



BILLET D'ÉTAT

TUESDAY, 16th FEBRUARY, 2016

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BILLET D'ÉTAT

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**, the **16th FEBRUARY, 2016** at **9.30 a.m.**, to consider the items contained in this Billet d'État which have been submitted for debate.

R. J. COLLAS
Bailiff and Presiding Officer

The Royal Court House
Guernsey

8th January 2016

THE MILK (CONTROL) (GUERNSEY) ORDINANCE, 2016

The States are asked to decide:-

I.- Whether they are of the opinion to approve the draft Ordinance entitled “The Milk (Control) (Guernsey) Ordinance, 2016”, and to direct that the same shall have effect as an Ordinance of the States.

EXPLANATORY MEMORANDUM

This Ordinance repeals and replaces the Milk (Control) (Guernsey) Ordinance, 1958 and the Milk (Control) (Guernsey) Ordinance, 1967 and is made under the Milk and Milk Products (Guernsey) Law, 1955 (“the Law”). The Ordinance uses up to date terminology and includes modern enforcement and notice provisions (Part V and section 19). In accordance with the resolutions concerning article IX of Billet d'État No. XX of 2014 and Article XX of Billet d'État No. XVI of 2015, it does not include the provisions relating to licensing of milk distributors, price setting, the testing of raw milk, delivery or similar charges or public health as included in the current 1958 Ordinance.

The provisions in the new Ordinance also differ from the current Ordinance by –

- Providing a wider definition of milk to which the Ordinance applies (section 1) instead of the narrower definition of milk in the 1958 Ordinance (see also section 1 of the Law);
- Updating the provisions relating to the supply of milk by farmers to the Dairy to reflect current practices (section 2);
- Amending the provisions allowing for the Commerce and Employment Department (the Department) to pay a reduced price for milk where the Milk fails standard industry tests made by the Dairy or is subject to investigation under food or public health legislation; this has been amended to reflect current practice on testing and current and prospective food Law (sections 4 and 5);
- Including reworded, comprehensive prohibitions in Part III controlling the distribution, purchase, sale and supply of milk produced in Guernsey and of imported milk (see Part III); these have the effect of prohibiting the main bulk purchasers buying in commercial quantities (shops, caterers, manufacturers and residential establishments as defined in the Ordinance) from buying milk except from the Department or a registered distributor (section 6(1)) and prohibiting other persons from selling to such bulk purchasers (section 6(3)). Only the Department can sell milk to a registered distributor (section 7); finally, a person must not buy or obtain imported milk from anyone other than the Department or a registered distributor or sell or supply imported milk in the course of a business (section 8). These prohibitions are subject to an exception that allows such purchases/sales etc. where in accordance with a written exemption of the Department. This allows for exemptions for particular issues which may arise, such as a limited supply of local milk due to contamination issues etc., to be dealt with flexibly;

- Providing for a simple registration system under which distributors with current commercial distribution agreements with the Department are registered by the Department (see section 16); and
- Providing for appeals against decisions of the Department in relation to authorisations, approvals and exemptions provided for under the Ordinance (see Part IV).

THE STATES REFORM LAW, 2015 (COMMENCEMENT) ORDINANCE, 2016

The States are asked to decide:-

II.- Whether they are of the opinion to approve the draft Ordinance entitled “The States Reform Law, 2015 (Commencement) Ordinance, 2016”, and to direct that the same shall have effect as an Ordinance of the States.

EXPLANATORY MEMORANDUM

This Ordinance commences the States Reform Law, 2015. There are 2 separate commencement dates provided for in the Ordinance.

Section 1(1) brings most provisions of the Law into force on 16th February, 2016, which is the first day of the February States meeting.

Section 1(2) brings the remainder of the provisions of the Law into force on 1st May, 2016, which is the day on which the new States is due to start following the April 2016 General Election. These remaining provisions will, on 1st May, 2016, reduce the number of States Deputies to 38, provide for the term of the new States to come to an end on 30th June 2020 and transfer the legislative functions of the Legislation Select Committee to the Policy and Resources Committee.

THE ORGANISATION OF STATES' AFFAIRS (TRANSFER OF FUNCTIONS) ORDINANCE, 2016

The States are asked to decide:-

III.- Whether they are of the opinion to approve the draft Ordinance entitled “The Organisation of States' Affairs (Transfer of Functions) Ordinance, 2015”, and to direct that the same shall have effect as an Ordinance of the States.

EXPLANATORY MEMORANDUM

This Ordinance is part of the suite of legislation necessary to transfer functions as part of the Organisation of States' Affairs.

Section 1 transfers the functions under relevant enactments of the departments mentioned in column 2 of Schedule 1, and of the relevant Ministers and Deputy Ministers of those departments, to the committees named in relation to the departments in column 3 of Schedule 1 and the relevant President and Deputy President of the committee concerned. The transfers are in some cases direct transfers from department A to committee B (e.g. as in the case of the transfer of functions from the Education Department to the Committee for Education, Sport & Culture at paragraph 3 of Schedule 1). In other cases, where the functions of a department are being split and transferred to 2 or more committees, a “default” committee, to which functions are transferred under enactments not specifically referred to in the Ordinance, is provided for in each case. For example, the functions of the Home Department under the enactments referred to in Part 4 of Schedule 2 are transferred to the Committee for Economic Development and functions under relevant enactments not specified in that Part (i.e. all other relevant enactments on the statute book) are transferred to the Committee for Home Affairs (see paragraph 6 of Schedule 1).

Section 2 amends references in relevant enactments so that references to departments for example are replaced by references to the relevant committee. Section 3 makes savings and transitional provisions relating to things in the course of being done on commencement of the Ordinance. Section 4 applies sections 1, 2 and 3 to relevant subordinate legislation. Section 5 makes an amendment to the interpretation provisions of both relevant enactments and subordinate legislation that are amended by sections 2 or 4, so that defined terms are clear following transfers and section 6 is the interpretation section.

Section 7 transfers certain functions of the States Agricultural and Milk Marketing Board and of its President and Vice-President to the Committee for the Environment & Infrastructure or, as the case may be, its President and Vice-President and makes appropriate amendments to the legislation concerned. These are functions arising under the specific enactments referred to in section 7(3) and which appear to have been overlooked during previous transfers of functions.

Section 8 makes the miscellaneous amendments set out in Schedule 4. These relate to the Fees, Charges and Penalties (Guernsey) Law, 2007, the Compulsory Acquisition of Land (Guernsey) Law, 1949, and the Foreshore (Riding and Driving) Ordinance, 1951.

Section 9 is the citation clause and section 10 is the commencement clause and provides for the Ordinance to come into force on the 1st May, 2016.

THE ENVIRONMENTAL POLLUTION (DESIGNATION OF WASTE DISPOSAL AUTHORITY) ORDINANCE, 2016

The States are asked to decide:-

IV.- Whether they are of the opinion to approve the draft Ordinance entitled “The Environmental Pollution (Designation of Waste Disposal Authority) Ordinance, 2016”, and to direct that the same shall have effect as an Ordinance of the States.

EXPLANATORY MEMORANDUM

This Ordinance is part of the package of legislation necessary to transfer functions as part of the Organisation of States Affairs. The November 2015 Policy Letter recommended that the functions of the Waste Disposal Authority be transferred from the Public Services Department to the States' Trading Supervisory Board ("STSB") (see paragraph 6.2.8 and 7.2.3). There is a specific power to designate the Waste Disposal Authority by Ordinance under The Environmental Pollution (Guernsey) Law, 2004.

This Ordinance is made under that designation power and designates the STSB as the Waste Disposal Authority and repeals the current provision, made under that power, designating the Public Services Department as the Waste Disposal Authority.

THE LAND PLANNING AND DEVELOPMENT (STRATEGIC LAND PLANNING) (AMENDMENT) ORDINANCE, 2016

The States are asked to decide:-

V.- Whether they are of the opinion to approve the draft Ordinance entitled "The Land Planning and Development (Strategic Land Planning) (Amendment) Ordinance, 2016", and to direct that the same shall have effect as an Ordinance of the States.

EXPLANATORY MEMORANDUM

This Ordinance is another part of the package of legislation necessary to transfer functions for the purposes of the Organisation of States Affairs. The Ordinance makes amendments to the planning legislation consequential upon the States resolutions, following the July and November 2015 Policy Letters, that the current functions of the Strategic Land Planning Group ("SLPG") under the Land Planning and Development (Guernsey) Law, 2005 should transfer to the States Committee for the Environment & Infrastructure ("CEI") (see paragraph 8.8.21 of the July 2015 Policy Letter and paragraph 7.2.4 of the November 2015 Policy Letter). These amendments have had to be made by separate amending Ordinance as there is currently no power to transfer functions of a statutory body, such as the SLPG, under the Public Functions (Transfer and Performance) (Bailiwick of Guernsey) Law, 1991.

The Ordinance, therefore, makes amendments to the Land Planning and Development (Guernsey) Law, 2005 to repeal section 3 (which provides for the appointment of the SLPG) and amend section 5 to replace references to the SLPG with references to the CEI. Section 5 of the Law is also amended so that it is the CEI that lays the draft Strategic Land Use Plan ("SLUP") before the States following receipt of a statement of opinion, as to the consistency of the SLUP with the rest of the States Policy and Resource Plan, from the States Policy & Resources Committee. The opportunity has been taken to update the current reference in section 5 of the Law to the States Policy and Resource Plan. Consequential amendments are also made to other provisions of the Law and Ordinances and Regulations under the Law to remove references to the SLPG.

THE COMPULSORY ACQUISITION OF LAND (GUERNSEY) (FEES AND AMENDMENT) ORDINANCE, 2016

The States are asked to decide:-

VI.- Whether they are of the opinion to approve the draft Ordinance entitled “The Compulsory Acquisition of Land (Guernsey) (Fees and Amendment) Ordinance, 2016”, and to direct that the same shall have effect as an Ordinance of the States.

EXPLANATORY MEMORANDUM

Section 1 of this Ordinance prescribes the fees charged in respect of proceedings before the arbitrators and the umpire in the event that an assessment of compensation is required further to a compulsory purchase order.

Sections 2–8 of this Ordinance further amend the Compulsory Acquisition of Land (Guernsey) Law, 1949 (the “Law”) so as clarify existing provisions and help ensure that the Law remains accessible and unambiguous. In particular –

- the references to compensation payable by way of “*rentes*” in the Law are removed; and
- the reference to “Department” in paragraph 4(3)(a)(ii) of Schedule 2 of the Law is substituted by “acquiring department”.

The Ordinance is effective on the 17th February, 2016.

THE MOTOR TAXATION (FIRST REGISTRATION DUTY) ORDINANCE, 2016

The States are asked to decide:-

VII.- Whether they are of the opinion to approve the draft Ordinance entitled “The Motor Taxation (First Registration Duty) Ordinance, 2016”, and to direct that the same shall have effect as an Ordinance of the States.

EXPLANATORY MEMORANDUM

This Ordinance establishes an obligation to pay motor tax upon the first registration of a motor vehicle (“first registration duty”). First registration duty is based on a motor vehicle's carbon dioxide emissions. The rates and method of calculation are set out in the Schedule to the Ordinance. There is a differential for diesel and non-diesel class vehicles.

There is a transitional provision (see section 2) in relation to vehicles where a contract to purchase was entered into prior to the commencement of the Ordinance. These vehicles are exempt from first registration duty.

This Ordinance also amends the Motor Taxation and Licensing (Guernsey) Law, 1987, in so far that it gives the Environment Department the power to amend, by regulation, the rates and bands of motor tax, including the first registration duty.

The Ordinance is intended to come into force on 1st May, 2016.

For information it should be noted that the Environment Department intends to make regulations, subject to the approval of the Treasury and Resources Department, which will prescribe the classes or uses of motor vehicles exempt from the requirement to pay first registration duty, and the classes or uses of motor vehicles entitled to preferential rates of first registration duty.

The classes or uses of motor vehicles that it is intended will be exempt from the requirement to pay first registration duty are emergency vehicles used by the fire and rescue or ambulance services, or emergency vehicles used at licensed motor racing events or other sports events, agricultural tractors, road repairing machines, vehicles specifically converted for use by disabled persons, classic cars, mini buses that are registered in the name of a charity, and motor vehicles used only for licensed motor racing events.

The classes or uses of motor vehicles that it is intended will be entitled to preferential rates on the amount of first registration paid are hire vehicles. It is intended that hire vehicles will be entitled to a preferential rate of 50% of the amount of the first registration duty payable provided that the hire car is exported from the island within twelve months of the first registration in Guernsey and is not re-imported back to the island within two years of the vehicle's exportation.

It is intended that the Regulations will also come into force on the 1st May, 2016.

THE MENTAL HEALTH (TRANSFER OF PATIENTS) (GUERNSEY AND ALDERNEY) ORDINANCE, 2016

The States are asked to decide:-

VIII.- Whether they are of the opinion to approve the draft Ordinance entitled "The Mental Health (Transfer of Patients) (Guernsey and Alderney) Ordinance, 2016", and to direct that the same shall have effect as an Ordinance of the States.

EXPLANATORY MEMORANDUM

This Ordinance clarifies that orders made under the Mental Health (Bailiwick of Guernsey) Law, 2010 cease to have effect where the patient is transferred to another country or territory, unless the patient is subject to a restriction order and is being transferred to a jurisdiction outside the British Islands. In addition, the Ordinance expands the definition of "liable to be detained" for the purposes of the 2010 Law to include forensic orders made by a criminal court under Part IX.

**THE INCOME TAX (GUERNSEY) (APPROVAL OF AGREEMENTS WITH
BRITISH VIRGIN ISLANDS, CAYMAN ISLANDS, SOUTH KOREA AND
SPAIN) ORDINANCE, 2016**

The States are asked to decide:-

IX.- Whether they are of the opinion to approve the draft Ordinance entitled “The Income Tax (Guernsey) (Approval of Agreements with British Virgin Islands, Cayman Islands, South Korea and Spain) Ordinance, 2016”, and to direct that the same shall have effect as an Ordinance of the States.

EXPLANATORY MEMORANDUM

This Ordinance specifies the agreements providing for the obtaining, furnishing and exchanging of information in relation to tax, made for the purposes of the Income Tax (Guernsey) Law, 1975.

The agreements specified are as follows:

- a) An agreement made between the States of Guernsey and the Government of the Cayman Islands, and signed on the 10th September, 2015, and the 8th October, 2015, respectively. The agreement is a Protocol to a Tax Information Exchange Agreement previously made between the States of Guernsey and the Government of the Cayman Islands in July 2011;
- b) An agreement and a Protocol made between the States of Guernsey and the Government of the Republic of Korea and signed on the 23rd September, 2015;
- c) An agreement made between the States of Guernsey and the Government of the British Virgin Islands, and signed on the 8th October, 2015 and the 5th November, 2015 respectively. The agreement is a Protocol to a Tax Information Exchange Agreement previously made between the States of Guernsey and the Government of the British Virgin Islands in April 2013, and amended in November and December 2014; and
- d) An agreement made between the States of Guernsey and the Government of the Kingdom of Spain signed on the 10th November, 2015.

ORDINANCE LAID BEFORE THE STATES**THE INCOME TAX (ZERO 10) (COMPANY INTERMEDIATE RATE)
(AMENDMENT) (GUERNSEY) (NO. 2) ORDINANCE, 2015**

In pursuance of the provisions of the proviso to Article 66 (3) of The Reform (Guernsey) Law, 1948, as amended, “The Income Tax (Zero 10) (Company Intermediate Rate) (Amendment) (Guernsey) (No. 2) Ordinance, 2015”, made by the Legislation Select Committee on the 14th December, 2015, is laid before the States.

EXPLANATORY MEMORANDUM

This Ordinance, in accordance with Proposition 1 of the budget resolutions passed on the 29th October, 2015, extends the company intermediate income tax rate (10%) to income from the provision of custody services (as defined in the Protection of Investors (Bailiwick of Guernsey) Law, 1987) to unconnected third parties, when arising or accruing to an institution or business described in paragraph 1 of the Fourth Schedule to the Income Tax (Guernsey) Law, 1975, (in essence, licensed banking institutions and businesses providing credit facilities, as defined in that Schedule).

Further to the States resolution, the Treasury and Resources Department undertook a consultation exercise on the extension of the intermediate income tax rate with relevant consultees. No responses were received during the course of, or in response to, the consultation exercise.

The Ordinance was made by the Legislation Select Committee in exercise of its powers under Article 66(3) of the Reform (Guernsey) Law, 1948, and came into force on the 1st January, 2016. Under the proviso to Article 66(3) of the Reform (Guernsey) Law, 1948, the States of Deliberation have the power to annul the Ordinance.

STATUTORY INSTRUMENTS LAID BEFORE THE STATES

The States of Deliberation have the power to annul the Statutory Instruments detailed below.

THE WASTE DISPOSAL AND RECOVERY CHARGES REGULATIONS, 2015

In pursuance of 72(3) of The Environmental Pollution (Guernsey) Law, 2004, “The Waste Disposal and Recovery Charges Regulations, 2015”, made on 17th December 2015 by the Waste Disposal Authority, designated by Ordinance under The Environmental Pollution (Guernsey) Law, 2004 as the Public Services Department, are laid before the States.

EXPLANATORY NOTE

These Regulations prescribe the charges, or rates of charge, payable in 2016 as a pre-condition of the acceptance of waste of particular descriptions by the Waste Disposal Authority for disposal or recovery at specified public waste management sites (see Table 1 in Schedule 1). They also set out charges in 2016 for the reloading of waste which is not accepted at specified public waste management sites (see Table 2 in Schedule 1).

These Regulations and the new charges or rates of charge came into force on 1st January, 2016.

THE HEALTH SERVICE (BENEFIT) (LIMITED LIST) (PHARMACEUTICAL BENEFIT) (AMENDMENT NO.3) REGULATIONS, 2015

In pursuance of Section 35 of The Health Service (Benefit) (Guernsey) Law, 1990, “The Health Service (Benefit) (Limited List) (Pharmaceutical Benefit) (Amendment No.3) Regulations, 2015”, made by the Social Security Department on 15th December 2015, are laid before the States.

EXPLANATORY NOTE

These Regulations add to the limited list of drugs and medicines available as pharmaceutical benefit which may be ordered to be supplied by medical prescriptions issued by medical practitioners.

These Regulations came into operation on 15th December, 2015.

THE HEALTH SERVICE (MEDICAL APPLIANCES) (AMENDMENT) REGULATIONS, 2015

In pursuance of Section 35 of The Health Service (Benefit) (Guernsey) Law, 1990, “The Health Service (Medical Appliances) (Amendment) Regulations, 2015”, made by the Social Security Department on 15th December, 2015, are laid before the States.

EXPLANATORY NOTE

These Regulations further amend the Health Service (Medical Appliances) Regulations, 1990, as amended, by increasing the charges payable to authorised appliance suppliers in Guernsey and Alderney by persons supplied with Part I, II or III medical appliances, who are not exempt from such charges. The increased charges amount to £3.70 for each appliance.

These Regulations came into force on 1st January, 2016.

THE SOCIAL INSURANCE (BENEFITS) (AMENDMENT) REGULATIONS, 2015

In pursuance of Section 117 of The Social Insurance (Guernsey) Law, 1978, “The Social Insurance (Benefits) (Amendment) Regulations, 2015”, made by the Social Security Department on 15th December, 2015, are laid before the States.

EXPLANATORY NOTE

These Regulations amend the schedules to the Social Insurance (Benefits) Regulations, 2003 and prescribe the reduced rates of benefit payable from 4th January, 2016, to claimants who do not satisfy the conditions for entitlement to payment of the maximum rate of benefit.

These Regulations came into operation on 4th January, 2016.

THE STATES HOUSING (RENT AND REBATE SCHEME) (GUERNSEY) (AMENDMENT) REGULATIONS, 2015

In pursuance of section 5 (3) of tThe States Housing (Tenancies, Rent and Rebate Scheme) (Guernsey) Law, 2004, “The States Housing (Rent and Rebate Scheme) (Guernsey) (Amendment) Regulations, 2015”, made by the Housing Department on 3rd December, 2015, are laid before the States.

EXPLANATORY NOTE

These Regulations amend the States Housing (Rent and Rebate Scheme) (Guernsey) Regulations, 2005, by making changes to the States Rental Formula and to the charges applied to non-dependent persons residing in the household of a statutory tenant, and to the allowances given to dependent children residing in the household of a statutory tenant.

These Regulations came into operation on 26th December, 2015.

THE HOUSING (CONTROL OF OCCUPATION) (FEES) (GUERNSEY) REGULATIONS, 2015

In pursuance of section 66A (3) of The Housing (Control of Occupation) (Guernsey) Law, 1994, as amended, “The Housing (Control of Occupation) (Fees) (Guernsey) Regulations, 2015”, made by the Housing Department on 3rd December, 2015, are laid before the States.

EXPLANATORY NOTE

These Regulations increase the fees charged for certain applications made under the Housing (Control of Occupation) (Guernsey) Law, 1994, as amended, the current fees having been in place since 1st January, 2015. The fee increase took effect on 1st January, 2016.

THE PILOTAGE DUES (GUERNSEY) REGULATIONS, 2015

In pursuance of sections 1, 2, 3 and 8 of The Pilotage Dues and Fees Ordinance, 1987 and sections 1 and 5 of The Fees, Charges and Penalties (Guernsey) Law, 2007, and all other powers enabling it in that behalf, “The Pilotage Dues (Guernsey) Regulations, 2015”, made on 17th December 2015 by the Public Services Department, are laid before the States.

EXPLANATORY NOTE

These Regulations prescribe the pilotage dues and related charges payable under the Pilotage Dues and Fees Ordinance, 1987. Under the terms of the Fees, Charges and Penalties (Guernsey) Law, 2007, these dues and charges may now be prescribed by regulations of the Public Services Department.

These Regulations came into force on the 1st January, 2016.

THE MOORING CHARGES (GUERNSEY) REGULATIONS, 2015

In pursuance of section 2 of The Vessels and Speedboats (Compulsory Third-Party Insurance, Mooring Charges and Removal of Boats) (Guernsey) Law, 1972, sections 1 and 5 of The Fees, Charges and Penalties (Guernsey) Law, 2007, and all other powers enabling it in that behalf, “The Mooring Charges (Guernsey) Regulations, 2015”, made on 17th December, 2015, by the Public Services Department, are laid before the States.

EXPLANATORY NOTE

These Regulations prescribe the mooring charges payable under section 2 of the Vessels and Speedboats (Compulsory Third-Party Insurance, Mooring Charges and Removal of Boats) (Guernsey) Law, 1972. Under the terms of the Fees, Charges and Penalties (Guernsey) Law, 2007, these charges may now be prescribed by regulations of the Public Services Department.

These Regulations come into force on the 1st April, 2016.

**THE HARBOUR DUES AND FACILITIES CHARGES (GUERNSEY)
REGULATIONS, 2015**

In pursuance of sections 2 and 3 of The Harbour Dues (Saint Peter Port and Saint Sampson) Law, 1957, section 33 of The Harbours Ordinance, 1988, sections 1 and 5 of The Fees, Charges and Penalties (Guernsey) Law, 2007, and all other powers enabling it in that behalf, “The Harbour Dues and Facilities Charges (Guernsey) Regulations, 2015”, made on 17th December 2015 by the Public Services Department, are laid before the States.

EXPLANATORY NOTE

These Regulations prescribe the harbour dues payable under section 2 of the Harbour Dues (Saint Peter Port and Saint Sampson) Law, 1957, and the charges payable for the use of harbour facilities under section 33(1) of the Harbours Ordinance, 1988. Under the terms of the Fees, Charges and Penalties (Guernsey) Law, 2007, these dues and charges may now be prescribed by regulations of the Public Services Department.

These Regulations came into force on the 1st January, 2016.

**THE DATA PROTECTION (PUBLIC INFORMATION DESIGNATION)
(REVOCATION) ORDER, 2015**

In pursuance of Sections 34 and 66 of The Data Protection (Bailiwick of Guernsey) Law, 2001, “The Data Protection (Public Information Designation) (Revocation) Order, 2015”, made by the Home Department on 27th November, 2015, is laid before the States.

EXPLANATORY NOTE

This Order revokes the Data Protection (Public Information Designation) Order, 2002, so that henceforth the processing of data held by the Island Archives Service shall be exempt only to the extent permitted by section 33 of the Data Protection (Bailiwick of Guernsey) Law, 2001, which applies to data processed for research purposes, including statistical or historical purposes, rather than the much wider exemption provided by the 2002 Order which created an exemption for all data held by the Island Archives Service.

This Order came into force on the 27th November, 2015.

**THE DATA PROTECTION (SUBJECT ACCESS EXEMPTIONS)
(GUERNSEY) ORDER, 2015**

In pursuance of Sections 38 and 66 of The Data Protection (Bailiwick of Guernsey) Law, 2001, “The Data Protection (Subject Access Exemptions) (Guernsey) Order, 2015”, made by the Home Department on 27th November, 2015, is laid before the States.

EXPLANATORY NOTE

This Order exempts from section 7 of the Data Protection (Bailiwick of Guernsey) Law, 2001 (which entitles an individual to have access to data held in respect of that individual) the non-disclosure provisions of section 38 of the Trusts (Guernsey) Law, 2007, and equivalent provisions in Guernsey and other jurisdictions. This means that, in accordance with trusts law, section 7 does not oblige a trustee to disclose data concerning his deliberations as to the exercise of his functions, the reasons for any decisions made, any material on which such decisions were based, nor any letter of wishes.

This Order came into force on the 27th November, 2015.

POLICY COUNCIL

THE REVIEW OF THE FINANCIAL RELATIONSHIP BETWEEN GUERNSEY AND ALDERNEY

Executive Summary

1. This Policy Letter fulfils the States Resolution of 10th December 2014 (Billet d'État XXVI of 2014) directing the Policy Council to work with the authorities in Alderney and to report back on a review of the financial arrangements between Guernsey and Alderney no later than March 2016. This Policy Letter has been agreed by the Alderney Policy and Finance Committee and will be laid before the States of Alderney at its meeting in March 2016.
2. It concludes that the basis of the 1948 Agreement between the islands, whereby income tax and social security contributions from Alderney accrue to the Guernsey budget to fund the majority of public services in Alderney, remains valid and that the Agreement should continue, albeit with one important change which could be in both islands' interests.
3. This change would involve Guernsey continuing to fund the Transferred Services from the pooled revenue streams of Income Tax and Social Security Contributions, while the States of Alderney would be responsible for all other public services in Alderney funding them from all other income streams from sources related to that island (including tax on real property, occupiers rates, fees and charges, import and excise duties, rents, fees in lieu of Congé, document duty, and numismatic and philatelic profits).
4. It further recommends that the changes made by the States in 1996 (Billet d'État X of 1996), which inter-alia effectively consolidated the Guernsey accounts for Alderney and Guernsey and prevented separate figures for expenditure and income from being kept, should be amended so that in future in addition to the formal consolidated accounts, such income and expenditure figures should be produced and published separately annually by the Treasury and Resources Department, in liaison with the Alderney Policy and Finance Committee.
5. In broad terms the present study has shown that the annual level of subsidy to Alderney over the past six years has varied from £3.2 million in 2011 to £6.6 million in 2013. However, it must also be acknowledged that the eGaming sector in Alderney adds very significant direct and indirect benefits to both islands' Gross Domestic Products ("GDP") in multi-millions of pounds. Direct benefits alone in 2014 have recently been estimated at £25 million (£18.2 million to Guernsey and £6.8 million to Alderney). Direct employment by the sector (174 fte people) contributed c £1.4 million in tax and social security contributions in 2014. The relationship between the islands can therefore be seen as a complex and mutually beneficial one.

6. The report recommends that, following reviews of the individual services in line with the original terms of reference for this study (see Appendix A), agreements are put in place with the appropriate authorities in Alderney by all Departments providing Transferred Services for that island.
7. It outlines the benefits of a number of important changes to the financial governance arrangements in Alderney and/or between Alderney and Guernsey, and gives assurance that such measures are now under consideration by the relevant authorities in each Island, with a premise to implement them unless agreed otherwise for very good reason.
8. It explains that the Alderney Policy and Finance Committee is currently researching a political governance review, and that it will take into account the effects of the above change to the implementation of the 1948 Agreement in this work.
9. Finally, the report once again draws States Members' attention to the current structural economic decline being experienced in Alderney, along with its associated de-population and ageing demographics, and emphasises how such issues in Alderney impact on Guernsey's budget through the de facto fiscal union between the islands. It recommends that the Commerce and Employment Department makes every effort to assist the authorities in Alderney with the task of stimulating economic activity, growing the population and addressing the ageing demographics in Alderney to the mutual advantage of both islands.

Introduction and Background

10. The present day close relationship between Alderney and Guernsey stems from a pivotal agreement made between the Islands and the United Kingdom Government in 1948. While the two islands have separate parliaments and electoral arrangements, they are de facto in fiscal union. There is also a strong relationship between the parliaments with Alderney currently having two Representatives with full voting rights in the Guernsey States of Deliberation.
11. Over the past 67 years the economic fortunes of both islands have fluctuated, and at various times each island has held a perception that at that particular moment in history it is contributing more to the fiscal union than the other partner. On at least two occasions both parties have appeared content to pursue increased autonomy for Alderney. The United Kingdom Government (as the other party to the original 1948 Agreement) has also been content for this to be pursued provided the increased autonomy did not threaten either Alderney's sustainability as a community or its good government. Notwithstanding this, on both occasions this initiative was dropped by both Islands and the 1948 Agreement continues (largely un-amended) to this day.
12. During the mid-1990s a perception of an imbalance in fiscal flows between the islands arose again, and following the work of a joint working party involving both governments the States of Deliberation resolved to consolidate the Alderney and Guernsey accounts of the States of Guernsey. From this point on Committees and Departments in Guernsey were effectively prevented from keeping separate accounts for the costs they incurred in each island.

