



BILLET D'ÉTAT

WEDNESDAY 30th MARCH 2011

IV
2011

1. The Machinery of Government (Transfer of Functions) (Guernsey) Ordinance, 2011, p. 213
2. The Public Holidays (Royal Wedding) Ordinance, 2011, p. 213
3. Housing Department – Housing (Control of Occupation) (Guernsey) Law 1994 – Variation to the Housing Register, p. 214
4. Public Services Department - Raising Income at the Airport and Harbours, p. 218
5. Home Department - Terrorist Asset Freezing Legislation, p. 237
6. Public Accounts Committee – Governance in the States of Guernsey, p. 241

Ordinance laid before the States

The Al-Qaida and Taliban (Freezing of Funds) (Guernsey) Ordinance, 2011, p. 369

Statutory Instruments laid before the States

The Health Service (Medical Appliances) (Amendment) Regulations, 2010, p. 369

The Social Insurance (Benefits) (Amendment) Regulations, 2010, p. 369

The Tobacco Advertising (Guernsey) (Amendment) Regulations, 2010, p. 370

The Waste Disposal Charges Regulations 2011, p. 370

The Health Service (Payment of Authorised Suppliers) (Amendment) Regulations, 2011, p. 370

The Health Service (Payment of Authorised Appliance Suppliers) (Amendment) Regulations, 2011, p. 370

APPENDIX

Policy Council - Index of Retail Prices at 31st December, 2010, p. 372

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 **30th MARCH, 2011** at 9.30am, to consider the items contained in this Billet d'État which have been submitted for debate.

G. R. ROWLAND
Bailiff and Presiding Officer

The Royal Court House
Guernsey
18 February 2011

**THE MACHINERY OF GOVERNMENT
(TRANSFER OF FUNCTIONS) (GUERNSEY) ORDINANCE, 2011**

The States are asked to decide:-

I.- Whether they are of the opinion to approve the draft Ordinance entitled “The Machinery of Government (Transfer of Functions) (Guernsey) Ordinance, 2011” and to direct that the same shall have effect as an Ordinance of the States.

THE PUBLIC HOLIDAYS (ROYAL WEDDING) ORDINANCE, 2011

The States are asked to decide:-

II.- Whether they are of the opinion to approve the draft Ordinance entitled “The Public Holidays (Royal Wedding) Ordinance, 2011” and to direct that the same shall have effect as an Ordinance of the States.

HOUSING DEPARTMENT

HOUSING (CONTROL OF OCCUPATION) (GUERNSEY) LAW 1994 VARIATION TO THE HOUSING REGISTER

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

20th December 2010

Dear Sir

1. Executive Summary

- 1.1. The purpose of this report is to seek approval for the preparation of an Ordinance (under section 52 of the Housing (Control of Occupation) (Guernsey) Law, 1994) to amend the Housing Register to facilitate the inscription of the Basement Flat, 4 Choisi Terrace, Les Gravees, St Peter Port, onto Part A of the Open Market Housing Register, in return for the deletion of an existing inscription relating to Flat 2, 4 Choisi Terrace, Les Gravees, St Peter Port, and the provision of a new additional Local Market dwelling that has been built on that same site.

2. Provisions of the Law

- 2.1. Since the commencement of the Housing (Control of Occupation) (Guernsey) Law, 1982, the Housing Register has been closed for new inscriptions by the Housing Department. Section 30 of the current Law refers.
- 2.2. However, section 52 of the Housing (Control of Occupation) (Guernsey) Law, 1994, provides that the States may, by Ordinance, permit the Department to inscribe any dwelling in Part A or Part B of the Housing Register.
- 2.3. It should be noted that under the provisions of section 33 of the Housing (Control of Occupation) (Guernsey) Law, 1994, any dwelling which is deleted from the Register at the request of the owner cannot thereafter be re-inscribed in the Housing Register. Such a dwelling therefore becomes a permanent 'Local Market' dwelling.

3. Current Proposals

- 3.1. 4 Choisi Terrace is a large building in Les Gravees, St Peter Port, which currently comprises four residential units (flats), two of which are inscribed in Part A of the Housing Register (i.e. they are 'Open Market').

- 3.2. The Ground Floor Flat and 1st Floor Flat are both currently - and separately - inscribed in the Housing Register, whilst the Top Floor Flat and Basement Flat are controlled units of Local Market accommodation.
- 3.3. There was scope to create a further residential unit on this site and detailed planning approval was granted for the construction of one further Local Market flat, the Mews Flat, which is nearing completion.
- 3.4. In February 2008, the Housing Department considered a request to ‘transfer’ the inscription from the 1st Floor Flat to the Basement Flat in return for an additional one bedroom unit of Local Market accommodation, the Mews Flat, being built on the same site.
- 3.5. Had it been the owner’s intention to demolish the entire building and create four new flats, it would have been possible to assign the inscriptions to any two apartments of the owner’s choice under the provisions of section 31 of the Housing (Control of Occupation) (Guernsey) Law, 1994, without the need of an Ordinance. However, as the proposals sought only to redevelop the existing building, the requested ‘transfer’ of the Housing Register inscription can only be achieved by the States of Deliberation instructing the preparation of an Ordinance permitting the new inscription in the Housing Register under the provisions of section 52 of the Law. (NB: This type of rationalisation of inscriptions all within one enclos has been previously agreed by the States of Deliberation on several occasions, most recently in 2007¹ and 2010².)
- 3.6. The Department has confirmed that the owner of the site, having obtained the necessary permissions from the Environment Department, has carried out the proposed works to the extent that the redeveloped dwellings are in the final stages of being completed for occupation. It has also received confirmation that the 1st Floor Flat on this site will either be vacant or occupied by persons lawfully permitted to occupy Local Market accommodation, so that it can be deleted from the Housing Register in order that, the inscription relating to that unit can be ‘transferred’ by way of an Ordinance to the Basement Flat, if the States so agrees.
- 3.7. It should be noted that, if this recommendation is approved, the net effect on the Island’s Open Market housing stock will be neutral: the site will still only contain the two ‘Open Market’ inscriptions that exist at the present time; the only difference will be that one of the inscriptions will belong to a different flat on this site. There will also be an increase in the Local Market housing stock of one one-bedroom flat which has been constructed within the enclos of 4 Choisi Terrace.

¹ Billet D’Etat XIV 2007 page 1062 refers.

² Billet D’Etat XVII 2010 page 1015 refers.

4. Consultation with the Law Officers of the Crown

- 4.1. The contents of this report have been discussed and agreed with the Law Officers of the Crown.

5. Recommendations

- 5.1. In the light of all of the above, the Housing Department recommends that:
- i) the Basement Flat situated on the site known as 4 Choisi Terrace, Les Gravees, St Peter Port, should be inscribed in Part A of the Housing Register;
 - ii) an Ordinance be prepared, in accordance with section 52 of the Housing (Control of Occupation) (Guernsey) Law, 1994, to permit the Department to inscribe the Basement Flat in Part A of the Housing Register subject to:
 - a) application being made by the owners within 6 months from the commencement date of the Ordinance; and
 - b) the owner first deleting from Part A of the Housing Register one of the existing 'Open Market' dwellings on that same site and providing one additional unit of Local Market accommodation within the existing enclos.

Yours faithfully

D Jones
Minister

(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:-

III.- Whether, after consideration of the Report dated 20th December, 2010, of the Housing Department, they are of the opinion:-

1. That the Basement Flat situated on the site known as 4 Choisi Terrace, Les Gravees, St Peter Port, shall be inscribed in Part A of the Housing Register.
2. To direct that an Ordinance be prepared, in accordance with section 52 of the Housing (Control of Occupation) (Guernsey) Law, 1994, to permit the Department to inscribe the Basement Flat in Part A of the Housing Register subject to:
 - (a) application being made by the owners within 6 months from the commencement date of the Ordinance; and
 - (b) the owner first deleting from Part A of the Housing Register one of the existing 'Open Market' dwellings on that same site and providing one additional unit of Local Market accommodation within the existing enclos.
3. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

PUBLIC SERVICES DEPARTMENT

RAISING INCOME AT THE AIRPORT AND HARBOURS

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

24th December 2010

Dear Sir

Executive Summary

1. The States has previously decided that from 2011 any operating surplus generated by the Harbours and Airport, before the deduction of depreciation, should be transferred to the States Capital Reserve. This was a major change to the historic arrangement where the Ports were required to set aside any surpluses to fund necessary port-related capital investment.
2. The States also directed that the Ports, between them, be required to generate an additional £1.775m per annum (at 2009 values) over and above current levels.
3. The Public Services Department has since been exploring how this might best be achieved. It has already taken steps to introduce a range of measures but it has concerns about the economic implications of implementing all the changes necessary to raise the full additional amount. Therefore it considered it appropriate to bring this matter and its findings to the States for debate.
4. Some will argue that raising additional revenue is relatively easy, suggesting that to increase total revenue it simply needs 10 - 15% to be imposed on all income streams. The practical reality is however somewhat different. Others may suggest adding £1 to all airline passengers charges, whereas the Department, guided by independent aviation analysts accepts that such increases will lead to a quantifiable decline in business.
5. This report explains the measures which the Department has taken, or is proposing, which will raise an additional £1 million (approximately) in 2011 and offers States Members the option to move amendments which could see the raising of the additional £0.775 million by increasing the handling charge on hydrocarbons or on passenger charges.

6. If the presented options to raise the additional £0.775m are not considered acceptable the States may choose to rescind the resolution directing the raising of the £1.775 million and in its place to acknowledge that the Public Services, Commerce and Employment and Treasury and Resources Departments will review jointly the optimum means of raising additional revenues from the Ports in ways that minimise the impact on demand and the wider economy.
7. Notwithstanding these proposals the report further offers a means of ensuring, whatever is decided in terms of charges, that the projected income requirement for the capital programme of £1.775m can still be achieved by a direct withdrawal of funds from the current balance in the Ports Holding Account.

Introduction

8. The States has previously resolved¹ as follows:

“That the Ports Holding Account shall not be collapsed in advance of the consideration by the States of a report from the Public Services Department in December 2009 on the options for moving the trading entities of Guernsey Harbours and Guernsey Airport into a different business environment, BUT THAT, in any event, the operating surplus before depreciation shall be transferred to the Capital Reserve from the Ports Holding Account from 2010 until such time as the Ports Holding Account may be discontinued.”

and:

“That all other capital expenditure as may be agreed by the States as part of this approved programme of capital projects shall be financed from the funds available to the Capital Reserve, including:

.....

(b) an additional surplus from the Ports Holding Account from 2011 of £1.775 million per annum at 2009 values (adjusted and maintained in real terms)”.

9. The Public Services Department believes the significance and implications of the States decision were not immediately apparent.
10. A consequence of the above resolution is that with the Ports Holding Account effectively emptied at year end, it can no longer build up funds for essential port related equipment and repairs to structures. This reduces certainty and thus makes forward planning more difficult, diminishing the ability of Guernsey Airport and Guernsey Harbours to act responsively to its customers and/or its

¹ Billet d’Etat IX, 2009 refers

regulators, as would ordinarily happen with a trading business. They now have to compete with all other government Departments for funds other than for routine maintenance and minor capital replacements.

11. In the past fees and charges could accumulate over say 5 years and then be spent in the sixth year on replacements. Under the new arrangement the fees and charges will be collected but with less certainty that the necessary funds will be made available for the planned investment/replacement. Airport and Harbour users rightly expect that in paying the fees and facility charges they will have facilities that are up-to-date and in good working order, including for example buoys and beacons, pontoons, communications equipment, appropriate harbour depths (dredging), airport fire fighting equipment, aviation navigational aids, etc. It has been this type of equipment and Harbour and Airport capital projects that have historically been funded from the annual surpluses.
12. In recent years the income, less expenditure (but before depreciation) has totalled around £3.0m p.a. The resolution to generate an extra £1.775m represents a 60% increase on this net income.
13. This has to be found from existing sources as the creation of substantial new income streams or any cutbacks in existing activities that might be contemplated will take several years to effect. At the time of the capital prioritisation debate it had been hoped the States would have supported the investment in the Careening Hard marina project as a means of creating a new income stream, but this did not happen. While the Department is exploring the possibility of this development through a public/private partnership it does mean that the prospect of any revenues for the States has to be seen as a longer term objective and will not be able to assist in the fulfilment of the current States resolution.
14. In recognition that the money would have to be generated from existing sources the Department assessed carefully the implications, consulted as appropriate, reviewed a range of options, assessed how this might form part of a wider review of ports funding as part of the financial transformation programme and also engaged external economic advisers.
15. Undoubtedly some will argue that raising additional revenue is relatively easy, suggesting that one simply looks at the total revenue and adds 10 - 15% to all charges. The practical reality is however somewhat different. Some income is fixed, subject to long-term agreements (e.g. leases, concessions, etc) and some facilities/services compete with other providers, where if the price is too high customers will stop buying and go elsewhere.
16. The Department has taken all the available factors into consideration and has concluded that to raise the full £1.775 million in 2011 from the ports would be difficult, albeit not impossible. If it must be achieved there are wider social and economic implications for the Island and in this knowledge the Department considered it appropriate to present to the States the proposals contained in this report.

17. As its starting point the Board has recognised the critical importance of the airport and harbour to the well being of the Bailiwick economy and the importance of continuing to generate sufficient revenue to maintain operations and contribute to Port capital investment.
18. To maintain levels of income in real terms, the Department has already resolved to increase charges at its business units by amounts ranging from 2.4% to 4.3%. These rates of increase reflect the varying cost pressures that exist within each business. Increases at Guernsey Airport are, where appropriate, being introduced in the early part of 2011. Most of the charges at Guernsey Harbour are set to increase from 1 January by around 3.5%. This however, only maintains the status quo in terms of contribution to General Revenue and does not make inroads into the £1.775 million. To do that requires an additional raft of measures.
19. It is this additional raft which has led the Public Services Department to conclude that the resolution regarding the additional £1.775 million needs to be revisited.

External Advice

20. While it is feasible for both Guernsey Airport and Guernsey Harbours to raise charges, the Department believes this should only happen where these are appropriate and proven to be justifiable in the context of the services provided.
21. It has also been conscious of the economic principles of supply and demand. In its simplest form and by way of example this means that if by raising the price by 10%, demand for the product/service falls by 10% the business is actually worse off as a result².
22. To be confident that any increase in the rate of charges will be an effective income generator it is important to understand how the consumer's buying patterns are likely to change as a result. In this connection the Department engaged the services of the Halcrow Group consultants to estimate the tax sensitivity of harbour transited goods and costs to harbour users. The resultant report is available for viewing at the Greffe and online www.gov.gg/publicservices.
23. York Aviation, another consultancy firm had reported on similar issues in 2009 as part of the advice it provided to the Policy Council and the Commerce and Employment Department on the merits, or otherwise, of extending the airport runway to 1700m. That report expressed views on extent to which price increases would impact on demand for travel. That report, which is also available at www.gov.gg/publicservices, advised against making significant

² *e.g. 100 customers paying £10 each = total income of £1,000, but if demand for the product is 'elastic' and by putting the charge up by 10% to £11 per unit reduces the users by 10% to 90 = total income of £990*

charge increases at the Airport as it was assessed these would prove to be a business loser in the medium/long term.

24. Both reports highlight the very real risks associated with raising charges and dues without a corresponding enhancement of the service offered.
25. The Department believes that due to these risks the States should consider rescinding the direction to raise the £1.775 million and in its place to acknowledge that the Public Services, Commerce and Employment and Treasury and Resources Departments will review jointly the optimum means of raising additional revenues from the Ports in ways that minimise the impact on demand and the wider economy.
26. The Department remains of the opinion that current practice of transferring the surplus from the Ports Holding Account on an annual basis to the Capital Reserve is not the best way of managing commercial port operations in the long term. It notes that the States' Resolution referred to above allows for this practice to be reviewed during consideration of options for moving the trading entities to a different business environment. The Department believes that this would remain the most appropriate time to consider the future of the Ports Holding Account and therefore attention here is focussed on the raising of the £1.775m.

Opportunities to Increase Revenue

27. In conducting its research Halcrow consulted with a wide range of harbour users, including representatives of the Guernsey Commercial Port Users Association, Guernsey boat owners and yacht clubs, Marine Traders, Guernsey Chamber of Commerce and States Departments.
28. It is clear that either or both Guernsey Airport and Guernsey Harbours can be instructed either to maximise their income for wider general States use, or to operate in a truly commercial manner. It does however need to be understood that these two instructions are somewhat conflicting, and this is another reason why this report is being laid before the States for it to give direction.
29. In areas where the charges have been assessed as below reasonable market levels much more significant changes are proposed. For example, at Guernsey Harbours the Department is proposing that the mooring charges (with the exception of licensed fishing vessels) be increased by an average of 15% from 1 April 2011. This reflects the considerable evidence that current charges are significantly lower than other comparable ports around the south coast of England and in Jersey.³ This, combined with certain other freight handling charges will raise approximately £0.56m.

³ Halcrow– Estimating tax sensitivity of harbour transited goods and harbour users – Section 5 - Marinas and Mooring Charges

30. Similarly, at Guernsey Airport, the Department will be increasing car parking charges and introducing commercial air-freight charges. These two changes are based on the facts that (a) car parking charges at the Airport are about the lowest of any of the comparable airports with which we have connections and (b) commercial charges levied at Guernsey Airport against passenger carrying aircraft comprise a fixed and variable element (i.e. charges levied on the aircraft and charges levied on the number of passengers it carries). Freight aircraft have traditionally only been charged a fixed rate for the aircraft and the opportunity could now be taken to introduce a variable element in charging a per-kilo rate for the airfreight carried. These charges would raise around £0.45m.
31. The measures outlined in the preceding paragraphs have the potential to raise an additional £1m in 2011, provided demand does not diminish by any significant margin. This is not however enough to comply with the resolution which requires £1.775 m be raised from the Ports collectively.
32. Having considered all the options very carefully and having received advice from Halcrow, the Department believes that the extra £0.775m can only reasonably be generated through an increase in the charges for the handling of liquid fuel (hydrocarbon) imports. Handling charges should be related to the costs of activity and this largely focuses on the quantity, rather than trying to differentiate between the wide range of fuel products which are delivered. If the States would prefer differential charging, this would need to be achieved through a tax or duty.
33. The Department has serious reservations about seeking £0.775m through the handling charge because of the potential knock on effect this will have on inflation. In addition, every indication is that the increased charges will be passed on by the supplier directly to the consumer, making them something akin to indirect tax.
34. There is a further option to raise the extra £0.775m through raising direct passenger charges at the Ports. This could be achieved in a variety of ways, but the simplest method which will be used as illustration is to split the requirement for £0.775m on a pro rata basis between the Airport and the Harbours' passenger numbers.
35. The Department believes however that the advice received in the form of the Halcrow Report and, previously, York Aviation should strongly dissuade the States from pursuing this avenue. Both reports predict a negative impact on demand such that the wider economy could suffer more than any increases in revenue at the Ports would generate. As an indication and for information purposes, the levels of increase required are shown in Appendix 1 (Airports) and Appendix 4 (Harbours).
36. The York Aviation report indicated in 2009 that an increase of approximately 19% in airline charges (which would be required to generate around £600k of

additional income) could lead to a decrease in passenger movements of -6%, (around 54,000 movements per annum – equivalent to the total number of passengers currently travelling to and from Exeter, Bristol and Plymouth each year). No allowance has been taken in the calculations for this potential downturn in passenger numbers, as the Board wish to provide the States with easily comparable figures.⁴

37. A further option would be to levy a landing charge on cruise ship passengers, however this has not been considered appropriate due to the relatively low level of income that would be generated against an element of tourism that could very easily choose not to visit Guernsey in favour of destinations that do not charge passengers.
38. If the States of Deliberation share the Department's reservations, there is the option to support the raising of the additional £1m as outlined in the report but to rescind the resolution of requiring the full additional £1.775m to be generated.
39. The Public Services Department believes there is the opportunity for the Ports to increase the surplus they can generate but it is a question of time. In this respect the Department is progressing three initiatives which have the potential to improve the situation, but they will take time to deliver, and each of which will involve consultation with many parties and reports to the States as appropriate. They are:-
 - a. Options to move a number of the trading entities (including the Airport and Harbours) into a different business environment;
 - b. Ongoing reviews of operations at both the Harbours and Airport to examine scope for greater efficiencies in the delivery of the essential activities;
 - c. Careening Hard: creation of an additional marina through a private/public initiative.

Charges Required to meet States Requirement.

40. While the Public Services Department shares the serious reservations expressed by Halcrow over the wisdom of the States requiring the Ports to generate an extra £1.775m per annum from 2011, it has nonetheless reached a view on how this could be achieved, which in broad terms is as follows (with detail set out in Appendices 1-4). Explanations of the rationale behind Guernsey Harbour charges are set out at Appendix 5.

⁴ Current passenger charges at Guernsey Airport total £3.97 per movement – comprising passenger fee £1.76, security fee £1.21 and Airport Development Charge £1.00. An increase in the passenger element alone from £1.76 to £2.53 would increase the overall passenger charges to £4.74 per movement. This represents a 19.4% increase overall

Additional income raisedGuernsey Airport

- | | | |
|------|--|------------------|
| i. | Car Parking – See appendix 1(a) | additional £280k |
| ii. | Freight import charges introduced – See appendix 1(a)
and potentially | additional £170k |
| iii. | Passenger charges – See appendix 1(b) | additional £600k |

Harbour

- | | | |
|------|--|------------------|
| i. | Local Moorings – See appendix 2 | additional £300k |
| ii. | Facilities charges – See appendix 2 | additional £ 90k |
| iii. | Facilities charges – Grab Crane – See appendix 2
and potentially | additional £168k |
| iv. | Facilities charges – See appendix 3
Liquid Hydrocarbon Fuels (all) – See appendix 3 | additional £800k |
| v. | Passenger Charges – See appendix 4 | additional £200k |

See Appendix 5 for full explanation

Consultation

41. The Department believes that although increases in charges are universally unpopular, it is appropriate to advise the main users of the ports of the plans that are being proposed. The Department has therefore sought, and received, feedback from these principal customers. As predicted, the feedback was primarily negative but recognised the difficulties faced by the Department in fulfilling the resolutions of the States.
42. In particular, feedback received from Guernsey Post and the carriers responsible for importing newspapers to the island suggest that there would be a significant risk that both post and papers would arrive on island by boat meaning that newspapers would not be available until the day after publication and post would take one day longer than in the UK to reach their destinations (local post excepted).

Conclusion

43. As directed by the States, the Department has reviewed options to raise an additional £1.775m from the Ports. Having undertaken this review, the

Department continues to have serious reservations concerning both the logic behind the direction and the possible impact that might arise.

44. Nevertheless, this paper presents to the States a variety of ways in which the required monies can be raised and more specifically details its preferred methods of raising £1m between the Ports.
45. It also indicates ways in which the additional £0.775m could be raised. However, the Department believes that the economic impact of raising the additional money by any means would be severe and as such does not recommend those increases
46. As the Department is recommending that less than the full £1.775m be raised from the Ports, the States are asked to rescind the earlier resolution.
47. If the States agree the proposals to raise £1m from Ports-related activities in 2011, this means that there will be a shortfall in funding for the capital programme in 2011 and, potentially, beyond if this issue cannot be resolved before 2012 and it is therefore necessary to consider how best to address this.
48. In all the circumstances, the Public Services Department considers that the best short-term solution would be to draw the difference between monies raised (approximately £1m) and funding needed for the capital programme (approximately £1.775m) from the Ports Holding Account which, at the end of 2010, had a balance of approximately £6m. The precise sum to be drawn from the Ports Holding Account will be agreed between the Treasury and Resources Department and the Public Services Department. Doing this on an annual basis in the short term will ensure that the projected income for the capital programme from the Ports is achieved until such time as there is a cross-departmental consensus on future funding arrangements available for consideration by the States.

Recommendations

The States are requested:

- a. to rescind resolution 8 (b) of 26 June 2009 to direct the Ports to raise an additional £1.775m (at 2009 values) and to direct the Public Services, Commerce and Employment and Treasury and Resources Departments to report back on the feasibility or otherwise of other means of generating funds for the capital programme that minimise the impact on demand and the wider economy,
- b. to agree additional service charges proposed at Guernsey Airport as outlined in this report and detailed in Appendix 1(a),
- c. to agree additional service charges proposed at Guernsey Harbours as outlined in this report and detailed in Appendix 2, and

- d. to authorise the withdrawal from the Ports Holding Account in 2011 and any subsequent years as necessary the difference between the revenues from the increased charges agreed as a result of consideration of this Report and the maximum of £1.775m (at 2009 values), the exact sum to be agreed between the Treasury and Resources and Public Services Departments, until such time as an alternative mechanism of generating funds for the capital programme is agreed.

Yours faithfully

B M Flouquet
Minister

Appendix 1(a) – Additional Charges at Guernsey Airport

Car Parking Charges – raises an additional £280,000

Charge Band	Current	Proposed – w.e.f. 01/04/2011
Up to 1 Hour	Free	Free
1-6 Hours	£3.00	£4.00
6-12 Hours	£5.00	£6.00
12-18 Hours	£7.00	£8.00
18-24 Hours	£8.00	£10.00
24-48 Hours	£16.00	£20.00
48-72 Hours	£24.00	£30.00
Over 72 Hours (per day or part thereof)	£8.00	£10.00

Air Freight Import Charge – raises and additional £170,000

Charge per kilo	Current	Proposed – w.e.f. 01/04/2011
Airfreight per kilo on arriving and departing airfreight – incl. mail and newspapers	No Charge	£0.034 / kilo

Appendix 1(b) – Additional Charges at Guernsey Airport – Passenger Charge

Airport Passenger Charge – potentially raising £600,000

Charge per pax	Current	Proposed – w.e.f. 01/04/2011
Passenger Load Supplement per pax:		
Long Haul	£1.76	£2.53
Short Haul	£0.80	£1.14

ALTERNATIVELY to raise £600,000

Charge per pax	Current	Proposed – w.e.f. 01/04/2011
Capital Development Charge per pax	No Charge	£0.65

Appendix 2 – Additional Charges at Guernsey Harbours

Local Moorings – raises an additional £300,000 (Additional 15.0% over 2011 recommended rates).

LEISURE BOATS

Registered boats (other than registered fishing boats) moored in either the Harbour of St. Peter Port or the Harbour of St. Sampson's in the following areas –

Area (as defined and marked on the Moorings Map)	2011 Per square foot (per annum)	Proposed Per square foot (per annum)	Proposed percentage increase
Albert, QEII, Victoria and St. Sampson's Marinas	£ 4.65	£ 5.35	15.0%

Registered boats (other than registered fishing boats) moored in either the Harbour of St. Peter Port or the Harbour of St. Sampson's in the following areas –

Area (as defined and marked on the Moorings Map)	2011 Per foot length (per annum)	Proposed Per foot length (per annum)	Proposed percentage increase
Area A	£ 16.55	£ 19.03	15.0%
Area B	£ 8.00	£ 9.20	15.0%
Area C	£ 4.65	£ 5.35	15.0%

MISCELLANEOUS

Use of facilities/areas in the Harbour of St. Peter Port or the Harbour of St Sampson's:

HOUSE BOATS	2011 Per Square foot Per month (or part of month)	Proposed Per Square foot Per month (or part of month)	Proposed percentage increase
House boats moored in any location in the Harbour of St. Peter Port or St. Sampson's	£ 7.11	£ 8.18	15.0%

Appendix 2 – Additional Charges at Guernsey Harbours (continued)

CASUAL USER RATE			
Vessels making casual use of berths, moorings, slipways, careening areas in any location in the Harbour of St. Peter Port or the Harbour of St. Sampson's	2011 Per foot length (per day)	Proposed Per foot length (per day)	Proposed percentage increase
Registered boats – Use of marina berths for less than 30 days	£ 0.29	£ 0.34	17.2%
Registered boats – Use of all other areas/facilities for less than 30 days	£ 0.24	£ 0.27	12.5%
Registered boats or non registered boats - for the period 15 September to 14 May inclusive for less than 30 days (Over wintering)	£ 0.29	£ 0.34	17.2%
	2011 Per Month	Per Month	
Registered boats – Contracted use of facilities for a minimum period of 30 days	Calculated pro-rata, on a daily basis, to the appropriate annual mooring charge	Calculated pro-rata, on a daily basis, to the appropriate annual mooring charge	
Registered boats or non registered boats for the period 15 September to 14 May inclusive on an overwintering contract for minimum of 30 days (Over wintering)	Calculated pro-rata, calculated on a daily basis to the appropriate annual mooring charge	Calculated pro-rata, calculated on a daily basis to the appropriate annual mooring charge	

LAY- UPS Monthly charges payable in respect of any vessel on a lay-up contract for a minimum period of 30 days:	2011 Per Square Foot (per month)	Proposed Per Square Foot (per month)	Proposed percentage increase
Registered boat with allocated mooring	£ 0.09	£ 0.11	22.2%
Registered boat without allocated mooring	£ 0.29	£ 0.34	17.2%
Non-registered boat on overwintering contract – period of lay-up must not be less than 30 days falling wholly within the period of the overwintering contract	£ 0.09	£ 0.11	22.2%
In respect of any other case	£ 0.79	£ 0.91	15.2%

Appendix 2 – Additional Charges at Guernsey Harbours (continued)

Self-discharging vessel entering or leaving either harbour: - £90,000 (Additional £6.40 per metric tonne over 2011 recommended rates – 400%)

	2011 RATE	PROPOSED RATE	Proposed percentage increase
(a) Carrying stone, cement, sand, aggregate, coal or such other bulk cargo	Nil per GT plus £1.60 per metric tonne of cargo discharged or loaded	Nil per GT plus £8.00 per metric tonne of cargo discharged or loaded	400%

Crane Dues: the following half hourly rates will apply: **£168,000 (Additional £279.65 per half hour over 2011 recommended rates – 232%)**

	2011 Rate per half hour or part thereof	Proposed Rate per half hour or part thereof	Proposed percentage increase
(e) Sand, aggregate, coal, or such other bulk cargo loaded or unloaded by grab	£120.35	£400.00	232%
A minimum period of one half hour shall be charged and subsequent to the first half hour, charges shall thereafter accrue for each half hour or part thereof.			

Should the States of Guernsey consider that further income of £1million is required the most practicable and simplistic method would be to further increase the metric tonnage charge to £20.00 per metric tonne or part thereof.

Appendix 3 – Potential charge on hydrocarbons

Harbour Dues & Facilities Charges

Cargo vessels entering or leaving either harbour: - £800,000 (Additional £8.00 per metric tonne over 2011 recommended rates – 184%)

	2011 RATE	PROPOSED RATE	Proposed percentage increase
(a) Not carrying hydrocarbon oils or gas in bulk	Nil per GT	Nil per GT	
(b) Carrying hydrocarbon oils or gas in bulk	Nil per GT plus £4.35 per metric tonne or part thereof, of fuel discharged or loaded	Nil per GT plus £12.35 per metric tonne or part thereof, of fuel discharged or loaded	184%

Appendix 4 – Potential charge on Harbour passenger dues

Increase in Passenger Dues

Passengers landed or embarked from or on a vessel at either harbour from or for a place outside the Bailiwick (other than passengers landed or embarked from or on a cruise vessel):

Based on 2009 Passenger numbers of 327,528 which provided income of £897,000

Passenger Dues:- £200,000 (Additional 22% per passenger over 2011 recommended rates)

	2011 RATE	PROPOSED RATE	Proposed percentage increase
(a) LONG HAUL (more than 55 Nautical Miles from St. Peter Port)	£2.95 per adult £1.45 per child Nil per infant	£3.60 per adult (+ £0.65) £1.77 per child (+ £0.32) Nil per infant	22%
(b) SHORT HAUL (less than 55 Nautical Miles from St. Peter Port)	£2.54 per adult £1.29 per child Nil per infant	£3.10 per adult (+ £0.56) £1.57 per child (+ £0.28) Nil per infant	22%
(c) INTER-ISLAND	£0.72 per adult £0.36 per child Nil per infant	£0.88 per adult (+ £0.16) £0.44 per child (+ £0.08) Nil per infant	22%
Adult – aged 15 years and over Child – aged 5 to 14 years Infant – up to 4 years of age			

Section 4.15.2 of the Halcrow Report refers to the numbers of persons entering, or leaving Guernsey by passenger vessels using Guernsey Harbours and the total Passenger Dues charged for embarking, or disembarking have been extracted from Table 4.13 for 2009. Table 4.14: Additional Revenue generated by Given Percentage Increases in Passenger Dues, makes reference to a 25% increase to generate £224,250

Appendix 5 – Explanations of harbour charge increases

Local Moorings

2010 income is expected to raise £2,000,000. The Harbours budget has already proposed an increase to local mooring charges of approximately 3.5%. This paper proposes that these charges could be raised by a further 15.0%, such that an additional £300,000 would be raised.

Facilities charges – Self discharge

Guernsey Harbours receives income of £22,400 based upon approximately 14,000 tonnes per annum at a rate of £1.60 per metric tonne. No distinction is made as to the goods in transit. It would be relatively simple to increase the rate to £8.00 per metric tonne (400%) to increase income by £90,000.

