



OFFICIAL REPORT

OF THE

STATES OF DELIBERATION

OF THE

ISLAND OF GUERNSEY

HANSARD

Royal Court House, Guernsey, Tuesday, 30th July 2013

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Present:

Richard J. Collas, Esq., Bailiff and Presiding Officer

Law Officers

H.E. Roberts Esq., Q.C. (H.M. Procureur) [morning]
Miss M.M.E. Pullum, Q.C., (H.M. Comptroller) [afternoon]

People's Deputies

St. Peter Port South

Deputies P. A. Harwood, J. Kuttelwascher, B. L. Brehaut,
R. Domaille, A. H. Langlois, R. A. Jones

St. Peter Port North

Deputies M. K. Le Clerc, J. A. B. Gollop, P. A. Sherbourne,
R. Conder, M. J. Storey, L. C. Queripel

St. Sampson

Deputies G. A. St Pier, K. A. Stewart, P. L. Gillson,
P.R. Le Pelley, S. J. Ogier, L. S. Trott

The Vale

Deputies M J Fallaize, D. B. Jones,
M. M. Lowe, A. R. Le Lièvre, A. Spruce, G. M. Collins

The Castel

Deputies D. J. Duquemin, C. J. Green, M. H. Dorey,
S. A. James, M.B.E.

The West

Deputies R. A. Perrot, A. H. Brouard, A. M. Wilkie,
D. de G. De Lisle, Y. Burford, D. A. Inglis

The South-East

Deputies H. J. R. Soulsby, R. W. Sillars, P. A. Luxon,
M. G. O'Hara, F. W. Quin, M. P. J. Hadley

The Clerk to the States of Deliberation

J Torode, Esq. (H.M. Greffier)

Absent at the Evocation

Deputies B. J. E. Paint, L. B. Queripel, E. G. Bebb (*relevé à 9h 43*),
J.P. Le Tocq (*relevé à 12h 08*), A.H. Adam (*relevé à 9h 43*)
And Alderney Representatives L.E. Jean (*relevé à 14h 30*) and E.P. Arditti (*relevé à 14h 30*)

Business transacted

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The House adjourned at 5.31 p.m.

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States of Deliberation

*The States met at 9.30 am in the presence of
His Excellency Air Marshal Peter Walker C.B., C.B.E.
Lieutenant-Governor and Commander-in-Chief of the Bailiwick of Guernsey*

[THE BAILIFF *in the Chair*]

PRAYERS

5

The Greffier

EVOCATION

10

CONVOCATION

15 **The Greffier:** To the Members of the States of the Island of Guernsey I hereby give notice that a meeting of the States of Deliberation will be held at the Royal Court House on Tuesday, 30th July 2013 at 9.30 a.m. to consider the items contained in the Billets d'État XV, XVI and XVII of 2013, which have been submitted for debate.

20 **The Bailiff:** Members of the States, as it may get warm in here over the next few days, those who wish may remove their jackets.

Congratulations to the Royal Family on the birth of HRH Prince George of Cambridge

25

The Bailiff: Members of the States of Deliberation, it is with great pleasure that we greeted the news that HRH the Duchess of Cambridge had been safely delivered of a son, HRH Prince George of Cambridge.

30

His Excellency, the Chief Minister, and I, on behalf of the people of Guernsey, have sent messages of congratulations to Their Royal Highnesses the Duke and Duchess of Cambridge and also to Her Majesty the Queen and to Their Royal Highnesses the Prince of Wales and the Duchess of Cornwall.

35

Our link with the English Crown goes back to 1066, and the birth of an heir to the throne of a further generation assures us of the continuity of the monarchy and our valued link with the Crown. The people of Guernsey are very proud of our connection with the Royal Family and I am sure that we look forward to the day when Prince George will make his first visit.

40

Whilst the Island rejoiced in the birth of a new Prince, Monday of last week was also a very special day for four sets of parents whose babies were born that day in our Bailiwick, and I have written to the parents of George Gaudion, Jessica Ozanne, Elodie Woodward and Hollie Parmentier, expressing our best wishes to them, and with the agreement of the Chief Minister have advised them that each child will be presented with a first-day cover of the commemorative miniature sheet stamp and one of the commemorative coins as soon as they are available.

45

The Bailiff: I now invite Deputy Lowe to address the Assembly.

Deputy Lowe: Thank you very much, sir.

50

Mr Bailiff, it is an honour for me, on behalf of the Members of the Assembly, to endorse your words regarding the birth of HRH Prince George of Cambridge.

55 The birth of a baby is a very special occasion for any family and I am sure that the Duke and Duchess of Cambridge will have felt the same personal joy experienced by any parents at the birth of their first-born child; but in the case of a royal child, and in particular an heir apparent, the birth is of a wider significance throughout the United Kingdom, Crown Dependencies and Commonwealth.

Prince George, in due time will, we earnestly hope, reign as our King in succession to the Dukes of Normandy. Like you, I look forward to the day when the young Prince will visit us and I am sure that we hope that Their Royal Highnesses the Duke and Duchess of Cambridge will also one day visit the Bailiwick.

60 So I close, Mr Bailiff, by offering our warmest congratulations to Their Royal Highnesses and expressing the hope that Prince George will be blessed with happiness and good health throughout his life.

65 **The Bailiff:** Thank you very much, Deputy Lowe. *(Applause)*

70 **Procedural
Variation in the Order of Business**

The Bailiff: Next, Members of the States, before we proceed onto the formal business, I wish to propose a procedural motion for a variation in the order of business.

75 Billet XVII, the Treasury and Resources Department Report on Aurigny Air Services Aircraft Acquisitions, is to some extent time sensitive and I think the Minister has some concerns that there is a risk we might not get round to it at this meeting.

So the proposition I am putting to you is:

That Billet d'État XVII be taken immediately after Article IV of Billet d'État XV.

80 That is immediately at the conclusion of the debate on the Government Service Plan.
Those in favour; those against.

Members voted Pour.

85 **The Bailiff:** I declare that carried.

90 **Questions for Oral Answer**

POLICY COUNCIL

95 **Referendum process
Fast-tracking of legislation**

The Bailiff: We move on, then, to Question Time, and the first Question is to be asked by Deputy Gollop of the Chief Minister.

100 Deputy Gollop.

Deputy Gollop: Thank you, sir, and I have at least one supplementary.

105 My Question is: in view of recent political events on the Island of Jersey, and to some extent in Scotland, and the continuing work of the States Review Committee in reconsidering the machinery of Government, will the Policy Council now decide to prioritise resources and political impetus behind reconsidering the fast-tracking and implementation of a decade-old States resolution to bring forward an Islandwide referendum process and law, so that local people may be given this constitutional option as a tool to be selected by the States of Deliberation for consideration?

110 **The Bailiff:** Chief Minister to reply.

The Chief Minister (Deputy Harwood): Thank you, sir.

In January 2013, the Policy Council responded to a Rule 6 Written Question from Deputy Lester Queripel in relation to referendums. The full response is available on the States of Guernsey website.

115 In 2012, the Policy Council undertook further research on referendums. We established that there are a number of constitutional, policy and technical considerations that had not been taken into account when the States debated the report firstly in 2002.

In particular, the Policy Council has not been able to resolve how to make referendums binding in any legal sense. Whilst the constitutional machinery does not allow for legally binding referendums, they would still, however, be politically binding.

120 These considerations are all issues that were highlighted as being important during the recent referendum held in Jersey. This confirms that these are all matters which the States must consider when seeking to clarify how referendums can be implemented.

125 Given these issues, the Policy Council has not felt able to allocate resources to this matter in the face of greater priorities.

The outcome of the States Review Committee's work may influence how referendums may operate. Following this review, the Policy Council will then seek to bring the matter before the States.

130 **The Bailiff:** Thank you.
Any supplementary?

Deputy Gollop: Yes, sir.

135 I thank the Chief Minister for reminding us to look at the Written Question from Deputy Laurie Queripel – who I am sure we all wish very well in his health recovery (**Several Members:** Hear, hear.) – but I would point out that the last paragraph of that Answer refers us to a report the Policy Council considered on this issue in June 2002, where they resolved to discuss the matter with the States Review Committee.

140 Would it be possible for the Policy Council to make public, or at least distribute to States Members, the body of that report?

The Bailiff: Chief Minister.

145 **The Chief Minister:** There is, as yet, no report that has been sent to the States Review Committee, but that is a matter that will be followed up in due course.

The Bailiff: Deputy Gollop.

Deputy Gollop: Thank you, sir.

150 My other supplementary is that, given there are a wide variety of referenda that can be done, including those that are binding and those that are not – and those are just indicative – why is it that the States cannot be presented with a simpler package whereby referenda are considered not to be binding but instructive and that they would not have meaning beyond one term of the States, similar to what is the situation in Jersey?

155 **The Bailiff:** Chief Minister.

The Chief Minister: Sir, as I have indicated, there are a number of issues relating to how one can introduce the principle of referenda.

160 The recent experience in Jersey suggests that it is not legally binding. Actually, the issues would be greater for the States of Deliberation. I am happy, however, to take note of Deputy Gollop's suggestion.

165 Can I just correct one thing: I mentioned that no formal report had been made to the States Review Committee. I believe actually the matter was referred to the States Review Committee some time ago and I think the States Review Committee felt that it was inappropriate at that stage for the Review Committee to respond or to take on the mantle of looking at referenda.

Thank you, sir.

170 **The Bailiff:** Any other supplementaries? No? In that case, I think that concludes...
Yes, Deputy Bebb and Deputy Adam, you both wish to be *relevé*?

Deputy Bebb: Yes, please, sir.

175 **The Bailiff:** Okay.

ENVIRONMENT DEPARTMENT

180

Bus services Review of timetable

The Bailiff: We move on, then, to Deputy Gollop's Question to the Minister of the Environment Department – first Question concerning bus services.

185

Deputy Gollop: I have got a brief supplementary to both parts of the Questions, please.

Will the Environment Department be reviewing, with a view to making changes to bus routes, rosters, timetables and bus network links, the autumn-winter 2013-14 timetable that CT Plus, HCT Group currently run on behalf of the States and people of Guernsey?

190

The Bailiff: Deputy Domaille, the Minister for the Environment Department, will reply.

Deputy Domaille: Thank you, sir.

195 Yes, the Department is currently in the process of discussing potential changes to the winter 2013-14 timetable with CT Plus.

Whilst this will include possible changes to routes, timings and frequencies of operation, which in themselves will require changes to rosters – the duty cards – the configuration of those rosters is an operational matter between the company and its employees. The overall opportunities to make changes will, of course, be limited in their extent by the availability of budgetary resources.

200

The Bailiff: Deputy Gollop, you have a supplementary?

Deputy Gollop: My supplementary is whilst I accept much progress has been made, would not the Minister and the Department agree that the rosters on some routes – in particular those serving the hotels at Saints, Icart and Jerbourg – tend to lead inevitably to extreme late running and unreliability, so the rosters can have a policy effect on the delivery of a service for both locals and visitors?

205

The Bailiff: Deputy Domaille.

210

Deputy Domaille: Thank you, sir.

I think, with regard to the rosters, as I have said, it is a matter for CT Plus to sort that out with their employees. As far as we, the bus users, are concerned, we want the buses to run on time. So of course, Deputy Gollop, you are right in as far as that goes: we are concerned about making sure the buses run on time. I will take that comment and make sure we include it in our discussions with CT Plus.

215

220

Bus service review Further feedback

The Bailiff: Deputy Gollop, your second Question.

225

Deputy Gollop: My second Question is does the Environment Department welcome further feedback, consultations and opinions – in considering any constructive changes – from interested parties and stakeholders, including bus users, commuters, environmentalists, social organisations, tourist businesses, and other diverse individuals and groups, which may include the use of social networking sites?

230

The Bailiff: Deputy Domaille.

Deputy Domaille: Thank you, sir.

235 Yes, the Department has and will continue to consider the views of all interested parties that may wish to submit comments as part of any statutory consultation process or otherwise.

The Department has maintained a log of all the comments and complaints it has received, both before and after the new summer timetable was introduced on 12th May 2013, and will consider these views along with any other relevant information that will assist in determining the most appropriate way forward.

240 Whilst the Department cannot be expected to closely monitor all forms of social media, it will take into consideration anything that comes to its attention.

In order to ensure that their views are taken fully into account, anyone wishing to bring specific bus-related information to our attention should write to the Department, send us an e-mail or phone us.

245 Thank you, sir.

Deputy Gollop: I thank the Minister for his open-minded reply.

250 Would he not acknowledge that whereas, say, the Bus Users Group has between perhaps 10 and 50 active members, the social networking Facebook site apparently has 600 correspondents and should be factored into any reconsideration of services?

The Bailiff: Deputy Domaille.

Deputy Domaille: Thank you, sir.

255 Yes, I am aware of that communication. What I would say is that... Actually, I thank Deputy Lowe at this point because she does send me e-mails and I am very grateful for that.

What I would say is that yes, if it is brought to our attention we will look at it. (*Interjection and laughter*) I am sorry, yes. Oh, sorry, okay, no. (*Laughter*) No, but I have lost where I was! (*Laughter*)

260 As far as social media is concerned, yes, if it is brought to our attention we will follow up on it; but the Bus Users Group we do meet with, actually, and I am grateful for their comments.

I do encourage people, if you really want to get your views to us, please send in a structured, logical, factual thing, and then we can act on it – and I really do encourage people to do that.

265 Thank you.

The Bailiff: Any further supplementaries?

Deputy Lowe.

270 **Deputy Lowe:** Just to thank the Minister for that and just to explain, and to encourage other Members as well, that when they are contacted by the public, pass every complaint through to the Minister – and he is very grateful. He has assured me that they have taken note of the *numerous* complaints that I have sent him.

275 **The Bailiff:** I do not know if that was a question, but do you wish to reply to it, Deputy Domaille?

Deputy Domaille: I have never accused Deputy Lowe of being a whinger, sir.

280 **A Member:** Ooh!

The Bailiff: No, okay.

285 **Bus services**
Routes 7 and 7A

290 **The Bailiff:** The next Question, then, will be from Deputy De Lisle, addressed to the Minister of the Environment Department.

Deputy De Lisle.

Deputy De Lisle: Thank you, sir.

I am hoping that the Minister will act on *my* Questions to him.

295 The scrapping of the popular four-times-hourly routes 7 and 7A and the replacement with a clockwise service, route 91, four times a day has had a major impact on bus users and there are fears that it will have a detrimental impact on visitor numbers in the future.

In light of the criticism vested on the Department and the bus company in this respect, will the Minister bring back the routes 7 and 7A system that worked well for local people and repeat visitors rated highly?

300 **The Bailiff:** Deputy Domaille, the Minister, will reply.

Deputy Domaille: Thank you, sir.
I apologise for the speed of my response: no.

305 The routes 7 and 7A, as it was previously known, will not be reintroduced, although large sections of the old route remain in operation today, and at a higher frequency than before in certain parts, but in the guise of the route 11.

310 The specific problem in the past was that significant resources were being dedicated to a service that carried the majority of its passengers over a relatively short section of the route. This was not an efficient use of resources and hence changes were made to the route network to address this.

Separately, the route 111 was introduced to cater for passengers wishing to travel between Pleinmont and the Bridge.

315 Another previous difficulty, on days when cruise ships were visiting the Island, was that tourists would swamp the former routes 7 and 7A services, leading to residents being left stranded at bus stops around the Island as fully laden buses carried visitors on an unofficial Island tour. A return to the old routes 7 and 7A would simply reintroduce this problem. The introduction of the route 91 clockwise service was designed to meet tourist demand, and on cruise-ship days extra services are provided as resources allow.

320 Everything possible is being done to improve service provision for the winter timetable and where gaps in the current summer schedule have been identified, and the Department will be releasing further details in this regard in due course.

Thank you, sir.

325 **The Bailiff:** Deputy De Lisle, do you have a supplementary?

Deputy De Lisle: There is a supplement to that, sir, if I may ask?

330 Given that the schools are now out and the drivers, as a result, freed up from the school runs, will the Department consider increasing the service for the balance of the summer period with respect to the 7?

The Bailiff: Deputy Domaille.

Deputy Domaille: Thank you, sir.

335 I have to say I think the short answer to that, I am afraid, is no. To introduce changes and new services at this short notice would be difficult; and actually, in terms of the resources that are available, they are already factored into the provision of the service.

340 I would add, however, that in our revision of the winter timetables we are taking all comments that you made, not only today but previously, on board and we will look at it.

The Bailiff: Do you have another supplementary? I think Deputy Gollop has a supplementary.
Deputy Gollop.

345 **Deputy Gollop:** Would the Department be interested in a compromise that I might suggest to look at, which would be to introduce an anti-clockwise 91 as well and to use the 111 in such a way that it more effectively links with route 11 and the Bridge Town service?

The Bailiff: Deputy Domaille.

350 **Deputy Domaille:** I will take that suggestion away and we will certainly look at it.
Thank you.

The Bailiff: Deputy Lowe.

355 **Deputy Lowe:** Sir, would the Minister agree with me that, by not implementing the 7 and 7A again, in actual fact it is taking passengers an hour and a half to do a route that would normally have taken 20 minutes; and by doing so it now means they have to catch two buses, and a lot of the time they are having to pay two fares, even though they are only supposed to be paying one?

360 **The Bailiff:** Deputy Domaille.

Deputy Domaille: Sir, in reverse order, if I may, as far as the two fares, I am surprised at that. They should not be paying the two fares, so that should not be happening, and again I will make a note of that and take that away.

365 With regard to the changes to the 7 and 7A, yes, I accept that some people have definitely been disadvantaged by those changes. Similarly, other people have been advantaged by the changes that have been made, and it is a question of balance.

370

**Bus services
Decline in ridership**

375 **The Bailiff:** Deputy De Lisle, your next Question, please.

Deputy De Lisle: Thank you, sir.

Would the Minister of Environment agree that the higher fares and the routes and timetable changes brought in since May have accelerated the recent decline in ridership on the buses? How does he intend to address the decline in ridership?

380

The Bailiff: Deputy Domaille.

Deputy Domaille: Thank you, sir.

385 No, I would not agree with this assertion; in fact, the opposite is true. Following a relatively steady rise in bus ridership between 2003 and 2010, the numbers began to fall in late 2010 and have continued to do so throughout 2011 and 2012.

390 CT Plus assumed responsibility for the bus service in April 2012, some 18 months after the decline had begun. In contrast, passenger numbers have risen in both April and May of this year when compared to the corresponding period last year – the first time we have witnessed consecutive monthly increases in over two years, albeit small increases.

395 The revisions to the bus network introduced in May of this year were specifically designed to address the downturn in ridership, and whilst it is still relatively early days there are signs that things could change for the better. Of course, key to this success is public confidence, and this can only come about from a period of consistent, frequent and reliable bus service operations – something that CT Plus is only too aware of and which it is striving to achieve following the recent well published difficulties that it has faced.

Thank you, sir.

400 **The Bailiff:** Thank you.
Deputy Fallaize, do you have a supplementary question?

Deputy Fallaize: Yes, please, sir; in two parts.

405 Is the Minister in agreement with me that the deterioration in passenger numbers followed the Environment Department's decision to increase the standard fare by 66% in 2010?

Also, in respect of this recent slight increase in numbers, is he able to tell us whether there has also been an increase in local-only passengers? By that, I mean passengers travelling on a £1 fare. What has been the percentage change over the last two months in those journeys, please?

410 **The Bailiff:** Deputy Domaille.

Deputy Domaille: Yes, sir, I think with regard to the 2010 figures... I do not have the figures immediately to hand, but I believe you are right, actually. There was a fall-off with the rise in the fares and that is a fact.

415 With regard to the second question, I will take note of that and I will write to you with the answer. I will have to look it up. I think they have fallen, but I will have to check.

The Bailiff: There are no more supplementaries.

420

**Bus services
Provision in the West**

The Bailiff: Your third Question, please, Deputy De Lisle.

425

Deputy De Lisle: Thank you, sir.

Concerns in the west electoral district relate to cuts in bus provision and frequency of service. The current service raises questions of discriminatory provision and social exclusion for people in the west. What does the Minister intend to do about this and how is the Ministry intending to put these matters right?

430

The Bailiff: Deputy Domaille.

Deputy Domaille: Thank you, sir.

435

The recent redesign of the local bus network sought to redistribute resources more proportionately according to the greatest demand. This has inevitably resulted in reduction in the previous high frequency of certain services to less well populated parts of the Island, including parts of the south west and certain west coast areas.

However, it is recognised that the bus service performs an essential social service to some residents and that there is a minimum level of service required in order to meet this requirement.

440

The Department is aware that there are certain parts of the Island – including an area between Perelle, Richmond and the southern and central parts of Vazon – where services currently fall short of this level, and as mentioned in my response to Question 1, it will be doing its utmost to redress this imbalance as part of the current review of the proposed winter 2013-14 timetable.

445

However, it must be recognised that resources are not limitless and it may therefore be necessary to reallocate existing resources in order to meet perceived shortfalls elsewhere on the network.

Thank you, sir.

450

The Bailiff: Deputy De Lisle, you have a supplementary?

Deputy De Lisle: As a supplementary, sir, it is more than simply the area between Perelle, Richmond and the southern and central parts of Vazon: it is across the west. Therefore, I would like to ask, in terms of a supplementary, is the bus service to provide for all in future, or only part and a few people?

455

The Bailiff: Deputy Domaille.

Deputy Domaille: Thank you, sir.

460

The answer to that is within the resources available it is not possible to provide a bus service that will meet the needs of every single person in Guernsey – it is simply not possible – but within the resources that are available we will try to ensure we get as maximum coverage as we can, and that will form part of our discussions on the winter timetable.

465

The Bailiff: Deputy De Lisle, another supplementary.

Deputy De Lisle: Sir, a supplementary to that, if I may.

In terms of the evening service, would the Department consider extending the St Martin's evening service, or that into Cobo, into the west? This could be done by adding 10 minutes to the journey, thereby providing provision into the west.

470

The Bailiff: Deputy Domaille.

Deputy Domaille: Thank you, sir.

475

I will take that suggestion away and we will put it into our calculations. I think the evening services have a mixed response, from what I understand, whereby services up to midnight seem to

be quite popular and those after midnight perhaps not so popular. But I will take that suggestion away and we will include it in our thinking.

480 **Deputy De Lisle:** I would welcome that, sir, thank you.

The Bailiff: There are no further supplementary questions on the buses, so we move on to Deputy Hadley's Questions to the Chief Minister.

485 Deputy Hadley.

POLICY COUNCIL

490 **Senior Staff appointments Appointments procedure**

Deputy Hadley: Thank you, Mr Bailiff.

495 Could the Chief Minister explain the procedure by which the appointment of the Chief Executive, Deputy Chief Executive and Chief Officer of the Health and Social Services Department will be made?

The Bailiff: Chief Minister.

500 **The Chief Minister (Deputy Harwood):** Thank you, sir.

Dealing with the three positions in reverse order, the process for appointment of all chief officers comprises a shortlisting by the chief executive and the Head of Human Resources and Organisational Development, followed by an interview with a panel comprising the Chief Minister or his Deputy, the Minister of the relevant Department, the chief executive and the Head of Human Resources and Organisational Development.

505 In the case of certain specialist appointments – for example, the Chief of Police and the Chief Officer of HSSD – the panel may be assisted by an expert in this field, acting in an advisory capacity.

510 The Deputy Chief Executive post will be restyled as Chief Officer of the Policy Council, reflecting the main focus of the role, advertised internally, and the Deputy Chief Minister will join me on the interview panel.

In respect of the Chief Executive, recognising Mr Brown has been in post for some 20 years and was appointed by the now defunct States Appointment Board, we do not have a defined process at present, but the Policy Council, as States employer, will be determining that shortly.

515 **The Bailiff:** Is there a supplementary question on that? No?

520 **Senior Staff appointments Consultation with Members; review of procedure**

The Bailiff: Your next Question then, please, Deputy Hadley.

525 **Deputy Hadley:** Would the Minister consider consulting Members of the Assembly and reviewing the way in which these appointments will be made?

The Bailiff: Chief Minister.

530 **The Chief Minister (Deputy Harwood):** Sir, while Members of the Assembly are always welcome to give their views on any subject, there is no intention of formally consulting with States Members on this operational aspect of discharging the role as employer.

With the exception of the Chief Executive, as explained in my earlier Answer, we are following tried and tested practice.

535

**Senior Staff appointments
Five-years' fixed term**

The Bailiff: No supplementaries, so your third Question, please, Deputy Hadley.

540

Deputy Hadley: Would the Chief Minister consider the appointments being made for a fixed term of five years?

The Bailiff: Chief Minister.

545

The Chief Minister (Deputy Harwood): Sir, I am grateful that Deputy Hadley has raised this suggestion as we are already actively considering shorter-term contracts where such arrangements may be in the best interests of the organisation. So yes, sir, we will certainly give consideration to the possibility of fixed terms of employment contracts whenever senior appointments are made.

550

The Bailiff: Thank you.

No supplementaries.

That, then, concludes Question Time and we will move on to the legislation, please, Greffier.

555

Billet d'État XV

SOCIAL SECURITY DEPARTMENT

560

**The Supplementary Benefit
(Classes of persons to whom the Law applies) (Amendment) Ordinance, 2013
Draft Ordinance approved**

Article I.

565

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled 'The Supplementary Benefit (Classes of persons to whom the Law applies) (Amendment) Ordinance, 2013', and to direct that the same shall have effect as an Ordinance of the States.

570

The Greffier: Billet d'État XV, Article I: The Supplementary Benefit (Classes of persons to whom the Law applies) (Amendment) Ordinance, 2013.

The Bailiff: This is pages 1 and 2 of the brochure, and the Minister, Deputy Langlois, wishes to say something about this piece of legislation.

575

Deputy Langlois.

Deputy Langlois: Thank you, sir.

This is just a word of explanation as to where this particular piece of legislation came from.

580

It is a short and simple Ordinance and it will enable the Social Security Department to activate work-incentivisation methods approved by the States in March 2012, just before the last Election.

585

Single parents can currently make claims for supplementary benefit up to the point at which their youngest child reaches the age of 12 without any obligation to seek work. From today, this will only apply to those whose youngest child is under seven. Once that age is reached, claimants will be reclassified as job seekers and will need to meet the conditions required of those claiming unemployment benefits to actively seek work. New claimants will have this condition applied immediately and we are making reasonable transition arrangements for existing claimants over the coming months.

590

Finally and most importantly, it should be noted that this move is likely to add some 100 to the unemployment statistics in the short term because of the way the international labour organisation formula works on the calculation of those statistics.

The Bailiff: Is there any request for further debate or clarification? No.

In that case, we go to the vote on the Supplementary Benefit (Classes of Persons to whom the Law applies) (Amendment) Ordinance, 2013. Those in favour; those against.

595

Members voted Pour.

The Bailiff: I declare it carried.

600

**The Employment Agencies (Enabling Provisions) (Bailiwick of Guernsey) Law, 2012
(Commencement) (Guernsey and Alderney) Ordinance, 2013
Draft Ordinance approved**

605

Article II.

The States are asked to decide:

Whether they are of the opinion to approve the draft Ordinance entitled 'The Employment Agencies (Enabling Provisions) (Bailiwick of Guernsey) Law, 2012 (Commencement) (Guernsey and Alderney) Ordinance, 2013', and to direct that the same shall have effect as an Ordinance of the States.

610

The Greffier: Billet d'État XV, Article II: The Employment Agencies (Enabling Provisions) (Bailiwick of Guernsey) Law, 2012 (Commencement) (Guernsey and Alderney) Ordinance, 2013.

615

The Bailiff: This is page 3 of the brochure. Any requests for debate or clarification? No. We go straight to the vote then. Those in favour; those against.

Members voted Pour.

620

The Bailiff: I declare it carried.

625

ORDINANCES LAID BEFORE THE STATES

The Greffier: Ordinances laid before the States, Billet d'État XV:

The Foreign Tax (Retention Arrangements) (Guernsey and Alderney) (Amendment) Ordinance, 2013; and The Myanmar/Burma (Restrictive Measures) (Guernsey) Ordinance, 2013.

630

The Bailiff: We have not been notified of any requests for debate, so we note those.

635

STATUTORY INSTRUMENTS LAID BEFORE THE STATES

The Greffier: Billet d'État XV, Statutory Instruments laid before the States:

The Health Service (Benefit) (Limited List) (Pharmaceutical Benefit) (Amendment) (No. 2) Regulations, 2013.

640

The Bailiff: Again, I have had no notice of any request to debate these, so we note them also.

TREASURY AND RESOURCES DEPARTMENT

645

**Election of non-voting member
Mr John Charles Hollis elected**

Article III.

The States are asked:

650

To elect as a non-voting member of the Treasury and Resources Department, Mr John Charles Hollis who has been nominated in that behalf by that Department, to serve until May 2016 in accordance with Rule 4 (2) of the Constitution and Operation of States Departments and Committees.

655

The Greffier: Billet d'État XV, Article III: Treasury and Resources Department – Election of non-voting member.

The Bailiff: Deputy St Pier.

660

Deputy St Pier: Thank you, sir.

The Department, since the Election last year, has been open minded as to the question of nominating non-States members and it has considered a number of potential candidates, but I am pleased today to be able to nominate, on behalf of the Department, Mr John Charles Hollis. Some of his background appears on pages 1001 and 1002 of the Billet.

665

Mr Hollis qualified as a chartered accountant in 1977 and joined the international consulting firm, Anderson Consulting, which of course became Accenture, and he worked there for 25 years before coming to Guernsey around about 10 years ago. He will be known to many Members of the Assembly as a periodic commentator in the media on fiscal and economic affairs.

670

The Department, having interviewed Mr Hollis, invited him to attend, as a guest, a number of meetings, and this proved to the Department Mr Hollis's ability to provide a non-political perspective and challenge, which we believe will assist the Department's political Members in their deliberations and decision making.

675

There is some background on Mr Hollis's experience, as I say, on pages 1001 and 1002, but of particular interest to Members may well be his extensive experience of SAP implementations on behalf of many clients, (*Interjection*) and he has been a sounding board for the senior responsible officer in ensuring that the SAP project is fully delivered by the end of the year, as indicated in my Statement to the Assembly in May.

680

Sir, I have no hesitation in being able to recommend Mr John Charles Hollis as a non-States member for the Treasury and Resources Department and I would be grateful for the Assembly's support, sir.

The Bailiff: Do we have a seconder for Mr Hollis? Yes, Deputy Kuttelwascher.

685

No other candidates may be proposed, so we go straight to the vote on the election of Mr John Charles Hollis as a non-States member on the Treasury and Resources Department. Those in favour; those against.

Members voted Pour.