13. Given the increased focus by both States in present times, resulting in part from the very different fiscal environment faced by both islands, this position where true costs are masked is no longer considered to be tenable. Both the States of Alderney and the States of Guernsey agreed in 2014 that in order to improve the efficiency and effectiveness of public services provided in both islands it was necessary to know the true cost bases of such services in both Alderney and Guernsey.
14. This was reported to the States of Deliberation in a report entitled “The Airport and Economic Development in Alderney” from the Policy Council dated 14 October 2014, (Billet d’État XXVI of 2014), which was considered and approved by the States at their meeting in December 2014. After debate of this report the States resolved:-

“To direct the Policy Council to report back to the States of Deliberation with the results of its current appraisal of the financial relationship between Guernsey and Alderney (as detailed in Appendix G in that Report), including appropriate recommendations, no later than March 2016.”

For completeness, this Appendix is included in this report as Appendix A.

15. I am pleased to say that the above review has been carried out in a very open manner with the trust and full co-operation of all parties in both Islands. The Policy Council delegated the research to its Alderney Liaison Group (“ALG”), so that from the outset the work has been progressed and agreed by appropriate representatives from the Policy Council and the Alderney Policy and Finance Committee. This has been a core strength of the work, with the figures presented in this report being accepted by both Islands as a fair and reasonable representation of the costs incurred in both Islands in regard to public services provided in Alderney.

A Note on the Figures Used

16. Bearing in mind that the 1996 report to the States from the Advisory and Finance Committee (Billet d’État X of 1996) effectively consolidated the States of Guernsey accounts in relation to costs incurred in relation to services provided to Alderney, it is not possible to be precise on the costs that have been incurred or the revenues which have been paid to the “common public purse” (largely Income Tax and Social Security Contributions, although there are other smaller areas of income).
17. Nevertheless, at the direction of the Treasury and Resources Department, all Committees and Departments in Guernsey have provided the best figures possible, so that we have a very good representative picture of the costs. The money flows over the most **recent six year period** are included within a report produced independently for the ALG by Mr. Stephen Taylor (who was Chief Executive in Alderney on a short interim basis in 2014). This report is included in full as Appendix B.

18. It is the broad order of the money flows which is important in the context of this policy letter, not the detail. To focus on details is to miss the fundamental point on how both Islands move forward for the future to improve the efficiency and effectiveness of appropriate public services in Alderney.
19. **The figures used in this report have been agreed by the States Departments in Guernsey that provided them, by the Treasury and Resources Department (which collated all the financial data for this report), by the Policy Council, and by the States of Alderney Policy and Finance Committee.**
20. Before presenting the key fiscal data, and drawing some conclusions and recommendations on the way forward, it is perhaps worth re-capping briefly the historical context to the present day, and outlining again in summary why the current review is so critical to the future sustainability of Alderney.

Alderney - A Brief Historical Context

21. Alderney has a long and complex history. For much of its existence it maintained a status much like that of Sark with a Governor, who had a role that was more akin to the Seigneur of Sark, and who had a direct relationship to the Crown. There has also been a longstanding link through the Royal Court of Guernsey.
22. However, for many decades Alderney has been tightly linked to Guernsey. 1948 is a pivotal date in Alderney's history in that from that time its financing has been inextricably linked with that of Guernsey. Before this date Alderney was administered from local direct and indirect taxes, with Crown land administered by Crown revenues (rents, royalties etc.) and the shortfall met from United Kingdom HM Treasury funds.
23. After residents returned to Alderney post World War II, discussions between the United Kingdom Government, the States of Alderney and the States of Guernsey led to changes in financial and legislative controls. Following a review by a committee of the Privy Council, the subsequent report (Billet d'État XX of 1948) was presented to, and accepted by, the States of Deliberation on 5th November 1948, and this in turn led to what is now known as the '1948 Agreement'.
24. Through the 1948 Agreement, the States of Deliberation have responsibility for most major public services in Alderney including the provision of the airfield, healthcare, education facilities, immigration, policing and social services. Under the terms of the 1948 Agreement the States of Guernsey can legislate in any areas of these services without the consent of the States of Alderney, although the modern expectation is of course that the islands liaise closely in such areas. In addition to the 1948 Agreement the United Kingdom Government, in 1950, transferred all Crown lands in Alderney, including the seabed to the States of Alderney as a measure to help Alderney's economic development.
25. The States of Alderney are responsible for domestic services outside the transferred services, which are funded by Alderney revenues with a budget top-up from Guernsey. While the States of Guernsey approve the domestic budget, the States of Alderney have some limited freedom and flexibility to manage their own

financial affairs including the collection of some revenue income and expenditure. The States of Deliberation in Guernsey have the power to enact criminal legislation in respect of Alderney.

26. Capital projects amongst the Transferred Services are funded by the States of Guernsey in exactly the same way as such capital projects in Guernsey, whereas those in the domestic area are financed by the States of Alderney through the Alderney Gambling Control Commission ("AGCC") Surpluses, fees in lieu of Conge (2% on property sales) and where necessary top ups from the States of Guernsey. To maintain the integrity of matters such as procurement, capital expenditure funded from the AGCC reserves remains subject to the same approvals procedures exercised by the States of Guernsey.

Alderney Breakwater

27. Responsibility for the Breakwater in Alderney formed no part of the 1948 Agreement, because at that time the structure was maintained by HM Government. However, in 1987 Guernsey also assumed responsibility for maintaining the Breakwater in Alderney, as part of an agreed package of measures offered in response to a request from HM Government for a contribution from the Bailiwick of Guernsey as a whole towards the costs of defence and international representation.
28. The costs of maintaining the Alderney Breakwater are significant. Since 1987 the States have operated an effective on-going maintenance regime, supplemented by one-off repairs, as necessary, following major storm damage. Over the last 28 years the Bailiwick has spent approximately £25 million (at today's prices) on the structure. The problem however remains that the Breakwater has a finite life. Its superstructure, i.e. the portion which is seen above the water, is akin to the tip of an iceberg, as it is built on top of a massive rubble mound. All the engineering predictions are that sooner or later the main superstructure will fail either because of direct storm damage, or by an undermining of the structure as a result of movement in the mound.
29. The Public Services Department, which has the mandate to maintain the Breakwater, is alert to these issues and is intending to report to the States of Deliberation with recommendations for a long term strategy. This will undoubtedly stimulate discussion over whether continued maintenance and repair provide best value for the Bailiwick. Without doubt, it is essential for Alderney to continue to have a sheltered harbour. However, in the knowledge that the Breakwater will not last for ever, the Islands will need to work closely to ensure the future investment decisions in terms of guaranteeing a sheltered port, strike the right balance between effectiveness and affordability.

Alderney's Economic Fortunes

30. Alderney's economic fortunes have fluctuated in the 67 years since the 1948 Agreement, and there have been several reviews as to whether Alderney could gain more financial and constitutional autonomy from Guernsey. In 1955, the

President of Alderney submitted proposals to the Home Office for resuming responsibility for all its services. While the Home Office consulted on this and was willing to accept it in principle, the proposal was later dropped due to economic and political problems in Alderney.

31. A further proposal was made for greater separation in 1971. This proposal was made in the run up to the accession of the United Kingdom to the European Economic Community (“EEC”) in 1973. At that time the United Kingdom Government said it would need to be satisfied that Alderney was, and would likely remain, financially and economically viable, the States of Alderney was a responsible body, that there was no reasonable objection from the States of Guernsey and that there were special safeguards on certain Transferred Services. Uncertainties over the Island’s economic future stalled this proposal.
32. The next review of the relationship took place in 1995 when the States of Guernsey Advisory and Finance Committee and the Alderney Finance Committee set up a joint working group chaired by the then Bailiff with a mandate to review the operation of 1948 Agreement and to consider any necessary amendments (Billet d’État XXII of 1995, Article 16). In addition in September 1995 the States of Deliberation considered two reports (Billet XX of 1995, Article 19 and Article 20) on the Alderney Airport operating hours with proposals to reduce operating hours. In the event, both reports were subject to sursis motions pending the outcome of the review undertaken by the joint working group.
33. The review concluded that the 1948 Agreement set up a Bailiwick solution which was a unique federal relationship between the two islands. It was fit for purpose, although the level of services in Alderney should be appropriate for its population.
34. The review did not favour a return to pre-1948 arrangements for administering and financing Alderney. However, if this was pursued Alderney would need to satisfy HM Government that it could maintain itself. The review further recommended changes to accounting procedures in Guernsey which would in effect treat the islands as the same financial account (consolidated accounts). This was to remove any invidious and divisive impression from the previously separated (but somewhat over-simplified) accounts that Guernsey was subsidising Alderney. The revised accounting reflected the financial union and common position that exists between the islands.
35. The most recent chapter in the relationship was in January 2014 when the States formally reiterated that “...since 1948 Alderney and Guernsey have been inextricably linked and today there is fiscal union between the islands...” Fiscal union, inter-alia, means in reality that every £1 earned/spent in Alderney has the same effect on the Guernsey Exchequer as every £1 earned/spent in Guernsey.

The Context to the Present Studies

36. At the end of 2012/early 2013 several Alderney politicians were expressing concern to their Guernsey counterparts regarding the on-going and developing linked problems of economic decline and de-population in Alderney. This had

emerged as the top priority in the Alderney Strategic Plan and it was felt that government interventions needed to be made to help stimulate the Alderney economy. This in turn would hopefully help to start to reverse the de-population. It was in response to such concerns that the Policy Council formed an ALG in early 2013.

37. Some of the key statistics to result from Census in Alderney in April 2013 were as follows:-
 - the number of children aged 14 or less in Alderney has halved in the past 12 years;
 - the number of residents aged 55 and over has now reached half of the total population (this figure is around one third in Guernsey);
 - Those aged 60 to 69 make up one fifth of population (compared to a tenth in Guernsey).
38. Assuming zero net inward migration, Alderney's population is forecast to continue to decline over time (a further 5% decline by 2020 and 12% by 2030). The percentage employed was 46%.
39. With the overall population falling and the demographics becoming increasingly weighted towards the elderly, Alderney is becoming less sustainable as a community. Not only is the economy in decline, displaying signs of both structural and cyclical decline, but it will become increasingly difficult and costly to maintain aspects of essential infrastructure such as education facilities with reducing school rolls. Provision of some health and social services are also likely to be negatively impacted by reducing numbers of people (especially young people and families).
40. Given the de facto fiscal union that exists between the islands, Alderney's problems are also Guernsey's problems. It is against this background that the States in both islands are investing a lot of time and effort in trying to improve Alderney's long term sustainability through a number of initiatives, including developing opportunities in new niche financial technology innovations, securing the island's finance sectors and high end tourism through robust and reliable air services, future proofing Alderney's Airport for the next 25 years, and the development of a Bailiwick digital communications strategy.

The Vision of Alderney in the Future

41. Before reviewing the headline results of the current review into the financial relationship between Alderney and Guernsey, it is necessary to consider the vision of Alderney moving forward as an island community.
42. There is a perception in both Alderney and Guernsey that unless this can be achieved in the years ahead the Island may face a tipping point with some essential services such as education, where falling school numbers may make the physical presence of a school unviable. This equally applies to other aspects of the island's necessary infrastructure.

43. The Policy Council and the Alderney Policy and Finance Committee share a common vision for the future of Alderney. They see Alderney as a vibrant and integrated part of the Bailiwick of Guernsey, where it contributes in financial terms through initiatives like its world-class e-Gaming industry (with its associated highly respected regulation). It also believes that it is an ideal test bed for the Bailiwick to pilot new initiatives both to generate wealth for the Bailiwick overall (e.g. niche opportunities in newly emerging Financial Technology Industries (“FINTECH”)) or to reduce costs/improve public services (e.g. tele-medicine, tele-education and digital government/business).
44. They also recognise that, while perhaps not as readily obvious as the Unique Selling Points (“USPs”) which help to market tourism in Herm and Sark, Alderney clearly has its own USP which aligns with growing niche tourism markets in high spending groups (wildlife and heritage tourism and angling etc.). Recent experiences in Alderney, for example with the Living Islands Initiative (which promoted high end niche wildlife and heritage tourism) provides encouragement that there are significant growth opportunities in these areas, which merit further consideration.
45. The recent tax capping advantage in the 2015 Budget (for the year 2016) (Billet d’État XIX (Budget) of 2015) should also help to stimulate some economic activity in Alderney, although this tax capping measure could only be the first of several tax measures which could make a material difference to the economy in Alderney (and thus Guernsey too). Alderney needs to increase its workforce and attract/retain younger people to help counter the ageing demographics. Other countries (notably Ireland and Canada) have used targeted tax relief schemes, and other relocation incentives, as effective tools in achieving this goal, and it is recommended that the Treasury and Resources Department considers such opportunities in liaison with the Alderney Policy and Finance Committee so that any agreed measures could be introduced as part of the 2016 budget report (for the year 2017).
46. For the future there are also very exciting opportunities in terms of Alderney’s most significant natural resources with marine macro-renewable energy projects in development, and with the prospect of the France-Alderney-Britain power cable (“FAB link”) facilitating this industry, which could result in annual multi-million pound payments to Alderney.
47. Alderney is also in an exceptionally advantageous position in relation to pursuing policies which would enable it to promote the very high quality of its terrestrial and marine environments, which in turn could add significantly to its sustainable economic development opportunities through further high end eco-tourism and top end prices for its natural produce etc.
48. Alderney is committed to a vision of economic growth, where its contribution to its own (and the Bailiwick’s) future expands. Close analysis of the Income and Expenditure figures for Alderney show that the Island needs to focus on generating more income, and this is best done by getting more people on island into higher skill jobs with higher levels of pay. A good example of this is the

recent establishment in Alderney of a pilot project by Pricewaterhouse Coopers to use digital technology to streamline regulatory requirements associated with anti-money laundering. If successful, this project has the potential to expand and provide much needed high value jobs in Alderney (and ultimately elsewhere in the Bailiwick).

49. The States of Alderney are working hard to progress economic development, and it is very much in the States of Guernsey's interests to assist this wherever possible.
50. One of the quirks of history is that although Alderney and Guernsey have been in fiscal union for nearly 70 years, and thus the islands and their futures are inextricably linked, there is not the same close level of understanding and familiarity of Alderney in Guernsey as there is say with Sark. This may well simply reflect geography where Alderney is out of view from Guernsey (on most days), being c 20 miles to the north-east, whereas Sark is almost always in view.
51. It is remarkable how many Guernsey people have either never, or very seldom, visited Alderney, compared with visits made to the much closer islands of Herm and Sark. Thus, despite the close governmental relationship between the islands, many Guernsey islanders are unfamiliar with life in Alderney and what it has to offer. In this regard, Alderney may be regarded as one of the best kept secrets in the Bailiwick!
52. While it may be considered somewhat trite in a Policy Letter such as this to recommend that government action is taken to redress this, to neglect this may be to miss a significant opportunity that may make a material difference to Alderney's economy and the future of its community.
53. Apart from anything else tourism on Alderney is a very sustainable industry which enables and supports other essential island infrastructure, including of course the cost of providing life line air services and operating Alderney airport.
54. States Members are aware from previous reports considered during this term, and from the Requête (Billet d'État I of 2014) prepared by Alderney Representative the late Mr. Paul Arditti, that Alderney could be at a pivotal time in its history and the thrust and focus on economic development does need to continue with the **active help and support of Guernsey** for the immediate future.
55. **Both islands will benefit from Alderney's economic growth**, both directly (through Income Tax and Social Security receipts) and also indirectly through employment opportunities in the wider Bailiwick (e.g. e-Gaming based in Alderney) and through reducing any deficit in the income and expenditure of public services on Alderney.
56. An alternative scenario, which may happen by default if the current constructive financial relationship and working partnership is broken, is that the Island's economic decline will continue with further de-population and increased ageing of the community to the point where it may be regarded very largely as a home for retired people many of whom are no longer economically active. In such

circumstances it would be difficult to see anything other than a reduction in public services (including health, education and physical transportation), thus condemning Alderney to a path of long-term decline and de-population as evidenced on many Scottish and Irish islands in previous decades.

57. **The Policy Council and the States of Alderney Policy and Finance Committee are committed to working to make sure that Alderney remains an active and vibrant community, which has an economically sustainable future with a stronger economy and with some increased population of younger economically active people who will help to reduce the growing dependency ratios. Approval of this report and its recommendations should go some way to helping to achieve this vision.**

Headline Results from the Current Review of the Financial Relationship

58. The current review presents the best estimate of the money flows between the islands for decades. **In very broad terms the annual shortfall of income over expenditure on all public services in Alderney (including the main cost items such as Alderney Breakwater, the Airport and the subsidy to the airline on the two lifeline routes), is in the region of £3.2 (2011) to 6.6 million (2013),** and this “net” shortfall is currently contributed from the overall Guernsey budget. However, a degree of caution is needed viewing such bare figures not only because of the difficulties in determining the income and expenditure since the 1996 States Resolution effectively prevented this, but also because of the inevitably somewhat arbitrary nature of the allocation of many of the costs by Guernsey to Alderney because it is so difficult (and in some ways pointless) to assess with any degree of accuracy the proportions of overhead costs across such a varied range of public services in both Islands.

The Contributions and Value to Both Islands of the e-Gaming Sector in Alderney

59. It would be wholly inaccurate, however, to consider the above figure as a cost of Alderney to Guernsey. Alderney has a thriving e-Gaming Sector, which has built a world-leading international reputation for effective regulation. As part of the current Review of the Financial Relationship between the Islands, Frontier Economics was commissioned by the ALG to estimate the present day direct, indirect and induced benefits to both Guernsey and Alderney of this very important Sector which is enabled by having the AGCC, with its licensing regime and top class reputation.
60. In view of the size, technical infrastructure requirements and support industries associated with e-Gaming, the vast majority of business activity actually occurs in Guernsey, with much smaller levels in Alderney.
61. While the Frontier Economics work produced high levels of confidence in the direct benefits accruing to both islands, and the headline figures have been agreed by ALG, it is of course very much more difficult to calculate the value in GDP terms of the indirect benefits. The total benefits (direct, indirect and induced) have

been calculated at a little over £51 million/annum, with 389 full time equivalent employees employed in the Sector. However, because of the inevitable assumptions that have to be made to derive such figures and the considerable degree of uncertainty involved, this report makes no further reference to the overall (direct, indirect and induced) levels of benefits. Instead it focuses on the area where we can hold much higher degrees of confidence and certainty - the direct benefits.

62. It must also be remembered that this is the overall contribution to the Bailiwick's GDP, not to the Islands' fiscal positions. It is therefore far too over-simplistic to try to compare the "subsidy" figure of £3.2 – £6.6 million with the contribution to Bailiwick GDP of circa £51 million per annum.

Direct benefits accruing to Guernsey and Alderney

63. The Frontier Economics work estimated that the e-Gambling Sector (defined as gambling operators and the AGCC) made a **direct** gross economic contribution to the Bailiwick of £25.0 million in 2014. This direct contribution consists of expenditure made by the Sector in the Bailiwick. This figure is very similar to the overall direct contribution from the Sector in 2011 of £25.8 million, as determined by research at that time.
64. Of this, Frontier estimates that 27% (£6.8 million) accrues to Alderney and 73% (18.24 million) to Guernsey. 174 fte people are directly employed by the sector across the Bailiwick (35 in Alderney and 139 in Guernsey). This represents around 0.5% of total employment in Guernsey and 4.0% in Alderney.
65. Frontier further estimated that direct employment by the Sector contributed around £1.4 million in personal income tax and Social Security Contributions in the Bailiwick in 2014.
66. This work shows how the **financial relationship between Alderney and Guernsey is complex, with both Islands benefiting from the current arrangements.**

Just as it is important to monitor the annual costs of providing public services in Alderney, and the overall level of any deficit (surplus), it is also necessary to develop a simple method to assess annually in arrears the direct contribution that the e-Gaming sector in Alderney makes to Guernsey and Alderney

Improvements to the Current Financial Relationship and Financial Governance

67. The Policy Council and the Alderney Policy and Finance Committee believe that the current review shows that the financial relationship between the islands is not broken and does not need a fundamental fix, however this does not mean that there is not room for improvement. Both islands agree that the relationship needs to be put on a more secure and sustainable basis, reflecting the modern fiscal positions in Guernsey and Alderney, and this section goes on to explain how this could happen.

68. This would involve Guernsey retaining responsibility to fund all Transferred Services, using the pooled income from Income Tax and Social Security Contributions to do this. This would leave the States of Alderney to fund all other Alderney public services (for example, the harbour, roads, sewerage and sanitation, refuse collection, recycling and disposal, fisheries, land planning, estate and coastal management, detailed marketing and promotion of the Island, recreation facilities, some local emergency services, water and electricity services, Island administration etc.) not from a block budget from the States of Guernsey, but from all other fees, charges, levies, rates and duties collected on Alderney (including tax on rateable property, occupiers' rates, property rents, import and excise duties, fees, charges, company registrations, permits, and numismatic and philatelic profits).
69. **This could create benefits for both islands. For Guernsey it is likely (subject to further more detailed research) that the effect on its budget would be neutral or slightly reduced (in real terms), while Alderney could gain an improved ability for on island long-term financial planning. It would also be strongly incentivised to adjust the rates, taxes, fees, charges and duties that it would be responsible for on Alderney to pursue policy objectives on Alderney which reflect the quite different make-up and characters of the communities in both islands.**
70. Given the above changes, it would be very beneficial for the Education Department, Health and Social Services Department, Home Department, Public Services Department and Social Security Departments in Guernsey, which provide Transferred Services for Alderney, to review the services provided (including how they are provided) in line with Section 4 of Appendix A to this report, and to reach agreement with the appropriate authorities in Alderney, having due regard to cost effectiveness and efficiency for such services on a timescale to be agreed between the Policy Council and the Alderney Policy and Finance Committee.
71. While focusing on cost effectiveness and efficiency within such outcome-based agreements, they will also have to reflect the different economies of scale between Guernsey and Alderney, and the relative isolation and remoteness of Alderney. Inevitably too the levels and standards of services may need to change over time, reflecting both on and off-island developments in the internal and external environments, so regular review provisions will also need to be put in place.
72. It would be in neither Island's interest to make changes which would further destabilise the economies and sustainability of Alderney as a community. This necessitates further detailed research before any final decisions are made on the way forward, and also the provision of some **annual monitoring mechanism** to keep a close eye on the position each year, so that in the event of a further deterioration in the financial position other measures can be considered to prevent the Island tipping to a position of unsustainability as a functional community.

73. Early research indicates that it is possible to arrange the finances in such a way as to move to this new arrangement which would better limit the overall levels of support provided by Guernsey, while improving Alderney's ability to manage its on island policy and financial planning.
74. There is of course the caveat that while the above changes would result in stability of the current financial position, this is entirely dependent upon how some of the principal cost items are treated.
75. The Policy Council and the Alderney Policy and Finance Committee have, for example, already agreed in principle that the following main cost items would need to remain within the purview of the funding provided by Guernsey from the pooled pots of Income Tax and Social Security Contributions:- Alderney Breakwater, Social Security Liabilities and Assets (funds), the Alderney Housing Association Loan facility, the (public service) subsidy to Aurigny on the lifeline routes of Guernsey and Southampton, Legal Aid and Law Officers' costs.
76. In relation to the Social Security Funds, it is worth mentioning that these are perhaps best viewed not strictly as part of the Transferred Services in that they are separate pay-as-you go Funds, holding contributions from citizens of both islands, and with liabilities to those people in both Guernsey and Alderney. For example the Guernsey Insurance Fund is subject to actuarial valuation every 5 years, and it covers its future liabilities by increasing contributions, raising retirement age and/or reducing pension payments. So it can be seen that while a fund has a theoretical liability, the reality is that it takes one, or a combination of, the measures above.
77. The one large cost item that shows the most promise for inclusion within the future research is the deficit in operating Alderney Airport (in the region of £700,000 - £900,000 per annum in recent times). While initially it may be difficult to see how Alderney could finance such an additional cost from on island revenue sources, radical options may enable this while also producing other benefits for the island. At this stage it therefore merits further research.
78. There are other advantages of singling out the operation of Alderney Airport for special consideration in the financial relationship between the islands. This is because the airport is absolutely critical infrastructure for both the economic and social well-being of the island, and the States of Alderney regard future proofing its operation over the next 25 years to be an absolute top priority for the Island. Unlike most other areas of the Transferred Services, it is also a discreet service providing one principal function. Its costs are easier to define than in most other areas, and there are also other potential models for its operation.
79. Notwithstanding any of the above, the possibility of the States of Alderney taking greater responsibility and accountability in the operation of the Airport will require very careful and detailed consideration of the potential benefits and disbenefits. Such research will also need to consider possible phasing of funding responsibilities for such a transfer.

80. How capital provision is made in Alderney in future also needs to be further researched. At present such funding is provided through the on-island retention of the surpluses made in the accounts of the AGCC (largely through the issue of licences), but this was originally agreed only as a temporary measure and as set out in the 2015 Guernsey Budget Report it is due to continue in this form only until 2017:-

“The Alderney Gambling Control Commission generates annual surpluses of in the region of £2-3million which, under the existing financial arrangements, should be treated as General Revenue income. However, for a number of years, these surpluses have been used as the major source of funding for the States of Alderney capital programme and is predominantly used to address the back-log of major infrastructure works.

...

In order to give certainty to the States of Alderney in planning their capital programme, it is recommended that the balance of the Alderney Gambling Control Commission surpluses continue to be transferred to the States of Alderney capital allocation up to the end of 2017 (which is the same period as that covered by the States Capital Investment Portfolio).

The Policy Council will shortly be submitting a States Report in response to the States’ Resolutions of December 2014 following consideration of a Requête entitled “The Airfield and Economic Development in Alderney”. This States Report will include a recommendation that the Policy Council reports back to the States with the results of a review of the present financial relationship between Guernsey and Alderney. The Treasury and Resources Department is fully supportive of this review and considers that, in light of the substantial progress in recent years in developing the financial control structure within the States of Guernsey including revisions to the States’ Financial Procedures and the States’ Rules for Finance and Resource Management, consideration should be given to the extent they should apply to the States of Alderney in order to achieve the correct level of corporate governance and assurance, but without being overly administrative or causing duplication of effort. The future treatment of the Alderney Gambling Control Commission surpluses and funding arrangements for the States of Alderney capital requirements will form part of the considerations of the Review.”

81. Section 3 of the original terms of reference for this review (Appendix A) included taking work forward on reviewing financial governance in Alderney and between both islands.

a) Financial Governance

The Taylor report picks up the above these points on financial governance in Alderney, and includes a number of detailed measures which could be taken both to improve financial governance and to improve financial planning in Alderney. These recommendations lie either entirely within the legitimate

mandates of the Alderney Policy and Finance Committee or are matters for agreement between this body in Alderney and Treasury and Resources Department in Guernsey.

Identifying these possible improvements in financial procedures and financial governance is an important part of the work progressed since the States debate in December 2014.

It is very positive to report that the key parties in both islands agree that all the recommendations in the Taylor report will be considered further with a premise to accept and implement them as far as practicable, unless there are convincing arguments agreed by the relevant bodies not to do so in any specific cases.

b) Political Governance

It could be argued that the increased levels of financial autonomy that approval of this Policy Letter would bring may result in difficult political challenges in such a small democracy. Whether Alderney's current political governance is in the most appropriate form to deliver this may be a matter for discussion, as it has remained largely unchanged for decades. The Alderney Policy and Finance Committee is already considering this matter as part of its wider research, with an intention to introduce any agreed changes in harmony with its own electoral process in Alderney.

Timetable – Phasing

82. The work involved in the review of the financial relationship can be regarded as three-phased. This report completes Phase 1, which presents the cash flow figures for the past six years to the States, and importantly recommends how the financial governance and financial procedures can be improved.
83. The second Phase involves consideration of all the recommendations regarding improvements to the financial procedures and governance (as set out clearly in the Taylor Report at Appendix B). It also includes the work by the Treasury and Resources Department, in association with the Alderney Policy and Finance Committee, to include in its Budget Report in October 2016, proposals to modify the funding of Transferred Services (and other large cost items), and all other public services for Alderney, as set out in this policy letter.
84. This second phase will also involve the work by the five Departments with Transferred Services in reaching agreement with the appropriate authorities in Alderney on the levels and standards of public services provided as Transferred Services. Such outcome-based agreements will also need to consider how such services are provided and make provision for the necessary flexibility for the future, as relevant developments occur both on and off the islands.
85. Phase 3 involves detailed consideration of any of the large cost items to assess whether the financing and provision of any of these could be transferred to Alderney, and if so on what basis (including any necessary phasing) and on what

timescale, including Alderney Airport (which as explained in this report initially appears to hold the most potential).