The main business sector affected would be the building trade. For example, the increase on a one tonne bag of cement would be £6.40.

It is considered that this increase would have little effect on RPI.

Facilities charges – Grab Crane

2010 income is estimated at £72,000 which is generated from 60,000 tonnes of cargo discharged or loaded per annum. Charges are levied against crane usage (£120.35 per half hour or part thereof for 2011) of approximately 300 hours. This charge covers importation of stone, sand, aggregate, coal or other such bulk cargo loaded or unloaded by grab crane. The present equivalent cost per tonne is approximately £1.20.

Increasing the average cost per tonne from £1.20 to £4.00 (rate per half hour or part thereof £400.00) would deliver an additional income of £168,000. The effect on commodities would be as follows:

At time of writing, the retail price of a tonne of 10mm gravel is £46.38. The increase of £2.80 raises it to £49.18, an increase of 6.04%. The retail price of a tonne of GP sand is presently £39.98. The increase of £2.80 raises it to £42.78, an increase of 7.0%.

In practice, self discharge and grab crane charges apply at St Sampson's Harbour only.

Facilities charges

Liquid Hydrocarbon Fuels

2010 income is expected to amount to some £435,000. This income derives from import of the following fuels:

Heavy Fuel Oil (Imported by Guernsey Electricity)

Diesel, Kerosene and Gasoline (imported by Rubis & Total)
 Liquid Petroleum Gas (LPG) (Imported by Kosangas/Guernsey Gas Limited)

Fuel Cargo Dues for 2011 have been recommended currently to be set at £4.35. Total volume estimated during 2011 is some 100,000 tonnes, i.e. approximately 130 million litres. Increases would therefore apply to all imports, including agricultural, home, motor and marine.

Increasing the rate from £4.35 to £12.35 per tonne would raise an additional £800,000 per annum and increase the average cost of fuel to the island by 0.62 pence per litre.⁵

Effects of Increasing the Harbour Charges on Motor Fuels only

It must be recognised that any increase on charges on fuel will impact throughout the Guernsey economy – increasing household spending directly by raising fuel prices at the pump, and indirectly by raising the costs of most goods, and many services, via the upward pressure imparted to commercial transport costs.

As such, an increase may be likely to push up the RPI in the year in which it is first introduced.

⁵ Section 4.9.3 of the Halcrow Report refers to a rise of 2.91p per litre of fuel at the petrol pumps as being required to raise approximately £1.0m. The difference between the two is a result of Halcrow assuming a charge would not be increased in respect of all fuel imports, which is what PSD propose, and also an allowance made by Halcrow of the profit margins that would be applied between importation (where the charge arises) and the “price at the pumps” paid by the consumer.

(NB The Policy Council supports Propositions 1 and 4 and, by a majority, supports Propositions 2 and 3.)

(NB The Treasury and Resources Department is concerned about the impact that any shortfall against the agreed £1.88m (£1.775m uplifted to 2011 prices) will have on the Capital Reserve and future Capital Programmes. This additional ongoing revenue stream was agreed by States Resolution in June 2009 and is a key component in delivering the States' Capital Programme package. Any reduction will deplete the balance likely to remain at the end of the current six year programme which would be available to the next States. An annual reduction of £0.88m would reduce the amount available to the next States by just under £7m while 'loss' of the full £1.88m would leave the next Assembly with over £14m less to allocate to capital priorities.

Additionally, any reduction in this revenue stream would contribute to the need for additional appropriations to the Capital Reserve to be made from General Revenue in order to meet the Fiscal Framework target of investing 3% of GDP in capital.

The Department fully supports the proposal for a joint review of the optimum means for raising additional revenues from the Ports but believes that reporting back on the "feasibility or otherwise of other means of generating funds for the Capital Programme" is too broad and loses the spirit of the original 2009 Resolution.)

The States are asked to decide:-

IV.- Whether, after consideration of the Report dated 24th December, 2010, of the Public Services Department, they are of the opinion:-

1. To rescind their resolution 8 (b) of 26th June, 2009 to direct the Ports to raise an additional £1.775m (at 2009 values) and to direct the Public Services, Commerce and Employment and Treasury and Resources Departments to report back on the feasibility or otherwise of other means of generating funds for the capital programme that minimise the impact on demand and the wider economy.
2. To agree additional service charges proposed at Guernsey Airport as outlined in that Report and detailed in Appendix 1(a).
3. To agree additional service charges proposed at Guernsey Harbours as outlined in that Report and detailed in Appendix 2.
4. To authorise the withdrawal from the Ports Holding Account in 2011 and any subsequent years as necessary the difference between the revenues from the increased charges agreed as a result of consideration of this Report and the maximum of £1.775m (at 2009 values), the exact sum to be agreed between the Treasury and Resources and Public Services Departments, until such time as an alternative mechanism of generating funds for the capital programme is agreed.

HOME DEPARTMENT

TERRORIST ASSET FREEZING LEGISLATION

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

24th January 2011

Dear Sir

1. Executive Summary

This Report sets out proposals to replace the terrorist asset freezing provisions made within two Orders in Council under the United Nations Act 1946, in order to ensure that the Bailiwick's legislative framework in this area remains compliant with international standards and is not vulnerable to the same criticism as that which led to the quashing of equivalent United Kingdom provisions by the Supreme Court last year.

The new legislation proposed would be made by way of Order in Council and by Ordinance under the European Communities (Implementation) (Bailiwick of Guernsey) Law, 1994. It would take a targeted approach than that in the existing terrorist asset freezing legislation.

2. Proposals from Her Majesty's Procureur

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

"TERRORIST ASSET FREEZING LEGISLATION"

Introduction

Following the terrorist attacks in the United States of America in September 2001, the United Nations Security Council issued two Resolutions, UNSCR 1267 and UNSCR 1373, concerning the financing of terrorism, which have been reaffirmed and modified by subsequent Resolutions. They were implemented in the Bailiwick by two Orders in Council made under the United Nations Act 1946, which largely mirrored UK legislation passed under the same Act.

In February 2010 the UK provisions were quashed by the Supreme Court, on the grounds that they had been made 'ultra vires' and also were not compliant with human rights principles. New legislation to replace them is now in force.

If the Bailiwick Orders referred to above were challenged, they would be vulnerable to the same criticism as the two UK Orders. I advise therefore that the Bailiwick should enact legislation to replace the asset freezing provisions of the two Orders.

Legislation

UNSCR 1267

The asset freezing requirements of UNSCR 1267 and its successor Resolutions have been given effect within the European Union by Council Regulation (EC) No 881/2002. This has enabled the UK to implement the asset freezing provisions required by UNSCR 1267 in the Al-Qaida and Taliban (Asset-Freezing) Regulations 2010, made under the enabling powers in the European Communities Act 1972. I advise that equivalent provisions could be enacted locally by way of an Ordinance under the European Communities (Implementation) (Bailiwick of Guernsey) Law, 1994.

UNSCR 1373

The new legislation to implement this in the UK is the Terrorist Asset-Freezing etc. Act (“the Act”) which came into force on 16th December 2010. It takes a more targeted approach than that in the quashed UK provisions. Instead of applying to persons who commit, or attempt to commit, terrorist acts or participate in or facilitate the commission of terrorist acts, the freezing of funds and related prohibitions in the Bill apply in respect of a “designated person”. This is defined as

- *a person designated by HM Treasury or*
- *a natural or legal person, group or entity included in the list provided for by Article 2(3) of Council Regulation (EC) No 2580/2001 of 27 December 2001 on specific restrictive measures directed against certain persons and entities with a view to combating terrorism.*

The targeted approach set out in the Act is more in line with international standards than the precursor legislation. It has the advantage of making it clear which individuals and entities are affected by the prohibitions, rather than leaving it to financial institutions and others to make their own judgment as to whether a particular person or entity falls within the scope of the legal framework. This in turn assists in ensuring that assets are frozen without delay, as required by UNSCR 1373.

Bailiwick legislation could be enacted to deal with the freezing etc. of terrorist funds which reflects the approach taken in the Act. A definition of “designated person” in the Bailiwick legislation that incorporated the definitions in the Act would ensure that the Bailiwick framework precisely mirrored that of the UK.

This would ensure that designations made by the UK or the EU would be immediately effective in the Bailiwick without the need for a further process, in line with the obligation in UNSCR 1373 to freeze assets without delay. However, I consider that the legislation should contain an additional power to designate locally, to ensure that swift action can be taken in the event that an urgent freeze is required on assets not yet covered by a UK or EU designation, again in line with the obligation in UNSCR 1373 to freeze assets without delay.

The legislation should also provide for the release of frozen funds on licence for humanitarian purposes, as required by UNSCR 1373 and its successor Resolutions. In addition, provision should be made for an appeal process to permit challenges to a refusal to grant a licence. Because of the sensitive nature of some of the information that may be relevant to licensing issues, the legislation should contain some enabling provisions in respect of the appeal process so that the Bailiwick framework can be adapted if necessary to make appropriate arrangements for dealing with intelligence.

Recommendations

For the reasons set out above, I recommend that an Ordinance be enacted under the European Communities (Bailiwick of Guernsey) Law, 1973 to implement UNSCR 1267 and that a Projet de Loi be enacted to implement UNSCR 1373.

I also recommend that this be dealt with as a matter of urgency. Following the decision of the Supreme Court earlier this year, emergency legislation to preserve the Order in Council implementing UNSCR 1373 was enacted in the UK pending the introduction of replacement legislation. The equivalent Bailiwick legislation was included as a precautionary measure, but the emergency legislation in its application to the Bailiwick will expire at the end of March 2011. It is obviously extremely important that the Bailiwick has replacement legislation in place at that stage to ensure that there is no gap in the implementation of the UN Resolutions. While it would have been preferable to raise this matter at an earlier stage, this was not possible without clarification from the UK authorities on national security issues. A response from the UK has now been received and on that basis I advise that matters should now proceed immediately.

These recommendations are endorsed by the Sanctions Committee, a working group established by the Policy Council in May 2010 to coordinate the Bailiwick of Guernsey's compliance with sanctions imposed by the UN and other bodies, which is made up of representatives of the Policy Council, Guernsey Border Agency, Guernsey Financial Services Commission, Alderney Gambling Control Commission, Law Officers' Chambers and States of Alderney."

3. Resources

It is not envisaged that there will be any cost or further resource implication if these proposals are approved.

4. Consultation

The Policy Council supports the legislative amendments proposed in this report, and in the light of HM Procureur's advice that the amendments be dealt with as a matter of urgency, it requested the Legislation Select Committee to enact an Ordinance to implement UNSCR 1267 at its meeting on 24th January 2011. The States of Alderney and Chief Pleas of Sark are content with the legislative amendments proposed in this Report.

5. Recommendation

The Department recommends the States to enact legislation to implement UNSCR 1373 as set out in the letter from HM Procureur quoted in section 2 of this Report.

Yours faithfully

G H 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:-

V.- Whether, after consideration of the Report dated 24th January, 2011, of the Home Department, they are of the opinion:-

1. To enact legislation to implement UNSCR 1373 as set out in the letter from HM Procureur quoted in section 2 of that Report.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

PUBLIC ACCOUNTS COMMITTEE

GOVERNANCE IN THE STATES OF GUERNSEY

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

24th January 2011

Dear Sir

1. EXECUTIVE SUMMARY

- 1.1 The Public Accounts Committee (“the Committee”) sets out in this report the conclusions it has reached following a review of governance within the States of Guernsey (“the States”) together with recommendations for improving governance within the context of the existing structure and system of Government¹.
- 1.2 Good governance is defined as “*the prerequisite for every public body to deliver sustainable, value for money and quality services in a transparent manner*”² and to ensure that bodies are “*doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner*”³. This is applicable to all democratic forms of government including that of Guernsey.
- 1.3 Since the Committee’s inception several of its reviews have indicated shortcomings in the governance arrangements within the States. In 2008, the Committee determined to address the issue and appointed the Wales Audit Office (“WAO”) to carry out a review in early 2009. The resultant report issued in September 2009, highlighted perceived deficiencies in governance against the six Principles of good governance as determined by the UK Independent Commission on Good Governance in Public Services. However, that report did not make recommendations to address the task of improving governance as that responsibility rested with the States of Deliberation. Further work was carried out by the Committee at the beginning of 2010, with the assistance of WAO, to help the States consider the issues and suggest a way forward.

¹ Government is defined as the act or process of governing

² *Review of Good Governance: The States of Guernsey* by Wales Audit Office, September 2009, page 7

³ *Delivering Good Governance in Local Government Framework* by CIPFA, 2007

- 1.4 The Committee has undertaken this review in pursuit of Section (a) (i) of its mandate:

“to ensure that proper scrutiny is given to the States’ assets, expenditure and revenues to ensure that States bodies’ operate to the highest standards in the management of their financial affairs”

and the Resolution of the States of January 2010⁴ directing the Committee to:

“Report to the States of Deliberation during 2010 with recommendations for improving the governance arrangements of the States of Guernsey within the existing structure of government by committees and consensus and using as a benchmark the six recognised principles of good governance”.

- 1.5 The Principles arising from the UK Independent Commission on Good Governance in Public Services (further details on the six Principles are provided in section 3) are used as a benchmark against which governance in Guernsey can be measured. Following a brief explanation of each Principle, the case for change arising from the work at the beginning of 2010 is described, along with actual examples arising from the activities of the States. Developments during 2010 are then indicated. Each section ends with clear indication of how the deficiencies arising from that particular Principle might be addressed.
- 1.6 While the Committee has clearly identified the scope for improvements in governance, it has deliberately stopped short of recommending the States to issue specific directions to States’ Departments, Committees or the Policy Council to give life to its proposals. Rather, it is recommending a more fundamental approach by seeking formal States’ commitment to the six Principles of good governance and a general direction to Committees and Departments to have regard to the proposals contained in this Report. It also recommends a specific direction to the Public Accounts Committee, the Scrutiny Committee and the Policy Council to monitor compliance to the six Principles across government.
- 1.7 The Committee recognises that additional work is required by Departments and Committees before the States can agree further governance improvements and that progress in this area will depend on commitment and allocation of resources, both in terms of finance and people.
- 1.8 The recent approval of the latest States Strategic Plan and the commitments it contains to develop further the strategic policy and operational focus of the States, is an important step in the right direction. In addition, for example, the Committee acknowledges that the principles underpinning the Financial Transformation Programme and many of the workstreams which it contains, will all move the States towards closer conformity with the six Principles of good governance, which can only provide better value for the tax payer.

⁴ Billet d’État III, January 2010

- 1.9 Improving governance further will help ensure that government can perform in a more effective, efficient and cost effective way. The Committee's intention is to act as a critical friend to encourage and promote better governance within the States of Guernsey. **In delivering this report, the Committee is conscious that while it has given a number of specific examples to illustrate the opportunity for improvement in governance, it fully recognises that recently the States of Guernsey has made real progress towards improved governance. This in turn will provide better value for money on a number of fronts.**

2. BACKGROUND TO REVIEW

- 2.1 The quality of governance in the States of Guernsey has been highlighted in a number of previous significant reviews, including the Graham Robinson⁵, Shepley⁶, Tribal⁷ and Airport Fire Fighters' Tribunal⁸ reports. Each of these reports has suggested that the States' governance arrangements could be improved. Furthermore, previous reviews undertaken by the Committee have indicated that weaknesses in governance arrangements are impacting on the ability of the States as a whole to provide value for money.
- 2.2 Prior to 2009, the Committee approached the WAO to carry out a review of the States' governance arrangements and how those arrangements were working in practice. The Committee developed a review brief and the work was delivered to the required specification during 2009. The WAO was asked to assess the States' governance arrangements against six widely recognised Principles of good governance within public services. These Principles were set out by the Independent Commission on Good Governance in Public Services and are applicable to all governmental systems. The WAO was not asked to make recommendations for improving any deficiencies in the current governance arrangements. After the WAO had gathered information from interested parties and produced its findings, it was acknowledged that only the States of Deliberation could institute changes should it so wish. The report produced by the WAO in September 2009 is included at Appendix 1.
- 2.3 The issues identified within the WAO report were wide-ranging. The Committee therefore asked the Policy Council to take the work forward in September 2009. After considering the issues, the Policy Council in October 2009, requested the Committee to continue the work on governance.
- 2.4 In continuing its work, the Committee asked the WAO to return to Guernsey in early 2010. The involvement of the WAO at that stage was to facilitate discussions with and contributions from Islanders, States Members and public servants. The purpose of these sessions was to generate ideas about how to improve governance arrangements. The Committee invited consultees to provide ideas for improvement on all aspects of governance. The Committee recognised that many of the ideas generated could be potentially beneficial to the whole body of the States and that all the ideas and information generated should be offered for consideration in their raw form, to provide an accurate and balanced picture of the responses it had received. Further details of the involvement of the WAO and the associated costs of their work are included at Appendix 3.

⁵ *Report of a Review of the States of Guernsey as an Employer* by Dr Graham Robinson, February 2008

⁶ *Review of Guernsey's Planning Service* by Chris Shepley, April 2008

⁷ *States of Guernsey Unbeatable services, efficiently delivered: Fundamental Spending Review: Phase 2* by Tribal, July 2009

⁸ *Tribunal of Inquiry – Inquiry into Industrial Action by Airport Fire Fighters at Guernsey Airport*, Appendix III to Billet d'État IX, April 2010

- 2.5 A summary paper of the issues discussed during the workshop sessions run jointly by the Committee and the WAO during January 2010 are included at Appendix 4. These workshop sessions involved States Members, senior officers and business representatives. Also included in the summary paper are the contributions from a public meeting held at St Sampson's High School on 14 January 2010. Islanders were asked to contribute to an open discussion and workshop sessions to generate ideas for improving governance as part of the public consultation run by the Committee.
- 2.6 Appendix 5 includes a report analysing the responses to the public questionnaire as well as full, unedited submissions from the public and other parties to the Committee's consultation exercise regarding governance. Submissions were received from more than 100 individuals. The Committee used these submissions extensively in developing this report. Although 100 submissions may not be considered persuasive by some, they reflected similar views expressed during the workshops and the public meeting. In addition, States Members were also afforded the opportunity to contribute to a further consultation process and four States Members responded to the request.
- 2.7 Following the commencement of this work, the States of Deliberation considered and approved a Requête in January 2010 which directed the Committee *"to report to the States of Deliberation during 2010 with recommendations for improving the governance arrangements of the States of Guernsey within the existing structure of government by committees and consensus and using as a benchmark the six recognised principles of good governance"*⁹.
- 2.8 The WAO analysed all of the material gathered, summarising the responses and indicating options for improvement which were put forward in the January 2010 consultation exercise. These are the impartial and independent results from this exercise and do not express the views of those who collected the information.
- 2.9 Since May 2010, a group of the Committee (called the Governance Group) met 14 times to consider the evidence gathered through the earlier work plus subsequent research material in order to progress the report for consideration by the Committee. In addition, the Law Officers and senior management of the States were kept informed of the Committee's deliberations.
- 2.10 In July and November 2010, the Governance Group sought the opinions of those it considered to have responsibility for implementing the then draft recommendations and subsequently renamed "way forwards". The Governance Group have also met with the States Assembly and Constitution Committee, the Scrutiny Committee and representatives of the Policy Council.

⁹ Billet d'État III, January 2010

- 2.11 In presenting this report the Committee wishes to make the following key points:
- a. The Committee is neither mandated nor does it wish to make any proposals in respect of change to either the structure or system of government. That is a matter for the States of Deliberation to decide. Rather, it focuses on how the exercise of the Principles of good governance within the existing system might deliver better value for money.
 - b. The conclusions presented in this Report represent the views of the Committee and not those of any other body or individual.
 - c. While the Committee has provided a clear indication of both the action it believes could be taken to improve governance in certain instances and the Committees, Departments or the Policy Council which would be best placed to take such actions forward, it has deliberately stopped short of seeking specific Resolutions directing those bodies to act. Rather, it has sought States commitment to the six Principles of good governance and a general requirement for named Committees and Departments to consider carefully the recommendations that have been made.
- 2.12 For ease of reference the Committee has set out in **bold** type the core Principles of good governance identified by the UK Independent Commission on Good Governance in Public Services and the supporting Principles that underpin them.
- 2.13 The Committee wishes to thank all of those who have contributed in any way to the production of this report and is especially grateful to the Governance Group and its staff in persevering with this important piece of work.

3. THE GOOD GOVERNANCE PRINCIPLES

3.1 Public revenue expenditure by the States of Guernsey (including expenditure on transferred services to Alderney) is around £325 million per year¹⁰. Increasing global economic pressures have made it even more important that the available public money is spent well so that Islanders can receive high quality services that are cost effective. To ensure these outcomes, it is vital that governance within the States of Guernsey is of a high standard. Although the Principles of governance are applicable to Alderney, this report concentrates on governance within the Island of Guernsey.

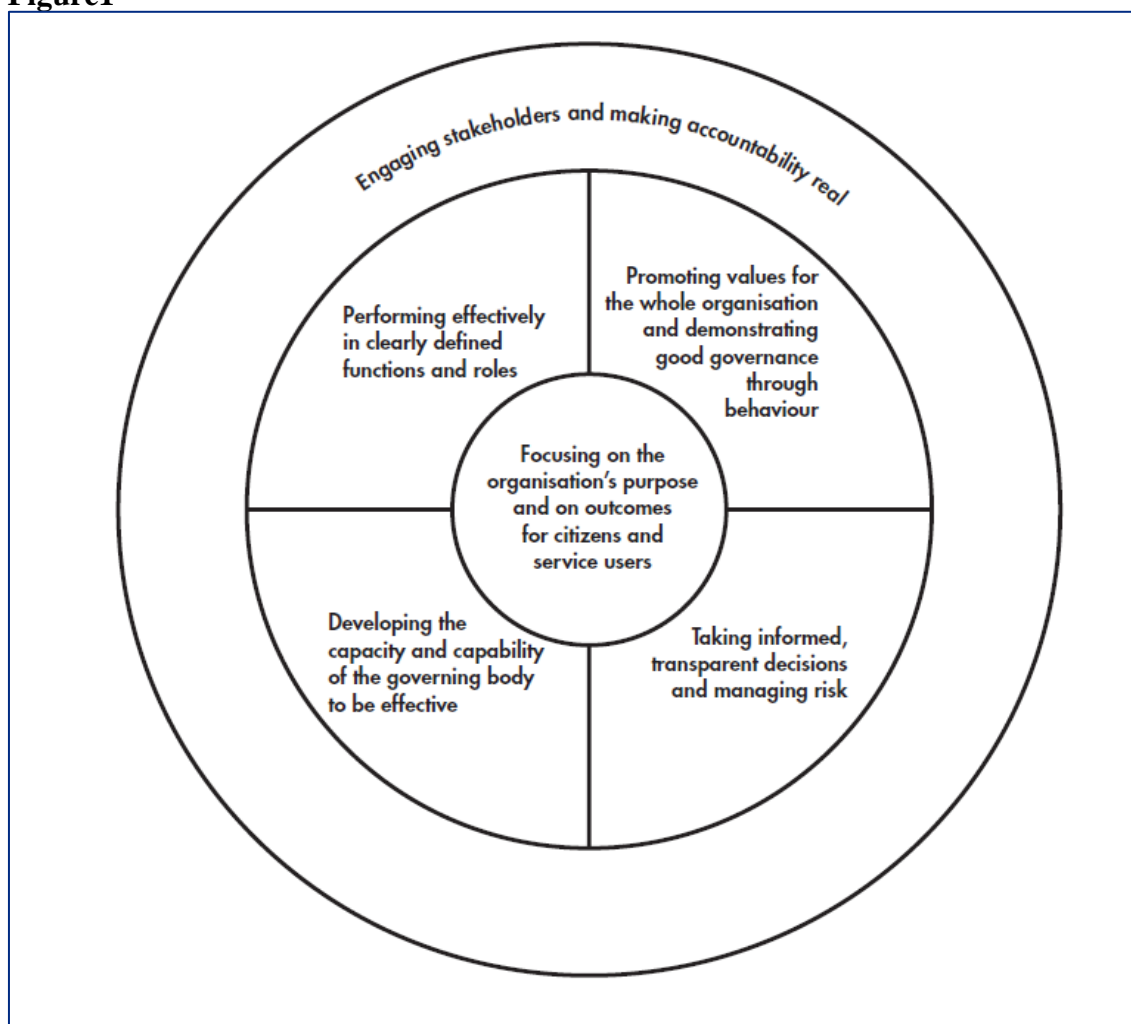
3.2 **The UK Independent Commission on Good Governance in Public Services has defined what is meant by good governance in public services. The Commission's *Good Governance Standard for Public Services* (the Good Governance Standard) comprises six core Principles of good governance.**

3.3 **The core Principles, as shown in figure 1 below, are:**

1. **Good governance means focusing on the organisation's purpose and on outcomes for citizens and service users**
2. **Good governance means performing effectively in clearly defined functions and roles**
3. **Good governance means promoting good values for the whole organisation and demonstrating the values of good governance through behaviour**
4. **Good governance means taking informed, transparent decisions and managing risk**
5. **Good governance means developing the capacity and capability of the governing body to be effective**
6. **Good governance means engaging stakeholders and making accountability real**

3.4 The application of the six core Principles and supporting Principles in the Guernsey context can be found in Appendix 2.

¹⁰ *States of Guernsey Budget 2011*, Billet XXV, December 2010, page 9

Figure1

Source: *The Good Governance Standard for Public Services - The Independent Commission on Good Governance in Public Services* (CIPFA 2004)

- 3.5 The next section of the report focuses on these six core Principles, setting out the case for change in Guernsey. Examples to highlight governance issues within Guernsey are presented to provide evidence to support the case for change and an update on any developments since the fieldwork was carried out in early 2010. Each of the sub sections on the Principles is followed by the Committee's views on potential solutions leading to improved governance.

4. FINDINGS AND RECOMMENDATIONS

4.1 Core Principle 1 – Good governance means focusing on the organisation’s purpose and on outcomes for citizens and service users

4.1.1 The overall function of governance is to ensure that the organisation fulfils its primary purpose, achieves its intended outcomes for citizens and operates in an effective, efficient and ethical manner. For the States of Guernsey, this means that governance should work to secure high quality public services that meet the needs of Islanders but which also represent value for money.

4.1.2 For each of the core Principles set out in the Good Governance Standard, there is a set of supporting Principles. The supporting Principles for Core Principle 1 are:

- *“Being clear about the organisation’s purpose and its intended outcomes for citizens and service users;*
- *Making sure that users receive a high quality service; and*
- *Making sure that taxpayers receive value for money”.*

A The case for change in Guernsey: Results from WAO/PAC Consultation

4.1.3 It was evident from the findings of the WAO’s initial report, published in September 2009 (Appendix 1) and also from the public responses to the questionnaire on the WAO’s website in January and February 2010, that the States body politic had not been perceived to have succeeded in clearly setting out its strategic direction and the outcomes it intended to deliver for Islanders. Within the questionnaire (Appendix 5) the survey asked members of the public to what extent they agreed with a list of statements regarding governance on the Island. Regarding the statement *“The States of Guernsey does not have a clear strategic direction or agreement on its strategic objectives and desired outcomes”*, 86% agreed and 4% disagreed with this statement whilst 10% had no opinion. The Committee acknowledges that the response may not be statistically representative. However, the public was consulted and the review can only take into account the responses received.

4.1.4 In contrast to the views expressed in the above survey, it has been argued by others that the States Strategic Plan (“SSP”) provides the vision for services on the Island. However, the fieldwork, which included a workshop with the States Strategic Planning Group, concluded that there are limitations associated with the current stage of development of the SSP. Indications through the fieldwork in early 2010 included:

- The plan was in its infancy. Whilst a great deal of work had been involved in producing the document, sections of the plan remained unfinished, such as aligning existing departmental policy with corporate strategic objectives.
- There was mixed support and ownership of the plan which respondents believed affected its implementation at that time. The findings from early 2010 indicated that whilst States Members had formally approved the plan, there were examples of Members disputing the plan and resisting some of its provisions.
- There had been no public consultation regarding the SSP. The plan so far was more a financial planning document, rather than an action plan setting out the intended longer term outcomes for Islanders.

4.1.5 The final bullet point above highlighted another of the broader conclusions, in that there were problems in the way that Islanders' views are sought and utilised in the planning of services. The fieldwork suggested that the States' efforts to gather the views of the public had been ad hoc and the States had struggled to secure public engagement on important issues until after decisions had been taken.

B The case for change in Guernsey: As evidenced by specific examples

4.1.6 In presenting the progress made in respect of the Government Business Plan (GBP) in March 2008¹¹, the GBP identified many of the issues facing the States in advancing the Plan. These issues arose from "*the challenge of providing leadership and a strong decision-making process in a form that is compatible with independent, non party politics*". It went on to add that there was a need for "*all States Members to contribute to the delivery of 'joined up', corporate government; by facilitating a process of resource prioritisation and by expanding and balancing the structure of the GBP*".

4.1.7 In bringing the GBP to the newly elected States of Deliberation in 2008¹², the Plan was described as a method:

- "*to ensure effective government;*
- *to achieve and demonstrate political commitment;*
- *to make the government accountable for getting results; and*
- *to coordinate policies with department policies and the strategic prioritisation of resources including States spending*".

¹¹ Billet d'État III, March 2008, page 331

¹² Billet d'État XI, July 2008, page 916

The priorities of the GBP were converted into plans and strategies to carry forward through to the States Strategic Plan, providing a mandate for the GBP Team. In October 2009¹³ the States adopted a Strategic Plan, which superseded the Government Business Plan as it had been approved during the previous term of the States of Deliberation. There were omissions in the SSP where the SSP did not include some strategies approved in the States, such as the transport strategy and even matters included as a government objective (for example ‘culture’) are omitted¹⁴. Although these are being addressed, the current SSP does not integrate all departmental policies and strategies.

- 4.1.8 Without a full and thorough Strategic Plan, each Department/Committee of the States of Guernsey may not be aware of the plans of other Departments/Committees which could continue to perpetuate costly inefficiencies and duplication. Unless there is majority agreement throughout the body politic to adhere to such a plan, the future outcomes of that plan are threatened.

C Developments during 2010

- 4.1.9 The Strategic Plan 2010-2015 begins to address some of the issues that were identified during the course of the earlier fieldwork:

- a. A cycle of debates is proposed to link States objectives, departmental objectives and policies and New Service Development projects. More detailed proposals will be considered in 2011 for full implementation in 2012¹⁵.
- b. Following the States decision in July 2010¹⁶ and subsequent report “...*a new States rule of procedure to support corporate prioritisation and deter new service developments being proposed which would alter taxation or increase expenditure unless the source of funding is indicated and an explanation provided of any effect on the States Fiscal and Economic Plan will further ensure the integrity of the SSP*”¹⁷ has been introduced.
- c. “*The SSP continues to be developed alongside the Financial Transformation Programme as a means to co-ordinate policy direction, to provide a financial framework for policy development and to reinforce political accountability for policy delivery.*”¹⁸
- d. An Island Infrastructure Plan is being developed and it is anticipated that

¹³ Billet d’État XXVI, October 2009

¹⁴ Billet d’État XXVI, October 2009, page 2266

¹⁵ Billet d’État XIX, September 2010, page 1128

¹⁶ Billet d’État XVII, July 2010, page 1090-1104

¹⁷ Billet d’État XIX, September 2010, page 1117

¹⁸ Billet d’État XIX, September 2010, page 1116

it will be included in the 2011 SSP¹⁹. This Plan will draw together infrastructure plans from States Departments, private sector and the SSP in order to co-ordinate new investment in the infrastructure regarding, for example, water, energy, information communications and technology, solid waste, liquid waste, coastal defences, dairy, ports, roads, public transport and States properties.

4.1.10 In October 2010, the views of States Members were sought in relation to three options on the land use plan arising from an extensive public consultation process entitled “*Guernsey Tomorrow*”. The debate held on this States report²⁰ under Rule 12(4) has the potential to assist in the formulation of revisions to the Strategic Land Use Plan.

4.1.11 A number of public consultations took place during 2010 to formulate future States strategies:

- a. In June 2010, the Fiscal and Economy Policy Group consulted Islanders and businesses to provide views on potential alternative technical options on a revised corporate tax regime to replace zero/ten corporation tax.
- b. In September 2010, the Public Services Department commenced a series of events involving stakeholders and the general public to help shape the new waste strategy which forms part of the Environmental Plan of the SSP.

Further, at the beginning of 2011, a twelve week public consultation exercise relating to Population Management commenced.

4.1.12 The 2009 Sustainable Guernsey monitoring report identified key performance indicators for the Fiscal and Economic Policy Plan, Social Policy Plan and Environment Policy Plan. Where possible, a self-assessment of the performance of government in 2009 against each of these plans is provided in the 2010-2015 SSP²¹. In order to assess performance against other jurisdictions, the Comptroller and Auditor General for Jersey is collecting data to provide comparison and benchmarking between Jersey and Guernsey. Such an exercise may well indicate areas of financial saving.