690

The Bailiff: I declare him elected.

POLICY COUNCIL

695

**Developing a Government Service Plan
Debate commenced**

Article IV.

The States are asked to decide:

700

Whether, after consideration of the Report dated 3rd June, 2013, of the Policy Council, they are of the opinion:

1. To approve the development of a Government Service Plan as the corporate mechanism for allocating the resources available to the States in accordance with States strategic aims and objectives and agreed priorities.

705

2. To note the Policy Council's intention to bring a Report to the States in October 2013 recommending political objectives for the period to 2017 that will guide the prioritisation of States revenue spending through the Government Service Plan process.

3. To approve a one off project budget of up to £255,000 to be charged to the Fundamental Spending Review Fund to deliver the Government Service Plan project.

710

4. To delegate authority to the Treasury and Resources Department to approve the detailed project budget.

5. To endorse the principle that in future a direct link, or golden thread, will be established ensuring that Departmental Business Plans deliver the corporate priorities and services agreed as part of the Government Service Plan.

715

The Greffier: Article IV, Policy Council, Developing a Government Service Plan.

The Bailiff: The Chief Minister will open the debate.
Deputy Harwood.

720

The Chief Minister (Deputy Harwood): Mr Bailiff, ladies and gentlemen, before I talk about the Policy Council's Report and the immediate reasons for bringing these proposals forward, I would like to place our debate today in a longer-term perspective because this brings home enormous importance to the Government's Service Plan, Guernsey's future and the long road that has brought us to this point.

725

Back in 1997, when all the States had was a very basic form of policy and resource planning, the States agreed that the purposes of the process should be: firstly, to define and secure commitment to a set of common strategic objectives; secondly, to define and secure commitment to a set of common corporate policies for the achievement of those objectives; and thirdly, to facilitate the most appropriate allocation and management of the resources available to implement those policies.

730

The intervening 16 years – which I remind Members is the equivalent of four States terms – have been spent trying to achieve these goals and coping with the reversals and periods of hiatus along the way through the review of Government, the attempted development of the Government Business Plan and the evolution of that Plan into the States Strategic Plan.

735

When the last States handed over to this present Assembly in 2012, they said that a lot had been done through the States Strategic Plan since 2009 to produce a workable system for strategic – i.e. medium to long-term – planning, but that there were challenges that the new States – that is us – would have to meet over the next four years, and I quote:

740

‘...finding ways for the States to set an even clearer political agenda that the public can understand and the scrutiny process can hold the States to account for carrying out; helping to make Government more efficient and effective year on year, so that the public services provide good value for money; making sure there is a consistency between strategic planning...’

745

– i.e. 20 to 25 years –

‘and shorter-term planning...’

750

– one to five years –

‘within States Departments so that the two levels of Government work well together; encouraging productive discussion between the policy and Island resource planning groups and amongst States Members generally about areas where there are tensions and conflicting aspirations, e.g. tensions between the need to return to a balanced States budget, which is the fiscal and economic policy plan, and the desire to provide a good standard of social services of all kinds, the social policy plan.’

755

The development of a Government Service Plan which says what Government commits itself to do during the next few years is a response to all these challenges, tailored to our particular form of consensus government. It will give the Island a prioritised programme of action for the first time in States history, backed up by better standards of project management and a system of performance management; and crucially it will integrate that programme with the States budget.

760

765 In this speech, I will concentrate on the use of the Government Service Plan for prioritising what Government does, while my colleague, Deputy St Pier, will talk about resource allocation and the links to the States budget.

770 Sir, why do we need a Government Service Plan? My personal view is that Guernsey has always needed some form of Government Service Plan, at least since the 1970's when it could be argued we moved from being a relatively quiet backwater to a position where we have a more complex economy and rising public expectations of public services. When money from corporate taxes was plentiful, however, it is easy to see, certainly with hindsight, why the emphasis was more on spending than on prioritising and co-ordinating Government services.

775 Before 2004, when the new machinery of government was introduced, the old 'A' Committees i.e. the major Committees, often acted as if they were in competition with each other rather than part of the same Government. Large-scale projects were pursued independently and brought to the States to agree funding as individual items, without there being a mechanism to assess the value of one project against another. There was certainly no way of judging whether a project would have a positive impact on long-term Government objectives, because no objectives had yet been formulated.

780 Times obviously now are very different and money is, as we all know, much tighter. Given global conditions and our restructuring of taxation to maintain competitiveness, we cannot now expect to return to substantial budget surpluses. We are focused now on bringing the States budget back into balance, which means living within our means and doing the things that will contribute most to our long-term aims and objectives, using money and other resources that we have diverted from less vital areas. We cannot afford the previous *laissez-faire* attitudes of the past.

785 The Government Service Plan, sir, completes the line of authority, or the golden thread, between the future that we want to help bring about and the operational delivery of public services and budget allocation. Sir, I submit for us, as politicians, it will show how effectively the direction that we set is influencing the way that Government operates. For the public, it provides a basis for holding the States to account – in fact, are we delivering what we have said that we will deliver.

790 The quotation, taken from a book about public service management, quoted on page 1004 of your Billet, is relevant to this point, and I quote:

795 'The desire to move public services away from a bureaucratic and complacent culture to a more entrepreneurial one is also the source of a desire to closely link strategic and budget systems. This represents a new twist in the older story of corporate planning since there is a clear concern to allocate resources in line with public policy goals, but with the added idea that the spending of public money should be results-orientated.'

800 This emphasis on results is very much in line with the public mood as people look to the States to prove that we are doing a good job and using their money wisely.

So, sir, why do we need to prioritise? If you look through appendix B to the States Report, which is the schedule of all the pages of major projects that are currently live somewhere within the public sector, it is clear the Government is suffering from overload. It is not that we are actually doing everything, but that we are, in effect, maintaining the fiction that this is possible.

805 Sir, quite clearly it is not: we have neither the money nor the people to make this a reality. At present, the hundreds of projects that are in the pipeline are not directly co-ordinated with each other; nor are they ranked according to any overall system Government-wide. They cannot be, because there is no agreed basis yet for establishing such an order of priority. As I said at the meeting of States Members earlier this month, if everything is a priority, then nothing is a priority. This is one of the things the Government Service Plan will help to put right.

810 Cutting the number of new things the States undertakes to do will remove a lot of unproductive activity from the system. Work on a project that is going nowhere or that fails to meet one of our current political priorities is wasted effort that needs to be diverted to more worthwhile purposes. This will remove pressure on staff and on Department boards that are trying to deliver the undeliverable.

815 Prioritisation, sir, is the rational response to relieve a lot of frustration that things are not happening and to concentrate on the successful delivery of the most important projects. I have talked about the prioritisation of projects and programmes because this is where the Government Service Plan will start. Prioritising the delivery of public services across the span of Government to better reflect States agreed objectives will be an even bigger, more complex and challenging task that must evolve more gradually over several years as the new Plan beds in.

820 In this respect, Policy Council believes that the logic of doing this is sound, but readily acknowledges that the practicalities of implementation will need a lot more thought. Sir, I know that Deputy St Pier will be explaining more about this aspect of the Government Service Plan from a Treasury and Resources perspective during the course of his speech, and I will also leave it to

825 him to talk about the use of multi-criteria analysis as a means of testing projects against States-stated objectives. Sir, I said earlier that I believe progress is only made in achieving organisational change if we keep our eye firmly on the main goal and accept that there will be no perfect blueprint for achieving it.

830 We have an unusual form of government – it has advantages and disadvantages. Traditionally we have worked mainly through Committees and now Departments, but this separating of Government into separate mandates has not coped well with the complex policy challenges the Island now faces, such as the aging population, the affordable provision of social welfare services and the maintenance of a prosperous local economy during difficult global times. If we accept that this is the case, that the job of Government is getting more complex because the world we deal with is more complex, then we have to find new ways of working and accept the transition is inevitably going to be stressful and somewhat messy.

835 Sir, the creation of the Government Service Plan fits squarely with most of the six core principles of good governance that have been adopted by the States – in particular: focusing on the organisation’s purpose and on outcomes for citizens and service users; taking informed transparent decisions and managing risk; developing the capacity and capability of the governing body to be effective; making accountability real, in terms of a co-ordinated rolling four-year policy and financial programme for which the States as a whole is accountable for delivering to the public.

840 Sir, what we are looking at today is a proposed mechanism for making difficult but necessary choices. We cannot do everything, so some projects – and, in due course, possibly some services – will have to be stopped or their delivery delayed so that other more important projects and services can be properly resourced. Other jurisdictions have grappled with this for a long time – indeed, you can describe it as business as usual for many UK local authorities, for example – but we have had decades of prosperity when corporate taxes paid our bills, so we are now coming new to this situation.

850 Sir, as I have said, the transition period as we develop the Government Service Plan is likely to be stressful and messy. It is more change in the short term for staff who are already weary of change, but reducing workloads by discontinuing areas of abortive effort and moving to a more streamlined prioritised system will make things easier for staff in the longer run and the budget sought to train and support staff through the transition to producing a Government Service Plan will help to reduce the friction that change inevitably will entail.

855 Sir, the Policy Council, with the strong support of Treasury and Resources, in proposing the development of the Government Service Plan, is bringing together the way the States makes decisions about what Government does and how it will pay for it. The proposed development of the Government Service Plan sits squarely with the Policy Council’s and the Treasury and Resources Department’s respective mandates for policy co-ordination and resource allocation respectively. The decision-making role, however, is given and maintained by the States as a whole.

865 This Assembly will consider and approve the States Strategic Plan – indeed it has already done so; this Assembly will consider and approve the strategic aims and objectives that are part of that Plan – they have already done so; this Assembly will consider and approve, through an annual debate on the Government Service Plan, which projects will be pursued in furtherance of those objectives; and this Assembly will ultimately, I submit, sir, exercise a stronger influence over the prioritisation of public services through the Government Service Plan process than it has hitherto been able to exercise.

870 Sir, it is important to understand that the Government Service Plan can be configured to provide multi-years’ service and financial planning for any of the forms of government that may emerge from the current review. At present, however, it is designed around the present system with the intention of making it more effective.

875 Sir, States Members have already been given a copy of the Policy Council’s suggested draft proposals for a set of five priorities to guide the development of the Government Service Plan during the remainder of the States term. That same document has been given to the media and is in the public domain.

880 The priorities, not in any ranked order, are: to create economic conditions that encourage economic growth that will benefit Guernsey; to equip Islanders to maximise their potential to take best advantage of local employment opportunities; to develop a sustainable and practical approach towards social policy; to act now to address the long-term consequences of an ageing population; and to factor environmental considerations effectively into Government policy.

885 Those are the objectives which have been suggested by the Policy Council, and as was previously indicated when we met with States Members earlier this month, it is the intention to have a follow-up meeting in September in order that we can debate and discuss those suggested

priorities and develop those suggested priorities before bringing forward the suggested Government Service Plan in October.

890 Sir, if the principle of the Government Service Plan is agreed in the Assembly today, Policy Council hopes to receive informal feedback on those proposals, which will then be formally debated here in October.

895 Sir, the Policy Council listened to States Members' comments during the March debate about the States Strategic Plan, that it should show leadership in presenting policy ideas, and is doing so in relation to these suggested five priorities. Whether those priorities are accepted, amended or rejected is, however, for this Assembly to decide. The Policy Council and I would emphasise it is not seeking to impose its views on the States Members, but trying to form the basis of an active rather than reactive consensus.

900 Sir, in conclusion, I hope we have a productive and good-natured debate today that recognises the importance of the Government Service Plan for improving the way that the Government works.

Thank you, sir.

The Bailiff: I have received notice of one amendment and it is proposed by Deputy Fallaize. Deputy Fallaize.

905 **Deputy Fallaize:** Mr President, I am not possessed – and nor, I think, is my seconder, Deputy Green – of a sort of backward antediluvian resistance to the concept generally of planning policy and allocating resources. We subscribe to the maxim that if you fail to plan you plan to fail, and I believe that many of the weaknesses of the States at the moment do have their origin in the way in which the States co-ordinates – or often does not co-ordinate – policy.

910 So I agree with the principles enunciated in this Policy Letter, and if the amendment is successful I will vote for Propositions 1, 2 and 5. I am, though, trying to amend – not to torpedo, but to amend – the spending Propositions 3 and 4. Sir, to vote for those two Propositions unamended, on the basis of the flimsy and frankly implausible arguments laid out in this Policy Letter, in my opinion requires the States more or less to suspend its critical faculties and to agree, 915 at a time of real financial constraint, to spend £¼ million on the basis of blind faith alone.

920 Sir, the Policy Council may be putting forward a sound concept, but they need to give considerably more thought to how their Plan can work in practice *if* it is to stand any chance of not repeating the mistakes which have characterised and precipitously brought down previous such plans. The Chief Minister, when he opened debate, rather put a gloss on all of this process. We are talking here about six plans of this nature in the last 12 years alone. I do not intend to go through the history of all them, but we have had the Policy and Resource Planning Report, a Policy and Resource Plan, a Government Business Plan, version 1; a Government Business Plan, version 2; a States Strategic Plan, version 1; now a States Strategic Plan version 2; and a Government Service Plan proposed before the States today. All of them, when they were presented, have made the 925 same claim, every single one of them, that they will marry up policy planning and the allocation of resources and they will allow the States to allocate resources according to corporate priorities – and all of them, every single one, has lasted no more than two or three years and then collapsed, and the next one that has come long has said the previous plan failed because clearly it was never able to allocate resources in accordance with the corporate priorities of the States.

930 Sir, Propositions 3 and 4, as they stand, are an invitation to throw good money after bad – a case of the emperor's new clothes at a cost of £¼ million – because, sir, this Policy Letter fails completely to explain why the Government Service Plan will differ in any way from its failed predecessors. In fact, the contrary is true: although it is still in its gestation, at this early stage it is already beginning to show all of the weaknesses which brought down its predecessors.

935 In March, sir, the Policy Council undertook – and this is a quote from the States Strategic Plan, the debate, in the Policy Letter in March:

940 'The Policy Council undertakes to consult extensively with Members, Departments and Committees before bringing a report to the States in July.'

To consult *extensively* with Members before bringing a report in July. Sir, I can only imagine that since March I have been suffering from an acute bout of amnesia.

945 That is a small point maybe, but it is symptomatic of a process which already is top-down, designed by the centre for the centre, is very bureaucratic, and which is barely compatible with our system of government.

Sir, that is why these plans continue to fail, because basically they go against the grain. They should emerge almost organically to support and to lubricate our system of government. Instead, they grow very quickly, and it is evident from this Policy Letter this one is already growing into a grand plan, a great leviathan monster, which looks good in theory on paper, as this one does, but like all the others cannot work in practice.

Sir, this Policy Letter is absolutely saturated in management speak and dogma. I do not know whether Members agree with me, but I think that, although we have to take account of good theory, when we are trying to design something like a policy planning and resource allocation process – in, as Deputy Harwood says, what is a relatively unique system of government – I think what we could do with a bit more of is what might be called good old-fashioned Guernsey common sense, rather than dogma; and this Policy Letter is saturated in dogma.

Sir, the proposal is that all Committees of the States will submit to the centre initially around 250 services and projects, but ultimately all of their services and projects. That is literally hundreds upon hundreds of services and projects, and officers at the centre will then feed all of these projects into some sort of predetermined mathematical formula – for example, a review of the dairy industry versus Supplementary Benefit reform; maintenance of the Alderney breakwater versus the Long-Term Care Insurance Scheme – and all such projects and services will be ranked against that formula.

If Members want to transfer power, if that is the right word, but without responsibility to unelected executive officers, this is the very best way of doing it. Deputy Harwood, when he opened, mentioned these priorities which the Policy Council has recently circulated, because the intention is that all these hundreds of projects and services will be ranked against a formula determined by these five priorities.

But look through these five priorities: develop a sustainable and practical approach towards social policy. What on earth does that mean? Factor environmental considerations effectively into Government policy. Well, these objectives take us no further forward than we are today. They are just five nebulous, vague, meaningless objectives. It is all motherhood and apple pie. There is absolutely no way that all the services and projects of the States can be ranked according to those sorts of priorities.

But the most important point, sir, in this Policy Letter – and this was confirmed when Members met at les Cotils was it two Fridays ago now? The most important point here is that once these hundreds of services and projects for which today Committees are responsible... once they have all been ranked against this formula, it will be for the centre, it will be for the Policy Council to propose which should be maintained, which should be terminated, which new ones should be funded and which should not.

Sir, there is a difference – there is a very thick line between policy co-ordination, which is meant to be the Policy Council's job, and effective policy control; and this Plan, if the Propositions are approved unamended, crosses that line.

For instance, paragraph 11.2.3, which my amendment proposes requires considerably more thought, envisages 'an in-house governance and support structure' and 'centre of excellence' and 'a team of project and programme managers'. Sir, as sure as night follows day, that will lead to all policy development being done in the centre and Committees or Departments of the States being reduced to nothing more than overseeing services. Sir, that absolutely flies in the face of the basis of our whole constitution and system of government, which like it or not is that all Committees of the States are sovereign in the sense that they are sovereign of each other, and *only the States* is sovereign over them all.

Today, Committees submit their reports to the Policy Council because that is the way the agenda is put together; that is simply the mechanics of the way it is worked out. The Policy Council, I think, has some power to defer for a month, or maybe up to two months, submissions of those reports, but the Policy Council has absolutely no power to stop a States Committee reporting to the States. That is the whole basis of the Constitution. If this Policy Letter is approved and implemented as envisaged, we will have to stop that. We will have to stop Committees of the States having the power to come to this Assembly with their own reports, proposing their own projects and services, because unless they have been put through this mathematical formula by the Policy Council they will sit completely outside of this Government Service Plan.

Sir, I do not want Committees going off and doing their own thing without taking a blind bit of notice of the corporate objectives of the States, but we have to design a policy planning process and a process for allocating resources which is consistent with our machinery of government. The previous five attempts have not been, which is why they failed, and this one is worse than all of the others.

1010 Sir, I am not saying that our Constitution today is necessarily right. That analysis is being carried out at the present time by the States Review Committee. In fact, that Committee's mandate is based upon the way the States organises policy. The Committee's mandate requires it to examine the organisation of States affairs with reference in particular to the processes of developing, determining, co-ordinating, effecting and monitoring States policies. And in the middle of that review, the Policy Council turns up and wants to impose a different policy planning process on the States which could materially change our machinery of government by stealth – and the Policy Council accuses other Committees of not being properly co-ordinated. Sir, the Constitution and the structure of Government should be determined first and the policy planning process should be made to fit with that, not the other way round.

1015 Sir, Deputy Harwood says – and I knew this would arise in debate – ‘Well, okay, it may be the Policy Council that formulates these proposals, but these proposals will still come to the States, so there is really nothing to worry about.’ Sir, that is totally either naïve or misleading, because it has to be remembered that in the States – in fact, in any government – the power always lies in the pen. It lies with those who are developing and formulating proposals. You try standing here on the floor of the Assembly and trying to turn around Committees' proposals and policies that have been in formulation for months or even years. It is a horrendously difficult task, so to say the final power will rest with the States really does not paint half of the picture.

1020 Sir, this type of prioritisation done from the centre has been tried on a very minor scale – nothing like as is contained in this Policy Letter, but on a minor scale – in the past, in the last term of the States, once at least – it may have been twice – in 2009 or 2010, for what were called ‘new service developments’ submitted by Committee to the Policy Council, and they were forced to compete with each other for the allocation of I think it was about £2 million of additional money which had become available through the Financial Transformation Programme. Rather like the Chief Minister is saying today the power rests with the States, at that time Members were encouraged to lay amendments. We were told, ‘This is your plan, these are your priorities; we are just putting these priorities up as a straw man.’ And so I laid an amendment; other Members laid amendments.

1025 What determined the outcome of that debate was that were a significant portion of Members of the previous Assembly who basically refused to participate in that process, who said, ‘We are not going to have vastly different projects competing for resources in this way, in a crude, unseemly, unsatisfactory debate on the floor of the Assembly.’ Members of the Policy Council who were in the last States will remember it: bowel cancer screening versus storage of museum items. That was the process that we went through and that was what determined the outcome. None of those priorities were amended in any way, because Members said, ‘This is not the right way to do it.’ And yet today, in this Policy Letter, it is envisaged that that process will be rolled out to cater for every project and service carried on, or which might be carried on in the future, by the States. It could not work for £2 million, and we are on the brink of rolling it out for ultimately £300 million, 1030 £400 million-worth of expenditure. It is a nonsense, sir. The States are not set up to do that, and even if they could be forced into doing that – which I suppose they will be if this amendment fails and the Propositions are carried unamended – it would involve the States in micro-managing their Committees' budgets to a quite ridiculous extent.

1035 So that is why I say, sir, that the Policy Letter puts forward a sound concept but it is unworkable – certainly bordering on the unworkable in practice. It will provoke a giant mess.

1040 It may be said in debate that this sort of process exists for capital projects: the Department submits their preferred capital projects to T&R, and T&R rank them and they come to the States and the States resolves the priorities. That is a completely different process. In capital projects we are talking about very few discreet items, mostly of large sums of money, with a definite start date and a definite end date. That might be trying to, out of about perhaps 20 projects, prioritise 10 projects, and you *can* compare one capital project with another capital project because you are comparing like with like. That is completely different to trying to roll out that process for all of the revenue projects and services that fall right across all of the Committees of the States.

1045 I also think, sir, that this Policy Letter is based on a false premise. It accuses our forefathers and predecessors in the States of being unco-ordinated, haphazard and disjointed, and their committees of working in isolation. Sir, it has been said that even God cannot alter the past, but the Policy Council apparently thinks it can – perhaps taking too literally Oscar Wilde's advice that the one duty we owe to history is to rewrite it. (*Laughter*)

1050 Sir, there are times when I, as much if not more than anyone else, am frustrated by the policies of the States. There are quite large swathes of fiscal and social policies of the States that I disagree with, and I think there need to be reasonably significant reforms in our machinery of government as well. But I think we have to retain a sense of perspective when we are considering the record of

the States and the position of Guernsey. Guernsey enjoys stable government; generally high standards of living; decent public services, despite comparatively low public spending; low rates of crime; lowish rates of unemployment; and no debt.

1070 Sir, when I look at Guernsey I do not recognise the Policy Council's description of an unco-ordinated, haphazard and disjointed States with their isolated Committees governing the Island. It seems to me, sir, these days I do not need to read the press if I want to read about biting criticism of the States; all I need to do is read the opening paragraphs of a Policy Council Policy Letter, (Several Members: Hear, hear.) because almost every Policy Letter that the Policy Council lays
1075 before the States today tells the States how terrible things have been in the past – and they do not produce a scrap of evidence to back up that claim: it is all hot air.

Deputy Harwood, this morning, when he opened, rather dismissed the records of previous States as if they always had bundles of money to throw around and that therefore they could afford to be completely haphazard, as if they were minor local folk, trying their best – they did not really
1080 know what they were doing, but because of the pot of money was sloshing around so much they did not need to apply much foresight. That is completely an erroneous picture to paint of the history of the States. It may have been true in the few years since the States has been absolutely obsessed with trying to remodel the world in the Strategic Planning documents, which fail one after the other; but go back before that, go back before the 1990's, and that was not the position
1085 the States was in at all. In fact, if you look back over the immediate post-war period, in the 1950's, the 1960's and 1970's the States had to deal, in many respects, with far more difficult budgetary and financial problems than the States has to deal with today.

I wonder how the Senior Committee of the States today would deal with an occupying army. I wonder how the Senior Committee of the States today, perhaps to use a more relevant analogy,
1090 would deal with the precipitous decline of this Island's major industry and unemployment well into four figures at a time when the population was less than 55,000.

The Bailiff: Are you straying beyond your –

1095 **Deputy Fallaize:** Sir, no, I am speaking generally as well, sir.

The Bailiff: Oh, you are speaking generally. Thank you.

Deputy Fallaize: Sorry, sir, I should have made that clear. (*Laughter*) I thought it was
1100 obvious.

Sir, already the Policy Council and the Treasury and Resources Department has very extensive powers to co-ordinate policy and plan budget allocations across the States. They do not often use those powers. T&R is in the habit of saying to the States, 'Oh, it's terrible because every year the States just takes last year's departmental budgets and adds RPI and the whole process is not really
1105 thought through,' but that is not the way that T&R has to do it. If T&R wanted to enter into rather more rigorous negotiation with States Departments to try and cut down on their budget, then they could do that.

If this is about the introduction of zero-based budgeting, you do not need to go to a great bureaucratic structure like the Government Service Plan to do that. (Several Members: Hear, hear.)
1110

Actually, I suspect that there are – one of them is probably in this Assembly today – several former Ministers of T&R and Presidents of Senior Committees (*Laughter*) who, if they wanted to introduce zero-based budgeting, would not have felt the need to go through this kind of process to achieve it. In fact, I very much doubt the States would even have had much of a debate about it,
1115 (*Laughter*) and (*Interjection and laughter*) here we are on the brink of putting in place this enormous monstrous process to try and achieve this.

Sir, of course the States need to set out their aspirations and their objectives, and they need the means of allocating resources to fulfil them. What the States definitely do not need, and what they will give birth to if these propositions are approved without amendment, is a bureaucratic monster,
1120 which is understood only by the person or people who conceived it – and I suspect they are not sitting on the top bench today; which replicates many of the flaws of previous unsuccessful editions of such plans; which has the potential to change our machinery of government by stealth; and which, in any event, is probably unworkable.

The principles of this Policy Letter are sound, but the devil is in the detail and we need to see more of that detail. We need to see more – especially about how what is referred to as the in-house governance and support structure and centre of excellence and team of project and programme managers will actually work in practice – before, at a time of real financial constraint, we commit
1125

the States to additional expenditure of £¼ million and commit this organisation to enormous investment of time.

1130 Therefore, sir, I ask the States to vote for the amendment. (*Applause*)

Amendment:

To delete Propositions 3 and 4 and substitute therefor:

1135 '3. To direct the Policy Council to report to the States setting out proposals for how the "in-house governance and support structure...[and] centre of excellence...[and] team of project and programme managers..." referred to in paragraph 11.2.3 of that Report will operate in practice with reference in particular to how such resources will be allocated across the States and how they may be accessed, including by departments and committees of the States; and

1140 further to agree that additional expenditure in connection with the development of a Government Service Plan, such as that indicated at paragraph 11.1.4 of that Report, shall await the States resolving upon the arrangements for an "in-house governance and support structure...[and] centre of excellence...[and] team of project and programme managers..."

1145 4. To affirm that when the States Review Committee reports to the States with regard to reform of the organisation of States affairs their report shall include proposals to establish methods for the planning of policy and the allocation of resources which are consistent with the organisation of States affairs which they recommend to be adopted with effect from 2016.'

1150 **The Bailiff:** Deputy Green, do you formally second the amendment and reserve your right to speak?

Deputy Green: Yes, sir, I do.

1155 **The Bailiff:** Yes, Deputy Luxon.

Deputy Luxon: Beat that, sir!

I was going to say, sir, that I could not wait to hear Deputy Fallaize's main speech on the Report, but clearly he did clarify that halfway through.

1160 Sir, I really enjoy a summer thriller – it is the sort of thing that, really, you can relax with, full of intrigue and mystery – and that is what I have just listened to. I also thought, at one stage, that I was starring in *One Flew Over the Cuckoo's Nest*, my favourite film.

1165 I actually agree with an awful lot that Deputy Fallaize said, but with none of the summaries that he got to, the actual realities. The Policy Council is not trying to do anything to this Assembly. The Policy Council is *part* of this Assembly, and the Policy Council has tried to adopt the baton that Deputy Fallaize explained previous T&R Ministers and previous Assemblies did not do. They did not adopt zero-based budgeting; they did not implement these failed plans. I absolutely recognise Deputy Fallaize is right. I think you said half a dozen different reports: the first GBP, the second GBP, the first SSP, and so it goes on. What the Policy Council has tried to do over the last

1170 15 months is to engage with and listen to all 47 Members of this Assembly with genuine intent to try and make progress.

1175 I remember all through last year, sir, listening often to Deputy Fallaize, Deputy Le Lièvre and others who critically commented on the constipation of this States – and I use my words carefully – in terms of policy progress. Deputy Fallaize was furious at certain times during last year that we were not making more progress, that the reports that came did not have action; they were more about strategy overarching.

What this next phase of what we have agreed last year to do, to actually implement the States Strategic Plan and the Government Service Plan, which will lead to the development of Department service plans... it is just simply the next phase of that, and if Deputy Fallaize is right, sir – that this is just another one of those plans that will be talked about and it will be implemented

1180 and it will falter and it will not deliver – well, that will be *really* disappointing.

1185 What is the option? The option is that we carry on being frustrated and grumpy when we do not make progress. I have not heard one thing in Deputy Fallaize's *very* powerful, well-articulated speech... I did not hear anything that suggested an alternative, other than to carry on doing what previous Assemblies and previous Deputies have done *so* well, which is to pass the buck and kick the can down the road – not by intent, but because they got tripped up in the detail.

The Policy Council, in the 15 months that I have been sat on it, has absolutely believed that it should understand what the full Assembly – all 47 Members – actually want to see in this

overarching plan in terms of how we develop policy. I have not heard any agendas based just on cabals within the Policy Council or the Policy Council as a block.

1190 Sir, 11.2.3 actually does what Deputy Fallaize's new Proposition – proposed Proposition 3 – tries to do. It actually says the Policy Council will come back with the sort of detailed recommendations that Deputy Fallaize is absolutely right are necessary to give clarity. It does not ignore the point; it says that the Policy Council will come back with those recommendations. And remember we are going to discuss this again in October, and more importantly will discuss it in
1195 October 2014, next year, so that for 2015 we actually are delivering this Plan.

Unless when I have not attended meetings there has been a secret meeting to agree a secret agenda, it is not the Policy Council's idea to try and control policy at all. It is the Policy Council listening to Members – Deputy Fallaize and others – who have made the point very clearly that it is this Assembly that should decide the direction of political policy development, and it is these
1200 proposals that actually try and facilitate that and allow that.

Sir, I will happily support the second Proposition in Deputy Fallaize's amendment. It is fine and it makes sense that if the States Review Committee does come up with significant changes, then of course those things should be taken into account and of course we would do that. But I cannot support 3, because what does it do: it actually continues with the constipation and
1205 frustration that many Members in this Assembly talked about last year and experienced. It is not a power grab, it is not some kind of centrist desire to have more control; it is the opposite of all those things.

I will perhaps suggest that I will lend Deputy Fallaize the new J K Rowling thriller, which is much more benign on the ear and eye.

1210 Sir, I cannot support 3 and I disavow many of Deputy Fallaize's concerns.
Thank you.

The Bailiff: Yes, Deputy Gollop.