86. Phase 1 reaches completion when this Policy Letter is debated by the States of Deliberation and the States of Alderney (February and March 2015 respectively).
87. Phase 2 will then commence, with any recommended detailed changes being included by the Treasury and Resources Department in its October 2016 Budget Report (for 2017). The timescale for the Departments with Transferred Services to reach agreement on such services with the appropriate authorities in Alderney will be agreed between the Policy Council and the Alderney Policy and Finance Committee, and will vary between Departments to reflect the very different complexities involved.
88. It is intended for the Treasury and Resources Department to report back to the States of Deliberation on the third phase (the details of how any specific large cost items which are to be transferred to Alderney (in full or in part) are to be treated in future), as soon as the necessary research has been completed. Further details on this will become evident once further study begins.

Resources

89. The States are recommended to undertake the actions recommended in this Policy Letter within existing resources and budget constraints and taking into account other priorities. If specialist assistance is required an application will be made to the Treasury and Resources Department for one-off funding from the Budget Reserve.

Good Governance Principles

90. The proposals in this Policy Letter are in accordance with the principles of Good Governance as outlined in Billet d'État IV 2011, particularly Principle 5: "developing the capacity and capability of the governing body to be effective".

Recommendations

91. The Policy Council recommends the States:-
 1. To endorse the contents of this Policy Letter;
 2. To agree, subject to 3 below, that the current implementation of the 1948 Agreement should continue to be the basis for the financial and political relationships between Guernsey and Alderney;
 3. To approve the changes to the current financial procedures in regard to the financial relationship between Guernsey and Alderney, as set out in this policy letter, such that with effect from the financial year 2016 separate figures are kept for memorandum purposes by Committees and Departments for income and expenditure in relation to public services provided by Guernsey for Alderney; but to direct the Treasury and Resources

Department (and its successors) to continue to present the formal accounts of the States in consolidated form;

4. To direct the Treasury and Resources Department (in liaison with Departments and Committees) (and its successors) to produce and publish annually best estimate figures for the income derived from sources based in Alderney, and expenditure incurred from the Guernsey Budget on public services provided for Alderney in the same manner as provided in the Taylor Report included as Appendix B to this report;
5. Consequent to 4 above, to further direct the Treasury and Resources Department (and its successors) to work with the Alderney Policy and Finance Committee to establish a simple formulaic method to estimate annually in arrears with effect from December 2016 the contributions to both islands of the e-Gaming sector in Alderney;
6. To agree in principle, subject to the necessary further detailed work, that the current implementation of the 1948 Agreement be modified such that
 - a) Guernsey retains responsibility to fund all Transferred Services and the Social Security Funds, through the pooled income sources of Income Tax and Social Security Contributions;
 - b) the States of Alderney is responsible for funding all other public services in Alderney (including the harbour, drainage (foul and surface water), roads, coastal defence, water and electricity), from all other levies, rates, taxes, permit fees, rents, duties and other income collected from sources based in Alderney (such as tax on real property, occupiers' rates, import duties and excise duties, fees in lieu of Congé, document duty, numismatic and philatelic profits, and company registration fees);
7. To direct the Treasury and Resources Department (and its successors) to work with the Alderney Policy and Finance Committee to progress the further work resulting from 6 above, and to report back to the States in the budget report for 2017 (i.e. October 2016) with proposals to implement any changes, including (at least in principle) recommendations on how each of the large cost items (including the deficit on operating Alderney Airport, the (public service) subsidy to the airline operating the Alderney – Guernsey and Alderney-Southampton routes, the breakwater, the Alderney Housing Association loan facility, legal aid and Law Officers' costs) are to be treated in the financial relationship and how future capital provision is to be made for Alderney;
8. To direct the Education Department, Health and Social Services Department, Home Department, Public Services Department and Social Security Department (and their successors) in Guernsey, which provide

Transferred Services for Alderney, to review the services provided (including how they are provided) in line with Section 4 of Appendix A to this Policy Letter, and to reach outcome-focused agreements with the appropriate authorities in Alderney, having due regard to cost effectiveness and efficiency for such services, and on a timescale to be agreed between the Policy Council (and its successors) and the Alderney Policy and Finance Committee.

9. To direct the Treasury and Resources Department (and its successors) to continue to work with the Alderney Policy and Finance Committee to progress the appropriate recommendations in the Taylor Report (Appendix B), which fall within its mandate, and to implement the agreed changes as soon as practicable, referring only such matters as may need States Resolutions back to the States for further debate;
10. To note the Alderney Policy and Finance Committee's intention to progress a political governance review and to align any conclusions and recommendations with the changes recommended in this report in regard to the implementation of the 1948 Agreement;
11. To direct the Commerce and Employment Department (and its successors) in Guernsey to continue to work as progressively and proactively as possible with the authorities in Alderney to help stimulate and develop economic activity in Alderney; and
12. To direct the Treasury and Resources Department (and its successors) to consider further tax measures (including targeted tax relief schemes), and other relocation incentives, which could be useful tools in increasing economic activity in Alderney and encouraging population growth, particularly in the younger age groups, and to report back to the States on any such measures in the Budget Report for 2017 (i.e. October 2016).

J P Le Tocq
Chief Minister

30th November 2015

A H Langlois
Deputy Chief Minister

Y Burford
P L Gillson
S J Ogier

R W Sillars
M G O'Hara
K A Stewart

P A Luxon
D B Jones
G A St Pier

Appendix A (Appendix G from Policy Council report dated October 2014)

Joint Review of the Financial Relationship between the two Islands

Terms of Reference

Purpose

To review the current financial relationship between the States of Alderney and the States of Guernsey to ensure that it enables the provision of fit for purpose public services in Alderney and provides appropriate clarity and transparency.

Tasks

1. To undertake a detailed review of current resources (including financial – capital and revenue) to identify, as far as possible, the overall cost of all public services in Alderney;
2. To identify, as far as possible, all public revenues which are accrued either directly in Alderney or by Alderney resident individuals and any companies trading there.;
3. To review current financial management processes between the two States and identify any barriers to efficient governance; such review to include:
 - _ Roles and responsibilities;
 - _ Decision making processes;
 - _ Spending approvals;
 - _ Budgeting and Accounting policies and processes;
 - _ Procurement processes.
4. To liaise with States of Guernsey Departments to support specific service reviews, where appropriate, of transferred services in respect of the following:
 - _ Home Department ;
 - _ Public Services Department (Alderney Airport);
 - _ Education Department;
 - _ Health & Social Services Department; and
 - _ Social Security Department.
5. To make recommendations regarding an appropriate financial governance framework for the future including:
 - _ Any requirement for formal service agreements;
 - _ The appropriateness of an accounting officer framework;
 - _ Any required legislative changes.

Timetable

The project will commence in October 2014 with an initial scoping exercise to more accurately assess the timetable for detailed work to continue through 2015. The final outcome to be reported to both States no later than March 2016.

Report to Alderney Liaison Group

The Financial Relationship between the States of
Guernsey and Alderney



Stephen Taylor

Stephen Taylor

Draft v3 24 November

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Report to Alderney Liaison Group

Review of the Financial Relationship between Guernsey and Alderney

Introduction

- 1.1 A project was agreed in late 2014 to review the current financial relationship between the States of Alderney and the States of Guernsey to ensure that it:
- enables the provision of fit for purpose public services in Alderney; and
 - provides appropriate clarity and transparency.
- 1.2 This paper provides the perspective from the States of Alderney and sets out the baseline for the following points in respect of this exercise:
1. Review of current costs of services provided on Alderney and funded by Alderney;
 2. Review of current costs of services provided on Alderney and funded by Guernsey;
 3. Identify all public revenues accruing to the States of Alderney and States of Guernsey by Alderney individuals and businesses.
 4. Review of current financial management processes between the two States.

Summary of issues

- 2.1 Data has been collected to establish the cost of Alderney services over the last 6 years. The table below shows the income and costs extracted from the 2015 budgets. On the basis of available data, the net total revenue and capital cost to the Bailiwick of all services on Alderney is estimated at £6.5m in 2015. In addition to this, the States of Guernsey also manages three Social Security Funds collecting contributions and paying benefits to Alderney residents, including old-age pensions. The combined deficit on these attributable to Alderney for 2015 is estimated at a further £1.6m.

Exhibit 1: Summary net cost of Alderney for last six years (Excludes Social Security Funds).

Summary	2010	2011	2012	2013	2014	2015B
Total Income	£'000	£'000	£'000	£'000	£'000	£'000
Revenues	7,146	7,839	7,606	7,437	7,558	7,715
Capital receipts	734	440	245	463	305	272
AGCC	3,081	3,061	2,338	2,332	1,935	1,800
Total	10,961	11,340	10,189	10,232	9,798	9,787
Expenditure	£'000	£'000	£'000	£'000	£'000	£'000
States of Alderney-Net	1,701	1,617	1,922	1,976	2,458	1,875
Transferred services and Aurigny	10,407	10,682	11,251	11,496	10,822	11,224
Capital	4,256	2,212	1,904	3,373	2,412	2,921
Economic Development					152	300
Total	16,364	14,511	15,077	16,845	15,844	16,320
Net	-5,403	-3,171	-4,888	-6,613	-6,046	-6,533

Exhibit 2: Detailed breakdown of estimated revenue expenditure and income for Alderney (2015 budget excluding Social Security Funds).

Revenue Expenditure	£'000	Income	£'000
Alderney services	3,245	Alderney - Fees, rates	1,370
Alderney Water (inc surplus)	636	Alderney Water	636
Total Alderney revenue expenditure	3,881	Total Alderney revenue income	2,006
		<i>Net cost to be met by States of Guernsey*</i>	1,875
States of Guernsey costs	£'000		£'000
Transferred services	10,125	Revenues from Tax etc	7,715
Grant re Net Cost of SoA services*	1,875		
Aurigny operating loss	1,099		
Total Revenue cost	13,099		
Economic development	300	Capital and Economic Dev. income	
Capital Expenditure - Alderney	2,413	AGCC	1,800
- Guernsey	508	Receipts	272
			2,072
Total Expenditure	16,320	Total Income	9,787
Net Cost to Bailiwick	6,533		

Source: States of Guernsey Departments and States of Alderney Budget 2015

2.2 The position on the Social Security Funds for 2015 is shown below:

Exhibit 3: Analysis of Social Security Funds 2015 – attributable to Alderney.

Social Security Funds	GIF	HSF	LTCIF	Total
	£'000	£'000	£'000	£'000
Income				
Contributions	2,047	783	389	3,219
Other	925	99	-11	1,013
Total	2,972	882	378	4,232
Benefits and Admin Costs	3,614	1,399	836	5,849
				0
Deficit	-642	-517	-458	-1,617

2.3 There are a number of issues arising from this exercise from the Alderney perspective, which could be addressed to improve the financial relationship by enhancing trust and confidence on both sides. Some of these are longer term relating to sustainability of revenue and capital funding and will require further discussion.

2.4 In the short-term, there are issues, which are capable of implementation with action from both States. Essentially, there is a framework for financial management already in place but there are occasions when this is not universally adhered to by the States of Alderney, which causes frustration in Guernsey. There is also a view amongst some Alderney States Members and members of the community, that there is too much control exercised by the States of Guernsey in relation to Alderney expenditure. There is an opportunity to make the current

framework more robust which may assist the States of Alderney in its desire for more freedom and flexibility. Furthermore, more rigour within the current process may provide more confidence to the States of Guernsey.

Exhibit 4: Alderney financial management issues to be addressed

Headline area	Issue to be addressed	SoA	Both
Funding			
Revenue	<ul style="list-style-type: none"> • Lack of certainty re. future funding from SoG. • Response to pressure of efficiency requirements. • No longer-term financial planning in Alderney. • Occupier's Rates to be reviewed to assess options for income generation in longer term; • Fees and charges to be reviewed in Alderney to ensure income is maximised at commercial levels. • Process for carry-overs to be clarified to avoid inefficient year-end spending. • Review use and status of coin reserve. 	✓ ✓ ✓ ✓	✓ ✓ ✓
Capital	<ul style="list-style-type: none"> • Lack of certainty over long term AGCC resources. • Alternative longer term capital funding options to be explored. • Review Congé level to confirm reasonableness. • More realism needed in Alderney capital budgets and prioritisation. • Barriers to effective capital project management to be reviewed. 	✓ ✓ ✓ ✓	✓
Transferred services/Guernsey responsibilities	<ul style="list-style-type: none"> • Consider potential for combining TRP and Occupier's Rates at some point in the future. • Establish any potential future liabilities in respect of Alderney for Social Security Funds. • Consider service level agreements for transferred services to provide a basis for agreement and influence on service provision and scrutiny of delivery by the States of Alderney. 		✓ ✓ ✓
Processes			
Roles and responsibilities	<ul style="list-style-type: none"> • Consider developing an accounting officer framework for the States of Alderney. • States of Alderney to prepare an Annual Governance Statement to support the accounts. 	✓	✓
Budgets	<ul style="list-style-type: none"> • More emphasis required on challenge to existing budgets and encourage a zero-based approach. • Further guidance and training required for budget holders to accept more responsibility. • Continue development of more meaningful monthly management information incl forecast outturn. • Agree template to support business case in cases of additional expenditure. 	✓ ✓ ✓	✓
Capital expenditure	<ul style="list-style-type: none"> • Reinforce need for compliance with processes for capital prioritisation. 	✓	
Procurement	<ul style="list-style-type: none"> • Reinforce need for compliance with procurement rules. 	✓	

Detailed Report

Scope

3.1 Terms of Reference were agreed between the two States as follows:

1. To undertake a detailed review of current resources (including financial – capital and revenue) to identify, as far as possible, the overall cost of all public services in Alderney;
2. To identify, as far as possible, all public revenues which are accrued either directly in Alderney or by Alderney resident individuals and any companies trading there;
3. To identify opportunities for further research in respect of possible future reconfiguration of services to improve efficiency and effectiveness, including the potential for differentiation in the provision of services, service delivery (models and levels) and financial governance arrangements to recognise the particular socio-economic dynamics of Alderney, where these are beneficial to both islands:
 - i) To review current financial management processes between the two States and identify any barriers to efficient governance; such review to include:
 - Roles and responsibilities;
 - Decision making processes;
 - Spending approvals;
 - Budgeting and Accounting policies and processes; and
 - Procurement processes.

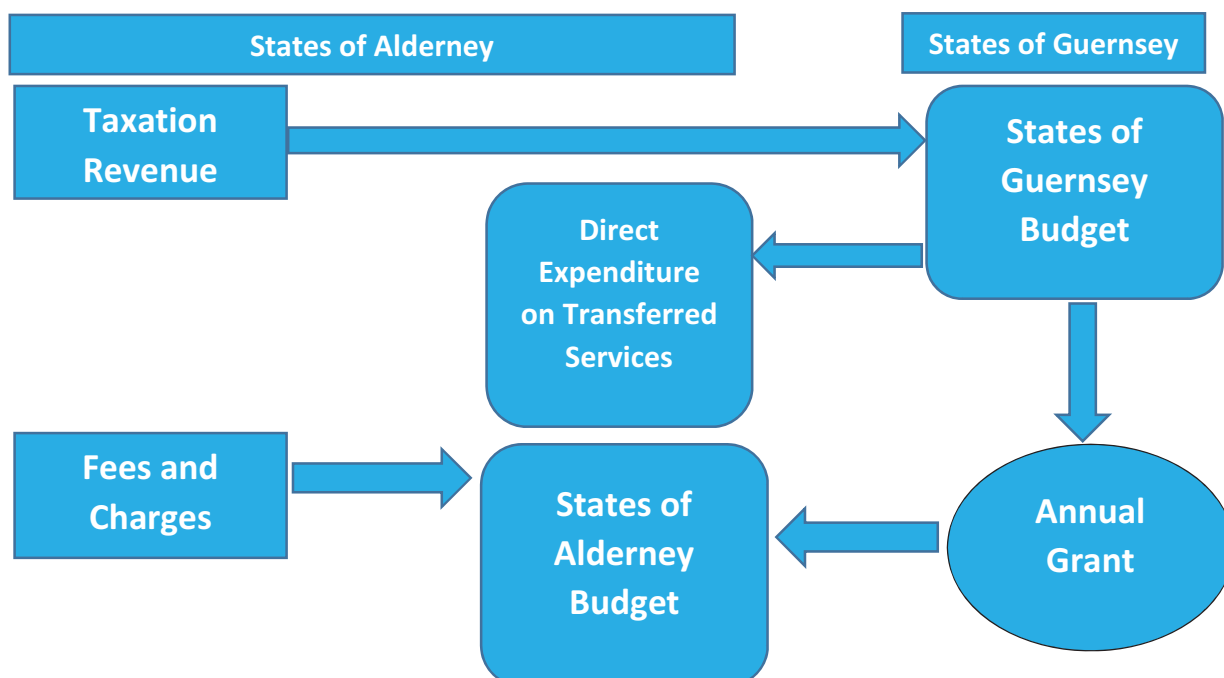
and then:-

- ii) To make recommendations regarding an appropriate financial governance framework for the future including:
 - Any requirement for formal service agreements;
 - The appropriateness of an accounting officer framework;
 - Any required legislative changes; and
 - Consideration of the introduction of external oversight into the framework.
- 3.2 This paper focuses on the Alderney perspective and addresses the points above with a view to providing the baseline position in advance of further work on the financial relationship between the two islands.
- 3.3 Where appropriate, issues are highlighted in the detailed paper for the States of Alderney to consider with a view to improving financial management.

Funding of Alderney Expenditure- Background and Context

- 4.1 The basis for the current financial arrangement was set out in the 1948 agreement which stated that the States of Guernsey will assume financial and administrative responsibility for the following services in Alderney:
- Police;
 - Education;
 - Maintenance of Airfield;
 - Immigration;
 - Major roads;
 - Sewerage;
 - Social services;
 - Health Services;
 - Water supply.
- 4.2 The States of Alderney would assume responsibility for all other services including the harbour, but not the breakwater, which at the time was the responsibility of the UK government.
- 4.3 The States of Alderney would levy occupier's rates and property rents to fund local services and all other revenues such as taxation and licencing were to be retained by the States of Guernsey to pay for transferred services.
- 4.4 This situation largely remains in place today and the expenditure of Alderney is met by a combination of fees and charges plus an annual cash allocation from Guernsey. A coin reserve is maintained to meet the cost of any numismatic issues that are cashed in. This is drawn on periodically to meet any revenue deficit. The summary is set out below:

Exhibit 5: Revenue funding flows



- 4.5 Capital expenditure on Alderney services used to be met by the States of Guernsey but this is now covered by the distribution of sums to the States of Alderney by the Alderney Gambling Control Commission as well as capital income derived from property sales.

Part 1- Income and Expenditure by States of Alderney

Current funding for Alderney local services

- 5.1 The total expenditure on all Alderney controlled activities is budgeted at £6.57m in 2015 in respect of both capital and revenue. The actual for 2014 was £6.16m. The tables below analyse the funding sources for this expenditure:

Exhibit 6: Summary of Alderney controlled expenditure and income sources 2015 Budget.

2015 Budget	Revenue	Water	Capital	Ec Dev	Total
	£'000	£'000	£'000	£'000	£'000
Expenditure	3,245	615	2,412	300	6,572
Income					
SoG Advance	1,875				1,875
Fees and charges	1,370	636			2,006
Capital receipts			272		272
AGCC			1,500	300	1,800
Total	3,245	636	1,772	300	5,953
Deficit/Surplus	0	21	-640	0	-619

Source: States of Alderney Accounts and Budgets

Exhibit 7: Summary of Alderney controlled expenditure and income sources 2014 Actuals.

2014 Actual	Revenue	Water	Capital	Ec Dev	Total
	£'000	£'000	£'000	£'000	£'000
Expenditure	3,935	599	1,475	152	6,161
Income					
SoG Advance	2,471				2,471
Fees and charges	1,477	623			2,100
Capital receipts			305		305
AGCC			1,783	152	1,935
Total	3,948	623	2,088	152	6,811
Deficit/Surplus	13	24	613	0	650

Source: States of Alderney Accounts and Budgets

- 5.2 In addition to this expenditure, the States of Guernsey directly funds the transferred services and these figures are provided separately in this paper.

Revenue expenditure and income

- 5.3 The funding for revenue expenditure is currently split between the States of Guernsey and States of Alderney at a ratio of around 48:52. Total revenue expenditure in 2015 is forecast at £3.86m (2014 actual £4.53m). To cover this, the 2015 budgeted cash advance from Guernsey is estimated to be £1,875,000 (2014 £2,471k) and Alderney will raise just over £2m in fees and charges including water charges and the harbour.

5.4 The focus of budget management is to try and bring the budget into balance by the year-end. If there is an overspend, there is a possibility to draw on the currency reserve which is a deferred liability should any coins be redeemed for the base value. This currently stands at over £475,000. If there is an underspend, there is a danger that this could result in an adjustment to the cash advance. Therefore, efforts are made to ensure that budgets are spent by the year-end, which is arguably inefficient.

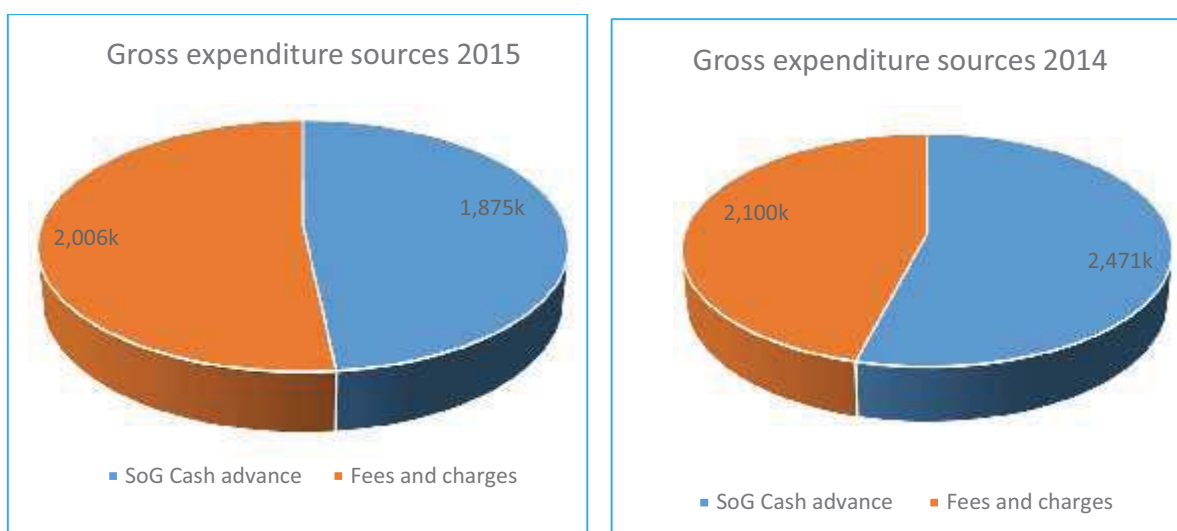
5.5 The revenue funding position since 2011 is shown below:

Exhibit 8: Summary of revenue funding last 5 years

Summary	2011	2012	2013	2014	2015B
Income	£'000	£'000	£'000	£'000	£'000
SoG Cash advance	1,659	1,933	1,976	2,471	1,875
Fees and charges (incl water)	2,167	2,118	2,053	2,100	2,006
Adjustments/Coin reserve	16	41	31	0	0
Total income	3,842	4,092	4,060	4,571	3,881
	2011	2012	2013	2014	2015B
Gross expenditure	£'000	£'000	£'000	£'000	£'000
Building and Dev control	84	93	100	77	114
General Services	1,398	1,575	1,503	1,918	1,497
Harbour	443	533	463	419	374
Policy and Finance	1,314	1,309	1,391	1,522	1,260
Water (adjusted for surplus)	561	571	603	622	636
	3,800	4,081	4,060	4,558	3,881
Revenue Surplus	42	11	0	13	0

5.6 Appendix A details all income sources from Alderney in the last five years, and Appendix B provides a schedule of all gross expenditure for the last five years. The analysis of sources to meet revenue expenditure in 2013 and the 2015 budget is shown graphically below:

Exhibit 9: Sources of revenue expenditure 2014 and 2015



- 5.7 A number of issues key issues are highlighted for attention by the States of Alderney in relation to the current revenue position:

Exhibit 10: Issues for States of Alderney – Revenue Budget

No	Issue	Recommended action for SoA
1	Lack of any longer term planning and sensitivity analysis.	Develop a 3 – 5 year financial plan with sensitivity analysis to identify future revenue funding issues and ensure resilience.
2	Occupier's Rates and Fees and charges in many cases have evolved without a current reference to a commercial or economic basis.	Review Occupier's Rates to assess appropriateness of current tax base. Review all fees and charges to confirm current baseline and ensure reasonableness.
3	No certainty in relation to cash limit allocation from States of Guernsey given current efficiency savings.	Liaise with Guernsey with a view to agreeing indicative funding to fit with Guernsey medium term plans.
4	There is no process for agreeing carry-overs from the cash allocation, which could lead to inefficiencies.	Develop a process to agree carry-overs of the cash allocation with States of Guernsey.
5	Coin reserve status could be clarified, as use of the reserve is unlikely.	Discuss accounting treatment with auditors as either provision or contingent liability. If agreeable, assess risk to identify a prudent reserve to be maintained for future redemptions.

Non-revenue expenditure and income.

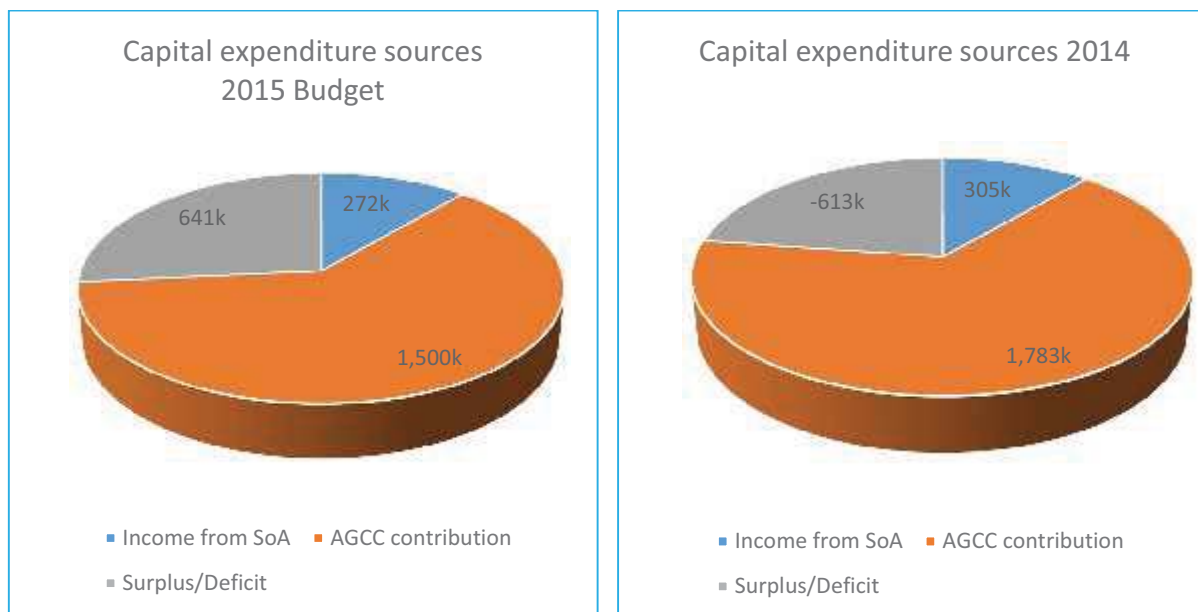
- 5.8 The capital expenditure and economic development budgets for the States of Alderney in 2015 total £2.7m. The capital position no longer relies on advances from the States of Guernsey due to the AGCC receipts. Most of the States capital expenditure is funded by distributions of licence fee income collected by the Alderney Gambling Control Commission. This is ring-fenced for the purpose at the present time and will need to be reviewed in the light of reduced income forecasts in future years.
- 5.9 The table below illustrates the capital position since 2011. The figures for 2014 and 2015 include sums set aside for investment in economic development initiatives. This is discussed later:

Exhibit 11: Summary of capital and economic development funding last 5 years

Capital	2011	2012	2013	2014	2015B
Income	£'000	£'000	£'000	£'000	£'000
SoG advance	200				
Sales and capital income	440	245	462	305	272
AGCC capital reserve	3,061	2,337	2,332	1,783	1,500
AGCC for economic development				152	300
Total income for capital	3,701	2,582	2,794	2,240	2,072
Expenditure					
Capital	2,146	1,271	2,929	1,475	2,413
Economic Development	0	0	0	152	300
Total	2,146	1,271	2,929	1,627	2,713
Deficit/surplus	1,555	1,311	-135	613	-641

5.10 The capital expenditure is also shown graphically illustrating the comparison between 2014 and 2015.

Exhibit 12: Sources of capital expenditure



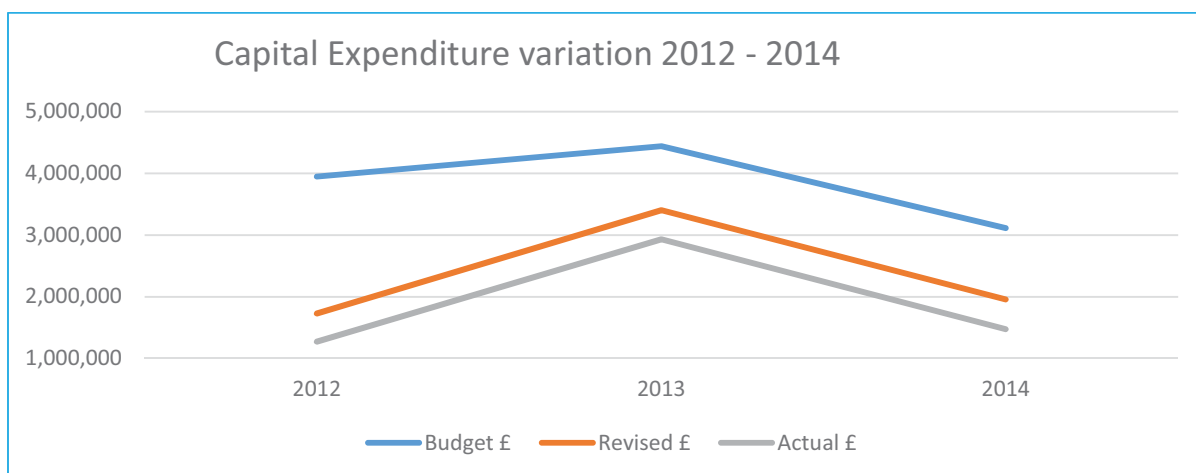
5.11 The year on year surplus or deficit on the capital account reflects the fact that income from sales and the AGCC income will not match expenditure precisely each year. However, due to high level of distribution in the past, the capital account remains in credit at the present time. Expenditure on capital and economic development in 2015 is currently estimated at £2.7m, which would produce a deficit on the basis of the original income forecast of £2.0m. Forecasts now suggest that AGCC licence fee income and distributed sums will reduce in the future and the revised estimate for 2015 is now £1,169,000. This will mean a deficit on the capital account in 2015 of £1.27m if the current expenditure plans materialise.