4.1.13 The Scrutiny Committee has commenced a review into public engagement to include engagement, consultation and communication. It will also be monitoring the development of the SSP, particularly in relation to the integration of departmental plans and Policy Plans.

4.1.14 The Committee commissioned a further value for money review during 2010 and will continue with its value for money reviews during 2011. Furthermore

¹⁹ Billet d’État XIX, September 2010, page 1240

²⁰ Billet d’État XX, September 2010, page 1374

²¹ Billet d’État XIX, September 2010, page 1348

value for money is promoted as part of the Financial Transformation Programme.

D Way Forward on Core Principle 1

4.1.15 The Committee has been encouraged by the further progress made as a result of the recent approval of the SSP by the States in October 2010 and the programmes for completing key aspects of it in 2011. This will go some way towards improving States performance under Core Principle 1. In this respect the Committee:

- a. Welcomes the commitment to complete the unfinished sections of the SSP as a matter of priority. Without a completed and costed strategic plan, including departmental priorities, the States will struggle to plan services in a joined up and cost effective way.
- b. Believes that States wide objectives in the SSP are able to be costed, measured properly, prioritised and focused on producing cost effective outcomes, in a timely manner. These objectives should be the primary focus of departmental strategic planning.
- c. Considers it will be valuable if the States hold structured debates to discuss and secure greater ownership and support for the SSP from States Members. This should help commit to progressing the strategic direction and content of the SSP and the manner in which it is delivered by Departments.

4.2 Core Principle 2 – Good governance means performing effectively in clearly defined functions and roles

4.2.1 This core Principle states that good governance arises from all members of the organisation having clear roles and responsibilities. Such clarity about roles and the roles of others, acts to increase the chances of performing well as one organisation.

4.2.2 The supporting Principles for Core Principle 2 are:

- *“Being clear about the functions of the governing body;*
- *Being clear about the responsibilities of non-executives and the executive, and making sure that those responsibilities are carried out; and*
- *Being clear about relationships between governors and the public”.*²²

A The case for change in Guernsey: Results from WAO/PAC Consultation

4.2.3 The fieldwork indicated that there was a distinct lack of clarity regarding the roles and remits of individuals and groups within the States as a whole. This lack of clarity did have an impact on the cost effectiveness and efficiency of governance on the Island. The WAO’s initial report provided evidence to support this perception and the public consultation also concurred. Within the public questionnaire, respondents were asked to what extent they agreed with the following statement: *“There is a lack of clarity regarding States’ functions and roles”*. Out of 100 responses, 68% agreed, 7% disagreed whilst 25% had no opinion.

4.2.4 Specifically the role and public expectations of States Members were not clearly set out in writing. There were issues regarding the balance between States Members’ grass roots role in representing their electorate, as opposed to their corporate role in supporting progress and due process within the States as a whole. The lack of clear guidance on these issues may cause difficulties when electors consider the respective merits of past and present States Members seeking re-election.

4.2.5 The fieldwork indicated that there was a lack of certainty regarding the roles of the Chief Executive and Chief Officers. A view was expressed that there were difficulties associated with having a Chief Executive with an ill-defined leadership role and also in some cases Chief Officers found themselves in conflict between the priorities established corporately by the States and those being pursued by their own Departments.

²² Appendix 2 indicates how this is applicable in the Guernsey context.

B The case for change in Guernsey: As evidenced by specific examples

- 4.2.6 The Code of Conduct for States Members²³ acknowledges that Members have a primary duty “*to act in the public interest*” and have “*a special duty to be accessible to the people of the electoral district for which they have been elected to serve and to represent their interests conscientiously*”. The term ‘public interest’ should be clarified as being in the best interest of the Island as a whole. Clarification of these duties and how they can be discharged effectively to provide value for money decision making and ultimately, services which are cost effective and affordable would be beneficial for Islanders as a whole.
- 4.2.7 In 2007²⁴, the States approved the Committee’s recommendation “*to recognise the accountability of each Chief Officer for the most cost effective provision of services within the budgetary and staffing limits at his/her Department to ensure best use of resources and that the job descriptions of the Chief Officers continue to include reference to that accountability*”. The purpose of the resolution was to make a clear statement on the responsibility of the senior civil servants in the absence of statute. This recommendation of the Committee has, it understands, not been implemented nor included in the most recent Chief Officer job description. In the absence of such provisions, civil servants or ministers may not be seen to be accountable for delivery of public services within any defined budget, nor could they be held responsible for failing to do so.
- 4.2.8 In 2009, the tidal nature of St Sampson’s harbour and changes to international regulations, combined with no strategic management of essential fuel supplies, left the Island at imminent risk of running out of fuel. Emergency action was taken for the benefit of the Island which resolved the issue. This action was outside clearly defined functions and roles then in place. The States approved the purchase of two tankships in January 2009. Billet IV quoted “*the Policy Council therefore fully acknowledges that it has taken steps to acquire these assets on behalf of the States in a manner that is not covered by the existing rules*”. Although changes in procedures were introduced at the end of 2009 through the Financial and Resource Management Rules, there remains a continuing need to review and amend procedures to support effective performance.

C Developments during 2010

- 4.2.9 Following industrial action by Airport Fire Fighters at Guernsey Airport, the States appointed a Tribunal of Inquiry to investigate events. Salient quotes from the resultant report²⁵, which endorse the need to improve governance, are:

²³ *Code of Conduct for Members of the States of Deliberation*, statute: Article 20F(1) the Reform (Guernsey) (Amendment) Law, 2006

²⁴ Billet d’État XVI, June 2007, resolution 4, page 1330

²⁵ Billet d’État IX, April 2010, Appendix 3, pages 553, 556, and 566

- *“The failure to deal with the underlying problem, which led to the industrial action by the firefighters, stems from the system of government which does not encourage either a corporate approach or collective responsibility. In our view there was a systematic failure to act in a corporate and strategic manner.”*
- *“The Policy Council was well aware of the differences between Public Services Department and Public Sector Remuneration Committee and tried to resolve them. However the absence of a corporate approach to problem-solving impeded this.”*
- *“Departments and Committees have overlapping mandates and many issues require cross-departmental contributions to resolve them.”*

4.2.10 The above independent views support the need for clearly defined functions and roles and the need for governance in the States of Guernsey to improve.

D Way Forward on Core Principle 2

4.2.11 Building on the developments already being made and to improve governance further in respect of Core Principle 2, the Committee:

- a. Proposes that the States Assembly and Constitution Committee should give serious consideration to preparing written guidance and associated training for States Members in order to clarify their roles and relationships and to make a distinction between constituency responsibilities and corporate political responsibilities.
- b. Welcomes the review being undertaken by the Policy Council into the role of the Chief Executive of the States of Guernsey in order better to deliver the Principles of good governance identified in the Report. This should include accountability for leadership and delivery of co-ordinated and cost effective services. This may include revisiting the job descriptions of senior public servants to clarify their roles and reporting lines, as well as placing on them a duty to strive to work cost effectively in partnership with colleagues from other Departments.

4.3 Core Principle 3 – Good governance means promoting good values for the whole organisation and demonstrating the values of good governance through behaviour

4.3.1 Core Principle 3 states that clearly defining roles, responsibilities and the organisation’s primary purpose are not enough to ensure good governance. Good governance also requires a culture within the organisation where all parties work within a shared ethos and a shared set of values. These values should reflect the seven principles for the conduct of people in public life, known as the Nolan Principles, which are selflessness, integrity, objectivity, accountability, openness, honesty and leadership²⁶.

4.3.2 The supporting Principles for Core Principle 3 are:

- *“Putting organisational values into practice; and*
- *Individual governors behaving in ways that uphold and exemplify effective governance”.*

A The case for change in Guernsey: Results from WAO/PAC Consultation

4.3.3 The fieldwork revealed some concerns regarding the conduct of States Members. In their September 2009 report, the WAO said that *“many members of the public expressed the view that poor behaviour is rife within the States”*. The surveys highlighted specific concerns regarding the way, on occasion, information has been leaked to the media. Other concerns were raised regarding the perception that some Board/Committee members and officers acted outside their mandates.

4.3.4 The WAO’s September 2009 report highlighted that there were perceived weaknesses in the way that the States addressed conduct issues. Within the public consultation exercise, 58% of respondents agreed with the statement *“The States of Guernsey lack appropriate mechanisms to address concerns regarding the conduct of States’ deputies and staff”*. Only 8% disagreed with the statement whilst 34% expressed no opinion.

B The case for change in Guernsey: As evidenced by specific examples

4.3.5 The investigation into the award of the Clinical Block contract in 2007²⁷ illustrated a number of instances whereby roles and responsibilities of key individuals in the States as a whole were not clear. Four of the

²⁶ *Committee on Standards in Public Life*, www.public-standards.gov.uk This document sets out *“The Seven Principles of Public Life”*, often described as *“the Nolan Principles”* and provide narrative on selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

²⁷ Billet d’État V, February 2007, pages 424-425

recommendations made by the Committee were allocated to the States Assembly and Constitution Committee (SACC). Three of these were implemented and agreed by the States in 2008²⁸. The issue in relation to States Members' interests was not addressed at that time, the explanation being that other Rules and *".....the Code of Conduct provide sufficient regulation and guidance with regard to the compatibility of political, business, and other interests. In particular, the Committee [SACC] notes that the Code of Conduct had not yet entered into force either at the time of the circumstances which led to the withdrawal of the preferred tender in August 2006 The golden thread which runs throughout the Code of Conduct is the paramount need of Members of the States to avoid conflict between personal interest and public interest and, where a conflict does exist, to resolve the matter in favour of the public interest. The Committee therefore concluded that the present package of measures relating to States Members' interests should not be reviewed until the Code of Conduct has become established. Only then will it be possible to identify properly any shortcomings which need to be rectified by amending either the Rules, the Rules of Procedure or the Code of Conduct"*²⁹. SACC will be presenting a report to the States of Deliberation in early 2011, in which several proposed changes to both sets of Rules and the Code will be included.

C Developments during 2010

- 4.3.6 In April 2010, the report³⁰ following the Tribunal of Inquiry – Inquiry into Industrial Action by Airport Fire Fighters at Guernsey Airport, was presented to the States of Deliberation. One of the recommendations put forward by the Tribunal in relation to its commitment to the six Principles of good governance was *"that the States of Guernsey should confirm its commitment to these principles, and should institute an education and training programme relating to these principles"*.

D Way Forward on Core Principle 3

- 4.3.7 Building on the developments already being made and to improve governance further in respect of Core Principle 3, the Committee:
- a. Proposes that the Policy Council should consider developing a code of practice designed to support good governance which should include corporate values for the States as a whole. This work should be consulted upon widely and should produce a set of values to which adherence of States Members and public servants could be expected.
 - b. Welcomes the States Assembly and Constitution Committee's intention to carry out a re-evaluation and review of the Code of Conduct for States

²⁸ Billet d'État II, February 2008, pages 283-284

²⁹ Billet d'État II, February 2008, pages 283-284

³⁰ Billet d'État IX, April 2010, Appendix 3, page 566

Members, encompassing the corporate values. This should include strengthening the Code so that it provides more information and specific examples of what constitutes unacceptable conduct, sanctions and dealing with the media, when measured against the Nolan Principles³¹.

³¹ Ibid footnote 26

4.4 Core Principle 4 – Good governance means taking informed, transparent decisions and managing risk

4.4.1 Sound decision making is one of the most important roles of any organisation. To ensure the right cost effective decisions are made on behalf of the citizen, the organisation must have access to, and make full use of, good quality information. Decisions should be taken in a transparent manner so that the reasons for action are clearly understood and are supported by sound reasoning.

4.4.2 To assist in decision making, the organisation should have good processes for identifying, costing and managing risks. The risk management system should identify strategic, operational and financial risks. Once risks are identified, the organisation should decide on appropriate responses.

4.4.3 The supporting Principles for Core Principle 4 are:

- *“Being rigorous and transparent about how decisions are taken;*
- *Having and using good quality information, advice and support; and*
- *Making sure that an effective risk management system is in operation”.*

A The case for change in Guernsey: Results from WAO/PAC Consultation

4.4.4 Decision making within the States is sometimes perceived as being protracted. Below are examples where the States have failed to take important decisions in good time or to identify risks. Whilst Requêtees and amendments are an essential part of governance on the Island, and are vital tools at the disposal of States Members, there was a view amongst some of those surveyed that their use too often resulted in unacceptably delayed decisions and ultimately, the stalling of progress on corporate objectives. There were also perceptions of a lack of transparency that are unhelpful in engendering public support for States business.

4.4.5 The WAO’s initial work indicated that *“decision making within the States is often protracted, inefficient, lacks transparency and is not supported by an adequate evidential base”*. The consultation exercise showed that 77% of the respondents agreed with the statement *“The States of Guernsey’s decision making processes are unclear, protracted and not always underpinned by good quality information”*. Only 3% disagreed whilst 20% had no opinion.

4.4.6 The fieldwork indicated that some decisions were taken despite a lack of good quality information and even when appropriate information was available, it was not always used.

- 4.4.7 The WAO concluded in September 2009 that “*there is not a consistent and effective approach to risk management in place*”. The report said that the States had not adopted an approach that considered risk management as being part of everyday business.

B The case for change in Guernsey: As evidenced by specific examples

- 4.4.8 In July 1994, the States of Deliberation resolved that a “*comprehensive assessment of the Island’s most appropriate future strategy for the disposal of all Island waste*”³² would be carried out. During the next ten years work progressed on commissioning an Energy from Waste facility³³. Having selected a preferred bidder, prepared contracts³⁴, identified a location, drawn up the specification and obtained an instruction to proceed further³⁵, a Requête in June 2004³⁶ successfully delayed the work until such time as an independent panel had considered the Energy from Waste facility and practicable alternatives. In May 2005³⁷ the Environment Department reported back to the States on potential options to deliver a long term solution to Guernsey’s future waste needs.
- 4.4.9 After 5 years and the transfer of responsibility from Environment Department to Public Services Department in 2007, following consideration of a number of solutions offered through the tender process, the latter Department put forward Suez Environment as their preferred tenderer in July 2009. This proposal was accepted by a majority of the States of Deliberation³⁸.
- 4.4.10 In February 2010³⁹ after consideration of an amended Requête, the States of Deliberation resolved by one vote, to rescind the July 2009 resolution. This decision was confirmed in March 2010, when the States of Deliberation rejected another Requête seeking to revert back to the original decision, leaving Guernsey with no Waste Strategy and having to start the process again, thus disregarding any potential financial and strategic risk. In its comments on the February 2010 Requête the Treasury and Resources Department indicated “*it would appear that the Island would have spent at least £8million on successive procurement processes and be no closer to having an agreed waste disposal solution*”⁴⁰. This estimated cost did not include the cost of the panel, staff, nor States’ time in taking this matter forward. The time and money spent on this issue demonstrates the difficulty experienced in reaching a decision and suggests that improvements could be made. To date this matter is still unresolved.

³² Billet d’État XV, July 1994, Resolution page 64

³³ Billet d’État XII, June 1998

³⁴ Billet d’État XIII, June 2002

³⁵ Billet d’État XX, September 2003

³⁶ Billet d’État XI, June 2004

³⁷ Billet d’État V, May 2005

³⁸ Billet d’État XX, July 2009

³⁹ Billet d’État IV, February 2010, page 176

⁴⁰ Billet d’État IV, February 2010, page 181

4.4.11 The Transport Strategy was first approved in 1989 and has undergone a number of changes since then, but it was not until 2003 the States focused on whether pay parking should be introduced. In March 2003⁴¹, the States resolved that pay parking should be introduced in certain long-stay parking areas as part of the Integrated Road Transport Strategy. It indicated that *“the revenue that it raises will also be essential to assist in funding many other aspects of the proposed strategy, particularly the planned improvements to the bus services”*⁴² and that *“a gross income in the region of £380,000 per annum”*⁴³ be raised. Proposed rates for pay parking were put forward in both July⁴⁴ and November 2003⁴⁵, but the rates were rejected as was *“a proposition to rescind its original resolution that pay parking charges should be introduced”*⁴⁶. In reviewing the Island’s Road Transport Strategy in 2006⁴⁷ the Environment Department *“estimated that an hourly parking charge of 10 pence could raise in excess of £275,000 per annum”*, but believed other methods of funding were preferable and recommended that the States *“rescind its Resolutions XXI.5 and XXI.6 of Billet d’État IV of 2003 in respect of the introduction of pay parking”*. The States went on to agree that a charge would be imposed in certain long-stay parking places setting the rate at 15 pence per hour and that the Road Transport Strategy would be financed by paid parking. In 2007, the States voted not to note the report of the Environment Department recommending not to extend paid parking⁴⁸ beyond the long stay areas approved in 2006.

4.4.12 In 2009, following a change in the membership of the States of Deliberation, and political board of the Environment Department, the latter indicated its concern *“that the decision to make paid parking a central source of funding for the Road Transport Strategy was taken without the States being fully informed of the costs and implications”*⁴⁹. *“However, the Department does not support hourly paid parking charges but does support the introduction of an annual recurring parking charge, payable through the purchase of a dedicated parking disc, the colour and style of which will change annually”*. This was rejected and the States rescinded the resolutions in respect of introducing pay parking. As part of the States Strategic Plan for 2010-2015, the States of Deliberation directed the Environment Department to report back to the States with a *“comprehensive, sustainable and integrated road transport strategy”*. The time and money spent on this issue demonstrates the difficulty experienced when attempting to implement decisions of the States of Deliberation which have been made on the basis of outline, in-principle decisions and /or amendments, but which lack detailed analysis and costs.

⁴¹ Billet d’État IV, March 2003

⁴² Billet d’État IV, March 2003, page 687

⁴³ Billet d’État IV, March 2003, page 706

⁴⁴ Billet d’État XVI, July 2003

⁴⁵ Billet d’État XXVIII, November 2003

⁴⁶ Billet d’État VII, March 2006, page 597

⁴⁷ Billet d’État VII, March 2006, page 633

⁴⁸ Billet d’État XI, March 2007, resolution XIII, page 5

⁴⁹ Billet d’État VII, February 2009, page 410

- 4.4.13 In 2001⁵⁰, the Education Council presented the findings from a working party comprising both political and staff members, in respect of Grants for Students in Higher Education. At the time it reported that *“the Council has decided that it does not favour a scheme of student loans in place of grants because it is undesirable for students to complete their higher education with substantial debts”*. Following the release of a draft States Report on *“grants and loans for students attending courses of higher and further education off-island”* and revision following an extensive public consultation, the Education Department presented its States Report for debate in October 2007⁵¹. The States approved *“the establishment of a student loans scheme”* in preference to providing *“additional funds for the Education Department’s total Revenue budget”*⁵².
- 4.4.14 In September 2008⁵³, this resolution was rescinded by Requête and the States of Deliberation supported the principle that *“the system of States financial assistance towards the tuition and maintenance costs of students attending courses of higher and further education off-island shall continue as at present until the end of the academic year commencing in September 2011”*. The Education Department has indicated that it will be reporting back to the States of Deliberation on university funding in 2011.
- 4.4.15 In 1998, the Social Security Department embarked on a project to move its mainframe computer system to a modern server based system. Under Section 100 of the Social Insurance (Guernsey) Law, 1978, the funding for the project came from Social Security funds and did not have to be approved by the States. Although the project’s predicted costs were £6.187m, with a completion date of March 2005, in a review commissioned by the Committee, Pricewaterhouse Coopers CI LLP estimated that the actual cost of the project was £9.232m by 2006 and excluded the ‘contribution’ part of the system. The figure which appears in the Social Security Department’s financial accounts for 2006 is £6.375m. In its 2008 report following the review, the Committee indicated that *“the States had not approved the project nor been notified of the budget implications at the outset. They were, however, informed through the Policy and Resource Plan and Annual Accounts throughout the project”*⁵⁴. The States resolved to *“direct the Policy Council and Treasury and Resources Department, in consultation with Social Security Department, to consider and report back to the States on the appropriateness of the devolved financial responsibility of the Social Security Department under Section 100 of the Social Insurance (Guernsey) Law, 1978, in particular in relation to States approval and prioritisation of capital projects”*. The appropriate bodies have not yet returned to the States of Deliberation and devolved financial responsibility for its capital projects still rests with the Social Security Department.

⁵⁰ Billet d’État XI, May 2001, page 733

⁵¹ Billet d’État XXII, October 2007

⁵² Billet d’État XXII, October 2007, resolution XI, page 6

⁵³ Billet d’État XII, September 2008, resolution XIII, page 9

⁵⁴ Billet d’État III, March 2008, page 471

C Developments during 2010

- 4.4.16 The Tribunal of Inquiry set up to review the Industrial Action by Airport Fire Fighters⁵⁵ indicated that “*risk management is intrinsic to good governance*” and went on to recommend “*every Department should conduct a risk assessment in relation to the activities for which it is responsible and should subject this risk assessment to regular review*”.
- 4.4.17 In its report regarding the Tribunal of Inquiry into Industrial Action by Airport Fire Fighters at Guernsey Airport, the Policy Council commented “*it is fair to say that there is currently no consistent, centrally co-ordinated corporate approach to risk assessment along the lines suggested by the Tribunal. Work towards achieving this objective is already in hand initially through a review being undertaken by the members of the Chief Officer Group*”⁵⁶. During 2010 an Island Risk Register was prepared and completed. A common and cost effective standardised system of risk assessment and management is being developed and will reflect an across the board approach. This approach should be introduced and used consistently across all areas of the States of Guernsey and is now a matter that the Policy Council, through the Chief Officer Group, is leading as part of the Financial Transformation Programme.
- 4.4.18 The Strategic Land Use Plan⁵⁷ has been presented to the States of Deliberation under Rule 12(4) of the Rules of Procedure. Rule 12(4) allows debate on general policy without amendment on the understanding that the matter would return to the States of Deliberation for further debate. Although not truly a ‘green paper’, it gauges opinion before finalising policy.
- 4.4.19 Work continues on the Financial Transformation Programme, where key workstreams have been identified in an open and transparent manner⁵⁸. When these are put in place at a strategic level they should, when completed, underpin and comply with the six Principles of good governance.
- 4.4.20 As part of the Financial Transformation Programme, a template for business cases for new service developments and capital projects has been developed by the Multi Criteria Analysis Group and disseminated to provide consistency⁵⁹. The introduction of these business case templates will work its way through into States Reports during 2011.
- 4.4.21 A joint project covering social security contributions and income tax collections is also being developed through the Financial Transformation Programme and as part of the Capital Prioritisation Programme will be subject to the gateway review process. In addition, during 2011 as part of a wider review, the Treasury

⁵⁵ Billet d’État IX, April 2010, Appendix 3, page 568

⁵⁶ Billet d’État XV, June 2010, page 809

⁵⁷ Billet d’État XX, September 2010, page 1374

⁵⁸ Billet d’État XXV, December 2010, Appendix V and VI, page 47

⁵⁹ Ibid 57, page 48

and Resources Department and the Policy Council will include financial responsibility for capital projects undertaken by the Social Security Department.

4.4.22 A communication strategy is being developed through the Financial Transformation Programme⁶⁰.

4.4.23 The Scrutiny Committee has commenced a review of engagement with the public as one of its workstreams to improve openness and transparency of government. It is also undertaking a review to monitor States Resolutions to add transparency and accountability for States decisions and encourage robustness when preparing future propositions.

4.4.24 As part of the SSP, an amendment made to the objectives of the Social Policy will “*promote awareness of entitlement to services and benefits and explain departmental processes and rights of appeal to service users*”⁶¹. This objective will bring better awareness to Islanders.

D Way Forward on Core Principle 4

4.4.25 Building on the developments already being made and to improve governance further in respect of Core Principle 4, the Committee:

- a. Considers that the States Assembly and Constitution Committee should give serious consideration to a process not dissimilar to the use of ‘white’ and ‘green’ papers in the United Kingdom, thereby dividing decision making into two formal stages. This would provide the opportunity to explore and challenge decisions at an early stage, could reduce the need for Requêtees and could prove cost effective by reducing abortive work in preparing detailed proposals, which are subsequently rejected by the States.
- b. Supports the work currently being undertaken by the Policy Council in respect of the development of a States wide Communication Strategy and associated support structure. Furthermore, it encourages States Departments generally to be proactive rather than reactive and to ensure that as much appropriate information as possible is placed within the public domain, in order to improve trust and confidence in the Island’s governance.
- c. Welcomes the initiatives already being taken by the Scrutiny Committee and Policy Council to improve openness and transparency throughout the States in respect of public engagement and raising awareness.

⁶⁰ Ibid 57, page 52, reference “C&E_C”

⁶¹ Billet d’État XIX, September 2010, States Strategic Plan, page 1122

4.5 Core Principle 5 – Good governance means developing the capacity and capability of the governing body to be effective

4.5.1 Good governance depends on having the right people within the organisation who, collectively, have the right mixture of skills and experience. The organisation can ensure it has the appropriate mixture of skills through a combination of effective recruitment and ongoing training. To ensure that the organisation's people are delivering what is expected, there should be ongoing evaluation of their performance.

4.5.2 The organisation must strike an appropriate balance between appointing new people with fresh ideas and maintaining stability and experience within its staff and members.

4.5.3 The supporting Principles for Core Principle 5 are:

- *“Making sure that appointed and elected governors have the skills, knowledge and experience they need to perform well;*
- *Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group; and*
- *Striking a balance, in the membership of the governing body, between continuity and renewal”.*

A The case for change in Guernsey: Results from WAO/PAC Consultation

4.5.4 Evidence collected during the consultation process indicated that the negative perceptions and repeated controversies surrounding the way in which the States as a whole carries out its business was dissuading people from standing in elections. This has the effect of minimising the pool of skills and experience from which electors can choose.

4.5.5 The evidence identified that there had been a limited induction programme for new States Members regarding their roles and responsibilities, and thereafter an inadequate programme of ongoing general training.

4.5.6 The fieldwork evidence suggested that there was no standardised overall approach to performance management for public servants across the States.

4.5.7 The evidence highlighted that there were issues regarding the perceived relatively frequent change and instability in States' Committees and Departments' boards. The WAO and the Committee were told that the frequent turnaround in membership of Departments and Committees was resulting in a demanding schedule of training and familiarising new members and a lack of continuity in the business of these groups.

B The case for change in Guernsey: As evidenced by specific examples

- 4.5.8 In October 2009⁶², the States of Deliberation were asked to approve the Fundamental Spending Review in order to make efficiency savings over a five year period of an estimated £70.837m, in effect reducing annual States expenditure by £31m, being the decrease in the base budget of the States (in 2009 terms). This would be achieved by identifying and delivering opportunities for making savings, whether through improved corporate working and removal of duplication of effort, improved working methods, outsourcing of functions or indeed, ceasing certain activities altogether. There is a risk that should a Department/Committee or individual States Member seek to amend one part of the Financial Transformation Programme, the approval of such an amendment could impact adversely on other parts of the programme and not achieve the anticipated savings, thereby affecting the overall financial effectiveness of the programme and other intended outcomes.
- 4.5.9 In relation to financial procedures, administration and accounting, in November 2009, the States of Deliberation approved that what were previously only guidelines should become rules⁶³. The change from guidelines to mandatory instruction ensures uniformity of action across the whole of the States of Guernsey and, in theory, no States body or individual Member can elect to opt out of these formal procedures and act unilaterally. The Committee is encouraged by these improvements and is fully supportive of these changes, but notes that the result of any attempted departure from the mandatory rules has not been tested and that the underlying directives have not been completed. Without a full set of mandatory rules and directives, the capacity and capability of the States of Guernsey to be effective in its financial management is compromised.
- 4.5.10 In January 2006⁶⁴, the Committee brought to the States of Deliberation its report on the Beau Sejour Redevelopment, where it welcomed the Treasury and Resources Department taking the lead to rectify the shortcomings within the States of Guernsey property management resulting in the creation of a central property unit to bring skills together to control capital spending and to advise and take responsibility for project management. In February 2006⁶⁵, the States agreed that the Treasury and Resources Department should undertake the project management or project sponsor role in regard to major property projects and reconfirmed this in September 2009⁶⁶. Even though the States agreed this in 2006, in April 2010 the Committee reiterated that it believed “*that centralisation of the management of capital projects would provide better value to the States and bring a corporate approach to the provision and management of new capital resources*”⁶⁷. As a result of this not currently being fully adopted (since

⁶² Billet d’État XXV, October 2009 page 2246

⁶³ Billet d’État XXXI, November 2009

⁶⁴ Billet d’État III, January 2006, page 273

⁶⁵ Billet d’État V, February 2006, resolution, 8., page 2

⁶⁶ Billet d’État XXIV, September 2009, page 1792

⁶⁷ Billet d’État IX, April 2010, page 372

property and project management are still being developed), a procuring Department will have to start by incurring additional expenditure learning the correct procurement processes. This may give rise to Departments developing skills at a cost which may be less efficient than developing corporate expertise which is available to all Departments.

C Developments during 2010

4.5.11 States Members continue to participate in training and workshops as corporate policies and procedures are developed.

4.5.12 In answer to questions raised, the States of Deliberation were informed in November 2010 that the Policy Council was addressing a number of issues surrounding the effectiveness of the public sector including the assessment and management of performance by formal appraisal and other means. A reward and recognition proposal for public servants is also being actively advanced.

4.5.13 The governance arrangements for the Financial Transformation Programme have been refined during 2010 and include a formal classification of projects agreed by the Policy Council. The Programme's activities have also been communicated to senior managers through interactive workshops, progress reports to the Policy Council and Chief Officer Group and update presentations to States Members⁶⁸.

4.5.14 The changes introduced through the Financial Transformation Programme and the mandatory Financial and Resource Management Rules and accompanying directives are beginning to strengthen the capability of the States as they become more widely used. Further developments such as these and the SSP as they are advanced and adopted, will contribute to greater efficiencies and effectiveness. During 2011 the outstanding work on the remaining directives should be completed and work will continue on the five year programme of the Financial Transformation Programme which includes the management of property related projects.

D Way Forward on Core Principle 5

4.5.15 Building on the developments already being made and to improve governance further in respect of Core Principle 5, the Committee:

- a. Proposes that as the terms of office for the present States Members draws to a close, the opportunity should be taken by the States Assembly and Constitution Committee to:
 - i. Establish from States Members completing their first term of office whether, in the light of their experiences, actions could

⁶⁸ Billet d'État XXV, December 2010, Appendix V, page 47

have been taken which would have better prepared them for the roles they perform.

- ii. Ensure that any future training programme for States Members should address issues identified by this research.
- b. Considers that the Policy Council, the Treasury and Resources Department and the States Assembly and Constitution Committee should jointly consider the content of any induction programme for new States Members in 2012 and beyond. This should ensure that those Members are familiar with the various corporate Rules and Guidelines, in particular as they apply in relation to financial procedures, administration, the objectives of the Financial Transformation Programme and the implications of the Principles of good governance.
- c. Welcomes the continued development in financial management and the mandatory Financial and Resource Management Rules.

4.6 Core Principle 6 – Good governance means engaging stakeholders and making accountability real

4.6.1 A public organisation can have many stakeholders to which it is accountable. True accountability involves that organisation and its people giving an account of their actions and being held to account.

4.6.2 The supporting Principles for Core Principle 6 are:

- *“Understanding formal and informal accountability relationships;*
- *Taking an active and planned approach to dialogue with and accountability to the public;*
- *Taking an active and planned approach to responsibility to staff; and*
- *Engaging effectively with institutional stakeholders”.*

A The case for change in Guernsey: Results from WAO/PAC Consultation

4.6.3 In September 2009, the WAO concluded that, as a result of its enquiries, the States as a whole did not have effective systems of accountability and scrutiny in place. Evidence from more recent work supports this conclusion. The consultation exercise showed that 65% of respondents agreed with the statement *“the States of Guernsey does not have effective systems of accountability and scrutiny in place”*. Only 5% disagreed whilst 30% had no opinion.

4.6.4 The findings suggested that there was no accessible material within the States of Guernsey setting out the reporting lines and lines of accountability for boards and committees.

4.6.5 There was a perception raised during the fieldwork (Appendix 4) that the Committee and the Scrutiny Committee are not sufficiently independent since elected Members sitting on these two Parliamentary Committees are also members of Departments that take executive decisions. The fieldwork indicated that these two Parliamentary Committees do not have sufficient authority, resources and independence to be able to fulfil their roles effectively.

B The case for change in Guernsey: As evidenced by specific examples

4.6.6 The Scrutiny Committee carried out a review on Complaints, published in October 2005⁶⁹ and followed this up in January 2008⁷⁰. In summarising the follow up review on its webpage the Scrutiny Committee considers that *“there is*

⁶⁹ Billet d’État XV, October 2005

⁷⁰ Billet d’État I, January 2008

still a long way to go to demonstrate that Departments are signed up to a culture in which complaints are welcomed, valued and dealt with appropriately". "Scrutiny's earlier review report, published in August 2005, found that the States did not fully grasp and encourage the opportunity to engage with the public". "It identified the need for corporate leadership and the lack of adequate existing processes and procedures for dealing with complaints in most Departments". "Two years on and the Scrutiny Committee has been disappointed that Departments have not placed a higher priority on improving their handling of complaints and general customer feedback".

