travel, produce large carbon deficits. Whilst reducing the need for such modes of transport may be unrealistic, it may be possible to offset the carbon emissions they bring about through international reforestation schemes.

Local Proposals:

- 10.12.** In the timeframe of this policy, the Group considers that a form of carbon offsetting is necessary in order to address the Island's levels of carbon emissions, particularly from road, air and sea transport. The Energy Policy Steering Group acknowledges that this Report does not bring forward proposals to tackle energy use by the aviation or shipping industries in isolation. National governments have accepted that these measures should be examined with the international community, or at least the European level. Furthermore, in terms of emissions from road transport, the States have already agreed upon a Road Transport Strategy, in order to address this issue. This report adds renewed impetus to the implementation of this strategy.
- 10.13.** However, the Policy Council considers that further investigation should be pursued in regard to funding reforestation schemes abroad, in order to offset the Island's carbon footprint. Using figures from the Stern Report, the Group has produced a rough calculation that sets the cost of rendering the Island 'carbon neutral' through reforestation abroad at about £0.5m per year. Such a sum could be raised by the introduction of relevant green taxes. Carbon offsetting would be combined with other, pragmatic, on-island programmes, such as improved energy efficiency, reducing wastage, etc. Other viable schemes, which could

receive funding through sums raised from green taxes, include insulation, micro-renewable generation and energy efficiency grants, locally.

- 10.14. In addition to looking at national and international initiatives at central government level, the Policy Council consider that there is much to learn from practical initiatives at local government level, from authorities which are 'leading the field,' including other island communities around the world.

11. **Policies, related projects and initiatives that will help to switch progressively to clean renewable energy sources, reducing Carbon Dioxide emissions and thus reducing Guernsey's carbon footprint.**

11.1. **Subordinate Policies:**

A. Reduce Guernsey's carbon footprint

- i. Promote public and business awareness of energy efficiency schemes and clean energy.
- ii. Support micro generation of renewable energy through relevant planning policy and building control regulations.
- iii. Further development of public transport.
- iv. Monitor the development and impact of developmental policies in the UK and Europe, including, for example, the UK Energy Efficiency Ordinance
- v. In addition to looking at national/international initiatives at central government level, research practical initiatives at local government level; and examine approaches to Energy Policy adopted by other island communities worldwide.
- vi. Investigate financial incentives such as carbon trading, and other clean energy projects, that will promote renewable energy and efficiency.
- vii. Research the possibility of investing in viable reforestation projects abroad, and funding mechanisms, which will allow Guernsey to offset carbon emissions
- viii. Policy Council to liaise with the Treasury & Resources, Commerce & Employment and Environment Departments, and the Office of Utility Regulation, to request Guernsey Electricity to bring forward a research proposal which is costed and explains from where the funding will come, in order to research the macro renewable power generation options for Guernsey.

11.2. Related Projects/Initiatives:

Project/Initiative	Lead Department	Time Frame
A. i). Provide a package of support to engender a mood of public awareness and commitment in terms of advice and information – possibly including underwriting visits by energy efficiency advisors. Foster a moral obligation (through adverts, information, education, etc.).	Environment Department	
A. ii) Support micro-generation of renewable energy – Photo-voltaics or geothermic/ heat pumps, small wind turbines, etc., (including planning controls and building control policies).	Environment Department	
A. iii). Support further development of public transport.	Environment Department	
A. iv). Monitor the development and impact of developmental policies in the UK and Europe, including, for example, the UK Energy Efficiency Ordinance	Policy Council	
A. v). In addition to looking at national/international initiatives at central government level, research practical initiatives at local government level; also, examine approaches to Energy Policy adopted by other island communities, world wide.	Environment Department	
A. vi). Identify mechanisms including financial incentives such as carbon trading and other clean energy that promotes renewable energy and efficiency	Environment Department	
A. vii). Investigate viable reforestation projects abroad, and funding mechanisms, which will allow Guernsey to offset emissions	Environment Department	
A. viii). Liaise with the Treasury & Resources, Commerce & Employment and Environment Departments, and the Office of Utility Regulation, to request Guernsey Electricity to bring forward a research proposal which is costed and explains from where the funding will come, in order to research the macro renewable power generation options for Guernsey.	Policy Council	

12. Conclusions

- 12.1.** The three headline policies of this Energy Policy and the key goals they represent are interlinked. Performance in any one area will help performance in the others, performance in all three areas is essential to the overall success of the Energy Policy. All three of these policy goals can be achieved together. As far as possible the States will ensure that the market framework and policy instruments reinforce each other to achieve the goals this policy sets out. Energy efficiency is

likely to be the cheapest and most pragmatic way of addressing all three objectives. Renewable energy will also play an important part in reducing carbon emissions, while also strengthening energy security and improving our industrial competitiveness as we make use of cleaner technologies, products and processes.

12.2. There will from time to time be tensions between different objectives. For example, extremely high energy prices would undoubtedly promote energy efficiency and thereby help to reduce carbon emissions. But they would also have a negative effect on people on low incomes and on business. There is no simple mechanism for determining the relative ‘weights’ of differing objectives. However, the following considerations will help guide the policy making process:

- Significant damaging climate change is an environmental limit that should not be breached. Guernsey is committed to its obligations set out by the Kyoto Protocol and needs to maintain emissions reductions over the forthcoming years.
- Reliable energy supplies are fundamental to Guernsey’s economy as a whole and to sustainable development. An adequate level of energy security must be satisfied at all times in both the short and longer term.
- Liberalised and competitive markets will continue to be a cornerstone of energy policy. Where the market alone cannot create the right signals (for example on the environment) steps that encourage business to innovate and develop new opportunities to deliver the outcomes needed must be taken.
- These energy-related policies will have different impacts on the different sectors of society. Specific measures will be needed for particular groups of people (for example to support those for whom energy bills form a disproportionate burden).

13. Recommendations:

The Policy Council is asked to endorse this report and recommend the States to:-

1. Endorse the Energy Policy as set out in this report;
2. Agree the three Headline Policies set out therein, and the work streams which underpin them;
3. Direct the Lead Departments to progress the various work streams and to agree suitable timeframes;
4. Note that the allocation of adequate resources is necessary to the successful operation of the Energy Policy, and direct the Treasury &

Resources Department to be mindful of this when considering resource requests from Departments involved in the implementation of the Energy Policy

5. Agree that progress in the various work streams will form part of the monitoring of the annual Government Business Plan (Priority 10 - Meet Energy needs more efficiently and sustainably); and
6. Focus their interests in renewable energy on:-
 - (a) preparing the necessary legislation which will enable Guernsey to take advantage of tidal power opportunities as and when they arise;
 - (b) closely monitoring tidal power technologies and opportunities;
 - (c) encouraging, promoting and facilitating tidal power opportunities; and
 - (d) directing the Policy Council to liaise with the Treasury & Resources, Commerce & Employment and Environment Departments, and the Office of Utility Regulation, to request Guernsey Electricity to bring forward a research proposal which is costed and explains from where the funding will come, in order to research the macro renewable power generation options in Guernsey.

Deputy B Flouquet
Chairman
Energy Policy Steering Group

24 October 2007

Appendix A: Climate Change Indicators

Figure 1:

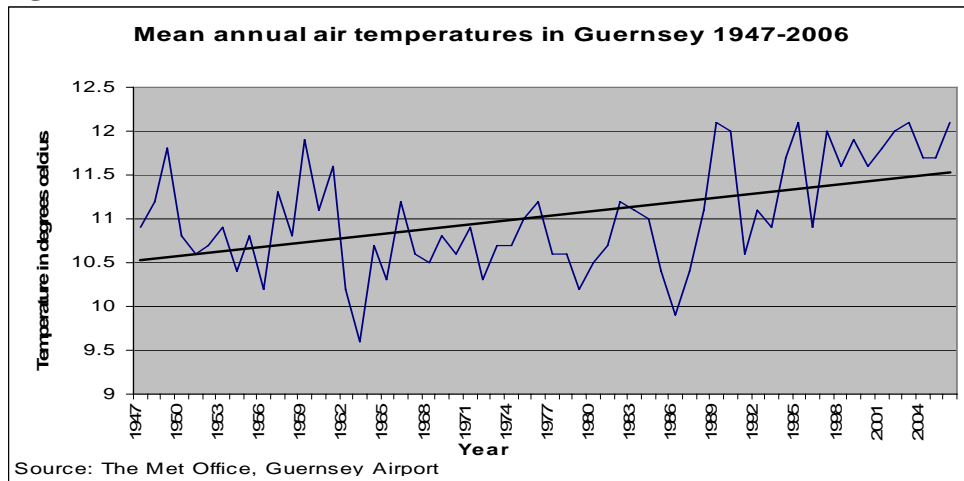


Figure 2:

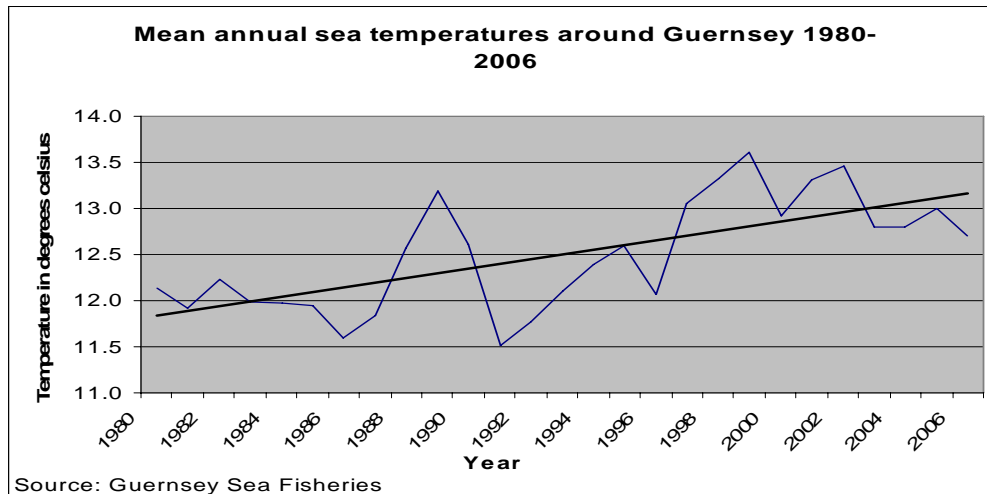
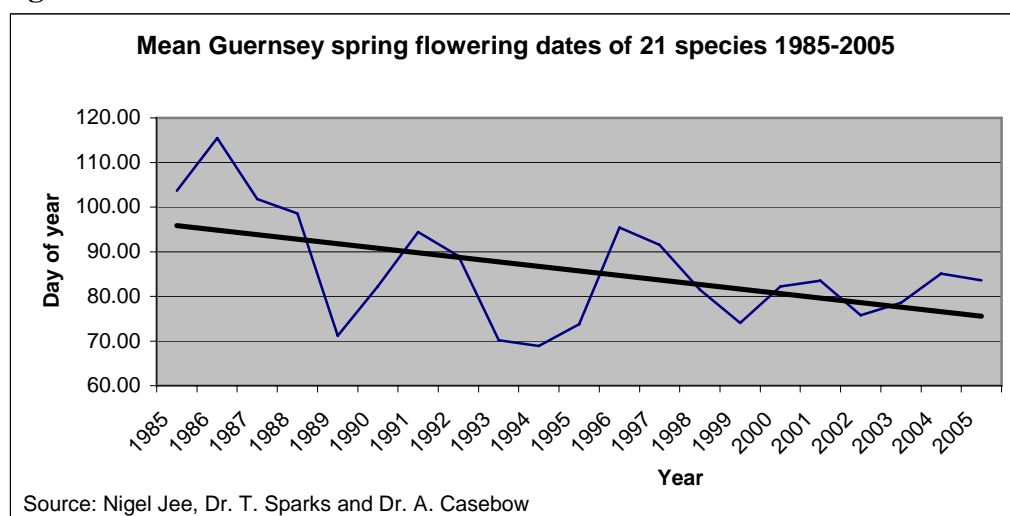


Figure 3:



Appendix B:

Extracts from Guernsey's Greenhouse Gas Emissions Inventory

Table 1: Guernsey Green House Gas Emissions Estimates - 2002

Source	Green House Gases (tonnes)						Total
	Carbon	CH4	N2O	HFC	PFC	SF6	
Power Generation	9750	0	0	-	-	-	9,750
Commercial/Residential/ Agricultural Combustion	34791	8	1	0	0	0	34,800
Extraction/Distribution of Fossil Fuels	-	-	-	-	-	-	0
Solvent Use	-	-	-	8009	0	88	8,097
Road Transport	24837	16	15	-	-	-	24,868
Aircraft, ships/boats, and other off-road machinery	48899	15	28	-	-	-	48,942
Waste Treatment and Disposal	-	856	4	-	-	-	860
Agriculture	-	374	7	-	-	-	387
TOTAL	118277	1268	55	8009	0	88	127,697
HFC, PFC and SF6 are expressed as tonnes of Carbon equivalent							

Source: AEA Energy and Environment

Table 2: Guernsey Green House Gas Emissions Estimates – 2004

Source	Green House Gases (tonnes)						Total
	Carbon	CH4	N2O	HFC	PFC	SF6	
Power Generation	9565	0	0	-	-	-	9,565
Commercial/Residential/ Agricultural Combustion	18884	4	1	0	0	0	18,889
Extraction/Distribution of Fossil Fuels	-	-	-	-	-	-	0
Solvent Use	-	-	-	8456	0	207	8,663
Road Transport	22288	11	15	-	-	-	22,314
Aircraft, ships/boats, and other off-road machinery	48812	15	28	-	-	-	48,855
Waste Treatment and Disposal	-	712	4	-	-	-	716
Agriculture	-	371	7	-	0	-	378
TOTAL	99548	1114	54	8456	0	207	109,379
HFC, PFC and SF6 are expressed as tonnes of Carbon equivalent							

Source: AEA Energy and Environment

NB - It is understood that methane emissions figures for 2004 have been underestimated. AEA are currently revising all greenhouse emissions figures and will be forwarding updated figures in due course.

Please note that the Green House Gas emissions data are derived as part of the UK National Atmospheric Emissions Inventory and are estimates. Total emissions are calculated based on the total supply of fossil fuels in a country--the "reference approach." These data correspond to International Panel on Climate Change (IPCC) Source/Sink Category 1 The reference approach, which uses data on a country's total energy supply and captures refining, flaring, and other "fugitive emissions" that do not result directly from end-use fossil fuel combustion.

At the time of producing the inventory, it is possible that CH₄ estimates from landfill are under reported. AEA Technology is currently reviewing the CH₄ emissions contributions and any revised figures will be included in due course.

EMEP/CORINAIR Atmospheric Emission Inventory - **Kyoto Protocol Greenhouse Gas Emissions Inventory**

Table 3 Inventory source categories

Category	Description
Power Generation	Includes emissions from the burning of fuel to produce electricity. This only includes fuel burned in Guernsey, and not fuel burned elsewhere for electricity imported to Guernsey
Commercial & Residential and Agricultural Combustion	Includes emissions from fuel used for cooking and heating in the commercial, residential and agricultural sectors.
Extraction/Distribution of Fossil Fuels	This sector includes emissions associated with oil exploration, and the distribution of fuels e.g. deliveries to petrol stations, or methane leakages from gas pipelines. No emissions of direct greenhouse gases have been estimated for Guernsey from this source. There are VOC emissions (indirect greenhouse gas) from fuel storage, but these are not included here.
Solvent Use	Includes emissions of VOCs (these are indirect greenhouse gases and are not included here) from all sectors, and emissions from the production and use of products containing HFCs, PFCs, and SF ₆ .
Road Transport	Includes emissions from road transport
Aircraft, ships/boats and off-road machinery	This sector includes emissions from aviation, shipping and off-road machinery.
Waste Treatment and Disposal	Includes greenhouse gas emissions from sewage treatment, and waste disposal (including landfill).
Agriculture	This includes emissions of methane from livestock, and N ₂ O from animal wastes

Global Warming Potential (GWP)

Global warming potentials (GWPs) are used to compare the abilities of different greenhouse gases to trap heat in the atmosphere. GWPs are based on the radiative efficiency (heat-absorbing ability) of each gas relative to that of carbon dioxide (CO₂), as well as the decay rate of each gas (the amount removed from the atmosphere over a given number of years) relative to that of CO₂.

The GWP provides a construct for converting emissions of various gases into a common measure, which allows climate analysts to aggregate the radiative impacts of various greenhouse gases into a uniform measure denominated in carbon or carbon dioxide equivalents.

The generally accepted authority on GWPs is the Intergovernmental Panel on Climate Change (IPCC). In 2001, the IPCC updated its estimates of GWPs for key greenhouse gases.

Table 4 shows GWP defined on a 100-year horizon (IPCC, 1996). A range of GWP values is shown for HFCs and PFCs because these refer to a number of species, each with its own GWP. By weighting the emission of a gas with its GWP it is possible to estimate the total contribution to global warming of greenhouse gas emissions.

Table 4 GWP of Greenhouse Gases on a 100-year Horizon (t CO₂ equiv/ t gas)

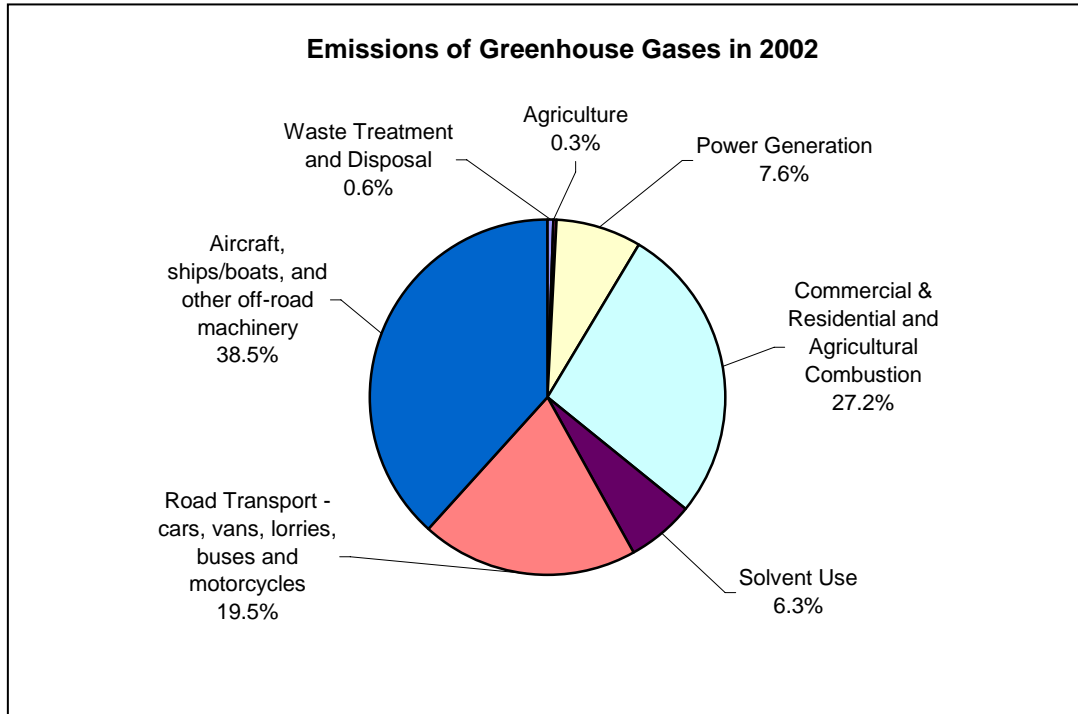
Greenhouse Gas	Global Warming Potential (t CO ₂ equiv / t gas)
Carbon Dioxide	1
Methane	21
Nitrous Oxide	310
HFCs	140-11700
PFCs	6500-9200
SF ₆	23900

Explanation of Trends

- Between 2002 and 2004, Guernsey's estimated Green House Gas emissions dropped by 14%.
- The decrease in emissions from the commercial, residential and agriculture category is a result of the reported decrease in oil imports for heating and electricity.
- Estimated emissions from road transport have decreased due to an assumed improvement in the average fuel efficiency of the vehicle fleet. This assumption is based on detailed statistics for the UK fleet, which describes the rate at which older vehicle are replaced by newer, more efficient, models.
- SF₆ emissions in Guernsey arise mainly from the soles of certain brands of trainers. The estimate has been based on UK statistics, which indicate that these

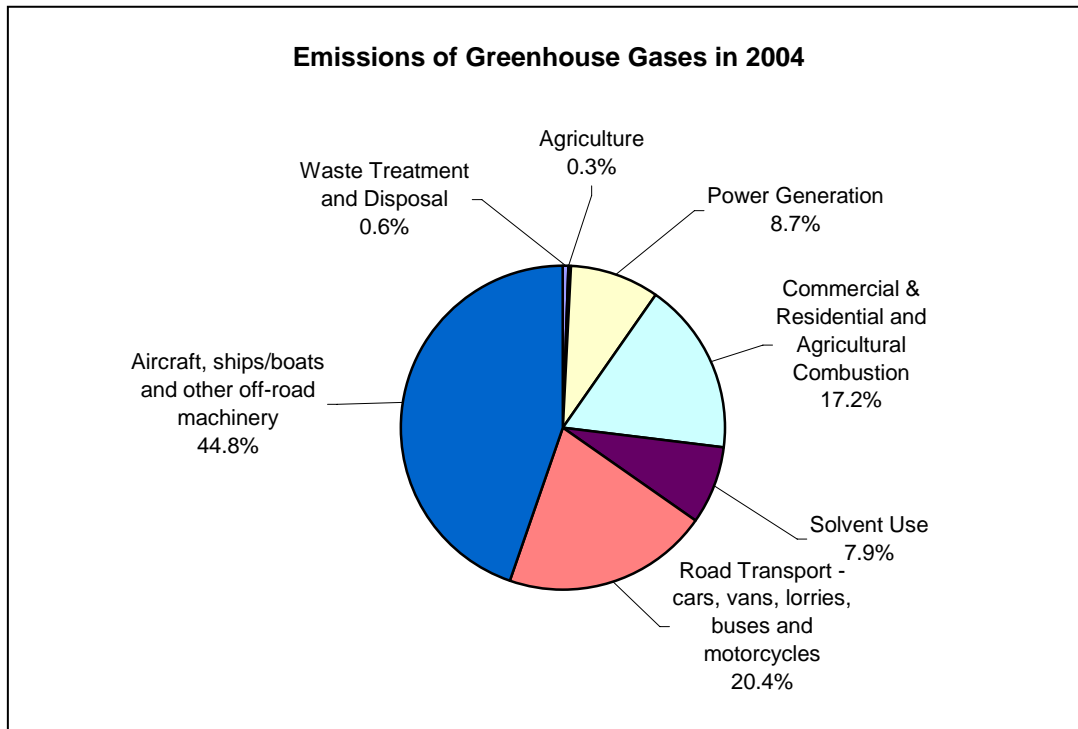
are becoming more popular, scaled to reflect the smaller population in Guernsey. The large increase, therefore, reflects the trend for the UK in this sector.

Figure 4



Source: AEA Technology

Figure 5



Source: AEA Technology

NB - *It is understood that due to discrepancies in the methodology used, the oil importation figures for 2004 used to calculate the above emissions totals were underestimated*

Figure 6

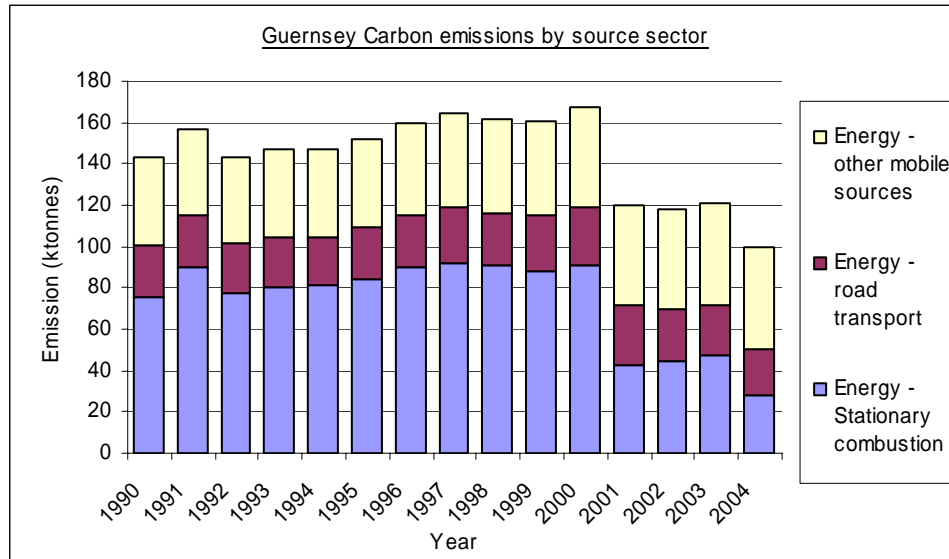
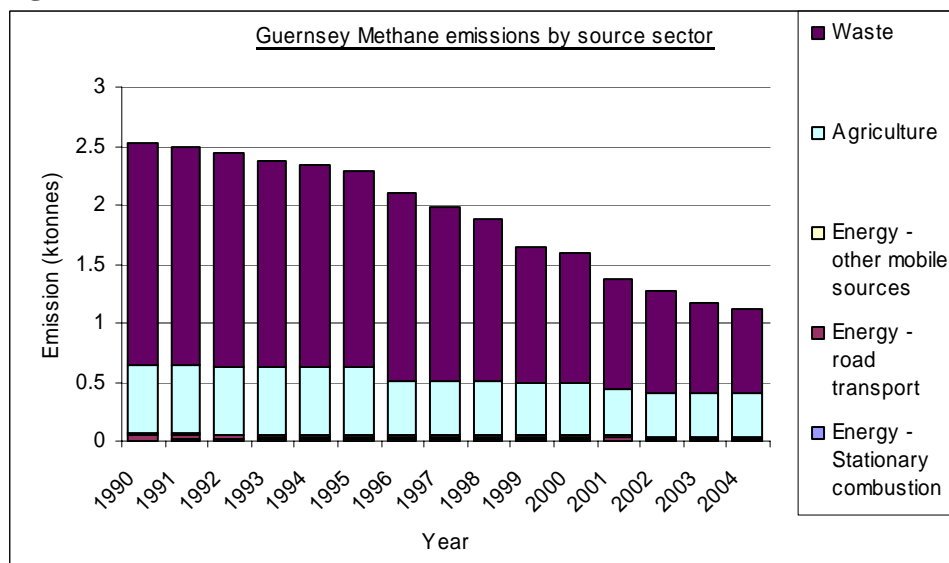
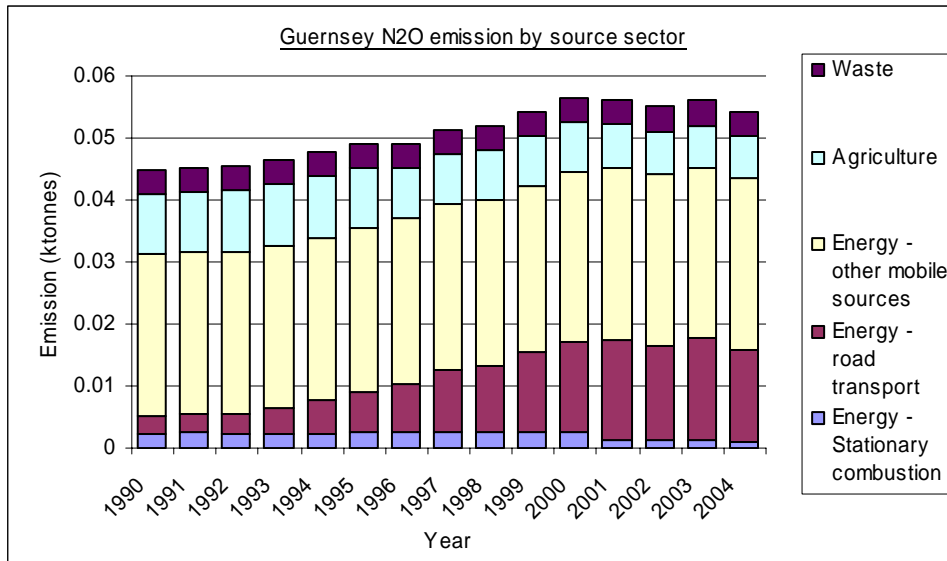


Figure 7



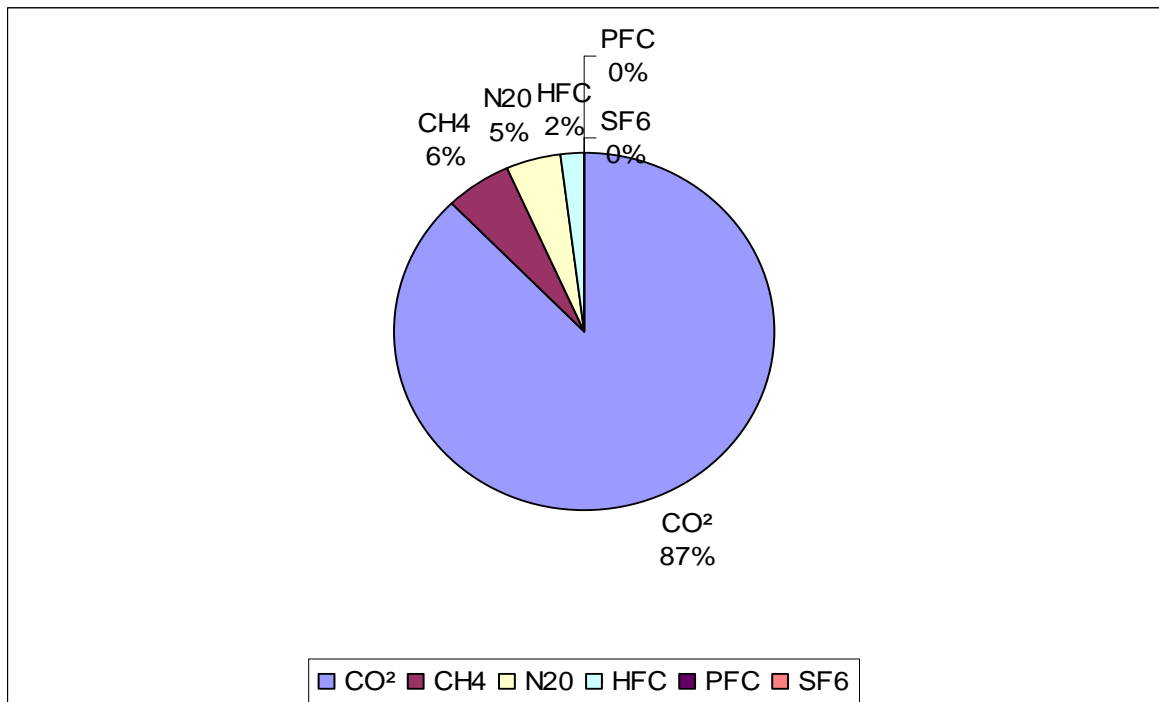
*Please note that both 'Energy – other mobile sources' and 'Energy – stationary combustion' are relatively insignificant producers of Methane.