5.12 The capital budget is constructed in a similar way to the revenue budget on the basis of bids submitted by departments for agreement by States Members. Records show that management of capital is an issue for the States as there are underspends in most years as the analysis below shows:

Exhibit 13: Capital expenditure variances 2012-2014

Year	Budget	Revised	Actual	Var Budget	Var Revised
	£'000	£'000	£'000	£'000	£'000
2012	3,946	1,728	1,272	-2,674	-456
2013	4,440	3,402	2,930	-1,510	-472
2014	3,112	1,957	1,475	-1,637	-482

5.13 This recurring underspend should be reviewed by the States of Alderney and steps put in place to ensure that future programmes and spending plans are realistic.

Exhibit 14: Variation in capital spend from 2012 to 2014

5.14 A number of issues key issues are highlighted for attention by the States of Alderney in relation to the current capital position:

Exhibit 15: Issues for States of Alderney – Capital Budget

No	Issue	Recommended action for SoA
1	Lack of any longer term planning and sensitivity analysis.	Develop a 3 – 5 year financial plan with sensitivity analysis to identify future capital funding issues and ensure resilience.
2	Property fees may have evolved without a current reference to a commercial or economic basis.	Review current Congé level to confirm reasonableness.
3	No certainty in relation to allocation from AGCC, which is likely to reduce in future.	Liaise with AGCC to assess whether indicative sums can be advised for planning purposes over next 3-5 years.
4	Management of capital budget	Prepare more realistic capital budget. Review barriers in spending departments leading to underspends.

Part 2 - Income and Expenditure by States of Guernsey

Current funding for Transferred Services

- 6.1 The cost of transferred services as set out in the 1948 agreement is met by the States of Guernsey and the cost of these will be identified as a separate part of this exercise. To meet the costs, as stated earlier, the States of Guernsey receives most taxation revenues related to Alderney. The sources are set out below:

Exhibit 16: Taxation revenue from Alderney and transferred services paid for by States of Guernsey

Tax type	Rates	Paid to	Notes
Personal Income Tax	20%	Guernsey	S/T allowances
Company Tax	0%	Guernsey	
Company Tax - Banking	10%	Guernsey	
Company Tax - Distribution	20%	Guernsey	
Social Security Class 1 Employed- Ers	6.50%	Guernsey)	S/T limits
Social Security Class 1 Employed-Ees	6%	Guernsey)	S/T limits
Social Security Class 2 Self Employed	10.50%	Guernsey)	
Social Security Class 3 Non Emp Full	9.90%	Guernsey)	
Social Security Class 3 Non Emp Spec	2.90%	Guernsey)	
Property - Tax on real property (TRP)	Fee on floor area	Guernsey	
Property sales - Congé	2% on realty)	Alderney	262,000 (2014)
Property sales -Registration fee	0.05%)	Alderney	£50 - £400
Property sales -Document duty	2% <150,000	Guernsey)	
Property sales -Document duty	2.5% 150k-250k	Guernsey)	
Property sales -Document duty	5% > 250,000	Guernsey)	
Import duties	0% - 22%	Guernsey)	
Excise duties	Rate per volume	Guernsey)	
Total			

- 6.2 The figures provided by the States of Guernsey Departments are summarised below and set out in detail in Appendix C.

Exhibit 17: Taxation revenue from Alderney received by States of Guernsey

Revenue source	2010	2011	2012	2013	2014	2015B
Income Tax	£'000	£'000	£'000	£'000	£'000	£'000
Individuals - ETI	2,900	3,100	2,900	3,200	3,100	3,200
Individuals - other	1,700	2,500	1,900	1,900	1,900	1,900
Companies	454	39	576	152	240	240
Banks	-4	19	44	49	42	40
Distributions	200	56	169	35	151	170
Total income tax	5,250	5,714	5,589	5,336	5,433	5,550
Customs	1,058	1,052	1,100	1,111	1,145	1,176
Taxation on real property (TRP)	496	538	584	613	625	689
Property sales -Document duty	342	535	333	377	355	300
Total Revenues	7,146	7,839	7,606	7,437	7,558	7,715

Social Security Funds contributions (info only)*	£'000	£'000	£'000	£'000	£'000	£'000
<i>Guernsey Insurance Fund</i>	1,973	2,057	2,068	2,004	2,019	2,047
<i>Health Service Fund</i>	745	775	781	759	767	783
<i>Long Term Care Insurance Fund</i>	365	379	384	375	378	389
	3,083	3,211	3,233	3,138	3,164	3,219
* Contribution income included in analysis of fund deficits/surplus						

Source: States of Guernsey

6.3 Taxation on Real Property is one of two property based taxes in Alderney, along with Occupier's Rates. A separate exercise by the States of Alderney suggests that the potential for merging both may be worth exploring at some point, in the interests of efficiency.

Exhibit 18: Issues for States of Alderney and States of Guernsey – TRP.

No	Issue	Recommended action for SoA/SoG
1	Taxation on Real Property	Consider potential for combining with Occupier's Rates.

6.4 The total expenditure is summarised below with the detail set out in Appendix C.

Exhibit 19: Expenditure funded by the States of Guernsey

Guernsey Departmental spend	2010	2011	2012	2013	2014	2015B
	£'000	£'000	£'000	£'000	£'000	£'000
Policy Council	123	160	192	173	236	290
Treasury and Resources	414	407	416	445	438	435
Commerce and Employment	12	12	13	12	21	2
Education Department	2,484	2,577	2,598	2,588	2,600	2,600
Environment Department	-10	-8	-5	-9	-13	-24
Health and Social Services	2,949	2,949	3,061	3,316	3,056	3,219
Home Department	1,169	1,198	1,221	1,234	1,134	1,169
Public Services Department	1,166	1,203	1,266	991	860	873
Social Security Department	1,120	1,175	1,227	1,251	1,257	1,301
Public Accounts Committee	5	8	7	6	10	8
Scrutiny Committee	7	7	6	5	7	8
Law Officers	215	235	242	236	243	244
Total	9,654	9,923	10,244	10,248	9,849	10,125
Aurigny operating loss	753	759	1,007	1,248	973	1,099
Funding to States of Alderney – Grant*	1,701	1,659	1,933	1,976	2,471	1,875
Funding to States of Alderney - ED					152	300
Total	12,108	12,341	13,184	13,472	13,445	13,399

*Represents net operating position adjusted for any surplus on SoA revenue account.

Guernsey capital spend	2010	2011	2012	2013	2014	2015B
	£'000	£'000	£'000	£'000	£'000	£'000
Capital Expenditure	23	66	632	443	937	508

Source: States of Guernsey

- 6.5 As well as revenue and capital costs funded directly from the States of Guernsey budget, there are additional Alderney related costs within the Social Security Funds. The contributions have been noted above and these provide the funding for various benefits including the old age pension. These and other costs to Alderney have been calculated to produce a combined deficit attributable to Alderney in respect of the three funds.

Exhibit 20: Combined deficit on the three Social Security Funds.

Social Security Funds	2010	2011	2012	2013	2014	2015B
	£'000	£'000	£'000	£'000	£'000	£'000
Deficit attributable to Alderney	-1,392	2,047	-225	70	1,264	1,617

Source: States of Guernsey

- 6.6 The Social Security funds are administered by the States of Guernsey. As part of this exercise, it is recommended that the liability in respect of these funds be clarified in respect of the states of Alderney. For example, in the event of any future fundamental change to the operation of the funds.

Exhibit 21: Issues for States of Alderney and States of Guernsey – Social Security Funds.

No	Issue	Recommended action for SoA/SoG
1	Social Security Funds	Clarify whether there is any liability in respect of the States of Alderney in the event of future changes to the funds.

- 6.7 As well as funding the transferred services, the States of Guernsey also control all aspects with some input from the States of Alderney through representation on the States as well as through other groups.
- 6.8 There are no formal service level type agreements that would help assist the States of Alderney in influencing service configuration and this is an area that may be worthy of further debate by formally documenting the expectations of each transferred service on Alderney. This would provide the States with a mechanism to agree expectations of services to be delivered and also a basis to hold the States of Guernsey to account in respect of these services provided for the Alderney community. Advantages of service level agreements include:
- An opportunity for both States to negotiate on provision of key services;
 - Provides a basis to look for opportunities to identify efficiencies;
 - Clarity of responsibilities;
 - Clarity in respect of funding;
 - Service levels quantified and nature of service clear;
 - Monitoring processes agreed;
 - Provides a basis for considering complaints and/or disputes.

Exhibit 22: Issues for States of Alderney and States of Guernsey – Service Level Agreements.

No	Issue	Recommended action for SoA/SoG
1	Service Level agreements	Consider development of service level agreements in respect of transferred services.

Part 3 - Financial Management responsibilities

Roles and Responsibilities

- 7.1 The States of Alderney Treasurer is responsible for proper management and administration of financial resources as well as HR and ICT. This includes:
- Preparing the budget and accounts;
 - Advising States Committees and the Chief Executive on financial matters;
 - Overseeing Treasury services including payroll, creditors and income collection; and
 - Advice on projects involving significant expenditure.
- 7.2 The States Treasurer is a State of Guernsey civil servant but reports directly to the Alderney Chief Executive. The post is also functionally and professionally accountable to the States of Guernsey Treasurer.
- 7.3 The Chief Executive assumes ultimate responsibility for executive action related to Alderney but there is no formal accounting officer arrangement. These are common in other jurisdictions where significant funding is provided by one body to another on an annual basis.
- 7.4 The expectation from the States of Guernsey is that the States of Alderney will comply with the financial management framework set out in the 'Rules for Financial and Resource Management', as well as having its own processes to promote good stewardship and governance.
- 7.5 At present there are examples of frustration from both States in relation to some aspects of financial management. On occasions Alderney would like more freedom, flexibility and trust to manage its business but this is hampered by a lack of confidence on the part of Guernsey due to evidence of non-compliance with processes such as procurement. This can, on occasions, result in barriers to effective financial management. This is quite understandable from the perspective of the States of Guernsey. Whilst these instances are infrequent, the perception amongst some States Members and the community, of control and micro-management by Guernsey has been fuelled by exaggerated rhetoric in the past. This is capable of being addressed by a more mature financial relationship.
- 7.6 It is considered that an accounting officer arrangement would have merit in improving the current situation if this were implemented alongside improvements to financial management processes and compliance in all departments within the States of Alderney. By introducing an accounting officer arrangement, the Chief Executive takes personal responsibility for the proper stewardship and governance of resources provided by the States of Guernsey within the agree framework of the 'Rules for Financial and Resource Management'. Accountability would be articulated formally at the start and end of the year and ideally, financial management would not be subject to some of the detailed scrutiny by the States of Guernsey that currently leads to frustration within Alderney.

Exhibit 23: Example requirements of accounting officer arrangement from States of Jersey.

Financial responsibilities

The Accounting officer must ensure:

- **Compliance with the law and financial rules;**
- **Regularity and propriety of the public finances for which they are responsible;**
- **The prompt collection and banking of money; and payments due to, the correct**

recipients;

- The keeping of proper accounts;
- Preparation and submission of estimates;
- Information is promptly provided for the annual financial statements;
- The prudent and economical administration of the organisation and all assets;
- The efficient and effective use of all resources.

7.7 In addition, the accounting officer is normally asked to confirm at the start of the year, how their responsibilities will be discharged. At the end of the year, a further statement is made to demonstrate how the necessary controls have been implemented and where any weaknesses are acknowledged. This is in the form of a Statement of Internal Control/Annual Governance Statement, which is currently evident within the States of Guernsey accounts but not replicated in Alderney. This is recommended as a simple addition for Alderney which would help reinforce the control framework as well as providing more confidence to the States of Guernsey

Exhibit 24: Example statement of Internal Control from States of Guernsey

STATEMENT OF INTERNAL FINANCIAL CONTROLS

It is the responsibility of each States Department and Committee to identify and install a system of internal controls, including financial control, which is adequate for its own purposes. Thus Departments and Committees are responsible for safeguarding the assets of the States of Guernsey in their care and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Every States Department and Committee is also responsible for the economical, efficient and effective management of public funds and other resources entrusted to it.

It is acknowledged that States Departments and Committees are subject to financial and manpower restrictions. Nevertheless, they have a duty to ensure that they fulfil their obligations to install and maintain adequate internal controls and safeguard the States resources for which they are responsible.

The States internal financial controls and monitoring procedures include:

- An annual budget and planning process to allocate, control and monitor the use of resources;
- Review and appraisal of the soundness, adequacy and application of internal controls by States Internal Audit;
- The requirement for all audit reports to be tabled at a meeting of the relevant States Departments / Committees to ensure that all Department / Committee members are aware of their financial affairs and
- Regular review of the performance and security of the States' financial assets.

Through their staff recruitment and training, States Departments and Committees strive to ensure that all those with financial responsibilities have the necessary skills and motivation to discharge their duties with the proficiency which the community has the right to expect.

The States internal controls and accounting policies have been and are subject to continuous review and improvement.

In addition the accounts are subject to independent external audit by auditors appointed by the States.

Source: States of Guernsey Accounts

7.8 In UK local authorities, the Annual Governance Statement goes further and the requirements are to evidence:

1. Responsibilities for governance;
2. Purpose of governance statement;
3. Key elements of governance framework;
4. How effectiveness is reviewed;
5. Issues arising.

Exhibit 25: Issues for States of Alderney and Guernsey– Financial Management Responsibilities

No	Issue	Recommended action for SoA/SoG
1	Lack of Accounting Officer Framework	Both States to consider a formal accounting officer arrangement to provide flexibility within an agreed control framework.
2	Lack of Annual Governance Statement	SoA to develop an Annual Governance Statement to support the annual accounts.

Rules for Financial and Resource Management

7.9 As the States of Guernsey is a significant funder for Alderney services, it is appropriate that there is a degree of stewardship and accountability over budgets and expenditure in Alderney. The States Treasury staff are States of Guernsey civil servants and adhere to relevant parts of the 'Rules for Financial and Resource Management prescribed by the States of Guernsey'. These are effectively the financial regulations for Guernsey and set out the expectations for good stewardship. In addition to these, there are some separate procedures for specific Alderney financial functions.

7.10 The rules state that:

'The States of Alderney must comply with the following Rules in line with the financial procedures:

- *Budgeting and Budgetary Control;*
- *Capital Expenditure;*
- *Information and Communications Technology Rules.*

It is also expected to incorporate and embody best practice and principles from the other Rules in its own financial and resource management practices and procedures'.

7.11 Within this framework, the States of Alderney prepares its budget, revised budget and accounts on an annual basis and also liaises with the States of Guernsey with regard to specific expenditure items where required by the framework. Frustrations experienced by both States often relate to capital and revenue expenditure and procurement. These frustrations currently represent a barrier to the financial relationship and need to be addressed before a more open and flexible relationship can develop.

- 7.12 The Rules also include a note that compliance is mandatory and failure to comply could result in disciplinary action. This is an issue in Alderney and steps should be taken to reinforce a culture of compliance as part of a framework for performance management, which needs to develop.

Budget process

- 7.13 The States of Alderney produces a budget timetable and guidance to departments to complete budget templates with reference to existing budgets and current expenditure. The Rules identify key parts of the process and there are some areas where these could be tightened in Alderney:

Exhibit 26: Issues for States of Alderney - Budgets

No	Budget rule	Recommendations for SoA
1	Budget setting Budgets must be set using a bottom-up budgeting approach. Budgets should reflect the actual needs of the department.	Continue encouraging culture of challenge to status quo and zero base budgeting.
2	Budget Management Authorised officers are responsible for managing and controlling expenditure within budgets and maximising collection of income.	Provide further guidance and training to reinforce financial responsibility and accountability outside Treasury.
3	Monitoring of budgets Budgets should be monitored regularly. Reports should include variance analysis and forecast outturn.	Complete current project to develop more meaningful management reports including forecast outturn.
4	New service developments Business cases must be formulated for new service developments requiring additional funds. Business case to be prepared using Business Case Rules and template.	Liaise with SoG regarding a template for new business cases.
5	Unspent balances Departments are permitted to carry unspent balances forward if a case is submitted and agreed.	Liaise with SoG to agree criteria for potential carry over to eliminate late year spending of balances.

- 7.14 The draft budget and final budget agreed by the States of Alderney is submitted to States of Guernsey for final approval as part of the cash limit allocation process.

Business cases and Economic Development funding

- 7.15 During 2014, the States of Alderney proposed funding for economic development initiatives. In the absence of available revenue budgets of £300,000 the proposal agreed by Policy and Finance Committee was to use AGCC reserves to provide some investment into a range of initiatives. This took several months to agree due to issues with both States. Firstly, the States of Guernsey properly contended that the proposal was not capital expenditure and lacked an adequate business case. Furthermore, as it was in excess of £250,000, this exceeded the delegated approval sum for Treasury and Resources. From the Alderney perspective, a request

for a template business case did not receive a satisfactory response. Ultimately, a business case was prepared and the proposal was agreed to be funded by the AGCC reserves as a one-off investment.

- 7.16 From the Alderney perspective, this issue exposed some of the barriers in the current arrangement which need to be resolved:
- a) Should the AGCC income continue to be ring-fenced for capital expenditure only? or
 - b) Should the States of Alderney have more freedom and flexibility to spend its income on initiatives agreed by States Members?

These issues should be considered in the context of future funding considerations.

- 7.17 From the Guernsey perspective, it is argued that approval supported by a business case is required to ensure that:
- a) Expenditure is within the 'Rules'; and
 - b) Use of the reserve is monitored as expenditure leading to reduced income for capital purposes could potentially add to the burden for the States of Guernsey in future years.

- 7.18 It is recommended that lessons be learnt from this issue. A process should be developed within the framework of the 'Rules', including a business case template, to accommodate any requests for additional expenditure by the States of Alderney in the future.

Capital expenditure

- 7.19 The capital expenditure 'Rules' are divided into two elements:
- i) Routine capital expenditure – funded by States of Guernsey departmental cash limit allocation;
 - ii) Significant capital expenditure – subject to prioritisation and co-ordinated by T & R. Funded by capital reserve.
- 7.20 In Alderney, all capital expenditure follows a prioritisation process and funding is from AGCC reserves and capital income as described earlier.
- 7.21 Capital bids are submitted to the States of Alderney on a Capital Prioritisation Proposal template which sets out all the relevant information for States Members to make a decision in respect of priorities. This includes the capital requirement as well as revenue implications and risk. As a template, this reflects good practice as evidenced in other organisations. However, compliance and proper completion is poor and an issue for the States. As a result, the information provided for the capital prioritisation process is variable and includes some limited submissions. As noted earlier, the overall total of bids has proved to be unrealistic in recent years.
- 7.22 The States therefore needs to ensure full compliance with the capital prioritisation process in future particularly in respect of project planning and delivery timetables.
- 7.23 The financial limits for approval of Alderney States capital expenditure are as follows:

Exhibit 27: Capital project approvals

Project cost	Approval
Up to £20k	GSC/BDCC or P & F. Notify SoG T & R.
£20k to £100k	GSC/BDCC, then FC, P & F. Notify SoG T & R.
£100k to £250k	GSC/BDCC, then FC, P & F, States. Notify SoG T & R.
Over £250k	GSC/BDCC, then FC, P & F, States. SoG T & R then States of Guernsey.

- 7.24 This resonates with the Scheme of Delegation for the States of Guernsey where the limit is £250,000, after which projects need to be referred to T & R and the States. Below £250,000 only requires notification for information.

Exhibit 28: Issues for States of Alderney - Capital

No	Issue	Recommended action for SoA
1	Inconsistent compliance with agreed process for capital prioritisation including project planning.	Reinforce need for compliance through training by States Treasurer. Include in personal objectives as part of performance management.

Procurement

- 7.25 Once projects have been agreed on the capital prioritisation schedule, expenditure must be subject to the procurement rules. These apply to all contracts in order to demonstrate value for money and this has also been subject to some contention between both States. There are examples where the procurement process has not been followed in Alderney for reasons including expedience and a desire to contract with island companies.
- 7.26 The rules for procurement are quite clear and must be reinforced so that competitiveness can be demonstrated. It is for the States of Alderney to then determine evaluation criteria, which can include use of local suppliers. This is an issue taken into consideration in Guernsey.
- 7.27 If an accounting officer arrangement were to be agreed alongside improved compliance, the responsibility for demonstrating value for money would rest with the Chief Executive with the opportunity for scrutiny by States of Guernsey should this be required. This would eliminate some of the detailed consideration of individual tenders that currently occurs.

Exhibit 29: Issues for States of Alderney – Procurement.

No	Issue	Recommended action for SoA
1	Compliance with procurement rules is variable. Some pressure to use island providers rather than go through full competition process.	Reinforce need for compliance through training by States Treasurer. Include in personal objectives as part of performance management.

Appendix A: States of Alderney - Income

Revenue	Cost centre	2011	2012	2013	2014	2015B
		£	£	£	£	£
BDDC	Planning fees	61,118	23,956	23,432	16,237	14,800
GSC	Agriculture					
	Fees and charges	2,161	2,038	1,548	2,866	2,200
	Rents	6,786	6,649	6,720	6,866	6,950
	Abattoir fees	7,246	8,282	10,318	9,042	8,500
	Administration					
	Hire vehicle fees	2,424	2,795	2,403	3,053	3,000
	Vehicle import fees	45,607	33,246	47,653	44,126	33,000
	Properties					
	Rent - General	154,535	192,475	158,625	204,670	203,375
	Rent-Housing	28,162	31,118	26,035	25,166	9,165
	Refuse charges	21,000	21,000	21,000		
	Cesspit emptying	12,425	12,768	13,605	13,024	12,500
	Recreation					
	Campsite fees	4,009	470	3,073		3,500
	Butes park		14,658		41,231	
	Island Hall rents	10,267		16,712	18,711	15,000
		294,622	325,499	307,692	368,755	297,190
Harbour	Harbour dues and fees	221,513	196,721	158,842	136,199	127,168
	Crane Dues and boat lifts	60,781	53,211	51,326	55,731	50,000
	Moorings and navigation	170,789	170,381	161,726	148,076	145,627
	Quays and building rent	12,557	14,014	11,224	12,885	13,000
		465,640	434,327	383,118	352,891	335,795
P and F	Administration					
	Company registration	43,049	51,784	47,807	50,362	43,000
	Court receipts, licences and fees	57,048	38,244	49,106	39,009	28,000
	Duty free concession	20,000	14,167	25,000	25,000	25,000
	Interest receivable	6,331	23,556	19,120	43,118	39,000
	Numismatic and philatelic profit	113,827	67,700	25,654	23,898	24,000
	Occupiers rates	450,726	467,839	470,195	461,778	465,200
	Permits, licences and fines	18,335	17,723	16,358	13,812	15,550
	Rents	35,274	35,274	41,729	41,729	41,730
	Royalties and fees	3,395	14,833	3,415	3,138	3,500
	Sundry sales and charges	19,614	14,499	18,552	20,870	18,700
	Promotion and marketing					
	Accommodation permits	5,160	5,424	5,239	4,512	5,000
	Sale of advertising space	11,350	12,285	13,267	12,406	13,300
		784,109	763,328	735,442	739,632	721,980

Water Board	Unmetered supply	475,290	483,816	511,950	524,539	535,780
	Metered supply	72,192	64,250	74,587	75,907	78,260
	Service charges	1,040	3,114	3,050	7,840	10,000
	Contract work	3,064	2,463	2,972	2,045	1,000
	Rents receivable	10,481	10,493	10,502	11,427	11,334
	Other		6,800		1,000	
		562,067	570,936	603,061	622,758	636,374
		2,167,556	2,118,046	2,052,745	2,100,273	2,006,139
Capital						
GSC	Sewage law contributions	1,000	2,500	1,000	1,000	10,000
	Housing loans fund	100,000		199,099		
	Sale of capital assets - SWD	20,200	5,585	1,400	24,965	
	Sale of capital assets - Harbour			32,500		
		121,200	8,085	233,999	25,965	10,000
P and F	Property Transfer					
	Conge	302,454	226,344	204,038	232,585	230,000
	Leasehold duty	16,704	10,340	19,481	21,512	15,000
	Transfer duty			5,008	14,315	17,000
	Sale of Land and Property				10,450	
		319,158	236,684	228,527	278,862	262,000
Other	ACRE - Economic Development				0	
	AGCC - Capital	3,061,267	2,337,593	2,331,863	1,783,174	1,500,000
	AGCC - Economic Development				152,207	300,000
SoG	Grant	1,675,058	1,932,650	1,976,200	1,960,450	1,875,000
	Capital	200,000				
	VES				510,500	

Appendix B: States of Alderney - Gross expenditure Analysis

Cost centre	2011	2012	2013	2014	2015B
	£	£	£	£	£
Building and Dev Control					
Planning	83,815	93,012	99,835	77,031	114,050
General Services					
Agriculture	250,574	256,443	244,814	334,112	260,250
Campsite	7,867	7,494	7,147	5,003	10,000
Play ground	5,240	4,310	4,228	52,330	4,000
Island Hall	16,422	16,810	18,490	26,335	32,085
Civil Emergency	22,091	31,761	20,951	23,369	26,250
Sea Fisheries	21,602				
Administration	132,519	145,461	212,076	213,249	112,600
Fire and Cliff rescue	45,924	67,775	66,632	66,592	74,882
Wildlife Trust		21,996	31,419	28,070	28,300
Apprenticeship scheme	3,667	27,443	43,911	50,948	44,745
Minor projects		44,196	23,511	97,409	11,320
Properties - Gen and housing	194,659	180,529	142,211	195,656	212,615
Refuse collection and disposal	310,245	380,379	330,300	391,706	301,700
Recycling	139,510	125,532	124,733	146,772	88,700
Roads, coasts and beaches	66,219	95,323	75,180	90,403	112,745
Sewage and sanitation	122,122	113,528	97,043	143,857	82,790
Bank staff				0	70,000
Vehicle fleet	59,175	56,062	60,455	51,775	23,740
Harbour	443,383	532,603	463,465	418,729	373,707
Total	1,841,219	2,107,645	1,966,566	2,336,315	1,870,429
Policy and Finance					
Administration	963,145	766,548	759,342	918,009	727,361
Marketing and bus development	201,115	256,474	334,544	297,764	241,075
Court	24,105	173,530	182,319	180,028	184,150
Education	27,221	33,932	33,990	33,871	33,700
Social services	15,715	15,547	17,034	14,648	18,500
Grants	82,491	63,252	63,904	77,619	55,500
Total	1,313,792	1,309,283	1,391,133	1,521,939	1,260,286
Revenue sub Total	3,238,826	3,509,940	3,457,534	3,935,285	3,244,765
Water Board	518,957	594,483	601,680	598,499	614,929
Revenue Total	3,757,783	4,104,423	4,059,214	4,533,784	3,859,694
Economic Development				152,207	300,000
Capital	2,145,877	1,271,523	2,929,543	1,474,740	2,412,600
Grand Total	5,903,660	5,375,946	6,988,757	6,160,731	6,572,294

Appendix C: Alderney Expenditure met or managed by States of Guernsey (2010 to 2015)