4.6.7 At the earlier States of Deliberation meeting in October 2005⁷¹, following the Scrutiny Committee's review on Complaints, a Requête relating to the creation of an ombudsman to deal with public complaints was rejected. It was proposed that an ombudsman be created because:

- *"the Administrative Decisions (Review) Law, 1986, as amended (the 1986 Law) was enacted to provide an informal but not judicial means of reviewing administrative decisions, at a time when the availability of judicial review in Guernsey was doubtful.*
- *The powers of a board constituted under the 1986 Law are limited, and the only remedy available to a person in whose favour a board has found is political.*
- *As a consequence of the development of judicial review, the 1986 Law is now no longer appropriate to deal with all complaints relating to administrative decisions.*
- *Complaints against Departments of administrative decisions are becoming increasingly complex, in part in consequence of issues of legal liability and human rights... "*

The 1986 Law is still operational and in July 2010, the annual report by the political chairman indicated three complaints had been received during the year by the Chief Executive⁷². Although the States approved the creation of a Tribunal Service⁷³ as a possible alternative to an ombudsman, the Policy Council has not advanced this as other issues were seen as a higher priority. The absence of either a Tribunal Service or an ombudsman has resulted in there being a perception of reduced or no accountability by States Departments receiving and responding to complaints about themselves, the uncertainty about politicians' role in 'assisting' with complaints, the in-house complaint process and also the increase in the number of existing tribunals, which currently

⁷¹ Billet d'État XV, October 2005, page 2000

⁷² Billet d'État XVII, July 2010, page 1068

⁷³ Billet d'État XV, July 2002, page 1249

number 13⁷⁴.

4.6.8 The Internal Audit⁷⁵ Unit within the States of Guernsey has diminished over a number of years and in recent years has not existed at all. It is acknowledged that it has proved difficult to fill the role of Head of Internal Audit, and so internal audit work was contracted out to a third party accountancy firm, reporting to Treasury and Resources Department staff (who also define that third party's work stream). Internal auditors have an important role to play, providing assurance to management that their internal controls are appropriate and fit for purpose. Although a strategic internal audit workplan was established by the Chief Accountant in the absence of dedicated audit staff, it might be argued that total assurance has not been achieved, as a full and independent scrutiny process has not been in place.

4.6.9 In May 2002⁷⁶, the States considered the creation of a Public Accounts Committee to review Departments' financial affairs, but delayed further recommendations due to a review being carried out by the National Audit Office on the whole audit arrangements in the States. In October 2002, the Advisory and Finance Committee reported to the States of Deliberation on the Review of the States of Guernsey Audit Arrangements⁷⁷. One of the main recommendations was the introduction of the post of Auditor General to provide a system of independent financial scrutiny. In commenting on the role of the Auditor General at that time, the Advisory and Finance Committee was "*broadly supportive of the concept of increasing the independence of the external audit function of the States*" but was concerned at the cost and the time required to develop and enact new primary legislation. When the Advisory and Finance Committee returned in 2003 with proposals on a Public Accounts Committee, it still indicated its intention to return separately on the possible establishment of a post of Auditor General as a statutory official⁷⁸. In October 2003, the States

⁷⁴ Current tribunals within the States are: Children's Convenor and Tribunal Board; Child, Youth and Community Tribunal; Industrial Disputes Tribunal – Employers' Panel and Employees' Panel; Employment and Discrimination Panel; Tribunals of Inquiry; Guernsey Tax Tribunal; Housing Appeals Panel; Planning Panel; Tax on Real Property Appeals Panel; Interception of Communications Tribunal; Social Insurance Tribunal; Family Allowances Tribunal; and Supplementary Benefit Tribunal.

⁷⁵ "*The role of internal audit is to provide independent assurance that an organisation's risk management, governance and internal control processes are operating effectively.*"

This means that internal auditors:

- Deal with issues that are fundamentally important to the survival and prosperity of an organisation
- Consider wider issues such as the organisation's reputation, growth and impact of the environment, and the way it treats its employees,
- Have to be independent people who are willing to stand up and be counted.

Source: Institute of Internal Auditors.

⁷⁶ Billet d'État VII, May 2002, page 589

⁷⁷ Billet d'État XXII, October 2002, page 1769

⁷⁸ Billet d'État VII, May 2003, page 894

Procedures and Constitution Committee returned to the States of Deliberation⁷⁹ outlining the work of the Public Accounts Committee and transferring the responsibility of reviewing the Auditor General role from the Advisory and Finance Committee to the Public Accounts Committee. Again, the States resolved to note the proposals to report back on the establishment of the post of Auditor General.

C Developments during 2010

- 4.6.10 The 2010-2015 SSP indicates the importance of the scrutiny function within government saying *“it offers both PAC and the Scrutiny Committee opportunities to enhance their effectiveness in holding government to account. The team also considers that PAC’s support for the creation of an Auditor General post to improve standards of governance merits further consideration”*⁸⁰.
- 4.6.11 The Committee continues to research and gather evidence in order to present the case to the States during 2011 for creation of the Auditor General post and supporting legislation in accordance with the outstanding resolutions.
- 4.6.12 The Scrutiny Committee appointed a Panel in February 2010 to monitor the performance of States Departments and Committees in respect of their compliance with States Resolutions. The potential outcome of the review should lead to increased transparency and accountability and an improvement in the performance management of the implementation of States resolutions.
- 4.6.12 The Scrutiny Committee joined Facebook in March 2010, to *“raise awareness of the scrutiny process and ultimately to engage the public in constructive challenge of government policy and services to the community”*⁸¹.
- 4.6.13 During 2010, work has been carried out to develop a new corporate States of Guernsey website which will be more user-friendly and enable members of the public to contact those who can best assist them. In addition, when it is launched in 2011, the public will be able to obtain the information they need directly from the website.
- 4.6.14 In October 2010, the States of Deliberation directed the Policy Council to report back after consultation with all States Departments and Committees to set out *“options for improving open government and transparency and establishing a corporate policy on freedom of information and open government”*⁸².
- 4.6.15 The Commerce and Employment Department announced in October 2010 that it is considering a joint financial ombudsman with the States of Jersey.

⁷⁹ Billet d’État XXIV, October 2003, page 2202

⁸⁰ Billet d’État XIX, September 2010, page 1159

⁸¹ www.gov.gg

⁸² Billet d’État XIX, September 2010,

4.6.16 The Treasury and Resources Department made an appointment to the post of Head of Internal Audit.

D Way Forward on Core Principle 6

4.6.17 Building on the developments already being made and to improve governance further in respect of Core Principle 6, the Committee believes that:

- a. To enhance transparency in responding to stakeholders who dispute operational decisions, the Policy Council should give further consideration to removing the determination of appeals from the Department providing the service to a distinct entity. In the context of its wider transformation programme for the public sector, this development will address the issue of engaging with the public thereby creating a more customer responsive culture.
- b. The powers, resources, mandates and effectiveness of the Scrutiny and Public Accounts Committees should be independently reviewed both as separate Committees and in terms of jointly providing a full scrutiny process on behalf of the States of Guernsey.
- c. Engagement with stakeholders and the acceptance of accountability should be integral to every part of government business and the Policy Council, the Scrutiny Committee and the Committee should monitor this as part of their usual activities.
- d. The Scrutiny Committee review of responses to States Resolutions will ensure acceptance of accountability and responsibility of Departments to instruction from the States of Deliberation.

5. RESOURCES

- 5.1 The Committee recognises that the various suggested workstreams identified in this Report and embodied in the recommendations therein, may have financial and staff time resource implications. Whether the Departments and Committees have capacity within their existing staff resources to undertake these workstreams, or when such capacity might become available, are not issues that the Committee has explored at this stage. Likewise, the commissioning of external assistance, for example, in respect of a review of the Scrutiny and Public Accounts Committees, will require funding and again the Committee has deliberately stopped short of attempting to estimate the cost of such work or determine the budget from which it should be funded. Until such time as the States of Deliberation adopts the six Principles of good governance set out in this Report, the Committee considers it would be premature to do so.
- 5.2 In October 2009, when accepting recommendations in respect of Phase 2 of the Fundamental Spending Review, the States of Deliberation approved the funding of the five year Programme by means of lending £10m to the Fundamental Spending Review Fund and also endorsed plans to establish a States-wide Transformation Programme. The latter is a programme designed to make incremental improvement within the public services in respect of leadership, internal structures, capability, behaviour, performance and a wide range of governance issues already touched on in this Report.
- 5.3 The Policy Council is charged with taking forward this Transformation Programme and the Financial Transformation Programme, which are running in parallel.
- 5.4 In these circumstances, the Committee believes it appropriate that whatever recommendations are agreed by the States of Deliberation on the issue of good governance, the resultant workstreams, whilst undertaken by separate Committees and Departments of the States, should be co-ordinated and embraced within the wider (and already financially accounted for) Transformation Programme led by the Policy Council.
- 5.5 Finally, the Committee recognises that it is a matter for the States having considered this Report, to determine whether or not to adopt the six Principles of good governance. However, in practice, the very process of carrying out this review has, of itself, caused Department Boards, Committees, politicians generally and public servants in particular, to reflect on those Principles and incorporate them into new proposals and the development of existing processes and procedures.

6. CONCLUSION

- 6.1 Since the Committee first announced governance as a subject for a review in its fourth annual report of May 2008⁸³, commitment to improving governance within the States of Guernsey has strengthened, as has its knowledge and understanding of governance principles. The Committee anticipates that improvement in governance may lead to financial savings and an improved and efficient administration.
- 6.2 Although reaction to the original WAO report of September 2009 evoked strong criticism of the performance of the States of Guernsey in certain areas, the Committee has found that many of the recent initiatives have embraced the six Principles of good governance and have contributed to improved governance, as illustrated above by the developments made during 2010. In particular, the advances of the States Strategic Plan, Financial Transformation Programme and mandatory Financial and Resource Management Rules underpin the very essence of good governance.
- 6.3 The Committee never intended that its review would cover the structure of government, only governance, building on the evidence gathered through its previous value for money reports and in particular its report on risk management and insurance. Now that this Report has been published, it can be seen that the recommendations do not stray into the structure of government and follow the terms of the Requête on Governance of the States of Guernsey dated January 2010. Good governance will be required whatever system of government is in place.
- 6.4 The Committee is acutely conscious that:
- significant steps towards improving governance have taken place in recent times;
 - initiatives in training, whether as a result of the further development of the States Strategic Plan or the Financial Transformation Programme, will deliver further improvement; and
 - good governance will fall short of the optimum unless co-ordinated into a single programme.
- 6.5 Guernsey has much to be proud of in how its government is improving governance. Although there is still a long way to go, governance issues are being tackled and full adoption of the proposals on the way forward arising from this Report will enable better governance throughout the States of Guernsey. However, it should be realised that total perfection will never be achieved, but to improve further can only help Guernsey's standing in the international arena and be an example for other jurisdictions to follow.

⁸³ Billet d'État VII, May 2008, page 737

7. RECOMMENDATIONS

7.1 The Public Accounts Committee recommends the States to:

- a. adopt the six Core Principles of good governance as determined by the UK Independent Commission on Good Governance in Public Services;
- b. direct the Policy Council, the Treasury and Resources Department, the States Assembly and Constitution Committee, the Public Accounts Committee and the Scrutiny Committee to have particular regard to this Report in discharging their respective mandates;
- c. direct the Public Accounts Committee and the Scrutiny Committee to monitor progress of Departments and Committees in conforming to the six Core Principles of good governance; and
- d. direct the Policy Council, when reviewing reports received in accordance with Rule 2 (1) (a) of the Rules of Procedure of the States of Deliberation, to consider the degree to which a Department's proposals comply with the six Core Principles of good governance.

Yours faithfully

L R Gallienne
Chairman

Appendix 1

WAO REPORT ON REVIEW OF GOOD GOVERNANCE: THE STATES OF GUERNSEY



WALES **AUDIT** OFFICE
SWYDDFA **ARCHWILIO** CYMRU

Review of Good Governance The States of Guernsey



Review of Good Governance – The States of Guernsey

I have prepared this report for the States of Guernsey's Public Accounts Committee under a framework agreement.

The Wales Audit Office study team that assisted me in preparing this report comprised Steve Barry, Chris Bolton, Jean Kincaid, Delyth Lewis, Gill Lewis, Iolo Llewelyn and Dave Rees.

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Contents

Foreword	5
Summary	7
Strategic Context	9
Detailed Report	10
The States of Guernsey does not have a clear strategic direction or agreement on its strategic objectives and desired outcomes	10
The States of Guernsey presently lacks the structure for clear corporate leadership	14
There is a lack of clarity regarding States' functions and roles	18
The States of Guernsey's decision-making processes are unclear, protracted and not always underpinned by good quality information	22
The States of Guernsey does not have effective systems of accountability and scrutiny in place	28
The States of Guernsey lacks appropriate mechanisms to address concerns regarding the conduct of States' deputies and staff	33
Appendices	35
Appendix 1 – Principles of Good Governance – Report references	35
Appendix 2 – Methodology and fieldwork undertaken	36
Appendix 3 – Example departmental mandate	37
Appendix 4 – Legislation and reports laid before the States of Deliberation	38



Foreword

Good governance is a prerequisite for every public body to deliver sustainable, value-for-money and quality services in a transparent manner. Good governance involves ensuring that the right things are done, in the right way, for the right people, in an open, honest, inclusive and timely manner.

All public bodies should be able to demonstrate that they are applying good standards of governance. In 2005, the Independent Commission for Good Governance in Public Services set out six principles of good governance which have universal applicability to all public bodies, regardless of whether a governmental system is based on consensus politics or party allegiance. The principles as set out in [Appendix 1](#) are:

- a** focusing on the organisation's purpose and on outcomes for [islanders];
- b** performing effectively in clearly defined functions and roles;
- c** promoting values for the whole organisation and demonstrating the values of good governance through behaviour;
- d** taking informed, transparent decisions and managing risk;
- e** developing the capacity and capability of the governing body to be effective; and
- f** engaging stakeholders and making accountability real.

In early 2009, the States of Guernsey's Public Accounts Committee, based on its mandate, asked me to undertake a review of the current governance arrangements within the States of Guernsey using as a benchmark standard the six principles of good governance. In undertaking the review, I sought to answer the question *'Do the current governance arrangements in the States of Guernsey facilitate the delivery of sustainable value-for-money services for islanders?'*

In order to answer this question, I did not confine the review to considering what arrangements are in place. I also sought to determine how well the current arrangements are operating in practice. My review team therefore undertook an extensive exercise which included canvassing the views and opinions of politicians, staff, external stakeholders and islanders. A very substantial evidence base was gathered and the evidence was cross-checked to validate the conclusions reached within this report. [Appendix 2](#) sets out in more detail the work undertaken.

I have concluded that whilst there are examples of good practice, the overall governance arrangements within the States of Guernsey do not facilitate the delivery of sustainable value-for-money services for islanders. Furthermore, the States of Guernsey does not yet fully comply with any of the six principles of good governance.

I found that there are significant weaknesses in the current governance arrangements. These weaknesses do not reflect on the ability or performance of individuals in government. The weaknesses are the product both of inherent, fundamental structural deficiencies in the way Guernsey is governed and individuals being unwilling to accept the discipline needed to make things work.

The remit of my review was limited to considering the effectiveness of the current governance arrangements to facilitate the delivery of value-for-money services. The review did not therefore consider the role or performance of Crown appointees within Guernsey's governmental system. I have not sought to make recommendations on how the States of Deliberation should address the weaknesses identified. This is a matter for Guernsey's elected representatives to determine.

During the review, several States' deputies suggested that concluding there are weaknesses in the States of Guernsey's governance arrangements could undermine the decision of the States of Deliberation in 2004 to reject executive government. This is not the case. In fact, the current system is an executive form of government, albeit not with a single cabinet or presidential style executive, but with 10 departmental executives with an overarching executive in the form of the States of Deliberation. Furthermore, it is possible to have good governance within any democratic system of government. The size of Guernsey gives it the potential to become a model of good governance and a benchmark for delivering flexible, islander-centred local services on a sustainable, value-for-money basis.

Jeremy Colman
Auditor General for Wales



Summary

- 1 Good governance is a prerequisite for every public body to deliver sustainable, value-for-money and quality services in a transparent manner. Good governance involves ensuring that the States of Guernsey is doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner.
- 2 The States of Guernsey Public Accounts Committee (PAC) has recognised the importance of good governance. The findings of several PAC reports highlighted concerns regarding governance arrangements within the States of Guernsey. Furthermore, the PAC had previously identified that there was a lack of clarity regarding how the States of Guernsey demonstrates that it is providing value-for-money for islanders. In response, the PAC commissioned the Auditor General for Wales to undertake a review of governance within the States of Guernsey government.
- 3 In undertaking the review, we benchmarked the governance arrangements in the States of Guernsey against six principles of good governance set out by the Independent Commission on Good Governance in Public Services in the Good Governance Standard for Public Services:¹
 - a focusing on the organisation's purpose and on outcomes for [islanders];
 - b performing effectively in clearly defined functions and roles;
 - c promoting values for the whole organisation and demonstrating the values of good governance through behaviour;
 - d taking informed, transparent decisions and managing risk;
 - e developing the capacity and capability of the governing body to be effective; and
 - f engaging stakeholders and making accountability real.²
- 4 The principles are applicable to all public bodies universally. [Appendix 1](#) references the findings in our report to these principles.
- 5 The key question which we sought to answer in undertaking this review was: *'Do the current governance arrangements in the States of Guernsey facilitate the delivery of sustainable value-for-money services for islanders?'*
- 6 We found a number of examples of good practice within and across States' departments. For example, some departments have developed improved ways of communicating and consulting with external stakeholders and there are a number of examples of good cross-departmental working. If these examples were applied consistently across the States' operations it would facilitate improved arrangements and better service delivery across the States.

¹ The Independent Commission for Good Governance in Public Services (the Commission) was established in the UK in 2004. It was supported by the Office for Public Management (OPM®) and the Chartered Institute of Public Finance and Accountancy (CIPFA), in partnership with the Joseph Rowntree Foundation. The Commission was chaired by Sir Alan Langlands. The Commission drew on the views of a wide range of people with experience of governance, and of service users and citizens, to produce the Good Governance Standard for Public Services which presents six principles of good governance that are common to all public service organisations and are intended to help all those with an interest in public governance to assess good governance practice.

² The Independent Commission on Good Governance in Public Services, *the Good Governance Standard for Public Services*, page 4

- 7** However, overall, governance arrangements do not facilitate the delivery of sustainable value-for-money services for islanders. Our review found that the States of Guernsey's arrangements do not fully comply with any of the Independent Commission's principles of good governance and that the States of Guernsey:
- a** does not have a clear strategic direction or agreement on its strategic objectives and desired outcomes;
 - b** lacks the structure for clear corporate leadership;
 - c** has unclear and protracted decision making processes, with decisions not always being underpinned by good quality information;
 - d** does not have effective systems of accountability and scrutiny in place; and
 - e** lacks appropriate mechanisms to address concerns regarding the conduct of States' deputies and staff.
- 8** We found that the weaknesses identified above are the product both of inherent, fundamental structural deficiencies in the way Guernsey is governed and individuals being unwilling to accept the discipline needed to make things work. These weaknesses and deficiencies if rectified will help the States of Guernsey to achieve improved value for money and to make future efficiency savings.
- 9** The issues are interrelated and will only be addressed effectively if considered in their entirety. This would require the States of Deliberation to consider the following key questions:
- a** Can the current structures and procedures facilitate accountability and effective decision making?
 - b** Can cultures within the States be modified to facilitate corporate ways of working?
- 10** The issues identified in this report need to be addressed if Guernsey is to take advantage of the potential benefits available to a small Island. The size of Guernsey gives it the potential to become a benchmark for delivering flexible, islander-centred local services on a sustainable, value-for-money basis. In view of the current economic climate, unless the States of Guernsey addresses the deficiencies identified in this report, it will prove difficult to continue to deliver quality services for islanders at an affordable cost.
- 11** A summary of the fieldwork undertaken in the course of this review is set out in [Appendix 2](#).



Strategic Context

- 1 Guernsey's current governmental system can trace its origins back to the Assembly of the Royal Court, Clergy and Parish Constables through which the Island was governed. The composition of the Assembly has evolved over the centuries.
- 2 The current governing body is known as the States of Deliberation, which comprises 47 elected representatives (deputies and Alderney representatives). The States of Deliberation makes law, strategic policy and executive decisions as well as undertaking a scrutiny role. The Bailiff, who is appointed by the Crown acts as the Chief Judge of the Royal Court of Guernsey. He also acts under Guernsey law, as non-voting Presiding Officer of the States of Deliberation. HM Procureur and HM Comptroller are the States of Guernsey's senior legal advisors. They are also Crown appointees and, non-voting members of the States of Deliberation. The Bailiff, HM Procureur and HM Comptroller are statutorily accountable to the States of Deliberation.
- 3 In 2004, Guernsey introduced new Machinery of Government. Services are delivered through 10 departments. Departments have a high degree of discretion regarding the nature of their internal governance arrangements, albeit they are subject to direction by the States of Deliberation. A Policy Council comprising 10 departmental ministers and a Chief Minister has the mandate of co-ordinating the work of the States.
- 4 The mandates of States' departments are handed down by resolution of the States of Deliberation, although some departments are governed largely by statutory provisions. Most government work is undertaken by departments without reference to the States of Deliberation.
- 5 Parliamentary committees, (States Assembly and Constitution Committee, Legislation Select Committee, Public Accounts Committee and Scrutiny Committee) deal with matters which are the province of a parliament and report directly to the States of Deliberation.
- 6 The work of government is supported by a body of approximately 1,800 civil servants. Civil servants have responsibility for implementing government policy and informing and guiding members of the States of Deliberation.
- 7 Politics in Guernsey is not organised on a party basis. States' deputies are elected as independent members, unaligned to any defined grouping.

Detailed Report

The States of Guernsey does not have a clear strategic direction or agreement on its strategic objectives and desired outcomes

- 1.1** In December 1998, the members of the States of Deliberation commissioned a review of Guernsey's Machinery of Government. An independent Panel was appointed to undertake the review, chaired by Advocate Peter Harwood. The Panel reported its findings in November 2000 (the Harwood Report).
- 1.2** The Harwood Report findings included that there was:
- a** *'a reluctance on the part of many politicians to engage in the establishment of strategic policy';* and
 - b** *'a lack of co-ordination and cohesion in the administration of policy'.³*
- 1.3** In May 2004, the States of Deliberation introduced new Machinery of Government with the following elements which together form the States of Guernsey:
- a** The States of Deliberation has 47 elected deputies (including two Alderney representatives). It has responsibility for passing legislation, raising taxation and determining expenditure. The States of Deliberation makes law, strategic policy and executive decisions as well as undertaking a scrutiny role.
 - b** Eight service delivery departments (States' departments), a Treasury and Resources Department and a Commerce and Employment Department. Each Department has a Minister, Deputy Minister and three other deputies elected by the States who together form the departmental board. Each departmental board may also nominate for appointment by the States of Deliberation up to two non-States' members who do not have a vote. The departments are responsible for development of service policy and service delivery. States' departments have executive decision-making powers within the scope of their mandates, (subject to review and challenge by the States of Deliberation). An example of a departmental mandate is set out in [Appendix 3](#).
 - c** The Policy Council comprises a Chief Minister and 10 Ministers. It has executive responsibility for a small number of activities but its main functions are to, advise the States on constitutional matters, formulate and implement corporate policies and co-ordinate the work of the States. The Policy Council relies upon the consensus of its members to deliver its mandate. The Policy Council has established a number of sub-committees to support the delivery of its mandate.
 - d** States' Committees, which comprise States' deputies and may include non-States' members elected by the States or appointed by the Committee. These

³ Harwood Panel, *The Machinery of Government in Guernsey* (November 2000), section 8, paragraph 6



committees include a States' Assembly and Constitution Committee, Legislation Select Committee, Public Accounts Committee, Public Sector Remuneration Committee, Scrutiny Committee and various ad hoc committees. The various mandates of these committees are set out in the *Mandates and Membership of the Policy Council, Departments and Committees*.

1.4 In implementing the new Machinery of Government, States' deputies sought to retain a form of government which is reliant upon building and achieving consensus. States' deputies participate in executive decision-making both at the departmental board/committee level and within the States. Each of the departmental boards functions in a semi-autonomous manner, determining its own staff establishments, departmental strategies, operational and spending priorities.

1.5 During the course of this review, we were told on several occasions that the States of Deliberation rejected executive government when the Machinery of Government was adopted. Technically, this is not the case. The current system is an executive form of government, albeit not with a single cabinet or presidential style executive, but with 10 departmental executives with an overarching executive in the form of the States.

1.6 This current system has resulted in the States lacking a clear corporate identity and an overall strategic approach. Many States' deputies appear to have far greater affinity with their departmental/committee responsibilities than with ensuring corporate priorities are set and delivered. During the course of our review, many States' deputies and civil servants referred to a parochial and compartmentalised approach to politics and service provision. Whilst there are excellent examples of where departments are working together, this is on an exception basis, rather than the norm as set out in paragraphs 1.69 to 1.72.

1.7 As part of our review, we surveyed States' members (States' deputies and non-States' members) and senior civil servants. Only 11 per cent of States' members who responded said that other States' members were always or usually clear about the outcomes that the States of Guernsey is trying to achieve.

1.8 Only 18 per cent of Guernsey senior civil servants who responded to the survey said they thought States' members were always or usually clear regarding the States' desired outcomes.

1.9 There is little evidence that States' services are designed around the needs of islanders and delivering cost-effective, improved outcomes. States' departments do not consistently seek to identify the changing needs of islanders or to build service models to reflect these needs. In general, services are planned and delivered on the basis of historic provision. Whilst some States' departments have been proactive in consulting islanders to determine their needs and expectations, this is still not the norm. Furthermore, there are no effective mechanisms in place to determine corporate priorities and to allocate resources accordingly.

1.10 In consequence, confidence that the States' operations are delivering the States' desired outcomes at a reasonable cost is undermined. In our survey, both States' members and senior civil servants indicated that they did not consider that achieving desired outcomes was consistently integrated into decision-making, did not know how well the States of Guernsey was achieving its desired outcomes and did not always or usually consider that the States of Guernsey achieves its desired outcomes, as set out in [Exhibit 1](#).

Exhibit 1 – Achieving desired outcomes – Wales Audit Office Survey

The figures in brackets are the averaged comparative figures when the same questions were asked of elected members and senior staff of each local authority in Wales about their own organisations

		Always %	Usually %	Sometimes %	Rarely %	Never %	Don't know %
States' members are clear about the outcomes the States of Guernsey is trying to achieve	States' members	4 (8)	7 (49)	60 (34)	11 (4)	0 (0)	18 (5)
	Senior civil servants	0 (8)	18 (63)	44 (25)	30 (2)	3 (0)	5 (2)
Achieving desired outcomes is well integrated into decision-making	States' members	4 (21)	11 (53)	44 (21)	37 (3)	4 (1)	0 (1)
	Senior civil servants	0 (19)	9 (53)	29 (25)	51 (3)	9 (0)	2 (0)
I know how well the States of Guernsey is achieving its desired outcomes	States' members	4 (22)	15 (51)	40 (22)	37 (4)	0 (1)	4 (0)
	Senior civil servants	0 (15)	7 (58)	59 (24)	17 (3)	2 (0)	15 (0)
The States of Guernsey is achieving its desired outcomes	States' members	0 (9)	7 (55)	63 (29)	26 (3)	4 (0)	0 (1)
	Senior civil servants	0 (6)	7 (62)	58 (29)	17 (2)	3 (0)	15 (1)

Note: The figures in the exhibit above have been rounded to total 100 per cent.

1.11 The key issue is set out in Phase 1 of Tribal Helm's Fundamental Spending Review report, *'the States of Guernsey is neither directed nor controlled as a single corporate entity. Rather, it is a collection of almost autonomous business units that are able to choose if or when they subscribe to 'corporate' policy or initiatives'*.⁴

1.12 The results of our surveys of States' deputies and senior civil servants demonstrate that most respondents consistently felt greater affinity and loyalty to their own departments than to the States of Guernsey as a whole. Only a small number of civil servants are employed within the corporate centre with corporate job descriptions.

⁴ Tribal Helm, *States of Guernsey, Fundamental Spending Review, Phase 1 Summary Report* (28 February 2009), page 17



- 1.13** The development of the States' Strategic Plan should help to articulate a corporate vision for the States as a whole. However, the plan is still in its infancy and it will take substantial commitment and a change in culture to operationalise it. The Strategic Plan is still largely aspirational and the connection between the strategic objectives and the departmental plans is unclear.
- 1.14** The Strategic Plan needs to set the context and focus for all States' activities. It should clearly set out what the States intends to achieve based upon the needs of islanders. Critically, it must be supported by a plan of co-ordinated action that has regard to making the best use of the overall resources available.
- 1.15** Furthermore, to make the Strategic Plan a living document, there may need to be a realignment of resources and it requires willingness for departments to relinquish an element of autonomy for wider corporate benefit. We understand that States' deputies are set to consider the Strategic Plan corporate priorities and seek to link resource allocation to the delivery of these priorities. In order to make this exercise meaningful, it is essential that States' deputies adopt a corporate rather than a departmental mindset.
- 1.16** Our work suggests that the necessary mindset does not currently exist. This is illustrated in the way in which departmental budget under or overspends are dealt with. In the case of underspends, unspent resources are often jealously guarded as departmental monies by the department. There is at present no facility to claw back and reallocate resources even if this is deemed necessary to meet wider corporate objectives. In the case of overspends, there is no corporate mechanism to hold departments or individuals within them accountable. In some departments, there is a lack of rigour in budget management or recognition of the wider impact on States' finances where overspends occur.
- 1.17** Many States' deputies told us that they felt little or no ownership of the Strategic Plan and considered that it was remote from their responsibilities as States' deputies. Lack of clear strategic direction has a cost. There is no effective corporate prioritisation of the use of resources, service delivery is uncoordinated, there is duplication of effort and no certainty that desired outcomes are being delivered. It is more likely that the States will approve financing for a departmental service proposal which has an immediate impact, rather than agreeing to finance a key corporate initiative, necessary for the achievement of the long-term objectives of the States and the future wellbeing of the Island.
- 1.18** If the States continues to operate as though it were several independent entities, it will not be able to benefit from corporate ways of working in order to facilitate the achievement of its strategic objectives. This handicap will compromise the ability of the States to deliver improved value for money and ensure the future sustainability of services. For example, failure to address this issue will severely hamper the ability of the States to realise the potential financial savings set out in the Tribal Helm report which are predicated upon a clear strategic approach and commitment to corporate working.

The States of Guernsey presently lacks the structure for clear corporate leadership

The current structure does not facilitate the exercise of corporate political leadership

- 1.19** Authoritative and decisive leadership is an essential element of good governance within the public services. It is necessary to provide vision and direction and ensure that things get done. Without such leadership the impression can be created that a public body is drifting without direction and purpose and failing to deliver value in its use of public resources.
- 1.20** The Independent Commission for Good Governance in Public Services has described public service leaders as, *'the people responsible for governance – the leadership, direction and control of the organisations they serve. Their responsibility is to ensure that they address the purpose and objectives of these organisations and that they work in the public interest. They have to bring about positive outcomes for the people who use the services, as well as providing good value for the taxpayers who fund these services.'*⁵
- 1.21** In 2002, the Harwood Report concluded that there was a lack of political leadership in evidence within the States which could drive strategic policy at a corporate level. In essence, a leadership vacuum existed between the former States' committees and the States of Deliberation. As a result, the States was unable to develop a strategic approach to cohesive service delivery. States' committees were too numerous and it was considered that there were too many members within the States of Deliberation for effective executive decision making.
- 1.22** Whilst the Machinery of Government changes resulted in the creation of a smaller number of service departments, this has not overcome the weaknesses identified earlier.
- 1.23** The States of Deliberation is in effect a committee of 47 members each with their own individual aims and objectives. Both the size and the predominance of personality and issue politics can impede fully informed debate.
- 1.24** The States of Deliberation meets on average only 25 days per year, during which time it has to make key strategic decisions, scrutinise important departmental proposals and consider proposed legislation. Most decisions of the States of Guernsey are in practice taken by States' departments.
- 1.25** In 2008, 87 pieces of legislation were placed before the States of Deliberation and from May 2008, to date 82 departmental or Policy Council reports have been considered. In view of the time available for the States of Deliberation to consider these matters, it is unsurprising that almost all legislation and reports were passed without amendment. **Appendix 4** sets out the number of pieces of legislation and reports laid before the States of Deliberation since 2004.
- 1.26** The States of Deliberation does not have sufficient time and its size and structure means that it would be unlikely to be an effective forum to undertake strategic policy formulation or co-ordinate the work of States' departments.
- 1.27** The introduction of the Policy Council within the new Machinery of Government was intended to help ensure the effective co-ordination of States' activities. Whilst lacking executive powers, the Policy Council was given the remit of co-ordinating the work of the States' departments, thus providing

⁵ The Independent Commission for Good Governance in Public Services, *The Good Governance Standard for Public Services* (January 2005), Foreword page V



strategic focus. The Policy Council comprises the Minister of each of the States' departments and the Chief Minister, elected by the States.