Figure 8

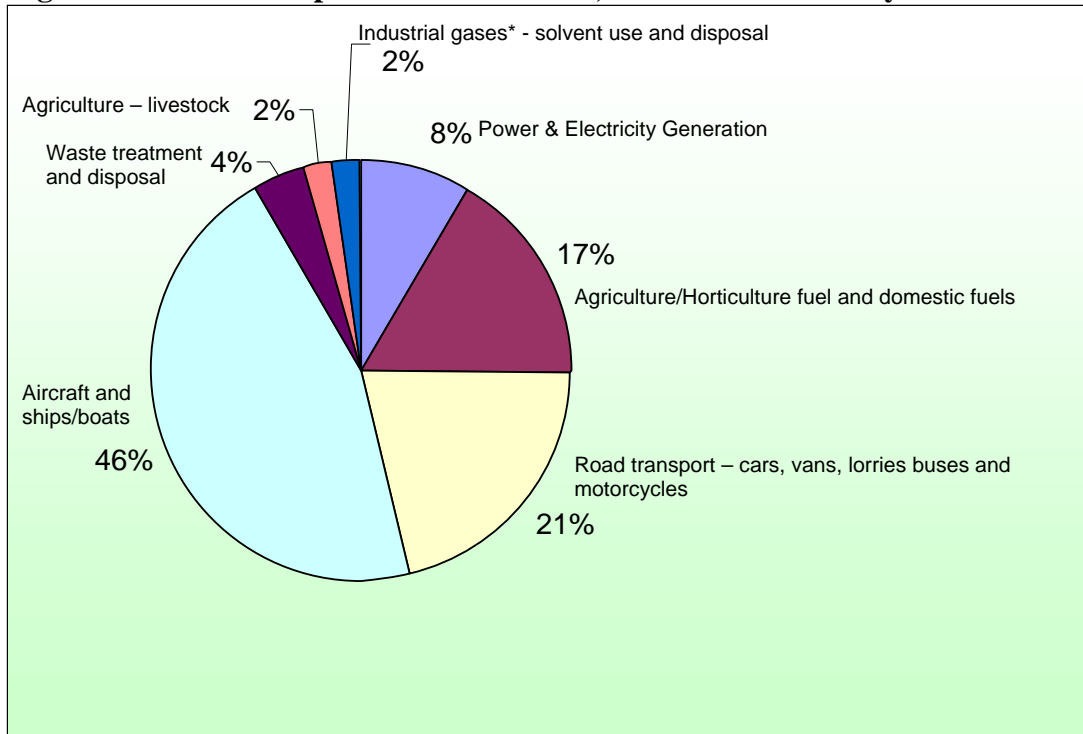
Source: AEA Energy and Environment

Appendix C:

Calculation of Guernsey's carbon footprint is based on data obtained from the Guernsey Greenhouse Gas Inventory. The footprint has been produced using a standard primary estimation methodology which differs from the conversion factors used in measuring GHG emissions.

Figure 9 Guernsey's Carbon Footprint based on GWP, estimates for 2004

Source: AEA Technology

Figure 10 Carbon footprint based on GWP, estimates for 2004 by source

* Note: CO₂ converted from Carbon (RMM of CO₂/RAM of C)

Source: AEA Technology

Appendix D

Electricity Consumption

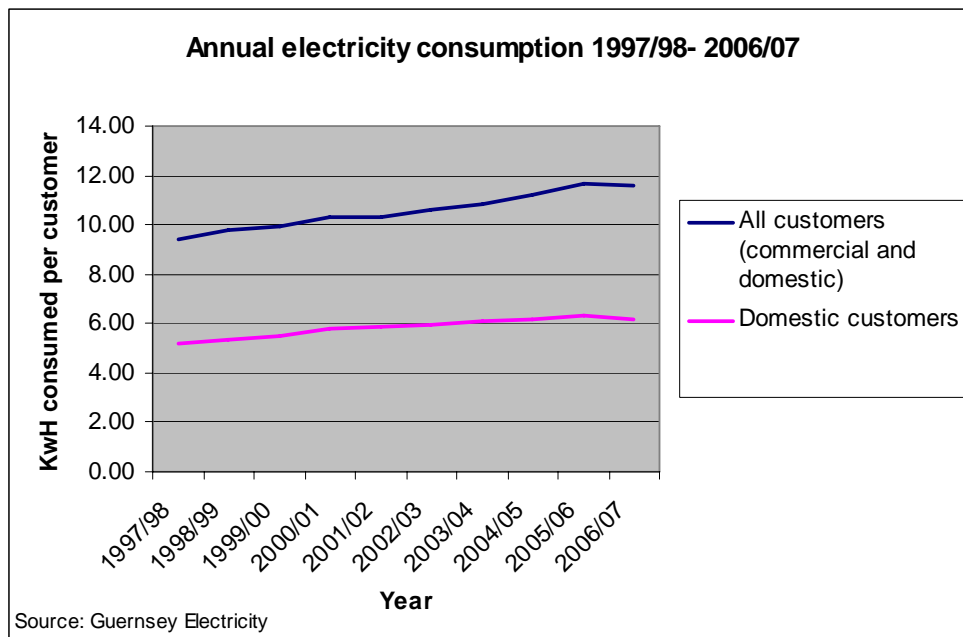
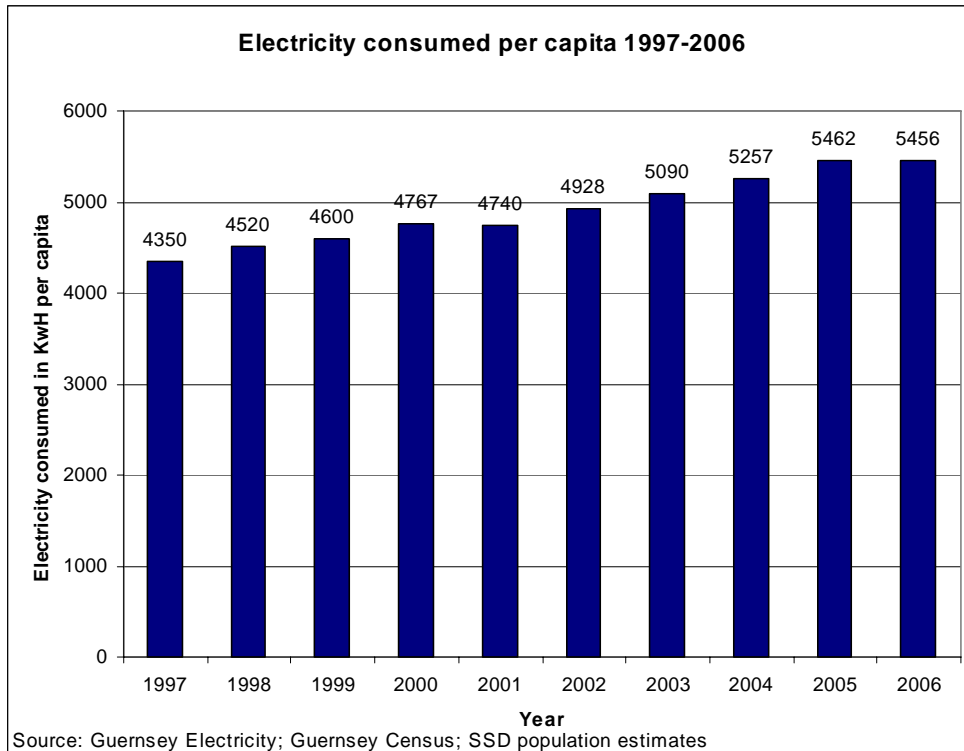
Figure 11

Figure 12

In regard to Figure 12 (above), ‘Electricity consumed per capita 1997-2006’, it should be noted that whilst these figures are attributed to per capita averages, they are estimated and based upon total electricity figures, which includes both commercial and domestic electricity use. Population figures are gathered from the 2001 Guernsey Census and from Social Security Department estimates.

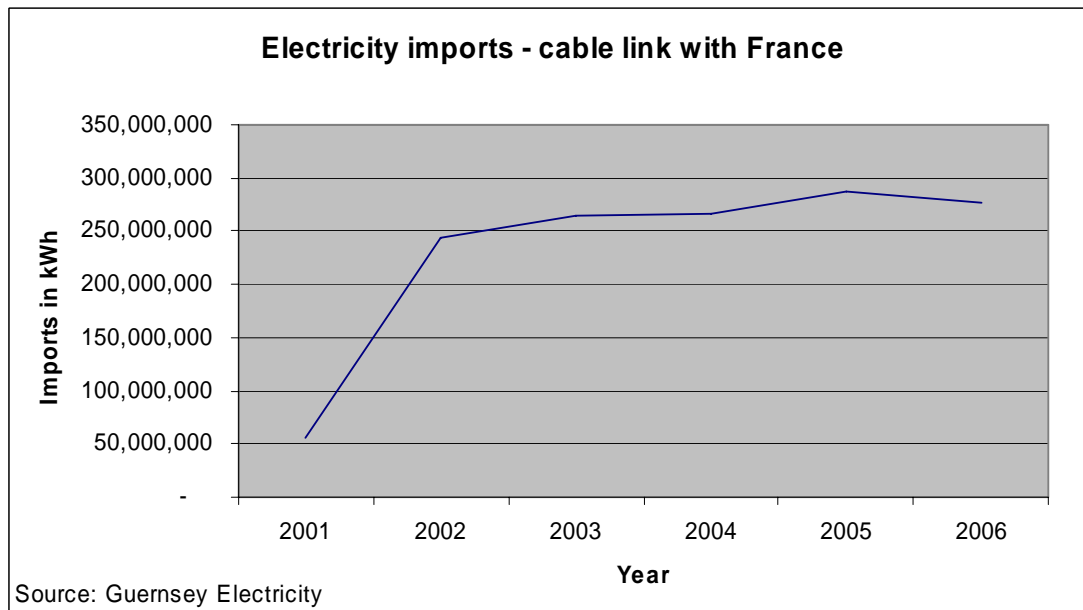
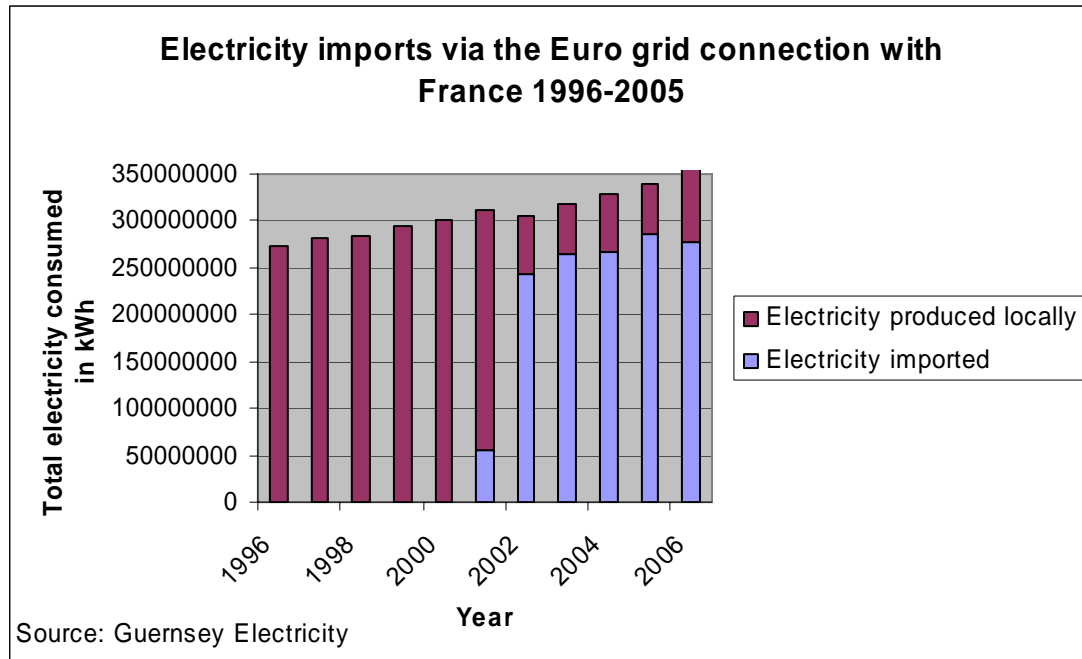
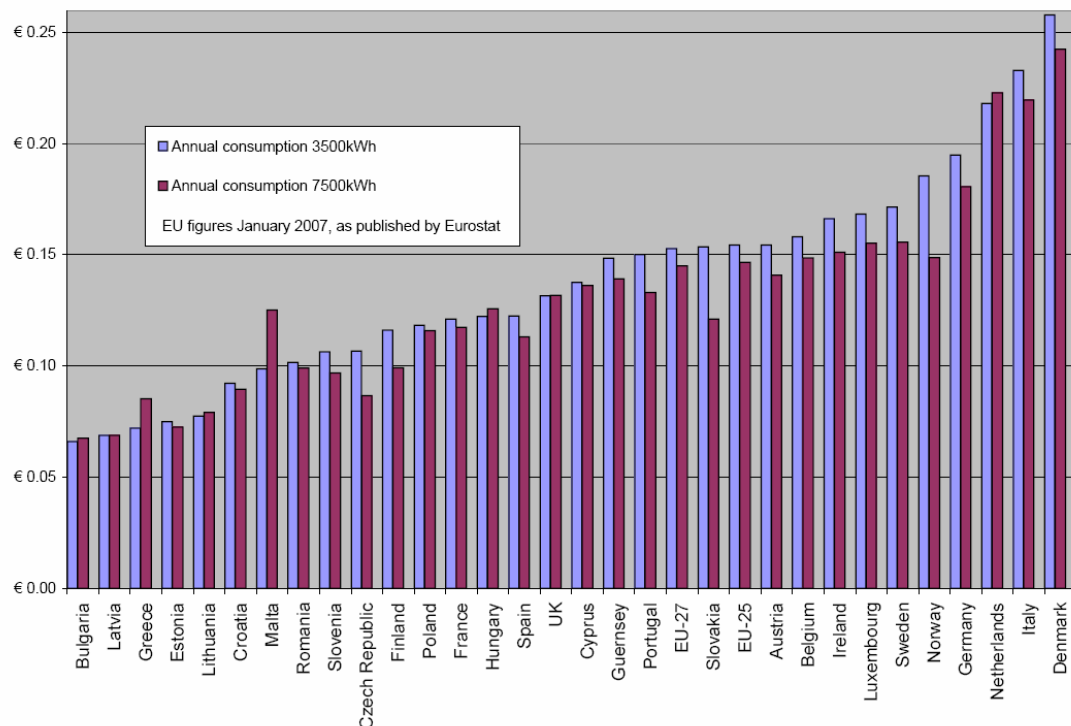
Figure 13

Figure 14**Figure 15: End User Price Graph**

Source: Guernsey Electricity

NB The figures in Figure 15 are prepared on the basis of average prices for domestic customers, so that individual tariff offerings in the various countries, including Guernsey, are excluded. Prices were those ruling in January 2007, when the EU figures were published. They therefore exclude the 14% rise applied to prices in Guernsey in

April 2007, but also prices rises in many other territories. Prices include the standing charge. The figures are calculated for two volumes of electricity consumption, 3,500kWh and 7,500kWh annually, to illustrate the difference in costs between larger and smaller users.

Appendix E

Gas and Oil Consumption

Figure16

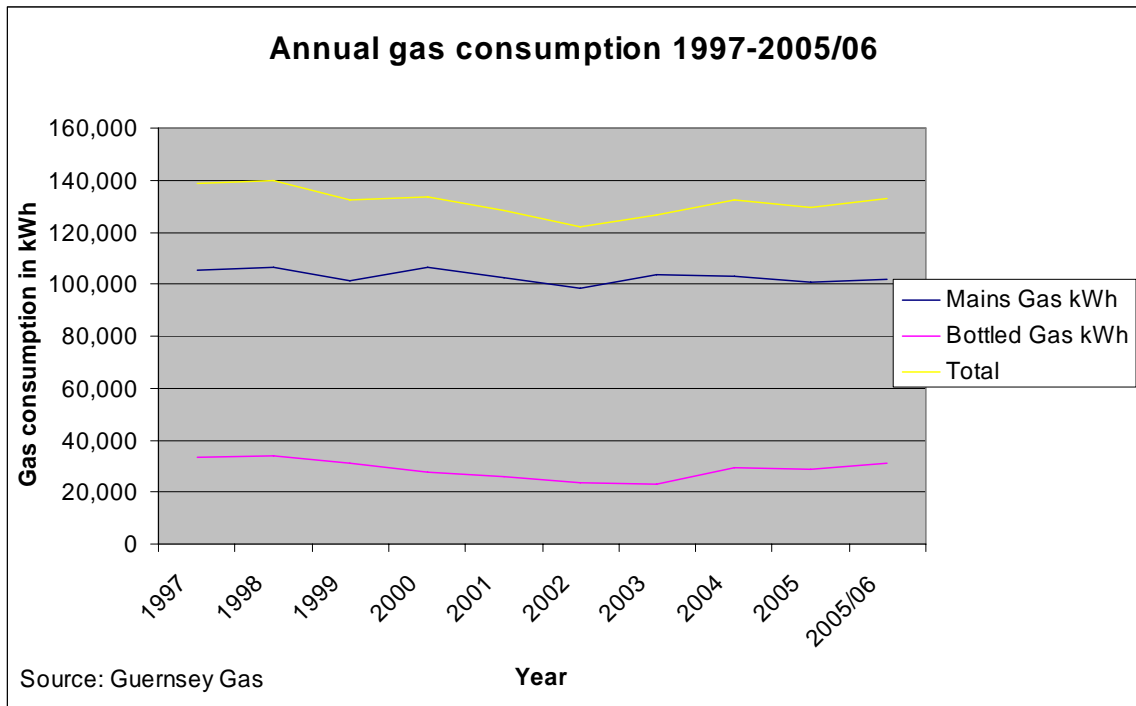
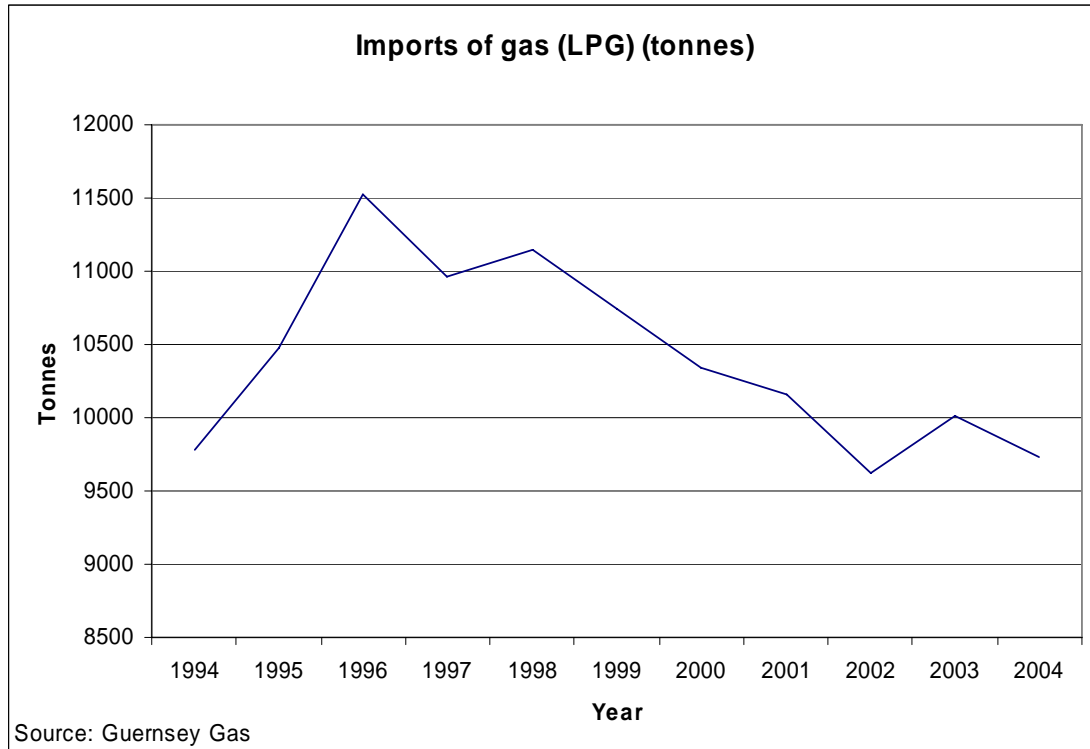
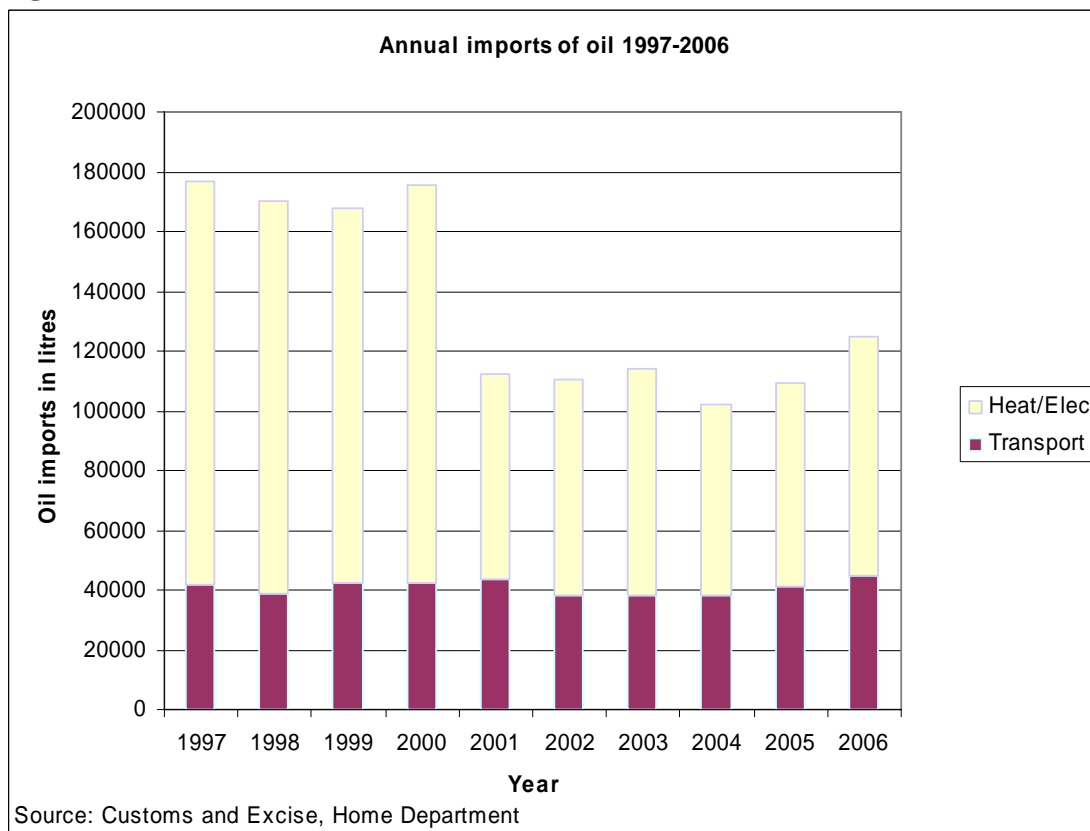


Figure 17**Figure 18**

Appendix F

Feedback to initial consultation draft circulated in April 2007

States Departments:

Commerce & Employment Department

In regard to the objective, ‘To maintain energy costs at a level that supports economic growth’, the Department notes that the States Resolutions of November 2005, approving recommendations made to the States by Commerce & Employment, are relevant to this section, and that the Department has no objection to being responsible for initiatives (2) and (4). In regard to the importation of electricity through the cable link, Commerce & Employment points out that, as imported electricity is considered to have a significant carbon footprint attributable to Guernsey, this will have implications on target-setting for the reduction of such emissions.

Commerce & Employment advises that, meeting the UK targets on carbon dioxide emissions and electricity generation from renewable sources would appear to have significant implications on the cost of electricity in Guernsey.

In regard to competitively-priced energy supplies, the Department recommends the possibility of applying a modest premium to electricity tariffs, to support the development of alternative clean or renewable sources of supply, without prejudicing economic growth overall. Additionally, Commerce & Employment suggests that, should this be the case, consideration will need to be given to protecting low-income households from the effects of such a premium.

NB Following a query raised by the Commerce & Employment, it should be noted for clarification that for carbon inventory purposes, the emissions are attributed at the point of generation, and not at the point of use.

Culture & Leisure Department

Culture & Leisure welcomes the ‘very balanced’ headline policies in the draft Report. The Department believes that the States should actively promote energy efficiency; the Department reports having achieved noticeable savings within many of its properties by becoming more energy efficient, without committing huge resources or compromising the services it provides to the public.

Education Department

Education generally supports the document, particularly the ‘succinct and practical details’ on how to respond to the challenges ahead. It specifically supports Headline Policies 2 and 3; and acknowledges the need for the States to act holistically, and lead by example. It also recognises the need for public/private cooperation.

In regard to the proposal within the section 'Explore impacts of climate change', the Education Department suggests that within the States, any business case or request for funding of projects should, where appropriate, be required to explain how aspects of reduced energy consumption and improved energy efficiency are to be addressed, and if not, why.

Education also suggests that, as the technology is available to measure and display the energy consumption and efficiency of a building on a panel, public sector buildings should display this feature. The Department suggests that, as energy metering will become a statutory requirement in the near future, it should be extended to the public display of information. Furthermore, in the public sector, there should be better reporting of energy consumption, energy spending, performance against known standards, and clear targets for reduction.

Environment Department

The Environment Department make several key observations, which have been incorporated into the final version of the Report.

Health & Social Services Department

HSSD is generally supportive of the aims of the Policy, and agrees to attempt to take the actions required, in respect of its own services, as far as resources allow. However, the Department advises that individual Members of its Board intend to raise their own views in regard to the Report, when it is debated in the States.

HSSD – Environmental Health Department

Environmental Health supports the environmentally sound initiatives in the Report, but advises that care must be taken to ensure that the reduction in carbon emissions is not compromised by increasing other environmental pollution, particularly noise, for example, in the case of onshore wind power.

Environmental Health states that the case for experimentation in producing power from tidal flows is well-founded and will not result in significant consequential environmental pollution. However, the Department warns that the same cannot be said for energy production by wind power. It highlights concerns that there may be significant environmental effects from both large-scale industrial wind turbines and the smaller versions designed for home installation. The Department also draws attention to 'considerable' concerns that wind turbines are not efficient, quoting a recent report from National Grid, covering the winter 2006/07 period; the Report indicated that the 1,600+ wind turbines in the UK generated less than 35% of their potential output 'during what is regarded as the windiest period of the year...' Environmental Health also refer to Friends of the Earth, and the Energy Savings Trust, which do not list home wind turbines in their top ten ways to save energy.

The main environmental impact which concerns Environmental Health is noise. The

Department suggests that industrial scale wind farms can, depending on their size, generate adverse noise effects up to one and a half miles away; even the smaller scale referred to in the Report by Guernsey Electricity [14 turbines] would generate significant noise impacts, which would be difficult, if not impossible to offset in a Guernsey context.

Environmental Health expresses concerns in regard to the noise factor in onshore wind power generation, pointing out that even the most common unit marketed domestically produces enough noise to regularly exceed the World Health Organisation's recognises standard for noise at night at any house within 15 – 20 meters. Environmental Health states that it would not be able to support a case for the relaxing of planning restrictions for this type of installation, and points out that it has already recommended that the Environment Department should not grant planning consent to two installations, because of the proximity of other houses and the potential for noise nuisance.

The Department comments that the generation of Energy from Residual Waste is 'only touched on' in the Report, despite being recognised as having significant environmental benefits in reducing greenhouse gas emissions (especially methane), and can be regarded as renewable. It also points out that Energy from Residual Waste could potentially deliver up to 10% of the Island's energy resource.

HM Procureur

HM Procureur writes in the following terms:

"With regard to the generation of electrical energy offshore, it needs to be borne in mind that where the Crown possesses the fief contiguous with the coast, the Crown owns the foreshore (that is, the area between MHWS [Mean High Water Springs] and MLWS [Mean Low Water Springs]). The Crown also owns the seabed. The applicable policy of successive H M Receivers-General has been to exercise the Crown's rights in the foreshore for the benefit of Guernsey, being informed by the relevant States Department in that process. With regard to the exploitation of the seabed H M Receiver General will keep the States Energy Policy under review, and consult appropriately. No alienation of any part of the Crown estate in Guernsey can take place without reference to the Lord Chancellor, being the Privy Councillor with relevant responsibility.

Issues arising from the Crown's ownership of the foreshore and seabed should not be confused with the right of the States to legislate – depending upon its scope, and subject to Crown consultation, either by Projet de Loi or Ordinance – within the area of the territorial seas.

Protocol 3 may affect power locally generated and its marketability. Electricity, by EU law, is regarded as a 'good' and so is subject to Protocol 3 in the same way as, for example, horticultural produce, which is likely to give rise to complex issues in the application of EU law."

Home Department

The Department is supportive of the headline policies and the draft policy recommendations, but has no specific comment to make at this time.

Housing Department

The Housing Department is generally supportive of the initiatives within the Report. However, it expresses concern that the Report does not fully address the issue of Fuel Poverty.

In addition to the energy efficiency elements which form part of the modernisation programme for States Houses, the department reports that it insists that sustainable solutions are incorporated into all future Housing Association new build schemes, which are part funded by the States.

Public Services Department

The Department confirms its support for the recommendations.

Social Security Department

As referred to in the Report, within the section ‘Encourage energy efficiency and energy use reduction across the community’, the Department confirms that it would be willing to consider linking energy efficiency grants to social security benefits, having regard to the UK Government’s Warm Front and Decent Homes schemes.

Treasury & Resources

The Treasury & Resources Department acknowledges that the Corporate Procurement and States Property Services sections will be required to take lead roles in promoting a coordinated approach throughout the States to adopting and implementing energy saving measures. Such an approach would also ensure that the States is then best placed to set the right example, maximise cost savings where a ‘critical mass’ is required, and deliver quantifiable efficiencies.

In regard to the other work streams that have been identified for the Department, including those related to the use of exemptions from Income Tax and Document Duty, these would not present any significant difficulties. However, T&R emphasises that such tools would inevitably have implications for public revenues, at a time when these will be under significant pressure.

Treasury & Resources expresses a willingness to be involved in any investigations undertaken by the Environment Department, into a loan fund to support energy-saving developments.

Industry:**Amalgamated Facilities Management (AFM)**

AFM suggest that energy policy should be introduced for States buildings, demonstrating the government's intention to lead by example, and potentially generating real energy savings.

The company also suggest that Guernsey should adopt and enforce current UK building regulations, which have been amended to reduce CO₂ emissions. AFM emphasise that using the building regulations to effect change should not be underestimated; and that these regulations can force building owners and users to meter and log energy use, or make property developers build energy efficient buildings.

ESi

ESi make the following observations and recommendations, listed below. The Group considered that many of the points raised by ESi are too detailed to be included in the Energy Policy at this strategic level, but will nevertheless be of value to the Group, and relevant Departments, as more detailed work moves forward.

The policy requires mechanisms for action, targets and a way to implement its progress. ESi expresses a preference for market forces to prevail and for the States government body to simply act as a facilitator, administrator and policy maker. ESi suggest that the States needs to set out clearly the objectives for the citizens of Guernsey, but not get involved in the manipulation of markets by subsidies or taxes.

The biggest inhibitor to change in behaviour is the lack of knowledge and ignorance about energy efficiency, ESi suggest: i) continuing and advancing public lectures on energy efficiency, ii) establishing a public forum and debate on related issues, initiated through the various media from the press to a website, iii) direct the College of Further Education to set up training courses in the areas of design/ installation/ maintenance and servicing of energy efficient technologies, such as solar energy and ground source heat pumps and related control systems.

ESi recommend that Building Control and Planning should be directed to implement energy efficiency standards that have been imported from the UK, i.e. mirror UK legislation that requires homes to have energy efficiency ratings attached to them. Introduce legislation that requires all buildings to comply with a certain standard of high efficiency. ESi recommend that the States should amend the necessary legislation so that it is no longer necessary to have to gain planning permission for the mechanical installation of solar heating and solar electric systems in simple cases such as the back of a garden or on the back of a house roof, not visible from the road. The company recommends that the States should also apply a similar principle to wind turbines.

ESi states that grid connect technologies are the key to a sustainable approach to energy. The company states that there should be no need to request permission to connect a

micro-scale system to the electricity grid, simply a notification. ESi recommends the establishment of net-metering, whereby net export is set at the same price as the net import; or that the electricity market should be completely deregulated, allowing other providers to use the grid to generate electricity into. The company advises that this would allow Guernsey householders to purchase 'green energy' from the UK/ Europe, if they so wished. This would potentially also allow people who owned solar electricity generators to set up networks and sell their solar power at a higher rate than currently offered by Guernsey Electricity.

In regard to bio-fuels, ESi recommend that these should be encouraged on a micro scale, and people who wish to implement it should be encouraged. However, ESi recommends that large scale bio-fuels should not be encouraged, except in the cases of forestry. Locally, the company suggests that unused greenhouses could be used for micro-production of bio-fuels, small scale coppicing and forestry could be used for burning wood for heating. Composting could potentially be used for heat or gas.