Revenue

Service Expenditure	2010	2011	2012	2013	2014	2015B
	£'000	£'000	£'000	£'000	£'000	£'000
Policy Council						
Legal aid	32	23	38	22	13	45
Overseas aid	83	83	82	84	97	89
Policy and research	0	0	3	3	26	93
Ext Relations	8	54	69	64	100	63
	123	160	192	173	236	290
Treasury and Resources						
Digimap services	-14	-14	-14	-14	-14	-14
ICT	40	40	40	40	40	40
Hub	10	10	10	14	14	14
Property services	18	8	8	13	10	11
States Members pay	91	87	86	90	87	95
HELG	24	24	25	24	24	25
Income Tax/Cadastre	102	102	103	106	106	104
Civil service	95	107	115	122	123	107
Treasury staff	9	9	10	15	12	16
Insurance	39	34	33	35	36	37
	414	407	416	445	438	435
Commerce and Employment	12	12	13	12	21	2
Education Department						
St Anne's School	1,447	1,452	1,478	1,479	1,319	1,319
Special Schools	0	0	0	40	40	40
College of FE	240	248	242	224	236	236
Higher Education	193	184	183	184	166	166
travel, sub and accom	60	151	207	222	395	395
Education Office	105	107	100	99	97	97
Social and Pupil Support	54	57	46	2	2	2
Central support services	259	256	226	213	198	198
Special Needs Support	109	107	102	100	83	83
Other	17	15	14	25	64	64
	2,484	2,577	2,598	2,588	2,600	2,600
Environment Department	-10	-8	-5	-9	-13	-24
Health and Social Services						
Mignot Memorial Hospital	1,643	1,643	1,729	1,861	1,757	1,809
PEH-Inpatient	240	240	245	351	251	262
Other acute	352	352	359	366	367	358

Other hospital services	73	73	73	77	84	87
Private patient Income	-90	-90	-95	-100	-154	-100
Child Services	140	140	142	147	137	147
Adult Services	35	35	36	37	37	39
Off island - complex	45	45	46	46	55	54
Off-island -acute	227	227	220	218	216	219
Indirect	284	284	306	313	306	344
	2,949	2,949	3,061	3,316	3,056	3,219
Home Department						
TETRA	23	23	23	24	24	24
Domestic abuse strategy	0	0	4	2	4	4
Drug and alcohol strategy	3	3	3	4	4	3
Data protection	6	5	4	4	4	5
Emergency planning	1	1	2	1	1	1
Law enforcement	1,131	1,144	1,155	1,165	1,073	1,106
Prison	0	17	22	27	18	20
Probation	5	5	8	7	6	6
	1,169	1,198	1,221	1,234	1,134	1,169
Public Services Department						
Alderney Airport	681	768	808	728	774	762
Breakwater	485	435	458	263	86	111
	1,166	1,203	1,266	991	860	873
Social Security Department						
Administration	54	63	64	68	70	75
Medical Expenses Assistance	5	5	4	2	2	4
Secure Disability and carers	104	110	120	132	143	147
Family Allowance	194	199	205	210	208	210
Supplementary Benefit	344	363	398	416	407	433
Concessionary TV licences	34	34	32	32	32	31
Social Insurance Fund - Grant	296	308	310	300	303	307
Health Service Fund - Grant	89	93	94	91	92	94
	1,120	1,175	1,227	1,251	1,257	1,301
Public Accounts Committee	5	8	7	6	10	8
Scrutiny Committee	7	7	6	5	7	8
Law Officers	215	235	242	236	243	244
Sub-Total Transferred Services	9,654	9,923	10,244	10,248	9,849	10,125
Aurigny operating loss	753	759	1,007	1,248	973	1,099
Funding to SoA						
Revenue Grant	1,701	1,659	1,933	1,976	2,471	1,875
Economic Development					152	300
	1,701	1,659	1,933	1,976	2,471	1,875
Revenue and ED Total	12,108	12,341	13,184	13,472	13,445	13,399

Capital

Capital Expenditure	2010	2011	2012	2013	2014	2015B
	£'000	£'000	£'000	£'000	£'000	£'000
Education Department	0	0	174	0	0	0
Health and Social Services	0	2	66	45	13	3
Home Department	9	16	0	0	15	0
Public Services						
Alderney Airport	14	48	39	27	508	245
Breakwater	0	0	353	371	401	260
	14	48	392	398	909	505
Capital Total	23	66	632	443	937	508

Social Security Funds

Social Security Funds (Net)	2010	2011	2012	2013	2014	2015B
	£'000	£'000	£'000	£'000	£'000	£'000
Guernsey Insurance Fund	-1,787	1,162	-839	-668	326	642
Health Service Fund	224	490	310	370	502	517
Long Term Care Fund	171	395	304	368	436	458
	-1,392	2,047	-225	70	1,264	1,617

(N.B. The Treasury and Resources Department notes the research and analysis which forms the basis of this Policy Letter and welcomes the proposed in principle agreement to modify the financial responsibilities arising from the 1948 Agreement. It is considered that this modernisation is entirely appropriate at this time and will offer significant opportunities for the States of Alderney to consider optimisation of its revenue raising and expenditure plans to best meet the needs of the local economy.

The Department confirms that it will endeavour to carry out the responsibilities allocated to it if this Policy Letter is approved from within existing resources.)

The States are asked to decide:-

X.- Whether, after consideration of the Policy Letter dated 30th November, 2015, of the Policy Council, they are of the opinion:-

1. To endorse the contents of that Policy Letter.
2. To agree, subject to Proposition 3 below, that the current implementation of the 1948 Agreement between Guernsey and Alderney should continue to be the basis for the financial and political relationships between Guernsey and Alderney.
3. To approve the changes to the current financial procedures in regard to the financial relationship between Guernsey and Alderney, as set out in that Policy Letter, such that with effect from the financial year 2016 separate figures are kept for memorandum purposes by Committees and Departments for income and expenditure in relation to public services provided by Guernsey for Alderney; but to direct the Treasury and Resources Department (and its successors) to continue to present the formal accounts of the States of Deliberation in consolidated form.
4. To direct the Treasury and Resources Department (and its successors) (in liaison with Departments and Committees) to produce and publish annually best estimate figures for the income derived from sources based in Alderney, and expenditure incurred from the Guernsey Budget on public services provided for Alderney in the same manner as provided in the Taylor Report included as Appendix B to that Policy Letter.
5. Consequent to Proposition 4 above, to further direct the Treasury and Resources Department (and its successors) to work with the Alderney Policy and Finance Committee to establish a simple formulaic method to estimate annually in arrears with effect from December 2016 the contributions to both islands of the e-Gaming sector in Alderney.

6. To agree in principle, subject to the necessary further detailed work, that the current implementation of the 1948 Agreement between Guernsey and Alderney be modified such that:
 - a) Guernsey retains responsibility to fund all Transferred Services, and the Social Security Funds, through the pooled income sources of Income Tax and Social Security Contributions;
 - b) the States of Alderney is responsible for funding all other public services in Alderney (including the harbour, drainage (foul and surface water), roads, coastal defence, water and electricity), from all other levies, rates, taxes, permit fees, rents, duties and other income collected from sources based in Alderney (such as tax on real property, occupiers' rates, import duties and excise duties, fees in lieu of Congé, document duty, numismatic and philatelic profits, and company registration fees).
7. To direct the Treasury and Resources Department (and its successors) to work with the Alderney Policy and Finance Committee to progress the further work resulting from Proposition 6 above, and to report back to the States of Deliberation in the budget report for 2017 (i.e. October 2016) with proposals to implement any changes, including (at least in principle) recommendations on how each of the large cost items (including the deficit on operating Alderney Airport, the (public service) subsidy to the airline operating the Alderney – Guernsey and Alderney-Southampton routes, the breakwater, the Alderney Housing Association loan facility, legal aid and Law Officers' costs) are to be treated in the financial relationship and how future capital provision is to be made for Alderney.
8. To direct the Education Department, Health and Social Services Department, Home Department, Public Services Department and Social Security Department (and their successors) in Guernsey, which provide Transferred Services for Alderney, to review the services provided (including how they are provided) in line with Section 4 of Appendix A to that Policy Letter, and to reach outcome-focused agreements with the appropriate authorities in Alderney, having due regard to cost effectiveness and efficiency for such services, and on a timescale to be agreed between the Policy Council (and its successors) and the Alderney Policy and Finance Committee.
9. To direct the Treasury and Resources Department (and its successors) to continue to work with the Alderney Policy and Finance Committee to progress the appropriate recommendations in the Taylor Report (Appendix B to that Policy Letter), which fall within its mandate, and to implement the agreed changes as soon as practicable, referring only such matters as may need States Resolutions back to the States of Deliberation for further debate.

10. To note the Alderney Policy and Finance Committee's intention to progress a political governance review and to align any conclusions and recommendations, with the changes recommended in that Policy Letter in regard to the implementation of the 1948 Agreement between Guernsey and Alderney.
11. To direct the Commerce and Employment Department (and its successors) in Guernsey to continue to work as progressively and proactively as possible with the authorities in Alderney to help stimulate and develop economic activity in Alderney.
12. To direct the Treasury and Resources Department (and its successors) to consider further tax measures (including targeted tax relief schemes), and other relocation incentives, which could be useful tools in increasing economic activity in Alderney and encouraging population growth, particularly in the younger age groups, and to report back to the States of Deliberation on any such measures in the Budget Report for 2017 (i.e. October 2016).

POLICY COUNCIL

REVIEW OF PUBLIC SECTOR PENSION SCHEMES

Executive Summary

1. In April 2015 (Billet d'État VII, Article 6) the States of Deliberation endorsed new pension arrangements for members joining from 1st May 2015 and instructed the Policy Council to continue mediation with the Association of States Employees' Organisations ("ASEO") to seek agreement, approved by the scheme members whom they represent, over the pension arrangements for current members. In the event of no agreement being reached with ASEO the States approved that an application be made to the Royal Court with the intention of implementing for current members pension arrangements in line with those introduced for members joining from 1st May 2015.
2. This report details the significant progress which was made during the negotiations with ASEO and which enables the Policy Council to submit for endorsement by the States pension arrangements for the future service of current members. The arrangements, when taken together with those for new members, will ensure that pension provision is both sustainable and affordable – the position which the Policy Council has been seeking to achieve since discussions began in 2011.
3. The report includes the Rules necessary to give effect to the revised pension arrangements.

Introduction

4. In April 2015 the States of Deliberation considered a detailed report from the Policy Council on the pension arrangements for public sector employees. The report explained the reasons why reform was necessary and the procedure which had been followed, through the Pensions Consultative Committee ("PCC"), in an attempt to reach agreement with current scheme members on appropriate reform. The procedure had included: (1) discussions within a Joint Working Group ("JWG") consisting of elected representatives from both employer and scheme members with an independent chairman, selected by both sides, and which resulted in agreed recommendations for further discussions; (2) further negotiations within the PCC based on the recommendations of the JWG; and (3) mediation, to which the parties agreed after negotiations within the PCC failed to reach agreement acceptable to members represented by ASEO. This mediation was successful to the extent that there was an understanding on appropriate arrangements between employer representatives and full time national officials from the three largest employee organisations. Unfortunately those arrangements were not endorsed by the membership.

5. Although the procedure described above had been followed, following publication of the Policy Council's report, ASEO requested a further opportunity to reach a negotiated settlement and as part of their campaign organised a march on 25th April 2015. In response the States of Deliberation approved an amendment to the Policy Council's report by the Deputy Chief Minister, Deputy A H Langlois, and seconded by Deputy H J R Soulsby, the express purpose being to provide ASEO with the one final, time limited opportunity it had requested to resolve the perceived minor differences between the parties. This opportunity was provided in the knowledge that should agreement not be reached the recommendations in the Policy Council's report in respect of existing members would be implemented.
6. The States Resolutions were, therefore , as follows:
 1. *To endorse the proposed new pension arrangements detailed in Appendix 5 of that Report and, as explained in that Report, in so far as they apply to members joining from 1st May 2015.*
 2. *To instruct the Policy Council to continue mediation with the Association of States Employees' Organisations to seek agreement approved by the scheme members whom they represent over the pension arrangements for current members; but to agree that if no such agreement can be reached on or before the 31st July 2015 then an application be made to the Royal Court of Guernsey for a declaration to determine the following issues:*
 - (a) *whether the States of Guernsey as employer (or former employer) of members of the public sector pension schemes has the implied right to vary the terms of the schemes in a manner which adversely affects members' rights without the members' consent;*
 - (b) *if the Court declares such a right to exist, what (if any) constraints apply to the exercise of that right.*
 3. *To endorse, subject to proposition 2 and the terms of any declaration made by the Court in respect of the issues set out in proposition 2 above, the application of the proposed new pension arrangements detailed in Appendix 5 of that Report and, as explained in that Report, in respect of current members within six months of such declaration being received.*

.....

 8. *Subject to proposition 2, to authorise the Treasury and Resources Department to make transfer(s) from the Budget Reserve or General Revenue Account Reserve to the revenue expenditure budget of the Policy Council to fund the States costs and the reasonable costs of other parties in respect of the application to the Royal Court detailed at proposition 2 above and currently estimated at £500,000."*

Negotiations

7. In accordance with the States Resolution, discussions took place in May and June 2015 between employer and employee representatives. At the main discussions the States was represented by the Deputy Chief Minister, Deputy Langlois, and the Minister for Treasury and Resources, Deputy St Pier. Each of the largest employee organisations had at least one representative at the discussions. There was also a separate (or side) meeting between employer advisors and representatives of the Police and Fire Services to discuss issues specific to their occupations.
8. In the course of discussions the employee representatives were asked to detail proposals which they would recommend their members to accept. (This contrasts with earlier discussions when proposals were made by the employer.) The proposals made by the employee representatives – which are detailed below – formed the basis of the proposed settlement to be considered by the membership as a whole.
9. On 29th July 2015 the Deputy Chief Minister reported to the States that ASEO had confirmed that a majority of unions representing a substantial majority of scheme members were prepared to recommend the proposals to their members. The members of the individual constituent organisations of ASEO were to be balloted on the proposals following their own union's rules and procedures. In view of the significant progress which had been made, and the confidence of both employee representatives and the Policy Council that the proposals would be acceptable to members, the Policy Council had decided that it would not be appropriate to activate the process of seeking declaratory relief – even though agreement would not be formally achieved by 31st July 2015 as specified in the resolution approved in April 2015.
10. On 30th September 2015 the Deputy Chief Minister advised the Assembly that the Chair of ASEO had provided results from the ballots of the constituent bodies of ASEO. ASEO had advised that a majority of those constituent bodies had voted to accept the proposals. The results also satisfied the Policy Council that constituent bodies with representational rights for a clear majority of States employees had accepted the proposals. In consequence, both ASEO and the Policy Council supported the implementation of the negotiated proposals.

The Proposals

11. The proposals detailed below have to be considered as a whole and within the overall context explained in some detail in Billet d'État VII of 2015.
12. As the proposals concern members who joined before 1st May 2015, many of whom have considerable length of service, it should be noted in particular that benefits accrued in respect of service up until the date of implementation of the revised arrangements on 1st March 2016 are fully protected – this applies whether

the member has already retired, has left service but preserved benefits until pension age, or is still in service. In the case of members still in service the benefits accrued in respect of service up until 29th February 2016 will be based on their pay on leaving service however far into the future that happens to be.

13. The proposals relate to the future service of current members who joined before 1st May 2015. The report considered by the States in April 2015 detailed ten proposals for the framework for the new arrangements and the following remain unchanged:

Proposal 1 - A type of defined benefit arrangement should be retained.

Proposal 2 - Pensionable earnings above the rate applicable to the maximum of the civil service senior officer grade six (£87,434 pa as at 1st May 2015) should be pensionable in a defined contribution section.

Proposal 3 - The costings for revised arrangements should be based on an investment return assumption of United Kingdom RPI + 2.5% pa.

Proposal 5 - That the new defined benefit arrangement be based on Career Average Revalued Earnings ("CARE") up to the salary cap.

14. A significant factor in the design of pension arrangements is the amount which the employer is prepared to pay. The previous proposal (4) was that there should be a fixed cost ceiling i.e. an upper limit on employer contributions of 14% of pensionable earnings and a floor equal to the standard member contribution rate. The revised proposals have an upper limit on employer contributions of 14.5% and a floor of 10.5%, both of which exclude the investment risk. These will not apply until the actuarial valuation due as at 31st December 2019.
15. The inflation risk in the new arrangements is to be shared by employer and members through a limit on benefit increases during both the accumulation and payment stages. The previous proposal (6) linked increases to RPIX up to a maximum of 6% with the discretion for the Policy Council to consider increases above 6% in the event of RPIX exceeding 7.5%. The revised proposals have increases linked to RPIX up to a maximum of 7.5% with provision for an additional increase if RPIX exceeds 7.5% and the funds can support it.
16. The longevity risk is shared with members through linking the scheme Normal Pension Date ("NPD") to the State Pension Age ("SPA"). The previous proposal (7) had an automatic link between NPD and SPA. The revised proposal links NPD to the currently announced SPA i.e. age 70 by 2049. There is no automatic link to future increases in SPA. Similarly the proposal for Police Officers and Fire Fighters (8) will be an NPD of 60 or the currently announced SPA less 7 years, whichever is the higher.

17. The report considered by the States in April 2015 proposed (9) that the new structure for pension accrual should apply to the future service of all members irrespective of when they joined the scheme. The arrangements for members who have joined since 1st May 2015 have a pension accrual of 1/80 of pay for each year of service plus a lump sum of 3/80 of pay for each year of service, an arrangement which could be replicated precisely through commutation from a pension accrual (only) of 1/64. The proposal for current members has the more favourable pension accrual of 1/56 of pay for each year of service.
18. As mentioned above, the benefits accrued by all members up until 29th February 2016 are fully protected. In addition, the previous proposal (10) was for those members who were within a period of 10 years before their current NPD (but no younger than age 45) at 31st December 2013 to retain their current NPD in the new structure. The revised proposal is for such members to be protected by remaining in the final salary section of the schemes for the remainder of their service. In addition, the stipulation of 'no younger than age 45' is removed for the benefit of Police Officers and Fire Fighters resulting in the proportion of such members covered by the protection being significantly higher than the proportion of the membership as a whole. All members covered by the protection can choose to move to the CARE section if they believe it is to their advantage.
19. In addition to the ten proposals above compared to those detailed in the April 2015 report the following were requested by the employee representatives and agreed:
 - A standard member contribution rate of 7% of pensionable pay (the current rate is 6.5%) – compared to the previous proposal of 7.5% which applies to new members;
 - A contribution rate of 9.25% for Police Officers and Fire Fighters compared to the previous proposal of 9.75% which applies to new members;
 - Additional options to enable current members to enhance the benefits accrued through service;
 - The option after 35 years service to contribute at half rate to accrue half service or to cease contributions and accrue no further pensionable service;
 - Increased flexibility for phased retirement;
 - A review of the governance arrangements (to increase the role of members).

Summary

20. In April 2015 the States agreed to the request from ASEO to provide one final, time limited opportunity to resolve the perceived minor differences between the parties thereby enabling revised, sustainable and affordable pension arrangements to be introduced through a negotiated settlement.
21. The Policy Council is pleased that it is able to report that the constructive approach adopted by ASEO has finally resulted in a settlement. This means that it will not now be necessary to approach the Royal Court to determine whether the States has the implied right to vary the terms of the schemes in a manner which adversely affects members' rights without the members' consent.
22. The revised Rules which will give effect to: (1) the proposals agreed by the States in April 2015 for joiners from 1st May 2015; and (2) the proposals detailed in this report for current members; are attached as an Appendix to this report.

Recommendations

23. The Policy Council recommends that the States approve the States of Guernsey (Public Servants) (Pensions and other Benefits) Rules 2016 set out in the Appendix to this Report.

J P Le Tocq
Chief Minister

14th December 2015

A H Langlois
Deputy Chief Minister

Y Burford
P L Gillson
S J Ogier

R W Sillars
M G O'Hara
K A Stewart

P A Luxon
D B Jones
G A St Pier

APPENDIX



**The States of Guernsey (Public Servants)
(New Pensions and other Benefits) Rules, 2016**

The States in pursuance of their Resolution of the [▪] day of [▪] 2016 have approved the following Rules.

Final: 18th December 2015

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Background

- (A) By a resolution of the States of Guernsey dated [▪] [▪] 2016 the Principal Employer has amended the Scheme with effect from the Transition Date.
- (B) Before this date, the Scheme was governed by the States of Guernsey (Public Servants) (Pensions and other Benefits) Rules 1972 to 2010 (those rules being set out in the Original Documents), the Scheme being introduced by a Resolution of the States dated 28th September 1972 and having been subsequently amended on several occasions.
- (C) The Committee administers the Scheme.
- (D) The Principal Employer is the Principal Employer of the Scheme.
- (E) By resolution of the States of Guernsey dated 29th April 2015 the Final Salary Scheme was closed to new members with effect from 1st May 2015. New Members joining the Scheme from the 1st May 2015 join the Scheme on the basis of these Rules.
- (F) Transitional provisions relating to Members in the Final Salary Scheme as at the Transition Date are set out in the Final Salary Rules. Final Salary Protected Members are subject to the provisions of the Final Salary Rules. CARE Transition Members who were Members of the Final Salary Scheme immediately prior to the Transition Date are subject to the provisions of the Final Salary Rules in relation to their Pensionable Service up to the Transition Date.

Operative part

Part 1 Administrative and General Provisions (this part applies to both the CARE Scheme and the Final Salary Scheme)

1. Definitions and Interpretation

- 1.1 The following definitions and rules of interpretation apply in these Rules.
- 1.2 **Active Member:** an Employee who has been admitted to the Scheme and who is in Pensionable Service either as a Final Salary Protected Member (pursuant to the transitional provisions in Part 3) or a CARE Active Member.
- 1.3 **Actuary:** the actuary appointed in relation to the Scheme.
- 1.4 **Additional Pensionable Service:** any notional period of Service attributed to a Member on Total Incapacity or death in Service, calculated as 50% of the additional Pensionable Service that Member would have completed if he had remained in Service until reaching Normal Pension Age.

- 1.5 Auditor:** the auditor appointed in relation to the Scheme.
- 1.6 AVC:** means any additional voluntary contribution that an Active Member pays from time to time in addition to his Member Contributions:
- (a) to the Defined Contribution Scheme; and or
 - (b) in the case of Final Salary Protected Members the purchase of added pension; and or
 - (c) in the case of CARE Transition Members the purchase of added pension or in mitigation of the reduction in his CARE Scheme Pension as a result of early retirement.
- 1.7 DC Account:** a notional account established by the Committee in the name of an Active Member to which the Committee must credit:
- (a) AVCs paid by the Active Member to the Defined Contribution Scheme; and
 - (b) Contributions by the Employer and Active Member on Salary above the Earnings Cap; and
 - (c) the investment return on the contributions within the Defined Contribution Scheme allocated by the Committee.
- 1.8 Basic State Pension:** the States of Guernsey old age pension payable pursuant to the Social Insurance (Guernsey) Law, 1978.
- 1.9 Beneficiary:** a beneficiary under the Scheme (including any Member and any potential or contingent beneficiary).
- 1.10 C(G)L 2008:** Companies (Guernsey) Law 2008.
- 1.11 CARE Active Member:** an Active Member who is accruing benefits under the CARE Rules.
- 1.12 CARE Deferred Member:** a Deferred Member who has accrued benefits under the CARE Rules.
- 1.13 CARE New Member:** a Member of the Scheme who joined on or after 1st May 2015.
- 1.14 CARE Pensioner Member:** a Pensioner Member who accrued benefits under the CARE Rules.
- 1.15 CARE Revaluation:** means revaluation with effect from 1st January in each year based on:

- (a) For CARE New Members: the lesser of 6% and the percentage increase in the RPIX during the 12 months ending on the preceding 30th June on which the increase is to be based provided that if the increase in RPIX in that period of 12 months has exceeded 7.5% and the increases for the 12 months ending on the preceding 31st December and 31st March have also exceeded 7.5% the Committee may, having considered those factors which it considers to be appropriate, adopt a rate above 6%;
- (b) For CARE Transition Members: the lesser of 7.5% and the percentage increase in the RPIX during the 12 months ending on the preceding 30 June on which the increase is to be based provided that if the increase in RPIX in that period of 12 months has exceeded 7.5% the Committee may, if it considers that the increase can be afforded from those Scheme Assets (excluding AVCs) that relate to the CARE Scheme, adopt a rate above 7.5%,

and which for the avoidance of doubt may, in its sole discretion, be different percentages for each of the following category of Member:

- a CARE Active Member, or
- a CARE Deferred Member or
- a CARE Pensioner Member

in each case who joined the Scheme as:

- a CARE New Member:
- a CARE Transition Member.

The CARE Revaluation shall only apply to benefits accrued in the CARE Scheme (as revalued) before the 1st January in the year preceding the date of the increase.

- 1.16 CARE Rules:** the rules providing benefits on the career-average revalued earnings (CARE) basis contained in these Rules.
- 1.17 CARE Scheme:** that part of the States of Guernsey Public Servants Pension Scheme constituted by these Rules as a career average revalued earnings pension scheme.
- 1.18 CARE Transition Member(s):** (an) Active Member(s) of the Scheme who at the Transition Date has transferred to the CARE Scheme.
- 1.19 Cash Equivalent:** a cash equivalent transfer value calculated by the Actuary.
- 1.20 Civil Partner:** a person who has entered into a civil partnership with another person as defined by Section 30(1) of the Inheritance (Guernsey) Law, 2011.

- 1.21 Committee:** Policy & Resources Committee or otherwise the committee nominated by the Principal Employer for the time being.
- 1.22 Contribution Refund:** the sum referred to in Rule 46 and Rule 71.
- 1.23 Deferred Member:** a Final Salary Deferred Member and or a CARE Deferred Member being a member who has left Pensionable Service and is entitled to a deferred pension under the Scheme that has not yet come into payment.
- 1.24 Defined Contribution Scheme:** the arrangements referred to in Rule 44.
- 1.25 Dependant:** an individual who, in the Committee's opinion, satisfies the meaning of "dependant" in connection with a Member.
- 1.26 Earnings Cap:** The figure which at any time
- (a) is the top incremental scale of the salary payable to an employee of the Principal Employer with a pay grade of SO6; but
 - (b) for the avoidance of doubt the figure for the Earnings Cap is that which applies from the first of the month of the date when the first payment is made following any increase in the Principal Employer's pay grades;
- provided further:
- (c) if the Principal Employer shall abolish the pay grade of SO6, then the cap in (a) shall be the figure which would most closely reflect the pay of an employee of the Principal Employer of equivalent seniority to that grade with all increments having been awarded.
- 1.27 EEA:** the European Economic Area.
- 1.28 EIERP:** The Employer Initiated Early Retirement Process operated by an Employer.
- 1.29 Electronic Communication:** a means of communicating electronically, including by email to a work or personal email address, telephone texting or messaging, publication on an intranet or website, or through the use of social media networks, and whether individually addressed or sent to a group collectively.
- 1.30 Eligible Employee:** an Employee who is:
- (a) a permanent Employee; or
 - (b) a fixed-term Employee engaged under a contract that is at least 12 months in length; or

- (c) any other Employee who is invited to join the Scheme by the Principal Employer.

1.31 Employee: a person employed by an Employer.

1.32 Employer: the Principal Employer and any Participating Employer.

1.33 Evidence of Financial Dependence: evidence to the reasonable satisfaction of the Committee to be provided at the time that any claim is made by a Qualifying Partner for benefits verifying financial dependency or interdependency and which may include some or all of the following and such other evidence as may be reasonably requested by the Committee:

- (a) that the Member and the Qualifying Partner have lived together in a shared household for not less than two years;
- (b) that there was shared household expenditure;
- (c) that children of the Member and the Qualifying Partner were being jointly brought up;
- (d) that the Member and the Qualifying Partner shared bank accounts, investments and or loans;
- (e) that wills and or life insurance policies have been executed naming the Member and Qualifying Partner as the main beneficiary of the other;
- (f) that mutual powers of attorney have been executed; and
- (g) that the death of the Member has led to substantive increased living expenses for the Qualifying Partner.

1.34 Exceptional Serious Ill Health Circumstances: means that a qualified medical practitioner appointed by the Committee has certified the life expectancy of the Member as being less than one year.

1.35 Final Pensionable Salary: for a Member, means the total amount of Salary paid to him during his last year of Pensionable Service, or where this is greater, the average of the annual Salary paid to him during the highest three consecutive years within the last ten years of his Pensionable Service each of the selected three years Salary being re-valued (before averaging) by reference to any increase prior to 29th February 2016 in RPI and following that date by reference to any increase in RPIX to the retirement date or earlier death of that Member, ignoring any reduction in Salary in any of those selected three years by reason of the operation of any other Rule and provided that if a Member has a period of Part-time Service, this definition is amended as set out in Rule 73.