- 1.28** The Policy Council has only had limited success in meeting the remit for which it was created. Whilst some progress has been made, including the sponsorship of the Strategic Plan, it has not provided effective co-ordination of States' activities. Our work suggests that there are a number of reasons for this:
- a** The Policy Council lacks the authority to impose a strategic focus. The departments and the States of Deliberation exercise executive power, the Policy Council cannot. The Policy Council in seeking to fulfil its mandate is therefore reliant on persuasion and attempting to achieve consensus with and between departments. This is impossible to deliver consistently in view of the semi-autonomous nature of States' departments.
 - b** Individual ministers do not have a formal mandate to speak on behalf of their departments. All ministers are 'first amongst equals' on their departmental boards. During the course of our review, we were informed on a number of occasions that the ministerial view sometimes differs from the majority of his or her board members.
 - c** Members of the Policy Council do not accept individual personal responsibility for decisions reached collectively with which they do not agree. Each member can articulate alternative views and perspectives from his or her Policy Council colleagues in public. (This is also the case for departmental boards).
 - d** There is reluctance on the part of members of departmental boards to yield any degree of departmental autonomy to the Policy Council.
- 1.29** Similar issues relate to the role of the Chief Minister. Whilst he is perceived as wielding political power, he has little delegated power. He is the first among equals on the Policy Council but unlike his colleagues, he does not have any executive departmental role.
- 1.30** The Chief Minister is also the Island's senior political ambassador and plays a key role in building the Island's international reputation, representing Guernsey's interests and negotiating on the international stage. The exercise of this role has resulted in successful outcomes for Guernsey. However, as 'first among equals' the Chief Minister has no executive authority arising from his office to act on behalf of the Island. This has the potential to undermine the credibility of the Chief Minister when dealing with international leaders which may have financial and reputational consequences for Guernsey.
- 1.31** The Chief Minister is reliant on having to exercise authority through force of personality. Due to lack of clarity over the role of Chief Minister, incumbents are likely to interpret the role differently. Some may view the role as primarily that of Chairman of the Policy Council, whereas others may see their role as to provide strong political leadership and to represent the Island internationally on the political stage. Where a Chief Minister has to use personal as opposed to delegated authority to provide leadership, it is likely to result in tensions.
- 1.32** Many States' members and senior civil servants stated in our surveys that the roles of key political office holders are not clearly set out. Of those who responded to the survey, only 37 per cent of States' deputies and 26 per cent of senior civil servants said that the roles of key political office-holders are always or usually clearly set out.

- 1.33** During our review, several States' deputies expressed concern that vesting executive authority in a Chief Minister or in a small number of States' deputies could result in abuse of power. This is certainly an understandable concern in a system which lacks appropriate scrutiny and accountability arrangements, as set out in paragraphs 1.118 to 1.144. It is fundamental to good governance that the exercise of authority is accompanied by clear accountability.
- 1.34** The States lacks identifiable, corporate political leadership. This is not due to a general unwillingness on the part of States' deputies, the Policy Council or the Chief Minister to exercise leadership but is due to systemic and structural issues which mean that they are not vested with the authority to act decisively. This can result in an inability or delay in being able to take key decisions in an expeditious way.
- 1.35** This lack of enforceable political leadership is highly detrimental to the effective governance of the States and has resulted in a lack of strategic direction and focus, indecisiveness in decision making and an inability to drive change.
- The current structure does not facilitate the exercise of clear leadership at civil service level**
- 1.36** The Guernsey civil service has been organised to reflect the political Machinery of Government. Civil servants are affiliated with States' departments or committees. The departmental chief officers meet as part of the Chief Officers Group which provides the administrative mirror of the Policy Council. The Chief Executive or Deputy Chief Executive chairs the Chief Officers Group essentially mirroring the role of the Chief Minister. The Chief Officers Group provides a forum for agreeing a consensus approach to co-ordinating the activities of departments and implementing consistent policies, procedures and internal controls.
- 1.37** However, the structure has the same inherent tensions as those that are manifest in the current political structures. The civil service structure varies widely across departments and most civil servants, other than the few civil servants with a defined corporate role, consider their first allegiance to be to their department rather than the States as a whole.
- 1.38** In common with the Policy Council, the Chief Officers Group is not considered to have the authority to enforce corporate policies, procedures and processes throughout the States' operations. Each department is effectively able to opt out of any corporate proposals. Several chief officers told us that they consider that their primary accountability is to their political board and not to the Chief Officers Group or Chief Executive. In consequence, whilst the Chief Executive is the Head of the Paid Service, he has little authority in respect of the administration of States' departments and he is not empowered to exercise enforceable leadership.
- 1.39** Our review found that, in the absence of centralised authority, departments operate as semi-autonomous administrations to varying extents. Each department has developed its own human resource and financial policies, financial control mechanisms including budgeting systems, risk management arrangements, complaints, public engagement processes and performance management systems. This is unnecessarily bureaucratic and does not facilitate the provision of value for money. It duplicates effort, leads to inconsistencies and means that it is very difficult for the States to obtain corporate assurance that effective control is being exercised at a departmental level or risk managed.



- 1.40** An illustration of this is the introduction of the SAP accounting system within the States of Guernsey. The system has the potential to provide major corporate benefits in relation to budgetary control, consistency of accounting practice and bulk purchasing. However, as set out in the Tribal Helm, Phase 1 Report, the system has been implemented in a piecemeal way, *'there is no centrally applied strategy for the adoption, utilisation and operation of SAP across the States. As a result there is not full coverage in terms of usage by all departments. Where SAP is used interfaces are not robust which has a direct result on the efficiency (and cost) with which departments are able to process transactions and extract data from the corporate system'*.⁶
- 1.41** The semi-autonomous nature of the departments has led to inconsistencies in the exercise of the roles of politicians and civil servants. In some cases, the departmental board has become both the political and administrative master, dealing with the development of policy and engaging in operational management. The lack of an effective mechanism to implement policies and procedure across the States is a significant weakness in the current arrangements. It is critical that an effective separation of political and administrative accountability is realised. This would need a well-defined chain of command being put in place headed up by the Chief Executive who would need the authority to implement corporate imperatives and to hold civil servants accountable for their actions. It is difficult to envisage how this could be achieved without simultaneously addressing issues of autonomy, authority and accountability within the existing political structures.
- 1.42** Leadership and accountability within the civil service was identified as an issue by Dr Graham Robinson in his 'Report of a Review of the Role of the States of Guernsey as an Employer'. Dr Robinson found, *'there is considerable confusion in the minds of the majority ... as to how the responsibilities of the States as an employer are assigned and exercised and by whom. They are variously seen as accountabilities of the Policy Council, of the Chief Executive of the States, of the Chief Officers of operational departments, of the Policy Council's Human Resource Unit, of the Public Sector Remuneration Committee, of the Treasury and Resources Department or of some combination of all these'*.⁷
- 1.43** The Chief Executive has initiated a programme to modernise the Civil Service, 'Developing the Public Sector'. This programme aims to ensure that departmental staff at all levels work together and adopt consistent approaches to issues such as recruitment and training. The programme has delivered positive outcomes. However, one element of the programme which was designed to improve business processes within departments has been undermined as some departments chose not to participate and others only partially engaged with it.
- 1.44** Lack of clear leadership of and accountability within the Civil Service has a price. Inability to implement States-wide policies and procedures and ensure that there are consistent approaches to the way the States does business is exposing the States to financial and reputational risk. Furthermore, it is perpetuating inefficiencies and duplication, thus providing a barrier to improvement and the introduction of good practice at economic cost.

⁶ Tribal Helm, States of Guernsey, *Fundamental Spending Review, Phase 1 Summary Report* (28 February 2009), page 14

⁷ Dr Graham Robinson, *Report of a Review of the Role of the States of Guernsey as an Employer* (February 2008), page 4

There is a lack of clarity regarding States' functions and roles

1.45 The capacity to operate in an efficient, effective, economic and accountable manner is dependent upon there being clarity over how States' functions are to be carried out, where individual responsibilities lie and how different elements within the States should work together collectively to achieve improved outcomes. Where there is insufficient clarity, there is confusion, uncertainty and a breakdown in accountability. Our review found that:

- a** politicians and staff are often unclear as to how States' functions are carried out;
- b** roles and responsibilities are often unclear resulting in relationship tensions and perceptions of poor behaviour; and
- c** there is poor communication and insufficient joint working across States' departments.

Politicians, staff and the public are often unclear as to how States' functions are carried out

1.46 It is essential that politicians and senior members of staff have a good understanding of how the main functions of the States are carried out. This is crucial to developing:

- a** corporate identity, vision and prioritisation;
- b** common understanding and culture; and
- c** joined-up service models and methodologies which are focused on improved outcomes for islanders.

1.47 In our surveys of States' members and senior civil servants, one third of responding States' members (33 per cent) and just over one third

of senior civil servants (37 per cent) said that the main functions of the States of Guernsey are always or usually clearly set out. The majority of States' members (63 per cent) and senior civil servants (60 per cent) said that they always or usually understood how the main functions of the States of Guernsey were carried out. However, only 15 per cent of States' members said that other States' members understood the arrangements and only 14 per cent of senior civil servants thought that States' members always or usually understood how the main functions of the States of Guernsey were carried out.

1.48 Even at a departmental level, only 15 per cent of States' members and 34 per cent of senior civil servants said that members usually or always understood how the main functions of their departments/committees were carried out.

1.49 In view of this internal uncertainty, it is unsurprising that when we asked members of the public whether they knew how and to whom to communicate their ideas, views or complaints about public services in Guernsey, most respondents told us they were not sure which department was responsible and there appeared to be significant overlaps between their responsibilities. As a consequence, time and resources are expended by States' deputies and civil servants dealing with public queries which could be dealt with more effectively elsewhere.

1.50 The lack of clarity can lead to confusion, misunderstanding and relationship tensions. It is difficult to achieve joined-up service delivery when there is not a consistent understanding of the functions through which services may be delivered efficiently. Furthermore, lack of clarity over States' functions results in considerable uncertainty regarding the roles and responsibilities of States' deputies and individual members of staff.



Roles and responsibilities are often unclear resulting in a lack of accountability

- 1.51** It is a key aspect of good governance that those responsible for commissioning, designing, planning and delivering public services are clear about their own roles and responsibilities and also clear about the roles and responsibilities of others.
- 1.52** We found that there was a lack of clarity of roles throughout government. Deputies are committed to public service and determined to represent the interests of islanders. However, many deputies are unclear what their role is within the States.
- 1.53** This is in part due to the system in which States' deputies operate. Whilst many regard their primary role as being to represent islanders within their parishes, States' deputies strive to reconcile this with their other roles which may include:
- a** executive roles on departmental boards and within the States of Deliberation;
 - b** scrutiny and challenge roles either on Public Accounts and/or Scrutiny committees;
 - c** membership of the Policy Council; and
 - d** collectively determining the strategic direction and corporate priorities of the States.
- 1.54** In our surveys, 30 per cent of responding States' members and 14 per cent of senior civil servants said that they were always or usually clear on the roles and responsibilities of individual States' members. When the same question was asked regarding their departmental/committee roles, 52 per cent of States' members and 38 per cent of senior civil servants said they were always or usually clear.
- 1.55** Some departmental board members are not always clear concerning the distinction between providing a strategic policy framework at departmental level and becoming involved in operational service matters, which should be the responsibility of civil servants. We were told by several senior civil servants that this creates tension between politicians and civil servants and, on occasions, is perceived to constitute political interference in operational matters. Our findings are consistent with the 2002 Harwood Report which stated that there was, 'a tendency on the part of many politicians to become too closely involved in the administration of government'.⁸
- 1.56** Furthermore, many States' members do not think the States know what skills they need to fulfil their roles effectively. Only 19 per cent of States' members and 14 per cent of senior civil servants who responded to the survey stated that they always or usually considered that the States knew what skills States' members needed to do their job effectively. Of even greater concern was the fact that only 19 per cent of responding States' members and 12 per cent of senior civil servants considered States' members to be always or usually appropriately skilled.
- 1.57** Several States' deputies told us that there is no systematic approach within the States to equip them to perform their roles effectively.
- 1.58** Lack of clear strategic direction has led to States' deputies attempting to create meaningful roles for themselves at the departmental level. However, we have been told by several senior members of staff that in practice this means that States' deputies involve themselves too closely with operational matters, essentially seeking to take on the role of civil servants.

⁸ Harwood Panel, *The Machinery of Government in Guernsey* (November 2000), section 8, paragraph 6

- 1.59** This in turn has led to some confusion regarding the roles and responsibilities of senior civil servants. Only 41 per cent of States' members and 66 per cent of senior civil servants said that there are always or usually clear roles and responsibilities for senior members of staff.
- 1.60** Furthermore, only 44 per cent of responding States' deputies and 25 per cent of senior civil servants stated that the dividing line between the roles and responsibilities of States' members and staff are always or usually clearly defined and up-to-date.
- 1.61** The impact of this blurring of responsibilities is fourfold:
- a** There is a lack of political accountability.
 - b** Tensions are created as States' deputies and senior civil servants are both involved in operational matters. On the part of civil servants this can lead to a perception of political interference. From States' deputies this can lead to a perception of bureaucratic obstructiveness.
 - c** States' deputies are rarely involved effectively in a strategic context.
 - d** Effort is duplicated.
- 1.62** There is also lack of clarity over the roles and responsibilities of those within leadership offices, ie:
- a** the Chief Minister;
 - b** departmental ministers (Policy Council members); and
 - c** the Chief Executive, Deputy Chief Executive and departmental chief officers (Chief Officers Group members).
- 1.63** Whilst those holding these offices have notional status, they lack authority to act and are therefore neither accountable nor capable of holding others to account.
- 1.64** In consequence, the roles and responsibilities of these offices are not generally understood as highlighted in [Exhibit 2](#).

Exhibit 2 – Roles and responsibilities – Wales Audit Office Survey

		Always %	Usually %	Sometimes %	Rarely %	Never %	Don't know %
There are clear roles and responsibilities for the Policy Council	States' members	11	26	27	22	7	7
	Senior civil servants	3	24	31	23	5	14
There are clear roles and responsibilities for the Chief Minister	States' members	8	23	27	34	0	8
	Senior civil servants	3	24	28	25	5	15
There are clear roles and responsibilities for the Chief Executive	States' members	4	15	29	30	0	22
	Senior civil servants	11	30	23	21	3	12

Note: The figures in the exhibit above have been rounded to total 100 per cent.



- 1.65** In the absence of constitutional authority, holders of office exercise their leadership role through personal authority in order to make things work. On occasions this leads to tensions.
- 1.66** Whilst office holders within the States recognise their responsibility for governing the Island, many are unclear what this means in practice or how they can fulfil their responsibilities effectively. This lack of clarity does not facilitate effective government or constructive working relationships.
- 1.67** Some States' deputies told us that they were unclear of the basis on which the Bailiff acts as Presiding Officer of the States of Deliberation. In some cases, States' deputies were of the view that the Bailiff undertook the role under the terms of his Crown appointment and this gave rise to potential conflicts of interest.
- 1.68** The Bailiff's role as Presiding Officer is not in fact exercised as part of his Crown appointment but in accordance with Guernsey law.

There is poor communication and insufficient joint working across States' departments

- 1.69** The delivery of value-for-money services necessitates the various functions of the States of Guernsey working together efficiently and effectively to meet the needs of islanders. Services should be designed to improve overall outcomes and achieving this requires cross-departmental working. Service users are not concerned with which department delivers which service but solely that their needs are met in a timely and consistent way.
- 1.70** During our review, we were made aware of several excellent and innovative examples of States' departments developing joint strategies and working effectively together to meet the needs of service users and to deliver improved outcomes. Examples included

cross-departmental strategies on issues such as energy, environment, corporate housing and social policy, (including addressing drug and alcohol abuse). In relation to the drug and alcohol strategy, there is commitment to pooling financial resources to achieve the planned objectives of the strategy. Joint working has the potential to optimise the use of resources and achieve more effective outcomes, resulting in improved value for money.

- 1.71** When we asked members of the public for their views on how States' departments work together, most respondents commented that in their view States' departments do not work well together. Whilst the numbers who responded cannot be regarded as representative of the wider population, the reasons given for their views are consistent with the other findings of our review. These included:
- a** a sense that politicians and civil servants lack an understanding of the 'bigger picture';
 - b** perceived lack of leadership from the 'corporate centre';
 - c** culture of working independently; and
 - d** departments operating autonomously.
- 1.72** Despite the examples of good practice highlighted above, departments still mostly work as though they are independent. There is poor communication across the departments and departmental service strategies tend to be based on historic service provision models. This results in services not being joined up, duplication, delays for service users and a failure to take advantage of potential economies of scale. Furthermore, it leads to unnecessary expense and inconsistencies in treatment between departments, eg, in the handling of complaints.

The States of Guernsey's decision-making processes are unclear, protracted and not always underpinned by good quality information

1.73 The Chartered Institute of Public Finance and Accountancy (CIPFA) has defined good governance as: *'Ensuring that an organisation is doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner.'*⁹ Taking informed, transparent, timely decisions in order to achieve improved outcomes for the public and service users is at the heart of this definition.

1.74 Within the States, decisions are taken throughout government. For example, day-to-day operational decisions are made by civil servants. Departmental boards take decisions on service strategy including budget setting and spend. The States of Deliberation is the highest decision-making forum for States' business not prescribed by legislation.

1.75 We found that decision-making within the States is often protracted, inefficient, lacks transparency and is not supported by an adequate evidential base.

There is insufficient clarity regarding the level at which decisions should be made

1.76 Efficient decision making is dependent upon ensuring that decisions are made at an appropriate level of government. All concerned therefore need to know who has the authority to make decisions and there must be clear, written delegation arrangements.

1.77 We found that there is not sufficient clarity in this regard. In our survey, only 19 per cent of responding States' members and 9 per cent of senior civil servants stated that the corporate delegation arrangements were appropriate, clear and up to date. There was more clarity regarding departmental delegation arrangements with 33 per cent of States' members and 38 per cent of senior civil servants stating that the departmental delegation arrangements were appropriate, clear and up-to-date. The failure to set out clear delegation arrangements at either corporate or departmental level has resulted in the blurring of political and administrative roles. We were told of several examples of departmental boards debating and deciding issues which would more appropriately have been dealt with by departmental civil servants in accordance with departmental processes.

1.78 We were also told by a number of States' deputies and senior civil servants that there was a lack of clarity over which decisions needed to be placed before the States and which could be taken at a departmental level without going to the States. This has led to inconsistency across the States' operations with some significant decisions being taken by departments, eg, the disposal of capital assets without referral to the States and relatively minor service-related issues being decided within the States.

1.79 The Tribal Helm Fundamental Spending Review Phase 1 Report, found that *'the lack of corporate identity and authority hinders the efficacy of the decision-making process. Where issues are identified that are States wide or multi departmental (rather than specific to a single department) it is often not defined at an operational level who, when or how the required decision is to be made. As a result corporate operational decisions may be*

⁹ Chartered Institute of Public Finance and Accountancy, *Delivering Good Governance in Local Government - Framework* (February 2009), paragraph 1.5, page 2



deferred, or many are escalated to the political forum of the States. The escalation of operational decisions to the political level results in a corresponding shift in the decision-making criteria and as such imposes additional constraints on the decision makers'.¹⁰ We agree with this analysis.

- 1.80** The ability for all States' members to debate any decision of the States can be viewed as evidence of a strong, participative democracy. Nevertheless, in order for the States to exercise an effective strategic role, it is essential that issues are not brought to the States which can be effectively and expeditiously dealt with elsewhere.
- 1.81** Where matters are unnecessarily taken to the States of Deliberation, decisions which were reached at departmental level based on informed debate risk being overturned on the basis of a less informed debate, influenced by personal agendas, local considerations and political 'horse trading'. As a large debating and legislating body, the States of Deliberation is not well-placed to take operational decisions in a consistent or fair manner, particularly as there is inconsistency regarding the matters referred to it for decision.
- 1.82** Inconsistency within the decision-making processes impacts on the ability of the States of Deliberation to operate as a strategically focused decision-making entity. It leads to:
- a** increased costs as a result of unnecessary delays in making operational service decisions;
 - b** an inappropriate balance of debate in the States of Deliberation; and
 - c** operational decisions being made without access to all relevant information.

Decisions are not always underpinned by good quality information

- 1.83** It is difficult to make good decisions without access to good quality information regarding service need, cost, quality, outcomes, user satisfaction and value for money. We were told by many States' deputies and civil servants that decisions are often uninformed.
- 1.84** Information on service cost and quality and value for money is not collected consistently as a matter of routine. In our surveys of States' members and senior civil servants, only 11 per cent of States' members and 5 per cent of senior civil servants said that the States of Guernsey is always or usually good at using information on costs, quality and impact to make decisions about improving value for money. Furthermore, only 7 per cent of States' members and 8 per cent of senior civil servants said that the States of Guernsey is always or usually good at using information on public, service user and other stakeholder satisfaction to improve value for money.
- 1.85** We found that within some service areas systems had been and were being developed to collect and use information to improve the quality of decision making. These examples were isolated.
- 1.86** In order to improve the economy, efficiency and effectiveness of services throughout the States, it is crucial that appropriate systems are established to collect key information and to use that information effectively to inform decision making. This will require investment, corporate commitment and drive to achieve.
- 1.87** Good service decisions are reliant upon establishing and distinguishing between the needs, demands and expectations of potential service users and determining what outcomes are being sought. During our interviews with senior staff, it was apparent that there is a

¹⁰ Tribal Helm, States of Guernsey, *Fundamental Spending Review, Phase 1 Summary Report* (28 February 2009), page 17

general recognition that service models should be underpinned by needs assessment. In some departments, progress has been made to use public consultation processes and demographic data to assess need. However, this has yet to be mainstreamed into service development. The way in which the States of Guernsey engages with the public and stakeholders is considered in more detail in paragraphs 1.112 to 1.117.

- 1.88** It is still the case that in the main, service design is based on historic delivery and not on a comprehensive and current assessment of social; and demographic factors. As a consequence, there is a risk that the current pattern of service delivery does not reflect the changing needs of islanders, therefore resulting in inefficiencies and potential waste of resources.

Decisions are not taken consistently on a timely basis

- 1.89** Delays in decision making can be costly in both financial and reputational terms. Numerous examples were cited of important States' decisions being delayed for years within the States' decision-making processes. For example:
- a** In 2002, the States of Deliberation approved the Board of Administration's proposals in respect of the procurement of an energy from waste facility. At the time of drafting this report the States of Deliberation decided to proceed with the project. In the intervening period, there have been numerous costly reviews, States' debates and a requête.
 - b** In 2002-03 the States started to explore the possibility of introducing paid parking in St Peter Port. The last States' administration approved the introduction of paid parking. Over the next few years, proposals and counter proposals were made, plans were shelved and later resurrected. A transport

strategy was drawn up around paid parking. The Environment Department made it clear that it did not support the decision of the members of the previous States of Deliberation and in 2009 the States of Deliberation decided to abandon the introduction of paid parking.

- 1.90** In our surveys of States' members and senior civil servants, there was agreement that the States of Guernsey does not take decisions on a timely basis:
- a** 11 per cent of responding States' members and 4 per cent of senior civil servants said that the States of Guernsey always or usually makes decision in a timely way; and
 - b** 41 per cent of responding States' members and 54 per cent of senior civil servants said that their department or committee always or usually make decisions in a timely way.
- 1.91** Several States' deputies and senior civil servants gave a number of reasons to explain why decision making is so protracted. Many identified a series of obstacles within decision-making processes. Decisions must be negotiated through the departmental board. This can be problematic. The speed of decision-making is dependent upon the board meeting cycle and the volume of business to be discussed. As set out previously some departmental boards have not achieved an appropriate balance between operational and strategic issues. As a result, important strategic decisions are sometimes delayed whilst operational service issues which could have been dealt with by civil servants are debated.
- 1.92** Furthermore, members of departmental boards do not always reach consensus. In the absence of collective discipline, such lack of consensus can lead to decisions which should have been dealt with at board level being escalated to the States. We were told of board members arguing in the States of Deliberation against decisions or



recommendations made by their board. Whilst we recognise that such behaviour may be theoretically viewed as democratic, it is also very ineffective. It leads to delays, uncertainty and frustration and therefore wasted money.

1.93 When a decision has been reached at board level, there is no certainty that the decision can be implemented. Any States' deputy, with the support of a minimum of six other deputies can use the requête mechanism to force a debate in the States on an alternative proposal. Whilst the requête can be a useful mechanism, it has the potential to derail well developed departmental proposals and delay decision making.

1.94 Where decisions on departmental proposals need to be progressed to the States of Deliberation, there are further potential obstacles. Before proceeding there, the proposals are currently subject to scrutiny by both the Policy Council and the Treasury and Resources Department, which may issue advisory letters regarding the proposals. Whilst, this may lead to departments having to give greater regard to corporate issues and priorities, it has the potential to delay decision making still further. Proposals may be referred back to the States' department to consider potential amendment prior to it being considered within the States of Deliberation. Furthermore, whilst the constitutional mechanism of sursis can be advantageous in forcing a deferment on the debate of proposals which might not be in the best interests of the States, it has the potential to be misused to delay decision making.

1.95 With regards to major capital schemes, there is an additional difficulty. Whilst a scheme may receive the approval of the States of Deliberation to proceed, such approval does not guarantee the funding for that scheme will ultimately be available. The sponsoring States' department has to return the scheme to the States of Deliberation to secure the necessary

finance, potentially at each stage. This leads to major uncertainty both at a departmental level and for potential tenderers for States' contracts. Potential tenderers may either:

- a** be deterred from incurring significant costs preparing detailed tenders when it is likely schemes will either be delayed due to an inefficient decision-making process or aborted altogether; or
- b** increase tender prices to reflect their increased risk.

1.96 Some States' deputies have told us that the current decision-making arrangements ensure accountability, scrutiny and challenge for and of States' decisions. We acknowledge that there are many points of challenge within the decision-making process. However, it is not evident that multiple opportunities for challenge leads to better informed, more transparent or improved decisions. On the contrary, it has led to delayed and inconsistent decisions, resulting in poor value for money.

Decision-making processes are not sufficiently open and transparent

1.97 The States of Guernsey has a duty to spend public money wisely and to be seen to spend public money wisely. Discharging this combined duty requires openness and transparency in decision making and the use of resources.

1.98 We were told by members of staff, the public and stakeholders that they find it difficult to find out:

- a** what decisions have been made;
- b** who makes decisions; and
- c** the reasons for decisions.

1.99 In our survey of senior civil servants, only 20 per cent told us that staff always or usually find it easy to find out what key decisions have been taken within the States of Guernsey

(other departments/committees). In respect of their own departmental/committee decisions, 55 per cent of senior civil servants said that they always or usually find it easy to find out what key decisions have been taken by their own department/committee.

1.100 When senior staff members were asked how easy it was for external stakeholders to find out what key decisions have been taken within the States of Guernsey, only 13 per cent said it was always or usually easy. When asked the same question about key decisions within their own departments, only 23 per cent of responding senior staff said it was always or usually easy.

1.101 In our consultation with members of the public, a perceived lack of transparency over decision-making was one of the main issues raised. Several consultees when asked how the States could improve its performance responded that greater openness in decision-making was essential.

1.102 In many important respects there is transparency in the way the States of Guernsey operates. Meetings of the States of Deliberation are open to the public, broadcast on local radio and Billets d'Etat are published online in advance of the relevant meetings. Furthermore, there is significant media interest in States' business and many issues are played out and scrutinised in public.

1.103 Nevertheless, there is a perception of a lack of openness. In our view, this perception has not arisen due to an unwillingness to share information. On the contrary some States' deputies release information regarding States' business on their own initiative, causing consternation amongst their peers and senior civil servants.

1.104 The perception of lack of transparency is due to a combination of the following factors:

a Lack of clarity regarding how decisions are made and by whom.

- b** Lack of a States-wide approach to communicating with the public and staff.
- c** The existence of an insular culture, in which States' decisions are viewed as internal business in which the public should not have an interest.
- d** The use of the media to further personal agendas. Regular leaks create the impression of a wider unwillingness of the States to share information.
- e** Where decisions are publicised it is not consistently clear what objective criteria were used to reach them.
- f** Minutes of key decision-making forums, departmental boards and the Policy Council are not published. (We acknowledge that publication of these minutes may be counter-productive until such time as the level of departmental debate is improved, as set out in paragraph 1.41.)

1.105 The perception of a lack of transparency could cause significant reputational damage to the States. Members of the public and key stakeholders could conclude that decisions are not made on objective bases.

There is not a consistent and effective approach to risk management in place

1.106 Major issues which affect one part of the States have consequences for all other parts of the States. If the budget of one States' department is overspent, this impacts on the finances of the States as a whole. If the reputation of one department is damaged, the reputation of the States as a whole is damaged. It is therefore essential that the States has in place a consistent and effective approach to identifying risks, assessing the likelihood of those risks occurring, quantifying the potential impact and putting in place appropriate arrangements to manage and mitigate the risk.



1.107 In 2006, the Public Accounts Committee commissioned the UK's National Audit Office (NAO) to undertake a review of risk management and insurance. This was a follow-up review to one undertaken in 2000 by the States' Audit Commission. The NAO review found that risk management practices had improved since 2000 but that there was still considerable scope for improvement, *'risk management needs to be seen as part and parcel of everyday business, not as something different or separate or to be done as a special exercise. It is also important that risk management is regularly addressed at the highest levels within the States. Risk assessment must not be allowed to slip down the agenda or be left to be dealt with by junior staff within Departments. Only the most senior staff are likely to have the breadth of vision necessary to identify strategic risks and to be able to assess what is important and what is not important'*.¹¹

1.108 The States has yet to adopt such an approach. Policy and guidance on risk management and insurance in the States of Guernsey are the responsibility of the Treasury and Resources Department. However, there is no requirement for departments to apply the guidance. As a result, each department has put in place its own risk management arrangements. The robustness of these arrangements is variable. Furthermore, we found that some departmental boards do not consistently consider key risks and how to manage and mitigate them.

1.109 In our surveys of States' members and senior civil servants, we asked whether the States of Guernsey uses risk management to inform key corporate decision-making. Only 15 per cent of States' members and 10 per cent of senior civil servants said that this was always or usually the case. When asked whether their department/committee uses risk management to inform key decision-making, 52 per cent of States' members and 41 per cent of senior civil servants said that this was always or usually the case.

1.110 Only 17 per cent of responding States' members and 5 per cent of senior civil servants said that the States of Guernsey's approach to risk management is always or usually effective.

1.111 Failure to put in place consistent and effective corporate risk management arrangements has the potential to result in significant financial loss and reputational damage to the States, impacting on long-term financial sustainability.

The arrangements to engage and involve others in the decision-making process are limited

1.112 The States of Guernsey exists to serve islanders. The States should therefore have the needs of islanders at the heart of its decision-making processes. This involves effective communication and consultation with staff, the public and other stakeholders including the business and charitable sectors.

1.113 We invited views from members of the public as to whether they felt that the States consulted them on their service needs. The large majority of those who responded said that they were not properly consulted. Representatives of the business community were less critical of the way the States consulted them. This suggests that efforts within the States to foster and improve relationships with the business community are having an impact.

1.114 Several respondents expressed the view that States' consultations were not real and that decisions had already been taken or that they are simply asked to choose between a predetermined list of service options. They were not asked to identify their needs or to suggest options for service delivery.

¹¹ National Audit Office, *Risk Management and Insurance in the States of Guernsey* (March 2006), page 4

1.115 In our interviews with departmental senior civil servants, most interviewees accepted that services tend to be designed and delivered based upon historic service models and that a consistent approach to public consultation has not yet been developed. Some departments have started to improve their approach to public engagement (eg, the Culture and Leisure Department as part of benchmarking/ accreditation arrangements), but there is still considerable work to be done to identify the needs and desired outcomes of islanders, collect information on service impact and progress this information into decision-making processes.

1.116 Members of staff within the States have a wealth of knowledge and experience which could be invaluable in informing decision-making. More fundamentally, civil servants are islanders with an understanding of the needs and aspirations of their families and neighbours. However, many senior staff do not feel that there are effective arrangements to involve staff in decision-making processes. Only 11 per cent of responding senior civil servants felt that there are always or usually effective arrangements to involve staff in decisions made by the States of Guernsey and 50 per cent felt that there were always or usually effective arrangements to involve staff in departmental decision-making processes. It is critical that members of staff are used more effectively within the decision-making processes as this will help improve the quality of decisions reached.

1.117 The States needs effective, systematic arrangements to engage and involve others in decision-making processes. This will help the States gain wider buy-in to decisions, make objectively better decisions and will help the States to demonstrate that services are being designed around the needs of islanders.

The States of Guernsey does not have effective systems of accountability and scrutiny in place

1.118 Within any governmental system it is essential to have effective accountability and scrutiny arrangements in place. Those in public office are responsible for administering public funds and therefore it is crucial that decision makers are held accountable for their actions and effective systems are put in place to protect public resources.