ESi recommends that a mechanism of networking and linking interested parties in the field of energy efficiency should be established. The company suggests that this should be private sector led, but could be initiated by relevant lead States departments, directed to encourage this type of activity.

ESi recommends that the States should investigate the financing of technologies, processes and businesses involved in the energy efficiency and renewable energy industry.

The company advises that the States should devise a policy on wind energy that encourage micro technologies across the Island, but discourage development of medium to large scale turbines on-shore. ESi also suggests that the States should put together a mechanism to attract large scale investment for 'far offshore' wind technologies.

ESi recommends that the States should investigate work to understand the science of extracting hydrocarbon from seawater, and its potential distribution.

The company would wish the States to encourage competition in the energy market, and encourage energy-efficiency and renewables as part of their business.

ESi recommend that the States create policies with 'joined up thinking' that permeates all States policies, so that energy efficiency forms part of all policy.

Guernsey Electricity

Guernsey Electricity (GE) expresses its general support for the timeliness of the Report, and for Headline Policies 1 and 2 ('To reduce overall energy usage and minimise wastage and; 'To ensure a diverse and robust energy supply, which is cost effective and sufficient for Guernsey's needs'). However, whilst GE expresses support for Headline Policy 3 ('To switch progressively to clean renewable energy sources, reducing Carbon Dioxide emissions and thus reducing Guernsey's carbon footprint'), the utility advises

that detailed work will be needed in the later phases of work, in relation to conducting a cost/benefit analysis.

Guernsey Gas

Guernsey Gas (GG) believe that the international methodology behind calculating greenhouse gas emissions, whereby electricity supplied via the European grid and consumed in Guernsey is deemed carbon neutral is unsuitable for the Island and provides a false impression of achievement. GG highlights the fact that electricity produced for the grid is a mixture of nuclear and fossil power.

GG suggest that LPG as low carbon fuel has been overlooked by the Report and should be included within a short- to medium term plan under the headline policy 'To switch progressively to clean renewable energy sources, reducing Carbon Dioxide emissions and thus reducing Guernsey's carbon footprint'.

GG suggest that Guernsey Electricity price tariffs remain below true commercial levels, working against the draft energy policies by:

- i) Promoting waste and reducing incentives to conserve energy
- ii) Threatening viability of GG, this in turn works against the headline policy to ensure a diverse and robust energy supply, which is cost effective and sufficient for Guernsey's needs.
- iii) Prevents heating appliances being replaced by more efficient devices

Office of Utility Regulation

The Office of Utility Regulation (OUR) makes the following observations and recommendations.

A significant challenge for any new energy policy is the inherent difficulty of effecting change to the status quo.

The majority of equipment and devices used in the home and workplace rely on energy to function, representing past decisions made with the expectation of long-term benefits. Therefore, an energy policy must face long-term challenges to correct for, or mitigate, the environmental costs of past decisions taken in regard to energy, which are regarded as more harmful to the environment than other alternatives.

Consumer habits/behaviour towards energy will not alter easily; however, this will almost certainly be a factor in getting people to use energy differently.

Energy policy looking to reduce the extent of fossil fuel generated energy to support demand on the Island will need to rely on international progress in the

area of large scale technologies, such as renewable generation. Exploitation of those potential resources which are more readily available on the Island, i.e. tidal or marine current, exist at an early stage of development, require considerable financial support (and are expected to do so for some time); and the appropriate technology path going forward remains unclear.

For society to do nothing is not an option, while intervention of some form by the States is almost certainly necessary given the proven need to correct for what, in environmental terms, is a market failure.

The OUR note the economic challenges associated with climate change, and that the UK Government notes that “the time is therefore right for the introduction of a strong legal framework in the UK for tackling climate change” – UK Draft Climate Change Bill. However, it also reports a high degree of inertia amongst individual consumers, in term of making “even the small changes that would start to contribute to a slow down in climate change.”

The OUR advises that the States need to acknowledge that they will be required to take a leadership role in effecting such change, and that “intervention, led by the States, is almost certainly required to achieve the type of change needed.” Furthermore, it advises that the public will need to see the States “share the pain” in relation to any costs incurred in making changes to contribute to a slow down in climate change. The States would, therefore, have to lead by example; and the pace at which such processes are undertaken will influence the pace at which individual consumers make energy efficiency changes.

Assessment of the nature of the Guernsey economy identifies certain limits on the extent, ability and speed of the States to address such a market failure.

Due to the scale at which local businesses operate, mandatory requirements intended to achieve changeover to technologies less harmful to the environment would be unlikely to succeed in Guernsey. Furthermore, in view of Guernsey’s business profile – 80% of businesses have fewer than 10 employees – energy policy must take care not to impact on the competitiveness of the Island’s economy. However, careful consideration should be given to the wider role that energy policy can play in ensuring competitiveness.

The Regulator notes that certain business activities which are increasing on the Island at present, such as data and support centres for e-gambling, are energy-intensive, and will undoubtedly further increase Guernsey’s demand for energy. It also points out that the States, through its various departments and agencies, accounts for almost 10% of energy consumed in Guernsey; the Regulator recommends that the States adopt energy-reduction measures.

To the extent that environmental investment decisions are in the hands of the States, public funding is required. If such investment is focused on a narrow range of potential but unproven environmental technologies, significant risk is implied.

Where the States has control over investment decisions in areas such as State owned housing or utility businesses, it can set the pace of change. The OUR points out that the Island burns significant amounts of fossil fuels, consuming about 17m litres of fuel oil in 2005/06. However, the Regulator states that, with economic lives of 25 years typical for current generation assets and replacement decisions required in the near future, without commercially viable alternative renewable technologies, substitution of existing fossil fuel burning generation assets in the short-to –medium term on any material scale do not appear feasible, either from technological or financial perspectives. The OUR points out that the Island already has more than adequate generation capacity available, which electricity consumers must continue to pay for. Any additional capacity through renewable sources will therefore not substitute for existing capacity or meet demand beyond current capabilities, but instead add to an existing level of capacity that is already substantial, relative to demand levels.

In regard to renewable energies and technologies, reports for the UK Government in 2005 state that: *“there appears to be limited potential for any renewable technologies to reach commercial viability within the next decade.”* These reports highlight that renewable generation from the ocean, such as tidal, has even longer-term prospects than most of the alternative renewable technologies. The OUR feedback also states that tidal technology is in a class of renewable technology that has one of the highest risks, and the greatest cost. The Regulator, therefore, advises that investment of any significant scale in this area therefore risks attempting to solve an environmental problem, but risks draining the public purse, raising electricity costs on the Island, with consequences for inflation and the associated costs to the economy this would bring. Such risks and costs also need to be set against scales of benefits and feasibility.

In regard to the widely-held view that most renewable technologies will require some form of ongoing financial support to ensure they are viable, the OUR suggests that there are some practical limitations in the degree to which Guernsey can offer the levels of support required, given its current financial circumstances. In addition, the OUR advises that Guernsey is “unlikely to be in a position to match the levels of investment needed by technology developers and must be wary of getting involved in a ‘bidding war’ with such developers.”

In the absence of locally-generated non-fossil fuel energy sources, Guernsey needs to consider how energy consumption on the Island might be met with non-fossil fuel sources. The OUR suggests that seeking to ensure that electricity users in Guernsey have an option to opt for ‘green electricity’, through the Channel Islands Electricity Grid, has the potential to be a more cost-effective and sustainable solution for Guernsey.

Ease of access to energy supply and convenience of use underpin individual consumption behaviour both in the workplace and in the home.

General individual consumption is inefficient; however, wasteful consumption is not always apparent to the individuals controlling those decisions. Without market intervention, i.e. improved information and minimum standards, this is likely to continue.

The OUR calculates that significant savings in cost and in carbon emissions would be achieved if every home in Guernsey replaced 5 light bulbs with energy efficient ones – a reduction in carbon emissions of approximately 2,400 tonnes per year – 1/5th the carbon equivalent emissions reported by AEA Technology under the category ‘Guernsey’s Power Generation for 2002’.

Figure 19:
Comparison between Energy Efficient Light Bulbs and Standard Light Bulbs used in the home

Period (years)	5	5
Wattage	11	60
	CFL Light Bulbs	INC Light Bulbs
Hours of light bulb usage over period	1,368,750,000	1,368,750,000
Energy usage by light bulbs over period (kwh)	15,056,250	82,125,000
Carbon from light bulb usage over period (kg)	2,664, 956	14,536,125
Approximate cost of energy for light bulbs over period	£1,458,992	£7,958,136

Assumptions:

- Number of households: 25,000
- Average hours for each light bulb: 6 hours per day
- 0.177kg carbon per KWH of electricity
- Life span of CFC light bulbs: 5 years

The Regulator estimates that providing every home in Guernsey with 5 free energy efficient light bulbs would cost approximately £375,000; and that “an outlay of this amount by the States represents the most valuable and constructive use of what is a scarce resource.”

Initiatives such as energy efficiency can realise benefits that are realisable over quite short timeframes. This is gathering momentum in other countries and material carbon savings are being achievable.

With drive and leadership, the following initiatives could be implemented in a relatively short space of time, do not require legislation (provided there is commitment from the relevant stakeholders) and have the potential to have an

immediate and identifiable impact on reducing energy consumption.

- Requiring all energy providers (electricity, gas and oil) to set out the carbon equivalent of customers energy consumption on statements and bills;
- The appointment of an Energy Efficiency Officer in all commercial businesses (in much the same way as First Aid officers are appointed for Health & Safety reasons). This could be promoted jointly with bodies such as the Chamber of Commerce and CGI;
- Publicity could be given to businesses that set the standard in the area of energy efficiency;
- Including a new category in the Guernsey Awards for Achievement that focuses on the promotion of measures to combat climate change. Given the Awards profile, this would be a very cost effective means for promoting the importance that the States now attach to climate change whilst reinforcing the link between economic success and climate change; and
- In conjunction with local media a concerted effort to raise awareness of the role individual users have to play in combating climate change (similar to the recent Channel TV's "Eat Right! Food 4 Life" campaign).

Together with such shorter-term initiatives, longer-term energy policy with the States as a standard-setter may offer greatest benefit in promoting replacement or abatement of fossil fuel-reliant equipment in the home, workplace or road.

Advantageous positioning of the Island in the renewable technology race is also highly desirable as a long-term objective in the event that generation from resources in and around the Island become viable.

The OUR points out that UK Government agencies have installed Combined Heat and Power energy efficiency systems in their office blocks. Referring to the States' 10% demand on Island energy, the regulator advises that the states has incentives to, itself, invest in energy efficiency, suggesting that it would be unlikely that the States could convince businesses to invest in this area, if it did not do so itself. NB The section 'States to set example of Energy efficiency and Energy Reduction across the States' estate (by a volume by a set date) covers this.

Much of the analysis and experience to date in the area of renewable generation suggest substantial risk in investing in a narrow choice of technology. Given this, an economy of Guernsey's size might gain maximum benefit from the States pursuing a role that facilitates access to its own renewable resources as its contribution to a consortium of investors and technology providers, rather than actively becoming an investor in renewable technology. If such funding were

contemplated, since the benefits are for society as a whole, it would not seem appropriate to require electricity consumers to subsidise such initiatives when electricity can be provided without investment in renewable generation capacity.

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(NB The Treasury and Resources Department has no comment on the proposals.)

The States are asked to decide:-

XII.- Whether, after consideration of the Report dated 5th November, 2007, of the Policy Council, they are of the opinion:-

1. To note the Energy Policy Group's Energy Policy Report.
2. To note that the Policy Council is undertaking a full eight-week public consultation on the Energy Policy Group's Energy Policy Report, running to Friday 18th January, 2008, before finalising a States Report (including detailed recommendations) for submission and debate by the States in the normal manner in 2008.

(NB *The Policy Council has submitted this matter for debate in accordance with Rule 12 (4) of the Rules of Procedure of the States of Deliberation which provides*

“Where a Department or Committee originating a matter for debate before the States is of the opinion that the proposals it is submitting to the States are ones of general policy, and where it is desirable that the general principles of that policy should be considered, the Department or Committee may request that its propositions be considered by the States without amendment, on the understanding that if the propositions are accepted, the Department or Committee would return with detailed proposals which could be accepted or rejected, together with any amendments...”)

TREASURY AND RESOURCES DEPARTMENT

STAFF NUMBER LIMITATION POLICY

The Chief Minister
Policy Council
Sir Charles Frossard House
La Charroterie
St Peter Port

30th October 2007

Dear Sir

1. Executive Summary

In March of this year, the States debated a report from the Scrutiny Committee following a review of the Staff Number Limitation Policy (SNLP). The States accepted all of the Committee's recommendations which included one directing the Treasury & Resources Department to report back to the States with a replacement policy for controlling staff numbers.

This report is in response to the above-mentioned direction from the States. The Department is recommending the replacement of the existing SNLP with one that relies on capping Departments' revenue budgets (cash limits). Detailed checks and balances including monitoring arrangements are also being proposed.

The Department is further recommending that, if the States decides to support the introduction of the replacement policy, it would apply with effect from 1 January 2008.

It should be noted that throughout this report, references to 'Departments' includes the Policy Council and Committees.

2. Background

The SNLP has existed since 1987. Prior to its introduction the Established Staff (i.e. Civil Service) numbers were increasing at a steady rate. During the 12 months from 1 May 1986 to 1 May 1987 the numbers increased by 5% and projections for the next 12 months showed an expected increase of 7%. In light of this, concerns were raised about the: -

- Size and cost of a growing civil service.
- Difficulty in recruiting quality staff.

- Increases in internal staff turnover.
- Effects on wage inflation.
- Effects on the labour market and the ability of private sector employers to recruit/retain staff.
- Effects on population growth.
- Wealth creating private sector being constrained by labour shortages resulting from the growing, non wealth-creating public sector.

As a result, the States agreed to introduce controls on staff numbers for the Established Staff with effect from 1 November 1987. At the time of its introduction the agreed intent was “*to limit the net increase in the number of established staff to 2% growth (30 full time equivalents), on Committees’ establishments for the following 12 months*”. The policy was later extended in 1990 to include all public sector staff with the exception of Police Officers whose numbers are determined by the States.

A subsequent review of the policy resulted in a change of emphasis “*with the short term aim to limit any growth to as close to zero as practicable and the long term aim to achieve a reduction in current numbers*”.

It has always been accepted that the SNLP was a blunt instrument which was introduced as a short-term measure to effectively limit growth in the public sector at a time when labour was in short supply. It has been argued that an unintended consequence of the policy however has been to increase spending by Committees (now Departments) on staff related costs through the increased use of overtime and the employment of contract and temporary staff and consultants¹ (although the point needs to be made that the employment of such staff does not usually involve the costs associated with the provision of sick pay, annual leave or pension contributions).

Nevertheless, it is interesting to note that following a joint review of the SNLP undertaken in 1996 by the then Advisory & Finance Committee and Civil Service Board, the following benefits of maintaining the SNLP were cited by employing Committees: -

- It helped to contain public sector growth (in numbers and expenditure).
- It reduced pressure on the labour market and avoided wage spirals thus assisting the private sector.

¹ It must be recognised that in some cases consultants have been ‘employed’ because of increased workloads, the introduction of new services without corresponding increases in staffing and because some projects require specialist skills, knowledge or experience not available within the States.

- It reduced demands for Housing Licences thus helping to restrict increases in the population.
- It had made Committees become more efficient as they had to find different ways of managing their resources and had to become more focused on priorities.
- It reduced pressure on the local labour market.

Some ten years later, the Scrutiny Committee undertook its review of the SNLP in consultation with Departments. In its report, the Committee noted that a number of the 'benefits' previously identified by Committees had become more of a hindrance than a help and simply controlling the number of staffing posts had not controlled staffing costs (although, as alluded to above, this was not the main aim of the original policy).

The Committee also identified that the policy had restricted Departments' flexibility in long term planning and restructuring initiatives as well as distorted Departmental priorities and in particular, the staffing of corporate programme initiatives. Departments involved in delivering the States corporate programmes would strongly contend that those programmes have not been adequately resourced.

Other disadvantages of the existing SNLP identified by the Scrutiny Committee included: -

- Simply controlling the number of staffing posts does not necessarily ensure best value. In practice, payroll costs have risen faster than the growth in the number of posts.
- The Policy had become entirely process driven with little regard for, or monitoring of, the achievement of its higher-level objectives.
- In the life of the Policy, no proper corporate assessment had been made of Departments' resource needs. Consequently, there was a danger of service delivery being determined by resources available rather than a conscious decision being made on what level of service delivery is required and providing resources to fit.
- It hinders efficient and effective service delivery as well as contravening good business sense.
- Policy implementation had been fragmented and inconsistent and there was confusion between Departments regarding the roles and responsibilities of the Policy Council Human Resources Unit and the Treasury and Resources Department.
- The procedure of applying to the Treasury and Resources Department for new and replacement posts was cumbersome, largely inconsistent, a duplication of

Departments' own staffing replacement evaluations, time consuming, ambiguous and bureaucratic.

3. Considerations

It is recognised that in administering the SNLP, the Treasury & Resources Department cannot and does not have a complete understanding of the 'businesses' of other Departments. This has, understandably, led to some frustration on the part of Departments particularly when having to justify to the Treasury & Resources Department, requests for additional and replacement staff (although latterly requests to replace staff on a like-for-like basis have not had to be made). Inevitably, the existing SNLP controls have resulted in delays in progressing the recruitment of staff and cut across an important management responsibility of Chief Officers.

It was clear from the States debate in March of this year that there was overwhelming support for replacing the current SNLP with what was termed, in the Scrutiny Committee's report, "a cash-limit policy" (i.e. capping Departments' revenue budgets). Of course, the reality is that Departments' revenue budgets have been capped for some years so a 'cash-limit' policy, which will be the basis of the replacement SNLP, is nothing new although it is acknowledged that the strict adherence by Departments to their cash-limits is now more essential than ever. Under the 'new' SNLP, Departments will become responsible for determining their staffing resources albeit having regard to the proposed checks and balances. Importantly however, the Department does not perceive that either the Scrutiny Committee or indeed the States, when debating the Committee's report, were of the view that there was a general requirement to increase staffing levels.

Nevertheless, once the existing SNLP controls have been removed, Departments could look to cut back on expenditure in some areas (including potentially reducing or cutting some **important** services) in order to fund increased staffing costs. Alternatively, Departments could seek to **significantly** increase existing fees and charges or introduce new ones in order to fund the employment of additional staff. Both of these options could ensure that Departments remained within their budget allocations while simultaneously increasing their staff numbers. The Treasury & Resources Department however does not believe that such an approach would necessarily be acceptable to the States or that Departments would contemplate such options unless faced with no other choice and in the knowledge that such practices would be closely scrutinised.

In the view of the Treasury & Resources Department, it is self-evident that removing the current restrictions on staff numbers should enable Departments to provide more cost effective services by, for example, reducing their spend on overtime, temporary and contract staff and the employment of consultants. In fact, the Treasury & Resources Department would expect to be reporting a reduction in the amount spent on staff related costs in their widest sense (overtime, temporary and contract staff and the use of consultants to bolster resources) once the existing SNLP has been replaced together with evidence from Departments to show where efficiencies and service improvements had been achieved within their existing cash limits.

The Treasury & Resources Department accepts however that Departments will, in some cases, be able to develop good business cases to justify increasing their staffing numbers which would, of course, offset some of the anticipated savings in other areas. The States have historically identified Education, Health and Law & Order as their key priorities, certainly in terms of the allocation of public revenues. However, the Treasury & Resources Department would reiterate its view that the decision by the States to replace the SNLP should not be seen by Departments as ‘the green light’ to commence increasing their staff numbers irrespective of the priority the States may attach to a Department’s services, unless this can be fully justified. Indeed any proposed increase must be seen as a last resort and subject to a business case being approved by the political ‘Boards’ of Departments and Committees.

The Treasury & Resources Department’s firm view is that the ‘quid pro quo’ for removing the current controls on staff numbers is that all Departments must adopt a proactive, robust and responsible approach, both collectively and individually, to their staffing numbers. They must also continue to identify and implement, at every opportunity, alternative, smarter and more efficient ways of delivering services.

The Treasury & Resources Department’s expectation is that Departments will follow a policy of actively and regularly reviewing their staffing resources and requirements in the light of agreed priorities with the clear objective of maximising efficiency and benefit to the public. Staff resources must only be increased when it is essential to do so, where it can be demonstrated as the most cost effective option and when all other options have been exhausted.

There are two further and important considerations that have to be borne in mind in deciding to replace the existing SNLP with an alternative policy which is based on capping Departments’ revenue budgets.

Currently, the Policy Council acts as the ‘employer’ of Civil Servants on behalf of the States. This responsibility is derived from a 1963 States report² which established the (then) Civil Service Board and directed it, in effect, to control the number of established staff. This responsibility was then transferred to the Policy Council as part of the change to the system of government in 2004. If the States agree the recommendations in this report, the effect will be to modify the intent of the States resolutions derived from the 1963 report to enable Departments to become responsible for any increases in their Established Staff (Civil Servants). They already act as the ‘employer’ for all other groups of staff.

² The 1963 States Report (Policy Letter) stated that the Civil Service Board would “*Fix, after consultation with the appropriate Committee, the establishment for every department of the States in respect of all officers established and unestablished whose duties are wholly or mainly administrative, professional, technical or clerical other than such technical posts as may be agreed individually between the Board and the employing committee concerned*”. The Report also stated that “*No increase in the authorised establishment, other than a temporary increase not exceeding six months, shall take place without the prior approval of the Board*”.

However, the Policy Council (HR Unit) will continue to be involved in how a new Civil Service post is filled and graded. This is an important matter as only the Council's HR Unit (PCHRU) has the wider picture of HR issues across the States. For example, the PCHRU will be aware of those employees who are in redundancy situations or seeking a transfer or a move to a full or part time position. If a Department has decided that a new post is essential, the PCHRU will be able to assist the Department in the recruitment process and grading of a post while having regard to wider HR issues.

Of course, the wider role of the States as employer is currently the subject of an independent review which will undoubtedly consider the responsibilities of the Policy Council in relation to the employment of Civil Servants. This may well result in further changes.

The other consideration is this. The States 'Trading Operations'³, which include Guernsey Water, States Works, the Dairy, Harbours and Airport do not have their budgets capped. This is because they are effectively 'stand alone' businesses (albeit with no statutory basis) that do not receive any public monies from the States General Revenue. The money that the Trading Operations spend is obtained from customers paying for the services that they provide. Consequently, the replacement (cash limit) policy cannot apply to the States Trading Operations. Having said that, the Treasury & Resources Department is of the view that all Trading Operations should still be required to provide the same monitoring information as Departments and Committees.

4. Other Relevant Issues

(i). The Private Sector

At the present time approximately 5,328 people (18%) are employed in the public sector and 24,003 (82%) in the private sector. The Department is of the view that care must be taken to ensure that growth in the public sector does not negatively impact on the private sector. This is a particularly important consideration in the light of the States decision earlier this year to restrict growth in the size of the island's population which is likely to impact on the availability of labour. It should also be remembered that one of the original reasons for the introduction of the SNLP in 1987 was *"(the) Wealth creating private sector being constrained by labour shortages resulting from the growing, non wealth-creating public sector"*.

The effect any significant increase in the size of the public sector might have on the private sector should not be underestimated. It has been clear for some years that the island's employment market has been under considerable pressure and this looks set to continue. Unless a 'balance' is maintained, a more serious shortage of staff available for employment in the private sector will develop which could result in an unmanageable wage and salaries spiral in some sectors. This could, in turn, have an adverse impact on the island's economy and its competitiveness.

³ For the avoidance of doubt, the States Trading Operations do not include Guernsey Electricity, Guernsey Post or Aurigny.

That is not to suggest that the Treasury & Resources Department does not fully recognise, appreciate and value the very important roles and responsibilities that are performed by public sector employees and the significant contribution they make to the provision of the island's excellent public services. However, it is a fact that the creation of new, additional posts within the public sector can sometimes result in fewer people being available to work in the wealth-generating private sector. This in turn could mean more pressure for Housing licences and for additional growth in the population. It is therefore important that the replacement SNLP is responsive to changes in population policy.

(ii). Government Initiatives

Over the past few years there has been increasing downward pressure in the growth in the public sector. This was further underlined by the Treasury & Resources Department's 2006 Budget Report (published in December 2005) which introduced new SNLP procedures. These were roundly criticised by Departments for being too bureaucratic but the reality is that they were very effective. The 'short, sharp, shock' certainly had the desired effect and, as reported in the 2007 Interim Financial Report, Established Staff posts (Civil Servants) fell by 24 between 2005 and 2006.

In 2007, the States have developed and debated the Government Business Plan (GBP). This is a new initiative and one which will take some time to fully develop. Nevertheless, it represents a major step forward by the States in identifying its key priorities although care will need to be taken to ensure that the new workstreams it introduces can be effectively delivered having regard to resource allocations. Nevertheless, the GBP will have significant influence on the public sector. This is evidenced by the States decision, as part of the recent debate on the Government Business Plan, to constrain increases in public sector expenditure to RPI or less.

The new 'zero – ten' Taxation regime will also have implications for the public sector. For example, it is anticipated that public sector revenues will remain 'tight' for some time. As a consequence, it has become more important than ever that Departments remain within their cash limits and indeed that on-going efforts are made to reduce expenditure wherever possible.

Finally, the Treasury & Resources Department is currently developing proposals for undertaking Fundamental Spending Reviews of every Department in order to inform the 2009 and 2010 Annual Budgets. More information on the proposed Reviews was included in the 2008 Annual Budget Report and clearly, staffing costs will be a key feature.

(iii). The Modernising Agenda

The Department is also aware of the Chief Executive's 'Modernising Agenda' for the public sector and the likelihood that this will involve new initiatives leading to the culture of the public sector being transformed. The introduction of more flexible

working practices, a less risk averse approach to the delivery of policy and services and the ability to examine and implement more efficient ways of working should all contribute positively to restraining unnecessary growth of staff numbers in the public sector.

It is essential that the 'Modernising Agenda' is fully supported at political level to ensure it can deliver the anticipated changes and benefits for all parties. This has been achieved through the support given by the States to Priority 13 under the Government Business Plan.

5. Options

While the Department has been mindful of the strong 'steer' given by States Members during the debate in March on the Scrutiny Committee's proposals, it was nevertheless felt to be prudent to develop and consider possible alternative approaches that might be adopted in addition to the recommended 'cash limit' model (Option 1). The following options were therefore considered by the Treasury & Resources Department:-

Method	Advantages	Disadvantages
<u>Option 2</u> Freedom to recruit within <u>overall cash limits</u> but to cap Departmental Establishment as at 30/6/07 (This would prevent any future growth in public sector staffing)	<ul style="list-style-type: none"> • Departments would have freedom to recruit staff provided they kept within their limits • No applications to T&R necessary • Would apply to all public sector staff 	<ul style="list-style-type: none"> • Departments would still find this too restrictive • Could still result in waste with overtime, contract and temp staff • Could prevent essential service developments
<u>Option 3</u> Cap current Departmental <u>salary budgets</u> in real terms at, say 2007 levels. Staff numbers would not be controlled but Departments would have to manage within their salary budgets	<ul style="list-style-type: none"> • Some limited freedom for Departments to manage their staffing resources • Reasonably strong downward pressure on Departments • No applications to T&R necessary • Would apply to all public sector staff 	<ul style="list-style-type: none"> • With no limit on actual staff numbers it could still lead to overall growth, albeit within the salary cap • What about funding increments, regradings etc? • Would prevent development of services

<p><u>Option 4</u></p> <p>Recognising that in the current financial climate the overall size of the States' should decrease rather than increase, cap Departmental <u>salary budgets</u> in real terms at 2007 levels and Establishment as at 30/6/07 (This would prevent any future growth in public sector staffing.)</p>	<ul style="list-style-type: none"> • Strong downward pressure on two key fronts i.e. actual staff numbers and salary budget • No applications to T&R necessary • Would apply to all public sector staff 	<ul style="list-style-type: none"> • Departments would continue to feel too constrained • Plus the other disadvantages in options 2 and 3 above
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Although the Department has fully considered the options listed above, it was concluded that the effect of the disadvantages identified outweighed the perceived advantages and in any event, none of the options could be said to address the 'spirit' of the States resolutions arising from the March debate.

6. Proposals

Against the background set out above, the Treasury & Resources Department is proposing that the existing SNLP should be replaced with a policy that is based upon the capping of Departments' cash limits. This new policy will apply across the public sector but exclude the States Trading Operations. The current bureaucratic procedures that require Departments to seek the authority of the Treasury & Resources Department before creating new, additional posts should be dispensed with.

The States should agree the key strategic objectives together with a revised statement for its replacement Staff Number Limitation Policy which will see Departments' budgets continuing to be capped. Monitoring and reporting procedures will be put in place with Departments required to submit details of their staffing complements each year and the information reported to the States in the annual Interim Financial Report.

(i). Key Strategic Objectives

The Department is of the view that the key strategic objectives of the replacement policy should be to: -

- Effectively control staffing numbers within the public sector.
- Reduce public sector expenditure where possible.
- Ensure that the wealth-creating private sector is not compromised by growth in the public sector.

- Support the agreed States policy on population growth.

(ii). Policy Statement

The Treasury & Resources Department is recommending that the intent of the States staffing policy should continue to emphasise the requirement for restraint. It is therefore proposed that the States should adopt the following policy statement: -

*“The principal aim of the States Staff Number Limitation Policy is to continue to restrain growth in the size of the public sector which includes all staff employed in any capacity by the States. Departments are required to continue making the most efficient use of resources and to explore all options prior to considering any increases in their staffing complements. Any **essential** growth in numbers should be predicated on the basis that there are identifiable improvements and efficiencies in service delivery and all associated costs will be met within a Department’s on-going cash limit”.*

(iii). Monitoring

In addition to capping Departments’ revenue budgets (cash limits), the Treasury & Resources Department proposes to monitor Departments’ staffing numbers⁴ and total payroll costs. Departments will be required to submit this information each year to enable the Treasury & Resources Department to monitor trends and to take up any matters that may be of potential concern and to seek explanations where necessary.

Departmental returns will include: -

- Number of full-time staff
- Number of part-time staff
- Number of contract staff and duration
- Number of temporary staff and duration
- Number of vacancies and duration
- Number of posts traded off
- Total payroll costs for all staff

⁴ A scoping report has been commissioned on the benefits and costs of introducing an HR module for the States SAP (accounting) system. Although it would take some time to develop and introduce the module (assuming the project was approved), it would significantly streamline the recording and collection of staff related information.

Each Department's staff numbers and payroll costs as set out above will be reported annually to the States in the Interim Financial Report together with relevant commentary. Comparative data will also be included to enable the States to consider Departmental trends in addition to the States overall position. Other information to be included will be the total numbers employed in the public and private sectors together with any notable changes and trends. In reporting to the States, the Treasury & Resources Department will highlight any abuses of the replacement policy that it identifies.

The Treasury & Resources Department has also noted that in its report to the States, the Scrutiny Committee suggested that the monitoring information should include: -

- Annual average total number of staff employed by each Department/Committee
- Annual average total number of vacancies within each Department/Committee
- Annual average staffing costs

The Department understands that the provision of this information was suggested to enable trends to be effectively monitored rather than simply providing a snapshot of the situation in each Department at a given time of the year. The Treasury & Resources Department is content to include these statistics in its monitoring reports and will liaise with Departments over the provision of that information.

The Treasury & Resources Department is also of the view that both the Scrutiny and Public Accounts Committees will wish to continue taking an interest in the 'new' States staffing policy and the responses of Departments and Committees to the removal of the current controls on staff numbers. In particular, the Scrutiny and Public Accounts Committees may wish to carefully examine any expansion in existing services or the introduction of new services together with the corresponding effects on staff numbers and costs. The wider implications of such changes may also need to be examined as well as the business cases that have been made and the value for money being achieved.

(iv). Checks and balances

With responsibility for staffing numbers being handed to individual Departments, the Treasury and Resources Department believes that the States will want to ensure that there are some robust 'checks and balances' in place. What the Department has in mind is that where increases in payroll costs and staffing levels are identified, the Treasury & Resources Department will report these and the underlying reasons to the States in the Interim Financial Report.