1215 **Deputy Gollop:** Sir, I have to support many of the arguments Deputy Fallaize has used, and indeed to support the amendment would make the Propositions more palatable, because at this stage I am seriously considering whether I can even support 1 because I think there are misgivings about this process.

I sat for a year or two on the old SSP team and we did move the Plan forward collectively as a team and we were involved to a degree with, as Deputy Fallaize has pointed out, the new service developments. Of course, there was an in-built snag to that in that, as Deputy Storey later pointed out and succeeded in changing, it was still spending more money and going against the overall financial situation of the States, but we were comparing apples with pears.

1225 Also, I have to say it was, to a degree, an officer-led policy, because the politicians were receiving material that had gone through a process, through a golden thread, and often being written and redrafted and rewritten sometimes at the last minute.

Indeed, when you return to this... with apologies perhaps to the Chief Minister and Deputy Trott, who I thought did an excellent and fascinating phone-in on Sunday... I just want to get back to my favourite topic of the buses for a bit. (*Laughter*) I know, but it is relevant, sir, before I get an
1230 interjection.

On the second page of the States Strategic Stock Take, on 1025, it is intriguing that the Integrated Road Transport Strategy is:

1235 'To adopt a new vision, objectives, policies & workstreams to deliver sustainable on Island transport. This includes all on Island traffic including pedestrians & cyclists but excludes off Island boat & plane travel.'

– of £2 million; a listed buildings review of £100,000; and a Coastal Defence Strategy of £20 million that we will be discussing later. But 'Bus infrastructure – bus depot and replacement bus fleet' is listed in our Report on page 1025 – 'strategic infrastructure and service provision' – a
1240 bid for 2014 of £20 million.

There were many people over the weekend who believed the figure was unrealistic and was made up by the *Guernsey Press*. Actually, it is there in the text, and perhaps the fact that we were not particularly aware of it speaks volumes about the nature of this process.

1245 But moving along from that... and of course, some of us want to see the buses prioritised, but I think other Members here, with good reasons, will say that actually health is more important, or education, or other forms of infrastructure. And this is my problem with this, because if you take a service like Beau Séjour, it is a leisure centre that is competing in the market place with private leisure centres, gymnasiums and other bodies. If it is run appropriately as a business, or at least as an entity on behalf of the State, it will need reinvestment from time to time; but how can you

1250 easily justify that if you are comparing it in this way with other things that will not get private sector investment? So I think it is actually easier for us to see some aspects of what the state does, and should do, as purely public sector, and others as different but fulfilling a niche for different reasons. I do not think this process differentiates between those.

1255 But my major concern is actually the amplification of what Deputy Fallaize said earlier. I was concerned, in one of the earlier lead paragraphs... On page 1010 at 5.10 – a very important point this, actually – it says:

1260 ‘It is important to stress that the aim of the plan is to move away from a historically based process with a Departmental focus, which supported the system of incremental increases and towards a service led and priority driven budgeting process that aims to support the States strategic aims.’

1265 That raises a number of points. The first is that although actually, to a degree, I am a supporter of co-ordinated if not executive government and would welcome a constructive look at change, what has concerned me in the last two years is the executive Government is taking more of a non-political but perhaps executive officer-led dimension, but in addition to that, it is seen to be synonymous with a right-of-centre cuts programme rather than improving, in a cohesive way, public sector services, and that brings me concerns here.

1270 I am also concerned about the increase in resources at the centre and the process whereby we are, in a sense, delegating the listing of these projects to effectively a staff-based process. Once you do that, you do a ranking system. I am sure even Deputy Conder would agree with me here: however rational, academic and dispassionate you make it, you still cannot help but bring value judgements in, and that is a concern – that we are bringing in potentially elitist value judgements, I would go as far as saying, in some respects – because it is sometimes hard to fly the flag for the services that the least well-off and most vulnerable in our society enjoy but do not necessarily attract the attention of all of the interest groups that compete for Government attention.

1275 And so I have got severe misgivings about this process, despite finding most of the workshop that the Chief Minister co-ordinated constructive and useful, and I feel, if we are to move towards a Government Service Plan that matters, what we actually need is a much greater consultative exercise, not just with workshops but seminars and write-ins, as to what services the state can do better and what services the state could change its direction on.

1280 But constructing this matrix before we know our financial resources, our tax strategy and our States review process outcome is foolish and I have to reject the bulk of this Report.

1285 **The Bailiff:** I take it that is you have spoken generally and you will not be seeking to speak again.

Deputy Storey next, and then Deputy Le Lièvre.

Deputy Storey: Thank you, sir.

1290 I think I will be speaking both in respect of this amendment and generally as well, sir.

I was involved in the original team with the previous Treasury Minister in developing the States Strategic Plan and it was acknowledged at that time that there is a political process involved in evolving the States Strategic Plan or a planning process and that it needs to be done in stages and it needs to evolve rather than be a transformation process, because you need to take people along with you, to let people understand the process, get used to it and then accept the next stage down the process.

1295 So I do not accept the assertion from this Report, or in fact from Deputy Fallaize’s comments in his amendment, that the SSP is a failure. Perhaps the problem is that it was not developed further in a timely manner. I think that the SSP process is a sound foundation for financial planning and service delivery planning for this States, and I do not think that we need a load of bureaucracy that is being proposed in this Report. (**A Member:** Hear, hear)

1300 My own feeling – and I will explain in a minute why – is that I will vote for the amendment in the first instance as a safeguard, but in fact it is my intention to vote against the proposals in this Report, because I do not think the proposals in this Report are right for the States or are going to produce the results that we all want – and perhaps I can explain why.

1305 What we really need is zero-based budgeting, where each Department examines the services they are delivering, examines whether they are getting value for money, examines whether the service could be provided in a different way, which is more effective and more efficient – and that process is the process which should be used within the Department, within the budgetary constraints that are imposed from the centre, because we have to accept that there is a limit to how much everybody can spend. Therefore, if each Department is given a limited budget, then it is

within their gift, within their *duty*, to adopt zero-based budgeting to ensure that the limited budget they have got is spent to the greatest effect.

1315 We already have a situation where, if a Department wants to introduce a new service, they need to go through a business case process to show that that new service is going to meet the needs of the Islanders whom we are here to serve. But, to me, the point about all this is that it should be done within the Departments. Policy should be drawn up *within* the Department. The *Department* should prioritise the services that it provides within its existing budget, because who knows more and more clearly what is needed in their delivery of service than the Department who is charged with delivering it.

1320 So I have to say that the proposals in this Report take us away from what is essentially the right way to proceed and into a morass of civil servants beavering away to do something which, really, I do not think is necessary. In my mind, the SSP that we have is a better basis for developing an appropriate system for prioritising what we are doing within our Departments and ensuring that the services that we provide are appropriate for the Islanders.

1325 So, as I said, I will support the amendment as a failsafe, and then I will vote against the proposals in this Report because I do not think that this Report is taking the States down the right track.

Thank you.

1330 **The Bailiff:** Next, Deputy Le Lièvre, who will be followed by Deputy Soulsby and then Deputy de Lisle.

Deputy Le Lièvre: Thank you, sir.

1335 Mr Bailiff, Members of the Assembly, any promise to create order out of chaos, to bring about focus where there is none and at the same time improve service delivery whilst saving the taxpayer money is always going to prove immensely attractive. And so it is with this Policy Letter: it promises to do all of those things I have just mentioned and a great deal more.

1340 So why do I find myself feeling unconformable with its content? Why do I find the Policy Letter somewhat less than attractive? I think it can be summed up very clearly for me because I do not like arguments that are based on spurious and very broad claims that are not evidence based, other than the fact that they have been repeated so often that they have become an accepted fact of life. This Report is liberally peppered with such accepted facts, but *not once* does it give an example, *not once* does it hold up a serious case of a States service that has grown without constraint to the detriment of this community. The Report simply repeats *ad nauseam* the now somewhat tired old mantras and expects all of us to agree – and some possibly will, because not to agree is to isolate oneself, to deny the truth and to be someone that Conseiller Bob Chilcott, whom I had a lot of respect for, would have described as a ‘flat-earther’. (*Laughter*)

1345 So what are the failings on which the Policy Council sets so much store? It says the States’ current approach to planning is unco-ordinated and somewhat haphazard. No, it is not. It might be organic but it is not haphazard. Committees do talk to one another and do formulate policy between them, and have done so for years. They might not always agree, but that is what this Assembly is here for: to sort out disagreements.

1350 It says due to historic circumstances the States have taken ‘an incremental approach to both service delivery’ etc, and this is often for good reason – because of a gap in our services. It is part of living within a tight budget of 20p in the pound. You cannot buy everything for 20p in the pound.

It says:

1360 ‘Historically the States has operated a first come first served approach to policy development and the allocation of financial resources.’

– and that is simply not true. *Need* has determined priority, and over different periods these priorities change naturally and organically. It is one of the great *strengths* of our system; it is *not* a weakness. History demonstrates that graphically.

1365

‘Departments develop policy papers which are presented to the Assembly for approval in isolation as and when they are ready.’

1370 Yes, they do, that is true, but it is by way of a natural and self-selecting prioritisation process in relation to the needs of the community.

‘In the past there was limited financial constraint as budget surpluses were the norm...’

1375 Deputy Fallaize has already referred to that. That was true for a brief period, but if you go back to the 1950's, 1960's and 1970's, Guernsey ran on a shoestring – and, I should add, it did so on the salaries of greenhouse workers and the profits that went with them.

‘The disjointed nature of the planning within the States means that there is no overall view as to all of the projects currently underway...’

1380 Well, we do talk to one another, but even then is it necessary for us to understand everything before we do anything?

‘New services have been an “extra” not an “alternative”.’

1385 What does that mean? An alternative to what? Let's introduce bowel cancer screening and stop breast feeding? Now, be sensible.

‘a historically based process with a Departmental focus...’

1390 Well, it would, because that is our form of Government structure – perhaps the Policy Council were unaware of that.

‘services... are not routinely reviewed to ensure they are still necessary and fit for purpose.’

1395 Yes, they are; besides which, it is just possible that we have what we need.

I ask myself how could successive Assemblies manage to get matters so hopelessly wrong and for so long? What on earth were they thinking about? More to the point, how come we have ended up with hospital services that are the envy of many; levels of unemployment that most European governments can only fantasise about; care facilities and support mechanisms for the elderly that are the envy of our near neighbours; no national debt; pension schemes that might not be bullet proof but do offer some hope for the future; no homeless; no crime; and a standard of infrastructure that, for the most part, has no negative impact on our day-to-day lives? I tell you, it is an unfathomable mystery to me how we have achieved this situation. *(Laughter)*

1400 How could our predecessors have made such a success of things when they were so hopelessly ill equipped, so devoid of plans, so strategy free, so ignorant of overarching plans and strategic plans, so unconstrained, so silo-orientated and so ignorant of FTPs, SZRs – SSRs; SZR is a motorcycle – BBEs, DVPs MULs, SSPs, GBPs, SAMPs and GSPs? All they had was OAPs and the BBC. *(Laughter and applause)* LOL, sir! *(Laughter)*

1405 The unfortunate truth, which we appear to find so unpalatable, is that they managed to avoid making a hash of things using nothing more than their eyes and their ears. I will admit it is a frightening prospect. You see, the real truth is that historically the States functioned closer to its people. It listened to what it was told. It elected, from its own, committees to investigate matters and tended to trust what it was told by those to whom it had entrusted a specific task. The States of old revelled in the small and at the same time it got down to business with the large and unpalatable. It focused on provision and improvement, on meeting need and meeting that need quickly.

1415 It might have been large and unwieldy by today's standards, but it balanced these deficiencies by working quickly and decisively. Fifty years ago, it had recognised the need to prioritise capital expenditure and to balance that expenditure with revenue spending on those services that needed incremental improvement. The weaknesses of incremental improvement were recognised then as now, but such weaknesses did not mean a halt to the process of improvement if the needs of the community were considered greater.

1420 There is a perfect example of this pragmatic approach to policy formation when the then Board of Health took a very brief Policy Letter – it was only about 20 lines long – to the States in 1968 and proposed the abolition of hospital charges, and the following is an extract from that Report:

1425 ‘There has been some objection in the past to the States being asked to take piecemeal decisions in relation to a health service scheme in the Island. The Board considers that there is no justification for this objection. Illness causes hardship and there does not appear to be much chance of relieving that hardship if decisions are not taken piecemeal. The cost of hospital care is particularly burdensome to many people.’

1430 End of argument. A&F approved this move, as did the States, and at the stroke of a pen wiped 1% off the balance sheet for the whole of the States at that time.

1435 We might frown on such an approach because it was not part of a greater plan, but it *was* the right thing to do at that time, when the largest employment sector was the horticultural industry and when wages were much lower than they are today.

As I have said, the States of the past revelled in the small and it was commonplace for issues that would be dealt with at Committee level nowadays to be presented to the States for approval. But the counter side to that was that it dealt decisively with the big issues. It confronted the appalling housing conditions that existed in the 1950's and 1960's, and in the middle-to-late 1960's embarked on a new-build programme – both social housing and homes for workers loans – that dwarfed anything achieved by the Corporate Housing Programme to date.

1440 It supported its most important industries by investing in services and subsidising growers etc. It built new schools and modernised many of the old ones. It modernised the PEH in a six-stage programme – not the current phase 6 programme – and it reviewed secondary education as well as the 11-plus. It built new sewers in advance of new housing developments and recognised the need for one sewage collection centre, for which we must all be grateful. It listened to outside agencies so that when, in 1967 – this is a lovely title – the Guernsey Women's Moral Welfare Association said that it was inappropriate for unmarried mums to have to attend the parish for assistance, the NCP Law – the Non-Contributory Pensions Law – was amended almost immediately. No Social Policy Group, no new service delivery bid, no GSP – and most importantly, no argument. (Laughter)

1445 It might be interesting for States Members to know that in the four years capital programme 1966-69, 21% went on our health, 7% on education, 41% on projects associated with housing, 24% on projects associated with the PTC (Public Thoroughfares Committee) and just 7% on all other capital projects. The very uneven distribution of capital expenditure over the four-year period had nothing to do with a first-come-first-served policy, as is often suggested. The split reflected the fact that much of the Island's accommodation had never recovered from the aftermath of five years of Occupation, that the general infrastructure of the foul-water drains was wholly inadequate to cope with the burgeoning amount of new builds, and that health facilities were well in need of an overhaul.

1460 The list of achievements in the 1960's is staggering. It puts this Assembly to shame and the one before it, and probably the one before that. And please do not use the argument that things were easier then. Surpluses in the 1960's were not that large and were rapidly consumed by an ambitious capital expenditure programme. It should be further remembered that the Island was reliant on industries that had already peaked, and Europe loomed large on the horizon. It was not easier; it was just different.

1465 So it annoys me intensely when the States that has done next to nothing, other than examine its own navel, looks over its shoulder and belittles the processes applied in the past. They might not have had a raft of plans and strategies on which to stay afloat, but then of course they did not need them because they were not at sea in the first place. Their feet were firmly planted on the ground.

To then use these alleged failures as a comprehensive argument to impose stifling controls on the free thinking of individual Committees strips out creativity, responsibility and ownership. If a Committee's priorities are to be decided by someone or something else, who or which is based somewhere else, then you might have to ask the real value of any political input whatsoever.

1475 The Civil Service staff already provide the continuity and very often the driver for change and the prioritising of that change. If an anonymous or inanimate process is to be applied, which further prioritises that change, then what added value is there for a smidgeon of political input, and where does accountability fit into this process?

1480 Later today, or more likely tomorrow, Education will present its high-level vision of the way forward for the next 20 years or so. In theory, it is a long-term vision that should remain largely unaffected by the Government Service Plan – although I think there is a bit of a question mark over that – but elements of that vision will undoubtedly be related and reliant on lesser matters that will fall within the ambit of the GSP. It is clear that these lesser elements will be subject to a selection process that is largely beyond the control of Education. So what is Education to do if a particular supportive element of its vision is rejected by the prioritisation process? The obvious answer is that, as referred to by Deputy Fallaize, using the term 'a sovereign committee of the States', the obvious answer is it will have to bring its case to the States showing why, in its opinion, the prioritisation process that rejected its policy project was wrong and that the decision would be reversed.

1485 If it is to be stripped of this power, then the structure of our committee system has not just weakened, but been destroyed permanently, and *we* will be making that decision *today*. (**Three Members:** Hear, hear.) It follows – and it does not take a great deal of imagination to see this – that there is a distinct possibility of a Committee objecting to individual policy developments

1495 being rejected without the States of Deliberation ever knowing what those polices were. They just
 never made it past the selection process which has yet to be designed or refined. Alternatively, the
 States could be bombarded with dissatisfied Committees that are justifiably aggrieved that a key
 element of their short-term vision has been swept to one side for no apparent reason that is easily
 understandable. A further possibility is that Committees simply fall into line and become lackeys
 1500 to the centre, having willingly sacrificed their sovereign powers without so much as a whisper.

It is the latter point that is most disturbing. Politicians are elected by the community and are
 answerable to the community for the proper management of this Island's affairs. It is simply
 unacceptable that they hand over that process to unelected members of the public who just happen
 to work in Government. Besides which, it would appear particularly limp-wristed to go back to the
 1505 electorate, having had a key policy rejected, with the rather pathetic excuse that we tried but the
 selection process ruled it out of order – not that the States kicked it out, but an anonymous
 selection process, the details of which will remain largely secret. And we, the States, are
 promoting transparency.

It will be the politician who becomes the victim of another much clearer and transparent
 1510 selection process. (*Laughter*) If we today approve this Policy Letter unamended, without truly
 understanding the processes involved or with an incomplete picture of the process – i.e. trusting
 the Policy Council to develop a selection system that is tried and tested and proved to work – then
 our committee system could be neutered, if not euthanased.

It is simply unacceptable for this Assembly to approve in principle a process that has yet to be
 1515 developed in full and to an acceptable level of functionality. To do so would be irresponsible in
 the extreme because the likelihood of being unable to turn the clock back is massive. The door
 would be half open and would prove impossible to close. The outcome of doing so could well be
 the end of our committee system as we know it – and do you really want to take that risk? Please
 vote for the amendment.

1520 Thank you, sir. (*Applause*)

The Bailiff: Deputy Soulsby.

Deputy Soulsby: Sir, it might be considered either very eager or a bit sad, but I actually
 1525 thought it might be a good idea getting hold of the book referenced in the Report and which the
 Chief Minister quoted this morning: Paul Joyce's work on *Strategic Management for the Public
 Services*. This is a red book. It cost me the princely sum of £1.09 from a well-known online
 retailer. (*Laughter*) Whilst not stated in the Report, this work is now 14 years old, so the whole
 idea of strategic management in the public sector is not new, with the concept of long-term vision
 1530 and short-to-medium-term strategy very much understood around the world.

While I admit this is quite a dry subject, full of management speak, and I would not
 recommend it if you want an exciting read, the book makes some useful points that are not brought
 up in this Report, but which I believe highlight the problems with the approach being taken.

The key point Joyce makes is that strategic management is a challenging process for top
 1535 managers. This is not because of the basic theoretical ideas of strategic management; it is the
 execution that is challenging. He goes on to say that the central challenge is to make desirable
 goals, external support and organisational capacity fit together.

Strategies are certainly not to be simply equated with statements in written business plans and
 strategy documents. They require effective change management. Funnily enough, when I was
 1540 ordering Joyce's book on strategic management, I found that he had already written one on that
 very subject – *Strategy in the Public Sector: a Guide to Effective Change Management* – so I
 thought I would get that one too, (*Laughter*) and this one cost me the grand sum of one penny.

A clear theme running through both books is that effective change management requires
 1545 involving and communicating with those internal and external to the organisation, and I think the
 importance of the first is particularly relevant in the context of this debate and so I will focus on
 that.

Joyce states it is necessary to engage managers and staff because, by their very nature, these
 organisations comprise people who have to be persuaded and convinced. Strategy therefore
 1550 provides a rationale by means of which leaders engage managers and staff in change and win their
 consent.

In January's Report on the FTP, paragraph 6.4 stated:

1555 'The approach employed at the beginning of the programme proved problematic for several reasons. First of all,
 progress was slow because the importance of departmental involvement had been underestimated. Not all Departments
 were ready for the major change that was required to deliver the FTP. There was a lack of ownership and Departments
 felt that it was being imposed on them from the centre. Chief Officers felt that the original structure did not empower

them to deliver the efficiencies within the Departments. Departments were not always signed up to the projects identified and being developed as being those that represented the best opportunity for available savings within their Department.'

1560

This is just a clear example of how you cannot undertake transformational change unless you engage. As Joyce goes on to say, simply publishing a strategic plan will not do it. It takes unremitting work and relentless effort to make strategies real. People are only engaged by strategy if their managers work very hard at engaging them.

1565

In addition to the FTP, we also have the recent experience of the SAC implementation, where a command and control method was again adopted from the centre. Those inside and outside the States are now suffering the consequences. (**A Member:** Hear, hear.) The question is will it be third time lucky? Will lessons have been learnt, or will Departments have to go through pain and anguish all over again? The terms 'in-house governance' and 'support structure', 'centre of excellence' and 'team of project and programme managers' make me concerned that the same approach is being taken. I do not have comfort from this Report that lessons have been learnt, and I am afraid this was reinforced at the presentation given a couple of weeks ago.

1570

The word 'effectively' is used three times in paragraph 11.2.3. There is nothing in that paragraph that reassures me that the process will be effective. It sounds like a command and control centre yet again, with no acknowledgement of the need to work with others.

1575

We are told that there should not be an expectation that busy operational staff should be able to take on key strategic projects in addition to the day job. But what should our expectations be? We are presented with what is seen to be the necessary structure to do the job, but where is the evidence? I am concerned that we are being driven down what is supposed to be an accepted way of doing something, with little evidence that it is the right way and with an upfront cost of £255,000.

1580

And that is my other concern: paragraph 11.1.3 states that a one-off resource is required. However, the timescale is not clear; neither are we given any detail as to what we are going to be asked to approve. What is the £120,000 technology development? That is a substantial sum.

1585

We presently have every Department looking at making FTP savings. (**A Member:** Hear, hear.) At a recent Commerce and Employment board meeting, we went through proposals for the forthcoming year where every service area was looked at in considerable detail to see where savings could be made, and I do not think I am wrong if I say that has been replicated across all other Departments. (**Several Members:** Hear, hear.) Yet here, where a substantial sum of money is being requested, I am presented with a table of figures with no details or explanation of any of the lines of expenditure, and I cannot support that. (**Several Members:** Hear, hear.)

1590

I am not against the Government Service Plan and I agree with some aspects of the Report, which I will elaborate on in the main debate, but I do not believe I have enough information in this Report to make an informed decision as to whether the approach being taken is proven, appropriate or, to use the word of the moment, effective.

1595

It is for all the reasons above that I fully support Deputy Fallaize's amendment and urge all Members to do so. (*Applause*)

1600

The Bailiff: Deputy De Lisle next, and he will be followed by Deputy Green.

Deputy De Lisle: Sir, while I recognise the importance of the principles of policy planning, linking that with the financial resources along the lines of revenue estimates in other jurisdictions... and there is some misunderstanding, I think, of the importance of this linkage between financing and policy planning, and this is one of the areas that, of course, the States have been working on, through first of all the Policy Planning Reports and then the movement to the Government Business Plan, and then from there to the Strategic Planning process since, but then discovering the lack of this linkage with the financial side and therefore the desire for better co-ordination of policy planning across the system.

1605

But my concern here is with the increased staffing that is required, together with the training budget of about £120,000, together, of course, with the technology development and so on that adds up to over £¼ million at a time when we are supposedly, as a Government, looking at reducing our requirement for resources and working with austerity, and certainly cutting spending.

1610

I would like to just ask the Chief Minister with regard to this, when he sums up, whether in fact this work cannot be shared amongst public servants already working in related areas and therefore perhaps enabling the progress to be made with regard to this linkage that I see is very important and that is being attempted, in order to move forward without in fact bringing up the problem of increased budget requirements.

1615

1620 I know that the Chief Minister did make the point that money was tighter, that the budget balance was something that he was very concerned with, and that we were using up savings and so on and so forth; and I would like him to just comment on that, because it seems to me that perhaps we could progress this whole area by sharing the work out within the Policy Council.

Thank you, sir.

1625 **The Bailiff:** Deputy Green.

Deputy Green: Sir, I will be supporting this amendment. If I may, I will speak on the amendment and generally as well.

1630 I do not have a difficulty in principle with trying to fashion a more effective corporate mechanism for identifying priorities and resources. That kind of mechanism is long overdue, and as the Chief Minister said this morning, the *laissez-faire* approach really has had its day. It is perfectly true that the services that we currently deliver are not routinely reviewed and that should happen if we want to be sure that they are still needed and still appropriate.

1635 We do not have an overarching view of what our Government considers are the really important things that are the priorities, and I certainly agree that we should support the general theory of this Report.

It is often said, and it is a truism, if everything is a priority then nothing is a priority. However, I support this amendment for three very clear and very obvious reasons, and I am going to ventilate those three reasons now.

1640 Firstly, I, along with Deputy Fallaize and others, cannot fully see, right now, how this in-house Government structure and all the rest of it will actually operate in reality in practice, from this Billet. I would like to have seen more detail.

1645 In paragraph 11.2.3 it says a few things – and it sends a few shivers down the spine, to be perfectly honest. It talks about ensuring that the right people with the right skills are available on the key projects. It also says that the Policy Council will make more detailed recommendations as to how this should be managed in the GSP itself. Well, I would have preferred to have seen that detail *now*, (**A Member:** Hear, hear.) quite frankly, and not being put off to another day. In that respect, it is the Policy Council that is kicking that particular can down the road. So the practicalities of this are crucial and we should have seen them today.

1650 That brings me on to my second point, which is that, frankly, along with some others, I balk at spending £255,000 of new money, taxpayers' money, at this current time when the details of how some of these key arrangements are still so unclear. It is said often, and let us not forget, this Assembly is one of the custodians of the public purse in this Island. I feel very uncomfortable with spending that kind of public money today, when this Report does not make it very clear as to how the newly proposed bureaucracy will actually operate. There does need to be greater detail if that money is to be fully and properly justified – and bearing in mind that it would appear, at first flush, to go against the very essence and spirit of the FTP, we need to see a properly fully reasoned argument on that if we are going to agree to that.

1660 Thirdly, if we collectively feel that we need to improve the planning of policy and the allocation of resources as a Government, then surely such issues should be looked at and worked upon by the Committee that is custom-made to look at those issues: the States Review Committee. Aspects of this particular Report appear to drive something of a coach and horses through that Committee.

1665 So I am not really opposed at all to the idea which is behind this Report. I really want to see greater clarity and precision on how it will all come together in practice, if indeed it will. Anyone who shares these sentiments should support this amendment. As I say, prioritisation of public services is perfectly sensible, but let's proceed with some sensible caution and let's get this right, let's get the detail right.

1670 And may I just say, as a throwaway remark right at the end, the lack of consultation with Departments and Committees on this really is *very* stark indeed, so I will ask the Assembly to support this amendment.

The Bailiff: Deputy Perrot.

1675 **Deputy Perrot:** Thank you, sir.

I confess to being confused – and a number of Members will ascribe that probably to the natural condition consequent upon my 67 years. (*Laughter*) I am confused because there are some... I rather agree with the thrust of what Deputy Fallaize has to say, but at the same time I had

understood that the States were now proceeding on a rather more corporate basis than used to be the case.

1680 Let me make a confession. Actually, all of you will know it anyway: I am a Luddite. I am inherently conservative. I like the old things. (A Member: Hear, hear.) I do not like the new things. I liked the old States. I liked the idea that occasionally you could put a knee into the groin of the Advisory and Finance Committee and get away with it.

1685 Incidentally – correcting Deputy Le Lièvre for the second time, I am afraid – the Flat Earth Society was not coined by the then Conseiller Chilcott; it was coined by me about a body known as the ‘Tickled Trout Brigade’, so let’s make sure the record is right on that. (*Laughter*)

But I liked the old system. It seemed to me that there were good checks and balances, which we did not impose as a result of something with the word ‘strategic’ in front of it – it just grew up with the way in which our Constitution grew up.

1690 But then there was this big change. The big change was brought about in 2004, or thereabouts, when we had our new system of States and then we saw the creation of the Policy Council, and I had understood that a fundamental tenet underlying that was that there was going to be... not executive government – I do not approve of executive government, in the hands of one individual certainly – but a rather more corporatist government, a government which would try to co-ordinate more than had happened before.

1695 Sir, I do not quite know now what to make of what is being proposed, because this Policy Report follows the idea of the general tenets of a corporate approach.

1700 The amendment seems to be going against the spirit of that. Incidentally, what a terrific speech. I wish I had made it, (*Laughter*) except that I do not really agree with what is being said, (*Laughter*) given that I suppose I have now been conditioned into accepting a corporate approach. But let me say this: I do agree with Deputy Fallaize. I do despair of these high-level plans. We have only a few fewer plans than Baldrick had, (*Laughter*) and they are just about as successful as those. Certainly strategic plans are couched in such high-level waffle as to be almost everything to everybody, and you could justify almost everything by reference to it.

1705 But it does seem to me that, having said that, a Government Service Plan would actually be the time when we would put real flesh on the bones of a plan and that this is the one opportunity which the States have of putting a real plan together in which we can all participate.

1710 Sir, I think the Deputy Bailiff is being just a touch harsh on the way in which the Policy Council have approached this. I do not say that as a mere (*Interjection and laughter*) foot soldier of the Treasury and Resources Department.

1715 If we are to act corporately, we must accept that certain proposals and services will not survive or be acceptable to the States, and reference to things being governed exclusively by the centre – this is now going to be the new bogeyman word, the ‘centre’ – I say that really is a touch unfair, because ultimately we, the States of Guernsey, decide. If we do not have an infinite resource, somebody has actually got to do the work of suggesting prioritisation. Who is to do that? The States Liberation Day Subcommittee? (*Laughter*) I am sorry, I meant no offence. (*Laughter*)

1720 We give all sorts of things to what Deputy Fallaize now calls ‘the centre’ to do; so the budgetary process, for example, has got to be initiated by ‘the centre’ or near the centre. That certainly does not stop individual Members again putting a real knee into the groin of Treasury and Resources at budget time and making sure that the budgetary process is amended – and last year’s session was a jolly good example.

1725 The point is, just like the old States Committees, Departments cannot be sovereign. They can make proposals; they always have done. Indeed, the Departments are the places where expertise must perforce exist and proposals must come from those Departments and Committees. But when we do not have infinite capacity to throw money at these things, somebody at the centre must make a suggestion that something is either acceptable or it is not. But that, of course, is not the last word, because although the Department is not sovereign, *we are*, and we, the people in the States of Guernsey, make the final decision.