1.119 There are a number of mechanisms which can be employed to achieve this accountability which include:

- a** formal constitutional mechanisms such as the Public Accounts and Scrutiny committees;
- b** systems of internal control, (including financial policies and procedures);
- c** performance management; and
- d** public scrutiny eg, through the media.

1.120 The effectiveness of these arrangements is considered below. Issues relating to the conduct and behaviour of States' deputies and civil servants are set out in paragraphs 1.145 to 1.154.



The Public Accounts and Scrutiny Committees do not have an appropriate distinction between executive and scrutiny functions and do not have the authority, resources or profile to fulfil effectively their mandates

1.121 The mandate of the Public Accounts Committee includes:

- a** ensuring *'that proper scrutiny is given to the States' assets, expenditure and revenues to ensure that States' bodies operate to the highest standards in the management of their financial affairs'*; and
- b** examining *'whether public funds have been applied for the purposes intended by the States and that extravagance and waste are eradicated'*.¹²

1.122 The mandate of the Scrutiny Committee includes:

- a** *'determining the effectiveness of the policies of, and services provided by, departments and committees'*; and

- b** *'assessing the performance of departments and committees in implementing policies and services'*.¹³

1.123 Both mandates include the requirement to liaise with the other to ensure that there is appropriate co-ordination of the entire scrutiny process.

1.124 In most governmental systems there is a clear division between executive and scrutiny functions. Within the States of Guernsey such a distinction does not exist.

1.125 In our surveys of States' members and senior civil servants we asked whether the Public Accounts and Scrutiny Committees provide challenge to the effectiveness of services provided to the public. The responses as set out in **Exhibit 3** indicate that many respondents do not think this to be the case.

1.126 The Public Accounts and Scrutiny Committees have both been involved in undertaking and commissioning important pieces of work. Nevertheless, their work and contribution have been hampered by several factors:

Exhibit 3 – Public Accounts and Scrutiny Committees – Wales Audit Office Survey

		Always %	Usually %	Sometimes %	Rarely %	Never %	Don't know %
The States of Guernsey Scrutiny Committee provides challenge to the effectiveness of services delivered to the public	States' members	4	30	33	22	7	4
	Senior civil servants	1	14	27	28	16	14
The States of Guernsey Public Accounts Committee provides challenge to the effectiveness of services delivered to the public	States' members	7	30	26	26	4	7
	Senior civil servants	3	14	33	21	14	15

Note: The figures in the exhibit above have been rounded to total 100 per cent.

¹² States of Deliberation, Mandates and Membership of the Policy Council, Departments and Committees (as at 19 September 2008), page 61

¹³ States of Deliberation, Mandates and Membership of the Policy Council, Departments and Committees (as at 19 September 2008), pages 64-65

- a** The Public Accounts and Scrutiny Committees are not viewed as fully independent due to the dual executive and scrutiny roles of their members.
- b** In contrast to other jurisdictions, no impartial and independent third party has been appointed to support and advise the Public Accounts Committee and to hold those in public office to account.
- c** A key element of scrutiny is to hold individuals accountable for their actions. Neither Public Accounts nor Scrutiny Committees are able to call individuals to appear before them to give account of their actions as there is no supporting legislation.
- d** There is no corporate mechanism, to hold those in executive roles to account in respect of recommendations made by Public Accounts or Scrutiny Committees. Many recommendations made in Public Accounts or Scrutiny Committee reports over the last few years have neither been implemented nor rejected. There needs to be a mechanism whereby those exercising executive roles are required to say whether recommendations are accepted and, where recommendations are accepted to be held accountable for their implementation.
- e** Each States' department operates its own systems, procedures, policies and controls. This creates logistical and resource difficulties in fulfilling the respective Public Accounts and Scrutiny Committee mandates.
- f** The work of Public Accounts and Scrutiny Committees is not given the profile it deserves by States' members. Membership of the Scrutiny Committee is often wrongly regarded as a lesser role than that of a departmental board member.

1.127 The Public Accounts and Scrutiny Committees need to be seen to exercise their responsibilities independently and objectively. It is difficult to see how this can be achieved whilst members of the committees have departmental executive responsibilities. Furthermore, it is crucial that they are given the authority to hold to account those charged with governance if they are to fulfil their mandates effectively.

There is no overall system of internal financial control in operation

1.128 Effective systems of internal control ensure that organisations properly record and control their activities. Failure to implement such systems or the breakdown of system controls can result in financial losses and the failure to achieve desired outcomes.

1.129 Internal controls encompass many things including:

- a** financial policies and procedures;
- b** internal audit;
- c** budgetary control mechanisms;
- d** financial management arrangements;
- e** counter fraud arrangements; and
- f** separation of duties.

1.130 With a few exceptions the States has not implemented consistent internal controls across its functions. Whilst the Treasury and Resources Department has issued administrative and accounting guidance, this is currently not mandatory. Delegated arrangements for issues such as the approval of tenders and contracts differ across departments. Each department has developed its own internal control systems and the robustness of these systems is variable and their application largely unmonitored.



1.131 Whilst the States has recently procured an internal audit supplier to undertake specified internal audit reviews, there is no ongoing and routine States-wide internal audit function in operation.

1.132 In our survey of States' members and senior civil servants, we asked whether there were effective corporate and/or departmental arrangements to oversee financial processes. Many States' members and senior civil servants indicated that in their view that was not always or usually the case, as set out in **Exhibit 4**.

1.133 The lack of a comprehensive and corporate approach to internal control represents significant financial and reputational risk to the States.

There is no robust system of performance management across States' operations

1.134 Performance management is a key component of good governance. Performance management provides the ability to challenge and improve the effectiveness of service delivery, to assess whether desired outcomes are being delivered and ultimately to determine whether value for money is being achieved.

1.135 Effective performance management within the public services involves:

- a** consulting users to determine service needs to help identify desired outcomes;
- b** setting cost, quality and outcome measures and targets;
- c** establishing effective systems to collect and analyse service information;
- d** benchmarking performance against other service providers where possible;

Exhibit 4 – Effectiveness of financial processes – Wales Audit Office Survey

		Always %	Usually %	Sometimes %	Rarely %	Never %	Don't know %
There are effective corporate arrangements, including internal audit to oversee financial processes	States' members	4	18	22	19	22	15
	Senior civil servants	5	33	26	20	6	10
There are effective departmental/ committee arrangements, including internal audit to oversee financial processes	States' members	7	30	22	15	19	7
	Senior civil servants	9	44	21	17	3	6

Note: The figures in the exhibit above have been rounded to total 100 per cent.

- e seeking feedback from service users;
- f reviewing service delivery methodologies and service performance; and
- g using performance and risk assessment information to inform decision making and improve service delivery.

1.136 The States does not routinely collect and use information on the cost, quality and impact of the services it delivers. Some States' departments are committed to reviewing service performance. However, even in these departments, performance management remains underdeveloped.

1.137 In our survey of senior civil servants:

- a 24 per cent told us that the States of Guernsey always or usually collects information on the economy, efficiency and effectiveness of its services;
- b 54 per cent told us that their department always or usually collects information on the economy, efficiency and effectiveness of its services;
- c 11 per cent told us that States' deputies always or usually receive meaningful information on service cost and performance across the activities of the States of Guernsey;
- d 54 per cent told us that States' deputies always or usually receive meaningful information on service cost and performance for their own departments/committees;
- e 10 per cent told us that States' deputies always or usually receive meaningful information on how service cost and performance compares to other organisations; and

- f 7 per cent said that States' deputies always or usually receive information which sets out the outcomes of service delivery for Guernsey residents.

1.138 Whilst the majority of States' members (70 per cent) and senior civil servants (59 per cent) said that their department/committee delivers economic, efficient and effective services, lack of comprehensive performance information means that this cannot be demonstrated. Furthermore, when we asked members of the public to respond to the question whether the States of Guernsey delivers value-for-money services, almost all who responded said that they did not think this was the case. We recognise that the 50 responses received may not be representative of the population as a whole. However, the reasons given for this perception as set out below are consistent with the findings of our review:

- a no apparent accountability or questioning of the need for spending;
- b systemic problems with prioritisation of service needs;
- c administrative duplication;
- d lack of cross-departmental working; and
- e poor project management.

1.139 Public perception that Guernsey's services do not represent value for money is not necessarily justified. Nevertheless, the lack of performance management arrangements across the States' operations undermines islanders' confidence that those operations are delivering desired outcomes at a reasonable cost. In view of the current pressure on the States' financial resources, this is a significant weakness.



States' deputies do not always use the media in a disciplined manner

- 1.140** Within any democracy the media has an important role to play in challenging the decisions and actions of public officials. In interview, several States' deputies and civil servants stated that in the absence of party politics the media takes on the role of *'the unofficial opposition'*.
- 1.141** During the course of our fieldwork, we were told of numerous examples of members of departmental boards providing informal briefings to the press, sometimes in respect of ongoing sensitive, confidential and even contractual matters. Such behaviour has led to significant relationship issues within the States and unbalanced and uninformed public debate.
- 1.142** We recognise that some States' deputies have felt no option but to raise issues in public. Many States' deputies perceive they have little personal influence to effect change and that there are no effective internal mechanisms to express their views or raise matters of concern.
- 1.143** In this context, it is essential that States' deputies act responsibly and that the States provides clear guidance and protocols for communicating with the media. We acknowledge that in the absence of collective discipline and appropriate sanctions it will be difficult to ensure compliance with this guidance.
- 1.144** Undisciplined use of the media for political debate can be damaging to the States' reputation and can compromise the ability of the States to conduct its business in an objective, timely and responsible manner.

The States of Guernsey lacks appropriate mechanisms to address concerns regarding the conduct of States' deputies and staff

- 1.145** During the course of our fieldwork, concerns were expressed to us regarding what was deemed to be poor behaviour on the part of both States' deputies and civil servants.
- 1.146** Many members of the public expressed the view that poor behaviour is rife within the States. Whilst there are undoubtedly instances of poor and inappropriate conduct, our experience of other organisations suggests that conduct is not worse than elsewhere.
- 1.147** This perception of poor behaviour has been fuelled by substantial media attention relating to a small number of high profile cases, for example disagreements over service provision for wheelchair users and conflict between departments over the issue of housing licences.
- 1.148** The nature of politics in Guernsey often leads to passions running high and can result in misunderstanding, misinterpretation and sometimes words being exchanged unwisely.
- 1.149** Furthermore, the autonomous nature of States' departments gives rise to conflict and a perception of poor behaviour. This was in evidence prior to the new Machinery of Government. The Harwood Report found that *'perhaps the most remarkable feature of the present machinery of government is the near absolute autonomy that each Committee possesses. That autonomy often leads to conflicts between Committees and the perhaps unedifying spectacle of such conflicts being aired in open debate'*.¹⁴

¹⁴ Harwood Panel, *The Machinery of Government in Guernsey* (November 2000), section 1

1.150 The States of Guernsey has recognised the importance of conduct issues and has adopted a Code of Conduct for Members of the States and a Dignity at Work Policy for States' employees.

1.151 However, there is a lack of confidence that arrangements to ensure good standards of conduct are effective. In our surveys, only 52 per cent of States' members and 36 per cent of senior civil servants said that there were always or usually effective arrangements to ensure good standards of conduct of all holders of public office.

1.152 Furthermore, only 41 per cent of States' deputies and 22 per cent of senior civil servants said there were effective arrangements in place to oversee the behaviour of States' members.

1.153 Lack of confidence in mechanisms to address instances of poor behaviour is the consequence of a number of factors. These include:

- a** a lack of clear individual accountabilities as highlighted in this report;
- b** a widespread perception that there is no will to deal with poor conduct;
- c** absence of formal 'whistleblowing' arrangements;
- d** a lack of suitable sanctions when dealing with instances of poor behaviour by States' deputies; and
- e** a piecemeal, departmental approach to dealing with human resource matters.

1.154 The recent appointment of a new Head of Human Resources (HR) and Organisational Development may help address issues around staff behaviour. However, this is dependent upon the central HR function having the authority to apply consistent policies across the States and the ability to investigate and apply appropriate sanctions where policies are breached.



Appendix 1 – Principles of Good Governance – Report references

Principle	Independent Commission for Good Governance in Public Services – Good Governance Standard for Public Services: Principles	Report Paragraph References
1	Good governance means focusing on the organisation's purpose and on outcomes for citizens and service users.	1.1 to 1.18
2	Good governance means performing effectively in clearly defined functions and roles.	1.45 to 1.72
3	Good governance means promoting values for the whole organisation and demonstrating the values of good governance through behaviour.	1.145 to 1.154
4	Good governance means taking informed, transparent decisions and managing risk.	1.73 to 1.111 1.118 to 1.144
5	Good governance means developing the capacity and capability of the governing body to be effective.	1.19 to 1.44 1.56 to 1.57
6	Good governance means engaging stakeholders and making accountability real.	1.112 to 1.117

Appendix 2 – Methodology and fieldwork undertaken

Methodology

The approach employed a combination of activities commonly used as part of audit, inspection and review processes by the Wales Audit Office and other audit and inspection bodies. The activities included: document review; focus groups; structured and semi structured interviews; and quantitative and qualitative information gathered from formal surveys and via open submission. These are detailed in the table below.

The complicated nature of governance is recognised by the Wales Audit Office and requires an approach which collects a wide range of both quantitative and qualitative material which is then subjected to systematic evaluation to ensure evidence leads to the right findings and conclusions. The Issues Analysis Drawing Conclusions (IADC) method used by the Wales Audit Office ensures we ask the right questions, gather the appropriate evidence to answer the questions and arrive at the rigorous and robust conclusions.

Fieldwork undertaken

During the course of this review the following fieldwork was undertaken:

Fieldwork
Focus group with Public Accounts Committee
Three focus groups with States' deputies (30+ attendees)
Four focus groups with operational staff (35 attendees)
Two deputy drop-in sessions (six attendees)
Twenty-five interviews with senior officers, trade unions, business representatives, etc
Survey of deputies/non-States' members (29 respondents 53 per cent response rate)
Survey of senior members of staff (80 respondents 37 per cent response rate)
Public consultation (50 responses)
Documentation review



Appendix 3 – Example departmental mandate

Housing Department

To advise the States on matters relating to:

- 1** The Island's housing strategy and corporate housing programme to meet identified housing needs; and to be responsible for:
 - a** the overall co-ordination and direction of the corporate housing programme;
 - b** specific action areas of the corporate housing programme as lead or joint lead department;
 - c** the provision and management of social housing administered by the States, including administration of State's houses fund;
 - d** facilitating and supporting the development of non-governmental bodies to provide affordable social housing to meet the needs of the intermediate housing market;
 - e** the regulation and funding of housing associations and other non-governmental bodies providing affordable social housing to meet the needs of the intermediate housing market, including administration of the State's housing association fund;
 - f** the administration of the housing development and loans fund to provide financial assistance for house purchase and repair;
 - g** establishing initiatives to improve the affordability and quality of the private rental sector without reducing its size, including administration of the Rent Control Law;
 - h** controls on housing occupation through the administration of the Housing Control and Right to Work Laws; and
 - i** managing Maison Maritaine and Longue Rue House.
- 2** To contribute to the achievement of strategic and corporate objectives, both departmentally and as part of the wider States organisation, by:
 - a** developing and implementing policies and legislation, as approved by the States, for the provision of services in accordance with this mandate; and
 - b** actively supporting and participating in cross-departmental working as part of the Government Business Plan process and ensuring that public resources are used to best advantage, through co-operative and flexible working practices.
- 3** To exercise the powers and duties conferred on it by extant legislation.
- 4** To exercise the powers and duties conferred on it by extant States resolutions, including all those resolutions, or part of resolutions, which relate to matters for the time being within the mandate of the housing department and which conferred functions upon the former:
 - a** Cadastre Committee
 - b** Housing Authority
- 5** To be accountable to the States for the management and safeguarding of public funds and other resources entrusted to the department.

Appendix 4 – Legislation and reports laid before the States of Deliberation

Legislation

Year	Pieces of legislation placed before the States of Deliberation	Pages of legislation	Items withdrawn
2004 (from 6 May 2004)	48	327	1 (26 pages)
2005	47	1,288	0
2006	77	1,012	0
2007	67	1,440	2 (109 pages)
2008	87	2,580	1 (100 pages)
2009 (up to July States' meeting)	38	589	2 (59 pages)
Total	364	7,236	6 (294 pages)

Source: Law Officers Department

Reports

Year	Number of reports brought to the States of Deliberation	Number of reports rejected, postponed (by sursis) or modified to a significant extent	Number of Requête debates carried
From May 2008 to date	82	7	2

Source: HM Greffier



Appendix 2

FURTHER EXPLANATION OF THE CORE AND SUPPORTING PRINCIPLES

Appendix 2

Further Explanation of the Core and Supporting Principles

The table below provides further explanation of the supporting Principles of the six Core Principles within the **Independent Commission on Good Governance in Public Services: The Good Governance Standard for Public Services (2004)**, applying the Principles to the Guernsey context.

<i>Core principle 1 – Good governance means focusing on the organisation’s purpose and on outcomes for citizens and service users</i>			
Underlying Principle	Supporting Principle in the Guernsey Context	What that means in the Guernsey Context	
<i>Being clear about the organisation’s purpose and its intended outcomes for citizens and service users</i>	Being clear about the States of Guernsey’s purpose and its intended outcomes for Islanders and service users	The States should make sure that there is a clear statement of the States’ purpose and that it uses this as a basis for its planning. It should constantly review the decisions it takes, making sure that they further the purpose of the States and contribute to the intended outcomes for Islanders and users of services.	
<i>Making sure that users receive a high quality service</i>	Making sure that users receive a high quality service	The States, Departmental boards and Committees should decide how the quality of service for users is to be measured and make sure that the information that is needed to review service quality is used effectively and regularly. As part of this, they should ensure that there are processes in place to hear the views of users and non-users from all backgrounds and communities about their needs, and the views of service users from all backgrounds about the suitability and quality of services. The States, its	

		Departments and Committees should use this information when making decisions about service planning and improvement.
<i>Making sure that taxpayers receive value for money</i>	Making sure that taxpayers receive value for money	The States should decide how value for money is measured and make sure that the information that is needed to review value for money effectively is collected and used, including benchmarking information based on outcomes achieved by similar organisations, for comparison. This information should be used when planning and reviewing the work of the States.
<i>Core principle 2 – Good governance means performing effectively in clearly defined functions and roles</i>		
Underlying Principle	Applying the Supporting Principle in the Guernsey Context	What that means in the Guernsey Context
<i>Being clear about the functions of the governing body</i>	Being clear about the functions of the States of Guernsey	The States should set out clearly, in a public document, its approach to performing each of the functions of governance. This should include a process for holding decision makers to account for achieving agreed objectives and implementing strategy within the agreed costs. This should include explanation of how and why the approach to each function is appropriate for size and complexity of the organisation.
<i>Being clear about the responsibilities of non-</i>	Being clear about the responsibilities of States	The States should clarify that all members have collective responsibility ¹ for their decisions and have equal status in discussions. The States should

¹ ‘Collective responsibility is the Rule that every member who participates (or is supposed to participate) in a decision making group is: (1) equally responsible for the consequences of the decisions taken, or (2) should fully support and abide by the group's decisions (whether or not he or she participated in the decision making process).’
Source: *Business Dictionary*.

<p><i>executives and the executive, and making sure that those responsibilities are carried out</i></p>	<p>members and senior civil servants, and making sure that those responsibilities are carried out</p>	<p>provide challenge to individual States members if they do not respect constructive challenge by others or if they do not support this collective responsibility for fulfilling the States' purpose and for working towards intended outcomes for Islanders and users of services.</p> <p>The States should set out a clear statement of the respective roles and responsibilities of States members and senior civil servants and its approach to putting this into practice.</p>
<p><i>Being clear about relationships between governors and the public</i></p>	<p>Being clear about relationships between the States and the public</p>	<p>States members should recognise their collective responsibility for the States' decisions and strive to make decisions that further the States' purpose, rather than the interests of any specific group or organisation with which they are associated.</p> <p>The States should value the perspectives which States members elected from different backgrounds bring, but should make clear that these deputies are not expected to provide the only source of information about the specific groups whose background or experiences they share. Where States members are asked to provide authoritative information about the views and experiences of such groups, they should have access to systems for collecting this information.</p> <p>The States and the Departments should ensure that the States of Guernsey engages effectively with Islanders and service users to understand their views, and that they have access to reliable information about the range of public opinions and the satisfaction of all groups of users of services.</p>

<i>Core principle 3 – Good governance means promoting good values for the whole organisation and demonstrating the values of good governance through behaviour</i>			
Underlying Principle	Supporting Principle in the Guernsey Context	What that means in the Guernsey Context	
<i>Putting organisational values into practice</i>	Putting organisational values into practice	The States should take the lead in establishing and promoting values for itself as a whole and its staff affirming the “Nolan Principles”. These values should reflect public expectations about the conduct and behaviour of individuals and groups who control public services. All States members and staff should keep these values at the forefront of their own thinking and use them to guide their decision making.	
<i>Individual governors behaving in ways that uphold and exemplify effective governance</i>	Individuals behaving in ways that uphold and exemplify effective governance	All States members and staff should live up to the “Nolan Principles” and to any approved codes or guides to ethical conduct for the States. They should also demonstrate through their behaviour that they are focusing on their responsibilities to the States and its stakeholders.	
<i>Core principle 4 – Good governance means taking informed, transparent decisions and managing risk</i>			
Underlying Principle	Supporting Principle in the Guernsey Context	What that means in the Guernsey Context	
<i>Being rigorous and transparent about how decisions are taken</i>	Being rigorous and transparent about how decisions are taken	The States should draw up a formal statement that specifies the types of decisions that are delegated to States Departments and/or public servants and those that are reserved for the States.	

		<p>The States and its Departments should state clear objectives for their decisions. In their public record of decisions and in explaining them to stakeholders, they should be explicit about the criteria, rationale and considerations on which decisions are based, and, in due course, about the impact and consequences of decisions.</p>
<p><i>Having and using good quality information, advice and support</i></p>	<p>Having and using good quality information, advice and support</p>	<p>The States, Departmental boards and States Committees should ensure that they are provided with information that is fit for purpose. It should be tailored to their functions and not to detailed operational or management issues, with which they should not, in general, be concerned. Information should provide a robust analysis and not obscure the key information by including too much detail.</p> <p>The States should ensure that information is directly relevant to the decisions they have to take; is timely; is objective; and gives clear explanations of technical issues and their implications. They should also ensure that professional advice on legal and financial matters is available and used appropriately in their own decision making and elsewhere throughout the organisation when decisions that have significant legal or financial implications are taken.</p> <p>The States, Departmental boards and States Committees should not be reluctant to use resources to provide the information and advice that is needed for good governance. However, it should not make disproportionate demands on the staff by asking for information that is not necessary or appropriate for their roles. They should arrive at a judgement about their information needs in discussion with senior staff.</p>
<p><i>Making sure that an effective risk management system is in operation</i></p>	<p>Making sure that an effective risk management system is in operation</p>	<p>The States should ensure that the States of Guernsey operates an effective system of risk management which includes:</p>

		<ul style="list-style-type: none"> identifying key strategic, operational and financial risks assessing the possible effects that the identified risks could have on the States as a whole agreeing on and implementing appropriate responses to the identified risks (internal control, insure, terminate, modify, accept) putting in place a framework of assurance from different sources, to show that risk management processes, including responses, are working effectively reporting publicly on the effectiveness of the risk management system through, for example, an annual statement on internal control, including, where necessary, an action plan to tackle any significant issues making it clear that the States carries ultimate responsibility and accountability for the risk management system.
<i>Core principle 5 – Good governance means developing the capacity and capability of the governing body to be effective</i>		
Underlying Principle	Supporting Principle in the Guernsey Context	What that means in the Guernsey Context
<i>Making sure that appointed and elected governors have the skills,</i>	Making sure that States Members (deputies and non-States members) have	The States should assess the skills that States members need to fulfil their functions.

<i>knowledge and experience they need to perform well</i>	the skills, knowledge and experience they need to perform well	<p>The States should commit itself to developing the skills that it has decided its members need, so that they can carry out their roles more effectively.</p> <p>The States should decide how to encourage more people, from a wider cross-section of society, to stand for office. This includes reviewing the role of the States member to make sure that: it is fulfilling and coherent; it is feasible to do within the time and with the support available; and it is sufficiently well understood by potential States' members. The search for a more diverse membership should not be at the expense of a membership that has the necessary skills.</p>
<i>Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group</i>	Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group	<p>New States members should receive a thorough induction that is tailored to their role. All States members should have opportunities to develop further skills and to update their knowledge throughout their period of membership, and should take seriously their responsibilities to identify and address their development needs.</p> <p>Individual States members should be held to account for their contribution through regular performance reviews. These should include an assessment of any training or development needs.</p> <p>The States, Departmental boards and States Committees should regularly review their performance as a whole. The review should involve assessing its ways of working and achievements and agreeing an action plan to put in place any necessary improvements.</p>
<i>Striking a balance, in the membership of the governing body, between continuity and renewal</i>	Striking a balance, in the membership of States Departments and Committees, between	<p>The States should decide how to strike the necessary balance, in its membership of States Departments and Committees, between continuity in knowledge and relationships on the one hand and renewal of thinking on the other. It should explain the reasons for its policy. Options include fixed</p>

	continuity and renewal	terms of membership or a limit on the number of terms a States member can serve on a particular Committee or Department.
<i>Core principle 6 – Good governance means engaging stakeholders and making accountability real</i>		
Underlying Principle	Applying the Supporting Principle in the Guernsey Context	What that means in the Guernsey Context
<i>Understanding formal and informal accountability relationships</i>	Understanding formal and informal accountability relationships	It should be clear to all those involved in the States to whom they are accountable and for what. The States should assess the extent to which each relationship serves its purpose, including whether any relationships need to be strengthened and whether any dominate to the detriment of serving the purpose of the States and being accountable to other stakeholders. If so, the States should discuss those tensions and work to fill any gaps in its accountability and raise any concerns with those to which it is formally accountable and, where possible, try to negotiate a more balanced position.
<i>Taking an active and planned approach to dialogue with and accountability to the public</i>	Taking an active and planned approach to dialogue with and accountability to the public	<p>The States and its Departments and Committees should make it clear that the States as a whole seeks and welcomes feedback, and ensure that it responds quickly and responsibly to comment. Complaints are a vital and necessary part of feedback, and there should be clear leadership on handling and resolving them, and ensuring the lessons learnt are used to improve the service.</p> <p>The States should ensure that there is a clear policy on the types of issues on which Islanders and service users will be consulted or engaged, respectively. This policy should clearly explain how the States will use this input in decision making and how it will feed these decisions back to</p>

		<p>Islanders and to service users. The policy should make sure that the States hears the views and experiences of people of all backgrounds.</p> <p>Each year, the States should publish not only the States' purpose, strategy, plans and financial statements, but also information about its outcomes, achievements and the satisfaction of service users in the previous period.</p>
<i>Taking an active and planned approach to responsibility to staff</i>	Taking an active and planned approach to responsibility to staff	<p>The States, Departmental boards and Committees should have clear policies on when and how they consult and involve staff and their representatives in decision making.</p> <p>They should make sure that effective systems are in place to protect the rights of staff. It should make sure that policies for whistle-blowing, and the support for whistle-blowers, are in place.</p>
<i>Engaging effectively with institutional stakeholders</i>	Engaging effectively with institutional stakeholders	<p>The States and its Departmental board and Committees should take the lead in forming and maintaining relationships with the leaders of other stakeholder organisations, as a foundation for effective working relationships at operational levels.</p>

Appendix 3

SELECTION PROCESS, METHODOLOGY AND COSTS OF WALES AUDIT OFFICE REVIEW

Appendix 3

SELECTION PROCESS, METHODOLOGY AND COSTS OF WALES AUDIT OFFICE REVIEW

In 2008 the Public Accounts Committee set up a framework agreement to provide value for money reviews and investigations by third parties. Part of the tender process involved giving a presentation on how better value can be achieved from having appropriate corporate governance and how they would approach such a review. The Committee observed six presentations on governance which were then used to select two to scope and quote for the work. Three different approaches to the review were described at the presentations as:

- a. one project
- b. initially whole overview and then into more detailed areas and
- c. a number of small reviews.

Two entities proposed each approach. The Committee decided to invite the two entities to scope and quote the review from the second alternative which was to carry out an overview and then move into more detailed areas – this being more suited to the review being considered.

Although two entities were invited to scope and quote, commitment to other States work meant that one entity stepped back from scoping and quoting for the review and indeed the framework agreement during the quoting period. Rather than select another approach to the review the Committee waited for the scope and quote from the remaining entity, which was the Wales Audit Office. The scope and quote was accepted.

Corporate procurement was kept informed throughout the process and provided assistance at the framework agreement stage, along with the law officers involvement in letting contracts.

Phase 1: November 2008 – September 2009

As a result of the above, the Wales Audit Office proposed an approach employing a combination of activities commonly used as part of audit, inspection and review processes by it and other audit and inspection bodies.

These activities included:

- Documentation review
- Focus groups
- Structured and semi-structured interviews

- Formal surveys – civil service staff and public
- Open submission – by letter and email

The quote for the overview was £58,420

Further details on the methodology of the overview are found within the resultant report, found in Appendix 1, entitled - '*Review of Good Governance: The States of Guernsey*' September 2009.

Phase 2: December 2009 – June 2010

In accordance with the initial presentation the overview was then used to proceed to stage two, which was to assist the Public Accounts Committee in the fieldwork to enable a States Report to be written with clear recommendations to improve governance in the States of Guernsey.

This phase involved engaging with the stakeholders in:

- Public meeting
- Development workshops
- Individual discussions – key stakeholders

Discussion with the Committee on how the review should be carried forward cost £5,334 in 2009 and the assistance in the fieldwork at the beginning of 2010 cost £20,129. The finalised documents arising from the fieldwork are:

- Wales Audit Office - '*Good Governance - Summary Paper: States of Guernsey*' June 2010, (**Appendix 4**)
- Wales Audit Office - '*Guernsey Public Consultation Analysis: States of Guernsey*' June 2010, (**Appendix 5**)

The cost for both Phase 1 and 2 totals £83,883.

Phase 3: May 2010 to date of this Report

The Committee, within its membership, own resources and after consultation within the States of Guernsey organisation, has gathered the evidence from Billet d'Etats, both phases 1 and 2 and developments since then to provide the way forward to improve good governance further within the States of Guernsey.

Appendix 4

GOOD GOVERNANCE – SUMMARY PAPER

Prepared by WAO



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

June 2010

Authors: Gill Lewis, Stephen Lisle, Dave Rees and Chris Bolton

Ref: 351A2010

Good Governance – Summary Paper

States of Guernsey

Contents

Summary Paper

4

Status of this report

The Auditor General is wholly independent of Government and the other bodies that he audits and inspects. He and his staff together comprise the Wales Audit Office. For further information about the Wales Audit Office please write to the Auditor General at the address above, telephone 02920 320 500, email: wales@wao.gov.uk, or see the website <http://www.wao.gov.uk>

Theme 1: (Identified in the Wales Audit Office's Good Governance Report September 2009) The States of Guernsey does not have a clear strategic direction or agreement on its strategic objectives and desired outcomes		
Detailed issues	Value for money consequences	Potential options/solutions
<p>The States Strategic Plan (SSP) is a step in the right direction and it is important to note that the process for developing and using the document is in its infancy. However, the SSP is inadequate in its current form because:</p> <ol style="list-style-type: none"> The SSP is incomplete – some sections of the SSP remain unfinished. The SSP does not fulfil its primary purpose as a policy planning document – the SSP does not represent a policy planning document but is in reality a financial planning document. The SSP does not adequately link with the Fundamental Spending Review. The plan is also largely based on current service provision rather than a vision of how services should be provided in the future. 	<p>Having a clear organisational purpose, agreement on strategic objectives and understanding on desired outcomes is fundamental to good governance. Without these things it is impossible to demonstrate value for money.</p> <p>Value for money encompasses economy, efficiency and <u>effectiveness</u>. It is possible to demonstrate the delivery of high quality and/or low cost services without having a clear strategic purpose. It is not possible to demonstrate that services are delivering the required outcomes for islanders (effectiveness), unless the States of Guernsey clearly defines what its objectives are and the outcomes that are desired.</p>	<p>The solutions need to result in an improved, completed SSP, which is properly consulted upon and supported within the States. The solutions also need to ensure that the SSP is adhered to. Some of the options are included below:</p> <ul style="list-style-type: none"> Ensuring the unfinished sections of the plan are completed as soon as possible. Future iterations of the SSP could be more focused on providing a strategic focus for the States rather than being primarily a financial plan. The objectives set out within the SSP need to be more outcome-focused. And the principles/policies within the SSP should be evident as a 'golden thread' in all departmental strategies/business plans.