Where a Department intends to introduce new, or expand existing services that have additional financial costs associated with them which cannot be met from within that Department's on-going cash limit, then the matter will be referred to the States, together with all relevant information, for a decision.

The Treasury & Resources Department is also of the view that in future, all decisions taken by Departments that involve an increase in staffing should be sanctioned by the respective political 'Boards', be the subject of a proper business case, and be transparent and auditable. Options including outsourcing of services should be properly evaluated and encouraged wherever possible and where it is cost-effective to do so.

Given the change in emphasis with the replacement SNLP, and in particular the responsibility and accountability for their staff resources resting with Departments, the Treasury & Resources Department does not consider it necessary to issue detailed guidelines to Departments on how the replacement SNLP will operate. This appears to be self-explanatory. However, the Department will reconsider this in the light of experience.

7. Conclusions

Although there are inevitably some potential implications for the States in replacing the existing SNLP, the Treasury & Resources Department is of the view that the time has come to devolve more responsibility to Departments to manage their own affairs in an efficient and effective manner having regard to their wider corporate responsibilities.

The Treasury & Resources Department is therefore of the view that, providing Departments adopt a responsible approach, there is considerable merit in replacing the SNLP with a system that relies on Departments' revenue budgets being capped. This will enable Departments to determine their staffing requirements albeit with robust checks and balances in place.

The Treasury & Resources Department believes that replacing the current SNLP should result in a number of important benefits which will: -

- Provide for the effective prioritisation of services by Departments.
- Lead to improved flexibility for Departments in long term planning and restructuring initiatives.
- Facilitate efficient and effective service delivery.
- Enable decisions on staffing matters to be made by Departments who know their business inside out.
- Ensure costs are no longer incurred in administering the controls on the existing SNLP or in circumventing its requirements.

However, Departments should be under no illusion, that if the Treasury and Resources Department forms the view that they are not acting responsibly, and in particular, that public sector staffing numbers and payroll costs are increasing in an unacceptable manner, the Treasury & Resources Department will not hesitate in returning to the

States with recommendations for the reintroduction of the existing SNLP and its associated bureaucratic procedures.

Finally, the Department wishes to reiterate the point made previously by the Scrutiny Committee that the existing SNLP is not the only factor influencing issues such as flexibility, efficiency, distortion of Departmental priorities etc and its replacement will not be a panacea for all of these issues.

8. Recommendations

The States is therefore recommended to: -

1. Confirm that the existing SNLP should be replaced with effect from 1 January 2008 with a new policy based upon capping Departments' Revenue Budgets as described in this report.
2. Agree that the key Strategic Objectives of the States replacement Staff Number Limitation Policy should be as set out in section 6(i) of this report.
3. Agree that the proposed policy statement in respect of its replacement Staff Number Limitation Policy should be as set out in section 6(ii) of this report.
4. Agree that the proposed monitoring arrangements and checks and balances should be as described in sections 6(iii) and 6(iv) of this report.
5. Direct that any increase in staffing numbers should be sanctioned by the respective political 'Boards' of Departments, be the subject of a proper business case, and be transparent and auditable.
6. Direct Departments, including States Trading Operations, to submit to the Treasury & Resources Department, in a timely manner, such monitoring information on staffing and financial matters as is required in order to provide comprehensive and relevant information to the States.
7. Direct the Treasury & Resources Department to include in the annual Interim Financial Report, the monitoring information submitted by Departments together with such other relevant information that it believes should be included.

Yours faithfully

L S Trott
Minister

(NB The Policy Council supports the proposals.)

The States are asked to decide:-

XIII.- Whether, after consideration of the report dated 30th October, 2007, of the Treasury and Resources Department, they are of the opinion:-

1. To confirm that the existing SNLP shall be replaced with effect from 1 January 2008 with a new policy based upon capping Departments' Revenue Budgets as described in that Report.
2. That the key Strategic Objectives of the States replacement Staff Number Limitation Policy shall be as set out in section 6(i) of that Report.
3. That the proposed statement in respect of its replacement Staff Number Limitation Policy shall be as set out in section 6(ii) of that Report.
4. That the proposed monitoring arrangements and checks and balances should be as described in sections 6(iii) and 6(iv) of that Report.
5. To direct that any increase in staffing numbers shall be sanctioned by the respective political 'Boards' of Departments, be the subject of a proper business case, and be transparent and auditable.
6. To direct Departments, including States Trading Operations, to submit to the Treasury and Resources Department, in a timely manner, such monitoring information on staffing and financial matters as is required in order to provide comprehensive and relevant information to the States.
7. To direct the Treasury and Resources Department to include in the annual Interim Financial Report, the monitoring information submitted by Departments together with such other relevant information that it believes should be included.

PUBLIC SERVICES DEPARTMENT

PILOTAGE DUES AND EXAMINATION FEES AND INTRODUCTION OF FEES FOR MAN IN CHARGE LICENCES – MINOR AMENDMENTS TO LEGISLATION

The Chief Minister
Policy Council
Sir Charles Frossard House
St Peter Port
Guernsey

11th October 2007

Dear Sir

Executive Summary

The Public Services Department wishes to make certain minor changes to charging arrangements in relation to Pilotage Dues and Man in Charge licences, namely:

- (a) The harmonising of the maximum caps for Pilotage Dues between cruise liners and other vessels;
- (b) The abolition of the lowest band of pilotage dues for berth to berth movements;
- (c) An increase in pilotage examination fees; and
- (d) The introduction of examination fees for man-in-charge licences.

Below is a brief note of explanation for each of the above proposals.

(a) Harmonising of maximum caps

All vessels are subject to a maximum cap for pilotage dues but the cap for cruise liners has, since the Seventies, been set at a lower figure (presently £313.16) compared to other vessels (presently £375.55). It is felt that, because cruise liners are much larger in size today, and further in view of the amount of work involved, the same rate as for other vessels is now warranted.

(b) Abolition of lowest band for berth to berth movements

Pilotage dues for moving vessels from berth to berth are presently split between three bands (under 200 Gross Tons, 200-400 Gross Tons and over 400 Gross Tons) but the rate for the lowest band is felt to be too small (presently £15.88

per movement) and the Public Services Department proposes to abolish this band so that vessels under 200 Gross Tons are charged the same as those up to 400 Gross Tons (ie £30.77 per movement).

(c) **Pilotage examination fees**

These have not been increased for ten years and the General Pilots have proposed that special pilotage examination fees be increased from their present level of £370 to £450.

(d) **Man in Charge examination fees**

It is also proposed that 'Man-in Charge' examinations, presently free of charge, should also be subject to an examination fee of £200. Although this has arisen from a general review of examination fees considered by the Pilotage Board, this is not strictly a pilotage legislation issue as the relevant legislation is the Hired Boats and Passenger Boats (Guernsey) Law, 1989. Section 7(1) of the 1989 Law does not say that applications for boatman licences shall be accompanied by such fee as may be prescribed and it would seem that there is presently no legal basis for doing so.

Work is ongoing in progressing legislation to ensure authority is delegated to States Departments to amend regimes for fees and charges by Order, and it is proposed that any reforms to the 1989 Law should ensure that the general delegated authority applies to man-in-charge examination fees as for other States fees.

Recommendations

The Public Services Department recommends the States:

1. To approve the proposals set out in paragraphs (a), (b) and (c) above, to take effect from 1 January 2008.
2. To approve the preparation of legislation to ensure that an examination fee authority is introduced in relation to 'Man-in-Charge' licences as proposed in paragraph (d) above.

Yours faithfully

William M Bell
Minister

(NB The Policy Council supports the proposals.)

(NB The Treasury and Resources Department has no comment on the proposals.)

The States are asked to decide:-

XIV.- Whether, after consideration of the Report dated 11th October, 2007, of the Public Services Department, they are of the opinion:-

1. To approve the proposals set out in paragraphs (a), (b) and (c) of that Report, to take effect from 1st January 2008.
2. To direct the preparation of such legislation as may be necessary to ensure that an examination fee authority is introduced in relation to 'Man-in-Charge' licences as proposed in paragraph (d) of that Report.

HEALTH AND SOCIAL SERVICES DEPARTMENT**ST JULIAN'S HOUSE**

The Chief Minister
Policy Council
Sir Charles Frossard House
La Charroterie
St Peter Port

18th October 2007

Dear Sir

EXECUTIVE SUMMARY

1. The Health and Social Services Department (HSSD) is reporting on proposals for the future of service provision within St Julian's House. A welfare hostel at St Julian's House was established in 1966 to accommodate persons of a similar nature to those previously accommodated in the St Peter Port Hospital, those requiring accommodation for a short period prior to finding employment and lodging and persons requiring accommodation while awaiting repatriation to their homeland.
2. The establishment of the hostel was followed, in 1972, by the opening of the Night Stay Unit (now known as the annexe). The purpose of the Night Stay Unit was to accommodate those people who were not willing to accept the modest discipline, which the hostel required of them. Its prime purpose was to provide short stay accommodation for those people not willing or unable to control their alcohol consumption.
3. Although the premises had stopped providing some of these services in the past, since 2004 the HSSD has been trying to follow the requirements of the extant States resolutions in respect of the functions of St Julian's House.
4. Whilst some of those people who would at one time have been accommodated at the St Peter Port Hospital are now accommodated elsewhere, there continues to be a need to provide services for those who are homeless, whether this be related to substance misuse, release from prison, mental health issues, the transition from adolescence to adulthood, relationship breakdown or any other reason. The current facilities at St Julian's House are not ideally suited to provision of these services and various options for the future have been considered. The HSSD has, however, concluded that, in the current financial climate, the most appropriate option is to make minor improvements to the

fabric and layout of St Julian's House, to continue to work with residents and to work with non-residents to assist them towards independence. At a later date, it would be desirable to make alterations that would allow for all residents to have their own rooms at St Julian's House.

INTRODUCTION

5. The aim of this report is to set out the findings of a review of the historic and current services provided by St Julian's House and to make recommendations regarding its future management. This will be achieved by drawing on previous reports submitted in December 2003 by the Housing Authority and March 2005 by the HSSD respectively.
6. In October 2003, the President of the Public Assistance Authority (Deputy P Robilliard) proposed an amendment directing the Housing Authority to report back to the States on the feasibility of the management of St Julian's House being undertaken by the Housing Department from May 2004.
7. The States meeting in January, 2004 considered a policy letter from the Housing Department and resolved:

“To direct that the Health and Social Services Department shall report back to the States, no later than January, 2005, with its recommendations on the type of service(s) and client group(s) to be served by St Julian's House, having consulted fully with the Housing Department and the Home Department, together with all other relevant non-governmental agencies”.

8. The HSSD took its report to the States in May 2005 and, after consideration of the report, the States resolved:

To sursis the proposals; and instruct the Health and Social Services to report back to the States with alternative proposals as soon as practicable.

9. The HSSD has taken note of the States decision and has continued to operate St Julian's House in accordance with the most recent extant States resolutions, whilst giving further consideration to what should be proposed for future services.

HISTORY

10. A detailed history of St Julian's House has been presented to the States on previous occasions but can be summarised below:

1966

11. The St Peter Port Hospital was altered and modified to become a hospital for geriatric patients.

The individuals (described at the time as 'social misfits') previously dwelling in the hospital were relocated into St Julian's Hostel, which had been vacated by the Housing Authority, which had been mainly using the hostel for emergency accommodation. St Julian's Hostel then became a welfare hostel for:

- persons of a "similar nature" to those transferred from the hospital (often adults with a learning disability);
- persons requiring accommodation for a short period prior to finding employment and lodgings; and
- persons requiring accommodation for one or two nights while awaiting repatriation to the mainland.

The Hospital Board hoped that staff would be able to rehabilitate those accommodated in the hostel so that they "would gain their self-respect and become normal members of the community again."

1968

12. The Central Outdoor Assistance Board (COAB), which was now responsible for St Julian's Hostel, returned to the States with a funding request to convert the top floor of the house into a Warden's Flat.

1972

13. The COAB asked the States to consider a request for a night stay unit at St Julian's Hostel as it had become apparent since it opened that there were two distinct categories of persons for whom accommodation was required:
 - those persons who were willing to accept the modest discipline which the hostel required of them; and
 - those who were not willing to do so.

The second group of people were referred to as follows: -

"these persons reject almost every social convention, resent any kind of discipline or restriction, and in almost every case are victims of a total inability (or unwillingness) to master alcoholic habits."

The COAB also accepted that it was its responsibility to provide some sort of accommodation for those persons who were at the time "sleeping rough".

The Night Stay Unit (later to become the annexe) was built with accommodation for fourteen men, separate from the main building.

1977

14. The COAB reported to the States the inadequacy of the facilities for women and girls at St Julian's Hostel and was granted permission to upgrade the ground floor facilities for use by women and girls.

1979 – 1986

15. Changes to the accommodation included:

1979 - a new kitchen, bathroom and fire escape;

1980 - new roof, improved vehicular access and remedial external works;

1984 - improvements and extension to the Night Stay Unit;

1986 - repairs to the structural supports of the dining room, extension of dining room.

1986 - 2003

16. Changes included:

- provision of a sitting room for persons using the annexe;
- new toilet/washing facilities within the annexe;
- complete refurbishment of the women's lounge;
- new windows in the main house;
- a new roof for the annexe;
- complete upgrading of toilets, bathrooms and bedrooms, men's lounge and main house dining room.

2004

17. The States supported recommendations from the Housing Department that St Julian's House become part of the HSSD and that the HSSD report to the States on the type of service(s) and client group(s) to be served by St Julian's House.

2005

18. Following extensive consultation, the HSSD asked the States to support plans for the following developments in the main house and the annexe.

Annexe

- To convert the accommodation into single rooms for recidivist drinkers and to create a drunk and incapable unit (5 beds in total).
- To use the annexe sitting room for multi agency work to assist both resident and non-resident recidivists. Shower, meals and laundry facilities would be available to non-residents who wished to use them.

Main House/Staff Accommodation

- For the larger staff flat to be used as a focal point for people who require support for substance misuse (specifically drugs).
- For the main house, including the smaller flat, to be converted into 21 single rooms to be used for the homeless, those on probation and those awaiting repatriation.
- To provide a bedroom with en suite facilities for overnight on-call staff.

19. The Department estimated the cost of these proposals to be in the region of £915,000. However, the proposals were subject to a sursis and not debated. Consequently, the HSSD has reconsidered the future of St Julian's House, whilst continuing to operate and develop it in accordance with previous States resolutions.
20. The most recent States resolutions on the client services to be provided at St Julian's House are those from 1966 (main house) and 1972 (Night Stay Unit/Annexe). The HSSD has been able to comply with the former but not with the latter as the Public Assistance Authority had ceased to provide a service for the drunk and incapable and the States did not debate the HSSD's proposals, in 2005, to reprovide these facilities, although the HSSD has, since then, done everything possible to assist this group of people.
21. The underlying reasons why an individual becomes homeless are varied, but differ little from those identified in 1966. Each of the following problems may lead to people finding themselves homeless and, because of the social stigma associated with such problems, they often cannot find anywhere else to live:
 - substance misuse / dependence (alcohol, illicit and prescription drugs);
 - mental health problems;
 - returning to the community after a time in prison;

- emerging into the community as a young adult from social care;
- relationship breakdown;
- needing short-term accommodation while awaiting repatriation.

The needs of each of these groups will be addressed within this report.

CURRENT RESIDENTS

22. St Julian's House can accommodate thirty-three persons but, as at September 2007, there were twenty-one residents: three females and eighteen males. The male residents ranged in age from 18 – 85 years and the females from 20 – 50 years. In the first nine months of 2007, there have been thirty-eight new admissions.

CURRENT SERVICES

23. St Julian's House currently provides residential services for people who are homeless. In some cases, residents are also dependant on alcohol or have mental health problems. This complies with the States decision of 1966.
24. It is not, however, currently possible to comply with the States decision of 1972 regarding the provision of a Night Stay Unit as the Night Stay Unit had, under the auspices of the Public Assistance Authority, ceased to provide the short-term facilities for those people who were not willing or able to control their alcohol consumption and others who were "sleeping rough". Proposals by the HSSD in 2005 to reintroduce such a service could not proceed because the States agreed to surse the proposals. Nevertheless, in keeping with the intentions of the 1972 resolutions, the HSSD has done all it can, with the resources available, to provide some services to these people. This has mainly been through outreach work and enabling those sleeping rough to access bathing facilities and meals, if they wish to do so.
25. Under the guidance of HSSD management, the staff of St Julian's House have progressed a number of service developments that assist in complying with the extant States resolutions. These have all been achieved from within the existing budget and establishment for St Julian's House, which was clearly generous for the level of service formerly provided. The developments are briefly described in the following paragraphs.
26. All residents have undergone a comprehensive assessment to ensure that future developments reflect their needs.
27. Following a lack of staff training for many years, there has been considerable investment in training for the staff, including personal safety training,

attendance at the HSSD's corporate induction programme, a visit to the Jersey Sheltered Housing Trust and talks from a variety of specialists on a range of subjects, including basic counselling skills, IT skills, incident reporting and health and safety.

28. One of the staff flats has been vacated and the accommodation now provides two rooms for two people and two single rooms. This has allowed some of the longer term residents to increase their privacy and dignity by moving out of the four-bedded dormitories.
29. Reskilling of residents to give them greater independence is underway. This includes residents being taught how to use laundry facilities and to cater for themselves. The laundry at the Princess Elizabeth Hospital now deals with the house laundry and meals are provided from the Princess Elizabeth Hospital when the chef is on holiday. These changes have allowed the staff time to teach the residents these basic skills, which help to prepare those who wish to move on to independent living.
30. The laundry facilities have been located in an area that can be accessed by rough sleepers, which enhances the range of services that St Julian's House can offer to this client group.
31. The resident who had been there for the longest period, over 21 years, has successfully moved to extra care housing at Rosaire Court. This means that the person is no longer homeless and can lead a more independent life but has care support available on site whenever it is needed. A number of the younger males have also been successfully supported in securing employment and lodgings, giving them independence again. Discussions with the National Children's Home are also in progress regarding transitional issues for clients receiving services from that organisation.

CURRENT FACILITIES

32. The main house currently has three dormitories, with four beds in each, for male residents and one bedroom with two beds, one single bedroom, and one bedroom with three beds for female occupancy.
33. The three-bedded flat, formerly occupied by the Deputy Manager, is now being used for five residents in three rooms. This has allowed some of the long-term St Julian's House residents to move out of the four-bedded dormitories and choose with whom they wish to share a two-bedded room. If the lounge is partitioned to create a passageway, it could accommodate two more residents as a two bedded room. This would allow for a further reduction in the number of people having to share a bedroom with more than one other person.
34. Separate smoking and non-smoking areas have also been created and this development has been welcomed by the residents.

35. The annexe has ten beds. Following a four-month closure in 2005, it was re-opened and has had a steady stream of occupants of between six and eight residents. There are, however, safety issues in the annexe due to the mix of younger persons with drug issues and older persons with alcohol issues. Staff have to be very vigilant to deflect problems and potentially violent situations.
36. The current residential group has been accommodated at St Julian's House for a variety of reasons that have led to homelessness, including alcohol dependence, mental health issues and learning disabilities. The changes made to the facilities and services have generally been welcomed and the following comments have been made by residents:

"I used to be a smoker but developed tuberculosis; now I cannot stand being in a smoky environment, so I enjoy sitting in the no smoking area".

"I know we have more televisions now but I would still prefer to have my own room with a television".

"I enjoy reading the residents' Newsletter; it keeps us in touch with what's happening".

"I look forward to doing the quiz in the Newsletter; I always seem to win".

"I'm glad we have a smoking area; stops the others moaning at us".

"I'm glad we have the water dispenser".

"We seem to have more choice in things".

CHARGES

37. It costs some £436,000 p.a. to run St Julian's House, £371,000 for pay and £65,000 for non-pay. The amount recovered from charges to residents is currently £107,000 p.a.
38. Charging for services provided in St Julian's House has historically occurred on a client-by-client basis, depending on the service provided, accommodation provided and the client's ability to pay. The Manager, during his day-to-day dealings with the clients, has determined the most appropriate arrangements. However, a structured charging policy needed to be determined to ensure continuity and equity of treatment for the clients.
39. Clients have received free accommodation when working to save for deposits on private accommodation. The Manager controls these arrangements and clients are encouraged to review affordable private sector accommodation availability, as the free stay period is limited to four weeks.

40. The shared facilities and lack of privacy and dignity make it difficult to devise a fair charging scale for St Julian's House. However, the charges for clients staying at St Julian's have been brought in line with similar accommodation for clients of other HSSD services. It has been suggested by the staff of the Housing Department that assessment of rents for St Julian's House be made according to the formulae used for States Housing rents and rebates. This will be further considered but the initial view of the HSSD is that the St Julian's House facilities and services have more in common with the Department's homes for people with a learning disability and people with mental health problems rather than with States Houses.

41. The rates applicable for 2007 are as follows:

Self contained flat (single or shared by choice)	Rate 1	£90.00 per week or £13.00 per day
Medium to large bedsit	Rate 2	£72.00 per week or £10.50 per day
Small bedsit	Rate 3	£60.00 per week or £9.00 per day
Single room	Rate 4	£50.00 per week or £7.50 per day
Shared accommodation (not by choice)	Rate 4	£50.00 per week or £7.50 per day

Meals provided to clients are charged at £7.50 per day.

42. Details of the client's circumstances are registered with the Social Security Department and the HSSD Finance Department and the latter receives both admission and discharge forms. They are also advised if a client moves to a different type of accommodation within the house.

Arrangements are made on the day of admission to have all future payments from the Social Security Department issued direct to the HSSD and no personal allowance is issued prior to the receipt of the funds, usually weekly on a Thursday.

FINANCIAL MANAGEMENT

43. The HSSD has used every opportunity to make savings in pay related costs at St Julian's House. For example, salary savings have been made in the following areas:

- Part-time cook - resigned in December 2005 and was not replaced. A cook/chill service was introduced as a more cost effective way of supporting the full time chef.
- Assistant Manager –was not replaced when he retired in August 2005. This post remains vacant and it is not intended to replace this post.

- Deputy Manager – resigned in 2006 and this post has been left vacant until the long term future of St Julian's House has been agreed. However, it is envisaged that, in order to provide all the services proposed in the long term, a Manager and Deputy Manager will be required.

44. The Department has also taken the opportunity when there has been under-occupancy of the annexe not to use the facility and to make savings in non-pay related costs, such as the utilities.

CURRENT NEEDS

Alcohol abuse

45. Between 2003 and 2007, the number of alcohol related incidents reported by the police was around 1000 p.a. and a further 280 – 300 p.a. reports were of incidents involving alcohol and violence. Up to November, in 2006, there were 238 instances of people, under the influence of alcohol, spending in excess of 8 hours in custody, which is a considerable workload for the custody suite.
46. 3% of all Accident and Emergency Department (A&E) attendances in 2005 were alcohol related (425 people) and 54% (229) of those people attended A&E on more than one occasion. Of this group, 3% (13) were discharged from A&E to Albecq Ward, the acute psychiatric ward at the Castel Hospital. 15.76% (67) were discharged to hotel/hostel/no fixed abode.
47. GADAC received 100 new referrals in 2005 and, in 2006, 147 of the people who had been referred to the Community Drug and Alcohol Team were allocated to the Alcohol Team, with the caseload of the team averaging 46 people at any one time.
48. Although it is impossible to say if some of those referred to in the above paragraphs are the same people, these figures indicate a continuing alcohol problem in Guernsey, a link between some alcohol abuse and homelessness and the need for an alternative to police custody for those arrested solely for drunkenness.

Drug Misuse

49. In 2006 a total of 690 referrals were made to the Community Drug and Alcohol Team. 19% of all accepted referrals were drug related. The HSSD would like to develop day services to support this growing problem and these could be delivered from the current annexe facility.

Recidivist drinkers and rough sleepers

50. The police class a recidivist as someone who, on more than 2 occasions in a 3-month period, is arrested, where the use of alcohol was involved. Using this

definition, the police are currently dealing with 18 recidivists, of whom 2 are female.

51. Some of these people, together with rough sleepers who are not recidivist drinkers, would benefit from the provision of accommodation or from outreach services that would enable them to obtain a meal, have a shower and launder their clothes.
52. Since the HSSD assumed responsibility for St Julian's House, outreach services have been developed. They include care and support for a recidivist drinker who has been assisted to find his own accommodation in a house in St Peter Port. This outreach work included meal provision, as well as occasional welfare visits and providing assistance with transport. Other outreach services that have been provided to former residents of St Julian's House include services to one individual who now resides at Rosaire Court and to an individual who has moved on to Guernsey Housing Association accommodation. This outreach work is mainly in the form of social visits to provide support as necessary. Although it is early days and the numbers are small, the success rate appears high. Consequently, the HSSD is very keen to continue to expand this area of work, including, in liaison with the National Children's Home housing project, engaging with those who currently 'sofa surf' and make use of accommodation provided by friends and relatives. It is hoped that this will engage individuals in a meaningful programme and avoid the potential for longer term, more costly provision in the future.

Unit for those who are drunk and incapable

53. Provision of facilities to accommodate drunk and incapable individuals would save money as it would mean dealing with alcohol related problems away from the judicial system. A facility at St Julian's House could be staffed from within the existing establishment, as this was very generous for the services previously provided there. It would then save police, court and prison time. This proposal is supported by the Home Department, as indicated in the attached letter.
54. Previous debate surrounding the siting of a unit for those who are drunk and incapable within the St Julian's House complex met with high levels of opposition. There were two key reasons for the opposition. These included the fact that the annexe was not deemed to be fit for purpose and presented access difficulties for the safe moving and handling of individuals who were drunk and incapable. There was also opposition due to the fact that St Julian's House accommodated individuals who had resided there for a long period of time and that a unit for those who are drunk and incapable would infringe their enjoyment of their home. Therefore, the HSSD has researched and explored alternative options for service provision for those who find themselves drunk and incapable.
55. The number of options is, however, limited. There is the 'no change' option,

which would result in the police, courts and prison having to continue dealing with these people but this is regarded as inappropriate for the people concerned and wasteful in staff and court time. Alternatively, provision could be made at a separate establishment. This would have to be staffed whenever it was in use, but permanent staff would be under-occupied and it would be difficult to have sufficient temporary or bank staff on the books to ensure staffing cover when needed. The third option would be to provide a facility at St Julian's House, as intended when the annexe was first created. However, the HSSD has taken note of the concerns expressed about returning the annexe to its original purpose and has identified an on-site alternative.

56. It is proposed that a dedicated, purpose-built facility is developed within the main house. This unit would be located in what is currently a four-bedded dormitory which is close to the staff office. The rationale for placing the unit here is that:

- it will be located close to the office where night staff are based and would, therefore, enable the health and safety of individuals who are admitted to this area to be monitored;
- it is in an area sufficiently far away from the main residential accommodation to avoid disturbance to other residents;
- access can be achieved by installing a ramp to the upper doorway. This would allow police vehicles to be reversed up the driveway and facilitate the safe moving and handling of drunk and incapable individuals from the vehicles to the drunk and incapable unit;

57. It is worth noting that the drunk and incapable facilities in Jersey are an integral part of the Kensington Place building and this has not presented any operational difficulties.

Release from prison

58. The prison population in Guernsey has risen annually by 12% each year for the last five years and has already reached its maximum capacity. This, along with the increase in the length of custodial sentences, leads on to difficulties in finding suitable accommodation for prisoners on release, especially those suitable for release on parole licence and those risk assessed for release on temporary licence for work.
59. In particular, there is a lack of short-term accommodation for higher risk offenders who are released on parole or post-custodial supervision, where the Probation Service requires the offenders to be in an environment where their behaviour can be observed and restrictions can be put in place if necessary. There are not many such people but when the need arises the Probation Service has undertaken to work in partnership with the staff to manage these people safely.

Transition from National Children's Home (NCH) Accommodation

60. The NCH provides some accommodation and training for those aged under 18 years who are homeless. This has been a very successful project, jointly supported by the Housing and the Health and Social Services Departments. However, there are a number of clients who still require some support, sometimes including accommodation, after they reach the age of 18. This is estimated to be 130 individuals a year. There are already examples of shared care strategies between the NCH and St Julian's House that have been successful in providing help and support to some individuals. It is envisaged that this joint working will continue to grow as services are developed at St Julian's House.

Community Supervision beds

61. There is a concern that currently there are only two alternatives for those awaiting a court appearance: to be kept in custody or to be allowed home. There are, however, occasions where neither option is suitable, sometimes because the person doesn't have a home and sometimes where some additional supervision, for example to enforce curfews, is required. The option of having beds available where there would be some supervision would avoid people having to be detained in the prison.

People with a learning disability

62. When the only choices were living with their families, living on their own or living in a special residential home, there were people with a learning disability who needed the services of St Julian's House. This has changed with the development by the HSSD of supported living. People with a learning disability who do not need to be in a residential home and who cannot or do not wish to live with their families can be supported by HSSD staff in rented flats, giving them more independence than was available at St Julian's House and providing them with a permanent home, whereas the intention of St Julian's House was not that it should become a permanent residence for those using its services.

People with mental health problems

63. St Julian's House should never be classified as a specialist facility for people with mental health problems. The staff do not have the knowledge, training and skills to deal with individuals whose primary problem is related to mental health. However, the facility will provide accommodation for individuals who are homeless and have secondary mental health problems that would normally be treated whilst they were living in their own homes. For example, an individual treated for an acute episode within the mental health services but who has nowhere to go on discharge would be offered accommodation and general support. This would be supported by in-reach work from the Community Mental

Health Team, who would monitor the mental health of the individual and assess what other services were required.

Other homeless people

64. Individuals can suddenly find themselves without anywhere to live for a variety of reasons. These can include relationship breakdown (with partner, family or flat-mate), loss of employment and non-residents awaiting repatriation. It is estimated that approximately 20 new people a year fall into this category and require accommodation for periods varying from one night to a few weeks, some individuals becoming homeless on more than one occasion.

OPTIONS FOR MEETING NEEDS

Do nothing

65. This means that there would be no additional costs and no savings. St Julian's House would continue to provide the services required by extant States resolutions, as far as possible, within the facilities and resources currently available.

The services that could not be provided would be:

- overnight stay for the drunk and incapable;
- community Supervision beds;
- full service for people being released from prison;
- outreach services.

Consequently, time and money would continue to be wasted for the police, probation, prison and the courts.

Discontinue all service provision

66. The only advantage of this would be the revenue savings that could be made from no longer providing the services, as well as the capital income from selling the St Julian's House site. However, the risk with this option is that, as a community, Guernsey would fail to provide adequate services for those who, for a variety of reasons, find themselves most at risk. It is likely with this option that the problems would just be shifted from one area of public services to others, notably other services provided by the HSSD and the Home Department, which would significantly reduce or even negate the savings made.

Contract with a not-for-profit organisation to provide the services

67. This is the way in which the NCH operates for the under 18 age group. The main advantage is that the responsibility for St Julian's House and its services would no longer be with any States Department. This option has been explored

with two separate charities, one that has previous experience in this area and another with links to smaller scale accommodation provision within the Island. However, both have declined to become involved, as it is understood they do not wish to extend their services to accommodation for homeless people at present. It is also notable that, in Jersey, the Shelter project still relies on a 70 – 75% grant from the States of Jersey to allow it to function effectively. It is likely, therefore, that this would be an expectation if a charity became involved in Guernsey, so any saving would be relatively small.

Provide the services other than at St Julian's House

68. The main advantage of this option is that, in its current state, St Julian's House is what could at best be described as a rambling building. By selling St Julian's House and developing purpose built accommodation, very modern, fit for purpose facilities could be designed and built. The main disadvantages are the cost and the difficulty of finding appropriate sites on which to build new accommodation.
69. The Treasury and Resources Department's States Property Services suggested that the HSSD ask a local estate agent to value the property. This was done in November 2006 and the verbal valuation was £1million.
70. However, from further discussions with the Treasury and Resources Department and the Environment Department, it would appear that planning restrictions on the site would be such that the value obtained from selling it would be insufficient to fund appropriate replacement facilities.