1730 It seems to me, therefore, as a result of today’s excellent debate – until I stood up to speak – that we are at a watershed: either we are going to re-adopt what used to be the pre-corporatist case and we will take things on the basis of as they arise, say, we will debate things which are put forward by the various Committees – there might be a nod towards the centre in the Treasury and Resources and the Policy Council will have their little say at the end of each policy, but essentially it will be up to us to decide; or we do continue to act on a corporate basis and there is a least some form of, perhaps, course filtering system which then places matters before the States to have the ultimate say.

1735 So, whilst I have a lot of sympathy with what Mr Fallaize has to say, I am genuinely confused because I do not know now whether we continue in the manner which was proposed from 2004

1740 onwards, or whether actually we adopt something which certainly, as Deputy Le Lièvre said, proved itself to be very valuable and worthwhile prior to that time.

The Bailiff: Next, Deputy St Pier, to be followed by Deputy Trott and then Deputy Conder.

1745 **Deputy St Pier:** Mr Bailiff, sir, there seems to be a slight confusion of titles here this morning. I think you seem to have been promoted to Mr President and Deputy Fallaize appears to have been promoted to Mr Deputy Bailiff, I believe. *(Interjection and laughter)*

Deputy Perrot: Apologies all round. *(Laughter)*

1750 **Deputy St Pier:** Sir, it is difficult to speak on this amendment without... There is considerable overlap with the main debate and I, like other Members, will struggle with that; however, I do wish to reserve my position to speak in the main debate as well.

1755 Sir, Deputy Fallaize has said in his speech that this Report is saturated with management speak. Well, of course it is, because this is about the planning for good management. Deputy Fallaize does not particularly like that, and he has confused the conversation by talking about policymaking. This is not about policymaking; this is about policy delivery, and as has been said, our system is constipated. It is gummed up with all sorts of projects and services and ideas which we, the States, have supported and want to move forward.

1760 I hesitate to suggest this, given that I share initials with the GSP, but I would suggest to you that it is the syrup of figs to loosen the bowels *(Laughter)* of policy delivery, and –

Deputy Brehaut: Is he saying the plan is unpalatable, sir? *(Laughter)*

1765 **Deputy Trott:** Loosely, yes! *(Laughter)*

1770 **Deputy St Pier:** Is this all about, as has been suggested in a number of speeches, the centre – whatever that is – deciding what we do? As I say – as Deputy Luxon has said, and I cannot agree more strongly – this is quite the reverse of the transfer of powers to unelected officers. This is about the *States* deciding what we do. It is the *States* which approves, or has approved, the States Strategic Plan. It was always envisaged that the Government Service Plan would be the next stage in that process, so I do not agree with Deputy Storey, who says it is not necessary, or indeed with Deputy Perrot, who has alluded to there being too many plans. This was always integral to the SSP. There is no point in having the SSP if we do not move forward with this next stage. It is the States which will approve our political objectives. If Deputy Fallaize does not like them, change them; that is what he is there to do if he does not like it. It is the States which approves the budget, and it is the States which should be approving the projects and services which are done in furtherance of those political objectives. At the moment that is largely left to five political Members of 10 different Departments, and this process is seeking to ensure greater engagement from the rest of us in that process.

1780 As Deputy Le Lièvre has suggested, if a project or service is rejected as this process, of course it will be up to Departments, and Members will be absolutely empowered to bring it before the States and to argue their case here, as they are with the capital prioritisation process or any other process.

1785 Why do we need to prioritise? Because we simply cannot do everything. We have not got the money or the people to do everything, and what we have not got is the ability to turn services off. This has been highlighted over a number of years, going back to 2007 and 2008, that in our current fiscal position we will need to be thinking about how we turn services off. We have got no mechanism to consider that process, and the current 250 or so projects that are being pursued... we have got too many to be able to deliver them. We had a discussion earlier, in Question Time, in relation to referendums, for example, but there is a whole raft of issues which are simply not being moved forward.

1790 And so, by doing less and concentrating on the important things, we have actually got a greater chance of delivering success and we have a system at the moment which is producing frustration amongst politicians, staff, and also our public, because projects which have States approval are simply failing to come to fruition.

1795 As the Chief Minister has said, if everything is a priority then nothing is a priority. So how should we go about this process of prioritisation? Deputy Le Lièvre referred to a self-selecting prioritisation process. I am not sure exactly how that works. Deputy Le Lièvre described the world... I think he, quite rightly, pointed out that we have been a very successful economy and we

1800 have delivered many things and this States and this system of government has delivered much benefit, but I fear that he is suffering from the Nick Leeson syndrome: everything was going so well that nobody bothered to ask could we do things any better.

1805 So what is this process that we will use to prioritise, this so called – and it is, I admit, not a great title – multi-criteria analysis? It is what it says on the tin: it is analysis against different criteria. It is not black magic, it is more of an art than a science, and it is not a predetermined mathematical formula. We have used this approach in relation to prioritising service developments as part of the SSP and also for ranking capital prioritisation bids. It sounds complicated, but it is not. It is not a black box; it is just a way of staff being able to score and rank bids to enable us to make evidence-based decisions, which Deputy Le Lièvre quite rightly asks for. The key is to have clear political objectives which we, the politicians, must set, and the things that we most want to progress; and scoring against that makes the strategic case.

1810 After that, we then look at the overall impact of not proceeding, including on people, on costs, on reputational damage, on non-compliance with legal obligations – whether that is to provide education or whatever it happens to be. We look at the breadth and the depth of the people who will benefit; what proportion of the population will benefit and to what extent; how achievable and what the risks are; whether the proposal is realistic, including a consideration of the high-level risks. Then we look at the sustainability and the value for money, including the timeframe over which benefits will actually be realised and the impact on revenue budgets. In other words: is it affordable; and what are the capital requirements?

1820 So yes, we start with current new service developments and programmes and projects, and if we want to do something new then we are probably going to have to think about what we stop in order to be able to provide that.

1825 Deputy Storey, who is not in the Chamber, referred to new service developments, and of course we will not have any – not least because of his amendment to the budget last year – unless we provide a mechanism that allows us to look at the reallocation of resources, and the GSP will give the Assembly the tools and the information on which to make those decisions.

1830 So how will this link in with the Budget? This will become the way by which the States of Deliberation, this Assembly, decides what to spend. It ensures that scarce funding is put in the right place, in the right Department and on the right things; and yes, zero-based budgeting, which I will come back to, is part of that package and over time we want it to develop into a multi-year plan so we are not just looking one year ahead but allowing greater certainty in being able to plan further ahead.

1835 Deputy Fallaize has criticised the project management, but the project management which this States Report refers to... I would suggest that that is precisely the tool and the mechanism that needed to be put in place in order to give the FTP, whether we like it or not, some traction and helped it to deliver what it has delivered so far.

1840 Deputy Fallaize has rightly criticised the failure of previous plans, but I would suggest to you that they have failed because we have failed to adequately resource them. Zero-based budgeting is a classic example – it was talked about by my predecessor; I do not believe it was talked about by his predecessor – but if we seek to operate it in the way which some have suggested – in other words, leaving it to the Departments – we will have 10 groups of five people whose starting point will be what they are already doing and what they already have. There is no meaningful input from the other 42 of us in relation to that process, and this is what the GSP is seeking to embed: us to all be involved in that conversation.

1845 The development of the GSP will involve major change. That has been highlighted by the Chief Minister, and again very rightly highlighted by Deputy Soulsby in her speech. It will involve major change in the way that Government operates, and the £255,000 cost is the cost of moving us from where we are to being able to finalise this GSP into a process which will actually deliver. The Policy Council is asking for that budget to create a team, to train staff and increase the skills they need, including those necessary to develop zero-based budgeting across the States, and to produce the GSP itself; and yes, there is the £120,000 referred to in relation to technology.

1850 This amendment will hold back the development of the GSP by withholding the requisite funding from the fundamental spending review fund until full details of proposed arrangements can be agreed with the States, rather than waiting for more information to be provided by the GSP report in September or October next year, which is what is proposed in the Report.

1855 To answer the question which was posed by Deputy De Lisle to the Chief Minister, there are simply not the resources available within our existing structure to allow that process to happen. As I say, as the Chief Minister and Deputy Soulsby have said, this is not going to be an easy process unless it is adequately resourced.

1860 The creation of a project team and a budget is expressly intended to reduce the pressure of
change management – which is the issue which Deputy Soulsby quite correctly highlighted –
reducing the pressure of change management on departmental staff. We must learn, as Deputy
Soulsby said, from the FTP experience. There were tensions that arose from that process in
1865 implementing the FTP which have eroded, I would suggest, political trust, and all Departments are
aware of the capacity constraints to deliver their business-as-usual programme as well as this
significant change.

Unfortunately, if the amendment is accepted, without resource allocation, as I have said, the
development of the GSP will be delayed and the cost of this delay will be felt in the States’
1870 continuing inability to prioritise what we do and how we successfully manage projects. If the
Assembly approves the amendment, then it will be giving the message that prioritisation can wait
and that the 250 or so projects identified in the Strategic Stock Take which appears in the Billet
can continue to compete for existing resources for an unspecified period. That impacts a whole
range of things, whether that is education provision, which we will talk about later and the
1875 delivery of pre-school education; whether it is referendum legislation; whether it is the Health
Department’s Healthcare Review or the delivery of the Disability and Inclusion Strategy; whether
it is Deputy Gollop’s favourite subject, as he said, of buses; or whether it is new services as yet
identified by Deputy Storey.

So, sir, I strongly urge Members to reject this amendment. The Policy Council has said, in
1880 11.2.3, that it will be making more detailed recommendations as to exactly how this will be
managed. This is the just the process that will get us to that point and it was flagging in that
statement exactly what Deputy Fallaize would expect and saying that more detailed proposals and
recommendations will be brought back to this place for approval in the States in next year’s
Government Service Plan.

1885 Thank you, sir.

The Bailiff: I understand Deputy Trott does not wish to speak at this moment, so
Deputy Conder.

1890 **Deputy Conder:** Sir, thank you.

I will speak specifically to the amendments and the proposal that Propositions 3 and 4 be
substituted. I will not stray into general debate and reserve my right to speak in that general
debate, if we have one.

1895 Sir, just dealing with Proposition 3 – the sum of £255,000 to be charged to the Fundamental
Spending Review to deliver the Government Service Plan – many colleagues have spoken very
eloquently about that matter already. I will try not to repeat what has been said much better than I
will be able to.

1900 If I could just remind colleagues I am a Member of the Education Department and we, in that
Department, almost weekly struggle to trim our budget to meet the £7.2 million FTP saving that
we have accepted, and consequently we face the public opprobrium related to the decisions that
we have to make. We accept and engage in that painful process because we, like the majority of
the Members of this Assembly, endorsed the FTP programme just a few months ago. So, sir, to
find that we are now asked to find a one-off cost of £255,000 to fund a centre of excellence sticks
in the craw.

1905 Sir, if I now come to the concept of a one-off, how many times have we heard that term ‘one-
off’? Or ‘it will have a neutral financial impact’? (*Laughter*) Painful though it is to remind myself,
I would just say one thing in terms of neutral financial impact: Skills Guernsey. This will not be a
one-off cost; this will be an established part of the States infrastructure. It is as inevitable as the
sun coming up in the morning. It has staff costs in it, to start with.

1910 So, sir, I endorse and applaud Deputy Fallaize and Deputy Green’s amendment in terms of
Proposition 3. It should be thrown out and, as the amendment says, it should be properly costed
and properly referred back to this Assembly.

1915 Briefly turning to Proposition 4, it is surely right to ask the States Review Committee, of which
I am a Member, to report on established methods for the planning of policy and the allocation of
resources. The States – a States – set up the SRC. That Committee is well down the path towards
bringing recommendations before this Assembly. It would be a nonsense to pre-empt those
recommendations by establishing now a structure for resource allocation and budget approval in
advance of SRC’s report.

1920 So, sir, I will vote for this amendment and I hope my colleagues and this Assembly will vote
by majority to support this amendment.

Thank you.

The Bailiff: Deputy Trott.

1925 **Deputy Trott:** Sir, the reason I waited until after Deputy Conder had spoken was that I still was not clear in my mind whether this was hanging in the balance to the extent that I now think it is.

I am going to support Deputy Fallaize's amendment for one reason and one reason only: I believe that if we do not the Policy Council will lose this States Report, and I think it is important that they do not.

1930 One of the problems that the Policy Council faces, in doing a difficult job as well as it can, is that it is allowing certain elements of hypocrisy to creep into the style of writing of their reports, as is the Treasury and Resources Department. I would ask Members to look at page 1041, and in particular to the second paragraph in the Treasury and Resources Department's letter of comment. What they say is:

1935 'In order to ensure that the best value for money is obtained for government expenditure, it is necessary to ensure that services provided are actually required, are fit for purpose, comply with States' strategic objectives and have been prioritised by the Assembly.'

1940 Those words in isolation make complete sense and, for the present Treasury and Resources Minister's information, sir, it was during my tenure as Treasury and Resources Minister – and the Report identifies this – that we introduced the Financial Transformation Programme, and importantly the Capital Prioritisation Programme, and I had always believed that zero-based budgeting was the only way of getting to the root of this problem. That said, back to the paragraph we read earlier. The words say 'prioritised by this Assembly'. Well, we have not prioritised the spending. We prioritised this initiative – it is fundamental to everything we do and the word 'golden thread' even features in the Propositions – but we have not prioritised this spending as part of a bigger picture, however laudable the initiative may be.

1950 But probably more important is the issue that has been touched upon by Deputy Soulsby and others, and that is the issue of evidence-based decision making. We simply have no evidence-based data available to us to determine whether spending £120,000 on technology development is value for money. The problem with that is that it is the pervading hypocrisy that exists, because it reeks of all pigs are equal but some pigs are more equal than others, (*Laughter*) and it is a real problem for any Policy Council. I experienced it throughout my time up there, both as Treasury Minister and as Chief Minister. My advice is that little resistance is offered to the Fallaize amendment because, if the Fallaize amendment is unsuccessful, methinks that you will lose this States Report.

The Bailiff: Deputy Le Tocq, do you wish to be relevé?

1960 **Deputy le Tocq:** Yes.

The Bailiff: Deputy Bebb.

1965 **Deputy Bebb:** Thank you, *Monsieur le Bailli*.

Very briefly, I will actually only speak on the amendment. I will reserve my bile for the main debate. (*Laughter*)

Members, if we look at 11.2.3 – which is the paragraph that is actually being discussed here – in the amendment, it says:

1970 'In order to do this effectively, it will be necessary to develop an in-house governance and support structure...'

1975 and it goes on to talk about employing staff and it also goes on to talk about creating a centre of bureaucracy – oh, sorry, excellence. And then, directly above it, you will see the costings. I cannot in any way imagine that staffing comes to merely £57,000. Deputy Luxon talked about fiction: well, here is fiction. Technology development is £120,000. I am sure that SAP came with a similar price tag initially. I am afraid that, if we are to talk about the actual costings, £255,000 is simply flights of fantasy; and if we really want to actually know how much it is going to cost, we should take a look at what was actually proposed within the SAP Report and what is actually being played out today. We already know that these people, who are apparently the same type of people who will be running this development of the Government Service Plan, are failing miserably in the implementation of SAP. That has resulted in having to employ additional members of staff in

order to fix the problems that were not actually resolved initially, having rolled it out completely without any due regard to what I would consider to be the essential points of any infrastructure programme, and especially one as large as the States of Guernsey tried to implement in SAP.

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Therefore, this figure of £255,000... I would already suggest that you triple it and add some, and therefore I ask you sincerely that, if we are looking at about £1 million-worth of expenditure, which is what I would expect this to eventually come out as, do we honestly think that we have a sufficient amount of information, or as the Government Service Plan itself submits, that we should prioritise this accordingly?

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My suggestion is that such a bureaucracy should not be prioritised and I ask all Members that, in order to understand *whether* it should be prioritised, we need the information; therefore, please support the amendment.

Thank you.

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The Bailiff: Deputy Kuttelwascher.

Deputy Kuttelwascher: Thank you, sir. Just a few words on the amendment.

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I just want to bring up something that Deputy Fallaize said. He said, when he was referring to something the Chief Minister said, which was that final power rests with the States, Deputy Fallaize described that as naïve or possibly misleading. I cannot associate myself with those comments, and I can give you two very good examples that I experienced in the last States.

I remember laying a *sursis* on the Airport project which substantially changed the scheme of works: it was successful, so the States can change things.

2005

The other substantial issue that came before the last States was PSD's proposals for the incinerator: I laid a *Requête* which carried two amendments, both of which I supported, and they substantially changed the policy of PSD at the time.

2010

You *can* change departmental policy when it comes to this States, and those are not the only examples of it happening. All you need to remember is you need to have a robust case and you have to carry a majority of this Assembly. So I completely disassociate myself with those statements made by Deputy Fallaize. The power, at the end of the day, is here.

Thank you, sir.

The Bailiff: Deputy Ogier.

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Deputy Ogier: Thank you, sir.

2020

Deputy Fallaize recommends replacing dogma – I cannot believe this – with good old Guernsey common sense. I have written that down for future leverage at appropriate times. (*Laughter*) I have learned that one person's common sense is baffling to another. People greatly overestimate the amount of knowledge we all share in common, and when people argue for common sense it just makes me think that they cannot be bothered to deal with all the rich and varied parameters a decision often requires. The phrase 'common sense' is often interchangeable with 'dogma'; and yes, in the grim hierarchy of reasons to make a decision, common sense probably ranks a notch above dogma, but we operate in an environment so complex, with so many factors, that when someone says, 'Well, it's just common sense, isn't it?' that just tells me they have not understood all the problems. Islandwide voting is just common sense, isn't it? You try and find a method which works. If Deputy Fallaize is bemoaning the inexact language and corporate speak used in this Report, I have to red-flag its bedfellow and antithesis: good old Guernsey common sense.

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We have had capital prioritisation, and I think it is right that we have revenue prioritisation. It is not the same as a Department prioritising its revenue expenditure itself, as they are only comparing their own internal departmental projects with other internal departmental projects. We do not have any mechanism by which we can look at, say T&R's projects, and compare them with Social Security's projects and Culture and Leisure's projects, and say projects G L and Y are more important to this Assembly than projects B and S.

2035

Deputy Le Lièvre says Departments' sovereign powers are at stake, but Departments have no sovereign powers; they have power granted to them by this Assembly here, and it can be taken away again. That is not a threat, by the way; that is an explanation. (*Laughter*)

2040

If, in time of austerity, or other – and it should be all occasions – this Assembly wishes to take a look at the overall projects and services being delivered and prioritise them against each other, that is perfectly fitting when it is governance duties. That is not centralisation; that is, at worst, micromanagement, and at best it is recognising a risk to this Assembly's performance and the departmental performance and taking steps to mitigate that risk.

2045 However, if this Assembly wishes to assure itself of the in-house governance and support structure before it proceeds, that is a reasonable request. It will result in delay to the project, which will have implications. Personally, I prefer the use of speed in this matter. This prioritisation should occur.

2050 I look back at the years I have spent in the States and the arguments I have heard about – excuse the phrases – lining up ducks, all our ships in a convoy etc. People want to wait until every last brick is in the wall before getting ready to do what it is that they want to do. They will stop reports so other reports can come forward at the same time. We have delayed this, we have delayed that so that this can be done first. Here, we want to wait until the Policy Council returns with governance arrangements.

2055 Personally, looking back, I have had enough of delaying things in this manner over the years. It means *years* can go past until we get an old person's strategy in front of the States, years pass because we have not done this report before we have done that report, and by the time we have got all the reports together, what we were seeking to fix in the first place is over – disappeared, has been fixed in another way – and all the work that has gone into those reports has been wasted.

2060 So I have learned that things take years when you wait for the perfect conditions, and personally I am willing to wait until the Policy Council does what they are saying in this Report, which is to come back with governance arrangements. I am quite happy to give this project the go-ahead now. If others feel differently, I understand that; but there is a risk in terms of delivering what this Assembly is seeking to do in this instance, which for me is a risk I am not willing to take.

2065 Thank you.

The Bailiff: Does anyone else wish to speak on the amendment. No?

Well then, Chief Minister, do you want to exercise your right to speak immediately before the proposer of the amendment replies to the debate?

2070 **The Chief Minister:** If I may do so, sir.

If I may, I will pick up, really, on the comments made by Deputy Gavin St Pier, because he very strongly explained the reason why it is essential that the States should support the proposals as set out in the Report of Policy Council and not be swayed into supporting the amendment proposed by Deputy Fallaize.

2075 The reality is – and again Deputy Ogier, I think, has identified this – unless we can agree a sum of money that can be made available, this Government Service Plan will not get off the ground, or at least will be delayed significantly. I would also urge the States Members to actually read Proposition 3, which says, 'To approve a one off project budget of up to...' and there is a figure stated there of £255,000. You are not signing up to a blank cheque. There is a clearly stated maximum amount that is suggested.

2080 I would also refer, and a number of people have in turn referred, to paragraph 11.2.3, which clearly states the Policy Council will come back with more detailed recommendations as to how the actual process of the GSP will be delivered. So there is already a commitment given by Policy Council to come back to this Assembly with a further report on that. So again, the concern that Deputy Fallaize and others have expressed is, I suggest, misguided. There is a limit on the amount that is to be made immediately available. Secondly, there is an obligation to come back, in any case, with a further report on the process.

2085 Again, I would repeat that if the States support the amendment, particularly the deletion of Proposition 3, then the whole project is going to be delayed and we will be in a further state of lack of clarity in relation to the whole prioritisation.

2090 People have identified that there clearly is... I sense there is a general support for the Government Service Plan as an entity. The concern, recognising that we do need to establish a method of prioritisation... there is obviously some suspicion that this is a great centrist approach. But what I would also urge you to remember – and it is often forgotten – is of course Policy Council actually consists of Ministers of Departments. Therefore, the link with the Departments is there through Policy Council. It is not as though Policy Council is some great amorphous body that is superimposed over Departments. The Departments are represented in Policy Council. The Ministers will strongly argue their case for their own Department before Policy Council. So to suggest that there is some sort of great amorphous centrist approach is wrong.

2100 There have been a number of speeches in support of the amendment. Deputy Le Lièvre argues that we should revel in the small. He goes back to the 1960's, and his memory is, I am sure, unquestionable, but of course in the 1960's life was less complex than it is at the moment, and to suggest that we should just really revert back to 1960's, without having the Government Service

2105 Plan, without having the appropriate budget for that Plan is, I suggest, going back to a state of nirvana which, if it ever existed, certainly will never return.

2110 Deputy Soulsby also expressed her concern with paragraph 11.2.3, and in supporting the amendment recognises the need for change, for management of change. Again, I would suggest that the process that we are proposing and the reason why the Government Service Plan requires a budget in order to get off the ground is we have learnt from the FTP. We have learnt you cannot expect individual Departments to provide the support. They need to be assisted, and therefore there needs to be assistance provided. For better or for worse, it has to come from somewhere; therefore it should be vested within T&R. Therefore, the answer to Deputy Soulsby is yes, we have learnt from FTP. We have learnt that Departments need support, that support has to be provided, and the best place it can be provided – and the only place it can realistically be provided – will be probably from T&R.

2120 I thank Deputy Perrot for also expressing... well, his confusion – and I suppose at the age of 67 one is allowed to be slightly confused, but again I would mention... I would make everybody clear. He highlighted one particular point: that since 2004 there has been a move towards – and it is a horrible word – a ‘corporatist’ approach. I actually prefer to use the word ‘joined-up’. How many of you, in your manifestos, when you sought re-election, asked for a more joined-up approach to Government? This is precisely what the GSP will deliver and this is precisely why again I come back to urge you to resist the amendment proposed by Deputy Fallaize, because if you approve that amendment you will delay the whole of the GSP approach and therefore we will not be able to crack on with the prioritisation that I suggest is absolutely essential.

2125 I would urge Members to vote against the Fallaize amendment.

The Bailiff: Deputy Fallaize, then, will reply to the debate.

Deputy Fallaize: Thank you, sir.

2130 I will pick up initially on that last comment from the Chief Minister. I think he is saying that if there is greater centralisation, there is more joined-up government. The Chief Minister will know, because of his work on the States Review Committee, of the Committee’s analysis of systems in Jersey and the Isle of Man, with far more centralised and top-down systems, and report after report commissioned in those jurisdictions advising of a prevailing silo mentality in government departments and departments working in isolation from each other. So I reject entirely the idea that greater centralisation results in more joined-up government.

2135 In fact, there is a recent example one could point to on the phone-in, which I agree with Deputy Gollop was an interesting phone-in. There was a moment, of course, where a caller phoned in and asked about the potential –

2140 **Deputy Trott:** I think he said ‘excellent and interesting’, as a matter of clarification, sir.

2145 **Deputy Fallaize:** I was not going quite that far! *(Laughter)* There was a moment though, Deputy Trott will remember, where someone phoned up to ask questions about the potential outsourcing of maintenance jobs in schools – schools maintenance staff have had letters to advise that there is a review of their jobs and there is a possibility of outsourcing – and the Chief Minister said, ‘Ah, well, that is actually the Education Department because everything in this area is delegated to them and I cannot comment any further.’ Then, later on in the programme, the Education Minister phoned up to say, ‘Well, actually, this has got nothing to do with the Education Department; this has been an initiative driven from the centre.’ And I know, because I was at the Vale Deputies’ surgery the previous day, where the Deputy Minister was being taken to task by members of the public and he had to say, ‘Oh, well, I know absolutely nothing about this, and the Education Committee has not been consulted in advance.’ So, if that is the product of centralisation, if that is what amounts to joined-up government, then I think we could do without it *(Interjection)* because what that actually sounded like was complete and utter dysfunctional chaos right in the heart of the States.

2150 Sir, Deputy Luxon said that the process at the moment was constipated. I have to say, if Members believe that, they have not seen the constipation that will ensue if we vote for the Government Service Plan propositions unamended, because that idea of being able to prioritise and bring back to this Assembly and micromanage Departments – £300 million or £400 million of expenditure – is constipation to an extraordinary extent.

2160 He said the Government Service Plan would do what all of its predecessors have not done, and all of Deputy Luxon’s predecessors have said the same things about their own plans. I have heard – sometimes sitting in the public gallery, sometimes sitting next to Deputy Lowe in that seat –

2165 Minister after Minister saying, ‘Well, this time it will all be different because this plan finally will align resources with the policy priorities of the States.’ But there is no evidence, as Deputy Trott has alluded to, absolutely no evidence in this Policy Letter that this process is going to be any different to any of the others.

2170 I think the Policy Council seems to believe that if it writes things down on paper, then they must be true, (*Laughter*) and that simply because of their determination these present Ministers are somehow much better, superior to all the others who have had a go at this in the past. I am sure they are very good chaps, (*Laughter*) but I do not believe that they are infallible and I do think they have to present us with some evidence if they are going to convince us that this process is going to be any better than any of its predecessors.

2175 Deputy Storey said, quite correctly, that the central control in this system of government has to be through the budget process. I agree with everything that Deputy Storey said. I may have been a little harsh on the States Strategic Plan. I do agree with him that developing and evolving that Plan is better than this grand monster replacing it.

2180 Deputy Green said that these proposals, if approved unamended, would drive a coach and horses through the role of the States Review Committee, and I have to say I think he is right. That is the Committee which has been charged with proposing a policy planning and resource allocation process that is consistent with our system of government. The Chief Minister sits on that Committee; the Treasury Minister sits on that Committee. A majority of the political Members of that Committee are members of the Policy Council. If I had turned up in the States with a *Requête*, as a member of the States’ Review Committee, and said, ‘Look, we should design this new policy planning process now according to *my* ideas and impose it,’ I suspect that the Chief Minister and the Treasury Minister would be saying, ‘But that is absurd because the States Review Committee is carrying out a review in exactly that area.’ I think that goes back to what Deputy Trott said about there being one rule for one and one for another.

2190 I have to say I am disappointed in the Chief Minister as the Chairman of the States Review Committee, and in the Treasury Minister as a member of that Committee, for pursuing this Policy Letter without even consulting with the State’s Review Committee. The Policy Council talks about consultation: they did not even come to the States Review Committee and say, ‘We know you are trying to design a new policy planning process, but we have these ideas: what are your views on that?’

2195 Deputy Perrot talked about the great changes of 2004 – great in terms of large, rather than positive, I think (*Laughter*) – but actually there was no great change other than the Committees of the States were streamlined. There was no enormous change in the balance of the machinery of government.

2200 In fact, I have a quote. Deputy Perrot talked about checks and balances which exist in our system of government, and there is a quote which I particularly like. It comes from Sir Charles Frossard, who I think may be the only man ever to have held the office of Bailiff, Deputy Bailiff, Procureur, Comptroller and President of the Senior Committee of the States. (*Interjection*) Not at the same time, no; (*Laughter*) that is post the Government Service Plan! (*Interjection*)

A Member: Not very joined up!

2210 **Deputy Fallaize:** He said that the elaborate checks and balances intended to define and limit the powers of the legislative and executive branches had been achieved in Guernsey not by conscious planning, but as a natural consequence of a legislature without parties in which executive functions are delegated to a wide range of standing committees, each of which are independently responsible to the States.

2215 That really is the basis of our Constitution and our system of government, and I do believe that if we superimpose upon that underlying principle the idea that all Departments and Committees will submit their projects and services to the Policy Council for them to be ranked, we will undermine the very basis of that structure of government, and I think we do that at our peril. At least we should not do that in advance of the review of the machinery of government and the policy planning process which is underway at the moment.

2220 Deputy St Pier spoke about the States making decisions ultimately, the whole Assembly. I stick to what I said initially, despite Deputy Kuttelwascher’s speech, because the States just cannot micromanage Committees’ and Departments’ budgets. It is all very well to highlight two examples. I could give an example as well of when T&R came to the States proposing borrowing £175 million and we managed to turn it around and consequently now most of the people who voted for that actually go around saying the States has no debt (*Laughter*) and using it as a great

example. Incidentally, if we had executive government, that proposal... we would now be swimming in that pool of debt. Nonetheless, it is possible for the States to turn things around, but the States cannot micromanage Committees' budgets to the extent that would be necessary to give the States the power to prioritise in the way that the Government Service Plan suggests.

2230 He said that the present arrangements were frustrating. Well, I would just say welcome to politics. The idea that the Government Service Plan is going to remove the frustration there is in trying to prioritise competing projects for finite resources... well, I simply do not accept that.