Theme 1: (Identified in the Wales Audit Office's Good Governance Report September 2009) The States of Guernsey does not have a clear strategic direction or agreement on its strategic objectives and desired outcomes		
Detailed issues	Value for money consequences	Potential options/solutions
<p>c. There is a lack of ownership of the plan within the States – the plan was not developed as part of either a top-down or bottom-up approach, nor was it informed by a comprehensive debate about policy planning. Whilst the SSP was agreed by Deputies, in practice, there have been difficulties in securing acceptance in implementing the plan.</p> <p>d. The SSP can be ignored and decisions can be taken that are at odds with the policies set out in the plan – in addition to the problems of securing acceptance, the processes/procedures of the States currently allow the SSP to be disregarded easily when taking policy decisions that go against the policies within the SSP.</p>	<p>Furthermore, having a clear strategic direction is essential to help prioritise the use of limited resources. Without clear objectives and resource prioritisation, resources (including both finance and time), will be wasted.</p>	<ul style="list-style-type: none"> At the start of each term, the States of Deliberation could hold a structured debate to discuss and secure agreement regarding the content of the SSP. The objectives within the SSP could be clearly communicated to Deputies and the public, perhaps through public presentations. Annually the States could review progress against the objectives and priorities in the SSP. To ensure Departmental Boards support the SSP, those standing for election to a Board could be obliged to agree to stand by the principles/policies set out in the SSP. Introduce a robust process for introducing proposals outside the SSP. Another option would be for the States of Deliberation to make it mandatory for the Departments to follow the SSP. To provide greater strategic focus at Board level, greater use could be made of expert non-States' members. In order to ensure greater ownership of the plan by States' Deputies, the SSP could be made a document that sets out high level objectives and principles, which all States' Deputies can sign up to. The implementation of the SSP could then be subject to detailed annual operational plans which must be approved as consistent with the objectives and principles of the SSP.

Theme 2: (Identified in the Wales Audit Office's Good Governance Report September 2009) The States of Guernsey presently lacks the structure for clear corporate leadership			
Detailed issues	Value for money consequences	Potential options/solutions	
<p>The main issues regarding 'power' within the States of Guernsey are:</p> <p>a. The current structure does not facilitate the exercise of corporate political leadership.</p> <p>b. The current structure does not facilitate the exercise of clear leadership at civil service level.</p> <p>c. The effectiveness of Departmental Boards is undermined by a lack of collective discipline/responsibility.</p> <p>d. The size of the States of Deliberation undermines its ability to exercise clear strategic leadership.</p>	<p>Leadership is fundamental to good governance. It is necessary for taking forward an organisation's strategic agenda. It is essential to establishing a clear chain of command in which everyone is clear where authority, responsibility and accountability rest. An absence of clear leadership leads to:</p> <ul style="list-style-type: none"> • confusion over authority for decision-making; • decision-making being conducted at the wrong levels of an organisation; • ineffective delegations; and • ad hoc, unregulated leadership and accountability arrangements. <p>These issues impact directly on value for money. They lead to internal inefficiencies and delays in decision-making and procurement, costing the States of Guernsey valuable resources.</p>	<p>The States could:</p> <ul style="list-style-type: none"> • Consider redefining the role of the Chief Officers' Group and making the chief officers directly accountable to the Chief Executive and Deputy Chief Executive. The Chief Executive's responsibilities as the leader of the civil service in Guernsey could be more clearly articulated and implemented. • Introducing corporate or strategic directors at a level above the chief officers might assist in progressing further corporate working. • Consider introducing a clear scheme of delegation to delegate specific powers to the Policy Council and Chief Minister. This would require adequate accountability mechanisms to ensure that any delegations were used properly. • Reduce the number of Deputies to achieve a better chance of consensus actually working in practice. • Introduce collective discipline/responsibility within the Policy Council and Departmental Boards. If collective discipline was introduced, another option might be to introduce a formal process to allow board members to represent the views of their constituents during debates without them going against the principle of collective discipline. 	

Theme 2: (Identified in the Wales Audit Office's Good Governance Report September 2009) The States of Guernsey presently lacks the structure for clear corporate leadership		
Detailed issues	Value for money consequences	Potential options/solutions
	Furthermore, lack of clarity over leadership and the ability of the States to act swiftly and decisively have led to problems. The inquiry into the resolution of the airport fire-fighters dispute is essentially an issue over leadership, resulting in a large financial outlay.	<ul style="list-style-type: none"> • Restructure the Civil Service structure so that it does not mirror the existing political structures, eg, the Civil Service senior leadership team need not be departmental chief officers. • Empower specific political offices with decision-making powers. This could include the power to call elections. • Introduce a number of key change managers who could be transferred in and out of roles to assist with cultural change. • Introduce a management development programme for all senior and middle managers.

Theme 3: (Identified in the Wales Audit Office's Good Governance Report September 2009) There is a lack of clarity regarding the functions and roles			
Detailed issues	Value for money consequences	Potential options/solutions	
<p>a. Lack of clear guidelines about roles – the roles and remits for individuals and groups within the States are currently not set out clearly enough. There are particular issues about the involvement of Deputies in operational civic issues and, similarly, the involvement of civil servants/Departments in political issues. Another issue is that Deputies currently place greater importance on their involvement in grassroots, constituency issues than on their involvement in central policy matters. There is scope for senior civil servants to be more involved in cross-departmental co-operation and for Departments to communicate more effectively with one another.</p> <p>b. Lack of understanding of individuals' roles – even where roles may be set out, there is not universal understanding and/or acceptance of roles.</p> <p>c. Individuals and groups deliberately acting outside their mandates – even where roles are clearly set out and understood, some individuals/groups choose to act outside their remit although some mandates will quite rightly overlap.</p>	<p>Good governance requires all concerned to be clear about the functions of their own roles and responsibilities and those of others.</p> <p>When this is not the case, individuals will engage in issues and areas outside of their remits, they will not perform effectively in the role to which they have been appointed/elected and as a result they may not act in the interests of the organisations they serve.</p> <p>States' Deputies have a collective responsibility for the decisions of the States and should always seek to further the purpose of the States rather than the interests of any Department or interest group.</p> <p>Lack of clarity over roles and responsibilities will impact on value for money. Decisions will not be aligned to States' objectives and as a result resources will be expended on furthering the objectives of individual Departments and groups.</p>	<ul style="list-style-type: none"> The solutions need to result in clearly set out roles and remits. One option is to introduce clear job descriptions for Deputies. These job descriptions could set clear boundaries on the Deputies' roles in civic issues. The job description could place a duty on the Deputies to engage more fully with central policy decisions, for example, by specifically highlighting their island-wide mandate. Similarly, the introduction of revised job descriptions for senior civil servants could contribute to a stronger corporate mindset. The job description should place a duty on senior civil servants to liaise more effectively with other departments and another option might be to require senior civil servants to rotate to other departments periodically and the broader use of secondments. An option for improving understanding about roles and remits is to introduce/improve training for Deputies. This could be carried out upon induction with periodic retraining. The law officers could be involved in training delivery. Wider understanding may be improved by articulating an overall management system showing clearly the roles and remits of groups within the States and what powers have been delegated. The system could potentially be distilled within a diagram and published on the States website. 	

Theme 3: (Identified in the Wales Audit Office's Good Governance Report September 2009) There is a lack of clarity regarding the functions and roles		
Detailed issues	Value for money consequences	Potential options/solutions
		<ul style="list-style-type: none"> Introducing greater clarity around roles and remits will make it more difficult for individuals/groups to act outside their mandates. However, another option might include introducing sanctions for acting in this way. Sanctions for individuals are discussed further in themes 5 and 6. A standardised performance assessment process could be introduced for Departmental Boards/Committees. To improve accountability around the exercise of roles by political office-holders, mid-term elections could be introduced. To support and provide independent advice to the Boards, non-political Board Secretaries could be appointed, who are not accountable to the Board. The States could clearly articulate individual responsibilities and delegate the authority necessary to act and hold individuals accountable for the exercise of those responsibilities. The States could remove Departmental Boards and empower ministers to make departmental policy decisions.

Theme 4: (Identified in the Wales Audit Office's Good Governance Report September 2009) The States of Guernsey's decision-making processes are unclear, protracted and not always underpinned by good quality information		
Detailed issues	Value for money consequences	Potential options/solutions
<p>a. Decision making takes too long – whilst many consider decision-making processes to be protracted, some Deputies feel they do not get enough time to consider the information provided to support some decisions.</p> <p>b. There are problems regarding the use of amendments/requêtes – the rules surrounding the use of amendments and requêtes too commonly allow small numbers of Deputies to stall decisions in the latter stages of the decision-making process.</p> <p>c. Decisions are sometimes made without good quality information.</p> <p>d. There is a lack of transparency about the decision-making process within the States.</p> <p>e. The States struggles to secure engagement from the public in important decisions – public interest tends to peak after, rather than before, big decisions have been taken and there is a tension between the need to balance what public want with what they need. Media handling within the States is problematic because negative stories are not always dealt with, whilst positive news is not publicised proactively enough.</p>	<p>The purpose of decision making is to further an organisation's purpose and strategic objectives. Making well-considered, timely and transparent decisions is crucial if economic, efficient and effective services are to be delivered.</p> <p>Failure to have effective decision-making processes will result in poor value for money. Where decisions are delayed or overturned, as in the energy to waste scheme (see Guernsey Press Article – 'Train wreck decision has a high cost') it has a direct financial cost in terms of the procurement process and escalating costs due to the delay. Furthermore, it will damage the reputation of the States as a good 'employer'. This cost is not easily quantifiable as it could lead both to suppliers being unwilling to bid for contracts, or building into their prices a risk premium.</p> <p>Where decisions are made regarding the deployment of resources and these decisions are not supported by good quality information, (cost, quality and impact) it becomes extremely problematic to demonstrate that such decisions will deliver value for money, or indeed the best option available to deliver the desired outcomes of the States.</p>	<ul style="list-style-type: none"> To speed up the decision-making process whilst allowing enough time to consider the information, the States could implement a system of green and white papers to introduce more discipline to the decision-making process, allowing full consideration of information in two formal stages before final decisions are taken. There could be more stringent rules regarding the use of amendments and requêtes. These rules could state that last-minute amendments/requêtes can only be used in extraordinary circumstances. The rules could also state that amendments/requêtes should be supported by 'X' number of deputies and require a two-thirds majority to carry. The rules could also stipulate that amendments and requêtes cannot be used for certain issues such as requiring parliamentary committees to carry out certain actions. Standardisation of billets/reports/amendments/business cases could ensure that those taking decisions are more familiar with the format of the information they are provided with. Summaries of all billet papers could improve clarity and would make the papers more digestible for decision makers. The introduction of agreed key performance indicators for each Department could help ensure decisions are supported by good quality information.

Theme 4: (Identified in the Wales Audit Office's Good Governance Report September 2009) The States of Guernsey's decision-making processes are unclear, protracted and not always underpinned by good quality information		
Detailed issues	Value for money consequences	Potential options/solutions
		<ul style="list-style-type: none"> Robust, well researched States' papers can be hijacked by amendments which are poorly researched and the implications of which are unclear. This can result in poor decision-making. In order to improve the quality of amendments, the timetabling of States' Papers could be changed to enable more time for the development and articulation of amendments. The States could introduce the Freedom of Information Act. Another option could be using the States website to inform the public regarding progress on major decisions. The States could decide to use public referenda and public meetings regarding major decisions. Another option could be to introduce a 'people's panel' in each Department. An option for improving media handling could be to develop a corporate media and communications strategy. This should formalise the States' approach to handling positive and negative news stories. Other options for improving communications with the public include a regular newsletter, public papers detailing States business that is due for debate and Departments publishing their agendas and minutes of board meetings. Decision making could be improved by introducing a consistent approach to the collection and use of performance information. Each Department could be required to agree, set and monitor key performance indicators on the cost, quality and outcomes of service provision and to use this information for public reporting and informing decision-making. The States could introduce improved arrangements to share examples of good practice with others, eg, Jersey, Isle of Man and others.

Theme 5: (Identified in the Wales Audit Office's Good Governance Report September 2009) The States of Guernsey does not have effective systems of accountability and scrutiny in place		
Detailed issues	Value for money consequences	Potential options/solutions
<p>a. The Public Accounts and Scrutiny committees are not perceived as being sufficiently independent from those taking executive decisions.</p> <p>b. The Public Accounts and Scrutiny committees do not have the authority, resources or profile to fulfil their mandates effectively.</p> <p>c. There is scope to improve the ways in which the Public Accounts and Scrutiny committees decide upon which topics to investigate.</p> <p>d. There is scope to improve internal audit.</p> <p>e. There is no overall system of internal financial control.</p> <p>f. There is no overall system of performance management for individuals.</p>	<p>Good governance requires public bodies to have in place effective systems of scrutiny and accountability. This is necessary to demonstrate to Islanders that resources have been used well and that value for money is being achieved for the resources expended. Where systems of accountability are weak or inconsistent across Departments, it can lead to gaps in financial control, unacceptable risks being taken, financial irregularities and budget overspends (as was the case recently in one Guernsey Department).</p> <p>The Tribal Helm Fundamental Spending Review has highlighted numerous examples of improvements in financial control which would realise financial savings without adverse impact on service delivery.</p>	<ul style="list-style-type: none"> • The independence of the Public Accounts and Scrutiny committees could be improved by ensuring each committee is comprised of a majority non-States members. The perception of these committees as independent and transparent could be improved by publishing more material and by holding meetings/hearings in public. • The Public Accounts and Scrutiny committees could be given more teeth greater powers to investigate, report, alter policy and call witnesses. If these committees are to be given stronger powers and broadened mandates, they may require additional administrative resources. • An annual review of governance could strengthen the work programmes of the committees and could allow more proactive review of the Departments. • Accountability for the exercise of authority could be enhanced by introducing an independent Auditor General. • Financial control could be enhanced by establishing a comprehensive internal audit function across the States' operations. • There may be a need to standardise the control environment. Treasury and Resources (T&R) could also be given sufficient authority to apply and enforce financial regulation and control.

Theme 5: (Identified in the Wales Audit Office's Good Governance Report September 2009) The States of Guernsey does not have effective systems of accountability and scrutiny in place		
Detailed issues	Value for money consequences	Potential options/solutions
		<ul style="list-style-type: none"> • All of those in public office could have their performance monitored and assessed. And all senior public life figures could have their salaries made public. Once individuals' roles and remits are clearly set out (as in Theme 3) there could be robust monitoring to ensure their roles are adhered to and that performance is of an acceptable level. If performance is unacceptable, there must be clearly set out sanctions. Similarly there could be a system of reward for exceptional performance. • As referred to in Theme 3, a lack of clarity regarding civil service leadership undermines civil service accountabilities. There needs to be a clear articulation of the accountability lines of civil servants, which distinguishes between the Board support role and operational performance.

Theme 6: (Identified in the Wales Audit Office's Good Governance Report September 2009) The States of Guernsey lacks appropriate mechanisms to address concerns regarding the conduct of States' Deputies and staff			
Detailed issues	Value for money consequences	Potential options/solutions	
<p>a. The Code of Conduct is currently not clear enough and is not enforced robustly enough.</p> <p>b. The sanctions for inappropriate conduct are not currently strong enough.</p> <p>c. States officials frequently use the media to leak sensitive information.</p> <p>d. There is currently no body within the States that is sufficiently independent to address issues of poor conduct.</p>	<p>Good conduct is a central facet of good governance. Where the conduct of public officials is poor, or is perceived to be poor, it results in a lack of confidence and trust in public bodies. It is therefore, essential that public bodies have in place, and expect all public officials to adhere to defined values and address effectively examples of poor conduct.</p> <p>Whilst poor conduct is unlikely to have a quantifiable financial impact, the reputational damage it can cause can have a significant financial impact leading to loss of inward investment in Guernsey.</p>	<ul style="list-style-type: none"> • The Code of Conduct could be strengthened and made clearer. It could include a clear definition of good conduct and could be more specific about what constitutes inappropriate conduct. These definitions could be strengthened by introducing specific corporate values within the States. Where the code has been breached, there could be more decisive action in taking sanctions. • The States could strengthen the disciplinary rules to allow for suspensions and loss of office where necessary. • The Code of Conduct could provide specific guidelines on the way in which officials should use the media. These guidelines could seek to prevent the leaking of sensitive information but should be balanced with the need for transparency. Inappropriate use of the media could be addressed with sanctions. • An option could be the introduction of an independent panel, standards committee and/or ombudsman to consider issues regarding individuals' conduct. 	

Other options identified during the consultation exercise:

1. Voting – Electronic voting at the States will help to give anonymity to Deputies.
2. Island-wide voting could resolve some issues and allow Deputies to be focused both on the 'big picture' and the parish issues.
3. Accessibility issues – need to be better dealt with to include people with disabilities in what the States does. Ability to change font size on website – access for disabled. Introduction of Disability Discrimination Act.
4. Deputies' time and resources – Deputies could be full-time.
5. Better admin support/research for Deputies.
6. Introduction of a 'whip' system, although without party politics it is difficult to envisage the basis on which the whip could operate.

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Appendix 5

GUERNSEY PUBLIC CONSULTATION ANALYSIS

Prepared by WAO



WALES AUDIT OFFICE
SWYDDFA ARCHWILIO CYMRU

June 2010

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Guernsey Public Consultation Analysis

States of Guernsey

Contents

Guernsey Public Consultation Analysis	4
General observations	4
Q1 – The States of Guernsey does not have a clear strategic direction or agreement on its strategic objectives and desired outcomes	5
Q2 – The States of Guernsey presently lacks the structure for clear leadership	7
Q3 – There is a lack of clarity regarding States’ functions and roles	8
Q4 – The States of Guernsey’s decision-making processes are unclear, protracted and not always underpinned by good quality information	10
Q5 – The States of Guernsey does not have effective systems of accountability in place	12
Q6 – The States of Guernsey lacks appropriate mechanisms to address concerns regarding the conduct of States’ Deputies and staff	14
Appendices	
Summary of additional comments received via letters	16
Summary of the main issues raised in the letters	17

Status of this report

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Guernsey public consultation analysis

1. This report summarises the analysis of the comments which were received in response to the Public Accounts Committee consultation on the Wales Audit Office's Good Governance Report. It analyses the 100 comments that were provided via the Wales Audit Office's website. Eight responses were also received as letters. The analysis and summary of these is presented in Appendix 1 of this report. Due to the different format between the letters and website responses quantitative analysis on the letters was not undertaken.
2. Please note that the information provided as 'examples of solutions provided by respondents' are the exact words the respondents have used and have not been modified or interpreted as part of the analysis.

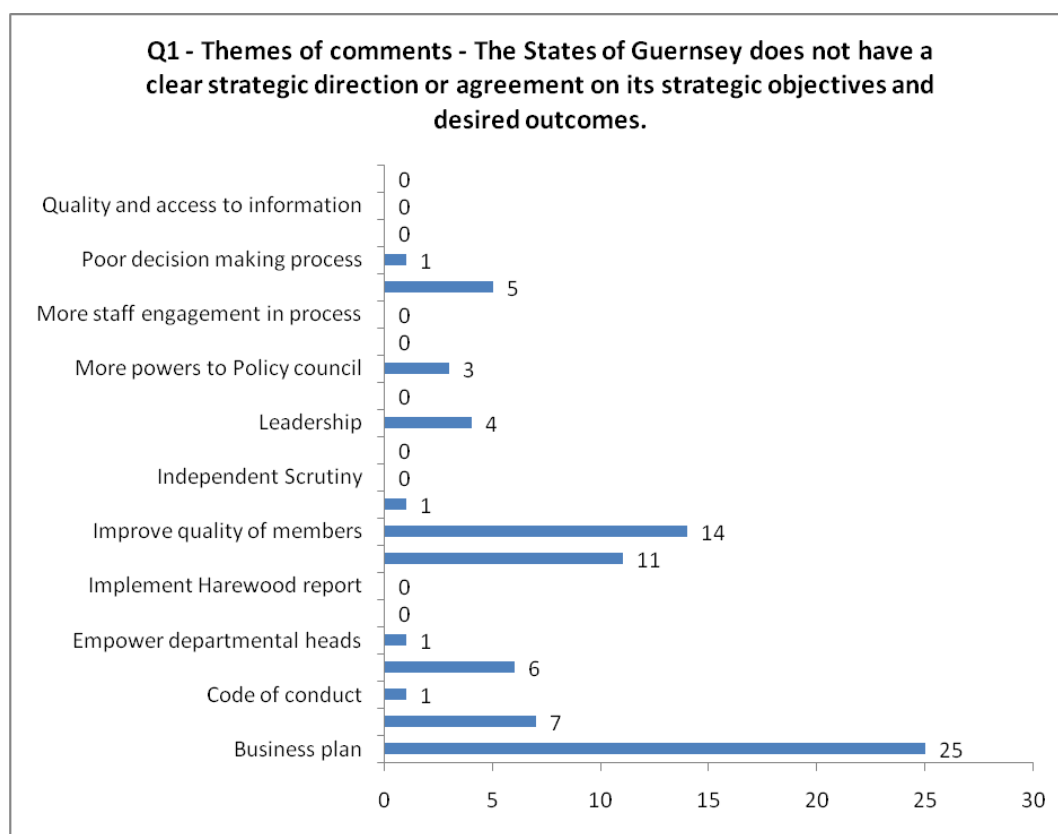
General observations

3. Most respondents either restated the problem or provided a solution. Very few did both.
4. Most respondents, provided comments that reflected their own particular concerns.
5. A minimum of two thirds of respondents agreed with each of the statements in the Wales Audit Office's report. The exception was the statement 'The States of Guernsey lacks appropriate mechanisms to address concerns regarding the conduct of States' deputies and staff'. Only 58 per cent agreed with this statement and over a third (34 per cent) had no view.
6. Less than 10 per cent of respondents disagreed with any of the statements.
7. Overall, the main solutions were:
 - Develop a business plan (and process);
 - Improve Officer and Deputy accountability;
 - Improve decision-making process;
 - Improve quality and access to information;
 - Introduce independent scrutiny;
 - Improve the quality of Deputies; and
 - Review/improve the Code of Conduct.
8. Besides the 100 questionnaire responses via the Wales Audit Office's website, six letters were also received. These did not answer the questions posed on the website.
9. Please note some totals do add up to 100 per cent as some questions were left blank.

Q1 – The States of Guernsey does not have a clear strategic direction or agreement on its strategic objectives and desired outcomes

10. The main solutions which respondents suggested would help overcome the lack of clear strategic direction were:
- Business plan (25) – The main solution was to develop a three-to-five-year (minimum) business plan. Of equal importance was following the plan through with an annual review.
 - Improve quality of Deputies (14). There was a concern as to the quality of the Deputies governing the States. It was felt that Deputies were more concerned with their own local agendas as opposed to governing at a strategic level.
 - Improve Deputy and Officer accountability (11). The lack of business plans meant there was an issue of accountability between the roles of Deputies and Officers.
 - Cabinet structure (7). It was suggested that by introducing an 'Executive Cabinet' structure to govern the States, it would resolve the issue of accountability and improve the decision-making process.
 - Departments work in isolation (6). Respondents said there was a need to resolve the issue of Departments working in isolation.

The range of solutions relevant to this question is illustrated in the table below



Examples of the solutions provided by the respondents include:

Major problems will only be resolved by (a) the Policy Council being given more power to direct and control the individual Departments, (b) a restructuring of the Policy Council to destroy the 'personal Fiefdom' mentality of Department Ministers and Members and a reduction of the number of Deputies.

Apart from an Annual Budget, each States Department should be required to prepare annual business plans which feed into a central, overall plan. Strategic objectives should be set for fixed periods of time (ie, three, five, 10 years) which take into account the annual business plans. It would be a good idea for the Policy Council to hold formal, private strategy meetings with professional guidance in order to produce a strategic plan.

There needs to be a change to the machinery of Government such that the elected members have enough power for them to take the difficult decisions all territories face. This will look and feel like executive government and that's what's needed. That will allow the Chief Minister to act on the priorities and to put a team in place to deliver. Many are put off entering the political scene as they cannot see how they could ever be effective with the current arrangements. Indeed some key people have stood down having experienced the system and this does not bode well for attracting talent.

They need to develop five and 10-year business plans, to be reviewed annually and stick to them.

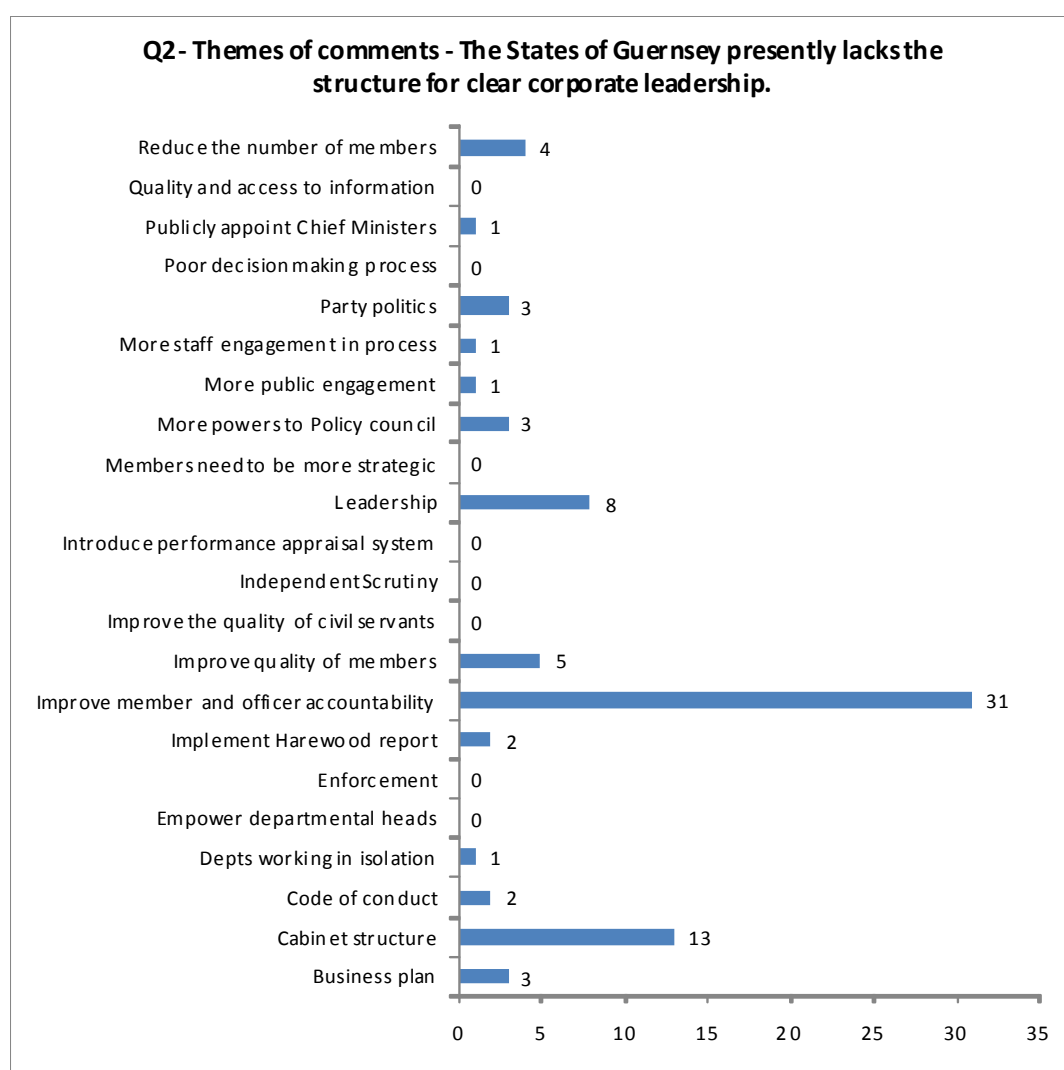
A clear strategic approach needs to be formulated through individuals who properly understand how Guernsey works and are able and capable of making decisions. A common sense approach would most likely be best.

Q2 – The States of Guernsey presently lacks the structure for clear corporate leadership

11. Q2 - The main solutions suggested by respondents:

- Improving Deputy and Officer accountability (31). The main solution was to address the accountability of Deputies and Officers.
- Cabinet structure (13). Replicating the Jersey and Isle of Man models resulting in collective responsibility.
- Leadership. Issues were raised about general leadership skills as well as corporate leadership.
- Improve quality/skills of Deputies (5). Respondents felt the Deputies needed to improve their business acumen and judgment to better govern the States.
- Reduce the number of Deputies (4). It was suggested that by reducing the number of Deputies the quality can also improve.

The range of solutions relevant to this question is illustrated in the table below



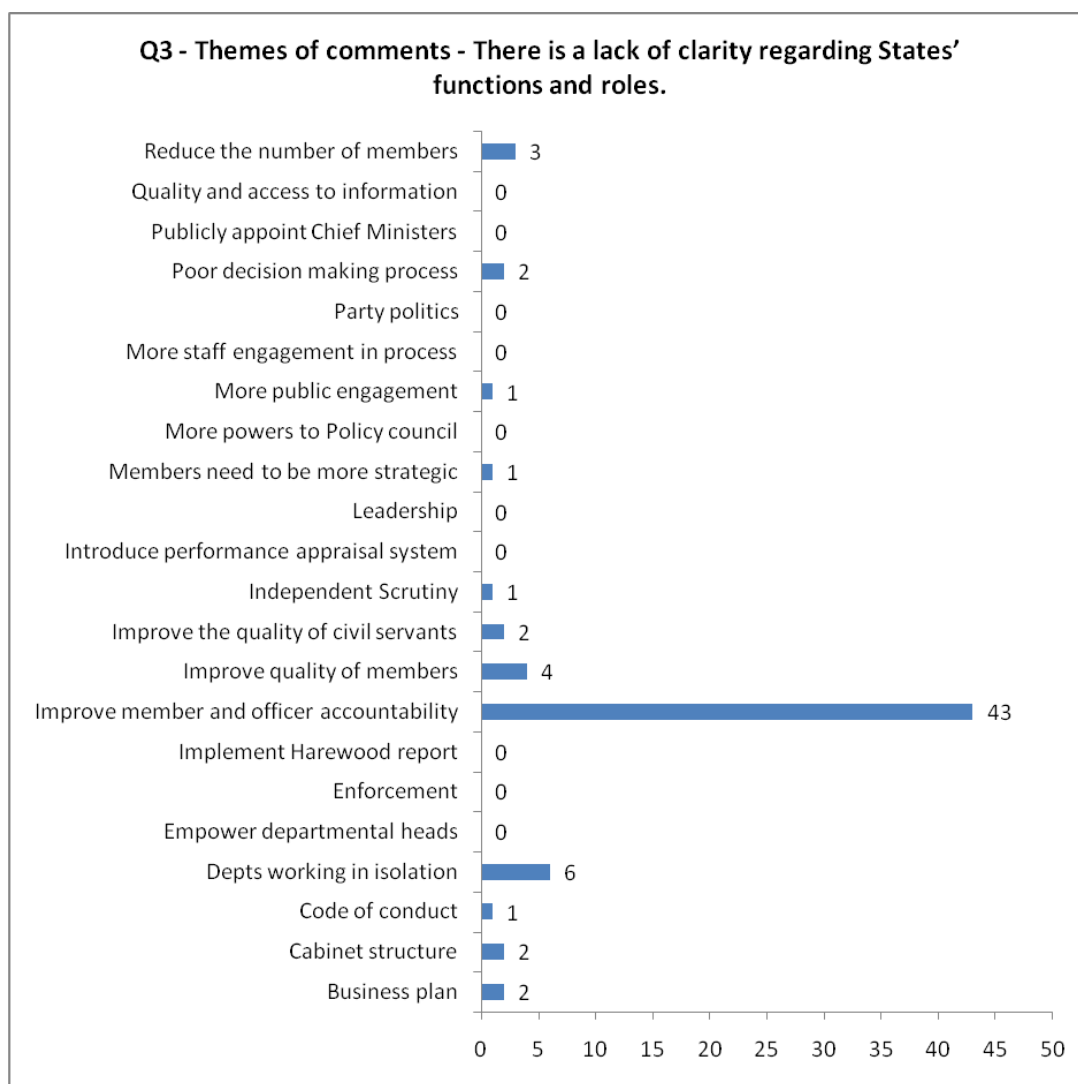
Examples of solutions provided by the respondents include:
...local issues get in the way of deputies taking decisions that are in the interests of the island and not just a local parish. There can be no corporate leadership unless the leaders have the power to make and implement decisions and be held accountable...there will need to be an effective oversight process but this does not need to be too heavy handed.
There needs to be a radical change with a more Executive style government with clear leadership roles and accountability.
A style of government should be developed along the lines of Singapore. Members should only stand if they are committed to the island (i.e. are likely to remain on island to live with the consequences of their decisions!) and that there should be a much reduced number - my view would be 10-12.
There should be a direct connection between role and accountability.
The so-called consensus government, which in practice is more government by individual Departments, is not working; therefore, (regrettably) more authority needs to be invested in the Policy Council.

Q3 – There is a lack of clarity regarding States’ functions and roles

12. The main solutions suggested by respondents were:

- Improving Deputy and Officer accountability (43). The main solution was focused on accountability. Specifically, awareness of the distinction of the roles; acting for the good of the island and improving communications between roles.
- Departments work in isolation (6). It was suggested that the States should develop a more ‘joined-up’ approach to reduce Departments working in isolation.
- Improve quality of Deputies (4). Respondents felt the Deputies needed to improve their business acumen and judgment to better govern the States.