Upgrade St Julian's House

71. As indicated above, some work to improve the facilities has already been undertaken through conversion of a staff flat to accommodation for residents. This has been at minimal cost, funded from the HSSD's revenue budget. Similar improvements can be made when the manager's flat is vacated upon his retirement.
72. Minor alterations (see attached), at an approximate cost of £40,000, to be funded from within the HSSD's existing budgets, would further reduce the need to use the larger dormitories for multiple occupation and, in the longer term, they could be converted into smaller bedrooms.
73. The annexe could be used as the outreach centre for both drug and alcohol abusers to access meals, washing facilities and other support and would, therefore, cease being a sleeping area and would not need to be staffed at night.
74. A ramp up to one entrance would allow one dormitory to be converted into a two bay drunk and incapable unit. The advantage of this location is that it is near the office and at a significant distance from other sleeping facilities.

75. To accommodate these changes, bed numbers would need to be reduced from 33 to 25 but, with a greater emphasis on short-term provision, this is not predicted to be a problem.
76. The advantage of this option is that St Julian's could become a fit for purpose facility that would enable the HSSD, along with its partner agencies, to deliver services that meet the needs of the community, as detailed in paragraphs 45 to 64 above.

CONSULTATION

77. The proposals submitted to the States in 2005 followed consultation with the main agencies involved, ie. police, probation, prison, Housing Department, Guernsey Alcohol and Drug Abuse Council, National Children's Home and staff of the HSSD's own services. Since then, there has been further consultation with the Home Department which is responsible for the services most significantly affected by what can be offered at St Julian's House and that Department has confirmed that the original proposals, in terms of services required, were sound. (Letter from the Home Department attached as an appendix to this report.) However, note was taken of the concerns expressed by others in 2005, particularly in respect of the effect of changes on the existing residents and the unsuitability of the annexe to use as an overnight stay area for the drunk and incapable (the purpose for which it was originally built).
78. With regard to the existing residents, it appears that a number of the concerns were based on myths which have since been disproved. First was that the residents didn't want single rooms. Whilst this might be true of a minority, the keenness with which residents have grasped the opportunity of having their own room or only having to share with one other person has shown the fallacy of the belief that they wanted to sleep in four-bedded dormitories.
79. The other prevailing myth was that the residents of St Julian's weren't capable of any sort of independent living. However, instead of further deskilling them, as had happened in the past, the HSSD started a programme of training those who wanted to take the opportunity to re-learn the skills of day-to-day living. As mentioned above, this has been very successful and a number of residents have moved to greater independence, in some cases being able to live in privately rented accommodation. Consequently, changes to St Julian's House do not need to be regarded in the light of how they will affect a group of long-stay residents, who have been condemned to a future of communal living and dependence. Whilst there is no pressure at all on the long-stay residents, a number of them have chosen to move to more suitable accommodation and the staff have helped them to do this. The clientele of St Julian's House is, therefore, more transient than it used to be, thus allowing St Julian's House once again to serve the purposes for which it was originally created. It was not intended to be just a lodging house but to support some of the most at risk

people in society, helping them to return to independence, and it is now doing that within the limits of the facilities and resources.

80. Further consideration has been given to the provision of a service for the drunk and incapable, following the concerns expressed about the use of the annexe and this report addresses those concerns by proposing that a more easily accessible area of the main house be used for this function.

CONCLUSIONS

81. Following extensive further work and consultation, the Department has reached the conclusion that the States' original intentions were correct when they agreed to create St Julian's Hostel and later the Night Stay Unit. There remains a need for provision for people who are homeless and for an alternative to the police custody suite for people who are drunk and incapable. It is unfortunate that the former Public Assistance Authority had departed from the original States resolutions and that the premises had become chiefly a lodging house for relatively long-stay residents, who were not actively encouraged to regain their independence but this is now changing.
82. The HSSD is pleased with the progress that has already been made in reskilling residents, allowing them to gain greater independence and return to being productive members of society. It is, of course, accepted that not everyone who stays at St Julian's House will be able to move on to independent living and full time employment but most clients can be assisted to improve their lot to some extent.
83. It would be ideal to be able to replace St Julian's House with a number of separate premises, each serving a particular client group and this view is shared by the Home Department. However, this is unlikely to be financially feasible and it would be difficult to find suitably located premises. There may also be staffing and cost implications if the various functions of St Julian's House were not co-located. Consequently, the HSSD is not advocating this approach at present.
84. Instead, the Department considers that a phased approach to improving the existing facilities and services should be supported. The first phase would be to reduce the capacity at St Julian's House from 33 to 25 and undertake some minor alterations. These changes would reduce the number of people having to share rooms, allow for the creation of a two bay drunk and incapable unit and enable use of the annexe as an outreach service for drug and alcohol abusers. A second phase, at a later date, when resources allow, would be to make further alterations to the premises such that all residents could have their own single rooms.

RECOMMENDATIONS

85. The Health and Social Services Department recommends the States:
- i. to approve that St Julian's House continue to be used as accommodation for homeless people, including those identified in paragraphs 58 to 61, 63 and 64 of this report;
 - ii. to approve that a unit for those who are drunk and incapable be developed at St Julian's House;
 - iii. to approve the continued expansion of outreach services for drug and alcohol abusers at St Julian's House;
 - iv. to approve that minor alterations be made to the premises to facilitate the development of the services, as outlined in paragraphs 71 to 76 of this report;
 - v. to approve, in principle, that further modifications be made to the premises, when resources allow, in order to provide all single room accommodation in the residential areas.

Yours faithfully

P J Roffey
Minister



HOME

A STATES OF GUERNSEY GOVERNMENT DEPARTMENT

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The Minister
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 Le Vauquiedor
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02 October 2007

Dear Deputy Roffey,

Thank you for your letter of the 31st August 2007.

The Home Department services involved in offender management (Police, Probation, Prison) have welcomed the opportunity to review the current proposals and to discuss how the two Departments can work together to address some of the social care needs of those in the criminal justice system.

St Julian's is seen as a positive resource by the Home Department due to its proximity to the police station and it being the only facility, apart from the prison, where there can be some residential surveillance and monitoring of offenders.

Drunk and Incapable Unit.

A drunk and incapable unit in the main house would be a welcome resource to the police who are loathe to criminalise drinkers who need time to 'sleep it off' before being returned home. This resource will provide a structure to enter the health service domain and get appropriate advice. The police advise that a three unit facility would be needed to satisfy need at weekends and other peak times.

Outreach Service

Drug and Alcohol agencies are finding it increasingly difficult to offer accommodation for day services to be delivered to the ever increasing number of drug and alcohol users.

The Home Department would like to support the use of the St Julian's Hostel annexe for the development of day services and would encourage a multi agency approach.

Offender Management.

In regard to offender management at different points in the system there has been constructive discussion in regard to bail provision and to multi agency care packages for those coming out of prison or who require more than the usual level of supervision in the community.

Much of the work now done with offenders is on a multi agency basis – looking at the criminogenic and social needs of the offender. The Probation Service has been in discussion with the managers of St Julian's about use of accommodation for specific offenders on the basis of an agreed risk assessment and management package. Best practice would suggest the need for individual units of accommodation or at least single rooms for managing these more difficult cases and the present arrangements may restrict use for this group.

Ex Prisoners.

St Julian's now regularly provides accommodation and support for short periods for those coming out of prison with nowhere else suitable to live and this facility is welcomed by the offender management services.

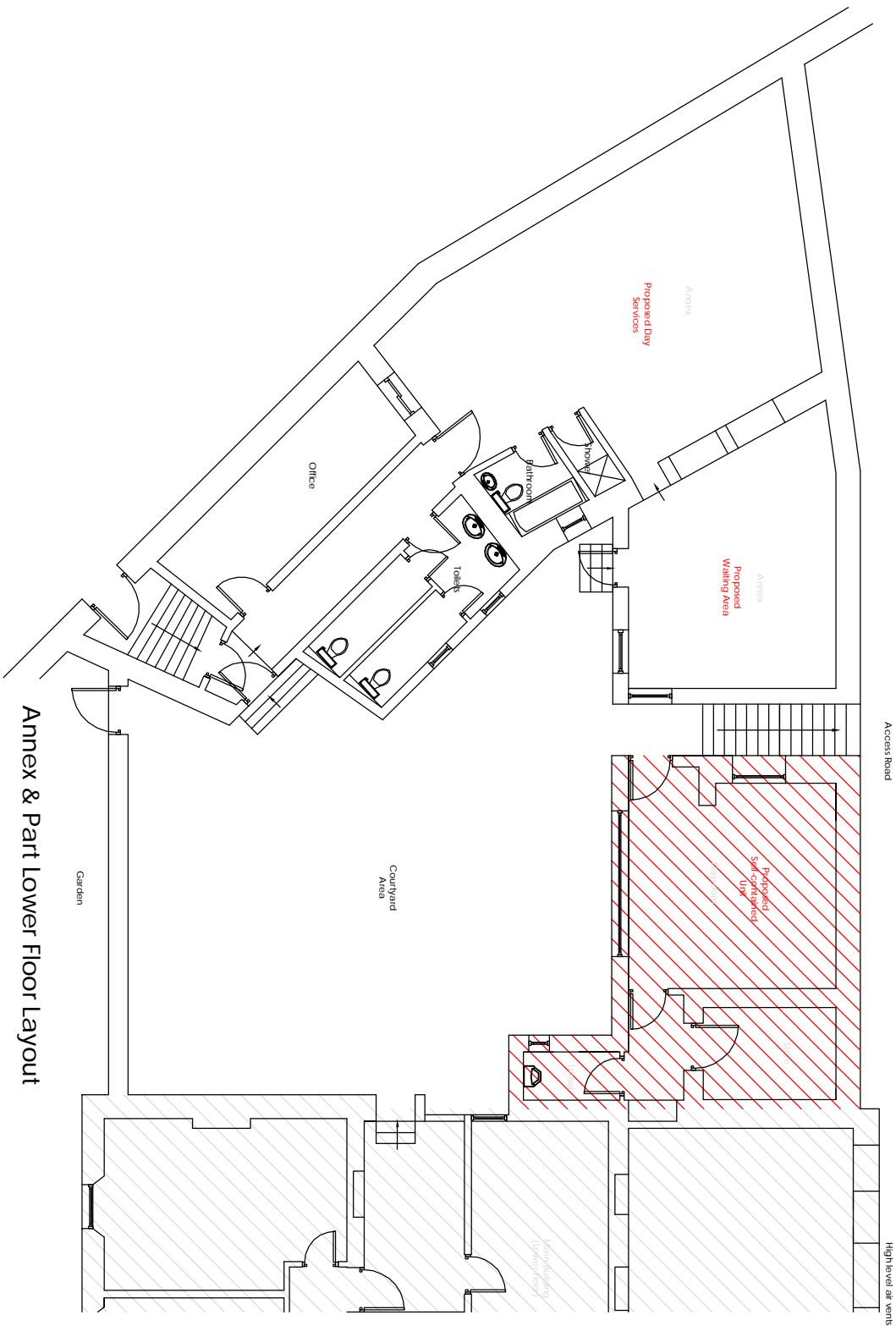
The Home Department is grateful for the opportunity to contribute to the debate about appropriate use of St Julian's and welcomes the widening acceptance that the resettlement of offenders is best addressed incorporating a multi agency approach to accommodation including social care aspects.

The building is not considered fully appropriate for the purposes proposed but the Home Department appreciates the constraints Health and Social Services is having to work within. In the longer term the Home Department would like to see the development of purpose built accommodation for those in society needing increased social care and help, including those in the criminal justice system.

Yours sincerely

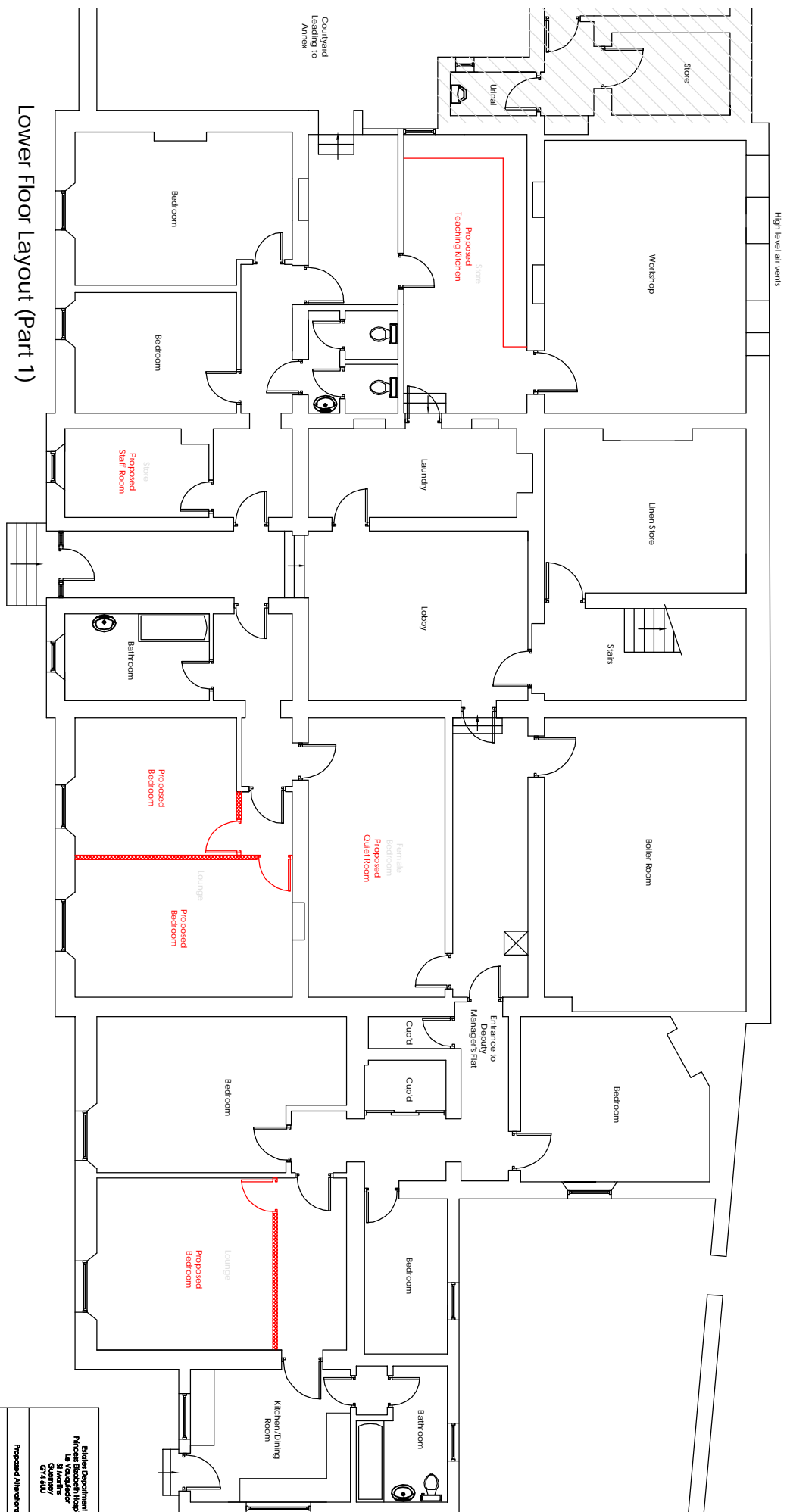
A handwritten signature in black ink, appearing to read 'Geoff Mahy', written in a cursive style.

G H Mahy
Minister
Home Department



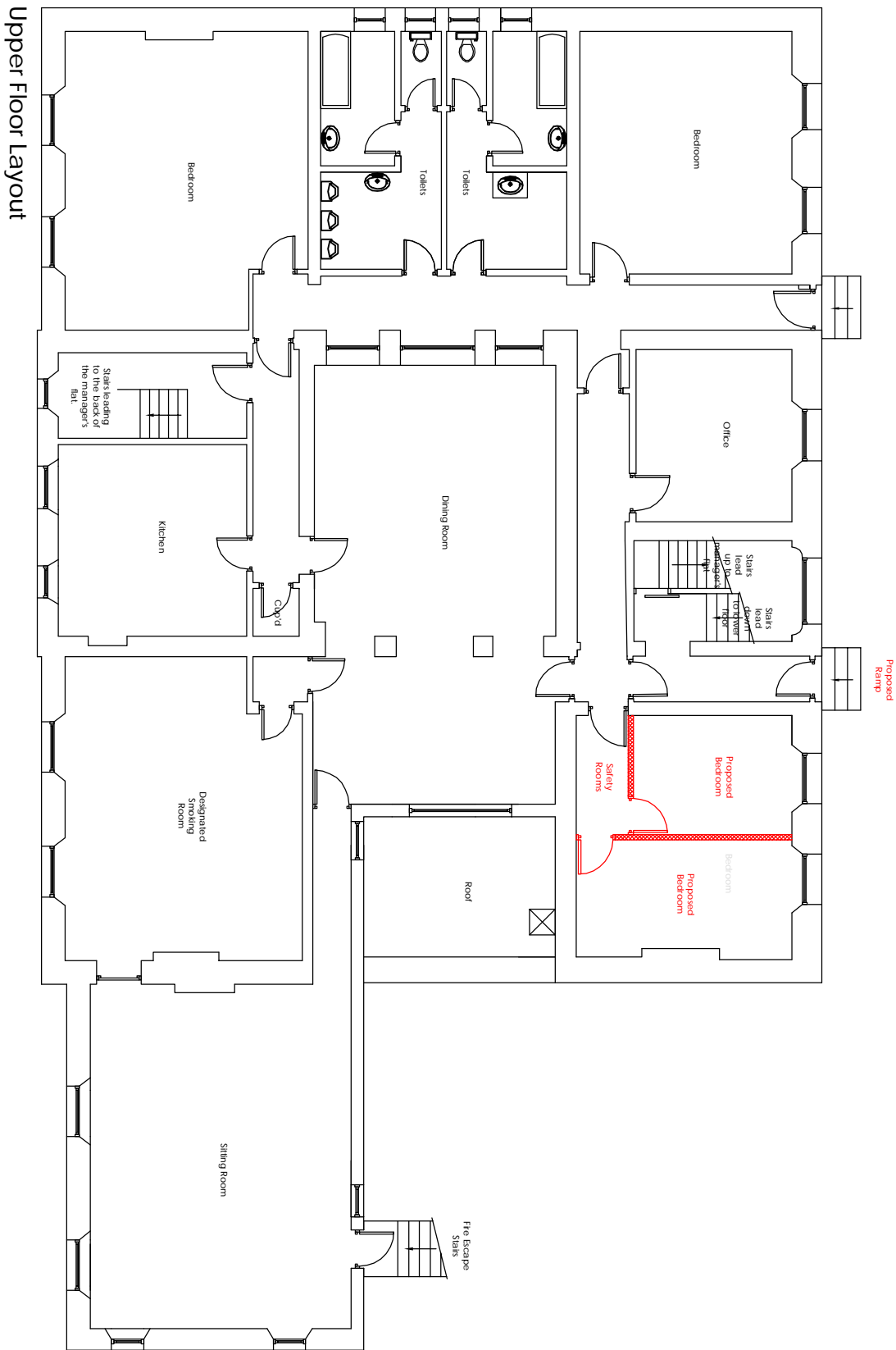
Annex & Part Lower Floor Layout

Salford Teaching Hospitals NHS Foundation Trust Salford General Hospital GPA 611	
Proposed Alterations	
Annex & Part Lower Floor Layout	
Drawn: JRM	Date: Nov 04
Scale: NTS	
Drawing No: SJA/04/004	

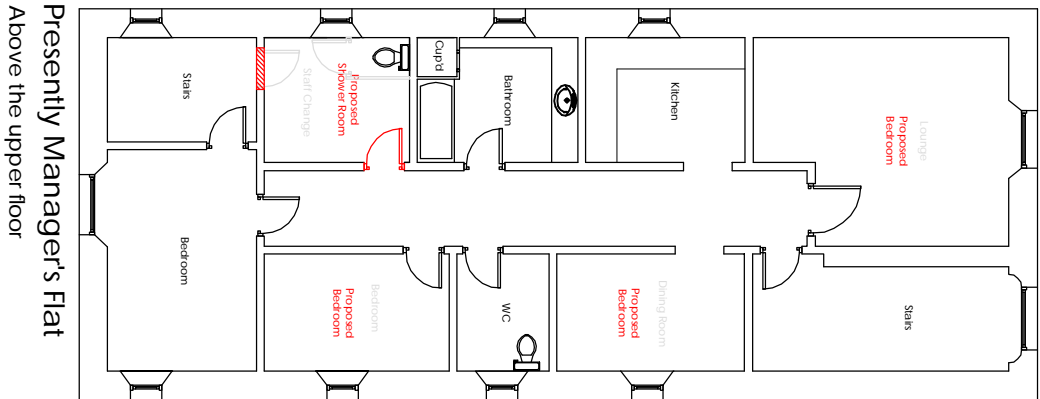


Lower Floor Layout (Part 1)

Ethics Department Princess Elizabeth Hospital Le Vauvillier St Marks Glenamoy G14 6LU	Proposed Allotments Part Lower Floor Layout	Drawn: James Scale: NTS Drawing No.	Date: Nov 06 St Julians/06/003
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Sister Development Phoenix Beacon Hospital La Venerable St James GVA 631			
Proposed Alterations			
Upper floor layout			
Owner: James			
Scale: NTS			
Drawing No: SJ/J0109/04/002			
	Date: Nov 04		



Presently Manager's Flat
Above the upper floor

Building Department Phoenix Escrow Hospital La Vondale St. James 074 631	
Proposed Alterations	
Building Manager's Plan	
Owner: James	Date: Nov 04
Scale: NTS	
Drawing No: S.J.11/09/04/001	

(NB The Policy Council supports the proposals.)

(NB The Treasury and Resources Department is pleased to note the improvements to St Julian's House that have been implemented by the Health and Social Services Department and the fiscally prudent and pragmatic approach that is being proposed in this States Report in order to achieve further positive changes. The proposed expenditure of £40,000 contrasts favourably with the previous proposal in 2005 to expend around £915,000. The Treasury and Resources Department fully supports the proposals.)

The States are asked:-

XV.- Whether, after consideration of the Report dated 18th October, 2007, of the Health and Social Services Department, they are of the opinion:-

1. To approve that St Julian's House continue to be used as accommodation for homeless people, including those identified in paragraphs 58 to 61, 63 and 64 of that Report.
2. To approve that a unit for those who are drunk and incapable be developed at St Julian's House.
3. To approve the continued expansion of outreach services for drug and alcohol abusers at St Julian's House.
4. To approve that minor alterations be made to the premises to facilitate the development of the services, as outlined in paragraphs 71 to 76 of that Report.
5. To approve, in principle, that further modifications be made to the premises, when resources allow, in order to provide all single room accommodation in the residential areas.

COMMERCE AND EMPLOYMENT DEPARTMENT

REGISTRATION OF UNREGULATED FINANCIAL SERVICE BUSINESSES

The Chief Minister
Policy Council
Sir Charles Frossard House
La Charroterie
St Peter Port

8th November 2007

Dear Sir

1. Executive Summary

- 1.1 The Guernsey Financial Services Commission (“the Commission”) has written to the Department asking that it sponsors the submission to the States of proposals for the enactment of legislation to implement a registration regime for unregulated financial services businesses. The proposed regime is described in detail in the report from the Commission reproduced in Section 2 below.
- 1.2 The Commission issued a consultation document in April of this year which was distributed to all businesses potentially subject to the proposed regime. The Commission also intends to arrange a further briefing in early December for all those businesses.
- 1.3 In preparation for the impending International Monetary Fund (“IMF”) review of the Bailiwick’s regulation of the finance sector in 2008, it is necessary to ensure the Bailiwick’s anti-money laundering (“AML”) and countering the financing of terrorism (“CFT”) laws are satisfactory. Further, the IMF also expects appropriate regulation or registration of all businesses that are at risk of having their services used for money laundering or terrorist financing.
- 1.4 The Commission proposes the introduction of a system of registration of a small number of local businesses providing financial services but which it currently does not regulate. Those businesses include businesses such as bureaux de change and non-bank lenders and they are presently required to notify the Commission and provide some basic information on their activities. Further, they are already generally bound by the Bailiwick’s AML/CFT laws. Approximately 65 businesses could potentially be affected by the proposed regime, although the actual number may be somewhat less.
- 1.5 The IMF expects that such businesses be registered or regulated in accordance with the Financial Action Task Force (FATF) recommendations on AML/CFT.

The Commission proposes legislation requiring those businesses to register with it and to be subject to the Commission's AML/CFT supervision. The Commission is not proposing a full licensing system. Full licensing is considered to be a significant, and unnecessary, regulatory burden on those businesses: a burden out of proportion to the potential money laundering risk faced.

- 1.6 The circumstances in which the Commission would be able to refuse or revoke the registration of such a business are set out in paragraph 9 of its report.
- 1.7 The Commission also proposes the introduction of a new regulatory power: the private reprimand. A private reprimand is a lighter touch supervisory tool where the Commission can issue a formal private reprimand to a registered business (it will not apply to other financial service businesses). The private reprimand will be confidential between the Commission and the business. The concept of a private reprimand was not included in the consultation over the registration of these businesses. The Department agrees, however, that given that the private reprimand is a light touch supervisory tool and allows for confidential regulatory measures to be taken, its introduction is unlikely to be controversial.
- 1.8 The Commission proposes that its decisions under the new regime be subject to the same appeals process as approved by the States in the Billet D'Etat XIX published in July 2007 at page 1494. In summary that process involves:
 - (a) internal review of decisions by a Decisions Committee made up of three Commissioners with any person affected by an adverse decision having the opportunity to make representations in person to the Committee;
 - (b) appeal to the Royal Court for full review of the decision.
- 1.9 Following discussion between the Commerce and Employment Department and the Commission, the Department acknowledges the need to introduce a registration regime and supports the details of the proposed regime as set out in the Commission's report.

2. Report from the GFSC

- 2.1 The report by the Commission is as follows:

“.. Introduction and Summary

1. *The Schedule to the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999, as amended by the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Regulations, 2002, specifies the activities in respect of which financial services businesses must comply with the anti-money laundering (AML) and counter terrorist financing (CFT) measures specified in the Regulations.*

2. *The measures include requirements to have procedures to identify customers, to report suspicion of money laundering, to maintain records and to train key staff. The 2002 Regulations will shortly be repealed and replaced by the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Regulations, 2007. The regulations will be complemented by rules, which will be enforceable, and guidance issued in the form of a handbook by the Guernsey Financial Services Commission.*
3. *The new regulations and the handbook have been the subject of consultation by the Guernsey Financial Services Commission with all financial services businesses in the Bailiwick and have been drafted to comply with the aspects of the 2003 Recommendations of the Financial Action Task Force on Money Laundering (FATF) which cover financial services businesses. The FATF sets AML and CFT standards for such businesses and for the supervisors of such businesses.*
4. *The Schedule to the Law, as it will look after amendment by the 2007 Regulations, is attached as an appendix to this report. The vast majority of the businesses operating in Guernsey included in the Schedule are those licensed or authorised under the Banking Supervision (Bailiwick of Guernsey) Law, 1994; the Insurance Business (Bailiwick of Guernsey) Law, 2002; the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002; the Protection of Investors (Bailiwick of Guernsey) Law, 1987; and the Regulation of Fiduciaries, Administration Businesses, Company Directors, etc. (Bailiwick of Guernsey) Law, 2000. These businesses are regulated by the Commission.*
5. *The other – unregulated – firms carrying out financial services business as specified in the Schedule, such as bureaux de change, firms providing money transfer services and non-bank lenders, are currently subject to a notification framework under which they must provide basic information to the Commission. The purpose of this report is to seek approval for the preparation of a Bailiwick-wide Law which will establish a framework for the registration of such unregulated financial services businesses by the Commission. At 30 September 2007 there were 1,607 licensees in the Bailiwick, 280 authorised open-ended collective investment schemes (of which 187 schemes were umbrella or multi-class schemes resulting in 1,709 pools of assets in all) and 549 closed-end funds (of which 40 were multi-class protected cell company (“PCC”) schemes resulting in 621 pools of assets) regulated by the Commission. At the same date, 64 entities were subject to the notification framework in the 2002 Regulations and this would be the expected maximum number to be registered should the introduction of the registration framework outlined below be approved by the States of Guernsey, the States of Alderney and the Chief Pleas of Sark. The proposals outlined below have also been prepared so as to exclude bureaux de change facilities provided by*

hotels, shops and other firms where the facilities are incidental to the main business as such incidental business presents a low risk of money laundering or terrorist financing.

Registration of Unregulated Financial Services Businesses

6. *The FATF expects an AML/CFT framework to be in place for all firms carrying out financial services business – this expectation applies not just to firms such as banks, investment firms and insurers but also to other financial services businesses (OFSBs) which are not regulated under the regulatory laws, such as bureaux de change, firms providing money transfer services and non-bank lenders. In Guernsey such businesses have been subject to anti-money laundering and counter terrorist financing measures since 2002 by virtue of the 2002 Regulations and guidance notes issued by the Guernsey Financial Services Commission, with some firms such as bureaux de change being subject to anti-money laundering measures since 2000. For AML/CFT purposes the FATF expects such businesses to be licensed or registered, appropriately regulated, and subject to supervision or oversight, having regard to the risk of money laundering or terrorist financing. The licensing/registration framework for financial services businesses providing money or a value transfer service, or a money or currency changing service, is given particular attention by the FATF, with an entire Special Recommendation on Terrorist Financing devoted to such businesses.*
7. *The 2002 Regulations require each OFSB to notify the following information to the Commission:*
 - (a) *its legal name and any trading names;*
 - (b) *its place and date of incorporation/establishment;*
 - (c) *its business address(es) in the Bailiwick;*
 - (d) *the name and address of directors, partners, senior officers, beneficial owners and any other person(s) who control(s) the business;*
 - (e) *the name of the person designated to be the money laundering reporting officer;*
 - (f) *a statement of whether or not the persons listed under (d) and (e) above have been subject to a criminal conviction (at any time) and, if they have, details of the criminal conviction and the circumstances surrounding it; and*
 - (g) *the details of the type(s) of financial business carried out.*

It is an offence under the Regulations not to provide the information before commencing business and not to notify the Commission of changes to it.

8. *With regard to the FATF's expectation for a registration or licensing system, the Commission does not consider a licensing system for OFSBs in Guernsey to be appropriate – such a system would be disproportionate. Few disclosures of suspicion of money laundering or terrorist financing are made to the Financial Intelligence Service by OFSBs. Instead, the Commission recommends that OFSBs should be required to register with it. The specified information to be provided would be the same as that currently required to be notified except it is recommended that, in addition, the principal place of business would be provided and directors, partners, senior officers, beneficial owners and any other person(s) who control(s) the business should, in addition to their name and address, provide their date of birth and nationality. The Commission may also require ancillary information in order to determine an application or for the maintenance of a register. In order to reduce the regulatory burden for existing OFSBs, the Commission will not ask such businesses to provide the information referred to in paragraph 7 above again. Instead, the Commission proposes to ask existing OFSBs to confirm that the Commission's records are correct and only to provide the new information envisaged in this paragraph. It is recommended the information provided to the Commission should be kept up-to-date. The Commission would publish a list of registered entities and the details of the financial services business (as described at paragraph 7gi) above), which they carry out.*

9. *As a licensing system is not proposed, it is recommended that the Commission would be able to refuse to register an applicant for registration, revoke the registration of a registered entity, or suspend the effect of any registration only if:*
 - (a) *full information had not been provided to the Commission without a justifiable reason;*
 - (b) *it appeared to the Commission that any information provided by the OFSB was false or misleading;*
 - (c) *the OFSB failed to pay a registration fee;*
 - (d) *the Commission was aware of a breach of the law recommended to be introduced in this report, the anti-money laundering legislation, the counter terrorist financing legislation or a material breach of rules contained in any handbook (see paragraph 17);*

- (e) *the Commission was aware that the Court was, or may be, taking action to wind up or grant an injunction against an OFSB (see paragraph 19) or to disqualify any controller, partner, director or manager of an OFSB (see paragraph 20);*
 - (f) *the Commission became aware of an issue concerning the fitness or propriety of the OFSB to conduct a financial business in the Bailiwick and the applicant:*
 - i) *unreasonably failed to provide the Commission with any information requested by the Commission concerning the fitness of the applicant to carry out a financial business; or*
 - ii) *failed to satisfy the Commission that it was fit to carry out any finance business; or*
 - (g) *the Commission became aware of an issue concerning the fitness or propriety of a director, partner, manager, beneficial owner or any other person who controls the business of the OFSB and the OFSB:*
 - i) *unreasonably failed to provide the Commission with any information requested by the Commission concerning the fitness or propriety of that person to carry out a financial business; or*
 - ii) *failed to satisfy the Commission that the person was a fit and proper person to carry out the business;*
 - (h) *the interests of the public or of the customers or potential customers of the financial services business or the reputation of the Bailiwick as a finance centre were jeopardised in any way; or*
 - (i) *a relevant supervisory authority outside the Bailiwick had withdrawn an authorisation or registration from the OFSB.*
10. *It is recommended that any refusal by the Commission to register an applicant or any decision to revoke or suspend should be subject to appeal by the applicant or registered entity.*
11. *Sixty-four OFSBs have notified information to the Commission under the 2002 Regulations. It is likely that no application fee would be required for such firms to be registered under the 2007 Regulations. However, it is recommended that registered firms pay an annual fee, commencing with a payment for the period in 2008 from when the Law proposed in this report is registered to 31 December 2008. The level of fees will be discussed with OFSBs in early 2008. As with other fees levied by the Commission, the level of fees will be set by regulations made by the Commission after consultation with the States of Guernsey Policy*

Council, the Alderney Policy and Finance Committee and the Sark General Purposes and Advisory Committee.