2235 Deputy St Pier criticised that not all States Members have the opportunity to determine policies and services of States Committees and that they are delegated to five Members of Committees. Yes, that is because the States, sitting as an Assembly, cannot run all of those services and determine expenditure of £300 million or £400 million. The alternative is that we do not delegate to Standing Committees of five Members independently responsible to the States. The real alternative is that we delegate to an executive of 10 or 12 Members, we call them a Council of Ministers, which is a glorified name for a cabinet, and we change our system of government – and that is being explored by the States Review Committee, which will put options to the States.

2240 Deputy St Pier also said that the amendment would hold back the Policy Council. That particularly alarmed me, because if that is true that means that the Policy Council does not yet know how the in-house governance and support structure and centre of excellence and team of project and programme managers will work in practice, because I am requesting that we have clarity about that before we commit to the expenditure of £255,000. Deputy St Pier says if the States asks for that sort of information, it will really hold back the development of the Government Service Plan. I think that is an indication that the Policy Council has not thought this process through, and I do submit that I do not believe the Policy Council really understands how the process of this Government Service Plan will work.

2250 Consultation was talked about. I think there were only two Members of the States, and they were not exactly significantly appealing for the States to chuck out the amendment. They were speaking against the amendment, I think, Deputy Perrot and Deputy Ogier. Only two Members of the States outside of the Policy Council spoke against this amendment. I think that is an indication that the Policy Council does not have the buy-in of the Members who sit on Departments and Committees in order to pursue this, (**A Member:** Hear, hear.) and I was amazed also that I think, other than the Chief Minister, only two Ministers spoke in favour of this Policy Letter: two of 11 Ministers. (*Interjections*)

2260 **The Bailiff:** We have not had general debate yet, Deputy Fallaize.

Deputy David Jones: Not speaking in favour of your amendment. It was rubbish! (*Laughter*)

Deputy Fallaize: In which case the Ministers could have spoken *against* the amendment, but none of them – or only Deputy Luxon and Deputy St Pier – have chosen to do that.

2265 I suspect that there are some members of the Policy Council today who, hearing arguments on the floor of the House, have been confronted with those arguments for the first time. I really do not believe that this Policy Letter has been scrutinised in forensic detail and gone through stage after stage of development within the Policy Council. I think it has been put together as a quick... 'sop' might be too strong a word, but I think it has been put together in haste to try and fulfill promises that were made during the March States Strategic Plan debate, and I think that the first time that it comes into contact with real life it will collapse. That is the Plan, not the Policy Council, sir. (*Laughter*)

2270 Deputy Bebb was correct that we are being asked to prioritise expenditure on the development of the Government Service Plan, which is all about having to provide evidence to prioritise expenditure, and yet there is not a scrap of evidence in this document to tell us why we should prioritise expenditure on the proposals contained herein. (*Interjection*) Yes, there is no business case, that is true.

2280 I was hoping, actually, in this Policy Letter, that the Policy Council might set out the areas where they think certain Committees and Departments at the moment are acting completely without reference to the corporate objectives of the States. We keep hearing about the States being unco-ordinated and disjointed and haphazard, but as far as I can recall, every report that has come before the States so far in this term by Departments, the Policy Council has supported.

2285 Where *are* all of these Committees? The Ministers are presiding over Committees, and yet they are coming to the States and saying the States is haphazard and unco-ordinated and disjointed, and presenting a picture of Committees acting in a way that is contrary to the corporate objectives of the States.

2290 So I have to say to Members that down here, in this section of the States, if that is the right... Deputy Flouquet used to say ‘You lot down there.’ (*Laughter*) That never worked too well. (*Laughter*) But I have to say to Members who are not on the Policy Council we are talking here about – through you, sir – *your* Committees. These are your Committees, that Members sit on, being accused of being unco-ordinated and haphazard and disjointed. I would be amazed if Members who are not sitting on the Policy Council would vote in practice – because this is what will happen – to make the prioritisation of their own budgets subservient to the Policy Council when the Policy Council has not even consulted with those Departments and Committees in the formulation of this Plan.

2295 It is correct to say that the Financial Transformation Programme... the centralised top-down model that was introduced initially did not work, and for the Policy Council to say, ‘Oh, well, we have learned from that’ butters no parsnips because they have not outlined in this Policy Letter how the Government Service Plan will work in any way that is different from how the Financial Transformation Programme worked.

2300 Also, spending £¼ million on this, which itself is a new service, a new project, I think conflicts with the Storey-Trott amendment that the States approved in January when we debated the FTP, and I am not surprised that Deputy Storey and Deputy Trott made not dissimilar speeches on this Report because we agreed that any savings generated through the Financial Transformation Programme would be allocated to pay down the deficit and not to introduce new services or projects; and this is a new service or project funded from the fundamental spending review fund.

2305 Deputy Soulsby made a point about accountability, and accountability is crucial. It is absolutely imperative that Departments and Committees must remain accountable to this Assembly for their own expenditure, and if we effectively insert this tier of prioritisation run by the Policy Council on top of that, it will destroy the possibility of this States holding Committees and Departments to account because they will simply say, ‘Well, actually our budget is effectively controlled for us now because our expenditure is prioritised elsewhere.’ That will not aid accountability; it will undermine accountability.

2310 Sir, I do not think I need to detain the States any longer. I will conclude by saying only that there is a very stark choice between the States today. I respect that there are some Members who are convinced that we need a top-down centralised way of prioritising resources and policy, and I suppose they will vote against the amendment; but I am appealing to Members who are opposed to that centralised and top-down model, or who are at least not convinced of its merits or do not believe that the evidence for it is presented in this Policy Letter to support the amendment.

2315 I will conclude, sir, with one final quote, because I think this quote outlines an approach which is contrary to the principles in this Policy Letter, but I think it describes very well the way in which this present committee system of government needs to be led. They were words spoken in this Assembly by a former Conseiller – and he held a very senior position – who said:

2325 ‘Leadership, in this system of government, should follow one cardinal principle, which has been followed by generations of States Members in this House, which is that the basic principle of leadership is a willingness to serve and not to dominate. That is true leadership. As all power has some potential to corrupt, leaders in this House should not seek more power; they should seek influence which is something that is earned and which is far more valuable.’

2330 He concluded by saying:

‘If you want to go fast, go alone.’

2335 That is what is outlined in this Policy Letter.
He went on to say:

‘Of you want to go far, go together.’

2340 Sir, I do not believe that we will go far if we endorse the Government Service Plan as outlined in these Propositions today, and therefore I ask Members to support the amendment.

Thank you, sir – and could we have the *appel*, please?

2345 **The Bailiff:** A recorded vote then, please, Greffier, on the amendment proposed by Deputy Fallaize and seconded by Deputy Green.

Just to clarify, it is a single amendment, so you are voting on both the new Proposition 3 and the proposed new Proposition 4. It is a single amendment.

There was a recorded vote.

2350 *Carried – Pour 26, Contre 17, Abstained 0, Not Present 4*

POUR

Deputy Brehaut
Deputy Robert Jones
Deputy Le Clerc
Deputy Gollop
Deputy Sherbourne
Deputy Conder
Deputy Storey
Deputy Bebb
Deputy Lester Queripel
Deputy Gillson
Deputy Le Pelley
Deputy Trott
Deputy Fallaize
Deputy Lowe
Deputy Le Lièvre
Deputy Collins
Deputy Green
Deputy Dorey
Deputy James
Deputy Adam
Deputy Brouard
Deputy De Lisle
Deputy Burford
Deputy Inglis
Deputy Soulsby
Deputy Hadley

CONTRE

Deputy Harwood
Deputy Kuttelwascher
Deputy Domaille
Deputy Langlois
Deputy St Pier
Deputy Stewart
Deputy Ogier
Deputy David Jones
Deputy Spruce
Deputy Duquemin
Deputy Le Tocq
Deputy Perrot
Deputy Wilkie
Deputy Sillars
Deputy Luxon
Deputy O'Hara
Deputy Quin

ABSTAINED

None

NOT PRESENT

Deputy Laurie Queripel
Deputy Paint
Alderney Rep. Jean
Alderney Rep. Arditti

The Bailiff: We will get the formal result after lunch. I am sure you have done your own counting.

2355 We will rise now and resume at 2.30 p.m.

*The Assembly adjourned at 12.45 p.m.
and resumed its sitting at 2.30 p.m.*

2360

Alderney Representatives Jean and Arditti relevés

2365 **The Bailiff:** I see that the fog has lifted, the Alderney representatives have arrived, and you wish to be relevés, do you, both of you?

Alderney Representative Arditti: Thank you, sir.

2370

**Developing a Government Service Plan
Debate continued**

2375 **The Bailiff:** Now I can formally announce the result of the vote on the amendment that was proposed by Deputy Fallaize and seconded by Deputy Green: there were 26 votes in favour and 17 against. I declare the amendment carried.

Deputy Bebb.

2380 **Deputy Bebb:** *Monsieur le Bailli*, could I ask for a five-minute recess whilst I actually submit a further amendment to this debate?

The Bailiff: I put that to the Members of the States: those in favour of a five-minute recess; those against.

Members voted Contre.

2385

The Bailiff: I think we can carry on with general debate and see if anybody else wishes to speak while you finalise your amendment.

Does anybody wish to speak in general debate? Yes, Deputy Lester Queripel.

2390

Deputy Lester Queripel: Thank you, sir.

I have got several concerns regarding the Government Service Plan, and I know my colleagues will focus on the majority of those so I will focus on just one of my concerns, sir.

2395

I am concerned about the very real possibility of duplication of effort, and I still need to be convinced that we actually need yet another plan. If Members read the last two sentences of paragraph 3 on page 1003, they will see that it tells us that it is time to look at the services we offer and assess whether they are still required, fit for purpose and provide value for money. But isn't every Department already doing that under the regime of the FTP? So why do they need another plan to help them identify efficiencies when the FTP is designed to do that?

2400

If Members read the last sentence of paragraph 1 on page 1003, they will see that it tells us that the GSP is intended to be a single overarching plan for the delivery of services in the short to medium term. But again, isn't that what the FTP is already doing?

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If Members turn to page 1007 and read 4.2, they will see we are told there are indeed links between the different planning elements but they are largely prepared in isolation and that currently the States is not able to ensure it is spending its revenues in the right place on the right things. Again, sir, I find myself asking the question: isn't that the sole purpose of the FTP?

2410

So I apologise if I am missing a fundamental point somewhere, sir, but I really do feel that the States are already awash with strategies and plans; and bearing in mind I have always had concerns about the poor levels of communication within the States, can the Chief Minister please tell me, when he sums up, who will be responsible for identifying possible duplication of effort between the FTP and the GSP, and how will they actually do that?

Thank you, sir.

The Bailiff: Yes, Deputy Dave Jones.

2415

Deputy David Jones: Thank you, Mr Bailiff, Members of the States.

2420

I listened intently this morning to a couple of speeches, one of which came from Deputy Andy Le Lièvre, who made some very interesting points and some points that I concur with – that the States of Guernsey has always outperformed most of the countries around it, other jurisdictions, in terms of providing services to its people, not getting itself into debt, and managing its Government and its way of life, its infrastructure, its social programmes and everything else without too much legislation and without too much complication.

2425

But where I parted company with Deputy Le Lièvre's speech was on the idea that everything in the past was done in such a manner that everybody was inclusive. I can tell you now, I served in the States, along with Deputy Trott – we both joined on the same day – when the old A&F Committee... and the A&F was made up of very strong-willed senior politicians of the day and they did not consult anybody. They forced through their pet projects and they made sure that they got the funding available, but strong characters like Deputy Roger Berry, John Langlois, Bill Bell and many of the others did not hold cosy little workshops with States Members (*Interjection*) and all the rest of it. As Deputy Trott would say, it makes you proud. Well, he was part of the Board of Administration at that time. So I think we do tend to look at some things with rose-tinted spectacles that perhaps were not always as clear as we like to believe they were.

2430

This Plan is yet another plan, I agree with you. I think that we are planned-out as an administration, but go back to when you first joined the States a year and a bit ago: you wanted corporate working; you wanted corporate joined-up government. You attended all these workshops. It was very well attended. The Policy Council tries to put together the thoughts and processes that resulted from those workshops in to some sort of workable plan to bring before the States.

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2440

I think that what is really behind this mini rebellion this morning... and there is no doubt about it, the Policy Council has been given a swift kick in the backside this morning by the Members of this House, but I think the real problem that you have – talking to individual Members – is the fact that you believe that there are senior civil servants at the back of all this who are mounting some sort of takeover bid of the democracy of this Island in order to force us into some form of cabinet government.

2445 I have fears occasionally when civil servants – and senior civil servants at that – seem to get a bit ahead of themselves and want to drive policy, rather than advise on policy and bring forward ideas that the democratically elected Members can look at and possibly run with. But there are still some strong characters round the PC table. We are not some sort of alien body that is removed from our elected boards and the day-to-day business that goes on in the States in terms of departmental business.

2450 It is interesting to see what is going to happen to this Report at the end of the day – and I am even more interested in what is going to happen with this next amendment because I have no idea what I might be – but I do not think...

2455 There are two things I wanted to say; I thought about them over lunch. One is that we are constantly being told on PC that you really need to show more leadership, you need to start showing that you are prepared to lead on policy and lead in lots of other areas and we need to be more corporate, because as soon as the Policy Council goes anywhere near either one of those items we are immediately told, ‘Here we are, you are trying to form a cabinet and you are not taking the rest of the States with you.’

2460 I thought that in the lead-up to this Service Plan – well, more so the Government Business Plan, when we had the workshop – there was actually a new kind of working amongst the States Members. Twenty-odd Members of the States had changed, we had a completely new House in many ways, and I did get the feeling at those workshops that actually especially a lot of the new Members were as keen as mustard to get on, try and get our Government into a more corporate working mode and to drive some of the policies that we have got forward. But the problem at the back of it all is that we do not have any money, and so when Deputy Fallaize talks about motherhood and apple pie, he is right in some respects because some of the things can only ever be funded – if we are not to go into massive debt, which I do not think any of you want – once we have got ourselves out of this wretched deficit and back into the black and we start to generate some real surpluses that we can then move forward again. But of course the things that always fall by the wayside when we do not work corporately are our social programmes, and that is a real concern, I think, for many of us.

2470 So, while I understand why you are deeply unhappy with the Policy Council’s Report, and there was no doubt that the amendment was very well supported, I do believe that you do have to sit back when you come to vote on this Report and think do you really want corporate working and corporate governance, or not; do you really want the Policy Council to lead these kinds of things, or not. The question is you have to make up your mind which one of those it is.

Thank you.

2480 **The Bailiff:** Deputy Lowe.

Deputy Lowe: Sir, through you, could I ask Deputy Jones to apologise for the derogatory remarks he made about the previous Advisory and Finance, which were completely inaccurate? They did consult – (*Interjection*) Well, I can ask. That was completely inaccurate. During my time, Advisory and Finance did consult, and the decisions were made in this Assembly.

2485 **The Bailiff:** Deputy Jones, do you... Of course, they are not here to respond to...

2490 **Deputy David Jones:** Well, they are not here to respond, no; but they had plenty of time to do so when they were, (*Laughter*) and it was some of the questions that I asked at the time. I was always at loggerheads with most of them on either housing issues or Board of Administration issues, and I say to you that the level of consultation from the Senior Committee among States Members in those days was almost non-existent.

2495 Deputy Lowe’s recollection of history is often different to mine and I accept that as being the case.

The Bailiff: Deputy Bebb.

2500 **Deputy Bebb:** Yes, *Monsieur le Bailli*, I actually have an amendment, which has now been drafted and is seconded by... and could I therefore ask for it to be distributed?

The Bailiff: Yes.

Deputy Bebb: Thank you.

2505 **The Bailiff:** We will just take a moment while it is distributed and everybody has the chance to read it.

Does everybody now have a copy of the amendment?

Deputy Bebb, then, to introduce it.

2510 **Deputy Bebb:** Thank you, *Monsieur le Bailli*.

I think, because it was not circulated in advance, if I were to read the amendment:

Amendment:

2515 *To delete Propositions 1 and 3; and to re-number Propositions 2, 4 and 5 as Propositions 1, 2 and 3; and to insert a new Proposition 4 as follows:*

'4. To agree that the development of a Government Service Plan as outlined in that Report shall await consideration by the States of the report of the States Review Committee referred to in 2 above.'

2520 Members, I think it is fairly obvious what the attempt of the amendment is.

Prior to the debate, I was very concerned that the development of the Government Service Plan was, as was said this morning, driving a coach and horses through the mandate of the States Review Committee, and I firmly held that belief; but unfortunately – and I do hope that Members will forgive me for tabling this amendment mid-debate – I was fairly ill yesterday and development of such an amendment did not actually happen.

2525 Therefore, whilst I crave your indulgence in that regard, I think that when we hear the debate this morning on the amendment it was fairly clear the Members of the States Review Committee states clearly that this Report did drive a coach and horses through the mandate of that Committee, and I think that we realistically owe some respect to that Committee to report their findings properly and for us to deliberate on them then. The Report, as Members will know, makes reference to the fact decisions will be placed into the hands of the Policy Council and that the Government Service Plan will be delivered there, but that is not currently the role of the Policy Council; the mandate is actually at variance with that.

2530 Therefore, this amendment simply states not that this is the wrong thing, nor that it is the right thing; it merely says that if we are to have a Government Service Plan that is developed in the way that is consistent with our system of government, and if we realistically want to ensure that executive government is not entered through the back door – which is a concern that arose this morning from that debate... I see an Alderney Representative looking a bit confused, and I can confirm to him that in this morning's debate actually that was some of the concern that was raised.

2540 But if we want to ensure as well the *success* of the Government Service Plan, as was stated this morning, it really has to work *with* the grain and not *against* it, and I think that the obvious thing for us to do is therefore to say to the States Review Committee that we await their findings, and *then* we come back and we deliberate on the Government Service Plan. That would be completely compatible with our system of government.

2545 At this point in time I hope that that is all that I have to say. I am sure that I will enjoy listening to what... any Member who feels that they want to speak on this amendment will do so, but I think that we are in a position that we either accept this amendment or we simply look at the very real possibility of simply disbanding the States Review Committee because it evidently flies in the face of their mandate; and I think that that would be a real shame, given that the States Review Committee are well into their deliberations.

2550 Thank you.

The Bailiff: Deputy Conder, do you formally second the amendment?

2555 **Deputy Conder:** I do, sir, and reserve my right to speak.

The Bailiff: Deputy Perrot.

2560 **Deputy Perrot:** Just one point of order, sir. I know that we cannot use the phrase 'point of clarification' – or can we now? Maybe we can – but Proposition 4 reads:

'To agree that the development of a Government Service Plan as outlined in that Report shall await consideration by the States of the report of the States Review Committee referred to in 2 above.'

2565 If we are deleting existing Propositions 1 and 3 and we are renumbering Propositions 2, 4 and 5 as 1, 2 and 3, 2 above will actually be the original Proposition 4, I think.

Deputy Bebb: It will be the Proposition 4 as amended, won't it, which is –

2570 **The Bailiff:** It will be the new 4.

Deputy Perrot: I beg your pardon, yes, I see. I understand. Thank you.

2575 **The Bailiff:** It is the new 4. The old 4 has gone.
Does anyone wish to speak in debate on this amendment? No?

Deputy Conder: Yes, sir.

2580 **The Bailiff:** Deputy Conder.

Deputy Conder: Thank you, sir.

I am pleased to second this amendment, sir.

2585 I speak as a member of the States Review Committee. I think we have already heard expressed concerns by the Deputy Chairman of the States Review Committee, Deputy Fallaize, earlier on in his amendment, about his concerns of the impact of the Government Service Plan on the deliberations of the States Review Committee.

2590 I think the amendment that was passed earlier did, to some significant extent, allay those concerns, but I think, given the amount of time and effort that the five members of the States Review Committee and the two non-States members have put into the work to date, and the fact that we are near to bringing the first of our reports to this Assembly, it would be appropriate for this delay, as posited in this amendment, to be approved. That is why I seconded this amendment.

2595 We are so relatively near now to coming to this Assembly with proposals, which inevitably will, to use Deputy Bebb's term, potentially anyway, rub against the grain of what is in the Government Service Plan, that I think it would be opportune to wait on that report.

So I will vote for this amendment and I would urge colleagues to do so.

The Bailiff: Deputy Gollop and then Deputy Langlois.

2600 **Deputy Gollop:** Sir, it probably suits my purposes to support this amendment, for two reasons: firstly, it gets me out of a political fix as to whether to support bits of the current GSP or not; and secondly, it puts it all off into the long grass, (*Laughter*) because we do not know what the States Review Committee will come back with and whether it will be acceptable to the Chamber.

2605 I think we rather missed the point this morning. I voted the way I did on the Fallaize amendment because not only was the speech very good but because I have questioned the very nature of the FTP and the ideological drift of the centralisation. But I am surprised by the margin of victory that it had – predominantly only Policy Councillors and Treasury and Resources Members opposing it – because there is a second strand to the Government Service Plan and this amendment deals with perhaps the issue that has most excited us, which is to do with the system of government and how far the particular Report is congruent by tying it into the States review.

2610 But having listened to what Deputy Le Lièvre and Deputy Fallaize and others said, I would entirely concur that the old States, some of which I had the privilege of being a Member of, were extremely effective bodies and they have achieved a lot for the Island over the years, but they did so at a certain cost, at a time when we were receiving not Zero-10 but 20% from the corporate sector and there was a different nature of economic trends ahead, especially in the late 1980's, 2615 1990's and so on. Centralising decision making and taking it away from Departments to a degree is about cuts, it is about spending restraint, and if the States is now going in a direction of supporting a more departmental focus, it goes without saying that we are implicitly making a decision towards increased social expenditure, which I would support, but also increased taxation of one type or another.

2620 So I support this amendment with a lot of reservations about the direction we are going in and whether all Members appreciate that.

The Bailiff: Deputy Langlois then Deputy Trott.

2625 **Deputy Langlois:** Thank you, sir.

I was confused this morning. I vaguely found my way out of that confusion in one way or another. I did not agree with the decision that were made, but the decision has been made – it is not a problem; that is the way we work in here.

2630 I am confused again – and it is only 20 minutes into the afternoon session – because I am quite surprised that the constitutional matters that I understood the States Review Committee were looking at had been interlocked with what we are talking about today. The issue is quite clear that further down the line there will be some linkage, and what they have been considering over the last 15-18 months will have to take into account where we are now and where they want to be in the future.

2635 But what we are talking about today... I do not know of anybody else in this place, sir, but I stood for re-election in order to achieve something in four years, and we are in grave danger today of kicking everything into the long grass and delaying everything beyond the time when it is actually practical to achieve anything.

2640 The Government Service Plan is not the be-all and end-all, the make-or-break, it is not a perfect document and it will never be; but in order to get some linkage and some joined-up government of some sort, it is essential at this stage, and it is essential if we are going to achieve something in the next two and a bit years. You might not have counted this folks – and this may come as *good* news to some of you, or others may feel totally different – but there are only 31 more States meetings to go to the election, (*Laughter*) and we simply cannot delay.

2645 So, please, can we get rid of this amendment and get on with the business?

The Bailiff: Deputy Trott.

2650 **Deputy Trott:** Sir, following on from that, I think this is a very dangerous amendment indeed, and it is this sort of on-the-hoof policymaking that is always a danger. (**A Member:** Hear, hear.) It may well be that the Chief Minister will consider asking for a recess to consider the Policy Council's response in a little bit more detail than he may have had the opportunity to do thus far, but I will give the benefit of my wisdom, if that is what Members wish to call it, sir. (*Laughter*)

2655 An amendment of this type will very significantly impact on our deficit reduction programme. Of that there is no doubt. In fact, the substantive Report tells us that the Treasury and Resources Department is hoping to have its proposals in place for October of this year to inform, following a States debate, the budget for next year. That target would not be able to be met if this amendment is successful.

2660 Secondly, sir, it will cause, as a result of that, at least a year's delay to the budget process. This is not something that causes short-term delay, waiting for this report. It has a knock-on effect. The budgets are prepared on an annual basis and an enormous amount of work goes into it.

2665 Thirdly, and arguably most importantly, sir, is that if there is to be a fundamental shift in our machinery of government as a result of the review, that is potentially three years away. If the States does decide to make material changes, they are unlikely to be put in place until after the next General Election. That would result in this Assembly having wasted a very significant period of time.

This is a dangerous amendment and I *strongly* recommend this Assembly to reject it.

2670 **The Bailiff:** Deputy Fallaize.

Deputy Fallaize: Thank you, sir.

2675 On the point about expenditure, I reject what Deputy Trott has just said and – I do not think Deputy Langlois did say it, actually, but somebody has said it, as well as Deputy Trott – that this amendment will impede the efforts of the States to cut expenditure. Oh, it was Deputy Gollop.

2680 Actually, if one looks at other jurisdictions where there is a more centralised top-down process for planning policy, they spend per head, almost always, considerably more than Guernsey. Just look at Jersey's financial position, just look at the Isle of Man's annual revenue expenditure and compare it to Guernsey's, and then look at the levels of expenditure in Guernsey – total revenue of expenditure – over recent years, since perhaps, 2002, 2003, 2004.

2685 Deputy Trott will know full well that there has been, with the exception of one year, quite exceptional expenditure restraint practised by the States in that time. That is not what is often read about in the press, and I do not think that the present leadership of the States does enough to acknowledge that, but they are the facts. Therefore, the idea that you need to move to a more centralised process for planning policy and allocating resources in order to deliver efficiency savings is actually the very reverse of what is demonstrated in practice.

So I do not believe that this amendment – as I did not believe that my amendment – would in any way impede that States’ efficiency programme. I do not think this amendment can be associated with increasing expenditure or decreasing expenditure. I think it is totally divorced from those two issues.

2690 The issue it is not divorced from though is the link between the machinery of government and the planning of policy and the allocating of resources, and I am *absolutely amazed* to hear Members of the Policy Council say they do not understand why a debate about planning policy has been linked to a review of the machinery of government, because under our present system of government the whole thing is stitched together, *has* to be stitched together by policy co-ordination.

2695 Ever since the Constitution of the States was reviewed immediately after the Second World War, there has been an acknowledgement that the key to making the system work is policy co-ordination, because when you have these Committees that are independent of each other reporting directly to the States, there has to be some degree of policy co-ordination to make the whole thing work. So our machinery of government is absolutely inexplicably linked with how we plan and co-ordinate policy, and that is why, I guess, the Senior Committee of the States has spent so much time in recent years trying to come up with policy planning tools. They would not have done that if this was an executive system of government, because they would have had all the tools effectively delegated to them to make policy as they see fit; but they have to involve themselves in this quite complex process of policy co-ordination because of the system of government that we have.

2700 So the two are inextricably linked, and that is why I think there is some merit in the amendment, because when the States Review Committee is considering reform of the machinery of government... and I do not think I am going to be revealing any great secret in saying this: the Review Committee is going to propose *some* measure of reform. There may be options for minor reform and options for more substantial reform, but there is going to be a proposal for some reform; of that I am in no doubt. Whenever the States Review Committee considers different options for what it might put forward, the very first question it has to deal with is how will policy be planned and co-ordinated if we adopt that kind of structural arrangement? That is how closely linked the machinery of government is to policy co-ordination.

2705 I do think that there is some merit in the States not deciding to embark upon a quite radically different process for planning policy and allocating resources in advance of the States Review Committee reporting. I do think that the Government Service Plan, certainly as initially conceived – and I think the amendment has assisted, but as initially conceived – would have served to tie one hand behind the back of the States Review Committee because it would be absolutely ludicrous for the States to agree in 2013 to put in place a very new, quite radically different, quite complex policy planning process, invest money in it and then say, not very long after that, ‘Well, actually, we now want to have a completely different machinery of government, and in order to support that we will need another completely different policy planning process.’

2710 Of course, we do have a policy planning process in place. We do have a States Strategic Plan, which, when it was developed – and Deputy Langlois will know this, having served on the working party, or whatever it was called, for some time, which put together the States Strategic Plan – it was promoted at the time as the means of aligning the resources of the States to the policy priorities of the States. I think Deputy Storey said this morning that what was required was evolution of that process, rather than some sort of grand monstrous plan to replace it.

2715 Of course, this amendment does not mean that the States Strategic Plan cannot evolve further. In fact, I think it makes it absolutely inevitable that the Policy Council will have to go back to the States Strategic Plan and consider how that could be evolved, rather than replacing it with something entirely different.

2720 Of course, just looking at the way this amendment would change the Propositions, Proposition 1 –

Deputy Trott: Sir, on a point of order?

2725 **The Bailiff:** Yes, Deputy Trott.

Deputy Trott: I think Deputy Fallaize may be misleading the House, sir, but I may be wrong. My understanding is that we already call the States Strategic Plan the Government Service Plan; that is already the description of it.

2730

Deputy Fallaize: Yes, but the way the Policy Council has explained it is that the States Strategic Plan, which used to outline the strategic policies of the States and the mechanism for arranging the business of the States to meet the corporate objectives... that whole process used to be dealt with in the States Strategic Plans. The Policy Council is dividing that up, as I understand it, and the States Strategic Plan now becomes something which looks 25 years ahead and the Government Service Plan does this thing which the Policy Council does not seem to think the States has ever been able to do, which is to align the allocation of resources to the corporate objectives of the States. But the way the States Strategic Plan is conceived at the moment, because the States has not agreed to a Government Service Plan yet, as we stand... As we are here today, the way the States Strategic Plan is constructed at the moment, it does deal with the whole range of those issues which the Policy Council now wants to split up.

So I do think what I was saying was reasonable, and that if this amendment is approved, the States Strategic Plan will still exist and the Policy Council will be able to take it to the next stage for it to evolve further.

The idea that the Government Service Plan – I think that was said this morning – was *always* going to be the next stage of the States Strategic Plan is absolute bunkum. I sat here through debate after debate of the States Strategic Plan and I never saw any mention whatsoever of a Government Service Plan. There was nothing in any of those reports at all, as far as I can remember. Deputy St Pier is now going to try to highlight where I am wrong, (*Laughter*) but I do not believe... I spoke to Deputy Parkinson, who was leading on the States Strategic Plan, a lot about that process and I do not believe he ever conceived of anything like the Government Service Plan that the Policy Council is now putting before the States.

So Proposition 1, if this amendment is successful, does maintain this, noting that the Policy Council will bring to the States in October of this year political objectives for the period to 2017 that will guide the prioritisation of States revenue spending. I think that is perfectly reasonable. I think the Policy Council can set out the corporate objectives of the States and there is nothing wrong with that, and I think the States Strategic Plan, if it evolves, will be able to deal with that.