- 1.36 Final Salary Compulsory Retirement Age:** the dates of compulsory retirement for Final Salary Protected Member as set out in the Final Salary Rules.
- 1.37 Final Salary Deferred Member:** a Deferred Member who has accrued benefits under the Final Salary Rules.
- 1.38 Final Salary Existing Member:** a Member of the Final Salary Scheme who (subject to any other of the Final Salary Rules):
- (a) was a Member in Pensionable Service of the Final Salary Scheme at 31st December 2007 or
 - (b) a person entitled to receive preserved benefits under the Final Salary Rules but who had not commenced to receive them on or before 31st December 2007; or
 - (c) a person who prior to the 31st December 2007 ceased to be a Member of the Final Salary Scheme under Rule 5A of the Original Documents, and either had not commenced to receive preserved pensions and other benefits or was in receipt of a retirement pension and who subsequently re-entered the Scheme by 30th September 2008 or within 5 years and 2 days of the date of their last leaving (whichever was later) provided that this was prior to 1st May 2015 in any event and had relinquished their right to those preserved pensions and other benefits or their retirement pension (as the case may be) and who had elected to be treated as an Existing Member; or
 - (d) a person who joined the Scheme from comparable employment and who enjoyed protected rights under the pension scheme from which they transferred, and who on transferring to the Final Salary Scheme elected to be treated as an Existing Member.
- 1.39 Final Salary New Member:** a Member of the Final Salary Scheme who is not a Final Salary Existing Member.
- 1.40 Final Salary Normal Pension Age:** for a Final Salary Protected Member the Normal Pension Age is ascertained in accordance with Rules 75 – 79 inclusive.
- 1.41 Final Salary Pensioner Member:** a Pensioner Member who accrued benefits under the Final Salary Rules.
- 1.42 Final Salary Protected Member:** an Active Member of the Final Salary Scheme at the Transition Date, who was within 10 years of his Final Salary Normal Pension Age as at the 31st December 2013 and who is entitled to remain as a Final Salary Scheme Member under the Transitional Provisions, is still accruing benefits under the Final Salary Rules and has not elected to join the CARE Scheme.

- 1.43 Final Salary Rules:** the rules providing benefits on a final salary basis contained in the Original Documents but as summarised in and amended by Part 3 and which relate to Final Salary Scheme Members and also to CARE Transition Members (in relation to their Pensionable Service prior to the Transition Date).
- 1.44 Final Salary Scheme:** the States of Guernsey Public Servants Pension Scheme which, immediately prior to the Transition Date, was constituted by the Original Documents as a final salary pension scheme.
- 1.45 FRC Standard:** actuarial guidance published and updated from time to time by the Financial Reporting Council.
- 1.46 FSMA 2000:** Financial Services and Markets Act 2000.
- 1.47 Income Tax Office:** The States of Guernsey Income Tax Office or if the context requires Her Majesty's Revenue and Customs.
- 1.48 Ill-health Condition:** means the approval of the Committee to treat the Active Member as having Partial Incapacity or Total Incapacity (as the case may be),
- (a) after having consulted with the relevant Employer;
 - (b) after having taken medical and other relevant advice as the Committee considers appropriate; and
 - (c) subject to the Committee being able to attach conditions to that approval as they consider appropriate or desirable.
- 1.49 Insolvency Event:** means that the person concerned becomes bankrupt or has a receiving order, administration order or interim order made against him, or shall be en désastre, or who has made any composition or arrangement with or for the benefit of his creditors, or shall purport to do so, or any application shall be made for sequestration of his estate, or he shall have a preliminary vesting order made against any of his real property anywhere in the Bailiwick of Guernsey or shall otherwise be insolvent within the Bailiwick of Guernsey or is the subject of any equivalent event to those in any other jurisdiction, or is otherwise regarded as insolvent, in any other jurisdiction.
- 1.50 Insurance Company:** a company that has permission under Part IV of the FSMA 2000 to effect or carry out contracts of long-term insurance, a friendly society enabled by regulations to conduct approved insurance business, or an EEA company lawfully carrying on long-term insurance business in the UK or Guernsey.
- 1.51 IT(G)L 1975:** The Income Tax (Guernsey) Law 1975 (as amended).

- 1.52 Liability:** any costs, charges, damages, expenses, losses, penalties or taxes which the Committee or any member or officer of that Committee may incur in connection with the Scheme.
- 1.53 Maternity Leave:** an Active Member's absence from Service for maternity leave permitted by an Employer.
- 1.54 Member:** an Active Member, Deferred Member or Pensioner Member.
- 1.55 Member Contribution:** a contribution payable to the Scheme by an Active Member in accordance with these Rules.
- 1.56 Nomination Criteria** means:
- (a) that the Member and the Qualifying Partner are living together in an exclusive committed long-term permanent relationship; and
 - (b) that the Member and the Qualifying Partner are both legally free to marry; and
 - (c) that neither are currently in a registered civil partnership with a third party; and
 - (d) that the nominated partner is a Dependant of the Member or that the Member and the nominated partner are financially dependent on each other; and
 - (e) includes such other nomination criteria as the Committee may from time to time require.
- 1.57 Normal Minimum Pension Age:** In relation to
- (a) CARE New Members (and subject to any other specific provision of these Rules), the date on which a Member attains the age of 55 or the date which is 10 years before his Normal Pension Age whichever is later, or such other date as the Committee may from time to time resolve with the prior authority of the Principal Employer.
 - (b) For CARE Transition Members and Final Salary Protected Members, the Final Salary Normal Pension Age less ten years but subject to a minimum age of 50.
- 1.58 Normal Pension Age:** (subject to any other specific provision of these Rules)
- (a) For a CARE New Member, the date on which a Member is entitled to receive the Basic State Pension on an unreduced basis (as established from

time to time);

- (b) For a CARE Transition Member, the date set out in the Table in Part 6 of these Rules;
- (c) For a CARE New Member who is a member of the Guernsey Police Force, Guernsey Fire and Rescue Service or Guernsey Airport Fire and Rescue Service, and who remains in Pensionable Service until age 55, the higher of age 60 or the date on which the relevant Member is entitled to receive the Basic State Pension on an unreduced basis less 7 years;
- (d) For a CARE Transition Member who is employed by the Guernsey Police Force, Guernsey Fire and Rescue Service or Guernsey Airport Fire and Rescue Service, or employed as a Nurse or Mental Health Officer and who under the Final Salary Scheme immediately prior to the Transition Date have a Normal Pension Age of 60 or below, and who remains in Pensionable Service until age 55, the higher of age 60 or the relevant retirement date for that Member in the Table in Part 6 less 7 years;

or such other date for (a) to (d) as the Committee may from time to time resolve with the prior authority of the States, and for the avoidance of doubt CARE New Members and CARE Transition Members who do not remain in Pensionable Service until the age of 55 fall within the provisions of paragraph (a) or (b) (as the case may be);

- (e) For a Final Salary Protected Member, the Final Salary Normal Pension Age for that Member.

1.59 Ordinary Employer Contribution: a contribution payable to the Scheme by an Employer in relation to the accrual of future Pensionable Service (determined by the date at which it is being assessed).

1.60 Original Documents: the documents that governed the Final Salary Rules as at 29th February 2016 and detailed in Part 5 of these Rules.

1.61 Paid Family Leave: a period of Maternity Leave or Paternity Leave during which an Active Member receives contractual pay or statutory maternity or paternity pay from an Employer.

1.62 Partial Incapacity: physical or mental impairment, which in the Committee's opinion is permanent and prevents a Member from undertaking his employment with an Employer.

1.63 Partial Retirement Member: an Active Member who has chosen to draw his pension in part while remaining in Pensionable Service.

- 1.64 Participating Employer:** the Crown and/or any governmental or statutory body, company, firm or person admitted to participate in the Scheme under Rule 28.
- 1.65 Part-time Service:** a period of employment that an Active Member serves with an Employer which involves less than full-time employment and which is notified to the Committee by an Employer and which complies with the provisions of these Rules.
- 1.66 Paternity Leave:** an Active Member's absence from Service for paternity leave permitted by an Employer.
- 1.67 Pension:** means the pension payable in accordance with the rules of the Scheme, and (unless stated to the contrary in any particular Rule) for CARE Transition Members and Final Salary Protected Members who are Final Salary Existing Members, and CARE New Members, includes the Terminal Grant.
- 1.68 Pensions Consultative Committee:** the Committee comprising of representatives of trade unions, retired Members and the Principal Employer established to act as a liaison group and discharge the functions set out in Rule 16 as reconstituted from time to time.
- 1.69 Pensionable Salary:** the Salary, subject to the Earnings Cap.
- 1.70 Pensionable Service:** the period of Service that an Active Member completes after joining the Scheme during which he accrues benefits in the Scheme, provided that this definition is modified for an Active Member with any period of Part-time Service under Rule 49 and Rule 73 or any period when he is on any leave of absence.
- 1.71 Pensioner Member:** a former Active Member (whether a Final Salary Pensioner Member and or a CARE Pensioner Member) who is being paid a pension under the Scheme.
- 1.72 Police and Fire-fighters Additional Contributions:** in relation to CARE Active Members additional contributions of 2.25% of Salary.
- 1.73 Principal Employer:** The States of Guernsey acting in its capacity as Employer.
- 1.74 PSTC:** means the Public Sector Transfer Club (which includes any successor organisation).
- 1.75 Qualifying Child:** for a Member: a natural or adopted child, or step-child or child *en ventre sa mere* who:
- (a) has not reached age 18; or

- (b) who has reached age 18, and because of physical or mental impairment or was in full time education or for some other reason,

and who was in the Committee's opinion, at the date of the Member's death, a Dependant of the Member but only for as long as they remain a Qualifying Child under these Rules.

- 1.76 Qualifying Partner:** a person who has been nominated in accordance with these rules by a member of the Scheme, and who at the time of any claim satisfies the Nomination Criteria.
- 1.77 Qualifying Recognised Overseas Pension Scheme:** the meaning given in section 150(8) of the FA 2004.
- 1.78 Registered Pension Scheme:** a pension scheme that is recognised by the Income Tax Office as qualifying for tax benefits under the IT(G)L 1975.
- 1.79 Retirement Annuity Trust:** a retirement annuity trust approved by the Income Tax Office.
- 1.80 RPIX:** the Guernsey Retail Prices Index (excluding mortgage payments) published by the States. If the Guernsey Retail Prices Index stops being published or becomes inappropriate in the Committee's opinion, the Committee may rely on any other index or measure of inflation as it considers appropriate.
- 1.81 Rules:** these rules of the Scheme.
- 1.82 Salary:** the annual salary or wages paid to an Active Member by his Employer, excluding payment for overtime, fees, bonuses and any other allowance or sum (except to the amount that the Committee may approve).
- 1.83 Same Sex Spouse:** The person to whom a Member is legally married in accordance with any legislative provision permitting marriage within the United Kingdom or the Bailiwick of Guernsey or Jersey or such other jurisdiction as the Committee may by resolution recognise.
- 1.84 Scheme:** the States of Guernsey (Public Servants)(Pensions and Other Benefits) Pension Scheme as at the date these Rules come into effect or as subsequently amended and which includes the CARE Scheme, the Final Salary Scheme as now constituted, and the Defined Contribution Scheme.
- 1.85 Scheme Assets:** the fund to which the provisions of the Scheme apply, comprising money and other assets received by the Committee in accordance with these Rules, and all income derived from them, including AVCs.
- 1.86 Scheme Year:** a period of 12 months ending on 31st December each year or such

other period as the Committee may determine.

- 1.87 Service:** service with an Employer.
- 1.88 Special Employer Contribution:** a contribution payable to the Scheme by an Employer in accordance with Rule 30.
- 1.89 Spouse:** the person to whom a Member is legally married including
- (a) In the case of a Same Sex Spouse, benefits payable for Pensionable Service completed on or after the 1st January 2008; or
 - (b) in the case of a Member's Civil Partner, benefits payable for Pensionable Service completed on or after 1st January 2008,
 - (c) in relation to a Member who retires and dies at any time on or after 1st January 2008, with Pensionable Service after that date, and includes a Spouse of that Member cohabiting with him at the date of his death and who has, following the death of the Member, remarried;
- 1.90 State Pension Age:** the age at which a person is entitled to receive an unreduced Basic State Pension and the date of its receipt would not be as a result of the exercise of early or other age related options.
- 1.91 Statement of Investment Principles:** the principles adopted by the Committee for investment of Scheme Assets from time to time.
- 1.92 States:** The States of Guernsey acting in its governmental or other capacity and not as Principal Employer.
- 1.93 Teachers' Scheme:** The Teachers' Superannuation Scheme being the superannuation scheme regulated by The Teachers' Superannuation (Guernsey) Regulations, 2001 (the Teachers' Regulations).
- 1.94 Temporary Participating Employer:** an employing entity admitted to participation in the Scheme as a Participating Employer for a temporary period under Rule 28.1.
- 1.95 Terminal Grant:** means the lump sum benefit payable under the CARE Rules or the Final Salary Rules as the case may be.
- 1.96 Total Incapacity:** physical or mental impairment, which in the Committee's opinion is permanent and prevents a Member from undertaking his employment or any similar employment with any employer or only at a substantially lower rate of pay or responsibility.

- 1.97** **Transition Date:** 1st March 2016
- 1.98** **Transitional Provisions:** the provisions contained in Sections 58 – 66 of Part 3.
- 1.99** **UK:** the United Kingdom of Great Britain and Northern Ireland.
- 1.100** **Unpaid Family Leave:** a period of Maternity Leave or Paternity Leave, which is not Paid Family Leave.
- 1.101** Rule and other headings shall not affect the interpretation of these Rules.
- 1.102** A **person** includes a natural person, corporate or unincorporated body (whether or not having separate legal personality) and that person's personal representatives, successors and permitted assigns.
- 1.103** A reference to a **company** shall include any company, corporation or other body corporate, wherever and however incorporated or established.
- 1.104** Unless the context otherwise requires, words in the singular shall include the plural and in the plural shall include the singular.
- 1.105** Unless the context otherwise requires, a reference to one gender shall include a reference to the other genders.
- 1.106** A reference to any party shall include that party's personal representatives, successors and permitted assigns.
- 1.107** A reference to a statute or statutory provision is a reference to it as amended, extended or re-enacted from time to time.
- 1.108** A reference to a statute or statutory provision shall include all subordinate legislation made from time to time.
- 1.109** A reference to **writing** or **written** includes fax and Electronic Communication.
- 1.110** Any obligation on a party not to do something includes an obligation not to allow that thing to be done.
- 1.111** A reference to **these Rules** or to any other document referred to in these Rules is a reference to these Rules as varied from time to time.
- 1.112** References to Rules are to the Rules of this Scheme unless the context otherwise expressly states.
- 1.113** Any words following the terms **including, include, in particular, for example** or any similar expression shall be construed as illustrative and shall not limit the

sense of the words, description, definition, phrase or term preceding those terms.

2. Governing law

These Rules and any dispute or claim arising out of or in connection with them or their subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of Guernsey.

3. Jurisdiction

The courts of Guernsey shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with these Rules or their subject matter or formation (including non-contractual disputes or claims).

4. Amendment of the Scheme

4.1 With effect from the Transition Date, the Scheme must be administered under these Rules.

4.2 The entitlement to and calculation of benefits of any Member who

- (a) ceased to be an Active Member; or
- (b) died before the Transition Date;
- (c) or any person claiming for such Member,

is not affected by the provisions of these Rules except as otherwise provided in these Rules. Nothing in these Rules operates so as to invalidate or affect any act or the exercise of any power, discretion or right before the date of these Rules by the Employers or the Committee or the States in respect of the Scheme.

5. Constitution of the Scheme

The sole purpose of the Scheme is to provide benefits for Beneficiaries. Benefits are provided on the basis set out in these Rules.

6. Amending the Rules

6.1 Subject to Rule 6.3 and Rule 16, the Principal Employer may at its sole discretion amend, alter, rescind or add to any provision of these Rules, including this Rule.

6.2 The Principal Employer undertakes to make any amendments or additions to these Rules that are required by law.

6.3 The Principal Employer must effect any amendment made under Rule 6.1 by a resolution of the States approving written amendments to the Rules.

- 6.4 The Principal Employer must not without a resolution of the States amend these Rules in a manner which would or might:
- (a) change the sole purpose of the Scheme;
 - (b) prejudice the Scheme's status as a Registered Pension Scheme or a Qualifying Recognised Overseas Pension Scheme; or
 - (c) detrimentally affect the subsisting rights of a Member, unless:
 - (i) the Principal Employer has taken steps to ensure that the actuarial value of the Member's benefits must be maintained after the amendment is made and the Actuary has provided a statement of actuarial equivalence; or
 - (ii) the Member whose subsisting rights are affected by the amendment consents to the amendment in writing, or consultation has taken place in accordance with Rule 16.
- 6.5 The power in Rule 6.1 may be exercised at any time, including retrospectively. If the power is exercised retrospectively, the Principal Employer may administer the Scheme, until the States have approved new Rules making retrospective amendments to these Rules, as if the amendments were already effective.

7. Scheme Assets

- 7.1 The Principal Employer holds the Scheme Assets to be applied in accordance with and subject to the provisions of these Rules.
- 7.2 No Member has an interest in any surplus that arises in the Scheme.

8. Tax registration

- 8.1 The Scheme qualifies as a Registered Pension Scheme and as a Qualifying Recognised Overseas Pension Scheme.
- 8.2 The Principal Employer must provide any information to the Income Tax Office that is properly required to satisfy any legal requirement necessary to ensure that contributions are deductible for tax purposes.

9. Equal treatment

To the extent necessary to comply with any anti-discrimination and equality legislation that is now or at any time in the future introduced in Guernsey, these Rules are deemed to include a non-discrimination rule so as to prevent a Member from being treated less favourably than another Member.

10. The Committee

- 10.1 The Committee is responsible for administering the Scheme and for making recommendations to the Principal Employer concerning the benefits and contributions to be payable to, or by, Members and or an Employer, and shall report as may be necessary to the States on the Scheme including making any recommendations on any changes to benefits, contributions, these Rules or any other matter as they shall consider appropriate.
- 10.2 The Committee may delegate all or any of their responsibilities to a sub-committee, and may amend or revoke in whole or in part that delegation at any time. The provisions of these Rules apply equally to the sub-committee to the extent that they are exercising functions and responsibilities on behalf of the Committee.
- 10.3 If the Committee wishes to increase the benefits but not contributions under the Scheme, (whether they are payable at that time or are payable in the future to a Deferred Member), any resolution of the Committee to that effect shall be valid and effective as if it had been passed by the States. A resolution of the Committee under this sub-Rule shall be forwarded to the President of the Policy & Resources Committee as soon as practicable for publication in a Billet d'État at the next opportunity.
- 10.4 The Principal Employer may at any time transfer the functions under these Rules from the Committee to another designated committee, sub-committee or body.

11. Committee: decisions, exercise of discretions and confidentiality

- 11.1 The Committee may exercise any discretion conferred on it by these Rules absolutely and as it considers appropriate, provided that the Committee must not take any step to prejudice the Scheme's status as a Registered Pension Scheme and a Qualifying Recognised Overseas Pension Scheme or the eligibility of Members to claim tax benefits against their contributions. In exercising its discretion about whether any benefit should be paid to any person under the Scheme, the Committee is not required to consider the claim of any person except a Beneficiary (or a potential or contingent Beneficiary) whose existence has been expressly notified to the Committee or whom the Committee can identify by making reasonable enquiries.
- 11.2 Subject to Rule 6, the Committee may ratify, alter or revoke any decision taken by it about the Scheme (including any exercise of discretion and any administrative act or omission) if it considers that doing so would not have a materially detrimental effect on the Scheme (including on the benefits paid to a Member), provided that if the consent of the States was required to a decision or act, that consent must be obtained to any ratification, alteration or revocation of the Committee's initial decision.

- 11.3 If the Committee is required to obtain the consent of an Employer to a decision or exercise of discretion, it is entitled to treat written instructions received from a director or senior authorised officer of the Employer as confirmation of that Employer's consent.
- 11.4 In administering the Scheme, the Committee may decide any matter of doubt arising under these Rules about an issue of fact or law. In considering any issue of fact, the Committee may act on the basis of such evidence it considers appropriate, provided that it may accept any information about a Beneficiary supplied by an Employer as conclusive evidence without further enquiry (except in cases of manifest error).
- 11.5 If any time limit for taking any step is specified by these Rules, the Committee may waive or vary that time limit as it considers appropriate, except in the case of any time limit prescribed by law.
- 11.6 If a member or officer of the Committee holds information which they are under a duty to an Employer to keep confidential (either under the general law or by agreement) (**Confidential Information**), then that member or officer of the Committee is entitled to refuse to disclose the Confidential Information to any person (including another member of the Committee), provided that as soon as reasonably practicable after first receiving the Confidential Information (or ascertaining that the Confidential Information may be relevant to the Scheme) the member or officer of the Committee notifies the Committee in writing that he is subject to a conflict of duty and indicates whether or not it is appropriate that he participates in any future discussion about that matter.
- 11.7 Nothing in this Rule imposes any more onerous duty of confidentiality on a member or officer of the Committee than he would be subject to under the general law.

12. Committee: administration and delegation powers

- 12.1 The duties to administer and manage the Scheme are vested in the Committee. The Committee must establish and operate internal controls in accordance with accepted standards of corporate governance adopted by the States of Guernsey including Rules relating to the Constitution and Operation of States Departments and Committees, Code of Conduct for States Members and Code of Conduct for Civil Servants (as relevant). In discharging its powers, the Committee may make such regulations or rules relating to the administration and management of the Scheme as it considers appropriate, including the power to constitute one or more sub-committees on such terms as the Committee considers appropriate, provided that such regulations or rules do not conflict with these Rules or the corporate governance requirements referred to in this Rule.
- 12.2 Subject to Rule 17 of these Rules, the Committee may, on such terms as it considers appropriate:

- (a) delegate any of its powers, duties or discretions to any person, for such purpose and for such duration as the Committee considers appropriate;
 - (b) authorise any person to provide receipts or discharges; and
 - (c) engage any person to assist in administering the Scheme.
- 12.3 A delegate, agent or consultant appointed by the Committee under Rule 12.2 may receive such remuneration as the Committee considers appropriate, payable as an expense of the Scheme under Rule 32.
- 12.4 The Committee is not obliged to disclose any documents, information or records relating to the Scheme (in whole or in part) unless ordered to do so by a court or a tribunal of competent jurisdiction. But this duty does not affect the Committee's obligation to disclose such information, make such statements and provide (or make available) copies of such documents to Beneficiaries, the States, Employers or others as may be reasonably required by the rules of good corporate governance to which the Committee is subject or pursuant to any relevant legal requirement.
- 12.5 Any notice that the Committee is required to provide to a Beneficiary under these Rules is deemed to have been properly provided if the Committee has sent the notice in writing to the Beneficiary's address most recently known to the Committee or (in the case of an Active Member) to the address of the Member's usual place of employment.
- 12.6 Any notice of a matter that these Rules requires to be given to the Committee must be given in such form and manner required by the Committee, with such supporting evidence (if any) as the Committee may stipulate.
- 12.7 The Committee may publish announcements or provide information about the Scheme to a Beneficiary in such written form as it considers appropriate. Information disclosed to a Beneficiary may be given by means of Electronic Communication, provided that before disclosing any information by means of Electronic Communication to a Beneficiary, the Committee must inform the Beneficiary in a non-electronic written form that it proposes to communicate with him in future by means of Electronic Communication, and that the Beneficiary is entitled to notify the Committee in writing that he does not want to receive such information by this means. If a Beneficiary notifies the Committee accordingly, the Committee must continue disclosing information to him in a suitable non-electronic written form.

13. Litigation and disputes

- 13.1 The Committee may take any step that it considers necessary to maintain the Scheme Assets or the rights of Beneficiaries, consistent with the purposes of the Scheme and provided that the Committee is not obliged to start, continue or defend any legal proceedings concerning the Scheme. Without prejudice to the generality of this power, such steps may include:

- (a) starting, continuing, defending, settling or compromising legal proceedings about any dispute of fact or law in connection with the Scheme or any Beneficiary's rights under it (whether in court or before a tribunal and including submitting any matter to arbitration, mediation or any other form of alternative dispute resolution); and
- (b) guaranteeing the payment of any sum or the performance of any obligation or indemnifying any person against any liability, loss or expense.

13.2 The Committee may put in place arrangements for the resolution of disputes about matters relating to the Scheme including alternative dispute resolution procedures including mediation and or expert determination. Any agreement or determinations under these arrangements are final and binding on all persons including Members even if they have not been party to those arrangements.

14. Accounts and records

14.1 The Committee must ensure that at all times it complies with the record-keeping requirements as required by the Principal Employer. Without prejudice to these requirements, the Committee must keep and maintain in written form the following:

- (a) accounts for the Scheme, including records of all expenditure from the Scheme during a Scheme Year (both the payment of benefits to Beneficiaries and otherwise). The accounts must be submitted each year to the Auditor appointed in accordance with Rule 17.2;
- (b) records of meetings of the Committee, including any decisions taken at such meetings. Any minute of a meeting of the Committee that has been signed by the President or chairman is conclusive evidence of the decisions taken at that meeting;
- (c) records of the Scheme's membership, including the dates on which Members joined the Scheme, left Pensionable Service and reached Normal Pension Age (as appropriate);
- (d) records of the Member Contributions and AVCs paid to the Scheme;
- (e) records of any complaints made by Members or disputes with Members, including details of the resolution of those complaints or disputes; and
- (f) records of the identity of the Participating Employers, the amounts of Ordinary Employer Contributions and Special Employer Contributions paid in accordance with Rule 30 and any other amounts received by the Scheme.

14.2 If the Committee keeps any records required by Rule 14.1 in electronic form, it may destroy any corresponding paper records, which have been kept and which are also in electronic form, after a period of six months.

14.3 The Committee must obtain audited accounts for a Scheme Year as soon as reasonably practicable after the end of that Scheme Year and in any event no later

than is necessary to present those accounts to the States (together with the other accounts of the States).

15. Dealings with the Committee

- 15.1 A person dealing in good faith with the Committee need not question or investigate:
- (a) whether the Committee can or should properly exercise a purported power or discretion;
 - (b) the authority of the Committee to transfer money or assets to him; or
 - (c) how the Committee applies money or assets paid by him to the Committee.
- 15.2 A person dealing in good faith with any person appointed, delegated or authorised by the Committee under Rule 12.2 may assume and act on the assumption that the person has been properly appointed, delegated or authorised by the Committee unless he has received notice in writing from the Committee that its authority has been revoked.
- 15.3 A receipt signed by any member or officer of the Committee is a complete discharge to any person dealing in good faith with the Committee.
- 15.4 Any dealing by a person acting in good faith with the Committee (or a person appointed, delegated or authorised by the Committee) referred to in this Rule is deemed to be valid and has full effect.

16. Consultation with the Pensions Consultative Committee

- 16.1 The Committee shall consult with the Pensions Consultative Committee on any decision that relates to:
- (a) increase in Contributions to be paid by Members including under Rule 30;
 - (b) alterations to benefits payable under the Scheme;
 - (c) any proposed amendments to the Rules; and
 - (d) such other matters of general relevance to Members (other than specific cases) as the Committee and the Pensions Consultative Committee shall agree.
- 16.2 The Committee shall in good faith take into account representations made to them by the Pensions Consultative Committee subject nevertheless to the Committee's overriding duty to the States and the Scheme.
- 16.3 The Pensions Consultative Committee shall be constituted as agreed by the Principal Employer from time to time with equal numbers of representatives nominated by the Committee and members nominated by the Association of States Employees'

Organisations and one additional Member nominated by the Retired States Employees' Association.

17. Appointing professional advisers

- 17.1 The Committee must appoint in writing from time to time on such terms as it considers appropriate an Actuary. The Actuary must:
- (a) be a Fellow of the Institute and Faculty of Actuaries;
 - (b) not be prohibited from acting as Actuary by section 27 of the Pensions Act 1995 (as if that Act applied in Guernsey); and
 - (c) provide valuations and reports in accordance with Rule 18.
- 17.2 The Committee must appoint in writing from time to time on such terms as it considers appropriate an Auditor. The Auditor must:
- (a) be an individual or firm qualified to act as statutory auditor of a private company under section 260 of the C(G)L 2008;
 - (b) not be prohibited from acting as Auditor by section 27 of the Pensions Act 1995 (as if that Act applied in Guernsey); and
 - (c) audit the Scheme's accounts in accordance with Rule 14.3.
- 17.3 The Auditor may be the same auditor appointed by the States to audit the States financial statements.
- 17.4 The Committee must appoint in writing from time to time one or more investment managers for the Scheme Assets to whom the Committee may delegate its investment powers in connection with the Scheme Assets. An investment manager appointed under this Rule must be authorised under any relevant financial services legislation including FSMA 2000 and must manage the investment of the Scheme Assets in accordance with Rule 20.
- 17.5 The Committee may from time to time appoint in writing any medical practitioner, financial adviser or other professional whom the Committee considers competent to give advice on such terms as it considers appropriate for the purposes of advising the Committee in the administration of the Scheme.
- 17.6 The Committee may remove any professional adviser appointed under this Rule by giving them notice in writing.
- 17.7 Subject to Rule 25, the Committee may in good faith rely and act on the advice or opinion of any professional adviser duly appointed under this Rule and is not liable for any loss to the Scheme arising from such reliance.
- 17.8 The costs and expenses incurred in engaging any adviser under this Rule may be paid as an expense of the Scheme in accordance with Rule 32.

18. Actuarial valuations

The Committee must commission from the Actuary such valuations and reports as it considers appropriate. Valuations must be commissioned on the basis that the effective date of each valuation is not more than:

- (a) one year after the effective date of the previous valuation; or
- (b) three years after the effective date of the previous valuation if the Committee has obtained a report from the Actuary in each of the intervening years.