12. *It is recommended that it should be an offence to provide false or misleading information to the Commission and, subject to the risk based approach in paragraph 13 below, for an OFSB carrying out financial services business not to register with the Commission. It is also recommended that it should be an offence for a registered firm to hold itself out as being regulated. The law should make provision for the investigation of offences.*

13. *The Commission proposes that a risk based approach should be taken to the registration of OFSBs. Where financial services business is carried out by a person on an occasional or very limited basis such that there is a limited risk of money laundering or terrorist financing, the Commission proposes that there should be no need to register with it. In its view financial services business is carried out on an occasional or very limited basis where it fulfils all of the following criteria:*
 - (a) *the institution's total turnover in respect of financial services business does not exceed £50,000 per annum;*
 - (b) *the financial services business does not undertake any occasional transactions (defined in the 2007 Regulations as any transaction involving more than £10,000, where no business relationship has been proposed or established and includes such transactions carried out in a single operation or two or more operations that appear to be linked);*
 - (c) *financial services business does not exceed 5% of the institution's total turnover;*
 - (d) *financial services business is ancillary and directly related to the institution's main activity;*
 - (e) *the financial services business is not the transmission or remittance of money or any representation of monetary values by any means;*
 - (f) *the institution's main business is not that of an OFSB; and*
 - (g) *financial services business is provided only to customers of the main activity and is not offered to the public.*

14. *Amendments to the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 approved by the States of Guernsey in June 2007 and which are expected to come into force before the end of 2007, will allow the Commission to obtain information and documents from OFSBs*

and also to carry out on-site inspections to OFSBs in respect of compliance with the regulations made under that law. The Commission expects a minor amendment to those provisions to be presented to the States for consideration in the near future, so that, if agreed by the States, the information gathering and on-site powers will also apply to anti-money laundering rules, instructions and guidance made by the Commission under the regulations. As part of the enforceability expected by the FATF, OFSBs are also expected to be subject to AML/CFT standards embodied in law or regulation or other enforceable means. This means that the Law proposed in this report for the registration of OFSBs will need to establish a framework so that the rules contained in the Commission's Handbook are enforceable and there will need to be sanctions which can be imposed for breaches of the regulations made under the Proceeds of Crime Law (which will be contained in the regulations) and the rules contained in the Commission's Handbook (which should be contained in the registration law).

15. *As a consequence, it is recommended that, the Commission should have the ability to issue a private reprimand to a registered OFSB and to impose and vary conditions on the registration of an OFSB, (for example, a condition might prevent the OFSB from undertaking some or all financial services business until such time as significant failings had been remedied). It is recommended that breach of a condition would be an offence.*
16. *The use of any sanction under the proposals in this report will be subject to statutory and practical checks and balances (including an appeals process to ensure they are used appropriately) and will follow the Commission's formal procedures for taking adverse decisions. As part of these procedures, where an adverse decision may be made, the person affected will be afforded the opportunity of making representation in person to the Commission's Decisions Committee, which comprises 3 Commissioners. A decision to issue a sanction would also be subject to appeal by the OFSB to the Court. In July 2007 (Billet D'Etat XIX, p.1494), the States of Guernsey approved an appeals process which recommended that the rights of appeal against a decision of the Commission be broadened to ensure that aggrieved persons could have the Royal Court conduct a full review of the decision of the Commission. The new law referred to in this report will include these broader rights of appeal.*
17. *In addition, it is recommended that the Commission should have the ability to appoint inspectors, potentially at the cost of the OFSB, on matters to do with compliance with the regulations made under the Proceeds of Crime Law or the rules in the Commission's Handbook or in the interests of the public, customers or potential customers or the reputation of the Bailiwick as a financial centre. As with other sanctions,*

the process would follow the Commission's formal procedures for taking adverse decisions and such a process would allow an OFSB to appeal to the Court against any proposed appointment of inspectors. Four of the regulatory laws administered by the Commission provide that no sum in respect of the costs, fees and expenses of an investigation by inspectors may be recovered by the Commission where the Court is satisfied that the sum is not reasonable in amount, not reasonably incurred or where the Commission has acted unreasonably, frivolously or vexatiously in incurring the sum. At its meeting in July the States agreed that the regulatory law covering the regulation of controlled investment business – the Protection of Investors Law – should contain similar provisions on the appointment of inspectors. It is recommended that a similar approach should be adopted in respect of any inspectors appointed in respect of OFSBs.

18. *It is further recommended that the Commission should be able to suspend or revoke an OFSB's registration for the reasons specified in paragraph 9. The consequence of this would be that the OFSB would not be able to carry out financial service business of any kind. As stated in paragraphs 16 and 17, any sanction would need to follow the Commission's formal procedures for taking adverse decisions and would also be subject to appeal by the OFSB to the Court. The Commission intends to make public through its website, and through any other means considered necessary, that a registration had been suspended or revoked.*
19. *Paragraph 9 recommends that the necessary legislation should provide the Commission with a power to refuse to register an applicant OFSB or to suspend or revoke a registration. As a separate but allied issue to the FATF's recommendations and special recommendations, it is important that the Guernsey authorities are able, where necessary, to prevent OFSBs from operating in the Bailiwick. Where an OFSB is registered it is recommended that the Commission, or with the leave of the Court any other person, may apply to the Court to wind up the OFSB or to grant an injunction preventing the OFSB from carrying out business in the Bailiwick where this appears to be necessary:-*
 - (a) *to protect the public, in the Bailiwick or elsewhere, against the effects of dishonesty, incompetence or malpractice; or*
 - (b) *to counter financial crime and the financing of terrorism in the Bailiwick or elsewhere; or*
 - (c) *to maintain confidence in the finance sector in the Bailiwick; or*
 - (d) *to protect or to enhance the reputation of the Bailiwick as a financial services centre; or*

- (e) *where the OFSB has failed to meet an obligation of the law or committed an offence under the Law proposed in this report.*

In addition, it is recommended that the Commission should be able to apply to the Court to prevent an OFSB from contravening the law.

20. *The Commission also recommends that, based on existing company law provisions for directors, beneficial owners, controllers, partners, directors and managers of OFSBs, should be required by legislation to be fit and proper. The Commission does not intend to routinely consider the fitness and propriety of any of these individuals, as a registration rather than a licensing system is proposed. Where the Commission is not satisfied that a controller, partner, director or manager is a fit and proper person it would exercise the power to refuse to register the applicant OFSB whilst that person remained as a controller etc., as proposed in paragraph 9(g). Where, after registration the Commission or another person became aware of a potential lack of fitness and propriety, it is recommended that, following application by the Commission, HM Procureur, or any other person with the leave of the Court, the Court may disqualify any such person employed by the OFSB from performing any function, any specified function or any specified description of function where that person is considered by the Court to be other than fit and proper.*
21. *Information received by the Commission would be subject to the confidentiality provisions of the Financial Services Commission (Bailiwick of Guernsey) Law, 1987. Potential criminal penalties apply for the wrongful disclosure of information – information may only be disclosed under the specific gateways in the Financial Services Commission Law.*

Consultation Etc

22. *The Commission consulted with all financial services businesses in the Bailiwick, including the OFSBs referred to in this report, on a registration framework for OFSBs and also on the regulations made under the Proceeds of Crime Law and the handbook earlier this year. The concept of a private reprimand was not directly raised as a potential regulatory tool in the consultation document. However, the consultation document did identify the need for the Commission to be able to impose conditions and to enforce the requirement for OFSBs to comply with the AML/CFT standards. A private reprimand is also a lighter touch alternative to the more substantial penalties of suspending or revoking an OFSB's registration. However, given that it is an alternative and confidential means of enforcement, it is not expected to be a controversial addition to the Commission's suite of regulatory tools. The proposals in this report are the conclusions of the Commission after discussion with the Law Officers of the Crown and consideration of the*

most recent IMF assessments of jurisdictions' AML/CFT frameworks as to the most appropriate framework for the Bailiwick. The Commission has also advised the Commerce and Employment Department that it has arranged a briefing for OFSBs in early December of the implications of the Law proposed in this report and of the new Regulations and Handbook.

Costs

23. *The proposals in this report do not increase the costs of any committee or department of the States of Guernsey. The vast majority of the proposals are to do with the enforceability of the regulations and the handbook which will apply to OFSBs – unless an OFSB has poor AML/CFT measures, the main day-to-day effect of the proposed law is to require OFSBs to apply for registration and to maintain up-to-date registration information with the Commission.”*

3. Alderney and Sark

- 3.1 The Department will discuss the registration framework with the States of Alderney and the Chief Pleas of Sark with the aim of ensuring that a uniform system of registration is in place across the Bailiwick prior to the assessment by the IMF next year

4. Recommendations

- 4.1 The Commerce and Employment Department acknowledges the need to introduce a registration regime and supports the details of the proposed regime as set out in the Commission's report and, therefore, recommends the States:
1. to approve the proposals to introduce a Law on the registration of unregulated financial services businesses as outlined in this Report, and
 2. to direct the preparation of such legislation as may be necessary to give effect to the foregoing.

Yours faithfully

Stuart Falla
Minister

Appendix

Extract from the Draft Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Regulations : Definition of Financial Services Businesses

1. The businesses specified in Part I are financial services businesses for the purposes of this Law except where they are incidental or other activities falling within Part II, however, those businesses specified in paragraphs 2 to 19 are only financial services businesses when carried on by way of business.

PART I

BUSINESSES

2. Lending (including, without limitation, the provision of consumer credit or mortgage credit, factoring with or without recourse, financing of commercial transactions (including forfeiting) and advancing loans against cheques).

3. Financial leasing.

4. Operating a money service business (including, without limitation, a business providing money or value transmission services, currency exchange (bureau de change) and cheque cashing).

5. Facilitating or transmitting money or value through an informal money or value transfer system or network.

6. Issuing, redeeming, managing or administering means of payment, means of payment includes, without limitation, credit, charge and debit cards, cheques, travellers' cheques, money orders and bankers' drafts.

7. Providing financial guarantees or commitments.

8. Trading for account of customers (by way of spot, forward, swaps, futures, options, etc.) in -

- (a) money market instruments (including, without limitation, cheques, bills and certificates of deposit),
- (b) foreign exchange, exchange, interest rate or index instruments, and
- (c) commodity futures, transferable securities or other negotiable instruments or financial assets, including, without limitation, bullion.

9. Participating in securities issues, including, without limitation, underwriting or placement as agent (whether publicly or privately).

10. Providing settlement or clearing services for financial assets including, without limitation, securities, derivative products or other negotiable instruments.

11. Providing advice to undertakings on capital structure, industrial strategy or related questions, on mergers or the purchase of undertakings.

12. Money broking.

13. Money changing.

14. Providing individual or collective portfolio management services or advice.

15. Providing safe custody services.

16. Providing services for the safekeeping or administration of cash or liquid

securities on behalf of clients.

17. Carrying on the business of a credit union.
18. Accepting repayable funds other than deposits.
19. The provision of services in relation to any of the financial services businesses falling within paragraphs 2 to 18.
20. Accepting deposits in the course of carrying on "deposit-taking business" as defined in the Banking Supervision (Bailiwick of Guernsey) Law, 1994.
21. Carrying on "controlled investment business" as defined in the Protection of Investors (Bailiwick of Guernsey) Law, 1987.
22. Carrying on "insurance business" as defined in the Insurance Business (Bailiwick of Guernsey) Law, 2002, or doing anything -
 - (a) which can only lawfully be done under the authority of a licence of the Commission under the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002, or
 - (b) the doing of which is specifically exempted by that Law from the requirement to hold such a licence.
23. Carrying on "regulated activities" as defined in the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000.

PART II

INCIDENTAL AND OTHER ACTIVITIES

24. (1) Any financial services business falling within paragraphs 2 to 19 carried out in the course of carrying on the profession of -

- (a) a lawyer where such business is incidental to the provision of legal advice or services,
- (b) an accountant where such business is incidental to the provision of accountancy advice or services,
- (c) an actuary where such business is incidental to the provision of actuarial advice or services.

(2) For the purposes of this paragraph, business is incidental to the provision of such advice or services, if -

- (a) separate remuneration is not being given for the business as well as for such advice or services,
- (b) such advice or services is not itself financial services business falling within paragraphs 2 to 19, and
- (c) the business being carried out is incidental to the main purpose for which that advice or services is provided.

25. The carrying on of any financial service business -

- (a) by way of the provision of in-house legal, accountancy or

actuarial advice or services to any business referred to in paragraphs 2 to 23, or

- (b) in the course of carrying on the profession (respectively) of a lawyer, accountant or actuary for any client carrying on such a business.

26. Any financial services business falling within any of paragraphs 2, 3, 7, 9 and 11 or falling within paragraph 19 by virtue of it being a service carried out in relation to any such business described in those paragraphs where that business is only carried on by a body corporate (“**first company**”) in the course of providing services to another body corporate

—

- (a) of which the first company is the sole shareholder,
- (b) which is the first company’s sole shareholder, or
- (c) which has the same sole shareholder as the first company.

(NB The Policy Council supports the proposals.)

(NB The Treasury and Resources Department has no comment on the proposals.)

The States are asked to decide:-

XVI.- Whether, after consideration of the Report dated 8th November, 2007, of the Commerce and Employment Department, they are of the opinion:-

1. To approve the proposals to introduce a Law on the registration of unregulated financial services businesses outlined in that Report.
2. To direct the preparation of such legislation as may be necessary to give effect to the above decision.

PUBLIC SECTOR REMUNERATION COMMITTEE

REVIEW OF PUBLIC SECTOR PENSION SCHEMES

The Chief Minister
Policy Council
Sir Charles Frossard House
La Charroterie
St Peter Port

2nd November 2007

Dear Sir

The States have approved the Committee's Report dated 30th August 2007 entitled "Review of Public Sector Pension Schemes" (Billet d'Etat XXII).

The Rules necessary to give effect to the proposals in respect of the Public Servants' Pension Scheme are attached as an Appendix to this Report.

The Regulations necessary to give effect to the proposals in respect of the Teachers' Superannuation Scheme – which is closed to new members – will be submitted in due course.

The States are recommended to approve the draft States of Guernsey (Public Servants) (Pensions and other Benefits) (Amendment) Rules, 2007 which are attached as an Appendix to this Report.

Yours faithfully

J P Le Tocq
Chairman

**The States of Guernsey (Public Servants)
(Pensions and other Benefits)
(Amendment) Rules, 2007**

THE STATES, in pursuance of their Resolution of 12th December 2007, have approved the following Rules:-

Amendments to 1972 Rules.

1. The States of Guernsey (Public Servants) (Pensions and other Benefits) Rules, 1972, as amended (in these Rules referred to as “the 1972 Rules”) are further amended as follows:-

Rule 7

The following shall be added after Rule 7(m):-

(n) The Legal Aid Administrator

(o) The Children’s Convenor

Rule 9(1)

Existing Rule 9 (1) shall be deleted and replaced by the following as new Rule 9(1):-

9. (1) Subject to the provisions of this Part of these Rules and of Rules 23(1)(e), 23(1)(f), 23(2)(c), 24(1)(f), 24(1)(g) and 24(2)(c), paragraph 8 of the First Schedule and paragraph 7 of the Second Schedule, a member of the Scheme shall, at such intervals as the Committee may from time to time determine, contribute to the Fund an amount equivalent to 6.5% of his remuneration, except for female employees of the States who were members of the Scheme on 31st July 1988 and who have exercised an option in accordance with The States of Guernsey (Public Servants) (Pensions and other Benefits) (Amendment) Rules, 1988 to continue to contribute to the Fund at a lower rate, who shall contribute to the Fund an amount equivalent to 5.5% of their remuneration; and provided that a member of the Scheme who has attained the age of compulsory retirement shall not contribute without the permission of the Committee.

Rule 15

Existing Rule 15 shall be deleted and replaced by the following as new Rule 15:-

15. The years, or years in the aggregate, of reckonable service calculated in accordance with this Part of these Rules shall not exceed forty-five years in total. In the event that any member of the Scheme, as at 1st January 2008, would have, except for the

application of any Rule having effect at any time on or before 31st December 2007, reckonable service of more than 40 years at the date of his 60th birthday, then, for the purpose of the calculation of reckonable service, including that acquired on or after 1st January 2008, that member shall be treated as having 40 years reckonable service as at 1st January 2008 or at the date of his 60th birthday if earlier.

Rules 16-33

Existing Rules 16 to 33 (inclusive) and the heading shall be deleted in their entirety and replaced by the following new Rules and heading:-

PART V

PENSIONS AND OTHER BENEFITS

16. (1A) In these Rules:

“Existing Member” means (subject to Rule 16 (1)(B) and 16 (1)(C) either

- (i) a person who is a member of the Scheme at 31st December 2007 and in the employment of the States on that date; or
- (ii) a person who is entitled to receive preserved pensions and other benefits under these Rules but who has not commenced to receive them on or before 31st December 2007; or
- (iii) a person,
 - (a) who has prior to the 31st December 2007 ceased to be a member of the Scheme under Rule 5A (2); and
 - (b) either has not commenced to receive preserved pensions and other benefits; or is in receipt of a retirement pension; and
 - (c) subsequently re-enters the Scheme by
 - (i) 30th September 2008 or
 - (ii) within 5 years and two days of the date of their last leaving

(whichever is later) and who remains in pensionable employment with the States for not less than six months, and

- (d) has relinquished their right to those preserved pensions and other benefits or their retirement pension (as the case may be) under Rule 37 (1) (a) of these Rules, and
- (e) who elects to be treated as an Existing Member within three months of their taking up that new employment;

or,

- (iv) a person who joins the Scheme, and who enjoys protected rights under a pension scheme in respect of comparable employment to that being taken up with the States, and who elects to be treated as an Existing Member within three months of the commencement of the new employment;

“New Member” means a member of the Scheme who is not an Existing Member;

“protected rights” in Rule 16(1A) (iv) ‘protected rights’ means an entitlement under a recognised pension scheme to a pension and other benefits similar in material respect to those applicable to Existing Members under these Rules, and the Committee shall make any final determination as to whether a person enjoys protected rights or not.

(1B) The definition ‘Existing Member’ does not include a member of the Scheme who transfers his employment to the States Fire and Rescue Service or the Airport Fire and Rescue Service or the Island Police Force at any time on or after 1st January 2008 and such a person shall be treated as a New Member in respect of their qualifying and reckonable service with those bodies.

(1C) A person transferring from the States Fire and Rescue Service or the Airport Fire and Rescue Service or the Island Police Force at any time on or after 1st January 2008 to employment (other than with any of those bodies) which entitles them to be a member of the Scheme shall elect within three months of their taking up such new employment as to whether they wish to be treated as an Existing Member in respect of all their qualifying and reckonable service before and after such transfer or as a New Member in respect of their qualifying and reckonable service which may be acquired after the taking up of their new employment.

(2) Subject to the succeeding provisions of this Part of these Rules, a member of the Scheme who has completed at least two years of qualifying service shall, on retiring from the employment of the States in accordance with the provisions of the next succeeding paragraph, be entitled at the age of normal retirement to the following retirement benefits ("Retirement Benefits"):-

- (a) a pension for life (a "retirement pension") calculated in accordance with the provisions of these Rules; and,
- (b) in the case of Existing Members only, a lump sum (a "terminal grant") calculated in accordance with the provisions of these Rules.

(3) For the purposes of Rule 16(2):-

- (a) for an Existing Member, the age of normal retirement shall be their 60th birthday and the age of compulsory retirement shall be their 65th birthday;
- (b) for a New Member, the age of normal retirement and the age of compulsory retirement shall in both cases be their 65th birthday.
- (c) for a female member of the Scheme, who was in the employment of the States on the 26th July, 1967, the age of normal retirement shall be their 50th birthday and the age of compulsory retirement shall be their 65th birthday.

(4) Notwithstanding the provisions of the last preceding paragraph, a member of the Scheme may continue in the employment of the States after attaining the age of compulsory retirement if the employing authority recommends to the Committee that it is in the best interests of the States that the member should continue in such employment and the Committee so approves, so, however, that the Committee may only continue such employment from year to year and in no circumstances shall the Committee approve that a member shall continue in such employment beyond their 75th birthday.

(5) For the avoidance of doubt, a person who re-enters the Scheme more than 5 years and two days after the date of their last leaving shall be treated as a New Member for all purposes, including, if that person has relinquished their right to preserved pensions and other benefits or their retirement pension under Rule 37 (1) (a) of these Rules, any benefits that have accrued under the earlier period of qualifying service.

17. The retirement pension payable to a member of the Scheme who retires in accordance with the provisions of these Rules shall, subject to Rules 32 and 33, be calculated by multiplying the pensionable pay:-

- (a) in the case of an Existing Member by $1/80$ for each year of reckonable service of the member; and
- (b) in the case of a New Member by $1/60$ for each year of reckonable service of the member.

18. (1) The terminal grant payable to an Existing Member of the Scheme who retires in accordance with the provisions of these Rules shall, subject to Rules 32 and 33, be calculated as follows:-

- (a) in the case of a member of the Scheme who enters the employment of the States on or after the appointed day, by multiplying the pensionable pay of such member by $3/80$ for each year of reckonable service;
- (b) in the case of a former pensionable employee
 - (i) by multiplying the pensionable pay of such employee by $3/80$ ths for each year of reckonable service after the appointed day,
 - (ii) by multiplying the pensionable pay of such employee by $3/80$ ths for each year of reckonable service for the purposes of the Contingency Funds Rules prior to the appointed day,
 - (iii) by multiplying the pensionable pay of such employee-
 - (aa) in the case of a bachelor, by $2/80$ ths;
 - (bb) in the case of any other male employee, by $1/80$ th;
 - (cc) in the case of a female employee, by $1/30^{\text{th}}$;
 for each year of reckonable service not being reckonable service for the purposes of the Contingency Funds Rules prior to the appointed day,

and aggregating the products.

- (2) No terminal grant shall be payable to a New Member of the Scheme.

19 (1) Existing Members and New Members of the Scheme shall have an option when taking their Retirement Benefits of taking up to 25% of the value of that part of their Retirement Benefits which is then being taken, by way of a lump sum by surrendering £1.00 of annual pension for £12.00 of lump sum.

(2) The lump sum shall be calculated in accordance with the following formula:

$$A\% \times [(20 \times B) + C]$$

Where 'A' is the percentage opted for by the member up to a maximum of 25%

'B' is the annual pension entitlement, and

'C' is (in the case of an Existing Member only) the amount of the terminal grant.

In respect of Existing Members (and for the avoidance of doubt):-

- (a) the lump sum calculated and payable in accordance with this formula is inclusive of any terminal grant;
- (b) that having calculated the lump sum under the above formula the amount of the terminal grant shall be deducted and only the balance divided by 12 in order to ascertain the amount of the pension surrendered; and
- (c) that where the amount of the lump sum ascertained under the formula is less than the amount of the terminal grant payable, the option in Rule 19(1) shall not be able to be exercised.

20 (1) In the case of any Existing Member of the Teachers' Scheme

- (a) who has elected to transfer to the Scheme pursuant to the Teachers' Regulations 2005; and
- (b) to whom the provisions of Regulation 26 (1) of the Teachers' Regulations applies; and
- (c) that person has a guaranteed minimum pension,

then the provisions of Regulations 26 (3) – (6) (inclusive) shall apply to that person as if those provisions were set out in full in these Rules.

(2) The provisions of Regulations 26 (3) – (6) shall take precedence over any other Rule that is inconsistent with them in relation to that person, but in all other respects the Rules shall continue to apply in full.

21. (1) In these Rules

“Total Incapacity” means a state of health which precludes the member from being employed altogether or allows the member to be employed only in a role carrying significantly lower weight and or responsibility than that from which the member by reason of that state of health has had to retire, and

“prospective

reckonable service” means those years of reckonable service pursuant to Rule 12 that a member would have accrued from the date that he retired to the date of the age of normal retirement on the assumption that he had continued in his current employment had he not been retired by the States under Rule 21 (2).

(2) If, in the opinion of the Committee (after having consulted with the relevant employing department or committee of the States and taken medical and other relevant advice), a member of the Scheme is unable effectively to discharge his duties in the employment of the States by reason of ill health or some defect or disability of mind or body, he may be retired by the States with the prior approval of the Committee before the age of normal retirement and in such case he shall be entitled on his retirement to Retirement Benefits calculated as follows:-

- (a) if he is retired by reason of Total Incapacity he shall be entitled to a retirement pension (and in the case of an Existing Member a terminal grant) based on the member’s years of reckonable service plus one half of the prospective reckonable service; or
- (b) if he is retired under this Rule 21 other than by reason of Total Incapacity he shall be entitled to a retirement pension (and in the case of an Existing Member a terminal grant) based on the members years of reckonable service, or
- (c) if the member’s years of qualifying service is less than 2 years, that member shall be entitled (whether he is retired for Total Incapacity or otherwise under this Rule 21) to a payment equal to 1/12 of pensionable pay and (if an Existing Member a terminal grant) or a refund of the member’s contributions to the Fund plus compound interest at 3% per annum with yearly rests at each 31st December, whichever is the greater.

22. (a) Where

- (i) at the time when a person with more than two years of qualifying service first becomes entitled to a retirement pension by virtue of Rule 21, and
 - (ii) exceptional circumstances of serious ill health affect that person, the Committee may discharge the liability to pay that pension by payment of a lump sum calculated in accordance with paragraph (b) below.
- (b) The lump sum shall be an amount equal to five times the annual pension payment calculated in accordance with Rule 21 and shall be

paid together with (in the case of an Existing Member) the amount of the terminal grant.

- (c) 'Exceptional circumstances' shall mean that the life expectancy of the member has been certified by a qualified medical practitioner acting on behalf of the Scheme as being less than one year.
- (d) For the avoidance of doubt a member to whom a payment under Rule 22(a) has been made shall be treated as being in receipt of a retirement pension for the purposes of Rule 31.

23. (1) The following special provisions of this Rule 23(1) shall apply to an Existing Member who is member of the States Fire and Rescue Service or a member of the Airport Fire and Rescue Service in respect of his period of employment as such:-

- (a) each year of reckonable service of such a member of the Scheme before he attains the age of 55 shall, except for years of service in excess of 30 years, be counted as one and a third years;
- (b) for a member of the Scheme who is a member of the States Fire and Rescue Service or a member of the Airport Fire and Rescue Service (in either case) in the role of Station Manager or below, the age of normal retirement shall be their 50th birthday and the age of compulsory retirement shall be their 55th birthday;
- (c) for a member of the Scheme who is a member of the States Fire and Rescue Service or a member of the Airport Fire and Rescue Service (in either case) above the role of Station Manager the age of normal retirement shall be their 55th birthday and the age of compulsory retirement shall be their 60th birthday;
- (d) the years, or years in the aggregate, of reckonable service of such a member of the Scheme who is a member of the States Fire and Rescue Service or a member of the Airport Fire and Rescue Service (in either case) above the role of Station Manager may exceed 40 years at his age of normal retirement notwithstanding Rule 15
- (e) Rule 9(1) has effect in the case of such a member of the Scheme who joined the Scheme at any time after 31st October 1991 who is in the role of Station Manager or below with the substitution of "11%" for "6.5%", and in the case of such a member of the Scheme who is above the role of Station Manager, with the substitution of "9.5%" for "6.5%".
- (f) Nothing in Rule 23(1)(e) shall prevent a person who was a member of the Scheme at any time on or before 31st October

1991 from electing to make the higher contribution of 11% or 9.5% (as the case may be)

(2) The following provisions shall apply to a New Member who is member of the States Fire and Rescue Service or a member of the Airport Fire and Rescue Service in respect of his period of employment as such:-

- (a) For a New Member of the Scheme who is a member of the States Fire and Rescue Service or a member of the Airport Fire and Rescue Service the age of normal retirement is their 60th birthday and the age of compulsory retirement is their 65th birthday;
- (b) A New Member who is aged 55 or above may be retired by his Employer with the consent of the Committee if it is considered by the Employer to be in the interests of the States Fire and Rescue Service or Airport Fire and Rescue Service (as the case may be) and in which case the retirement pension shall be payable at the date of the retirement.
- (c) Rule 9(1) has effect with the substitution of “8.5%” for “6.5%”.

24. (1) The following special provisions of this Rule shall apply to an Existing Member who is a member of the Island Police Force in respect of the period of his employment in police service:-

- (a) for a member of the Scheme who is a member of the Island Police Force below the rank of Inspector, the age of normal retirement shall be their 50th birthday if they have completed 25 years police service and the age of compulsory retirement shall be their 55th birthday;
- (b) for a member of the Scheme who is a member of the Island Police Force and of the rank of Inspector or Chief Inspector the age of normal retirement is their 50th birthday if they have completed 25 years police service and the age of compulsory retirement shall be their 60th birthday;
- (bA) for a member of the Scheme who is a member of the Island Police Force and is above the rank of Chief Inspector the age of normal retirement is their 55th birthday if they have completed 25 years police service, and the age of compulsory retirement shall be their 60th birthday;
- (c) each year of police service of such a member, of whatever rank, shall, except for years of police service in excess of 30 years, be counted as one and one third years of reckonable service and each

year of service after 30 years shall count as one year of reckonable service up to a maximum of 5 such years;

- (d) if a member of the Scheme who is a member of the Island Police Force completes 25 years police service before reaching his 50th birthday he may be granted a retirement pension and a terminal grant except that the pension and grant shall not be paid until the date on which he reaches his 50th birthday unless the Committee approves the payment of the pension or the grant or both at an earlier date;
- (e) the years, or years in aggregate, of reckonable service of a member of the Scheme who is above the rank of Chief Inspector may exceed 40 years at his age of normal retirement notwithstanding Rule 15;
- (f) Rule 9(1) has effect in the case of such a member of the Scheme who joined the Scheme at any time after 31st October 1991 who is not above the rank of Chief Inspector with the substitution of "11%" for "6.5%" and, in the case of such a member of the Scheme who is above the rank of Chief Inspector, with the substitution of "9.5%" for "6.5%".
- (g) Nothing in Rule 24(1)(f) shall prevent a person who was a member of the Scheme at any time on or before 31st October 1991 from electing to make the higher contribution of 11% or 9.5% (as the case may be)

(2) The following special provisions of this Rule shall apply to a New Member who is a member of the Island Police Force in respect of the period of his employment in police service:-

- (a) for a New Member of the Scheme who is a member of the Island Police Force the age of normal retirement is their 55th birthday and the age of compulsory retirement is their 65th birthday;
- (b) each year of police service of such a member, of whatever rank, shall, except for years of police service in excess of 35 years, be counted as one and one seventh years of reckonable service;
- (c) Rule 9(1) has effect with the substitution of "9.5%" for "6.5%".