The range of solutions relevant to this question is illustrated in the table below



Examples of solutions provided by the respondents include:

Current structure is too unwieldy with too many Deputies and propensity to reverse decisions whether good or bad. The Harwood review proposals should be implemented in their entirety.

The policy council does not function well, and there is no-one capable of making and implementing difficult decisions. We need much greater accountability for senior members of the policy council.

Our style of government should be developed along the lines of Singapore. Members should only stand if they are committed to the island (ie, are likely to remain on island to live with the consequences of their decisions!) and that there should be a much reduced number – my view would be 10 to 12.

Examples of solutions provided by the respondents include:

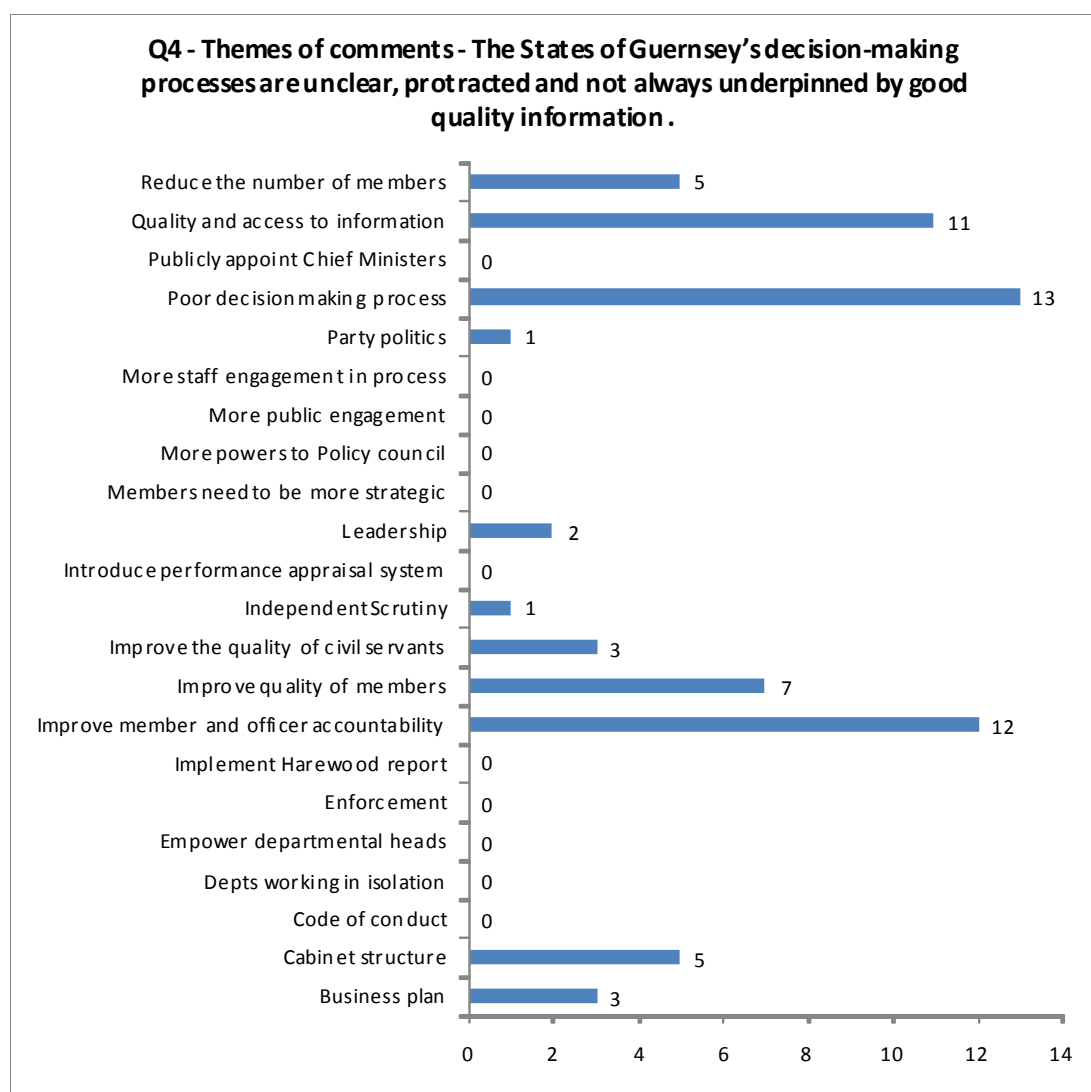
The basic principles of government in Guernsey are flawed. Departmental 'sovereignty' exacerbates this as there are conflicting objectives. We need a clear mandate for the Chief Minister, authority for the Policy Council as a whole to take decisions, and far far fewer (no more than 20) deputies in total. Forty-six deputies for an Island with a population of 60,000 is ridiculous.

I agree with regard to the civil service where procedures and lines of responsibility are somewhat opaque. Political leadership can be grasped by politicians, but a new voting system could enhance the accountability and authority of Chief Ministers.

Q4 – The States of Guernsey's decision-making processes are unclear, protracted and not always underpinned by good quality information

13. The main solutions suggested by respondents were:
- Improve decision-making process (13). This about having a process in place which enabled decisions to be implemented and not necessarily reopened all the time. It is also about the reviewing the language used in reports to support the decision-making process.
 - Improve Deputy and Officer accountability (12). Need a more 'business like' approach to the decision-making process with clearly defined roles for officers and deputies.
 - Improve quality of Deputies (7). Respondents felt the Deputies needed to improve their business acumen and judgment to better govern the States.
 - Reduce the number of Deputies (5). Some respondents felt there should be a reduction in the number of Deputies. Others felt that Deputies should be paid more and thus attract a better standard of Deputy.
 - Cabinet structure (5). Introducing a 'cabinet structure' will improve the decision-making process and reduce the number of decisions being reopened.

The range of solutions relevant to this question is illustrated in the table below



Examples of solutions provided by the respondents include:

Improvements could be made by putting processes in place that are clear. Clear lines of accountability and decision making.

The states MUST be made more attractive for commercially aware individuals and use local experts to advise them, perhaps in open states forum.

Sadly I believe much of the issue here is with the calibre and lack of understanding of individual Deputies. We need to find a way of attracting better educated individuals into the States, and also educate Deputies as to their role, in particular the fundamental difference between political and operational matters.

Agree. The States will spend considerable time debating several issues of minor importance - but which members understand, and do not give sufficient time discussing significant policy issues. Possibly better quality civil servants with more authority.

Examples of solutions provided by the respondents include:

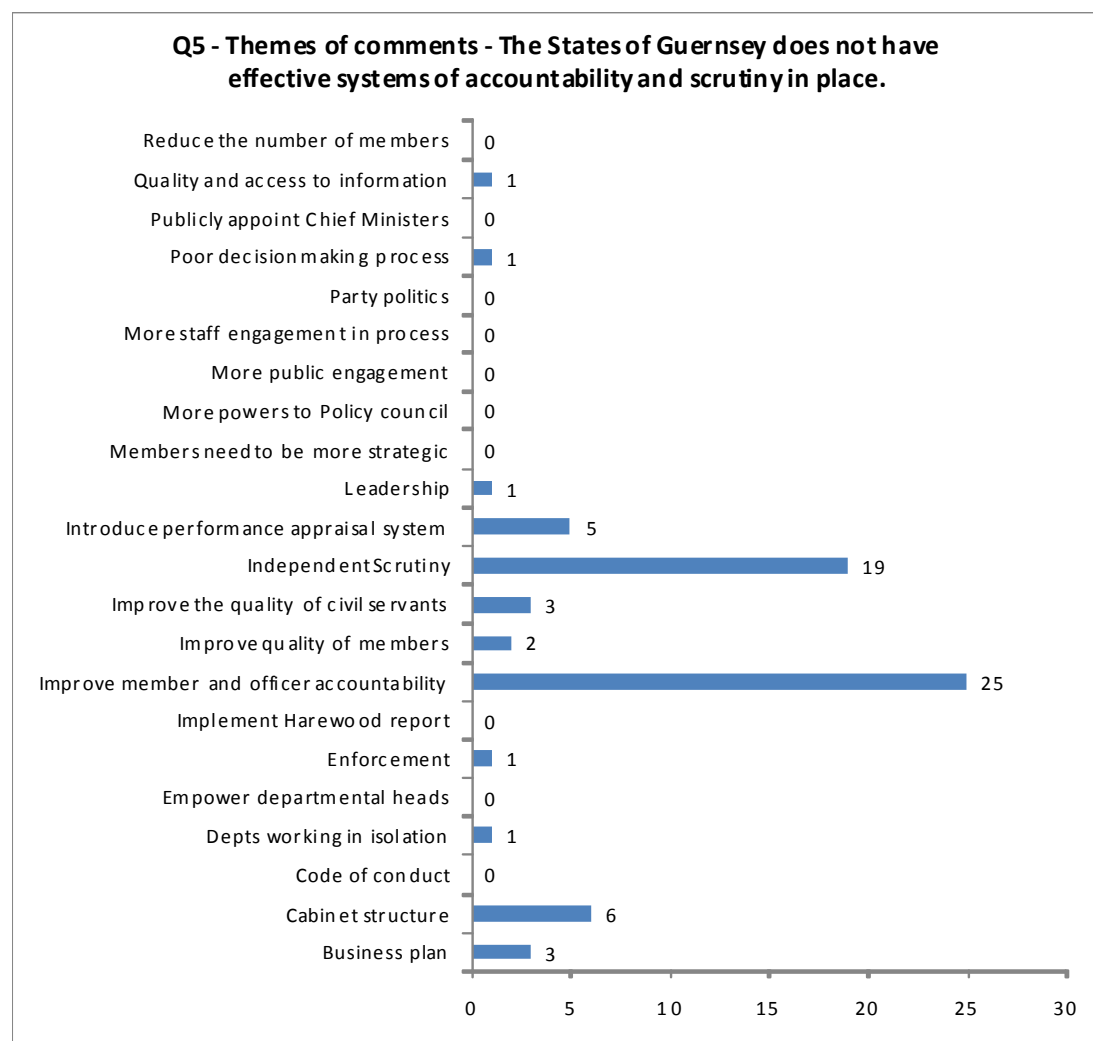
Totally agree. The number of times decisions are made only for them to be dragged back into yet another consultation period is totally unacceptable. The continual disregarding of external consultants' results is both wasteful of money and arrogant. Decision making should be made by a smaller number of individuals not by general consensus.

Q5 – The States of Guernsey does not have effective systems of accountability and scrutiny in place

14. The main solutions suggested by respondents were:

- Improve Deputy and Officer accountability (25)
- Independent scrutiny (19)
- Cabinet structure (6)
- Introduce performance appraisal system (5)

The range of solutions relevant to this question is illustrated in the table below



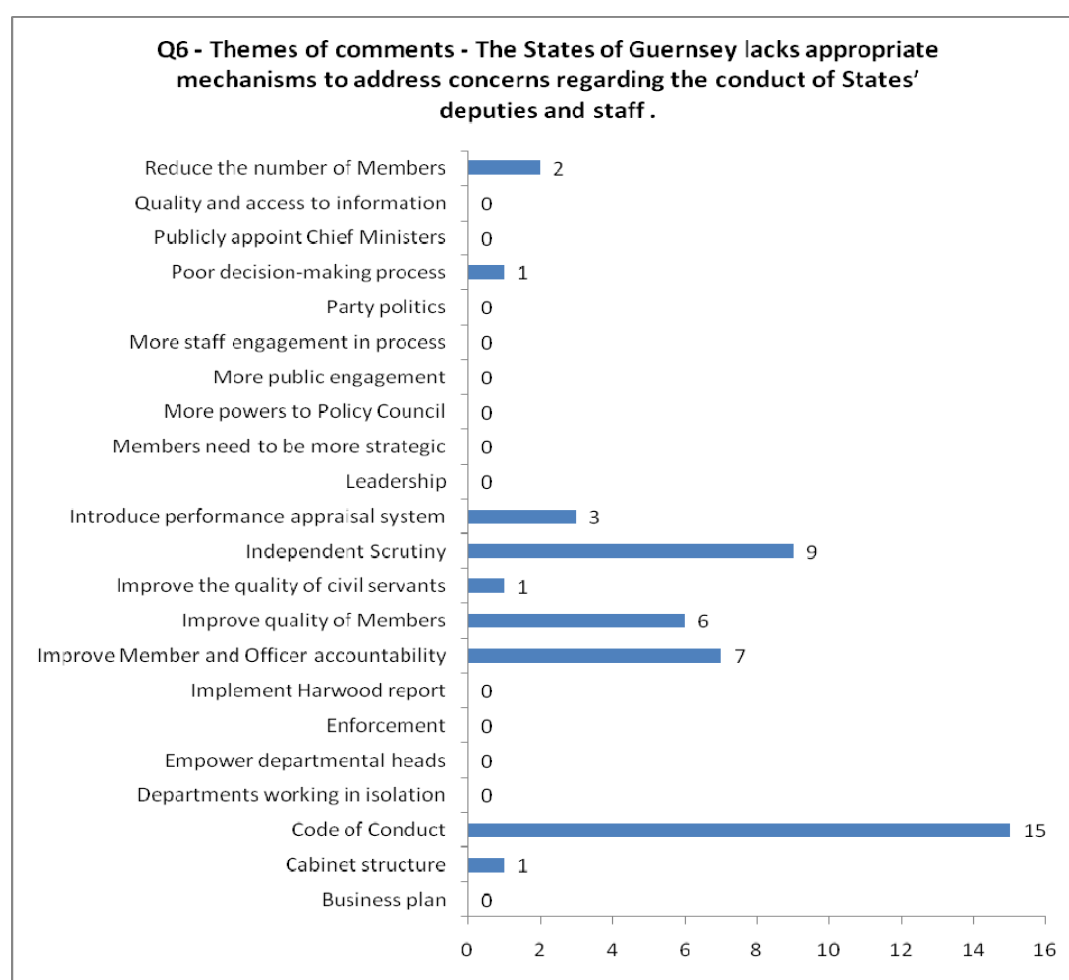
Examples of solutions provided by the respondents include:
No-one ever takes the blame for mistakes and errors are often hidden from public view. More transparency and accountability are required. Possibly a code of conduct for members?
Through performance management; and public scrutiny eg, through the media the States members have been able to excuse their behaviour amongst their peers but it is ultimately the people of this Island who are represented by the Politicians and their public views should count where necessary.
Established staff get frustrated at the 'changing of the policy goalposts' so accountability is really related back to strategic policies and leadership at political and executive level. If the Policy is clear, this gives direction to the Executive to help deliver the political objectives. Until the political objectives and timescales are defined, trying to measure accountability is almost impossible.
The appointment of an independent auditor general is essential. Previous audit roles were abolished because they were becoming too effective.
Again, it follows from the lack of a single line of command, that accountability will be similarly hazy.

Q6 – The States of Guernsey lacks appropriate mechanisms to address concerns regarding the conduct of States’ Deputies and staff

15. The main solutions suggested by respondents were:

- Code of Conduct (15)
- Independent scrutiny (9)
- Improve Deputy and Officer accountability (7)
- Improve quality of Deputies (6)

The range of solutions relevant to this question is illustrated in the table below



Examples of solutions provided by the respondents include:

The Committee approach allows self serving attitudes to prevail. The whole thing comes down to an absence of a single line of command, leading up to an executive Board which carries responsibility for all functions of the States. The present machinery of government in the States is outmoded and simply cannot cater for today's requirements.

There is no mechanism for disciplining politicians, and there is no apparent transparency in the way staff are dealt with – eg, states negotiator, suspension of senior hospital staff, etc.

Conduct of states members at Board level and in public is appalling. The Code of conduct must be more robust with clearer options for discipline

Regrettably the states members do tend to look after each other and the public are often left feeling sceptical. The fire fighters dispute is a perfect example of a lack of trust and a need to spend good money on a public hearing to satisfy the public concern. If the inquiry finds some politicians lacking what then? There must be a disciplinary process that can be used to reprimand or highlight poor judgements when politicians get it badly wrong. This could be through an independent panel consisting of the heads of professional bodies such as the police, accountants, etc.

Appendix 1

Summary of additional comments received via letters

In addition to the 100 replies via the Wales Audit Office's website we received eight letters from Islanders.

The main concerns and suggestions in the letters focused on five areas:

- The concerns around the introduction of an Executive Cabinet. Would this actually lead to improved governance arrangements.
- Poor behaviour, accountability and ability of civil servants and of politicians. A possible solution suggested would be to introduce a code of conduct for civil servants and a written constitution for the politicians.
- Issues related to Policy Council. These ranged from a perceived lack of transparency to suggestions that the Policy Council should be formed by a Chief Minister.
- The introduction of Island wide voting is seen as a possible solution to poor performing deputies. It was also suggested Island wide voting could leave smaller communities under represented.
- The concept of consultation is something the government only pays lip service to.

Concerns were expressed that it would not be appropriate to give additional powers to a smaller number of people. The responses suggested that this approach went against the concept of sharing power equally across the wider government. The demise of the junior roles within the government was felt to be a problem as it was felt that these positions had been a good training ground for developing officials.

Some of the respondents felt that civil servants, who are unelected, seem to be gaining more and more control of Guernsey. In addition the point was raised that many of the civil servants were not local people and therefore may not fully understand the local issues.

Appendix 2

Summary of the main issues raised in the letters

Letter	Main Issues
1	<ul style="list-style-type: none"> No link between evidence in report that a change in systems of government would result in improved good governance. Failure of current system – Policy Council elected by secret ballot. The public should know who the deputies voted for.
2	<ul style="list-style-type: none"> The report did not indicate that an executive committee would benefit the island. It would be a mistake to give a small number of people more power.
3	<ul style="list-style-type: none"> Concerns with possibility of executive government. Civil servants are unelected officials and seem to have more and more control of Guernsey. Civil servants are often not local people. Introduce an island wide voting system. Government seems to have lost common sense and respect for opinions of others.
4	<ul style="list-style-type: none"> The demise of the roles within the government, such as the junior roles is a problem. These were a good training ground for developing officials.
5	<ul style="list-style-type: none"> The government pays lip service to the concept of consultation (examples given include airport refurbishment, Machinery of Government and the Treatment of Solid Waste). Poor team working within the States Department. Concerns with ability of elected representatives or staff in taking difficult decisions. Poor behaviour of States Members – more akin to personality politics. Little evidence of civil servants or politicians being held accountable for their actions (or inactions). The need for a higher calibre of politicians. Resolving over-manning, waste, duplication and inefficiencies prior to any borrowings being undertaken.
6	<ul style="list-style-type: none"> Examine the civil servant contract of employment, particularly the higher echelons. Examine the mandates of each committee in relation to the needs of the general public. State Deputies should be subject to a clause in their contract of employment to reject them for failure to carry out their role. Consider introducing a Parish Douzaine representative role. Review Guernsey's role within the EU. Immigrants should have criminal and health checks.
7	<ul style="list-style-type: none"> Neither civil servants nor politicians take responsibility for their actions. Introduce a code of conduct for civil servants. Introduce a written constitution for the politicians. Resolve Guernsey's relations with the UK and EU.
8	<ul style="list-style-type: none"> Too many sitting deputies, reduce by seven. Policy Council should be formed by a Chief Minister, elected by the States of Deliberation and then appoint other Ministers. Island-wide voting.

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The States are asked to decide:-

VI.- Whether, after consideration of the Report, dated 24th January, 2011, of the Public Accounts Committee, they are of the opinion:-

1. To adopt the six Core Principles of good governance as determined by the UK Independent Commission on Good Governance in Public Services.
2. To direct the Policy Council, the Treasury and Resources Department, the States Assembly and Constitution Committee, the Public Accounts Committee and the Scrutiny Committee to have particular regard to that Report in discharging their respective mandates.
3. To direct the Public Accounts Committee and the Scrutiny Committee to monitor progress of Departments and Committees in conforming to the six Core Principles of good governance.
4. To direct the Policy Council when reviewing Reports received in accordance with Rule 2 (1) (a) of the Rules of Procedure of the States of Deliberation, to consider the degree to which a Department's proposals comply with the six Core Principles of good governance.

ORDINANCE LAID BEFORE THE STATES

**THE AL-QAIDA AND TALIBAN (FREEZING OF FUNDS)
(GUERNSEY) ORDINANCE, 2011**

In pursuance of the provisions of the proviso to Article 66 (3) of the Reform (Guernsey) Law, 1948, as amended, the Al-Qaida and Taliban (Freezing of Funds) (Guernsey) Ordinance, 2011, made by the Legislation Select Committee on the 24th January, 2011, is laid before the States.

STATUTORY INSTRUMENTS LAID BEFORE THE STATES

**THE HEALTH SERVICE (MEDICAL APPLIANCES)
(AMENDMENT) REGULATIONS, 2010**

In pursuance of Section 35 of The Health Service (Benefit) (Guernsey) Law, 1990, the Health Service (Medical Appliances) (Amendment) Regulations, 2010, made by the Social Security Department on 15th December, 2010, are laid before the States.

EXPLANATORY NOTE

These regulations further amend the Health Service (Medical Appliances) Regulations, 1990, as amended, by increasing the charges payable to authorised appliance suppliers in Guernsey and Alderney by persons supplied with Part I, II or III medical appliances who are not exempt from such charges. These Regulations came into operation on 1st January 2011.

**THE SOCIAL INSURANCE (BENEFITS)
(AMENDMENT) REGULATIONS, 2010**

In pursuance of Section 117 of the Social Insurance (Guernsey) Laws, 1978-2004, the Social Insurance (Benefits) (Amendment) Regulations, 2010, made by the Social Security Department on 15th December, 2010, are laid before the States.

EXPLANATORY NOTE

These regulations amend the schedules to the Social Insurance (Benefits) Regulations, 2003 and prescribe the reduced rates of benefit payable from 3rd January 2011 to claimants who do not satisfy the conditions for entitlement to payment of the maximum rate of benefit.

**THE TOBACCO ADVERTISING (GUERNSEY)
(AMENDMENT) REGULATIONS, 2010**

In pursuance of Section 3 (2) (c) of the Tobacco Advertising (Guernsey) Law, 1997, the Tobacco Advertising (Guernsey) (Amendment) Regulations, 2010, made by the Health and Social Services Department on 22nd December, 2010, are laid before the States.

EXPLANATORY NOTE

These Regulations replace picture warning No. 14 in the Tobacco Advertising (Guernsey) Regulations, 2010, with a picture warning that sets out the telephone number of the UK Quitline. Arrangements have been made to redirect callers from Guernsey who dial that number to the Guernsey Quitline. These Regulations came into operation on 22nd December 2010.

The principal Regulations, which require picture warnings to be carried on packets of tobacco products sold, or offered or exposed for sale, came into operation on the 10th August, 2010. However, transitional provisions allow existing packets to be sold, or offered or exposed for sale, without these warnings, before the 10th August, 2011 (in the case of cigarette packets) or before the 10th August, 2012 (in the case of any other packets).

THE WASTE DISPOSAL CHARGES REGULATIONS 2011

In pursuance of Section 72 (3) of the Environmental Pollution (Guernsey) Law, 2004, the Waste Disposal Charges Regulations 2011, made by the Public Services Department, in its capacity as Waste Disposal Authority, on 11th January, 2011, are laid before the States.

EXPLANATORY NOTE

These Regulations, made by the Public Services Department in its capacity as Waste Disposal Authority under the Environmental Pollution (Guernsey) Law, 2004, prescribe the charges payable in order to dispose of waste at the Authority's waste disposal sites as from 1st January 2011.

**THE HEALTH SERVICE (PAYMENT OF AUTHORISED SUPPLIERS)
(AMENDMENT) REGULATIONS, 2011**

In pursuance of Section 35 of the Health Service (Benefit) (Guernsey) Law, 1990, the Health Service (Payment of Authorised Suppliers) (Amendment) Regulations, 2011, made by the Social Security Department on 20th January, 2011, are laid before the States.

EXPLANATORY NOTE

These Regulations amend the Schedules to the Health Service (Payment of Authorised Suppliers) Regulations, 2003 by increasing the graduated fees paid to pharmacists not employed by a medical practice. These Regulations came into operation on 1st January, 2011.

**THE HEALTH SERVICE (PAYMENT OF AUTHORISED APPLIANCE
SUPPLIERS) (AMENDMENT) REGULATIONS, 2011**

In pursuance of Section 35 of the Health Service (Benefit) (Guernsey) Law, 1990, the Health Service (Payment of Authorised Appliance Suppliers) (Amendment) Regulations, 2011, made by the Social Security Department on 20th January, 2011, are laid before the States.

EXPLANATORY NOTE

These Regulations amend the Schedules to the Health Service (Payment of Authorised Appliance Suppliers) Regulations, 2003. These Regulations came into operation on 1st January, 2011.

Guernsey Quarterly Inflation Bulletin

31st December 2010 - release date 21st January 2011



POLICY COUNCIL
THE STATES OF GUERNSEY

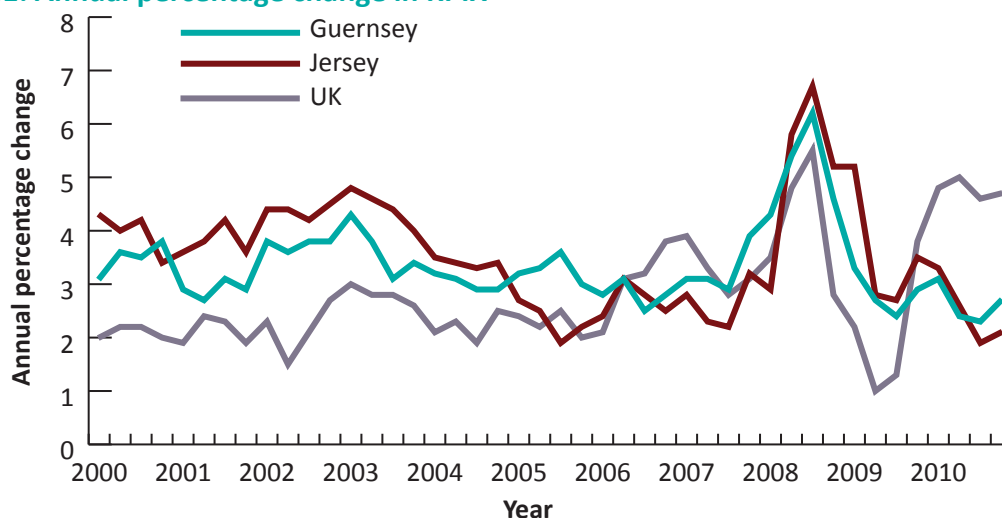
1.1 Introduction

The Guernsey RPIX and RPI are measures of inflation used in Guernsey. They measure the change in the prices of goods and services bought for the purpose of consumption or use by households in Guernsey. The indices are published quarterly by the States of Guernsey Policy and Research Unit. The calculation of the RPIX and RPI are based on the price change of items within a 'shopping basket'. Whilst some prices rise over time, others will fall or fluctuate and the indices represent the average change in these prices. More detailed information on the calculation of these indices can be found at the end of this handout.

1.2 Headlines

- Guernsey's annual inflation as measured by RPIX ('core' inflation excluding mortgage interest payments) was 2.7% in the year ending December 2010, compared to 2.3% in the year ending September 2010 and 2.9% in the year ending December 2009.
- In the UK and Jersey the equivalent RPIX figures for the year ending December 2010 were 4.7% and 2.1% respectively (see [Figure 1.2.1](#)).
- Eleven of the fourteen RPIX groups increased in the year ending December 2010.
- For the fifth successive quarter the fuel, light and power and motoring groups made the largest contributions (0.6 and 0.5 percentage points respectively) to the annual increase in RPIX.
- The household services group made the largest negative contribution (0.2 percentage points) to the annual change.
- The 'all items' RPI inflation rate was 2.3% in the year ending December 2010, compared to 1.6% in the year ending September 2010 and 2.2% in the year ending December 2009.

Figure 1.2.1: Annual percentage change in RPIX



**IN THE STATES OF THE ISLAND OF GUERNSEY
ON THE 30TH DAY OF MARCH, 2011**

**The States resolved as follows concerning Billet d'État No IV
dated 18th February 2011**

**THE MACHINERY OF GOVERNMENT
(TRANSFER OF FUNCTIONS) (GUERNSEY) ORDINANCE, 2011**

I.- To approve the draft Ordinance entitled “The Machinery of Government (Transfer of Functions) (Guernsey) Ordinance, 2011” and to direct that the same shall have effect as an Ordinance of the States.

THE PUBLIC HOLIDAYS (ROYAL WEDDING) ORDINANCE, 2011

II.- To approve the draft Ordinance entitled “The Public Holidays (Royal Wedding) Ordinance, 2011” and to direct that the same shall have effect as an Ordinance of the States.

STATES HOUSING DEPARTMENT

**HOUSING (CONTROL OF OCCUPATION) (GUERNSEY) LAW 1994
VARIATION TO THE HOUSING REGISTER**

III.- After consideration of the Report dated 20th December, 2010, of the Housing Department:-

1. That the Basement Flat situated on the site known as 4 Choisi Terrace, Les Gravées, St Peter Port, shall be inscribed in Part A of the Housing Register.
2. To direct that an Ordinance be prepared, in accordance with section 52 of the Housing (Control of Occupation) (Guernsey) Law, 1994, to permit the Department to inscribe the Basement Flat in Part A of the Housing Register subject to:
 - (a) application being made by the owners within 6 months from the commencement date of the Ordinance; and
 - (b) the owner first deleting from Part A of the Housing Register one of the existing ‘Open Market’ dwellings on that same site and providing one additional unit of Local Market accommodation within the existing enclos.
3. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

PUBLIC SERVICES DEPARTMENT

RAISING INCOME AT THE AIRPORT AND HARBOURS

IV.- After consideration of the Report dated 24th December, 2010, of the Public Services Department:-

1. To rescind Resolution 8(b) on Billet d'État No. IX of 2009 and to direct the Treasury and Resources Department to establish the optimum mechanism, excluding external borrowing, for increasing the capital reserve by a further £1.88m (at 2011 values) per annum and report thereon to the States at the earliest opportunity.
2. To authorise the withdrawal of £1.88m from the Ports Holding Account reserves, in 2011 only, for transfer to the capital reserve.”

HOME DEPARTMENT

TERRORIST ASSET FREEZING LEGISLATION

V.- After consideration of the Report dated 24th January, 2011, of the Home Department:-

1. To enact legislation to implement UNSCR 1373 as set out in the letter from HM Procureur quoted in section 2 of that Report.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

ORDINANCE LAID BEFORE THE STATES

THE AL-QAIDA AND TALIBAN (FREEZING OF FUNDS) (GUERNSEY) ORDINANCE, 2011

In pursuance of the provisions of the proviso to Article 66 (3) of the Reform (Guernsey) Law, 1948, as amended, the Al-Qaida and Taliban (Freezing of Funds) (Guernsey) Ordinance, 2011, made by the Legislation Select Committee on the 24th January, 2011, was laid before the States.

STATUTORY INSTRUMENTS LAID BEFORE THE STATES

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**IN THE STATES OF THE ISLAND OF GUERNSEY
ON THE 31ST DAY OF MARCH, 2011**

(Meeting adjourned from 30th March, 2011)

**The States resolved as follows concerning Billet d'État No IV
dated 18th February 2011**

PUBLIC ACCOUNTS COMMITTEE

GOVERNANCE IN THE STATES OF GUERNSEY

VI.- After consideration of the Report, dated 24th January, 2011, of the Public Accounts Committee:-

1. To adopt the six Core Principles of good governance as determined by the UK Independent Commission on Good Governance in Public Services.
2. To note the content of Appendices 1 to 5 of that Report.
3. To direct the Public Accounts Committee, the Scrutiny Committee and the States Assembly & Constitution Committee, after consultation with the Policy Council, jointly to present to the March, 2012 meeting of the States of Deliberation, or sooner if possible, a report containing detailed proposals on how in practical terms the six Core Principles of good governance can be applied, and how compliance with them can be measured, within the context of Guernsey's system of government by committees and consensus.
4. To direct that until consideration by the States of Deliberation of the report referred to in proposition 3 above:
 - (a) the Policy Council and Departments and Committees of the States shall give consideration to the suggestions set out in the sections in that Report headed 'Way Forward' in respect of each of the six Core Principles of good governance as they relate to them respectively; and
 - (b) the Policy Council shall include in its statement appended to each Report submitted by a States Department or Committee or group of members in the case of a Requête for inclusion in a Billet d'État in accordance with Rule 2(1)(a) of the Rules of Procedure of the States of Deliberation such assessment as the Policy Council considers necessary relating to the extent to which the Report conforms to the six Core Principles of good governance.
5. To direct the Policy Council to incorporate into the States Strategic Plan clear references to the six Core Principles of good governance and the ways in which they are being, or are to be, developed and given effect in order to support the States objectives and the underlying Plans.

S M D ROSS
HER MAJESTY'S DEPUTY GREFFIER