19. Personal interests of a Committee officer

- 19.1 A Committee officer who is also a Beneficiary may retain any benefits to which he is entitled under the Scheme and is not obliged to account for any such benefits.
- 19.2 A Committee officer who is also a Beneficiary or has any other direct or indirect personal interest in any decision to be made or power or discretion to be exercised by the Committee must disclose his personal interest in the Scheme at the start of each meeting of the Committee.
- 19.3 No decision of a Committee officer or the exercise of any power or discretion under the Scheme by a Committee officer is invalidated on the basis that the Committee officer is also a Beneficiary or has any other direct or indirect personal interest in the outcome.

20. Committee's investment powers

- 20.1 Subject to Rule 20.2 and Rule 20.3, the Committee may invest the Scheme Assets as if it were absolutely and beneficially entitled to them. The Committee may invest or apply the Scheme Assets in any manner, whether or not involving liability or producing income, and whether or not authorised by law as an appropriate investment of trust assets.
- 20.2 Without prejudice to Rule 20.1, the Committee may invest or apply all or any part of the Scheme Assets in the following:
 - (a) deposit accounts with a bank, Insurance Company, building society, finance company or local authority;
 - (b) policies or contracts effected with an Insurance Company, including policies covering risk of loss or damage to any Scheme Assets;
 - (c) stocks, shares, debentures, bearer securities, commodities or other investments;
 - (d) units in unit trusts, exempt or mutual funds, other collective investment schemes or partnership shares;
 - (e) foreign currencies at any rate of exchange and for present or forward settlement;

- (f) futures, traded options, swaps, contracts for differences or other financial instruments, including derivatives;
- (g) any interest in land or other real or personal property, including improving or developing any interest;
- (h) loans to any persons on such terms as the Committee thinks fit, whether secured or unsecured;
- (i) works of art and terminable, reversionary or wasting assets, whether income producing or not;
- (j) patents, trademarks or copyrights or any other form of intellectual property;
- (k) stock-lending arrangements for the sale and repurchase of any Scheme Assets, whether overnight or for any other period of time; or
- (l) underwriting or sub-underwriting any investment (whether alone or on a joint basis and whether on issue or sale)
- (m) such other class of investment as may be approved by the Committee from time to time.

20.3 In exercising its powers of investment for the Scheme Assets, the Committee:

- (a) may take any further steps necessary to discharge any of the powers set out in Rule 20.2;
- (b) must not carry on a trading activity;
- (c) must not make any loan to a Member or Beneficiary which is unsecured or secured against his interest in the Scheme, or guarantee the repayment of all or part of a loan made to a Member or Beneficiary.

20.4 The Committee must maintain and, from time to time, review and revise the written Statement of Investment Principles relating to the Scheme Assets, provided that:

- (a) nothing in the Statement of Investment Principles requires the Committee to obtain the consent of the Principal Employer before it exercises any investment powers; and
- (b) in reviewing or revising the Statement of Investment Principles, the Committee must from time to time obtain the consent of any designated committee or other part of the States who has been delegated to manage, implement, review or revise the Statement of Investment Principles.

20.5 The Committee may borrow any sum in any currency in the exercise of any of its powers under the Scheme. In exercising this power, the Committee may,

- (a) secure performance of any obligation on such terms as it considers appropriate; and
- (b) charge any sum borrowed.

- 20.6 The Committee may from time to time maintain a reserve fund in cash with any bank or institution deemed appropriate. In maintaining the reserve fund, the Committee must have regard to the likely demands on the income of the Scheme from time to time.
- 20.7 The Committee may accept donations or bequests from any person or company to be applied for the purposes of the Scheme.
- 20.8 In exercising its powers in this Rule, the Committee may give any guarantee, warranty or undertaking as it considers necessary in entering into a transaction with another party.

21. Delegation of investment powers and administration of investments

- 21.1 The Committee are not obliged to open and operate any separate bank account, and may operate through any bank account of the States, but the States may do so on such terms as it considers appropriate and shall be entitled to delegate the operation of the bank account to the Committee or any designated committee or other part of the States.
- 21.2 The Committee may appoint on such terms as it considers appropriate any:
 - (a) custodian, to hold documents of title of any of the Scheme Assets in safe custody (whether within or outside Guernsey);
 - (b) nominee, in whose name any investment of the Scheme Assets may be made, and to whom the Committee may delegate any of its relevant powers and discretions.
- 21.3 In appointing a custodian or nominee under this Rule, the Committee may enter into an agreement on commercial terms (including about remuneration, sub-delegation and the appointment of sub-nominees or agents).
- 21.4 The Committee must take all such steps as are reasonable to satisfy itself that an investment manager appointed under Rule 17.4:
 - (a) has the appropriate knowledge and experience for managing the investments of the Scheme; and
 - (b) is carrying out his work competently.
- 21.5 If the Committee appoints a nominee under Rule 21.2, the Committee may allow the nominee to pass any documents of title relating to the Scheme Assets to a custodian of the nominee's choosing.
- 21.6 Any documents of title held by a custodian appointed by the Committee or the Committee's nominee must be held to the order of the Committee (or the nominee as the case may be) and the Committee is not responsible if they are lost or destroyed.

- 21.7 The Committee may remove any custodian, nominee or investment manager it has appointed by giving such notice in writing as it may from time to time decide.

22. Payment of benefits: general provisions

- 22.1 The Committee may make such arrangement as it considers appropriate for the payment of benefits under the Scheme.
- 22.2 A pension payable to a Beneficiary under the Scheme is (subject to any other Rule) payable for the remaining lifetime of the Beneficiary and paid in equal weekly or monthly instalments in arrears on such date as the Committee may determine, provided that:
- (a) if the first regular payment date falls after the date the pension comes into payment under these Rules, the Committee may vary the amount of the first instalment to take into account the additional period of entitlement;
 - (b) a pension is ordinarily payable in pounds sterling and if for any reason a pension is payable in any other currency, the Committee may convert the pension into the other currency at a rate of its choosing and the Beneficiary concerned must pay the cost of such conversion;
 - (c) the Committee must notify a Beneficiary in advance of the date his pension is due to start and of any changes to the regular payment date; and
 - (d) if the Committee considers that the amount of the pension payable is insufficiently large to justify its payment in equal weekly or monthly instalments, it may pay the pension at such other intervals as it considers appropriate (which must be no less often than annually).
- 22.3 Before starting to pay a benefit due under the Scheme to a Beneficiary, (or at any other time) the Committee may write to the Beneficiary at his last known address asking him to:
- (a) confirm his existence. If the Committee receives no response from the Beneficiary within such reasonable period as it may specify, it may assume he is no longer alive and is not required to take any further steps to trace the Beneficiary; and
 - (b) provide such other information or evidence as it considers appropriate, including such written consent as is necessary to enable the Committee to comply with the requirements about the processing of personal data and sensitive personal data contained in the Data Protection (Bailiwick of Guernsey) Law 2001.
- 22.4 In calculating benefits due to a Beneficiary, the Committee may round instalments to avoid fractional payments.
- 22.5 A benefit due to a Beneficiary under the Scheme may not be put into payment if more than six years have passed from the date on which the Beneficiary became

entitled to receive the benefit and the Beneficiary has not claimed the benefit. But the Committee may allow arrears of such unpaid benefits to be paid if it considers appropriate.

- 22.6 If the Committee ascertains that it has relied on incorrect information in determining the amount of a benefit payable to a Beneficiary under the Scheme (including information about the Beneficiary's age, marital status or state of health and whether that information was supplied inadvertently or deliberately and including a failure to disclose material information or correct inaccurate records held by the Committee), the Committee may amend the benefit and instead pay the benefit calculated on the basis of correct information. If a Beneficiary has received an overpayment of benefits as a result, the Committee may reduce future instalments of any pension due to the extent necessary to recover the overpayment.
- 22.7 If a Beneficiary is a minor or is suffering from any mental or physical incapacity which in the opinion of the Committee renders him incapable of managing his affairs, the Committee may:
- (a) pay or apply to any person for the Beneficiary's maintenance or on his behalf any benefit to which the Beneficiary is entitled under the Scheme, including any Dependant, guardian or the trustees of any irrevocable trust or settlement established for his benefit; or
 - (b) make any election or deem as given any notice required under these Rules on behalf of the Beneficiary concerned.
- 22.8 For the purposes of Rule 22.7, the Committee may accept as conclusive evidence of a Beneficiary's state of health the opinion of a qualified medical practitioner.
- 22.9 If a Beneficiary is imprisoned or detained in legal custody while his pension under the Scheme is being paid, the Committee may pay the pension to a Dependant of the Beneficiary instead for the duration of the Beneficiary's imprisonment or detention.
- 22.10 Subject to Rule 23, the Committee may deduct from any benefit due to a Beneficiary an amount corresponding to any tax that it is liable to pay or account for to the Income Tax Office or any other tax authority.
- 22.11 The Committee may exercise the power contained in Rule 22.10 in circumstances where it is jointly liable with any other person to pay tax.
- 22.12 No interest shall accrue on any amount payable under these Rules that is paid after its due date unless otherwise specified in these Rules or the Committee and the Principal Employer decide to pay interest.

23. Prohibition on assignment and forfeiture of benefits

- 23.1 Subject to Rule 23.2, a benefit or prospective benefit under the Scheme is forfeited and no longer payable if:
- (a) a person entitled to the benefit assigns or charges the benefit (or tries to do so); or
 - (b) an event occurs by which all or part of the benefit or prospective benefit would become payable to some other person, were it not for this Rule.
- 23.2 If a benefit or prospective benefit is forfeited under Rule 23.1, the Committee may apply some or all of the benefit or prospective benefit otherwise due to support and maintain the Beneficiary or any Dependant, but the Committee must make no payment in favour of an assignee or chargee (or purported assignee or chargee).

24. Reducing benefits because of a charge, lien or set-off

- 24.1 The Committee may impose a charge, lien or set-off on a Member's benefits (whether or not already in payment) if the Member is liable to pay a sum to his Employer or the Scheme for whatever reason including as a result of a criminal, fraudulent or negligent act or omission by him.
- 24.2 If a charge, lien or set-off has been imposed under Rule 24.1, the Committee may reduce the Member's benefits by an amount which the Actuary advises is equal to the debt owed to the Scheme or the Employer on the date the debt arose. If the debt exceeds the value of the Member's benefits, the benefits must be stopped. In deciding the reduction to make, the Committee may take into account the value of any benefits payable on the Member's death, but the Committee must not reduce the following benefits:
- (a) benefits payable following a transfer payment to the Scheme;
 - (b) benefits payable to a Spouse, Qualifying Partner or Qualifying Child.
- 24.3 The Committee must certify to the Member in writing the amount of the debt due to the Scheme or the Employer and the amount by which his benefits have been or will be reduced.
- 24.4 If the Member disputes the charge, lien or set-off, the Committee must not reduce his benefits until the debt due to the Scheme or the Employer has become enforceable under a court order or under any other dispute resolution procedure.
- 24.5 An Employer may deduct from its Ordinary Employer Contributions payable under Rule 30 an amount equal to the debt owed by the Member to the Employer or, if less, the value of the Member's benefits as determined by the Actuary.

25. Committee liability: limitations

- 25.1 The Committee is not liable for any liability arising from:
- (a) any fall in the market value of the Scheme Assets from time to time;
 - (b) any failure by a Member to receive his benefits due under the Scheme if this failure is attributable to the method by which benefits are paid;
 - (c) the payment of any benefits due under the Scheme to the wrong person;
 - (d) any failure to recover overpayments of pension instalments made to a Member after the Member has stopped being entitled to receive a pension; or
 - (e) any failure to ensure the safety of any documents of title deposited by the Committee with a custodian or otherwise;
 - (f) any act or omission of a nominee, agent or person to whom the Committee has delegated any of its powers under Rule 12.2; or
 - (g) any personal liability of a Committee member that is exempted under Rule 26 or for which the Committee is granted relief by the court.
- 25.2 The Committee is not obliged to take any steps to recover any loss arising as a result of any of the acts or omissions referred to in Rule 25.1.

26. Committee liability: exemption and indemnity

- 26.1 A Committee officer is not personally liable arising from any breach of duty or trust under the Scheme unless the breach is caused by:
- (a) his fraudulent or dishonest conduct; or
 - (b) his wilful neglect or default.
- 26.2 The Principal Employer is liable to indemnify a Committee officer for any liability he incurs, provided that this indemnity does not apply:
- (a) to any liability for which a Committee officer is personally liable under Rule 26.1(a) or Rule 26.1(b); or
 - (b) to the extent that there is insurance available to a Committee officer under a policy of insurance taken out by the States (in whatever capacity).

27. Principal Employer: covenants and replacement

- 27.1 The Principal Employer covenants to observe and perform the provisions of these Rules insofar as they relate to it.
- 27.2 No provision of these Rules may be construed as imposing on an Employer a contractual obligation to restrict the right of an Employer to terminate an Employee's service. Nor may any provision of these Rules be used to increase

damages or compensation sought by an Employee in any action, counter-claim or proceedings brought by an Employee against an Employer about the termination of his employment.

- 27.3 Subject to Rule 11, the Principal Employer may ratify, alter or revoke any decision taken by it concerning the Scheme (including any exercise of discretion and any administrative act or omission) if it considers that doing so would not have a materially detrimental effect on the Scheme (including on the benefits paid to a Member), provided that if the Committee's consent to a decision or act was required, the Committee's consent must be obtained to any ratification, alteration or revocation of the Principal Employer's initial decision.

28. Participating Employers: admission to the Scheme

- 28.1 Subject to Rule 28.2 at the direction of the Principal Employer the Committee must admit any Participating Employer, including as a Temporary Participating Employer, provided this does not prejudice the Scheme's status as a Registered Pension Scheme or Qualifying Recognised Overseas Pension Scheme. A new Participating Employer must execute a participation agreement with the Principal Employer and the Committee in a form stipulated by the Principal Employer and must covenant with the Committee that it will discharge the duties and obligations imposed on it as a Participating Employer under these Rules.
- 28.2 A Participating Employer may be admitted under Rule 28.1 on special terms determined by the Principal Employer, in connection with the calculation of Member Contributions, provided these do not prejudice the status of the Scheme as a Registered Pension Scheme or Qualifying Recognised Overseas Pension Scheme.
- 28.3 A Participating Employer must take all steps required by the Committee that are necessary for the running of the Scheme, including providing to the Committee any information it reasonably requests for use in running the Scheme.
- 28.4 A Participating Employer must pay contributions to the Scheme in accordance with Rule 30.
- 28.5 The Committee or Principal Employer may terminate the participation in the Scheme of any Participating Employer by giving notice in writing if either considers the Participating Employer to be in breach of any of its obligations under the Scheme (including but not limited to a failure to pay contributions due under the Scheme), provided the Participating Employer has first been given notice in writing requiring any breach to be remedied within 30 days (or such longer period as the Committee or Principal Employer may allow) and such notice has expired without the breach being remedied.

29. Actuarial Deficit or Surplus

- 29.1 If a valuation or report of the Actuary under Rule 18 identifies that the value of the Scheme Assets is less than the Scheme's liabilities, the Committee should consider such steps acting on the advice of the Actuary as to how the deficit may be remedied. Without limitation, these steps may include:
- (a) requiring the Employers to pay Special Employer Contributions in accordance with Rule 30;
 - (b) entering into alternative arrangements with the Principal Employer that provide for the deficit to be eliminated over such period as may be agreed with the Principal Employer or provides for an informal guarantee, letter of comfort or indemnity in relation to securing the deficit; and
 - (c) Subject to Rule 30, amending these Rules in accordance with Rule 6.
- 29.2 If a valuation or report of the Actuary identifies that the value of the Scheme Assets exceeds the Scheme's liabilities, the Committee may consider such steps as it considers appropriate acting on the advice of the Actuary to apply the surplus. Without limitation, these steps may include:
- (a) retaining the surplus in the Scheme to cover future liabilities;
 - (b) reducing Ordinary Employer Contributions or Member Contributions for such period as the Actuary considers appropriate;
 - (c) improving the benefits granted to Members or granting additional benefits to Members; or
 - (d) allocating the surplus for the benefit of Beneficiaries or the Employers in such other manner as may be permitted by law.

30. Participating Employers: paying contributions, Cost Cap and Cost Floor

- 30.1 An Employer must pay to the Committee Ordinary Employer Contributions at the rate as the Committee may from time to time by resolution decide having obtained the advice of the Actuary.
- 30.2 The Ordinary Employer Contributions payable by the Principal Employer and determined by the Committee in a year of assessment to this Scheme must not exceed
- (a) in the case of CARE New Members 14%; and
 - (b) in the case of CARE Transition Members and Final Salary Protected Members 14.5%,

of the Member's Pensionable Salary for that year of Service (**the Cost Cap**). The actual contribution shall be that made in accordance with the provisions of this Rule 30.

- 30.3 The Employer's contribution paid on Salary in excess of the Earnings Cap is at the rate of 12% of that excess Salary. Such contribution is paid to the Defined Contribution Scheme and notionally credited to the Member's DC Account.
- 30.4 The Ordinary Employer Contributions payable by the Principal Employer will be reviewed and compared with the Cost Cap every three years to coincide with the Actuarial Valuations carried out under Rule 18, the first review to be with effect from the valuation due on 31st December 2019.
- 30.5 At each review, if the cost of the Scheme would result in the Ordinary Employer Contributions rate payable by the Principal Employer exceeding the Cost Cap, negotiations will take place through the Pensions Consultative Committee to either reduce the future accrual rates for Pensions or to increase Member Contributions or both to bring the Ordinary Employer Contributions to the Cost Cap. The default position, in the absence of agreement, will be a reduction in the future accrual rates. The Ordinary Employer Contribution rate for the purposes of comparison with the Cost Cap in Rule 30.4 (and the Cost Floor in Rule 30.8) will only include:
- (i) the Future Service Contribution Rate less Member Contributions; and
 - (ii) any past service costs or savings in relation to the Scheme in relation to Pensionable Service from the Transition Date relating to improving or reducing longevity of Active Members.

The **Future Service Contribution Rate** means the rate to be paid in respect of the cost of future Service accrual.

- 30.6 The calculation of Ordinary Employer Contributions for comparison with the Cost Cap in Rule 30.4 (and the Cost Floor in Rule 30.8) will identify any change in Members' costs which relate to the profile and options of Members including changes in life expectancy, changes to the age profile of the membership, changes to the way Members select options, changes to the dependency details and the incidence of leavers and retirements.
- 30.7 For the avoidance of doubt those elements of the change in the calculation of Ordinary Employer Contributions for comparison with the Cost Cap in Rule 30.4 (and the Cost Floor in Rule 30.8) which are Employer's costs, being those decisions and assumptions that must be made to carry out a valuation and are financial and technical in nature, including changes to the discount rate (which may be driven by a change in investment strategy), actuarial methodology for calculating Scheme costs and changes in the price inflation assumption, shall be the responsibility of the Employer.
- 30.8 If following a valuation the Principal Employer Ordinary Employer Contributions are (in the case of CARE Transition Members) below 10.5% of the Member's Pensionable Salary and (in the case of CARE New Members) below the Member Contributions

(the **Cost Floor**), negotiations will take place as described in Rule 30.5 as to whether the Members' Contributions will be reduced or the accrual rate increased (or both) to bring the Principal Employer's Ordinary Employer Contributions to the Cost Floor. If there is no agreement as to whether to reduce Members' Contributions or increase the accrual rate the default position is to increase the accrual rate.

- 30.9 The Employer shall bear the investment risk, and if a shortfall arises by reason of a failure to achieve the targeted investment returns or for another reason arising from the Employer's costs, then the total contributions paid by the Principal Employer may be increased above the Cost Cap to meet the costs arising from the Employer's costs. Equally, if higher than targeted returns are achieved from the investment risk, the total Employer contributions may be decreased below the Cost Floor to reflect the surplus arising from the increased returns or other reason arising from the Employer's costs.
- 30.10 An Employer must pay to the Committee such Special Employer Contributions as are required by the Committee and approved by the States by resolution from time to time, having obtained the advice of the Actuary, to reduce or eliminate any deficit in the Scheme identified by the Actuary in a valuation or report under Rule 18.
- 30.11 Any Special Employer Contributions payable by an Employer may be paid in such instalments and over such period agreed by the Committee, having obtained the advice of the Actuary.
- 30.12 An Employer must pay to the Committee any amounts for which it is liable in accordance with this Rule 30.
- 30.13 A Participating Employer may suspend or terminate its further liability to pay Ordinary Employer Contributions (but not Special Employer Contributions) to the Scheme by giving at least 30 days' notice in writing to the Committee, having first obtained the consent of the Principal Employer. If the Committee receives such notice, it may suspend or reduce the accrual of further benefits and the payment of death in Service benefits to Members and their Dependants for the duration of the suspension.
- 30.14 An Employer must pay to the Committee an amount equal to the Member Contributions paid by Active Members in its employment.
- 30.15 The Committee must prepare, and from time to time review and if necessary revise, a schedule of contributions and all contributions payable by an Employer under this Rule are payable in accordance with it.
- 30.16 If an Employer pays Ordinary Employer Contributions or Special Employer Contributions to the Scheme in error, the Committee may return them subject to any requirements of the Income Tax Office.

31. Participating Employers: consequences of stopping participation

- 31.1 A Participating Employer stops participating in the Scheme if any of the following events take place
- (a) a Participating Employer gives notice in writing to the Committee under Rule 30.13 terminating its liability to pay Ordinary Employer Contributions (but that notice can only be accepted on the basis that it cannot terminate its liability to pay Special Employer Contributions) to the Scheme (and such notice expires without being withdrawn or cancelled);
 - (b) the Committee or Principal Employer gives notice in writing to a Participating Employer that it has terminated the Participating Employer's participation in the Scheme under Rule 28.5 (and such notice expires without being withdrawn or cancelled);
 - (c) the period of participation of a Temporary Participating Employer expires;
 - (d) the Participating Employer shall in the opinion of the Committee have become subject to an Insolvency Event, or shall cease to carry on its activities or indicates that it proposes to do so, or the Committee otherwise considers that it is expedient to terminate the Participating Employers participation in the Scheme; or
 - (e) the Committee considers that the continued participation of a Participating Employer would prejudice the Scheme's status as a Registered Pension Scheme or a Qualifying Recognised Overseas Pension Scheme.
- 31.2 In cases of doubt, the Committee may decide the date on which a Participating Employer stopped participating in the Scheme following any of the events set out in Rule 31.1. Unless his Service transfers to another Employer, an Active Member must be treated as leaving Pensionable Service on the date of the cessation.
- 31.3 If a Participating Employer stops participating in the Scheme for any of the reasons set out in Rule 31.1, the Committee must calculate on the advice of the Actuary the proportion of the Scheme Assets attributable to the Members employed or formerly employed by that Employer (**Bulk Transfer Amount**). The Bulk Transfer Amount must reflect such proportion of the costs and expenses relating to that Employer's cessation of participation as the Committee considers reasonable on the advice of the Actuary.
- 31.4 After ascertaining the Bulk Transfer Amount under Rule 31.3, the Committee may:
- (a) pay the Bulk Transfer Amount to another Registered Pension Scheme, subject to the requirements of these Rules;
 - (b) keep the Bulk Transfer Amount within the Scheme and transfer the Pensionable Service of any or all Members concerned to another Employer.

- (c) keep the Bulk Transfer Amount within the Scheme and the Participating Employer remains liable for Special Employer Contributions under Rule 30.10

31.5 Any Member whose benefits are not transferred under this Rule is entitled to preserved benefits in the Scheme under Rule 46 and Rule 71 or Rule 81.

32. Expenses

32.1 The Committee is entitled to an indemnity from the Scheme Assets for all costs, charges and expenses incurred by it in connection with the administration of the Scheme.

32.2 The Employers must reimburse the Scheme for all amounts for which the Committee is indemnified from Scheme Assets, the apportionment between the Employers to be made as the Committee considers appropriate.

33. Transfers out of the Scheme

33.1 A Deferred Member may request the Committee to transfer the Cash Equivalent of his accrued benefits to another pension scheme permitted to receive the funds under the IT(G)L 1975 in each case approved by the Committee. (**Receiving Scheme**).

33.2 If approved under Rule 33.1, the Committee must pay a Cash Equivalent for the Deferred Member to the trustee or managers of the Receiving Scheme. Except in the case of a transfer under the PSTC the Committee must decide the amount to be transferred after obtaining the advice of the Actuary, provided that this amount is at least equal to the value of the benefits that would otherwise have been provided under the Scheme for the Deferred Member (**Transfer Amount**).

33.3 Subject to Rule 33.4, with the Principal Employer's agreement and after obtaining the advice of the Actuary, the Committee may arrange:

- (a) to transfer to a Receiving Scheme full or partial liability to provide benefits for a group or category of Members or Beneficiaries (**Transferring Members**) on payment by the Committee of a Transfer Amount for the Transferring Members; or
- (b) for a Receiving Scheme to provide alternative benefits instead of the benefits the Transferring Members are entitled to receive under the Scheme on payment by the Committee of a Transfer Amount for the Transferring Members.

33.4 A Transfer Amount payable under Rule 33.3:

- (a) may be paid without obtaining the consent of each Transferring Member; and

- (b) must not exceed the share of the Scheme Assets attributable to the Transferring Members.

33.5 After the Committee has paid a Transfer Amount in relation to a Member under Rule 33.2 or Rule 33.3, the Member is no longer entitled to receive any benefits under the Scheme and a receipt from the trustees or managers of the Receiving Scheme is a complete discharge for the Committee in connection with the Member.

34. Transfers into the Scheme

34.1 The Committee may accept a transfer of assets or investments for any person (**Transfer-in Member**) from another pension scheme which the Scheme is permitted to receive under the IT(G)L 1975 in each case approved by the Committee (**Transferring Scheme**), provided that:

- (a) the transfer is consistent with the Scheme's status as a Registered Pension Scheme and as a Qualifying Recognised Overseas Pension Scheme; and
- (b) the administrator of the Transferring Scheme has certified the element of the transfer payment comprising contributions made by the Transfer-in Member and the period of pensionable service in the Transferring Scheme.

34.2 Unless the transfer is under the PSTC the Committee must provide benefits in the Defined Contribution Scheme for a Transfer-in Member as it considers appropriate. The benefits provided must not prejudice the Scheme's status as a Registered Pension Scheme and as a Qualifying Recognised Overseas Pension Scheme. If the transfer is under the PSTC the Committee shall (unless otherwise agreed with the Transfer-In Member) provide benefits under the CARE Scheme or the Final Salary Scheme whichever is required by the PSTC.

34.3 As soon as practicable after a transfer has taken place, the Committee must inform the Transfer-in Member of the benefits to be provided to him in the Scheme.

35. Members absent on leave for family reasons

35.1 The Committee must treat an Active Member who is on Paid Family Leave as remaining in Pensionable Service, subject to the following provisions of this Rule:

- (a) an Active Member's Salary and Pensionable Salary must be calculated as if he had continued in Service during the period of Paid Family Leave;
- (b) an Active Member on Paid Family Leave may elect to continue to pay Member Contributions to the Scheme in accordance with Rules 42 and 69, except that the Member Contributions must be calculated by reference to the Salary received by the Active Member during the period of Paid Family Leave, including any statutory maternity or paternity pay received by the Active Member;

- (c) if an Active Member shall elect to continue to pay Member Contributions under Rule 35.1(b) he shall also pay Member Contributions during any period of Unpaid Family Leave taken with the Paid Family Leave.

35.2 The Committee must treat an Active Member on Unpaid Family Leave as remaining in Pensionable Service only if the Active Member elects to continue to pay Member Contributions to the Scheme in accordance with Rule 42 or Rule 69. The Member Contributions due must be calculated by reference to the Salary received by the Active Member immediately before the period of Maternity Leave or Paternity Leave began.

35.3 If an Active Member returns to Service after a period of Maternity Leave or Paternity Leave, the Committee must treat the two periods of Pensionable Service as continuous. If the Active Member does not return to Service, the Committee must treat him as a Deferred Member and Rule 46 or Rule 81 applies.

35.4 The Committee may deduct from the Salary payable by an Employer to an Active Member the Member Contributions, and, if and so far as deductions are not made from the Salary of an Active Member, the Committee may recover any Member Contributions as a civil debt due to the Scheme, or may deduct any remaining sum from any payment by way of Pension or other benefit under these Rules.

36. Members with more than one period of Pensionable Service

36.1 An Active Member's Pensionable Service may comprise one or more periods of Service.

36.2 If an Active Member has a period of unpaid leave or special absence from Service, this period does not count as Pensionable Service and a Member is not liable to pay Member Contributions during any such period unless the Committee otherwise agrees.

36.3 In calculating the benefits due to an Active Member who has accrued more than one period of Pensionable Service, the Committee must treat each period of Pensionable Service as separate except that if an Active Member is absent from work under a temporary secondment to another Employer, the Committee and the Principal Employer may agree to allow the Active Member to remain in Pensionable Service. The Active Member must pay Member Contributions for the duration of his secondment.

37. Citation

These Rules may be cited as The States of Guernsey (Public Servants) (New Pensions and other Benefits) Rules, 2016

38. Coming into effect

These Rules come into force on such date as the States may by Resolution appoint and come into effect on the Transitional Date

Part 2 – The CARE Rules

Note: these do not apply to the Final Salary Scheme unless expressly stated to do so.