(3) In this Rule the expression "police service" means service as a member of the Island Police Force and includes service as a member of any other police force approved by the Committee as police service.

25. If a man and his wife are employed by the States under a joint appointment terminable in respect of both of them by determination in respect of either of them the Committee may, if determination in respect of one of them shall occur at a time when the other of them being a member of the Scheme is not under these Rules entitled to be paid a benefit, in their discretion pay to such other of them a retirement pension and (in the case of an Existing Member) a terminal grant.

26. (1) If a member of the Scheme who has at least two years of qualifying service is dismissed (with the consent of the Committee) on the grounds of redundancy or in consequence of a reorganisation to effect greater efficiency and economy, he shall be entitled to a retirement pension and (in the case of an Existing Member a terminal grant) which shall be paid (subject to Rules 32 and 33) upon him attaining his age of normal retirement, except in the case of:-

- (a) an employee of the States who was a member of the Scheme on 31st July 1988 or
- (b) an employee whose dismissal occurs within 10 years of his age of normal retirement;

and in which case the retirement pension and terminal grant (if applicable) shall be payable at the date of the dismissal.

(2) The years of reckonable service of a member who shall fall within 26 (1) (a) or (b) above shall be enhanced by the lesser of

- (a) the period of 5 years; or
 - (b) the period to the age of normal retirement for that member;
- in each case adjusted pro-rata for a qualifying part time employee; or
- (c) the length of the reckonable service of that member divided by 4,

but in no other circumstances.

27. (1) If a member of the Scheme is dismissed by the States with the prior consent of the Committee on the grounds of diminished efficiency and at the date of dismissal he has at least two years qualifying service he may be granted a retirement pension and in the case of an Existing Member a terminal grant.

(2) If an Inseminator Stockman is unable to continue in his employment as such because of diminished efficiency and if the States is satisfied that it cannot make him a reasonable offer of alternative employment then:-

- (a) if the member has at least two years of qualifying service, and

- (b) he has attained the age of fifty years but has not attained the age of normal retirement,

he may retire and shall be entitled to a retirement pension and (in the case of an Existing Member) a terminal grant and for the purposes of calculating that pension and that grant each year of reckonable service shall, except for years of service in excess of thirty years, be counted as one and a third years.

28. If a member of the Scheme

- (a) retires or resigns from the employment of the States;
- (b) before attaining his age of normal retirement; and
- (c) has at least two years of qualifying service,

he shall be entitled to a retirement pension and (in the case of an Existing Member) a terminal grant, but, subject to Rules 23(2)(b) and Rules 32 and 33, or unless the Committee otherwise agrees in his case, that pension and grant shall not be paid until he attains his age of normal retirement, or in the case of a New Member who is a member of the States Fire and Rescue Service or the Airport Fire and Rescue Service or the Island Police Force his 65th birthday.

29. (1) In these Rules

“a Qualifying Partner” means a person who has been nominated in accordance with these rules by a member of the Scheme, and who at the time of any claim satisfies the nomination criteria;

“nomination criteria” means:

- (i) that the member and the nominated partner are living together in an exclusive committed long-term permanent relationship; and
- (ii) that the member and the nominated partner are both legally free to marry or would have been able to do so if the member and the nominated partner had not been of the same sex; and
- (iii) that neither are currently in a registered civil partnership with a third party; and
- (iv) that the nominated partner is financially dependent on the member or that the member

and the nominated partner are financially dependent on each other; and

- (v) such other nomination criteria as the Committee may from time to time require;

“Evidence of Financial Dependence”

means evidence to the reasonable satisfaction of the Committee to be provided at the time that any claim is made by the nominated partner for Retirement Benefits verifying financial dependency or interdependency and which may include some or all of the following and such other evidence as may be reasonably requested by the Committee:-

- that the member and the nominated partner have lived together in a shared household for not less than two years;
- that there was shared household expenditure;
- that children of the member and the nominated partner were being jointly brought up;
- that the member and the nominated partner shared bank accounts, investments and or loans;
- that wills and or life insurance policies have been executed naming the member and nominated partner as the main beneficiary of the other;
- that mutual powers of attorney have been executed; and
- that the death of the member has led to substantive increased living expenses for the nominated partner

“Ex-Teacher Member”

means a member who has transferred from the Teachers’ Scheme under the States of Guernsey (Public Servants) (Pensions and other Benefits) (Amendment) Rules, 2005, and in the tables of benefits in Rule 29, (also referred to in Rule 31), references to a member includes a reference to an Ex-Teacher Member unless the tables expressly refer to an Ex-Teacher Member.

“reckonable service to count for spouse’s benefits” (or “family benefits”)

means that in relation to the calculation of, and entitlement to, any benefits under the Scheme,

- reckonable service will not count towards a spouse or Qualifying Partner pension in the case of a female member of the Scheme who opted under the States of Guernsey (Public Servants)(Pensions and other Benefits) (Amendment) Rules, 1988 (‘the 1988 Amendment Rules’) to continue to contribute to the Fund at the lower contribution rate described in Rule 9(1);
- in respect of such a female member of the Scheme who opted to contribute at 6% under the 1988 Amendment Rules then only her reckonable service from 1st November 1988 shall count towards a spouse or Qualifying Partner pension unless she opted to, and did, pay back contributions in accordance with the 1988 Amendment Rules, when in that case all her reckonable service will count;
- in respect of such a female member of the Scheme who opted to continue to contribute to the Fund at the lower contribution rate under the 1988 Amendment Rules but who then elects to increase her contribution under the States of Guernsey (Public Servants) (Widowers’ Benefits) Rules, 1998, the entitlement to a pension or other benefit of the spouse or Qualifying Partner shall be ascertained on the date when the election takes effect;
- benefits payable to a Qualifying Partner shall be based on the deceased member’s reckonable service accruing after 1st January 2008 but this provision shall not prevent the member from buying in earlier reckonable service, subject to any other provision of these Rules, at any time whilst they are a member of the Scheme;
- in relation to a former member or deceased former member of the Scheme who has left the Scheme at any time before 31st December 2007, reckonable

service will not count towards a pension for any spouse who has remarried since the date of the death of the member;

- in relation to a former member or deceased former member of the Scheme, only reckonable service from 6th April 1978 will count towards the pension for a spouse who married that member after the date when the service of the member terminated (for whatever reason);
- in relation to an Ex-Teacher Member reckonable service for the period prior to the date of their transfer to the Scheme shall be ascertained by reference to the provisions for relevant service in the Teachers' Regulations and as from the date of their transfer to the Scheme ascertained in accordance with the rules of the Scheme

(2) If a member of the Scheme dies whilst in the employment of the States the Committee shall pay:

- (a) to the member's surviving spouse or (subject to the provision of Evidence of Financial Dependence) a Qualifying Partner; or
- (b) if the member is not survived by a spouse or Qualifying Partner but is survived by a dependent child or dependent children, to such person as the Committee may in its discretion determine for the benefit of that child or those children (if more than one in equal shares); or
- (c) if the member is survived neither by a spouse, Qualifying Partner nor by a dependent child, to his legal personal representative,

(and provided that if and for so long as the member is survived by a dependent child who is not in the custody of the member's surviving spouse or Qualifying Partner, any pension payable in respect of that child shall be paid to such person as the Committee may in its discretion determine for the child's benefit (and, if there is more than one such child, in equal shares)), benefits as follows:

In the following Tables:-

- (a) 'a death in service grant' means a grant equal to three times the member's pensionable pay at the date of his death

- (b) 'pensionable pay entitlement' means $\frac{1}{4}$ of the member's pensionable pay at the date of his death in three equal monthly instalments paid in arrears during the three months following that date;
- (c) where there is an additional pension for second or more children this is in total and not in respect of each further child;
- (d) any pension payable to a dependent child shall be payable only for as long as they remain a child;
- (e) 'family benefits' has the same meaning as in the Teachers' Regulations
- (f) In the formula:
 - A = reckonable service of member at death
 - B = prospective reckonable service (see Rule 21) from date of death to date of age of normal retirement
 - C = pensionable pay
 - D = reckonable service to count for spouse (or family) benefits

1. Where the member has less than two years qualifying service

Member survived by spouse or Qualifying Partner (with or without dependent children)	Member not survived by spouse or Qualifying Partner but survived by dependent children	Member not survived by either spouse or Qualifying Partner or dependent children
(i) A death in service grant AND (ii) pensionable pay entitlement	(i) A death in service grant AND (ii) pensionable pay entitlement	A death in service grant.

2. Where the member has two or more years qualifying service

1. Member survived by spouse or Qualifying Partner, with no dependent children and all service counts for spouse benefits	2. Member survived by spouse or Qualifying Partner, with no dependent children and not all service counts for spouse benefits
(i) A death in service grant AND (ii) pensionable pay entitlement AND (iii) a spouse or Qualifying Partner pension calculated in accordance with the following formula: $1/160 \times (A + \frac{1}{2} \times B) \times C$	(i) A death in service grant AND (ii) pensionable pay entitlement AND (iii) a spouse or Qualifying Partner pension calculated in accordance with the following formula: $1/160 \times (D + \frac{1}{2} \times B) \times C$

3. Member survived by spouse or Qualifying Partner with dependent children where all reckonable service counts for spouse benefits	4. Member survived by spouse or Qualifying Partner with dependent children where not all reckonable service counts for spouse benefits
<p>(i) A death in service grant AND</p> <p>(ii) pensionable pay entitlement AND</p> <p>(iii) a spouse or Qualifying Partner pension calculated in accordance with the following formula: $1/160 \times (A + \frac{1}{2} \times B) \times C$ AND</p> <p>(iv) an additional pension for first child calculated in accordance with the following formula: $1/320 \times (A + \frac{1}{2} \times B) \times C$ AND</p> <p>(v) an additional pension for second or more children calculated in accordance with the following formula: $1/320 \times (A + \frac{1}{2} \times B) \times C$</p>	<p>(i) A death in service grant AND</p> <p>(ii) pensionable pay entitlement AND</p> <p>(iii) a spouse or Qualifying Partner pension calculated in accordance with the following formula: $1/160 \times (D + \frac{1}{2} \times B) \times C$ AND</p> <p>(iv) an additional pension for first child calculated in accordance with the following formula: $1/240 \times (A - D) \times C + 1/320 [D + \frac{1}{2} \times B] \times C$ AND</p> <p>(v) an additional pension for second or more children calculated in accordance with following formula: $1/240 \times (A - D) \times C + 1/320 [D + \frac{1}{2} \times B] \times C$</p>
5. Ex-Teacher Member survived by spouse or Qualifying Partner with dependent children but where not all reckonable service counts for family benefits.	6. Ex Teacher Member not survived by spouse or Qualifying with dependent children but where not all reckonable service counts for family benefits.
<p>(i) A death in service grant AND</p> <p>(ii) pensionable pay entitlement AND</p> <p>(iii) a spouse or Qualifying Partner pension calculated in accordance with the following formula: $1/160 \times [D + \frac{1}{2} \times B] \times C$ AND</p> <p>(iii) a pension for first child calculated in accordance with the following formula: $1/320 \times (D + \frac{1}{2} \times B) \times C$ AND</p> <p>(iv) an additional pension for second or more children calculated in accordance with following formula: $1/320 \times (D + \frac{1}{2} \times B) \times C$</p>	<p>(i) A death in service grant AND</p> <p>(ii) pensionable pay entitlement AND</p> <p>(iii) a pension for first child calculated in accordance with the following formula: $1/240 \times (D + \frac{1}{2} \times B) \times C$ AND</p> <p>(iv) an additional pension for second or more children calculated in accordance with following formula: $1/240 \times (D + \frac{1}{2} \times B) \times C$</p>

7. Member survived by dependent children but not a spouse or Qualifying Partner whether or not all reckonable service counts for spouse benefits.	8. Member survived by spouse or Qualifying Partner and dependent children but the spouse or Qualifying Partner does not qualify for benefits.
(i) A death in service grant AND (ii) pensionable pay entitlement AND (iii) a pension for first child calculated in accordance with the following formula: $1/240 \times (A + \frac{1}{2} \times B) \times C$ AND (iv) an additional pension for second or more children calculated in accordance with following formula: $1/240 \times (A + \frac{1}{2} \times B) \times C$	(i) A death in service grant AND (ii) pensionable pay entitlement AND (iii) a pension for first child calculated in accordance with the following formula: $1/240 \times (A + \frac{1}{2} \times B) \times C$ AND (iv) an additional pension for second or more children calculated in accordance with following formula: $1/240 \times (A + \frac{1}{2} \times B) \times C$
9. Member not survived by either spouse or Qualifying Partner or dependent children A death in service grant.	

30. If a former member of the Scheme who has left the employment of the States and who would have been entitled to a retirement pension and (in the case of an Existing Member) a terminal grant under Rule 24(1)(d), Rule 26(1) or Rule 28 upon attaining his age of normal retirement, or in the case of a New Member who is a member of the States Fire and Rescue Service or the Airport Fire and Rescue Service or the Island Police Force, his 65th birthday, dies before attaining that age, the Committee shall pay

- (a) in the case of Existing Members, benefits ascertained in accordance with the Rules of the Scheme in force at 31st December 2007 and payable to the person who would have been entitled as if the former member had died whilst in the employment of the States on the date when he left that employment,
- (b) in the case of New Members, a pension ascertained by reference to the actual accrued service of that member as if he had died whilst in the employment of the States on the date when he left the employment of the States and payable to the person who would have been entitled to any benefit under Rule 29 as if the New Member had died whilst in the employment of the States on the date when he left that employment,

and the amount of any benefit payable shall include any increase in accordance with recommendations made by the Committee under Rule 1(2) and approved by the States since that date;

31. If a former member of the Scheme dies whilst in receipt of a retirement pension the Committee shall pay to the person who would have been entitled to any benefit under Rule 29 if the former member had been in the employment of the States at the date of his death

- (a) if the aggregate of the terminal grant and retirement pension paid to him is less than the amount of any terminal grant which would have been paid if he had died on the date of his retirement, the difference; and
- (b) if and for so long as he is survived by a spouse or Qualifying Partner or by a dependent child or dependent children -
 - (i) for the three months following his death, a pension equal to his actual retirement pension at the date of his death; and
 - (ii) thereafter, a pension calculated in accordance with Rule 29 ascertained at the date of retirement but substituting the following formula values and increased in accordance with Rule 1(2):
 - A = reckonable service of member at retirement
 - B = 0
 - C = pensionable pay
 - D = reckonable service to count for spouse (or family) benefits at the date of retirement

(subject in each case to there being reckonable service to count for spouse's benefits or family benefits)

32. (1) This Rule applies in the case of any member or former member of the Scheme who:

- (a) is in the case of an Existing Member between the age of 50 and his age of normal retirement and in the case of a New Member is between the age of 55 and his age of normal retirement or in the case of a New Member of the States Fire and Rescue Service or the Airport Fire and Rescue Service or the Island Police Force, the age of 65; and
- (b) is entitled to a retirement pension and (in the case of an Existing Member) a terminal grant which, under Rules 26(1) or Rule 28, are not to be paid until he attains his age of normal retirement or in the case of a New Member of the States Fire and Rescue Service or the Airport Fire and Rescue Service or the Island Police Force, the age of 65; and

- (c) has given to the Committee at least 12 months' written notice (or such shorter period of written notice as the Committee may accept in his particular case) of his election for actuarially reduced benefits on and after a date specified in the notice ("the specified date").

(2) In a case in which this Rule applies the member or former member concerned shall be entitled, in place of any other benefits to which he may otherwise have become entitled under the preceding provisions of these Rules,

- (a) on the specified date, to an actuarially calculated proportion of the terminal grant which would have been payable if he had attained his age of normal retirement on the specified date, and
- (b) thereafter, to an actuarially calculated proportion of the pension which would have been payable if he had attained his age of normal retirement on the specified date.

(3) The actuarially calculated proportions referred to in this Rule are such as are ascertainable by reference to tables prepared by the Actuary from time to time and published by the Committee for the purposes of this Rule as at the specified date.

(4) A notice given under sub-paragraph (1)(c) of this Rule may be withdrawn, by a further notice in writing given to the Committee by the member or former member concerned, at any time before, but not on or after, the specified date.

(5) Rule 19 in relation to commutation of pension benefits to lump sums shall be applicable to any member wishing to elect for actuarially reduced benefits, under this Rule 32.

33. (1) This Rule applies in the case of any current contributing member of the Scheme:

- (a) who is over the age of 55; and
- (b) has two or more years qualifying service; and
- (c) who has given to the Committee at least 12 months written notice (or such shorter period of written notice as the Committee may accept in his particular case) of his election for a partial pension of not more than 75% of his accrued benefits on and after a date specified in the notice ('the partial pension notice'); and
- (d) where, immediately following the taking of a partial pension, the pensionable pay received by that member will be reduced by 25% or more from the pensionable pay received by that member immediately prior to the taking of the partial pension.

(2) In a case in which this Rule applies the member concerned shall be entitled, in place of any other benefits to which he may otherwise have become entitled under any other provision of these Rules,

- (a) on the specified date, to an actuarially calculated proportion of the terminal grant payable in relation to that proportion of the accrued benefits to which the partial pension notice relates as if he had left the Scheme on that date; and
- (b) to an actuarially calculated proportion of the pension payable in relation to that proportion of the accrued benefits to which the partial pension notice relates as if he had left the Scheme on that date.

(3) The actuarially calculated proportions referred to in this Rule are such as are ascertainable by reference to tables prepared by the Actuary from time to time and published by the Committee for the purposes of this Rule as at the specified date.

(4) A notice given under sub-paragraph (1)(c) of this Rule may be withdrawn, by a further notice in writing given to the Committee by the member or former member concerned, at any time before, but not on or after, the specified date.

(5) A member may not elect to take a partial pension on more than two occasions.

(6) Rule 19 in relation to commutation of pension benefits to lump sums shall be applicable to any member wishing to take a partial pension under this Rule 33.

(7) Any benefits payable to a member upon retiring (whether before or after reaching the age of normal retirement) including (in the case of an Existing Member) the terminal grant shall be reduced by the amount of the benefits paid under this Rule and the residual benefits together with any that accrue from reckonable service following the taking of the partial pension shall then comprise the basis of any further pension entitlement upon the member leaving the Scheme.

Rule 37(1)(a)

Rule 37(1)(a) shall be amended by substituting the word “benefits” for “terminal grant” (on the first occasion that it appears) and by inserting the words “(including any lump sum paid to him under Rule 19)” after the words “terminal grant ” (on the second occasion that it appears).

Rule 37(2)

In Rule 37 (2) there shall be substituted for ‘Rule 19’ and ‘Rule 23’ the words ‘Rule 21’ and ‘Rule 26’ respectively.

Rule 38

Existing Rule 38(1) and (2) shall be deleted and replaced by the following new Rule 38(1) and (2).

38. (1) A member of the Scheme may, with the consent of the Committee and subject to a medical report satisfactory to the Committee, purchase additional benefits as the Committee may approve, in accordance with the provisions of Rule 38(2).

(2) Additional annual pension in multiples of £250 may be purchased by the member by way of lump sum or periodical contributions (ascertained and certified as payable by the Actuary), up to a maximum total additional pension of £5,000 per annum. Such additional pension payable shall be increased from the date of purchase in accordance with Rule 1(2). The Committee shall be entitled to review and amend from time to time the £250 purchase multiple and the £5000 maximum total additional pension able to be purchased by a member.

Rule 40

Existing Rule 40 shall be deleted in its entirety and replaced by the following new Rule 40.

40. (1) No transfer value shall be payable in respect of a member of the Scheme:-

- (a) if that member is in receipt of any benefit under the provisions of these Rules, or
- (b) if that member has received a return of contributions under the provisions of these Rules unless he pays to the Committee such amount as the Committee may determine, or
- (c) in respect of any contributing member who has attained the age of normal retirement or in the case of a New Member of the States Fire and Rescue Service or the Airport Fire and Rescue Service or the Island Police Force who has attained the age of 65.

(2) Rule 40 (1) (c) shall not prevent any transfer by a teacher or former teacher transferring to a recognised Teachers' Pension Scheme within the United Kingdom, Jersey or the Isle of Man.

Rule 42

The definition of "pensionable pay" shall be deleted and replaced by the following definition

"pensionable pay" (i) means the total amount of remuneration paid to a member of the Scheme during his last year of reckonable service or, where this is greater, (and subject to (ii) below), the average of the annual remuneration paid to him during the highest three years within the last ten years of his reckonable service each of the selected three years remuneration being revalued (before averaging) by reference to any increase in the Guernsey Index of Retail Prices to the retirement date, save that (for the purposes of the calculation) if for any part of his last year of reckonable service or any part of any year assessed as one of the highest three years of reckonable service:--

- (a) the remuneration of the member was reduced or discontinued under the provisions of paragraph (3) or (4) of Rule 9 of these Rules due to ill health or injury the pensionable pay shall be the amount of remuneration which he would have been paid if the remuneration had not been reduced or discontinued;
- (b) the remuneration was reduced or discontinued under the provisions of paragraph (5) or (6) of Rule 9 of these Rules the pensionable pay shall be the amount of remuneration on which he paid contributions in that year;
- (c) the member was in qualifying part-time employment, his pensionable pay in respect of that period of qualifying part-time employment shall be increased in accordance with the following formula:

$$\frac{FTP}{HP} \times RP$$

Where

"FTP" is the number of hours per calendar year which the States were entitled at the time to require a full-time employee to devote to his employment;

"HP" is the number of hours per calendar year which the States were entitled at the time to require the member to devote to his employment; and

"RP" is the actual total amount of remuneration paid to the member in respect of that period of qualifying part-time employment;

Provided that paragraph (c) above shall not apply for the purposes of calculating the terminal grant payable in respect of a member of the scheme who has died whilst in qualifying part-time employment;

Provided further that in paragraph (c) above, in the case of a Teacher who is a member of the Scheme and whose contract does not stipulate the number of hours per calendar year which the States were entitled at the time to require a full time employee to devote to his employment (FTP) or the number of hours per calendar year which the States were entitled at the time to require that member to devote to his employment (HP), his pensionable pay in respect of that period of qualifying part time employment shall be increased in accordance with the following formula:

$$\frac{RP}{Z}$$

Where

- “RP” is the actual total amount of remuneration paid to that member in respect of that period of qualifying part-time employment and
- “Z” is the percentage of the notional teaching hours to be worked by that member at the time as is set out in that member’s contract of employment;

(ii) The definition set out in (i) above is subject to transitional provisions so that in any application of these Rules that has taken place or will take place in relation to a member or former member to which the definition of pensionable pay is relevant (‘the event’):

- (a) In respect of an event that has occurred at any time on or before 31st December 2007 there shall be no change to the definition of pensionable pay adopted at that time, whether in relation to any decision or calculation or payment as at the date of the event or at any time subsequently;
- (b) In respect of any event occurring between 1st January 2008 and 31st December 2008 (both dates inclusive) the definition set out in (i) above shall apply with the deletion of the words ‘during the highest three years within’ and replacing them with ‘over’ and with the substitution of ‘three’ for ‘ten’ and with the word ‘selected’ deleted;

- (c) In respect of any event occurring between 1st January 2009 and 31st December 2009 (both dates inclusive) the definition set out (i) above shall apply with the substitution of ‘four’ for ‘ten’ and thereafter in respect of each subsequent year there is applied a further increment of one year until the 1st January 2015 and thereafter when the definition shall apply unamended.

Replace the definition of “spouse” with the following new definition:

“spouse”, in relation to a member of the Scheme who retires and dies at any time on or after 1st January 2008, includes a spouse of that member cohabiting with him at the date of his death and who has, following the death of the member, remarried

Rule 43

The following shall be inserted as new Rule 43 and existing Rule 43 and Rule 44 shall be renumbered Rule 44 and Rule 45 respectively

43 The States delegate to the Committee authority to amend these Rules from time to time to

- (a) admit to the Scheme holders of certain specified posts or offices wholly or partly funded by the States on rates of pay determined by the Committee or
- (b) to make necessary amendments to the Rules in the event of the change of title or designation to certain offices whose office holders are at the time members of the Scheme.

This authority to amend these Rules shall not extend further or otherwise without a specific resolution of the States.

First Schedule

Paragraph 3

Delete Paragraph 3

Paragraph 5

Paragraph 5 shall be replaced by the following new paragraph 5

5. Each year of reckonable service of a person whilst holding the office of Bailiff, Deputy Bailiff, Her Majesty's Procureur or Her Majesty's Comptroller shall for the purposes of calculating the retirement pension of that person be counted as two years

and each year of reckonable service of such a person shall for the purposes of calculating the terminal grant count as one year save that the total number of years, or years in aggregate shall not exceed forty-five years. In the event that any office holder, as at 1st January 2008, would have, except for the application of any Rule having effect at any time on or before 31st January 2007, reckonable service of more than 40 years at the date of his 60th birthday, then, for the purpose of the calculation of reckonable service, including that acquired on or after 1st January 2008, that office holder shall be treated as having 40 years reckonable service as at 1st January 2008 or at the date of his 60th birthday if earlier.

Paragraph 8

Paragraph 8 shall be replaced by the following new paragraph 8

8. Rule 9(1) of these Rules has effect in the case of a person appointed to the office of Bailiff, Deputy Bailiff, Her Majesty's Procureur or Her Majesty's Comptroller for the first time at any time on or after the 1st January 2004 with the substitution of "9.3%" for "6.5%", and for anyone appointed to one of these offices or to the office of HM Greffier at any time prior to the 1st January 2004 their current contribution rate shall be increased by 0.5%.

New Paragraph 9

There shall be inserted into the Schedule the following new paragraph 9

9. In respect of a person holding the office of Bailiff, Deputy Bailiff, Her Majesty's Procureur, Her Majesty's Comptroller or Her Majesty's Greffier appointed for the first time to one of these offices at any time on or after 1st January 2008 the provisions of paragraph 1-8 of this Schedule shall apply as amended as follows:

(1) In paragraphs 4(1) and (2) the word 'sixty' shall in each case be substituted by the word 'sixty five';

(2) For the avoidance of doubt Rule 17(b) of these Rules shall apply for the purposes of calculating the amount of pension;

(3) In paragraph 5 the word 'two' (on line 3) shall be deleted and there shall be inserted at that point the words '1¾' and in calculating the pension payable to a surviving spouse or Qualifying Partner under Rule 29(2) each year of reckonable service shall be counted as 1¾.

Second Schedule

Paragraph 3

Delete Paragraph 3

Paragraph 5

Paragraphs 5 and 6 shall in each case have the following additional sentence inserted at the end of each paragraph

In the event that any office holder, as at 1st January 2008, would have, except for the application of any Rule having effect at any time on or before 31st January 2007, reckonable service of more than 40 years at the date of his 60th birthday, then, for the purpose of the calculation of reckonable service, including that acquired on or after 1st January 2008, that office holder shall be treated as having 40 years reckonable service as at 1st January 2008 or at the date of his 60th birthday if earlier.

Paragraph 7

Paragraph 7 shall be replaced by the following new paragraph 7

7. Rule 9(1) of these Rules has effect in the case of a person appointed for the first time to the office of Judge of the Royal Court or Magistrate at any time on or after the 1st January 2004 with the substitution of "9.3%" for "6.5%" and for anyone appointed to one of these offices at any time prior to the 1st January 2004 their current contribution rate shall be increased by 0.5%.

New Paragraph 8

There shall be inserted into the Schedule the following new paragraph 8

8. In respect of a person holding the office of Judge of the Royal Court or Magistrate appointed for the first time to one of these offices at any time on or after 1st January 2008 the provisions of paragraph 1-7 of this Schedule shall apply as amended as follows:

(1) In paragraphs 4(1) and (2) the word 'sixty' shall in each case be substituted by the word 'sixty five';

(2) For the avoidance of doubt Rule 17(b) of these Rules shall apply for the purposes of calculating the amount of pension;

(3) In paragraph 5 the word 'two' (on line 3) shall be deleted and there shall be inserted at that point the words '1¾' and in calculating the pension payable to a surviving spouse or Qualifying Partner under Rule 29(2) each year of reckonable service shall be counted as 1¾

Miscellaneous amendments and derivative changes

The following changes shall be made to the Rules:

Rule Number	Amendment made
1.(1)	There shall be substituted for 'States Civil Service Board (hereinafter referred to as 'the Board'))' the words 'Public Sector Remuneration Committee (hereinafter referred to as the 'Committee'))'
Various	Whenever the word 'Board' subsequently appears in the Rules (including the Schedules) there shall be substituted the word 'Committee'
1.(4)	There shall be substituted for 'President of the States' the words 'Chairman of the Policy Council'
2.(4)	There shall be substituted for 'Advisory and Finance Committee (hereinafter referred to as the Committee)' the words 'Treasury and Resources Department (hereinafter referred to as the 'Department'))'
2.(4)(a)(vi)	There shall be substituted for 'States Advisory and Finance Committee' the word 'Department'
2. (4)(b)(i)	Rule 2.(4)(b)(i) shall be amended to read ' they are traded on or under the rules of a Stock Exchange recognised by the Department; and'
2.(4)(e)	In Rule 2.(4)(e) the reference to 'the Financial Services Act 1986' shall be replaced by 'the Financial Services and Markets Act 2000'
2.(5)	There shall be substituted for 'Committee' the word 'Department' (in both places where it appears)
3. 4.(1) and 4.(2)	There shall be substituted for 'Committee' the word 'Department' (in each place where it appears)
5.(2)(c)(i)	In Rule 5.(2)(c)(i) there shall be substituted for the word 'such' on line 2 the word 'that'
5.(2)(e)	Rule 5.(2)(e) shall be amended to read 'a person who, on entry into the employment of the States does not elect to be a member of the Scheme within the period of three months from the date that he enters that employment and fails to satisfy the Committee that he is not suffering from a defect or disability which might diminish his expectation of life or might be likely to impair his ability to discharge efficiently the duties of his office, unless he is approved by the Committee as a member of the Scheme'
7.	The last two lines of Rule 7 shall be amended to read '.....employment of the States, subject in the case of employees falling within Rule 7.(i) to the modifications set out in the Third and Fourth Schedules to these Rules'
42.	In Rule 42 the definition of admission agreement shall be deleted and substituted by ' shall mean an agreement entered into between a States Trading Company and the States of Guernsey acting by or through the Committee in its capacity as administrator of the Scheme and with

	the Department in its capacity as trustee of the Fund setting out the obligations of the States Trading Company to the Scheme, the Fund and the members of the Scheme.’
42.	In Rule 42 in the definition of ‘the age of compulsory retirement’ ‘paragraph (3)’ shall be substituted by the words ‘paragraph (4)’
42.	In the definition of ‘qualifying part-time employment’ there shall be inserted the following words at the end of the definition ‘and which entitle the employee to elect to become a member of the Scheme’
Third Schedule and the Fourth Schedule	In the Third Schedule and the Fourth Schedule there shall be substituted for the word ‘Committee’ the word ‘Department’ in every place where it appears.
Fourth Schedule	
Paragraph 3.	In Paragraph 3 there shall be substituted ‘26’ for ‘23’ and ‘28’ for ‘25’
Paragraph 5. (f)	In paragraph 5.(f) ‘16.(3)’ shall be substituted by ‘16.(4)’ and the words ‘employing authority’ shall be substituted by the word ‘States’
Paragraph 5. (g)	In paragraph 5.(g) ‘16.(3)’ shall be substituted by ‘16.(4)’
Insert new paragraph 5.(h)	In Rule 21.(2) for ‘employing department or committee of the States’ substitute ‘States Trading Company’ and after the word ‘States’ (in both places where it appears) add the words ‘Trading Company’
Rename Paragraph 5.(h) as 5.(i)	In renamed paragraph 5.(i) ‘23.(1)’ shall be substituted by ‘26.(1)’
Rename Paragraph 5.(i) as 5.(j)	In renamed paragraph 5.(j) the word ‘Committee’ shall be substituted by the word ‘States’ and ‘24.(1)’ shall be substituted by ‘27.(1)’

Repeal of the States of Guernsey (Public Servants) (Pensions and other Benefits) (Supplementary) Rules, 1973

2. The States of Guernsey (Public Servants) (Pensions and other Benefits) (Supplementary) Rules, 1973 are hereby repealed.