So I think that, on balance, this amendment is reasonable because it leaves in place a mechanism for planning the policy of the States in the States Strategic Plan and it does not impede the work of the States Review Committee, because I suspect... I cannot say this for certain – obviously I do not want to bind the States Review Committee – but I very much suspect that if the Government Service Plan is approved today, in a few months' time the States Review Committee will be coming to the States with a very extensive report proposing a completely different policy planning process that would have to apply irrespective of which of the credible options for reform the States Review Committee put forward, and I cannot see that that would be sensible. The States has set up a Committee to review the machinery of government with particular reference to how the States plans and co-ordinates and monitors and effects policy planning, and therefore it seems to me quite sensible to let that Committee do its work and report to the States before putting in place a grand new plan to do that for the States when we already have a plan in the States Strategic Plan.

So I think, sir, I will support the amendment.

The Bailiff: Deputy Luxon.

Deputy Luxon: Thank you, sir.

The Policy Council needs to listen to what Members have said this morning regarding the GSP, and obviously Deputy Fallaize's amendment stimulated an awful lot of critique, and I am sure the Policy Council will consider exactly what was said this morning.

What confuses me a little bit about what Deputy Fallaize just said is that he talked about how centralising is not a good idea, as seen in the Isle of Man and Jersey, for cost savings; and yet, for the first three years of our FTP, the Departments achieved virtually nothing in terms of cost saving and it is only in the more recent times that we have actually managed to achieve £16 million of the £31 million saving. So that is an iteration of an element of centralised approach to a government that has delivered cost saving which refutes what I thought Deputy Fallaize said.

Deputy Fallaize: Sir, may I raise a point of order?

I think Deputy Luxon is misleading the House, because for the first two or three years of the Financial Transformation Programme it was imposed as a very top-down centralised initiative. It has only been since it was changed and Departments were given cash-limit savings targets that the whole thing has started to work, sir.

Several Members: Hear, hear.

2810 **Deputy Luxon:** I understand what Deputy Fallaize says, but I agree with the opposite interpretation of that. At the end of the day, the Departments were always going to be the bodies that needed to deliver these savings. The savings were going to come from departmental budgets, not from some kind of mysterious central budget.

If I was inadvertently misleading the Assembly, then I apologise; I just do not think I was.

2815 Sir, Deputy Bebb said that the debate this morning meant that these proposals were riding a coach and horses through the States Review Committee work. Nothing could be further from the truth. There is absolutely nothing about what was contained in this Report this morning that actually did that. I understand why Deputy Bebb and Deputy Fallaize feel that that is the case. What this Report is is the continuation of agreement in this Assembly to support the States Strategic Plan, and the Government Service Plan was the next phase of the implementation of that, 2820 and the Government Service Plan debate in October is the next stage again, and the GSP debate in October 2014 is the next phase again. That then equals the Department Service Plans. So yes, it is another DSP on the GSP on the SSP on the GBP, but the reality is Members have wanted to see progress of policy development and it is not a case anywhere in this Report, or in the States Strategic Plan or in this... whatever it is called, the GPS, or whatever it is, GSP... *(Laughter)* It is not a case – *(Interjection)* Yes. *(Laughter)* 2825

Deputy Brehaut: The GPS actually gets you somewhere, sir.

2830 **Deputy Luxon:** We are all tired of talking about it because we all actually want to get on with it, but what Deputy Fallaize's amendment this morning and what Deputy Bebb's amendment now does is to defer and delay things. It absolutely defers and delays things.

I am an ardent supporter of Deputy Fallaize's proposal that got passed in the last Assembly for a States Review Committee to be formed, and I was delighted with those Members who were voted onto it, and indeed the non-voting members. I made 'an excellent submission', I think you 2835 said, Deputy Fallaize, as an individual. You did say that, didn't you?

Deputy Fallaize: Sir, I think I did at the time, yes. *(Laughter)*

2840 **Deputy Luxon:** Yes, well, I have another one available. *(Interjection and laughter)* I am great supporter –

Deputy Fallaize: We'll be in touch!

2845 **Deputy Luxon:** Oh yes, we will!

I am a great supporter of it. The problem is I believe the States Review Committee was going to come back to the States Assembly this year. Unlike Deputy Conder saying it is around the corner, I believe that the report is not going to come back until next year. If that is the case, and I – *(Interjection)* No, if I am wrong I will be corrected, but Deputy Conder indicated that that first report would be coming back to us very quickly. Well, if it is not going to come back to us until 2850 next year, the first report, *if* it is not, then it is not just a matter of months away; it could well be a year before we start seeing anything meaningful. And do you know something: the SRC may actually say that they make no recommendations for any change at all. Why? Because the States Review Committee, I hope, is starting from a zero-based accounting start point, an open canvas, and will be considering all of the submissions to bring back to this Assembly their 2855 recommendations, and their favoured recommendation might be no change, to stay as we are.

Whatever recommendations do come back to this Assembly, we may not support them; in which case, we could be no further forward but we would have just kicked this can down the road another year. Another year of no progress. We would almost be near the end of the FTP, hopefully, but we would not have progressed trying to make policy progress, which is what many 2860 Members have said that they want over the last 12 months. We may well have simply stalled that yet again.

So all I would say is I think Deputy Trott made some excellent points in terms of the danger of this amendment. We simply do not need to. The Policy Council *will* listen to what Members have said this morning. It would be hard not to reflect on the strength of feeling and we have to try and 2865 grapple with that.

Deputy Bebb also, sir, said that this was executive government by the back passage, or by the back door. All I would say to him with that is it is the opposite of that. This is about allowing the

47 Members of this Assembly to, between us, decide on which policy formation is important, how we prioritise it, and giving them the budget to be able to allow it to happen.

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I remember well listening to Deputy Fallaize and Deputy Le Lièvre many times over debates last year being frustrated by the fact that we just were talking about what we were going to do maybe one day and not getting on with doing things; and this process... Deputy Fallaize may be right, that it fails and it does not succeed: is that the reason to not continue trying to make progress? Because I have not heard any Member come up with any tenable alternative to what is before us in this Report.

2875

Sir, I desperately hope Members will not support this amendment and would accept that the Policy Council will clearly listen to what was said this morning.

Thank you, sir.

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The Bailiff: Anybody else?
Chief Minister.

Deputy Harwood: Sir, could I ask for a short recess in order that the Members of the Policy Council can actually review the amendment?

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The Bailiff: Those in favour; those against?

Members voted Pour.

2890

The Bailiff: We will have short recess to enable the Policy Council to consult.

*The House recessed at 3.16 p.m.
and resumed its sitting at 3.25 p.m.*

2895

**Government Service Plan
Debate concluded
Propositions as amended carried**

2900

The Bailiff: Chief Minister, I know that there is at least one other Deputy who wishes to speak in debate, so we are not yet at the point where you could exercise your right to make the penultimate speech if you wish to do so, but do you wish to speak at this point?

2905

The Chief Minister: Not at this point, sir. I will reserve my position.

The Bailiff: In that case, I call Deputy Sherbourne.

2910

Deputy Sherbourne: Thank you, sir.

Members of the States, first of all, I would like to start by thanking Deputy Perrot and Deputy Le Lièvre for the excellent history lesson that we had this morning. I saw it rather differently, actually, as being on the receiving end of States' decisions from the late 1960's to date, and I actually identified, should I say, with what Deputy Dave Jones stated about his observations about Advisory and Finance Committees of those years. They rang a bell with me – and no pun intended! (*Laughter*). But I do thank them, although I have been rather confused as well with regard to the debate – and I have actually got two years on top of Deputy Perrot, so maybe I have an in-built excuse. (*Laughter*). So I do thank them very much for that.

2915

Understanding where we are at the moment is a bit of a problem, because we have heard all sorts of arguments from States Members, extremely eloquent speeches, and I suppose I would sum it up it that there is a sort of feeling down here, and as a foot soldier that is how I am feeling things. I think it is a fear of centralist failure – that is the word that I have actually put down – because we have actually, in the very short time that we have been together, been very much aware of the failure of centralist policy. We have actually been aware of the difficulties of FTP – Deputy Fallaize has already referred to the two years where the ELT had full control – and we have similar problems at the moment with SAP.

2925

I think there is a fear down here on the floor of the Assembly –

A Member: Us lot down here.

2930 **Deputy Sherbourne:** ‘Us lot down here’ – that we are going to have another dose of the same, another level of bureaucracy put in the way. We know that the Policy Council needs to have priorities. We agreed to that back in March and it is right that they have come back to us, trying to get from us an agreement on the next step forward, but unfortunately it is clouded by this fear that I have – and I am sure that many of you down here feel the same thing – that we are just going to have a level of bureaucracy imposed upon us which actually will be at risk of failure yet again, and that is this last thing we need.

2935 I have confidence, actually, in the Policy Council. They are all able people. They are supported by us, as Members of their Committees. We have access to them regularly; we can communicate our feelings to them. I do not understand why you need, as a Policy Council, another level of Civil Service bureaucracy to assist you with prioritising. Why do you need that? There are 11 of you who could be doing that and getting on with it, and coming back to us and saying, ‘This is the Policy Council decision; this is what we have agreed as a group, considering all the issues that, in Committee, you have offered us, all the problems that you see, the priorities for each of your Departments.’

2940 In Education, which as you know is my first love, we have a vision – which we will be putting to you very soon – that we want to drive through, and we realise that that will have to be prioritised and we need the guidance of Policy Council on that; but you are the people who can do that. I do not want a black box to determine which of the Education Board’s visions passes, gets the tick, and that which gets the cross, because we are coming to you with a vision – the first time in the 40-odd years that I have had the great pleasure of being associated with education where that complete vision has actually been laid to the States. It has never been done before. It is a joined-up bit of thinking and we want you to provide us with the tools to move forward and deliver. I do not see that another level of bureaucracy is totally necessary, and I can understand totally why my colleague in St Peter Port North has put this amendment forward.

2945 I will listen to the debate very carefully, but I think we are making this far more difficult than we need to. It should be far more simple. We can move forward. With the collective will of this States we can do anything; and with the expertise, the ability we have got there on the top bench, we should be able to do it. We do not need additional levels of bureaucracy put in the way.

Thank you.

2950 **The Bailiff:** Deputy St Pier.

Deputy St Pier: Thank you, sir.

2955 Deputy Fallaize seemed to express some surprise at the emergence of the Government Service Plans that have not been referred to before, and of course he was right: I *was* searching to find the exact reference, and of course there are many of them.

In the March debate, the March Billet, pages 360 onwards, I think it is quite clear what was being signalled would be presented in July:

2970 ‘This report examines these topics in more detail and describes what the current Policy Council has been doing over recent months to address them, including how the introduction of a Government Service Plan will, in future, fill the “What we are going to do” box far more effectively.’

It goes on to make it clear that:

2975 ‘In order to address these matters it is proposed that the high level strategic policy and political direction of travel contained within the SSP with its 0-25 year time horizon should be linked inextricably with a 0-4 year rolling plan under the banner of the “Government Service Plan” which will:

- 2980
- Translate strategy into a programme for action during the States Term
 - Inform the preparation of the States Budget
 - Be reviewed annually to monitor performance against targets...’

and so on. Then, in paragraph 4.11:

2985 ‘In summary, the Government Service Plan is intended to build on the experience gained through the prioritisation of New Service Developments and ultimately to apply a similar sort of approach to evaluate all States expenditure (not just New Service Developments) both in terms of revenue and capital. It will be the tactical process through which the States will make decisions about the allocation of resources enabling Departments to continue to provide key public services while at the same time ensuring that priority programmes and projects (ie. the long term change agenda) will be properly resourced and managed more efficiently than in the past.’

2990 **Deputy Bebb:** Excuse me. I am sorry.

The Bailiff: Deputy Bebb.

2995 **Deputy Bebb:** I have to ask is Deputy St Pier speaking in general debate, because I thought that he had already spoken in general debate and this was a debate on my amendment.

The Bailiff: I think he is replying on this amendment, specifically to what Deputy Fallaize said.

3000 **Deputy Bebb:** I am sorry, it felt a lot more as if it was general debate about this Government Service Plan and not specifically about the amendment.

The Bailiff: I think he is responding directly to a point raised by Deputy Fallaize.

3005 **Deputy Fallaize:** Sir, I was going to wait until the end of Deputy St Pier's speech, but since there has been an intervention, may I just make a point of order that what I said was that when the previous States left the present Policy Council with the States Strategic Plan, there was no intention to develop anything like a Government Service Plan. I understand that it was in the Report which this Policy Council produced in March, but I was not talking about the work of this
3010 Policy Council.

The Bailiff: Deputy St Pier.

3015 **Deputy St Pier:** In that case, I have misunderstood, sir. That was not clear from Deputy Fallaize's comments, sir. I thank him for the clarification, but I was responding directly to his comments in relation to comments on this amendment.

Dealing with this amendment, I also speak as a member of the States Review Committee and I have had extensive... well, I say 'extensive'... several e-mail exchanges with Deputy Fallaize on this point. I have not accepted, I do not accept and will not accept that the GSP in any way cuts across the work of the States Review Committee. As I said in relation to the previous amendment, this is about the management of our resources, as Deputy Gollop identified. I do not agree with him that it is about cuts, but it is about the management of resources within our current system of government.

3020
3025 There is absolutely no merit in this amendment and kicking this issue into the long grass at all, and I strongly urge the Assembly to reject this amendment, sir.

The Bailiff: Does anybody else wish to speak?
Yes, Deputy Dorey.

3030 **Deputy Dorey:** Thank you, Mr Bailiff.

Prioritisation, as Deputy Fallaize spoke this morning, has always been a problem and we have tried many different methods. We have had some successes. Legislation: that was something that we struggled with, how to prioritise legislation, and I believe we now have a method which is basically non political, which publishes the list quarterly, and I believe it is working and is
3035 prioritising legislation well.

Capital prioritisation: I believe that is working as well. You can always improve it, but I think most people would consider the previous capital prioritisation debate worked reasonably well.

3040 We struggled with new service bids. They were scored against criteria, then moderated. I think they used a lot of resources, and we still have a process that I do not think was worth it for the outcome.

But with prioritisation the problem has always been... Sorry, one other thing where it has worked is within Departments. I think Departments have prioritised their policy development and I think Departments have worked well.

3045 I think the problem areas have been when you have cross-departmental projects and the Supporting Living and Ageing World Strategy – Old People's Strategy – has been one that has been mentioned many times in this House. Because it is multi-departmental, we have sometimes struggled with those projects, although we have other projects... I was on Social Security and we worked very closely with Housing on reviewing the Supplementary Benefits system in the previous Assembly. So there has been good and bad.

3050 I think the other area where we struggle is that Commerce and Employment will come up with, say, three projects, and Culture and Leisure will come up with three projects, and they will each

put resources in it. Are the Culture and Leisure projects more important, or the Commerce and Employment? And do we need to adjust the resources between them and a method of doing that?

3055 I know at Social Security, when we wanted to do the Supplementary Benefit review, we asked for additional resources from the T&R of that day and they gave us additional resources to be able to do the project. I think those are some of the areas where we struggled, and I think that is why we need some method of trying to cope with those problems.

3060 I did support the amendment this morning because I think that we did need to come back with detail before the Assembly can make a decision, because we have struggled before and I think it is important that the Assembly has confidence in the method we come forward with. But the point I am trying to make is I do believe we need a method of prioritisation, and I am asking you to reject this amendment because I think it is... We do have problems, as I said, with the cross-departmental and trying to look, between Departments, at what is the priority between them and where should our resources go.

3065 So I do believe that it is worth continuing with a method, and if there is a problem with it we can learn from it and that will help to mould whatever policy planning and prioritisation method we use in the new Assembly. I am a member of the Review Committee and I think it would help us if we tried another method. If it works very well, then that will help us; if it does not work very well, we would learn from it. So I think we need a method and this *has* been researched. Not
3070 everybody fully supports it, but I think when we come back with the details you will be able to make a better decision than you have been able to make today; hence why the Assembly supported the amendment.

I am asking you to reject this amendment, support the amended propositions, and let's put a method in. Let's try it. Let's see the detail when it comes back. If you do not like the detail, you
3075 can amend it then. Let's try it, and I believe we will benefit from it. If it works well, it will help us in the next Assembly, it will help the Review Committee, it will give us practical information on using that method. If it does not work, we can then learn from where it failed. So please reject this amendment.

3080 Thank you.

The Bailiff: Deputy Le Tocq.

Deputy Le Tocq: Sir, there is a story – it may well be apocryphal – of one of the great reformers – I think it might have been Ulrich Zwingli of Zurich – who was approached one time
3085 by a member of his supporters who came up to him and said, 'Mr Zwingli, I do not like your methods,' and he said, 'Well, no, I am not really happy with them myself either – what are yours?' and his supporter said, 'I have none,' and Zwingli said, 'I prefer mine.'

Sir, I think, whilst I can understand some of the motivations coming from those who may support this amendment, we are in danger of throwing everything out because it is a *method*, it is a
3090 *system*, and at the moment, when we speak about evolution and the likes of things that have been talked about in the past – I think, through very rose-coloured spectacles; some of us have been in previous incarnations of this Assembly – I think we are in danger of doing two things, and probably some of the support for this amendment is coming from these emotions.

3095 One is to look at the past and think, 'Well, better the devil you know and that worked quite well,' whereas I think there are many things in the past that I have experienced and perhaps some of the Members who have spoken this morning, sir, who were very critical of previous lack of methodology that we had; and at the same time to look to what is before us in terms of improvements – and it is only improvements that can be further improved – as if they are something horrendous and to read all sorts of conspiracy theories into it.

3100 Sir, Deputy Fallaize this morning quoted a couple of maxims: if you want to go fast, go alone; if you want to go far, go together. I would add a third one to that: if you want to go ponderously and painfully slowly, then hinder every new development or attempted improvement and praise the *status quo* and embrace revisionist history. As a result, I would suggest we would be doomed to repeat the mistakes of it.

3105 Sir, I am supporting continuing with the Government Service Plan, notwithstanding we have had one amendment already, because this current amendment would put us onto a track where it would be almost pointless having a Government Service Plan that could help us, assist us, to develop the sorts of things that we all said we wanted to do when we first got elected. We have got very short-term memories, sir, if we are saying that we are not willing to work on something –
3110 admittedly with the possibility that it may be improved, even overthrown to some degree by changes in the States Review Committee, whatever they propose; but then again, that is going to be subject to the vote in this Assembly, so we cannot double guess what that might end up with.

3115 We have to work in the now and we have got some major prioritisation decisions to make – and we have not got tools to do that. We have got what Deputy Fallaize, I think it was again, said this morning in terms of influence; but influence by itself, without the means of the proper information before us, without proper means of balancing one set of desires against another, is going to be very difficult for us corporately to deal with.

3120 It is true that in the Policy Council we can and we do and we must continue to have frank and open debates – and I take on everything that Deputy Sherbourne said before; it is important that we do that – but we certainly, as a Policy Council, want to take every Member of the Assembly with us. This is simply a mechanism that will enable us to be better able to do that and to justify recommendations that we will bring forward, particularly budgetary recommendations.

3125 Sir, one of the dangers again with amendments like this – and we have had time to consider it in part – is I think they are in danger of bringing together a group of supporters who are supporting it for sometimes opposing reasons. There will be some supporters, no doubt, in this Assembly who will want to see certain priorities moved forward and would be very happy for, for example, taxation to increase in order to do that, so long as we do not touch what we are currently doing. There are others who do not want that to happen at all, and in fact would want to stimulate industry by reducing the burden of taxation in some way, and they may want to support this because they feel they are under threat. I think that is where it is important this Assembly realises that is in the arena of exactly why we need to have a mechanism, a methodology, a system of prioritisation. It is certainly not perfect. Let us take note of the straw man arguments that Deputy Fallaize and others have made several times in this Assembly. This is not perfect, so do not throw it out for those reasons. It needs improvement, that is for certain, but we can do so, by the very arguments that some have made against this, as we evolve and move forward.

3135 Sir, I would recommend that we throw out this amendment but that we continue debate on the Government Service Plan so that we can have a proper, informed debate on this and we can move forward having something in place, which in my mind is certainly better than nothing.

3140 **The Bailiff:** Deputy Stewart.

3145 **Deputy Stewart:** Mr Bailiff, I was always taught positive attitude, positive outcomes; negative attitude, negative outcomes. It has been disconcerting to hear the negativity that I have listened to this morning and throughout this debate. If we just distil down actually what we have got here – and I think Deputy Dorey made an extremely good point – the logic dictates if we have prioritisation of legislation, if we have prioritisation of our capital spend, why would we not want to have prioritisation of our revenue?

3150 Deputy Perrot made an extremely good point this morning – well, several extremely good points. All we are looking at is a four-year plan, but we all decide on that plan. The States decide and the States can change or amend that plan at will. But we do need a plan. I joined the States after a career building up from one radio station to 20. Without a plan, without my capitalisation prioritisation, without revenue prioritisation, we would never have built up a successful group.

3155 And we had a history lesson of the States. I think cometh the moment, cometh the States. Our challenge at the moment, and the challenge that is facing us, is a world that is changing so fast, a world that is fiscally uncertain and a world where we have to be even more perhaps fiscally prudent than we have been in the past. That is where our focus needs to be at a time when there are competing demands for our social policies as well. So never before has the planning of revenue and taking good account of our fiscal position been ever more important, and to kick this tin down the road, in my mind, as Deputy Trott has pointed out, could be so dangerous and disastrous for this States. We need to take a grip of it.

3160 Deputy Sherbourne, what really actually saddened me was that you said you felt like a foot soldier as a member of Policy Council who I feel is... and maybe it is because I have always worked corporately. With Commerce and Employment I see myself as the Chairman and I represent – whether I always agree with them or not – the views expressed by my board to Policy Council, because I have that sense of collective responsibility. I realise I may not agree with absolutely everything my board agrees with, but I express their views diligently to the Policy Council. And I am confused, because what we have been is totally transparent in this whole process. When we went thorough the States Strategic Plan, the involvement of every single States member was encouraged and most Members did attend, whether it was through the workshops... and this is something that we made a real effort to do, to involve and to make this everyone's plan, not a Policy Council plan.

3170 These are really just, as best we can, put into a report the views that were expressed at all these workshops. And what we are in danger of doing now, if we accept this amendment, is decide not

3175 to make a decision. We are going to fail to prioritise the prioritisation of our priorities. Do we want a plan now not to plan not to have a plan?
I urge you to reject this amendment.

The Bailiff: Deputy Duquemin.

3180 **Deputy Duquemin:** Thank you, Mr Bailiff.

I will speak in the main debate in support of the Government Service Plan, but I have been brought to my feet by this amendment, hopefully to make a small contribution to make sure that it is defeated.

3185 Many have said that they were confused by this amendment. In many ways this amendment makes me a little angry. To reiterate the points by Deputy Langlois, it was almost as though he were reading my script – although I am not sure he could see over the bench at my script (*Laughter*) – because I had already written down ‘I am not here to kick anything into the long grass.’ I am not even here to kick anything into the short grass, because I want to make a difference. Sir, we are here for the next two and a half years to make a difference and work hard for the Island, and what this amendment does, in my understanding, is it does delay things until 3190 2016.

Also, I am a little confused by the constant referring back, by Deputy Fallaize and others, to the States Review Committee. My understanding is that everything is up for grabs by the States Review Committee, and that come midnight in 2016, when 30th April becomes 1st May, 3195 everything might change. But, as Deputy Luxon says, nothing might change; we just do not know. So we cannot, for the next two and a half years, do nothing, because that is absolutely ridiculous.

A buzz phrase doing the rounds today has been ‘we are drowning in plans’. Well, my concern and my fear at the moment is we are drowning in process and we are not making any progress, and 3200 boy, oh boy, I want to make some progress.

Thank you, sir.

Several Members: Hear, hear.

3205 **The Bailiff:** Does anyone else wish to speak? No.

In that case, Chief Minister, I invite you to speak immediately before Deputy Bebb replies to debate.

The Chief Minister: Thank you very much, sir.

3210 I also sit on the States Review Committee – in fact, I am the Chair of the States Review Committee – and I have to say that I do not share Deputy Fallaize’s reaction to the Government Service Plan. It is *not* aiming to take over planning of policy. It is *not* aiming to take anything away from Departments. What it *is* trying to do is put together a methodology whereby we, the Members of the States Assembly, can determine priorities, and it is political priorities that will be agreed by this Assembly against which, in a transparent way, the individual projects can then be 3215 assessed.

The reference has been made earlier to constipation. Perhaps you prefer the word ‘indigestion’. We have a huge build-up of projects, plans and initiatives which are within Departments, and the Billet lists them. It runs to over 200. There is no methodology at the moment for determining which of those particular plans or projects should take priority. Some have been hanging around... 3220 As we have heard earlier today, the referendum, for example, has been hanging around since 2002. We need a methodology whereby the current States can say, ‘These are the projects, these are the priorities we want you to follow; these are the priorities therefore we believe the Department should adopt.’

Reference has also been made to this centrism. There is obviously this overwhelming fear that, 3225 by agreeing to the Government Service Plan, somehow we are passing something into the centre. I have to say that I am the only person, I think, on Policy Council who does not have a departmental responsibility. Does that mean, therefore, I am the centre that somehow morphs over everything that the States do? I wish I had that authority, but I certainly do not. There is no *centre*. There is a Department – there is the Department of Treasury and Resources – which has the responsibility for the budget. Is that the centre? I think we have to agree and identify exactly what we do mean by this approach to centrism. Policy Council is made up of Ministers of Departments: they are not the 3230 centre.

Sir, I urge all States Members to reject this amendment for the reasons that I think have already been very well articulated by colleagues.

3235 The Government Service Plan is part of the overall States strategic planning policy. Deputy Gavin St Pier has quoted from the States Strategic Plan Billet, which was debated in March this year. It was clearly identified that there would be a Government Service Plan.

3240 Again, I would remind States Members of the message that was left to us by the previous States – and I apologise for repeating it, but in 2012 the previous States said that a lot of work had been done to the States Strategic Plan since 2009 to produce a workable system for strategic, i.e. medium to long-term planning, but there were challenges that the new States would have to meet over the next four years: firstly, finding ways for the States to set an even clearer political agenda so the public could understand the scrutiny process and hold the States accountable for carrying out; helping to make Government more efficient and effective year on year, so the public services provide good value for money; making sure there is a consistency between strategic planning and short-term planning within States Departments so the two levels of Government work well together.

3250 Sir, this is not something that has been dreamt up by Policy Council, this is not something that has been dreamt up by some mythical centre; this is a clear message that was left by the previous States to this States, and the Policy Council, in bringing forward the proposed Government Service Plan, are merely trying to evolve the planning system. It is not some centrist land grab.

3255 Sir, I therefore urge States Members to reject this amendment. For all the reasons that have already been articulated, it merely creates a further period of lack of decision. The States Review Committee will hopefully have reported back by the end of next year, but there is no certainty as to what it will be reporting and the reality is that anything that it does propose will not take effect until 1st May 2016.

3260 If we accept this amendment, we are potentially deferring any process of prioritisation, any attempt to sort out the indigestion or the constipation, and we are really handing over a baton to the next States. It is up to us. I urge you to step up to the plate and accept we have to take decisions in *this* term and not defer them.

I therefore urge you to reject the amendment.

Several Members: Hear, hear.

3265 **The Bailiff:** Deputy Bebb, the proposer of the amendment, will reply to the debate.

Deputy Bebb: Thank you, *Monsieur le Bailli*.

3270 Well, if anybody is wondering what executive government looks like, I suppose you only need to have seven Members of the Policy Council speaking against you, and then you realise what executive government starts to look like.

First of all, Deputy Langlois actually expressed his concern and dismay over this one.

3275 Deputy Gollop actually said that he was going to allay his concern by supporting this amendment, by kicking it into the long grass; but I do not see it as long grass. Deputy Conder said that the States Review Committee was due to report very shortly, so I am confused as to how long a piece of grass does ‘shortly’ actually mean. I was under the impression that the initial findings of the States Review Committee would be with us by the end of this year, and given that the proposals within the Government Service Plan now need to come back with further amendments, I would not say that this is such a big delay because there is work that needs to be done on this Government Service Plan already.

3280 So I would suggest that actually it could happen at the same time.

The Bailiff: Deputy Luxon.

Deputy Luxon: Sir, I am sorry to intervene.

3285 I did ask a question which I realise Deputy Bebb cannot answer, that I believe that the States Review Committee may not be coming back to the States until the second quarter of next year. It is such an important point that Deputy Bebb has again referred to now. Could I ask a member of the SRC to confirm whether it is imminent, as Deputy Conder said, seconding this amendment; or indeed if it is later – because it has a profound difference for Members thinking, I think.

3290 **The Bailiff:** Deputy Harwood is the Chairman of the Committee – perhaps he could assist.

3295 **The Chief Minister:** Sir, I have not discussed this with my colleagues on the SRC, but the intention is to bring forward a paper for consideration, I think, by the end of this year. But the actual – sorry, I am looking across to Deputy Fallaize – proposals or propositions that emanate

from the Review Committee I suspect will not be before the States until the middle of next year, possibly the latter quarter.

3300 **Deputy Bebb:** Thank you; in which case, it is perfectly possible that, having had the initial report here and understanding the direction that the States Review Committee will take, the Government Service Plan will then work in conjunction, and that we do not find a jarring between the Government Service Plan and any proposals of the States Review Committee that would actually happen at a later date or indeed sooner, which is perfectly plausible if this Government Service Plan is not actually put together with the States Review Committee's findings.

3305 I find that Deputy Trott, talking about the danger with regard to the budget... Well, I am surprised, because I do believe that Deputy Fallaize laid some Questions to be answered by each Department, of which every Department bar one was confident of meeting its FTP targets this year. If that is not good progress against our Budget, I am not sure what is; and therefore the contention that delaying this – and it would not be delayed by much – would actually endanger the Budget... To me, that feels a little bit like shroud waving.

3310 Deputy Luxon made reference to the term 'coach and horses'. Well, surprisingly enough, the term 'coach and horses' was not used by just a few people; it was also used by Deputy Green, who does not sit on the States Review Committee. Those were not *my* words this morning; they were Deputy Green's.

3315 There was also reference made to the fact of no policy progress. Well, I know that we are making progress at HSSD. I sincerely hope that he is making progress at PSD. And when it comes to the cross-departmental progress, I do believe that HSSD are currently working with Housing on a very good proposal, and therefore that will actually be brought to the Assembly, should it be necessary, but they are working together. I have just had a meeting with representatives from the Home Department that will benefit Home, HSSD and SSD, and it will actually...