Amendment of the States of Guernsey (Public Servants) (Pensions and other Benefits) (Medical and Hospital Staff) Rules, 1975

3. The States of Guernsey (Public Servants) (Pensions and other Benefits) (Medical and Hospital Staff) Rules, 1975 (which were amended by the States of Guernsey (Public Servants) (Pensions and other Benefits) (Medical and Hospital Staff) (Amendment) Rules, 1998) are hereby amended as follows:-

Rule 3(1)

The full stop at the end of Rule 3 (1) shall be replaced by a comma and the word ‘and’

Rule 3(1)(b)

Rule 3(i)(b) is amended by inserting after the words ‘1st December 1998’ ‘and is entitled to be treated as an Existing Member within the meaning of Rule 16(1A) of the Principal Rules’

Rule 3(2)

Existing Rule 3(2) shall be deleted in its entirety and replaced by new Rule 3(2) as follows:

(2) provided that, in the case of a mental health officer other than a nurse, he has completed 20 years of service as such.

Rule 4

Rule 4 is amended by substituting the words ‘Rule 32’ for ‘rule 27A’ in both places where they appear

Rule 6

Rule 6 is amended by deleting it in its entirety and substituting the following as new Rule 6:

6. For the purposes of the principal Rules the age of normal retirement and the age of compulsory retirement of a member of the Medical and Hospital Staff shall be as follows:

- (a) for a person to whom Rule 3 of these Rules applies, the age of normal retirement shall be their 55th birthday and the age of compulsory retirement shall be their 65th birthday;
- (b) for Existing Members who are members of the Medical and Hospital Staff other than a person to whom Rule 3 of these Rules applies, (including a member of the Medical and Hospital staff before the appointed day) the age of normal retirement shall be their 60th birthday and the age of compulsory retirement shall be their 65th birthday; and
- (c) for New Members who are members of the Medical and Hospital Staff other than a person to whom Rule 3 of these Rules applies, the age of normal retirement and the age of compulsory retirement shall in each case be their 65th birthday.

Commencement

4. The amendment to the Rules shall be treated as having come into force on 1st January, 2008.

Construction, citation and collective title

5. (1) These Rules and the 1972 Rules shall be construed as one.
(2) These Rules may be cited as the States of Guernsey (Public Servants) (Pensions and other Benefits) (Amendment) Rules, 2007.
6. These Rules, and the States of Guernsey (Public Servants) (Pensions and other Benefits) Rules, 1972 to 2006, may be cited together as the States of Guernsey (Public Servants) (Pensions and other Benefits) Rules, 1972 to 2007.

(NB The Policy Council supports the proposals.)

(NB The Treasury and Resources Department has no comment on the proposals.)

The States are asked to decide:-

XVII.- Whether, after consideration of the Report dated 2nd November, 2007, of the Public Sector Remuneration Committee, they are of the opinion:-

To approve the draft States of Guernsey (Public Servants) (Pensions and other Benefits) (Amendment) Rules, 2007 which are attached as an Appendix to that Report.

REQUÊTE

VEHICLE EXHAUST NOISE

THE HUMBLE PETITION of the undersigned Members of the States of Deliberation

SHEWETH THAT:

1. In the opinion of your Petitioners one of the most common anti-social behaviour issues in this Island, which causes distress to thousands of residents and visitors, is the excessive noise emitted from the exhausts of some vehicles, especially motor cycles and scooters, driven on Guernsey roads.
2. Under the current legislation, which was enacted in 1986, intended to curb excessive vehicle noise (including exhaust noise), it is an offence:
 - for the driver of a vehicle to cause excessive noise by the *manner* in which he drives it,
 - for anyone to use or permit the use of a vehicle in *circumstances* which cause excessive noise.
3. At that time the Island Police Committee had concluded, following enquiries made of UK police forces, that to prescribe decibel limits as in that jurisdiction would be inappropriate for Guernsey because, apart from the expense of providing the necessary test equipment, it was complicated to handle, requiring a specific test environment which was not always easy to achieve.
4. Whilst that was the view taken in the mid 1980s, your Petitioners believe that the ineffectiveness of the current legislation is partly attributable to the consequent need for the police to make a judgement as to what is or is not excessive noise, and understand that the police would welcome no longer having to do so. Moreover, there have since then appeared on the market a plethora of exhausts which are not designed for on-road use, and cannot lawfully be used on-road in the UK or Jersey, but are not illegal on Guernsey roads.
5. Your Petitioners have noted that legislation in place both in the United Kingdom and in Jersey lays down parameters within which exhaust systems fitted to vehicles using the public highway are legal in terms of noise emissions; and believe that a similar approach ought now to be adopted in Guernsey.

THESE PREMISES CONSIDERED, your Petitioners humbly pray that the States may be pleased to resolve:-

- (a) That it should be an offence under the law of Guernsey:

- (i) to use on a public highway, or to cause or permit the use on a public highway of, a vehicle not fitted with an exhaust system which complies with the same standards as are prescribed in the UK and Jersey (according to year of the vehicle's manufacture);
 - (ii) to sell or supply such a vehicle, or to sell, supply or fit an exhaust system which does not comply with those standards, by way of trade or business;
 - (iii) to alter any exhaust system so as to increase the noise made by the escape of exhaust gases;
 - (iv) to fail to maintain any exhaust system in good and efficient working order.
- (b) To instruct the Home Department to report back to the States as soon as possible with detailed recommendations concerning the implementation of those standards and related provisions

AND YOUR PETITIONERS WILL EVER PRAY

GUERNSEY

This 10th day of October, 2007

D B Jones
C D Brock
B J Gabriel
M G O'Hara
L C Morgan
J M Le Sauvage
J A B Gollop
R R Matthews

J Honeybill
R J Le Moignan
A H Adam
I F Rihoy
S J Ogier
E W Walters
D W Staples
M H Dorey

B R de Jersey
G Guille
D de G De Lisle
M A Ozanne
W J Morgan
D P Le Cheminant
S J Maindonald
J M Tasker

(NB In pursuance of Article 17 of the Rules of Procedure the views of the Departments consulted by the Policy Council, as appearing to have an interest in the subject matter of the Requête, are set out below.

Commerce and Employment Department

The Commerce and Employment Department has advised that it has no comment to make on the proposals other than to confirm that aspects of their enforcement can be expected to fall to its Trading Standards Service and it fully supports their involvement if it should prove necessary

Home Department

The Home Department has advised that it will not oppose the proposals.)

(NB The Policy Council has no comment on the proposals.)

(NB The Treasury and Resources Department has no comment on the proposals.)

The States are asked to decide:-

XVIII.- Whether, after consideration of the Requête, dated 10th October, 2007, signed by Deputy D B Jones and twenty-three other Members of the States, they are of the opinion:-

1. That it shall be an offence under the law of Guernsey:
 - (a) to use on a public highway, or to cause or permit the use on a public highway of, a vehicle not fitted with an exhaust system which complies with the same standards as are prescribed in the UK and Jersey (according to year of the vehicle's manufacture);
 - (b) to sell or supply such a vehicle, or to sell, supply or fit an exhaust system which does not comply with those standards, by way of trade or business;
 - (c) to alter any exhaust system so as to increase the noise made by the escape of exhaust gases;
 - (d) to fail to maintain any exhaust system in good and efficient working order.
2. To instruct the Home Department to report back to the States as soon as possible with detailed recommendations concerning the implementation of those standards and related provisions.

*APPENDIX***HOME DEPARTMENT****RELIEF FROM AND DRAWBACK OF EXCISE DUTY ON FUELS –
STATUTORY INSTRUMENT**

The Chief Minister
Policy Council
Sir Charles Frossard House
La Charroterie
St Peter Port

5th November 2007

Dear Sir

An Ordinance that, inter-alia, introduces a charge on road diesel, together with a new lower rate for marine petrol is to be included in the Billet d'État for December 2007.

In parallel with this Ordinance, the Home Department has made a Statutory Instrument under the Customs and Excise (General Provisions) (Bailiwick of Guernsey) Law, 1972, as amended, that makes provision for the dyeing and marking of fuels and the relief from duty on certain fuels put to non-road uses. The Statutory Instrument includes essential provisions in support of the Ordinance and the two pieces of legislation should be read in tandem.

Whilst there is no requirement to lay this Statutory Instrument before the States, the Minister for the Treasury and Resources Department gave a commitment to the States in late 2006, during the abolition of motor taxation debate, that the fuels legislation necessary to bring into effect a States resolution to charge on road diesel would be brought back to the States.

The Home Department would therefore be grateful if you would arrange for the Statutory Instrument entitled “The Customs and Excise (Dyed Fuels) (Relief and Drawback) (Guernsey and Alderney) Order, 2007”, to be published as an appendix to the Billet d'État for December 2007

Yours faithfully

G H Mahy
Minister

GUERNSEY STATUTORY INSTRUMENT

2007 No.

**The Customs and Excise (Dyed Fuel)
(Relief and Drawback) (Guernsey and Alderney) Order,
2007**

Made

2nd November, 2007

Coming into operation

1st January, 2008

ARRANGEMENT OF ORDER

PART I
RELIEF FROM AND DRAWBACK OF EXCISE DUTY

1. Relief from excise duty.
2. Drawback of excise duty for marine petrol.
3. Claims.

PART II
DYEING, COLOURING AND MARKING REQUIREMENTS

4. Dyeing of heavy oil and petrol.

PART III
PROHIBITIONS

5. Prohibition on adding or removing markers or colouring substances, or adding substances to impede their identification.
6. Prohibition on using or supplying dyed hydrocarbon oil for purposes not qualifying for relief.
7. Prohibition on mixing duty free and duty paid hydrocarbon oils without authorisation.
8. Prohibition on using kerosene for the propulsion of a vehicle on a public road.
9. Penalties for contravention of this Order.

PART IV
STORAGE, LABELLING ETC AND SAMPLES

10. Storage of markers and colourers.
11. Storage of dyed oil.
12. Labelling of delivery points for dyed oil.
13. Particulars to be recorded on delivery notes.
14. Samples.

PART V
INTERPRETATION AND GENERAL PROVISIONS

15. Interpretation.
16. Citation and commencement.

FIRST SCHEDULE: Categories of exempted vehicles.

**The Customs and Excise (Dyed Fuel)
(Relief and Drawback) (Guernsey and Alderney) Order,
2007**

THE HOME DEPARTMENT, in exercise of the powers conferred on it by sections 23G and 79 of the Customs and Excise (General Provisions) (Bailiwick of Guernsey) Law, 1972, as amended^a and all other powers enabling it in that behalf, hereby orders:-

PART 1

RELIEF FROM EXCISE DUTY AND DRAWBACK OF DUTY

Relief from excise duty.

1. (1) Gas oil that is -
 - (a) not used for the propulsion of a vehicle on a public road, or
 - (b) used for the propulsion of a vehicle on a public road of a category specified in Schedule 1 to this Order in the conditions specified in that Schedule,

is relieved from excise duty provided that it has been dyed in accordance with the conditions specified in Part II of this Order and supplied by an approved trader.

^a Ordres en Conseil Vol. XXIII, p. 573; Vol. XXIV, p. 87; No. XIII of 1991; No. X of 2004 (which inserted the Fourth Schedule); Ordinance No.XXXII of 2004 and the Excise Duties (Budget) Ordinance, 2006 (No. LIV of 2006). Also amended by the Machinery of Government (Transfer of Functions) (Guernsey) Ordinance, 2003 (No. XXXIII).

Drawback of excise duty for marine petrol.

2. (1) Petrol that is used for the purpose of marine navigation may be subject to drawback of excise duty provided it is dyed in accordance with the conditions specified in Part II of this Order and supplied by an approved trader.

(2) The amount of any drawback shall be specified by the Chief Officer of Customs and Excise.

Claims.

3. (1) A person claiming relief from, or drawback of, excise duty under this Order shall answer such questions or furnish such books of accounts, documents or other information as the Chief Officer of Customs and Excise may require to satisfy himself or herself as to the claimant's eligibility to such relief or drawback and the amount of such claim.

(2) A claim for relief or drawback under this Order shall be in such form and manner as the Chief Officer of Customs and Excise may direct.

(3) The Chief Officer of Customs and Excise may give further directions for the administration of any relief or drawback allowed under this Order and may impose such conditions as he thinks fit.

PART II**DYEING, COLOURING AND MARKING REQUIREMENTS****Dyeing of heavy oil and petrol.**

4. (1) Relief of excise duty is permitted in respect of gas oil in accordance with Article 1 where the marker and colouring substance specified in the following subparagraphs have been added -

- (a) The marker is quinizarin, which has been added in the proportion of not less than 1.75 kilograms per million litres of oil, and
- (b) The colouring substance is solvent red added in the proportion of not less than 4 kilograms per million litres of oil.

(2) Drawback of excise duty is permitted in respect of petrol used for the purpose of marine navigation where -

- (a) Detecta Green 1001 colourant or equivalent product approved in writing by the Chief Officer of Customs and Excise, has been added in the proportion of not less than 1 litre per 10,000 litres, or
- (b) Dyeguard Blue 79K colourant or equivalent product approved in writing by the Chief Officer of Customs and Excise, has been added in the proportion of not less than 1 litre per 10,000 litres,

(3) Heavy oil must be dyed in accordance with the following provision -

- (a) where, in the case of kerosene, the marker coumarin has been added in the proportion of not less than 2 kilograms per million litres of oil.

(4) The Chief Officer of Customs and Excise may add, vary or revoke any of the requirements of paragraphs 1, 2 or 3, as he sees fit.

(5) The Chief Officer of Customs and Excise may waive any of the requirements of paragraphs 1, 2 or 3 if he considers it necessary or expedient to do so and subject to any conditions that he may see fit to impose.

PART III PROHIBITIONS

Prohibition on adding or removing markers or colouring substances, or adding substances to impede their identification.

5. (1) No person shall –

- (a) add any marker or colouring substance to any oil –
 - (i) other than in accordance with the provisions of this Order, or
 - (ii) except with the written authority of the Chief Officer of Customs and Excise,
- (b) remove any marker or colouring substance from any oil, or
- (c) add to any oil any substance calculated to impede the identification of any marker or colouring substance.

(2) No person shall import, produce or manufacture any oil described in Article 4 containing any substance calculated to impede the identification of any marker or colouring substance.

Prohibition on using or supplying dyed oil for purposes not qualifying for relief.

6. (1) No person shall –

- (a) put any oil containing any marker or colouring substance to a use not qualifying for relief under Article 1; or
- (b) put any oil into a vehicle, appliance or storage tank in order to put it to such use,

(2) Notwithstanding the provisions of subparagraph (1), the Chief Officer of Customs and Excise may authorise a person in writing to put any oil in a vehicle in the circumstances described in paragraph (1) where he considers it necessary or expedient to do so.

(3) No person shall supply any oil containing any marker or colouring substance where he knows or suspects that it will be put to a use not qualifying for relief under Article 1.

Prohibition on mixing duty free and duty paid hydrocarbon oils without authorisation.

7. No person shall mix any oil on which relief from excise duty has been allowed with any oil on which duty has been paid, except under and in accordance with the terms of a permit granted by the Chief Officer of Customs and Excise and, where the Chief Officer of Customs and Excise so requires, after payment of an amount equal to the duty chargeable.

Prohibition on using kerosene for the propulsion of a vehicle on a public road.

8. No person shall use kerosene for the propulsion of a vehicle on a public road unless that vehicle is in one of the categories of vehicles specified in Schedule 1 to this Order, or unless written authorisation has been obtained from the Chief Officer of Customs and Excise.

Penalties for contravention of this Order.

9. Where any person contravenes or fails to comply with this Order, he is guilty of an offence under section 23H of the Customs and Excise (General Provisions) (Bailiwick of Guernsey) Law, 1972, as amended and liable to the penalties specified therein, including forfeiture.

PART IV**STORAGE, LABELLING ETC AND SAMPLES****Storage of markers and colourers.**

10. (1) The occupier of any premises where marking or colouring occurs must keep any marker or colourer-

- (a) separately from all other substances, and
- (b) except when removed for immediate use, in containers bearing a description of their contents.

(2) At the end of each month, the occupier of any premises where marking or colouring occurs must -

- (a) take stock of the markers or colourers that he stores for use or that are in use at those premises,
- (b) make a written record of that stocktake,
- (c) preserve that written record for not less than 6 years.

Storage of dyed oil.

11. Marked or coloured oil must be stored separately from unmarked or uncoloured oil.

Labelling of delivery points for dyed oil.

12. The Chief Officer of Customs and Excise may direct that approved traders must comply with certain conditions which he shall specify, in relation to the labelling of delivery points.

Particulars to be recorded on delivery notes.

13. (1) Any person who supplies -

(a) heavy oil that has been dyed in accordance with Article 4, or

(b) petrol that has been dyed in accordance with Article 4,

must provide to the recipient a delivery note bearing a statement to the effect that such oil is not to be used as road fuel.

Samples.

14. In order to determine whether or not there has been a contravention of, or failure to comply with, any provision of this Order, an officer may take samples of the contents of any drum, storage tank or other container or the fuel tank of any vehicle or appliance.

PART V**INTERPRETATION AND GENERAL PROVISIONS**

Interpretation.

15. (1) In this Order -

"**Colour Index**" means the Colour Index, compiled by the Society of Dyers and Colourists and the American Association of Textile Chemists and Colorists,

"**coumarin**" means 1:2 benzopyrone,

"**kerosene**" means heavy oil of which more than 50% by volume distils at a temperature not exceeding 240°C,

"**oil**" means hydrocarbon oil,

"**public road**" means a public highway and includes, for the avoidance of doubt, any road, street, lane or public place.

"**quinizarin**" means 1,4-dihydroxyanthraquinone,

"**solvent red**" means CI Solvent Red 24 as described in the Colour Index.

and other expressions shall have the same meaning as in the Customs and Excise (General Provisions) (Bailiwick of Guernsey) Law, 1972, as amended.

(2) The Interpretation (Guernsey) Law, 1948^b applies to the interpretation of this Order.

^b Ordres en Conseil Vol. XIII, p. 355.

Citation and commencement.

16. This Order may be cited as the Customs and Excise (Dyed Fuel) (Relief and Drawback) Order, 2007 and shall come into force on the 1st January, 2008.

SCHEDULE 1

	Categories of vehicle	Conditions
1.	Agricultural Tractors	<p>Provided that -</p> <ul style="list-style-type: none"> (a) they are designed and constructed primarily for use on a private road, and (b) any use which occurs on a public road is solely for - <ul style="list-style-type: none"> (i) purposes relating to agriculture, horticulture, market gardening or forestry, (ii) cutting verges bordering public roads, or (iii) cutting hedges or trees bordering public roads or bordering verges which border public roads <p>And are not used for hauling any objects except -</p> <ul style="list-style-type: none"> (A) their own necessary gear, threshing

		<p>appliances, farming implements, supplies of water or fuel required for the purposes of the vehicle or for the purposes noted in (i) above, or</p> <p>(B) agricultural, horticultural, marketing gardening or forestry produce of, or articles required for the purposes of, the premises of the person in whose name the vehicle is registered.</p>
2.	Non Agricultural Tractors	<p>Provided that -</p> <p>(a) they are not used on a public road except for the purposes of proceeding to any from any place where it is to be used, and</p> <p>(b) when so proceeding, it neither carries nor hauls any load other than such as is necessary for its propulsion and equipment.</p>

3.	Agricultural machinery	Provided that it is not used in connection with the carriage of goods or persons (other than the driver).
4.	Machinery, equipment or plant	<p>Provided that -</p> <p>(a) it is used principally for the construction, maintenance and clearance of roads, or</p> <p>(b) for any other building or construction work</p> <p>And that it is not used in connection with the carriage of goods or persons (other than the driver)</p>
5.	Lifting and handling vehicles (such as mobile cranes and fork lift trucks).	<p>Provided that -</p> <p>(a) they are not used in connection with the carriage of goods or persons (other than the driver), and</p> <p>(b) they are not capable of haulage.</p>

Dated this 2nd day of November, 2007

DEPUTY G. H. MAHY
Minister of the Home Department
For and on behalf of the Board

EXPLANATORY NOTE
(This note is not part of the Order)

This Order provides for the relief of excise duty on gas oil and drawback of excise duty on petrol used for the purpose of marine navigation. It also provides for heavy oil to be dyed and prohibits kerosene from being used on a public road unless certain conditions have been complied with.

Part 1 of the Order provides for the relief of excise duty on gas oil that is not used for the propulsion of a vehicle on a public road or that is used on a public road in one of the categories of vehicles specified in Schedule 1 to the Order. It also (at Article 2) provides for drawback of excise duty on petrol which is used for the purposes of marine navigation.

Part II of the order prescribes certain dyeing and marking requirements for heavy oil and petrol used for the purpose of marine navigation.

Part III of the order contains the prohibitions.

Part IV of the order contains the storage and labelling requirements and provides for Customs and Excise officers to take samples.

Part V contains the interpretation and general provisions and provides (at Article 16) for this Order to come into force on 1st January, 2008.

IN THE STATES OF THE ISLAND OF GUERNSEY ON THE 12th DECEMBER, 2007

**The States resolved as follows concerning Billet d'État No XXVI
dated 23rd November 2007**

HOME DEPARTMENT

AMENDMENTS TO DISCLOSURE PROVISIONS IN THE TERRORISM AND CRIME (BAILIWICK OF GUERNSEY) LAW, 2002

I.- After consideration of the Report dated 15th October, 2007, of the Home Department:-

To approve the draft Ordinance entitled “The Terrorism and Crime (Bailiwick of Guernsey) (Amendment) Ordinance, 2007” and to direct that the same shall have effect as an Ordinance of the States.

PROJET DE LOI

entitled

THE GUERNSEY BAR (BAILIWICK OF GUERNSEY) LAW, 2007

II.- To approve the Projet de Loi entitled “The Guernsey Bar (Bailiwick of Guernsey) Law, 2007” and to authorise the Bailiff to present a most humble petition to Her Majesty in Council praying for Her Royal Sanction thereto.

PROJET DE LOI

entitled

THE PROTECTION OF INVESTORS (BAILIWICK OF GUERNSEY) (AMENDMENT) LAW, 2007

III.- To approve, subject to the following amendment, the Projet de Loi entitled “The Protection of Investors (Bailiwick of Guernsey) (Amendment) Law, 2007” and to authorise the Bailiff to present a most humble petition to Her Majesty in Council praying for Her Royal Sanction thereto.

AMENDMENT

1. For clause 25(a) of the Projet (printed at page 92 of the Brochure) substitute the following paragraph -

“(a) in subsection (1) for the words "it was ultra vires or was an unreasonable exercise of the powers of the Commission" substitute -

- (a) the decision was ultra vires or there was some other error of law,
- (b) the decision was unreasonable,
- (c) the decision was made in bad faith,
- (d) there was a lack of proportionality, or
- (e) there was a material error as to the facts or as to the procedure.”

PROJET DE LOI

entitled

THE COMPANY SECURITIES (INSIDER DEALING) (BAILIWICK OF GUERNSEY) (AMENDMENT) LAW, 2007

IV.- To approve the Projet de Loi entitled “The Company Securities (Insider Dealing) (Bailiwick of Guernsey) (Amendment) Law, 2007” and to authorise the Bailiff to present a most humble petition to Her Majesty in Council praying for Her Royal Sanction thereto.

THE CRIMINAL JUSTICE (PROCEEDS OF CRIME) (BAILIWICK OF GUERNSEY) (AMENDMENT) ORDINANCE, 2007

V.- To approve the draft Ordinance entitled “The Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) (Amendment) Ordinance, 2007” and to direct that the same shall have effect as an Ordinance of the States.

**THE CUSTOMS AND EXCISE (GENERAL PROVISIONS)
(AMENDMENT) ORDINANCE, 2007**

VI.- To approve, subject to the following amendment, the draft Ordinance entitled “The Customs and Excise (General Provisions) (Amendment) Ordinance, 2007” and to direct that the same shall have effect as an Ordinance of the States.

AMENDMENT

In the Table in clause 1(d) of the Draft Ordinance (printed at pages 133 - 134 of the Brochure) for “27p”, wherever appearing, substitute “29p”, and for “13p” substitute “15p”.

**THE HOUSING (CONTROL OF OCCUPATION)
(AMENDMENT OF HOUSING REGISTER) ORDINANCE, 2007**

VII.- To approve the draft Ordinance entitled “The Housing (Control of Occupation) (Amendment of Housing Register) Ordinance, 2007” and to direct that the same shall have effect as an Ordinance of the States.

THE ELECTIONS ORDINANCE, 2007

VIII.- To approve the draft Ordinance entitled “The Elections Ordinance, 2007” and to direct that the same shall have effect as an Ordinance of the States.

HOUSING DEPARTMENT

NEW MEMBER

IX.- To elect Deputy B.M. Flouquet as a member of the Housing Department to complete the unexpired portion of the term of office of Deputy B L Brehaut, who has resigned as a member of that Department, namely to serve until May 2008 in accordance with Rule 7 of the Constitution and Operation of States Departments and Committees.

ELIZABETH COLLEGE BOARD OF DIRECTORS

NEW MEMBER

X.- To elect Merise Wheatley as a member of the Elizabeth College Board of Directors to fill the vacancy which will arise on 6th January, 2008, by reason of the expiration of the term of office of Mr M B Riley, who is not eligible for re-election.

PRIaulx LIBRARY COUNCIL

NEW MEMBER

XI. To re-elect Deputy W M Bell as a Member of the Priaulx Library Council.

**K H TOUGH
HER MAJESTY'S GREFFIER**

IN THE STATES OF THE ISLAND OF GUERNSEY ON THE 13th DECEMBER, 2007

(Meeting adjourned from 12th December 2007)

**The States resolved as follows concerning Billet d'État No XXVI
dated 23rd November 2007**

POLICY COUNCIL

ENERGY POLICY

XII.- After consideration of the Report dated 5th November, 2007, of the Policy Council:-

1. To note the Energy Policy Group's Energy Policy Report.
2. To note that the Policy Council is undertaking a full eight-week public consultation on the Energy Policy Group's Energy Policy Report, running to Friday 18th January, 2008, before finalising a States Report (including detailed recommendations) for submission and debate by the States in the normal manner in 2008.

TREASURY AND RESOURCES DEPARTMENT

STAFF NUMBER LIMITATION POLICY

XIII.- After consideration of the report dated 30th October, 2007, of the Treasury and Resources Department:-

1. To confirm that the existing SNLP shall be replaced with effect from 1 January 2008 with a new policy based upon capping Departments' Revenue Budgets as described in that Report.
2. That the key Strategic Objectives of the States replacement Staff Number Limitation Policy shall be as set out in section 6(i) of that Report.
3. That the proposed statement in respect of its replacement Staff Number Limitation Policy shall be as set out in section 6(ii) of that Report.
4. That the proposed monitoring arrangements and checks and balances should be as described in sections 6(iii) and 6(iv) of that Report.

5. To direct that any increase in staffing numbers shall be sanctioned by the respective political 'Boards' of Departments, be the subject of a proper business case, and be transparent and auditable.
6. To direct Departments, including States Trading Operations, to submit to the Treasury and Resources Department, in a timely manner, such monitoring information on staffing and financial matters as is required in order to provide comprehensive and relevant information to the States.
7. To direct the Treasury and Resources Department to include in the annual Interim Financial Report, the monitoring information submitted by Departments together with such other relevant information that it believes should be included.

PUBLIC SERVICES DEPARTMENT

PILOTAGE DUES AND EXAMINATION FEES AND INTRODUCTION OF FEES FOR MAN IN CHARGE LICENCES – MINOR AMENDMENTS TO LEGISLATION

XIV.- After consideration of the Report dated 11th October, 2007, of the Public Services Department:-

1. To approve the proposals set out in paragraphs (a), (b) and (c) of that Report, to take effect from 1st January 2008.
2. To direct the preparation of such legislation as may be necessary to ensure that an examination fee authority is introduced in relation to 'Man-in-Charge' licences as proposed in paragraph (d) of that Report.

HEALTH AND SOCIAL SERVICES DEPARTMENT

ST JULIAN'S HOUSE

XV.- After consideration of the Report dated 18th October, 2007, of the Health and Social Services Department:-

1. To approve that St Julian's House continue to be used as accommodation for homeless people, including those identified in paragraphs 58 to 61, 63 and 64 of that Report.
2. To approve that a unit for those who are drunk and incapable be developed at St Julian's House.
3. To approve the continued expansion of outreach services for drug and alcohol abusers at St Julian's House.

4. To approve that minor alterations be made to the premises to facilitate the development of the services, as outlined in paragraphs 71 to 76 of that Report.
5. To approve, in principle, that further modifications be made to the premises, when resources allow, in order to provide all single room accommodation in the residential areas.

COMMERCE AND EMPLOYMENT DEPARTMENT

REGISTRATION OF UNREGULATED FINANCIAL SERVICE BUSINESSES

XVI.- After consideration of the Report dated 8th November, 2007, of the Commerce and Employment Department:-

1. To approve the proposals to introduce a Law on the registration of unregulated financial services businesses outlined in that Report.
2. To direct the preparation of such legislation as may be necessary to give effect to the above decision.

PUBLIC SECTOR REMUNERATION COMMITTEE

REVIEW OF PUBLIC SECTOR PENSION SCHEMES

XVII.- After consideration of the Report dated 2nd November, 2007, of the Public Sector Remuneration Committee:-

To approve the draft States of Guernsey (Public Servants) (Pensions and other Benefits) (Amendment) Rules, 2007 which are attached as an Appendix to that Report, subject to the following modifications:

1. In the definition of “pensionable pay” (found on page 2754 of the Billet) lines 3-6 of that definition shall be replaced by the following:

“ ... this is greater, (and subject to (ii) below), the average of the annual remuneration paid to him over the highest three consecutive years of reckonable service within the last ten years each of the three years remuneration being revalued (before...”
2. Also in that definition, subparagraphs (ii) (a), (b) and (c) (found on pages 2755 and 2756 of the Billet respectively) shall be deleted and replaced by the following:
 - (a) In respect of an event that has occurred at any time on or before 31st December 2007 there shall be no change to the definition of pensionable

pay adopted at that time, whether in relation to any decision or calculation or payment as at the date of the event or at any time subsequently ('the old rule')

- (b) In respect of any event occurring between 1st January 2008 and 31st December 2008 (both dates inclusive) the definition set out in (i) above shall apply with the deletion of the word 'highest' and replacing it with 'last';
- (c) In respect of any event occurring between 1st January 2009 and 31st December 2009 (both dates inclusive) the definition set out in (i) above shall apply with the addition of the words

'last four years of reckonable service as may fall within the'

immediately before the words 'last ten years...' and thereafter in respect of each subsequent year the word 'four' shall be substituted incrementally by 'five' then 'six' and so on until the 1st January 2015 whereupon the definition in (i) shall apply un-amended

- (d) Provided that if at any time between 1st January 2008 and 31st December 2009 (both dates inclusive) the total amount of remuneration paid to a member would have been greater if calculated under the old rule than under the transitional provisions set out in this paragraph (ii) then the higher calculation shall apply.

- 3. In Rule 4 of the Rules (Commencement) the words 'be treated as having' shall be deleted".

REQUÊTE

VEHICLE EXHAUST NOISE

XVIII.- After consideration of the Requête, dated 10th October, 2007, signed by Deputy D B Jones and twenty-three other Members of the States:-

1. That it shall be an offence under the law of Guernsey:
 - (a) to use on a public highway, or to cause or permit the use on a public highway of, a vehicle not fitted with an exhaust system which complies with the same standards as are prescribed in the UK and Jersey (according to year of the vehicle's manufacture);
 - (b) to sell or supply such a vehicle, or to sell, supply or fit an exhaust system which does not comply with those standards, by way of trade or business;
 - (c) to alter any exhaust system so as to increase the noise made by the escape of exhaust gases;
 - (d) to fail to maintain any exhaust system in good and efficient working order.
2. To instruct the Home Department to report back to the States as soon as possible with detailed recommendations concerning the implementation of those standards and related provisions

K H TOUGH
HER MAJESTY'S GREFFIER