3320 This idea that you cannot progress policy because you have not supported the Government Service Plan... Please do not make me laugh, because surely we are all competent and capable of developing services, developing work that will deliver real benefits for the people without actually needing some fairly protracted methodology, as laid out in what is available information within the Government Service Plan.

3325 The question by Deputy Le Tocq – he said that the GSP would be pointless – well, I will leave that one as mute. He also says there are no tools to prioritise. Once again, I believe that co-ordination of policy is currently the Policy Council's responsibility, and therefore if you are not able to actually prioritise, if you are not able to co-ordinate, then one questions why you are sitting there. The Government Service Plan will not resolve all of these issues. Do not imagine that there is a silver bullet. Co-ordination is the responsibility of the Policy Council by its mandate and it should do so. It should not try and put in place a bureaucracy so that they can blame the bureaucracy instead of taking responsibility themselves.

3330 There was also the statement that he wants to take every Member of the Assembly with us. Well, it is interesting: this morning – and various other Members of the Policy Council have also made reference to the fact of wanting to listen – we had a vote on an amendment to the Government Service Plan, of which not one Minister, bar the T&R Minister, voted with the majority of his Department, not one; and four of you voted against every other Member of the Department, so I question what kind of listening is that. If you want to 'take Members of the Assembly with us', I think it is evidenced that you did not this morning.

3335 Deputy Le Tocq also said that it was better than nothing. Well, that is also questionable.

3340 Deputy Stewart talked about fiscal prudence. Well, may I suggest an immediate way for Members to save £255,000 and also whatever revenue expenditure it would entail, that of course the Report is mute on.

3345 There is also a mention from Deputy Stewart on collective responsibility: there is no collective responsibility in this Assembly. This is not a board room; this is a government. The Report has frequently talked of frustration, as if it is a bad thing. You will find frustration within government, because government is about people with different ideas coming together and trying to resolve a majority view. There will always be frustration in that situation. I am frustrated frequently. That does not mean that it is a bad thing; it simply means that we are within a government and that government itself will always be frustrating, regardless of whichever method you adopt.

3350 Members, the assertion that we are having a centrist approach and that the Chief Minister asked for us to explain what the centre looks like – well, three letters: ELT, because at this point in time I can be quite specific in stating that my understanding of the centre is more and more civil servants directing Ministers. That, to me, is what this reads of, and therefore I would contend that if you want a government that is actually fully run within a Civil Service, we are heading in that

3360 direction, and I would actually contend that this amendment resolves that problem because it simply states that no development of a Government Service Plan is best placed within the hands of a centrist approach. It actually states that it is best considered with a due report that the States Review Committee will bring with the initial findings at the end of this year.

3365 Therefore, Members, I would simply put it to you that this amendment actually addresses those questions, ensures that we have a Government Service Plan that would work with the grain of the type of government that we have today, and therefore it is best placed after the initial findings of the States Review Committee, which are due at the end of this year. If we cannot progress what is already asked in relation to this Government Service Plan in tandem with the States Review Committee, I question whether we can actually co-ordinate at all.

Members, I ask you please to support the amendment, as I feel it is the only way to ensure that we actually continue in the right way.

3370 Thank you.

The Bailiff: Deputy St Pier, or Deputy Dorey first.

3375 **Deputy Dorey:** Just a point of correction: I voted with the Members of my Department. (*Interjections*)

The Bailiff: Deputy St Pier.

3380 **Deputy St Pier:** Sir, just a point of order to avoid any inaccuracy in the statement having been made, the SRC's *current* timetable – and I do stress it as a current timetable because I have questioned its deliverability – is for an options paper to be published for consultation by April 2014 – so that is not by the end of this year; by April 2014 – and for the final report by December 2014. So just to give a little more clarity around the current timetable.

3385 **The Bailiff:** Thank you.
Chief Minister.

3390 **The Chief Minister:** Sir, can I just say, for further clarification, I think, with due respect, the initial paper – there is going to be an initial paper produced before the end of this year – is not actually to set out options; it is going to be a SWOT analysis, I think, so the options that will be put forward by the States Review Committee will be some time during the course of next year.

The Bailiff: We come then to the vote on the amendment proposed by Deputy Bebb and seconded by Deputy Conder. Those in favour; those against.

3395 *Some Members voted Pour, others voted Contre.*

The Bailiff: It seems to me that that has been lost. I declare that amendment lost and we return to general debate, if there is anybody...

3400 Deputy Brehaut.

Deputy Brehaut: Thank you, sir.

3405 I just wanted to make a few points that may be considered to be generic to other debates that we have had and will be likely to have in the future. I think we have found ourselves in a bit of a pickle here today because of what was essentially a poorly drafted Policy Letter in the first place, and I would like to think that we could... and Deputy Fallaize made this point. Time and time again, we see States reports, policy letters, with very critical executive summaries, and I have to ask myself how does that happen. What is the filtering process? If a member of staff at whatever level can draft a document that lists the failures of previous administrations and lists the perceived failures of individual politicians, why is that not filtered out? Where is the duty of care in this Assembly? The list of publication dates of Billets... The Billets are out and being discussed and there is media coverage of States reports with critical summaries being out, which I do not think helps the progress.

3415 Also, when I have been at Policy Council, there is no lengthy discussion... It was not a lengthy debate, presumably... If you are meeting on a Monday between two and four or five o'clock, or perhaps six, then you are not going to do justice to the Government Service Plan in that time. So the absence of real analytical debate around the Policy Council table has probably been a contributing factor in the success of these amendments.

3420 Also, I make this point: it is not... When I was Chair of the previous Scrutiny Committee, we would have been all over this like a rash, and early on we would have been all over this. We would have met with the parties involved. We used to argue that the higher up the food chain you get the easier it is eventually when these documents, these States reports, come to the States Assembly, and the absence of any real scrutiny before today has hardly smoothed its way through this Assembly.

3425 I know what I mean by centralisation, if other people are confused by it. I think Deputy Bebb referred to the ELT – or ‘bacon, lettuce and tomato’, as they are referred to by other people at times – but there is this move towards... and this is quite a serious observation. We simply have a very sure-footed senior Civil Service and a less sure-footed intake of States Members in senior positions – that is a fact – seeking, at times, guidance. So sometimes you do end up with the type of report that we see.

3430 If the full scrutiny was done, if it was debated at any real length at Policy Council, we would not be... and I am a little offended about the allegation that we are kicking things into the long grass or that we are kicking a can down the road. The grass is long because it is growing under Policy Council’s feet. (*Laughter*) We are kicking the can down the road because you are not doing the litter picking. You are not doing the political litter picking. It is happening here. This is why it looks to the public so dysfunctional and lengthy and longwinded, and as Deputy Stewart says, negative. It is because the work has not been done before today. We cannot play out policy in this way. Bring reports to this House that are done, that you believe take you and your board with you, rather than throwing them on the floor of this House, having them amended half to death and then everyone walks away, with some more disgruntled than others, sir.

3440 Thank you.

The Bailiff: Does anyone else wish to speak?

Yes, Deputy Duquemin.

3445 **Deputy Duquemin:** Thank you, Mr Bailiff.

For me, sir, the Policy Council’s Report on the development of a Government Service Plan is a straightforward document that outlines for me the reasons why we *must* support the proposals before us today.

3450 Section 8, on page 1017, is refreshingly honest, and it is here in the Report where we really start to focus on the link between the GSP, the range of services provided by Government, and the all-important budget.

Paragraph 8.1 states how Departments’ cash limits are based on adjustments to historic allocations, but ‘there is no test or challenge’ to the baseline allocation.

3455 Sir, I am going to read the second bullet point in 8.1 in full, because I think that it graphically illustrates the massive problem with the current system:

3460 ‘The cash limit has no direct relationship to the services being delivered. Departments are requested to construct their budgets using zero basing principles. This means that budgets should be built from the bottom up. However, the system in place means that, at best, we tend to cost the service currently in place year in year out. At worst, there is no challenge of the budget level and an incremental allocation is given based on what has been spent in the past.’

3465 Sir, I did my own number crunching and I have analysed the Departments’ cash limits in all of the States of Guernsey Budgets spanning the 10-year period since their introduction. From 2004 through to 2013, I have worked out what percentage share of the total is allocated to each of the Departments and charted the changes throughout the 10-year period and I have directly compared 2004 with 2013. The revelation, the answer, is as a percentage of the total pie, each Department’s portion is roughly the same, and this was the case for the whole decade.

3470 For example, in 2004, Culture and Leisure’s £2,768,000 share of the total general revenue budget of £276,635,000 was exactly 1%. In 2013, Culture and Leisure’s £3,600,000 share of the total general revenue budget of £348,150,000 is 1.03%, almost identical. That is a difference of only 0.3% of the total. Is that a coincidence?

3475 In 2004, Education’s £59,600,000 share of the total general revenue budget of £276,635,000 was 21.54%. In 2013, Education’s £75,400,000 share of £348,150,000 is 21.66%. That is right: that is a difference of only 0.11% of the total. Put another way, out of every £1,000 of taxpayers’ money spent on general revenue, Education’s share increased by only £1, from £215 in 2004 to £216 in 2013. Is this right? (**A Member:** No.) Should we be spending more? Should we be spending less? (**A Member:** No.) I do not know, but more crucially, nobody knows, so we do the easy thing and we spend roughly the same amount – because, hey, that must be about right. Perhaps it is just seen as safe.

3480 Evolution, not revolution, appears to be the order of the day; or should that be the order of the decade?

Of the 11 Department cash limits, including Policy Council's, the 10-year variation on eight of the 11 is less than 1.5%. The share of the total pie for eight of the 11 Departments changed by 1.43% or less in that decade. Put another way, out of every £1,000 of taxpayers' money spent on
3485 general revenue, their share – eight of the 11 Departments – went up or down by less than £15.

Sir, my Excel spreadsheet calculations prove to me, and I hope other Members too, that the cash limits are, exactly as the Policy Council Report tells us, based on nothing more than 'an incremental adaptation based on what has been spent in the past,' and this is not satisfactory. This is far from satisfactory.

3490 For completeness, the biggest change in the 10-year period was, unsurprisingly, Health. Out of every £1,000 of taxpayers' money spent on general revenue, Health's share increased from £264 in 2004 to £315 in 2013, an increase of £50. But once again, is this right? Should we be spending more? Should we be spending less?

3495 Now we know the problem, section 9 asks the question how would we like budgeting to look. It says quite correctly that the kind of rigour applied to new services needs to be expanded to cover the entire £350 million revenue expenditure budget – hear, hear to that. Best practice should be applied to the whole budget, not just 2% of it that is covered by new services. Paragraph 9.1 is spot on, because achieving this will be a 'demonstration of value for money and best use of taxpayers' money.' Sir, if somebody asked me if the States of Guernsey is spending the money that it collects in tax wisely, I want to be able to answer yes. At the moment, I cannot be certain.

3500 If section 8 highlights where we are now and the problems with it and section 9 tells us where we want to be and how it solves the problems, section 10 tells us when we are going to get from A to B and exactly how in a detailed timeline.

3505 Sir, there seems to be a concern among some Members that the GSP is a move towards unnecessary and unwanted centralisation, increasing the power of Policy Council or the centre. Well, let me tell the conspiracy theorists that the GSP *is* necessary if we are going to make a real difference. Centralisation is wanted, at least by me, because we need co-ordination to happen.

This morning, the Chief Minister asked if Members had put the words 'joined-up' in their manifesto. I am not certain that I even wrote my manifesto in joined-up writing, but I can assure
3510 Deputy Harwood that I agree 100% with his point of view.

Perhaps the seats on the GSP sub-group reserved for Deputies who are not Ministers could be occupied by the most ardent conspiracy theorists, or perhaps not. Perhaps it might be best to have people who are more interested in progress than process.

3515 Sir, as an Assembly, I welcome, I relish, the opportunity to debate the political objectives of the GSP and establish exactly what our criteria for the provision of Government services, whether they are new or old, are. Then, perhaps unlike Deputy Sherbourne, I look forward to the magic black box that was spoken about at the les Cotils briefing, spitting out results that will hopefully challenge our conventional thinking. Just because we did it last year does not mean we have to or should do it this year or next. The black box will be a guide, but we will of course still make the
3520 final decisions.

Mr Bailiff, we have a service provision and budgeting system that is not working, and I am satisfied that my number crunching on Excel has proved to me that its flaws, honestly identified by the Policy Council in this Report, are very real. Unnecessary? Unwanted? Sir, the Government
3525 Service Plan is necessary because all Deputies should want to be able to tell taxpayers that we are spending their money wisely, and this is a move in the right direction.

Sir, I will be supporting all of the Policy Council's recommendations and those in this Report as amended, and I encourage all Members to do the same.

Thank you. (*Applause*)

3530 **The Bailiff:** Deputy Bebb.

Deputy Bebb: Thank you, *Monsieur le Bailli*.

I did actually state that I would reserve my right to speak in general debate later. I was not sure that I was going to; however I am brought to my feet as a result of Deputy Duquemin's speech.
3535

Members will actually see on page 1011, 6.2:

'It recognises that this requires:

Maintenance and enhancement of Guernsey's standing in the global community.

3540 Sustainable economic growth and effective public services without increasing population to the detriment of our environment and way of life.'

and so the list goes on – I need not repeat motherhood and apple pie to Members in the Assembly – and that is the difficulty with this Report.

3545 I recognise what Deputy Duquemin’s feelings are. Nobody disagrees with the *theory* of developing a Government Service Plan, nobody disagrees with the *theory* behind being able to prioritise; but there is a difference between theory and pragmatic implementation of that Plan. The Government Service Plan is a list of platitudes and vagaries. Members will not be surprised that I am speaking against it, since I spoke so strongly against the SSP for exactly the same reason.

3550 I know that I have told certain Members here a particular story, and therefore I apologise for repeating it, but I feel that at this point in time it is worth repeating to the full Assembly.

3555 I was reminded of the tale where a member of the Senate in the US, a Republican member of the Senate, came to the Senate, spent four years there, and at the end of the four years was coming towards the end of his term and he went to see the Republican leader of the Senate, and he said, ‘I feel that I have been in this Senate for four years and we have not passed a single piece of legislation, and therefore I feel that there is no real benefit to me being here, and therefore I feel that I will not stand in the next election.’ (*Interjection by Deputy Jones and laughter*) Deputy Jones, we will all wait for that day! But the Senate Republican leader turned back and said, ‘No, please, I am so pleased that you have actually been here in order to vote out four-year’s-worth of unnecessary legislation.’

3560 I think that is the type of mentality that we are missing in this Assembly: the ability to vote things *out*. Some things are not better than nothing, and I would actually say that the development of the Government Service Plan is *worse* than doing nothing. £255,000 was the figure that was given, and I do not believe that figure, as I said earlier on this morning. It actually talks of employing additional staff at a time when we are actually looking to make voluntary redundancies, which I find bizarre; it makes no reference as to the fact of how much revenue expenditure would be on an annual basis – once again, convenient; and it makes a list of motherhood and apple pie, which makes it *very* difficult for Members to walk out and say, ‘Yes, I voted *against* motherhood and apple pie,’ and that is the sleight of hand which I object to most.

3570 The Government Service Plan makes reference in some places that I disagree with; however, the statements that it makes about there being no means of co-ordination... Well, that is vested within the Policy Council, and if I remember correctly, there are three subgroups of the Policy Council. (**A Member:** ELT.) Well, yes, the ELT feels like one of them; however... (*Laughter*) the Fiscal and Economic Subgroup, then there is an Environmental Subgroup, and then there is a Social Subgroup. Those were created in order to *improve* co-ordination. Are we really saying that they have been failing to that extent? In which case, will they be disbanded?

3575 There is another thing within the Government Service Plan that is... The clue is in the name, so if you turn to the first page of the Report, you will see that it says ‘Developing a Government Service Plan’. Well, it was interesting that Deputy St Pier this morning made reference to the Martin Storey amendment, where of course we all expected there to be no new service development until the FTP had been secured. Well, one rule for one and another for others. In this case, we should definitely not be developing yet another service, as this is evidently it, but of course it is convenient that we ignore that States resolution when the Policy Council feels that they want to progress something else.

3585 There is also a statement in relation to... Oh, yes, one of the most frightening terms that I heard here, on page 1013:

‘Regular informal discussions between States Members about government policy exploring the complex relationships between policy areas and how to minimise conflict and maximise benefits across government.’

3590 Good Lord! That really did read a little bit out of Stalin’s Russia. It does send a chill down my spine that we would minimise conflict. In case you have not noticed, it is a government, I repeat again, and therefore you will always have differing opinions. Differing opinions will come with conflict and we should consider it healthy to be there.

3595 I recognise the problem, but I would say that this is a bureaucracy too far. My contention was that the SSP was forming a bureaucracy too far, and I remember Deputy Hadley, during that debate, quoting ‘I do not vote for politicians; it only encourages them.’ Well, indeed, we voted for the SSP and it has, in turn, created the GSP.

3600 Members, I think it is time for us realise that we are apparently supposed to be delivering on the Financial Transformation Programme. It is time for us to hold dear to delivering on that programme, and I think that additional bureaucracy flies in the face of that programme. Until we deliver it, please kick the whole thing out.

Thank you.

The Bailiff: Anyone else?

3605

Yes, Deputy Le Tocq.

Deputy Le Tocq: Sir, I will be brief, because Deputy Duquemin has, as you would expect from someone who comes from the district of Castel, said very eloquently and effectively what I would have sought to say, but I would just make a couple of points, particularly in the light of Deputy Bebb's speech.

3610

I, for one, do not shy away from – in fact, I have learnt the most from – proper, positive engagement with those who have differing views, and that is absolutely right and appropriate. I do not think anybody in the Policy Council is seeking, through the Government Service Plan, to minimise that, but rather to find the tool – that is a word that has been used several times; we are lacking in tools – to enable informed evidential arguments to be made for prioritisation.

3615

There are some Members of this Assembly, sir, who I believe enjoy snapshots more than movies, and paragraph 4.2 points to the problems with that sort of view, which has really been the way we have got where we are. This is obviously a political belief, and I guess Deputy Bebb and others would disagree with me, but I believe we have done well not because we designed and set out to do well, but because that is what happened, and we look back with these rose-coloured spectacles, thinking, 'Didn't we do well – why would we want to change any methods?' Paragraph 4.2 says:

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'There are currently some links...'

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– *some* links, yes –

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'...between the different planning elements, but they are largely prepared in isolation and do not have any coherence as a set of plans or a clearly defined link to delivering the long term priorities as defined in the Strategic Plan. This means that, although there is rigour around the budget setting process, the States is not able to ensure it is spending its revenues in the right place on the right things.'

3635

Sir, when there was a lot of money sloshing around, perhaps we felt that it did not matter too much that that was the case, because we were putting money aside every year. We are no longer living in those days, and in fact – a political statement – I believe this is the new norm and we should prepare for it, which is why we need a Government Service Plan.

In paragraph 3.7, it states:

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'If the States wishes to more effectively control and direct the policy emphasis and ensure the clarity required for the organisation to deliver the political direction more effectively, then a coherent plan which is realistic, affordable and measurable is a vital and necessary tool which is long overdue.'

3645

Sir, I believe that that statement basically says it is the *States* that will own this Plan, but if the States wants the Policy Council – wants *a* Policy Council – to have tools to deliver policy co-ordination, then it must allow for this type of tool to be available to us so that we can bring direction to the States and make the proper balanced, informed decisions of, say, a social policy against a fiscal policy, and at the moment we are not able to do that except in snapshots. We need to be able to do that on the move, as part of the larger long-term States Strategic Plan.

3650

I encourage this Assembly to vote for the Propositions.

The Bailiff: Deputy Soulsby.

3655

Deputy Soulsby: Sir, whilst I spoke earlier about the concerns I have with the overall government structure proposed in the Report, I do fully support the need for a Government Service Plan and the need to prioritise workstreams.

I would just like to focus briefly on a couple of areas in relation to the criteria used for the prioritisation, and also on the zero-based budgeting, because whilst I agree with the need for both I would like to raise a couple of issues that I believe, from my experience, need to be addressed.

3660

I support using multi-criteria analysis to prioritise work. In fact, this is where the Public Accounts Committee is leading the way. As Members will know, we have extremely limited resources and a huge potential number of reviews, and to enable us to ensure we use our resources in the best way we have recently developed criteria by which to judge suitable subjects for review and have begun to use this as a means to prioritise our work. So, where the Public Accounts Committee leads, the Policy Council follows. (*Laughter*)

3665 It is unclear precisely from this Report exactly how each project – a term which is not defined – will be prioritised, other than being based on the criteria we agree in terms of the States' objectives. The closest we get to knowing is in paragraph 5.8, where it states:

3670 'This appraisal will need to take into account the depth and breadth of any impact of the service with options appraisals and the financial implications.'

In plain English, I suppose this means that projects will be assessed in terms of cost and benefit.

3675 However, one word not mentioned in this Report – and I do not think the Minister of Treasury and Resources mentioned it this morning when trying to elaborate on the criteria – is 'risk'. Every project should be assessed in terms of risk. Today, very few are, and that is something I will mention again in later debates. It is all very well accepting projects in terms of their costs and benefits, but you need to know the dangers, both internal and external, environmental and organisational. You need to do a risk analysis. Some projects will be more risky than others for a variety of reasons, such as how clearly it is defined, how costs have been determined, whether it has been done before, how complex it is and whether it will be acceptable to those who will be affected by it.

3680 One advantage of risk analysis is that it provides an opportunity to engage with those with expertise in that area within Departments. In a paper by Phillips and Bana e Costa, with the snuffy title, 'Transparent prioritisation, budgeting and resource allocation with multi-criteria decision analysis and decision conferencing', they make the point that final decisions will mainly be a matter of human judgement with models informing that judgement. To be useful to decision makers, models should be able to accommodate financial and non-financial benefit criteria, but also state risk and uncertainty and be transparent while providing an audit trail. In other words, it is essential that the process is open and transparent; otherwise, it will have no hope of success.

3690 This leads me on to zero-based budgeting. I am totally supportive of this approach and believe it is long overdue. To some extent, we have been working towards zero-based budgeting for a while now through the FTP process, but the problem with that is that it has been going on in a disjointed and unstructured way. Perhaps it would have been better if this exercise had been done before we went down the FTP route. Anyhow, I am glad it is now being considered and will happily support its introduction.

3695 However, I would like to raise two notes of caution. The first is that this, in itself, will be a major piece of work and will take up a lot of time, and as such is not something that can be done in its entirety every year. The second is that we will not be able to make the best use of it until resource accounting is introduced. For instance, if you prepare a budget based on what you expect to spend for a particular period of time, it is impossible to assess whether you are working within your budget during the year if you do not adjust your accounts so they are prepared on the same basis.

3700 Section 1.10 of the previous Treasury and Resources Report on Resource Accounting and Budgeting in the last States term stated:

3705 'The Treasury and Resources Department will report back to the States in the Annual Budget Report and the Accounts on progress and changes.'

3710 Apart from a reference to the fact that this is the intention in the Minister's foreword, there is nothing in the States Accounts that indicates any progress has been made. While I appreciate the introduction of resource accounting itself will be a major exercise, I would urge the Treasury and Resources Department to at least move some way to producing accounts in accordance with Generally Accepted Accounting Principles and proper, of course, accounting in particular, so we can make best use of zero-based budgeting.

3715 I do have concerns regarding the time and resources that will be taken up in the developing of this Government Service Plan and look forward to seeing more detailed costings, but I am happy to support this Report as amended.

3720 **The Bailiff:** Deputy Hadley.
Sorry, Deputy St Pier.

Deputy St Pier: Sir, do you mind if I make a point of order? Just again, a point of correction: I did actually refer to achievability and risk management as being one of the criteria.

3725 **The Bailiff:** Deputy Hadley.

Deputy Hadley: Mr Bailiff, I like snapshots; I do not like full-length movies, and this seems to be an unnecessary layer of bureaucracy. Probably... perhaps we have got too many advocates on the Policy Council.

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I would urge Members to vote against it. (*Laughter and interjections*)

The Bailiff: Deputy Lowe.

Deputy Lowe: Thank you, sir.

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I might take a little bit longer, but not an awful lot longer. I totally agree with Deputy Hadley, to be honest.

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One of things that interests me over this Plan, this sixth-version Plan... I would like to know how much this has cost. We have had plan upon plan, and these are the same senior staff who are producing plans with new titles and more jargon. When time allows, perhaps the Chief Minister will be able to answer that question, because I am sure that would go some way towards filling the black hole, when in actual fact we could have stopped with even the previous one, that we have actually now changed and which was debated this morning – which you have actually done that.

3745

It was a joy to see the Policy Council find their hands and clap this afternoon when they found a supporter supporting them with Deputy Duquemin, and to have a round of applause and see their faces quite happy after the rounds of applause that were far greater this morning for Deputy Le Lièvre and for Deputy Matthews. (*Applause, interjection and laughter*)

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The only follow-up to that I would add is that much has been said about the rose-coloured glasses. No, I did not have rose-coloured glasses, but we certainly did not have lots of reports like this and we operated fine. Yes, it was not always great, I accept that. There used to be battles, once Deputy Jones entered the States later on during my political career, and there used to be some quite heated debate, but the debate happened here in the Assembly. You did not find Advisory and Finance went off and did their own thing, or indeed produced numerous reports, or indeed produced numerous presentations – and many Members will know my views on presentations: we have presentations for presentations' sake now, rather than perhaps just on major events, which it should be, not taking up staff time where Members are able, or should be able, to read the Billets, and I am sure the electorate would hope that they could actually read and not have it spelt out to them.

3755

So I remain of the view that I do not think we have actually got this right, this Report, and I am a great believer that unless it is right I will not actually support it. I would rather send it back and say, 'Come back with a report that actually is produced in a better format and with more evidence than we have got currently.'

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Thank you, sir.

The Bailiff: Deputy Conder.

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Deputy Conder: Thank you, sir.

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The only overwhelming rejection by the Assembly is Deputy Bebb's and my amendment. I think it has to be readily accepted by myself and him, and those who supported it – and indeed I do – and I now want to support the Government Service Plan as amended, but I hope that, as the recommendations of the States Review Committee roll out – and it inevitably, in my opinion, will impact upon the Government Service Plan – we will carefully try to dovetail the Government Service Plan and the States Review Committee's recommendations, mindful of the concerns that have been expressed by some of us today.

3775

Sir, there have been a number of comments made today about centralisation and I think, for good reasons, this Government Service Plan does represent an element of centralisation – and in many ways there is nothing wrong with that. Over time, certainly over my working life, there have been attitudes which have driven organisations towards greater centralisation, and they are usually followed, five or 10 years later, by policies towards decentralisation – and a few years later we are back to centralisation. So we are in the phase of centralisation now and that is okay, but I do think we need to bear in mind that it is a route that has been walked before. It will produce some benefits, but it will inevitably produce tensions at the outer ridges of an organisation. It always does, and we have seen some of them today.

3780

I would just like to say something about the methodologies by which the various projects will be judged, and I am a bit concerned about multiple-criteria analysis. We have bandied this term around quite a bit today, and it is now being referred to as the 'black box', which probably says it all, and I am concerned. When I heard Deputy Duquemin, his excellent speech really expressed pleasure and anticipation that the black box will solve all our problems.

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3790 MCA – multiple-criteria analysis – was originally used as an academic tool to get answers to social research. One of the most famous was produced by an academic called Altman, from Harvard, who used a number of criteria to try and predict insipient corporate failure, which he called a z-score methodology. He put in various financial performance measures of companies into his model and it churned out a score which indicated whether a company was likely to go bust in the next six months, year or two years, and the level of accuracy was the greater the nearer to the time of the company going into liquidation. It was a useful tool, but they are not infallible.

3795 I guess most of us will understand and do understand what MCA is, but essentially what it is – if I may be indulged just for a second – is you take a whole set of criteria – social, environmental, financial, department and size of the project – and weight them, and weight them against each other, and then multiply them against each other. That will give you a score, rather like Altman’s z-score analysis of company failure did. That is okay, but it depends who is putting the score, who is putting the weightings in place. That determines what the actual output is.

3800 Are we really equipped to make those judgements? We have heard, during the course of this debate, ‘Well, it would be useful to come to us and we can make a judgement and work this control.’ Actually, this danger with MCA is it gives spurious accuracy. It will give you a set of scores and you say, ‘This is the first project and this is the last one, and we will take the first 10 – and it must be right because it came out of the MCA analysis.’

3805 In a past life, with a different hat on – a mortarboard – I did some MCA, and I went further than that: I disaggregated the various components of the MCA model. What I found was there is always one element of an MCA model, one component – it could be financial, it could be environment or social – which is actually driving the whole model, depending of course on the weighting and the size of the various projects. So the danger is that if the designers of the model decide that they are going to emphasise, say, financial, it will be financial that determines which projects come top and which come bottom, and the other factors – social, environmental, department and size of the project – will simply just be outriders.

3810 So, whilst... far from me to give a lecture – forgive me, colleagues – on MCA, I would ask the Chief Minister, in summing up, if he could give us some reassurance as to how the multiple-criteria analysis will be transparent and open, sufficient for us to actually be able to make some judgement on how the model is used and how the ranking is actually devised. Otherwise, it will be – to use that awful phrase – a ‘black box’, and a black box is just that: we do not know what is going on inside it and we and our successors will simply say it must be right because it has come out of the black box, so we had better approve it. That is no way to make decisions.

3820 Thank you, sir.

A Member: Hear, hear.

3825 **The Bailiff:** Does anyone else wish to speak? No? I think we have exhausted the general debate.

Chief Minister, do you wish to reply?

3830 **The Chief Minister:** Yes, I am delighted to reply.

Can I, first of all, thank all Members for their contributions, both during the debates on the amendments but also on the general debate, such as it was?

3835 I urge all States Members to support the Propositions as amended. One consequence of the amendment, which I think we touched on when we were looking at the amendment, is that clearly there will be an impact on the timetable and timelines which were set out on pages 1008 and 1009 of the Report in the Billet, and clearly probably in October we will need to come back to the States to advise of the impact on those timelines going forward.

Sir, I will not repeat things that I have already said in earlier response to specific amendments.

3840 The key object of this particular Service Plan and this method of delivery is to recognise the sovereignty of this Assembly. I know that Deputy Le Lièvre, for example, made reference that Departments would be surrendering their sovereign powers, but I would remind Deputy Le Lièvre that actually the sovereignty emanates from the States of Assembly, rather than from the Departments. The Departments rely upon the States for the sovereignty such as they have. The intention of the Government Service Plan is to give the authority back to the States Members.

3845 Another comment I would make is that in Deputy Fallaize’s opening speech he referred to how would we have coped with occupying armies and decline in employment. Well, we clearly we may not be facing the concerns of an occupying army, but clearly we are facing a situation at the moment where, unfortunately, the numbers of unemployment have been increasing – not to the

levels that we saw in the early 1990's, or even in the 1970's, but nevertheless that is happening – and therefore we are facing changed circumstances. We do have to face up to that reality.

3850 Deputy Luxon obviously referred to the state of bodily health.

Deputy Gollop, you identified the difficulty of prioritising and – I cannot remember whether you used the phrase, but certainly it was implicit – trying to compare chalk with cheese. Well, that is inevitable and that is one of the reasons why we are elected as States Members, because we have to take those decisions. Multi-criteria analysis may give some assistance, but at the end of the day there will be a human element, which is where the States Members will be required to exercise their political judgement to do that comparison between chalk and cheese. It is not going to be easy, but that is why we are elected. We are elected to take those decisions.

3855 Deputy Storey referred to the SSP and the evolving process and questioned whether in fact the Government Service Plan really was part of that process. For the reason I think already stated by Deputy St Pier in his earlier speech, the SSP envisaged that there would be a Government Service Plan. It is part of that evolutionary process. It is not a recognition that the States Strategic Plan is a failure. It is not a failure, but the States Strategic Plan is intended to cover the long term; the Government Service Plan is intended to cover the shorter term.

3860 Deputy Storey also welcomed the zero budgetary approach and this Government Service Plan will assist towards that, although it will be part of a phased period.

Deputy Soulsby also welcomes that, and I welcome her support, particularly for the concept of the Government Service Plan.

3865 Deputy Le Lièvre said there was nothing wrong with the former piecemeal approach. He referred to achievements in the 1960's when we had our feet planted on the ground. The 1960's moved into the 1970's, when suddenly the world changed, and it is since the 1970's when I believe the matters that have to be considered by the States have become far more complex. Oh, that we could go back to the simplicity of the 1960's!

3870 Deputy De Lisle raised the question could costs be shared with people already employed in the public sector, rather than creating a separate cost base. Deputy St Pier, I think, addressed that. The recognition – and this is perhaps one of the lessons that have been learnt from the FTP programme – is that we cannot impose more and more burden upon people working within Departments who are also having to carry out a day job, and there has to be some assistance. Clearly, the result of the Fallaize amendment... we do not know what the budget will be and we will clearly have to come back with detailed proposals to justify that expenditure that may or may not be required in order to support the delivery of the Government Service Plan.

3875 Deputy Green, in his earlier debate, I think also supported the general thrust of the need for prioritisation and the need for a Government Service Plan, and again I welcome that. Clearly, as a result of the Fallaize amendment, which Deputy Green seconded, we will be reporting back on the process of governance, which he also referred to.

3880 Moving on, Deputy Conder, you mentioned the multi-criteria analysis and I bow to your probably more detailed knowledge of multi-criteria analysis than I have, but I think it is recognised that we will have to give greater explanation to the States Members as to the process, the weighting and the whole methodology, and I think we must all recognise that the multi-criteria analysis is merely a tool which is available to States Members. It is not necessarily and it should not be necessarily regarded as in itself a definitive answer, but it helps to give some evidence that can be available to States Members.

3885 Deputy Lester Queripel referred to communication and the issue of duplication of effort between the GSP and the FTP. Well, for obvious reasons, by the time the GSP actually begins to bite, the FTP as we currently know it will be over – post 31st December 2014 – so therefore I do not accept that there will be duplication between the two.

3890 Deputy Sherbourne, I very much appreciate your suggestion that you should be vesting your authority in the Policy Council and we should be able to do everything. I am not sure that many of your colleagues would necessarily agree with you. I also apologise for the sort of 'them and us' you feel. You are the foot soldiers while we are standing up here. I can assure you, Deputy Sherbourne, there is no blame on the Policy Council. We would be delighted to be sitting down with you as part of the Assembly. It is the nature of this building that unfortunately precludes that, but I can assure you that none of us take any pleasure from standing or sitting on an elevated position. (*Interjection*)

3900 Deputy Brehaut, it is interesting, because you were the one States Member who tried to identify the conspiracy concerned with the centre, and I think you identified the ELT, which is the Executive Leadership Team. Can I assure you, Deputy Brehaut, that the Policy Council is not led by the Executive Leadership Team, and individual members of Policy Council would very

strenuously, I think, argue that the ELT is subsidiary to the Policy Council and not led by them, and we are not led by the Executive Leadership Team?

3910 The reference to political litter picking I acknowledge. Maybe going forward the Policy Council will endeavour to take up the black bags and actually try and identify more litter, if we can find it, as we prepare the reports.

I welcome Deputy Duquemin's support and I welcome his analysis. I think he has actually hit the button on the head, which is that we do need to have a fundamental approach to allocation of cash. We should not necessarily accept the history and the incremental approach.

3915 Deputy Bebb, I think I welcome your recognition that there is a need for prioritisation. I accept that perhaps we then went separate ways in the speech. You referred to the motherhood and apple pie: well, I remind you that the political priorities for the Government Service Plan have not yet been determined. We have submitted a draft to States Members. They will be debated by this Assembly later this year.

To Deputy Soulsby, again I acknowledge and am grateful to her for her support. I am happy to acknowledge that where PAC lead then Policy Council will follow in proposing multi-criteria analysis. As Deputy Gavin St Pier suggested, as part of that analysis, the risk issue is a matter that will be addressed.

3925 Deputy Hadley, you said there are too many advocates on the Policy Council. On quick reflection, I think I am the only one, so I assume therefore, as a minority of one, I am one too many! (*Laughter*) You do express concern with bureaucracy. I share your concern about bureaucracy. We do not want to create bureaucracy of the state, but I do not believe that the development of the Government Service Plan necessarily will lead to bureaucracy.

3930 Deputy Lowe, I cannot give you the costing of the Report. No doubt we can probably extract that from SAP at some stage, (*Laughter*) going forward. (*Interjection*) I also note your reluctance about presentations and I apologise, but there are a number of your colleagues who actually, I think, do welcome presentations; but we do acknowledge that they do take up staff time, so perhaps the message is we should not use them too often.

3935 Sir, I apologise if I have not covered every single person who has spoken.

The message I would give to all States Members is that the Government Service Plan is intended to give authority back to the States Members, to this Assembly. The ultimate decision on prioritisation is not down to some black box; it is down to the States Members in the States Assembly. States Departments will be able to bring forward any concerns they have or reports or challenges to any of the prioritisation that emanates from the multi-criteria analysis. At the end of the day, it is this Assembly, and the Policy Council has been anxious to ensure that it is this Assembly that ultimately takes control, takes responsibility for prioritisation programmes. The Government Service Plan is the tool, is the method, it is the methodology that will help to inform and the address States Members in that process.

3945 Sir, I would urge all States Members to support the Propositions as amended by the Fallaize amendment.

Thank you, sir.

3950 **The Bailiff:** Yes, Deputy Queripel.

Deputy Queripel: Sir, I am a bit confused because the Chief Minister did not really answer my question, and I feel he could have done sir.

3955 There are 18 months of FTP still to run and it may be extended by a year, and even if it is not extended by another year I still think there is a real danger that duplication of effort might take place. Therefore I take no comfort at all from the Chief Minister's response, sir, and I am wondering could he actually answer my question. Who will be responsible for identifying possible duplication of effort between the FTP and the GSP?

3960 **The Bailiff:** Chief Minister.

The Chief Minister: I will proffer a suggestion. The FTP is concerned with efficiencies; the GSP will be concerned with identifying priorities. So there is a fundamental difference between the two processes anyway.

3965 As to who will take care to avoid duplication, I think Treasury and Resources will be responsible for the budgetary aspect of the Government Service Plan and I am sure that they will be more than anxious to avoid duplication, if for no other reason than to avoid duplication of costs.

The Bailiff: Deputy Langlois.

3970 **Deputy Langlois:** Sir, just a brief point of clarification and correction: I *do* take pleasure from sitting up here, because with my stature I see better. (*Laughter*)

The Bailiff: Members, we come then to the vote on the Proposition.
Yes, Deputy Storey.

3975 **Deputy Storey:** Could we have a recorded vote, please?

The Bailiff: A recorded vote.
I remind Members that the Propositions in their original form are on page 1041 and the original Propositions 3 and 4 have been replaced by new Propositions that were inserted as a result of the successful amendment proposed by Deputy Fallaize and Deputy Green.

3980 Unless anybody is requesting that any Propositions be taken separately – and I see no-one rising – I propose that you vote on all five Propositions, as amended, together. All five Propositions, as amended, to be taken together.

3985 Greffier, a recorded vote, please.

There was a recorded vote.

3990 *Carried – Pour 38, Contre 6, Abstained 1, Not Present 2*

| POUR | CONTRE | ABSTAINED | NOT PRESENT |
|-----------------------|------------------------|------------------|------------------------|
| Alderney Rep. Jean | Deputy Storey | Deputy Le Pelley | Deputy Laurie Queripel |
| Alderney Rep. Arditti | Deputy Bebb | | Deputy Paint |
| Deputy Harwood | Deputy Lester Queripel | | |
| Deputy Kuttelwascher | Deputy Lowe | | |
| Deputy Brehaut | Deputy Burford | | |
| Deputy Domaille | Deputy Hadley | | |
| Deputy Langlois | | | |
| Deputy Robert Jones | | | |
| Deputy Le Clerc | | | |
| Deputy Gollop | | | |
| Deputy Sherbourne | | | |
| Deputy Conder | | | |
| Deputy St Pier | | | |
| Deputy Stewart | | | |
| Deputy Gillson | | | |
| Deputy Ogier | | | |
| Deputy Trott | | | |
| Deputy Fallaize | | | |
| Deputy David Jones | | | |
| Deputy Le Lièvre | | | |
| Deputy Spruce | | | |
| Deputy Collins | | | |
| Deputy Duquemin | | | |
| Deputy Green | | | |
| Deputy Dorey | | | |
| Deputy Le Tocq | | | |
| Deputy James | | | |
| Deputy Adam | | | |
| Deputy Perrot | | | |
| Deputy Brouard | | | |
| Deputy Wilkie | | | |
| Deputy De Lisle | | | |
| Deputy Inglis | | | |
| Deputy Soulsby | | | |
| Deputy Sillars | | | |
| Deputy Luxon | | | |
| Deputy O'Hara | | | |
| Deputy Quin | | | |

The Bailiff: Members, that has clearly been carried.
While the votes are counted, can I suggest that we move on to the next Item, and I remind you that this morning you agreed with my procedural motion that we take next the separate Billet containing Treasury and Resources Department's Report concerned Aurigny Air Services.

3995 Deputy Greffier, if you could, Billet 17, please.

Billet XVII

4000

TREASURY AND RESOURCES DEPARTMENT

Aurigny Air Services Aircraft acquisitions Debate commenced

4005

Article I.

The States are asked to decide:

Whether, after consideration of the Report dated 2nd July, 2013, of the Treasury and Resources Department, they are of the opinion:

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1. To authorise the Treasury and Resources Department to facilitate any borrowing by the Aurigny Group to finance the purchase of such additional aircraft as are required to service the Aurigny network by providing guarantees for borrowing from third parties or by offering the Group a loan from the States General Investment Pool.

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2. To authorise the Treasury and Resources Department to facilitate the leasing of any aircraft, including if required, acting as guarantor to the lease.

The Greffier: Billet XVII, Treasury and Resources Department, States of Guernsey Accounts 2012.

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The Bailiff: No, not the accounts. Treasury and Resources Department, Aurigny Air Services Aircraft Acquisitions.

Before Deputy St Pier opens the debate, I know that the Minister of the Commerce and Employment Department wishes to make a statement.

4025

Deputy Stewart.

Deputy Stewart: Thank you, Mr Bailiff.

4030

The Commerce and Employment Department is responsible for the Air Transport Licensing (Guernsey) Law, 1995, under which it performs the function of the licensing authority that determines applications for Guernsey air transport licences from airlines to operate air transport services between Guernsey and other places in the British Isles. Deputies Brouard, De Lisle and Laurie Queripel were elected onto the panel at the beginning of this term.

4035

The Department has to carry out its licensing functions in accordance with the 1995 Law and in doing so must take into account the relevant Policy Statement that was approved by the States of Deliberation back in 2004. It has to consider each individual application impartially and on its merits, and this requires it to act in a quasi-judicial manner.

4040

The States Report under consideration today discusses commercial matters that will directly affect both Aurigny, which is owned by the States of Guernsey, and Aurigny's competitors. I therefore rise to advise the Assembly that all Members of the Commerce and Employment Department will not be participating in the debate on this Report and they will abstain in any ensuing votes on the Propositions. This course of action is entirely consistent with the Department's historic practice of having no involvement in matters touching and concerning the management and administration of Aurigny, to avoid creating any perception of bias. The Department is taking this action in order to avoid any possibility that a statement made or a vote cast by any Member during the debate could be construed or perceived as doing anything that might prejudice or compromise the Department's licensing functions under the Air Transport Licensing (Guernsey) Law 1995.

4045

Thank you, sir.

4050

The Bailiff: Just before Deputy St Pier opens the debate, I can formally announce the votes cast in respect of Article IV of Billet XV, the Policy Council's Report on Developing a Government Service Plan. There were 38 votes in favour, 6 against, with 1 abstention. I declare the Propositions as amended to have been carried.

Deputy St Pier.

4055

Deputy St Pier: Thank you, sir, and thank you and the Members for agreeing to move this Item up this meeting's agenda.

In presenting these proposals to the Assembly today, I believe that we are the envy of a number of destinations that are now faced with the partial or full loss of their connectivity with London Gatwick.

4060 In the face of Flybe's decision to withdraw from Gatwick, Guernsey's ability to protect its strategically important air links is a vindication of the States' decision to purchase Aurigny Air Services in 2003, giving as it does the Island security and control over the much valued slots at the airport.

4065 The investment in Aurigny was an insurance policy for the Island. Like any form of insurance, it has come with a cost. The question today is the extent to which we now leverage our ownership of Aurigny for the benefit of the Island in the future. Doing so will provide us with greater security on the critical Gatwick route, but it also provides an opportunity for the airline to substantially improve its financial performance. That said, this opportunity is not without risk, and it is important that we are all aware of this, and I shall touch on this further shortly.

4070 Both Aurigny and my Department have felt it imperative to move quickly to develop plans to fill the gap that Flybe will leave when it withdraws its Gatwick services. Without this, 145,000 passengers a year will be left unserved. There are three key reasons for moving quickly: firstly, the need to provide reassurance at an early opportunity that Aurigny will safeguard the service, sending a clear message of the company's intent to the market and the travelling public; secondly, 4075 the importance to the Island's economy in ensuring confidence is maintained that a comprehensive service will continue to be provided following Flybe's withdrawal; and thirdly, the lead-in times that exist for acquiring any additional aircraft to deliver the expansion of Aurigny's services.

4080 As the Report makes clear, Aurigny can only acquire the necessary aircraft with the support of the States, either in the form of loans or guarantees, and an early decision by the States on this support is required if the company is able to acquire additional aircraft in sufficient time to enable it to service the market from April 2014 when Flybe withdraw.

4085 Given timeframes, the States Report is high on principle and limited on detail. However, subject to today's decision, I should reiterate that Aurigny's detailed proposals for any aircraft acquisition will be subject to the approval by my Department of the detailed business case, hopefully in the next week or so. I am in a position today to advise the Assembly that, having evaluated the options, the airline will be recommending that it acquires a larger jet aircraft. We recognise that whilst there are many potential benefits and opportunities with this initiative, there will also be risks that do need to be carefully considered.

4090 The development of Aurigny's Gatwick services offers it the opportunity to expand its operation by 20% overnight, and in doing so to secure the important economies of scale that will significantly improve its financial performance. A larger jet operation will provide the airline with greater resilience to the increased landing charges at Gatwick. Aurigny is projecting that this investment will enable it to move into a breakeven position by 2015 and become profitable by 2016, and that is with current levels of air fares. Most importantly, the Island will achieve security 4095 of supply on the critical route into Gatwick and passengers will benefit from the faster, more spacious and quieter aircraft offering a superior customer experience.

4100 However, Members will understand that the airline industry is a volatile one and is highly susceptible to change in economic conditions. Aurigny's business case makes assumptions about the passenger volumes, fuel prices and landing fees, and even relatively small movements in these can have significant repercussions for the company's financial model. However, the most significant risk for Aurigny would be the licensing on the Gatwick route of a second operator. We should be under no illusion that after making such a significant investment on behalf of the Island this could have a profound impact on Aurigny's financial performance, although it would clearly depend on the scale of such a competing operation and the competitive response that Aurigny 4105 would seek to mount.

4110 Against this background, my Department feels that there is merit in reviewing the States' existing air transport licensing Policy Statement. We need to at least consider whether now is the time to introduce a presumption in favour of a single operator on the Gatwick route. Significant changes in air passenger duty and landing charges at Gatwick have fundamentally changed the economics of the route. Both Flybe and Aurigny have been making losses on the service, which has suffered from excess capacity and low yields as a result. We have seen Guernsey Airlines, Air UK, KLM, Air Europe, British Airways and Flybe come and go on the routes to London, and the existing policy is not delivering the service stability that is so essential to our Island and to our community. This is something that my board has asked the Policy Council to review in the near 4115 future.

Sir, the Propositions before the Assembly today are phrased to provide the Treasury and Resources Department with the greatest degree of flexibility to approve, if appropriate and if the business case stacks up, the financing arrangements for any new aircraft.

4120 Finally, sir, I should like to touch on the timelines to which we are now working. In the event that the States accepts the Department's Propositions today, the Department expects to be in a position to consider Aurigny's detailed business case during the first week of August. If the Department accepts that case, then Aurigny would be in a position to place an order for an aircraft by mid-August. On the basis of its negotiations with suppliers to date, it anticipates taking delivery of this next June. Although this will be after Flybe withdraws in March, the airline will manage the capacity issues in the interim by bringing in alternative aircraft that are available on short-term so-called 'wet leases'. Those are aircraft that are fully crewed. Such temporary arrangements are considerably more expensive to operate and it is therefore important to minimise the delay in the delivery of any new aircraft.

4130 I commend this Report to the Assembly, sir.

The Bailiff: Deputy Duquemin, and then Deputy Fallaize.

Deputy Duquemin: Thank you, Mr Bailiff.

4135 I am on record as saying that buying Aurigny was one of the best decisions the States of Guernsey has made in recent years. The States acted decisively and with great decision. The emergency Billet in May 2003 said:

4140 '...prevention of the potential loss of the Islands' slots into Gatwick, currently provided by Flybe and British Airways, has been identified as a major priority...'

– and –

4145 'The withdrawal of BA services from Guernsey to Gatwick is a dramatic illustration of the Island's vulnerability to commercial imperatives.'

Many would have imagined that Flybe was wedded to the Channel Islands, its spiritual home, but they were not and, sadly, they are not. Do you know how many times Guernsey is mentioned in Flybe's latest annual report? Not once. Guernsey is just one of many dots on a route map that now covers the whole of Europe.

4150 BA's withdrawal from the Guernsey-Gatwick route in 2003 was repeated by Flybe in 2013, but the difference is we now own Aurigny and the Gatwick slots, and the Island is significantly less vulnerable to the commercial imperatives of an airline cashing in on their prized Gatwick slots than we were a decade ago. Now we have the security of those slots, all we need to do is use them effectively and ensure there is adequate capacity on the lifeline route. We need, as Deputy St Pier has outlined, the right aircraft – probably new aircraft.

4155 Mr Bailiff, the States of Guernsey must support T&R's recommendations in this Report today and support the airline with loans or guarantees to fund aircraft acquisition. But I hope there are two sides to this potentially \$100 million coin. There needs to be a *quid pro quo* and the airline must support the Island too.

4160 I would like to tell you briefly about another airline owned by an island government, one of our fellow Commonwealth Parliamentary Association members. It has just taken delivery of two new jets and is about to take delivery of a third. If I tell you that the airline was called Air Pacific, it perhaps would not narrow it down too much and you might be none the wiser where it came from. If I tell you it is called Fiji Airways, you will know exactly where the airline is from. Air Pacific officially changed its name to Fiji Airways just over a month ago, on Thursday, 27th June 2013. *(Interjection and laughter)* One of the catalysts for change was the purchase of new A330 aircraft. The Airbus were never painted in the old Air Pacific colours, but were painted in the new Fiji Airways livery before the brand's official introduction. In May last year, announcing their intention to change their name from Air Pacific back to Fiji Airways – it was the original name of the airline prior to 1970 – the CEO of the airline, which is 51% owned by the Fijian government, said:

4175 'Globally there is high consumer awareness of Fiji as a holiday destination. We want to strengthen that association and also promote Fiji in every country we fly to. Returning to "Fiji Airways" will better reflect our role as Fiji's national carrier, and also assist Fiji by growing tourism and interest in the nation... we fly in over 60% of all visitors who come to Fiji, so it only makes sense for us to embrace our uniquely Fijian culture and spirit, characteristics which have seen Fiji consistently recognised by consumers as one of the world's friendliest countries...'

The airline's CEO is also quoted as saying:

4180 ‘When you hear Air New Zealand, Japan Airlines or American Airlines, you know where it flies. We need to be a flying billboard for Fiji and have it set up so people feel like their vacation to Fiji begins on the plane.’

4185 ‘The Air Pacific name had no traction in the market,’ said the airline’s CEO in an interview with *Forbes* at the official launch just a month ago. He said:

‘People didn’t know who we were. We tended to get confused with an air conditioning company... Now, we are a hub carrier out of Fiji and we’ve got a story we can build a brand around: an easy-to-market destination, an idyllic, tropical island with an authentic and proud culture.’

4190 Fiji Airways’ CEO is also quoted as saying:

‘Fiji Airways will be the country’s flying ambassador to the world, bringing the renowned Fijian hospitality to people across the globe.’

4195 He said:

‘The changeover represents an exciting future for the airline that is rooted in our more than 60-year history and service to the people of Fiji.’

4200 Mr Bailiff, much has been written and said about my suggestion to rebrand Aurigny to Guernsey Air or Air Guernsey or Guernsey Airways. One contributor to an internet forum described the rebrand idea as a vanity project. I have said it before and I will say it again here: I do not think of it as a vanity project. I would argue that it is a sanity project. It is insane to continue with a name that means nothing to the majority of our target market. Many people have said that we cannot afford to rebrand now or there are other things to do. I would argue the exact opposite and I will say it here right now: we cannot afford *not* to rebrand. A rebrand of Aurigny to Guernsey Air, or Air Guernsey or Guernsey Airways will be one of the most cost-effective ways of promoting our Island and to make it clear to everybody that we are open for business.

4210 As my original e-mail to Deputy St Pier, the Minister of T&R, and Mark Darby, Aurigny’s CEO, stated, a new name is a win-win. With Islanders it further cements the airline’s position as *our* airline, and one which we are all very proud of and where we all fully recognise the security that it provides – even more reason to fly with the Island’s flag carrier. With visitors, both business – I stress *business* – and leisure, it sends out a clear message that Guernsey is open for business.

4215 Let’s look at the win-win again: Islanders will love the airline that is owned by the States of Guernsey, whatever it is called. Research by Island Analysis last year revealed that 90% of Islanders think that States ownership of Aurigny is important and should continue. That is up from 58% in 2004 and 80% in 2008. There is a lot of affection for Aurigny and this would continue and be easily transferred to a new brand, probably enhanced. Forty-five-plus years’ effort in building a local brand would not be lost. But what we need is for non-Islanders to easily recognise the airline too and for it to help sell Guernsey as a destination for business and tourism. I repeat ‘business’ because this is as much about a strong brand for the finance industry as it is for the tourist industry, because the security of the route, the lifeline of the route, is arguably bringing business people to and from Gatwick.

4225 Last week, I called one of the largest tour operators to Guernsey to find out how they grappled with the name ‘Aurigny’ and sold the airline to their clients. They laughed about all of the mispronunciations of clients and staff – ‘Aurignee’, ‘Auringee’... They told me that it was such a problem that they had often reverted to just referring to it as ‘Guernsey Airlines’ so people knew what it was. Ronseal: it does exactly what it says on the tin. Guernsey Airlines needs a name that tells the world it is just that: Guernsey’s airline.

4230 Sir, we would not have ‘Aurigny Finance’ or the ‘Aurigny Financial Services Commission’, would we? We would not have ‘Visit Aurigny’, and while I am sure Messrs Arditti and Jean might like it, we are not here at the ‘States of Aurigny’. This meeting is not being broadcast on ‘BBC Aurigny’ and people are not going to read about a speech in the *Aurigny Press and Star*. Do you think that Guernsey FC would have such a huge profile in the English non-league football scene if they were Aurigny FC; the Puffins and not the Lions?

4235 **The Bailiff:** Deputy Bebb.

4240 **Deputy Bebb:** I am sorry, I have to ask whether this is deviating from the actual Report. This is not a question about rebranding. The Proposition before us is quite clear and it is *not* in relation to rebranding.

The Bailiff: Deputy Duquemin.

4245 **Deputy Duquemin:** Sir, with respect, we are being asked here to possibly guarantee a loan for \$100 million. I honestly believe that it is essential that, if we are to do that, we should do that in full knowledge of how, as Deputy St Pier said in his opening speech, we leverage that strategic asset, and I would ask the Members to bear with me for the next two minutes while I finish the speech.

4250 **The Bailiff:** Yes, finalise – I think you have made your point, Deputy Duquemin, but no doubt you may just wish to wind up on what you were saying.

Deputy Duquemin: Okay.

Guernsey Air: it does exactly what it says on the fuselage.

4255 Sir, before closing, let me move on and briefly concentrate on the Alderney factor. As my e-mail to the Minister of T&R and Aurigny's CEO suggested, 'Aurigny' and 'Joey' could remain as a heritage brand on the Alderney routes. I see a lot of merit for this move. It is a back-to-the-future idea where Aurigny, as a brand name, could re-establish itself as Aurigny's airline, or Alderney's own airline.

4260 Sir, to paraphrase Fiji Airlines' CEO in summary, and to finish, we need to promote Guernsey in every destination we fly to. A new name will better reflect the airline's role as Guernsey's national carrier and also assist Guernsey by growing finance, tourism and interest in our Island. It makes sense to embrace our unique Guernsey culture and spirit. At Gatwick, with the new planes, we need a flying billboard for Guernsey.

4265 Sir, my election promise in my manifesto a little over a year ago was:

'As a new face, I promise to bring new ideas and new energy to the States. I promise that I will make a difference.'

4270 Sir, giving Aurigny a new fit-for-purpose name as well as fit-for-purpose aircraft will make a difference.

Mr Bailiff, the States of Guernsey *must* support T&R's recommendations in this Report and support the airline. I reiterate my hope that there are two sides to this \$100 million coin: the airline must support the Island too.

4275 I maintain that the timing was right 10 years ago when the States bought Aurigny – that was a missed opportunity. I maintain that the timing is right now when we are likely to have shiny new aircraft with a blank canvas on their fuselage. I do not want to miss the opportunity and waste another 10 years. To Aurigny and to its shareholder, T&R, I say ask not what the States can do for the airline; ask what the airline can do for the Island.

Thank you, sir.

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The Bailiff: I was going to call Deputy Fallaize next. Will you finish by 5.30 if you start now?

Deputy Fallaize: More or less.

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Deputy Kuttelwascher: Sir, a point of order.

The Bailiff: Deputy Kuttelwascher, yes.

4290 **Deputy Kuttelwascher:** I am not sure he has not said something misleading. He has mentioned this figure of \$100 million several times and it is news to me. I am not sure where that is coming from. I wonder if he could explain.

Deputy Brehaut: It's the cost of the signwriting! *(Laughter)*

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The Bailiff: Is it just a figure of speech?

Deputy Duquemin: Sir, I may have exaggerated only slightly in that the aircraft's acquisition

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Deputy Kuttelwascher: I requested an answer.

Deputy Duquemin: The new jet list price is down as a purchase price of \$48 million. My assumption is there may be one aircraft – there *may* be two.

4305 **Deputy Kuttelwascher:** Sir, the Report is quite specific and it is one aircraft that is being planned, so there we go.

The Bailiff: Deputy Fallaize.

4310 **Deputy Fallaize:** Sir, I think when you have to go all the way to Fiji for your evidence, that is perhaps not a very good start.

I also would say, given the track record of some of the companies with the name 'Guernsey' in the title – Guernsey Bus, and I think there was a Guernsey Airlines, wasn't there once, that went bust – I am not really sure that there is a very sound precedent for that. I know it is something that is associated with the past, so it must be bad, but actually I am quite happy with the name Aurigny. I think we should stick with Aurigny.

4320 It is ironic, actually, that we should be debating this Policy Letter and listening to Deputy St Pier's opening speech after debating the Government Service Plan, because he is quite right, Deputy St Pier, when he says that the purchase of Aurigny was one of the best decisions the States has made; but of course that was made without a strategic plan in sight by the old uncoordinated, haphazard and isolated committees, (*Applause*) and I think a Policy Letter was put together in three days and the States considered it and voted for it. So I applaud that decision as much as Deputy St Pier does, and I wonder whether Aurigny would have been purchased if it had had to go through the great bureaucracy of a Government Service Plan. (*Laughter*)

4325 I encourage Deputy St Pier to do whatever he can to shift policy in the way that he suggested on the route, because I think what he said about only one operator serving the route is probably absolutely true. I think that we often afford too great a priority, too great an emphasis on the possibility of competition on routes – sea routes as well as air routes – which history demonstrates can only sustain one operator.

4330 My question though, in respect of these Propositions, is that I think – and I am not absolutely certain, but I think that in the past I can remember Deputy Trott bringing a similar Policy Letter to the States when he was T&R Minister. I think the States is actually being required to give approval for loan facilities for the purchase of specific aircraft, rather than just giving T&R *carte blanche* to agree to whatever business case Aurigny puts before it, and I just wonder whether Deputy St Pier, when he sums up, could make reference to that; and if there is a change of policy here and the States is being asked simply to agree in principle to the establishment of a loan facility and then T&R approves the business case, why is there that change of policy, when I think it is the case that in the past T&R has proposed specific loan guarantees for the purchase of specific aircraft?

4340 Thank you, sir.

The Bailiff: I propose we rise now.
Deputy Storey, have you got a point...?

4345 **Deputy Storey:** Sir, I had a similar point to that –

The Bailiff: Well, I think there are other people waiting to speak.

4350 **Deputy Storey:** It is just that I thought it might be helpful if Deputy St Pier could consider the question overnight so that he could bring an answer, but... If he is happy to leave it until tomorrow, I am happy to leave it until tomorrow, sir.

The Bailiff: I think it has been a... Yes, we will resume at 9.30 a.m.

4355 *The Assembly adjourned at 5.31 p.m.*