39. Principles underpinning the Scheme and worked example.

- 39.1 Without prejudice to the discretion and powers vested in the Committee, this Rule 39 states the principles upon which the CARE Rules will operate.
- 39.2 The CARE Rules operate on a calendar year basis. A Member's Pensionable Salary will be determined for each calendar year. If the pay award is late, the basic pay will be assumed to be effective from the backdated date of the award. Pensionable pay supplements will be counted in the year they are received.
- 39.3 For example, a pay award due on 1 October 2016 is settled in February 2017. Back payments of basic pay and pensionable supplements are made in March 2017. For the purposes of calculating Pensionable Salary for 2016, the basic pay award will be counted from October 2016. The increased pensionable supplements will be counted in the 2017 calculation of Pensionable Salary.
- 39.4 Pensionable Salary will be determined for each calendar year and the accrued CARE pension calculated for that year. The first increase will apply immediately after the 31 December of the year following the year of accrual based on the RPIX for the previous June. For example, considering pension accrual for a CARE New Member:

Year	:	2016
Pensionable pay	:	£30,000
CARE accrual	:	$1/80 \times £30,000 = £375$
First increase	:	applies from the 1 January 2018, based on June 2017 RPIX (capped at 6%)

40. Joining the Scheme and Accruing Benefits

- 40.1 Subject to Rule 40.2, the Committee will admit an Eligible Employee to the Scheme as a CARE Active Member with effect from the date that his employment begins under his contract of employment with an Employer. A CARE Transition Member will be admitted and start accruing benefits with effect from the Transition Date.
- 40.2 The Committee may admit an Eligible Employee as a CARE Active Member, who had eligibility prior to the 1st May 2015 to join the Scheme by reason of

- (a) being a part time employee; or
- (b) being a person who entered Pensionable Service and is under the age of 18;
or
- (c) a person who is on a fixed term contract or a contract to carry out specified work or on another temporary basis and is approved by the Committee to become a Member,

and who (in each case) has not previously opted to become a Member. In this case the Committee may require the Eligible Employee to:

- (i) provide such evidence of his age, marital status and state of health as the Committee may from time to time require; and
- (ii) undergo a medical examination if the Committee requires it (at the expense of the Committee).

40.3 If a person fails to provide any of the information required in Rule 40.2(i) or fails to undergo a medical examination if required under Rule 40.2(ii), the Committee may only allow him to join the Scheme as a CARE Active Member with the consent of the Principal Employer. If the Committee considers the outcome of the medical examination to be unsatisfactory, it may refuse to admit that person to the Scheme unless directed otherwise by the Principal Employer.

41. No Power to Opt out of Pensionable Service while in Service

An Active Member has no power to opt out of Pensionable Service while he remains in Service.

42. Active Members' Contributions

42.1 An Active Member must pay Member Contributions to the Committee as follows:

- (a) For New CARE Members 7.5% of his Salary;
- (b) For CARE Transition Members 7% of his Salary; and
- (c) additionally for CARE Active Members who are members of the Guernsey Police Force or the Guernsey Fire and Rescue Service or the Airport Fire and Rescue Service, the Police and Fire-fighters Additional Contributions.

42.2 The Committee may amend the rate of Member Contributions from time to time in accordance with Rule 16 and Rule 30. The Committee must in turn notify the Active Members in writing and which for this purpose includes notification by Electronic Communication.

- 42.3 Contributions are subject to the provisions of Rule 30 including those relating to the Cost Cap and Cost Floor.
- 42.4 Contributions paid on Salary in excess of the Earnings Cap are payable into the Defined Contribution Scheme and are notionally credited to the Member's DC Account.
- 42.5 If, in consequence of ill health or injury, an Active Member suffers a reduction of Salary he shall contribute to the Scheme in accordance with Rule 42.1 on his reduced Salary.
- 42.6 If, in consequence of ill health or injury, the Salary of an Active Member is discontinued for any period then during that period he shall not be required to contribute to the Scheme.
- 42.7 If, in consequence of his incapacity to continue to discharge efficiently the duties of his office, an Active Member is transferred to another position at a reduced Salary, or otherwise suffers a reduction in Salary, or if an Active Member is, otherwise than owing to ill health or injury, on leave of absence at a reduced Salary or is for any reason on leave of absence without Salary he may, with the consent of the Committee, continue to contribute to the Scheme in the same amount as if his Salary had not been reduced or discontinued.
- 42.8 The Committee may return any Member Contributions that have been paid to the Scheme in error.

43 Payment of Reduced Contributions for Pensionable Service

- 43.1 At any time after he has completed 35 years' Pensionable Service an Active Member may (but is not obliged to) elect to pay one half Member Contributions or no Member Contributions by giving at least one month's notice in writing to the Committee.
- 43.2 An Active Member who elects under Clause 43.1:
- (a) to pay one half Member Contributions, is credited with one half Pensionable Service whilst making those reduced Member Contributions;
 - (b) to not pay Member Contributions, does not accrue further Pensionable Service for as long as he makes no Member Contributions,

but in both cases is treated as a CARE Active Member for revaluation and other purposes unless otherwise expressly stated in these Rules.

44. Defined Contribution Scheme

- 44.1 Subject to any terms and conditions imposed by the Committee on the operation of the Defined Contribution Scheme, an Active Member may pay AVCs to the Scheme in such amount as he wishes with a view to securing additional benefits under the Defined Contribution Scheme. AVCs payable by an Active Member in relation to the Defined Contribution Scheme must be notionally credited to that Active Member's DC Account.
- 44.2 An Active Member paying AVCs to the Defined Contribution Scheme may alter the rate at which AVCs are paid or stop or re-start payment by giving such notice in writing to the Committee as the Committee may from time to time require and subject to any terms and conditions imposed by the Committee.
- 44.3 The Committee must from time to time supply an Active Member who is paying AVCs into the Defined Contribution Scheme or contributions on Salary in excess of the Earnings Cap with written details of the investment vehicles offered by any investment manager appointed under Rule 17.4 to receive AVCs to the Defined Contribution Scheme, including any changes in these details.
- 44.4 When a Member reaches Normal Pension Age or otherwise starts drawing his pension under the Scheme, the Committee must provide benefits that are, in the Committee's opinion, equivalent to the balance in the Member's DC Account on his Normal Pension Age or the date on which he otherwise starts drawing his pension under the Scheme. The benefits must be paid in such form as the Committee agrees with the Member, provided that:
- (a) the Member is given the opportunity to exercise an option to buy an annuity or to transfer the balance in the Member's DC Account to an approved retirement annuity trust; and
 - (b) the benefits payable can be drawn no earlier than the date on which the Member draws all or part of his Pension under the Scheme; and
 - (c) a maximum of 30% of the DC Account can be taken as a lump sum unless the Committee otherwise agrees.
- 44.5 A Member must draw the benefits deriving from his DC Account on the date that he starts drawing all of his Pension under the Scheme.
- 44.6 If an Active Member leaves Pensionable Service and elects to receive a Contribution Refund in accordance with Rule 46, the value of his DC Account relating to his AVCs must be included in the Contribution Refund.
- 44.7 If the Active Member elects for a transfer under Rule 33, the value of his DC Account must be included in the Transfer Amount.

- 44.8 If an Active Member dies in Service, the value of his DC Account must be paid in lump-sum form and the provisions of Rule 54 and Rule 86 shall apply.

45. AVCs – Additional Benefits

- 45.1 A CARE Transition Member may, with the consent of the Committee and subject to a medical report satisfactory to the Committee, purchase additional benefits as the Committee may approve, in accordance with the provisions of Rule 45.2.
- 45.2 Additional annual pension in multiples of £300 may be purchased by the CARE Transition Member by way of lump sum or periodical contributions (ascertained and certified as payable by the Actuary), up to a maximum total additional pension of £6,000 per annum. Such additional pension payable shall be subject to increase from the date of purchase in accordance with the CARE Revaluation. The Committee shall be entitled to review and amend from time to time the £300 purchase multiple and the £6000 maximum total additional pension able to be purchased by a Member.
- 45.3 CARE Transition Members can elect at any time to pay AVCs to remove some or all of the actuarial reduction from their accrued CARE Scheme benefit in the event that they retire before the Normal Pension Age and on or after the Final Salary Normal Pension Age.

46. Benefits for early leavers of the CARE Scheme

- 46.1 Upon leaving Service an Active Member automatically leaves Pensionable Service.
- 46.2 If the Pensionable Service of an Active Member who leaves Service exceeds two years, he becomes a Deferred Member from the day after the date on which his Pensionable Service is deemed to end and is entitled to preserved benefits which are calculated in accordance with the provisions of Rule 46.6. If his Pensionable Service is less than two years, the Active Member is treated as having left the Scheme on the day after the date on which his Pensionable Service is deemed to end, but is entitled to receive a Contribution Refund together with interest (less tax) at a rate determined by the Committee from time to time or he may request the Committee to make a transfer under Rule 33.
- 46.3 An Active Member who leaves Service may at any time elect to receive a Contribution Refund together with interest (less tax) at a rate determined by the Committee from time to time or request the Committee to make a transfer under Rule 33. The Committee must notify an Active Member of his right to make this election within a reasonable period after he leaves Service.
- 46.4 A CARE Transition Member who takes a Contribution Refund or transfer under Rule 46.3 must also take a Contribution Refund or transfer under Rule 71 of the Final Salary Scheme at the same time.

- 46.5 An Active Member shall not be entitled to a Contribution Refund under Rule 46.3 if the Committee pays a transfer value in respect of that Member.
- 46.6 A Deferred Member must receive a Pension calculated as a CARE Active Member while in Pensionable Service calculated under Rule 50 up until the date that he leaves Pensionable Service and then re-valued during his period of deferment by the CARE Revaluation applicable to a CARE Deferred Member.
- 46.7 With the Committee's consent, a Deferred Member may draw a Pension before reaching Normal Pension Age:
- (a) after attaining Normal Minimum Pension Age; or
 - (b) if he is suffering from Total Incapacity.
- 46.8 If a Deferred Member wishes to draw a Pension early under Rule 46.7, he must apply to the Committee not less than three months before the date on which he wishes to draw his Pension, (or such shorter period as the Committee may accept in his particular case) in writing, and in such form as the Committee may from time to time decide. The Committee must pay the Deferred Member a Pension on the terms calculated in accordance with Rule 46.6, but, subject to Rule 45.3 reduced by an appropriate factor reflecting its early payment before the Deferred Member's Normal Pension Age. The Committee must decide the reduction factor that is applied after obtaining the advice of the Actuary.

47. Pension in payment increases

- 47.1 The Committee must increase a pension in payment under the Scheme on 1st January in each year for Pension (excluding Terminal Grant) attributable to Pensionable Service completed on or after the Transition Date by the relevant CARE Revaluation applicable to that CARE Pensioner Member.
- 47.2 At the direction of the Principal Employer, the Committee may increase a pension in payment under the Scheme by a greater amount than is provided under Rule 47.1, provided the relevant Employer agrees to pay Special Employer Contributions sufficient to meet the cost of funding such additional increase as determined by the Actuary.

48. Commutation options – CARE Member

- 48.1 Before a CARE Member starts drawing a Pension, he may commute part of his Pension (excluding Terminal Grant) in any amount up to the maximum of 30% of the value of that part of his Pension then being taken and ascertained as at that date under the CARE Rules, by giving notice in writing to the Committee specifying the amount of the lump sum he wishes to draw. The Member may commute his Pension (excluding Terminal Grant) on a basis of surrendering £1 of Pension (other than

Terminal Grant) for £12 lump sum, and calculated in accordance with the following formula:

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

Where 'A' is the percentage opted for by the Member up to a maximum of 30%

'B' is the annual Pension entitlement (excluding Terminal Grant), and

'C' is (in the case of a CARE New Member only) the amount of Terminal Grant

- 48.2 In respect of a CARE New Member (and for the avoidance of doubt):
- (a) the lump sum calculated and payable in accordance with the formula in Rule 48.1 is inclusive of any Terminal Grant;
 - (b) that having calculated the lump sum under the above formula the amount of the Terminal Grant shall be deducted and only the balance divided by 12 in order to ascertain the amount of the pension surrendered; and
 - (c) that where the amount of the lump sum ascertained under the formula is less than the amount of the Terminal Grant payable, the option in Rule 48.1 cannot be exercised.
- 48.3 A CARE Transition Member wishing to commute part of his Pension (excluding Terminal Grant) under this Rule must at the same time and in the same percentage also exercise his right to commute any Pension (excluding Terminal Grant) payable under the Final Salary Scheme pursuant to Rule 74.
- 48.4 Rule 44 shall apply in respect of the DC Account.
- 48.5 The Committee may commute on grounds of Exceptional Serious Ill Health Circumstances the entirety of a Member's benefits before they come into payment on a basis determined by the Committee after obtaining the advice of the Actuary, provided that:
- (a) the Committee has received evidence from a registered medical practitioner that the Member is expected to live for less than one year;
 - (b) the Member must have completed not less than 2 years of Pensionable Service;
 - (c) the Member is assumed to have retired on the grounds of Total Incapacity and the benefits are commuted to the maximum sum calculated under Rule 48.1 to which is added a sum equal to 5 times his residual Pension remaining (after commutation and excluding Terminal Grant);
 - (d) the Member has consented to the commutation unless he is unable to give his consent because of his ill-health; and

- (e) any contingent benefits due to a Spouse, Qualifying Partner or Qualifying Child of the Member on his death must be separately secured by the Committee.

49. Members with Part-time Service

- 49.1 This Rule applies to an Active Member who has been in Part-time Service. For the purposes of this Rule:
- (a) an Active Member's full-time hours are the minimum number of hours during a normal working week which he would be required to work if employed on a full-time basis (**Full-time Hours**); and
 - (b) an Active Member's part-time hours are the minimum number of hours which he is required to work during a normal working week (**Part-time Hours**).
- 49.2 If an Active Member has been in Part-time Service during any period of Pensionable Service used to calculate Pensionable Salary, his Pensionable Salary is the full-time equivalent for the period, calculated by multiplying the Active Member's Pensionable Salary by the proportion his Full-time Hours bears to his Part-time Hours.
- 49.3 If an Active Member has been in Part-time Service during any period of Pensionable Service, his Pensionable Service is calculated by multiplying the period of Part-time Service by the proportion his Part-time Hours bears to his Full-time Hours. If an Active Member has more than one period of Part-time Service, a separate calculation must be made for each period.
- 49.4 For the purposes of calculating benefits under Rule 52 of the CARE Rules for an Active Member in Part-time Service who retires early on account of Total Incapacity, or under Rule 54 of the CARE Rules for an Active Member in Part-time Service who dies in Service, the Committee must assume the Active Member's Part-time Hours on the date he leaves Pensionable Service or dies would have remained the same until he reached Normal Pension Age.

50. Normal retirement for CARE Active Members

- 50.1 The Committee must pay a CARE Active Member who leaves Pensionable Service on reaching Normal Pension Age, having completed not less than 2 years of Pensionable Service, a Pension calculated in accordance with Rule 50.2.
- 50.2 Subject to Rule 50.1, a Pension (excluding Terminal Grant) payable to a CARE Active Member must comprise:
- (a) a pension calculated for each Scheme Year while the Active Member is in Pensionable Service in accordance with the formula:

$$AR \times PS$$

In which AR is the relevant accrual rate set out in (b) below, PS is the Pensionable Salary earned during that year of calculation and then revalued in accordance with the CARE Revaluation appropriate for that Member.

- (b) the accrual rates are:
 - (i) for a CARE New Member, one-eightieth,
 - (ii) and for a CARE Transition Member, one fifty sixth.
- (c) Revaluation is in accordance with the CARE Revaluation applicable to a CARE Active Member whilst the CARE Active Member is in Pensionable Service.

50.3 The Pension shall also include any benefit deriving from a transfer into the Scheme in accordance with Rule 34. The Committee may decide the amount of that benefit after obtaining the advice of the Actuary.

50.4 The Committee shall also pay any Pension the CARE Active Member accrued while in Pensionable Service under the Final Salary Scheme and calculated in accordance with the Final Salary Rules.

50.5 A Pension (excluding Terminal Grant) payable under this Rule:

- (a) is payable from the CARE Active Member's Normal Pension Age; and
- (b) is payable for the rest of the CARE Active Member's life.

50.6 In addition there is payable to a CARE New Member a Terminal Grant calculated at three times the CARE New Members' Pension (excluding Terminal Grant) payable at the CARE New Member's Normal Pension Age.

51. Partial retirement for CARE Active Members

51.1 A Partial Retirement Member, having completed not less than 2 years of Pensionable Service, may draw a Pension in part before leaving Pensionable Service provided:

- (a) he has reached Normal Minimum Pension Age but has not attained age 75; and
- (b) the terms on which he is in Service have changed such that his Salary is reduced by at least 20%.

A Partial Retirement Member may not exercise this option on more than two occasions.

51.2 A Partial Retirement Member may exercise the option in Rule 51.1 by giving the Committee 3 months' notice (or such shorter period of written notice as the Committee may accept in his particular case). The notice must inform the Committee:

- (a) the proportion of his Pension, up to a maximum of 75%, that he wishes to draw; and

- (b) the date from which he wishes his Pension to be paid (**Payment Date**) and which must be the date on which his Salary is to be reduced.
- 51.3 A Pension (excluding Terminal Grant) payable under this Rule must be payable for the rest of a Partial Retirement Member's life with effect from the Payment Date. The Committee must calculate the Pension on the basis applying under Rule 50.2 but adjusted according to the proportion that the Partial Retirement Member receives his Pension and Rule 48 applies.
- 51.4 If a Partial Retirement Member has elected to be paid part of his Pension:
 - (a) the Committee must calculate his Pension as though:
 - (i) he were leaving Pensionable Service on the day before the Payment Date; and
 - (ii) he had accrued only a proportion of the Pensionable Service he has in fact accrued. The proportion used (**Partial Pensionable Service**) must reflect the proportion of his Pension that he wishes to draw;
 - (b) if he has not reached Normal Pension Age, the Committee must reduce the part of his Pension coming into payment to reflect its early payment in accordance with Rule 52.3;
 - (c) the Partial Retirement Member continues in Pensionable Service until the date he leaves Service. If he has not reached Normal Pension Age when he draws his residual Pension (excluding Terminal Grant), the Committee must reduce his residual Pension for early payment in accordance with Rule 52.3.
- 51.5 A Partial Retirement Member who decides to draw part of his Pension in accordance with Rule 51.1 may also exercise a commutation option under Rule 48 subject to compliance with the Rules. On subsequently drawing any residual Pension (whether relating to the excess over the Partial Retirement Member's Partial Pensionable Service or any Pensionable Service completed after the Payment Date), the Partial Retirement Member may exercise a further commutation option under Rule 48, to the extent that it does not result in a breach of the Rules.
- 51.6 A Partial Retirement Member who has exercised an option under Rule 51.1 counts as both an Active Member and a Pensioner Member under these Rules. But if a Partial Retirement Member dies before starting to draw his residual Pension (excluding Terminal Grant), the death benefits payable for a Partial Retirement Member must be calculated in accordance with Rule 54, (death in Service, applied to the residual Salary) and Rule 57 (death in retirement), and the lump sum payable is the lesser of the aggregate of both those sums or 3 times the amount of the Member's Salary prior to exercising the option under Rule 51.

52. **Early retirement for CARE Active Members**

- 52.1 A CARE Active Member, having completed not less than 2 years of Pensionable Service, is entitled to draw a Pension on leaving Pensionable Service before reaching Normal Pension Age, upon giving the Committee not less than three months' notice (or such shorter period as the Committee may accept in his particular case), in the following situations:
- (a) if he has attained Normal Minimum Pension Age;
 - (b) if he suffers from Partial Incapacity, provided the Ill-health Condition is met;
or
 - (c) if he suffers from Total Incapacity, provided the Ill-health Condition is met.
- 52.2 If a CARE Active Member wishes to draw a Pension early in any of the situations referred to in Rule 52.1, he must apply to the Committee in writing in such form as the Committee may decide from time to time.
- 52.3 The Committee must pay a CARE Active Member who retires early under Rule 52.1(a) a Pension, calculated in accordance with Rule 50, which, subject to Rule 45.3, will be reduced by an appropriate factor reflecting its early payment before the CARE Active Member's Normal Pension Age. The Committee shall decide the reduction factor that is applied after obtaining the advice of the Actuary.
- 52.4 The Committee must pay a CARE Active Member who retires early under Rule 52.1(b) a Pension, calculated in accordance with Rule 50 which is not reduced for early payment.
- 52.5 The Committee must pay a CARE Active Member who retires early under Rule 52.1(c) a Pension, calculated in accordance with Rule 50, which is not reduced for early payment, and his Pensionable Service is to be augmented by the Additional Pensionable Service. The Pension for the period of Additional Pensionable Service is calculated under Rule 50 but based on Pensionable Salary over the 12 month period ending on the date of his retirement provided further that if Rule 43 applies the Additional Pensionable Service shall be half rate or nil as the case may be.
- 52.6 If the CARE Active Member's years of Pensionable Service is less than 2 years, that Member shall be entitled, if he is retired under Rule 52.1(b) or Rule 52.1(c), to a payment:
- (a) equal to $\frac{1}{12}$ of Pensionable Salary over a 12 month period ending on the date of the Member's retirement, and if a CARE New Member a Terminal Grant;
or
 - (b) a Contribution Refund together with interest at a rate determined by the Committee from time to time,

whichever is the greater.

- 52.7 The Committee may from time to time review whether a Member remains entitled to a Pension on grounds of Partial Incapacity or Total Incapacity. In conducting a review, the Committee may ask the Member to undergo medical examinations and provide such information as it may require. If the Committee decides after a review that a Member no longer suffers from Partial Incapacity or Total Incapacity as the case may be, it may reduce, suspend or terminate the Pension on giving the Member one month's notice in writing.
- 52.8 A CARE Active Member (other than those referred to in Rule 52.9) who is within 5 years of his Normal Pension Age who, for reasons other than Partial Incapacity or Total Incapacity, is unable to carry out his existing duties may apply to his Employer for assessment under EIERP. If the Employer is unable to provide the Member with suitable alternative employment following completion of the EIERP the Employer may (with the prior consent of the Committee) retire the Member and Rule 52.4 shall apply.
- 52.9 A CARE Active Member who is a member of the Guernsey Police Force or the Guernsey Fire and Rescue Service or the Airport Fire and Rescue Service and who is at least 50 years of age but has not reached Normal Pension Age for a Member who remains in Pensionable Service to age 55, may apply for assessment under EIERP. The relevant Chief Officer of the service may (having obtained the prior consent of the Committee) determine that for reasons other than Partial Incapacity or Total Incapacity, and despite all reasonable support that has or could be made available to that Member, the Member is unable to regain the necessary levels of fitness to be deployed on operational duties and cannot be assigned to an alternative police officer or fire fighter role (as the case may be). In such circumstances if the Member is employed in Pensionable Service in a new non police officer or fire fighter role the following provisions and options apply:
- (a) The Member will receive pay, benefits and the pension arrangements that relate to the new appointment;
 - (b) in respect of benefits accrued to the date of the new appointment a Member remaining in Pensionable Service may:
 - (i) receive his Pension from his Normal Pension Age determined as if he had remained in Pensionable Service until age 55;
 - (ii) or receive a Pension from an earlier date actuarially reduced in accordance with Rule 52.3.

For the avoidance of doubt any benefits in the Final Salary Scheme will be calculated in accordance with the Final Salary Rules.

- (c) In the event that the Employer is unable to provide the Member with suitable alternative employment following completion of the EIERP the Member will be retired and Rule 52.4 shall apply.

52.10 For a CARE Active Member who is a member of the Guernsey Police Force or the Guernsey Fire and Rescue Service or the Airport Fire and Rescue Service and who is at least 55 years of age, the Employer (with the prior consent of the Committee) shall be entitled to determine that having regard to the interests of the economical, effective and efficient management of that service and the costs likely to be incurred that Active Member should be retired and in which event that Active Member shall be awarded a Pension as at the retirement date in accordance with Rule 52.4.

53. Late retirement for CARE Active Members

53.1 With the consent of his Employer, a CARE Active Member may remain in Service after reaching Normal Pension Age.

53.2 A CARE Active Member who remains in Service under Rule 53.1 continues in Pensionable Service until the earlier of:

- (a) the date on which he leaves Service; or
- (b) the date on which he attains the age of 75.

53.3 A Member who has extended his Service under Rule 53.1 shall be paid a Pension calculated under Rule 50.2 and is payable from the date on which a CARE Active Member leaves Service, or the date on which he attains age 75 whichever is earlier.

54. Death benefits: CARE Active Members who die in Pensionable Service before reaching Normal Pension Age

54.1 If a CARE Active Member dies in Pensionable Service before reaching Normal Pension Age, the following benefits set out in this Rule 54 are payable.

54.2 In this Rule 54 (including the Tables):

- (a) **‘Death in Service Lump Sum’** means a sum equal to three times the CARE Active Member’s Salary over the 12 month period ending on the date of his death;
- (b) **‘Pensionable Salary Entitlement’** means one quarter of the CARE Active Member’s Salary over the 12 month period ending on the date of the death of the Member and is payable in three equal monthly instalments in arrears during the three months following the date of his death;
- (c) **‘Pension’** for the purpose of this Rule excludes Terminal Grant;

- (d) **‘AVC Member Benefit’** means AVCs paid by the Member under Rule 45.2 for Member added pension only and not for Spouse or Qualifying Partner added pension.
- (e) **‘AVC/ERR’** means AVCs paid by the Member to remove part or all of the early retirement reduction referred to in Rule 45.3.
- (f) **‘Spouse Pension’** means a pension calculated for each Scheme Year while the Member is in Pensionable Service in accordance with the formula:

AR x PS in which:

- (i) AR is the accrual rate of one one hundred and sixtieth (1/160);
 - (ii) PS is the Pensionable Salary earned during that year of calculation; and
 - (iii) revalued in accordance with the CARE Revaluation appropriate for that Member;
 - (iv) augmented by Additional Pensionable Service, and the calculation of the Pension for the period of Additional Pensionable Service is calculated in accordance with the formula in this paragraph (f) but based on Pensionable Salary over the 12 month period ending on the date of the Member’s death provided that if Rule 43 applies the Additional Pensionable Service shall be half rate or nil as the case may be; and
 - (v) revaluation is in accordance with the CARE Revaluation applicable to the CARE Active Member whilst that CARE Active Member was in Pensionable Service.
- (g) Where there is an additional Pension payable for a second or more Qualifying Child, this Pension is the total amount and is not payable for any further Qualifying Child.
 - (h) Payments for a Qualifying Child are payable only for as long as they remain a Qualifying Child.

54.3 The Committee shall pay the benefits as determined by this Rule 54 (subject to Rule 22):

- (a) to his Spouse or (subject to the provision of Evidence of Financial Dependence) a Qualifying Partner; or

- (b) if the Member is not survived by a Spouse or Qualifying Partner but is survived by a Qualifying Child, to such person as the Committee may in its discretion determine for the benefit of that Qualifying Child (or children) (if more than one in equal shares); or
- (c) if the Member is survived neither by a Spouse, Qualifying Partner nor by a Qualifying Child, to his legal personal representative; and
- (d) provided that if and for so long as the Member is survived by a Qualifying Child who is not in the custody of the Member's Spouse or Qualifying Partner, any pension payable in respect of that Qualifying Child shall be paid to such person as the Committee may in its discretion determine for the Qualifying Child's benefit.

54.3 Pension on the death of a CARE Active Member in Pensionable Service but with less than two years' Pensionable Service:

Member survived by Spouse or Qualifying Partner (with or without Qualifying Child)	Member not survived by Spouse or Qualifying Partner but survived by Qualifying Child	Member not survived by Spouse or Qualifying Partner or Qualifying child
<ul style="list-style-type: none"> • Death in Service Lump Sum; • Pensionable Salary Entitlement; • AVC Member Benefit; • AVC/ERR; and • the DC Account 	<ul style="list-style-type: none"> • Death in Service Lump Sum; • Pensionable Salary Entitlement; • AVC Member Benefit; • AVC/ERR; and • the DC Account 	<ul style="list-style-type: none"> • Death in Service Lump Sum; • AVC Member Benefit; • AVC/ERR; and • the DC Account

54.4 Pension on the death of a CARE Active Member in Pensionable Service with two or more years' Pensionable Service:

<p>1. Member survived by Spouse or Qualifying Partner, with no Qualifying Child.</p> <ul style="list-style-type: none"> • Death in Service Lump Sum; • Pensionable Salary Entitlement; • AVC Member Benefit; • AVC/ERR; • the DC Account; and • Spouse Pension
<p>2. Member survived by Spouse or Qualifying Partner, with Qualifying Child.</p> <ul style="list-style-type: none"> • Death in Service Lump Sum; • Pensionable Salary Entitlement; • AVC Member Benefit; • AVC/ERR; • the DC Account;

- Spouse Pension; and
- an additional pension for first Qualifying Child, equal to one half of the Spouse Pension;
- an additional pension for second Qualifying Child (or children), equal to one half of the Spouse Pension

3. Member survived by Qualifying Child but not a Spouse or Qualifying Partner

- Death in Service Lump Sum;
- Pensionable Salary Entitlement;
- AVC Member Benefit;
- AVC/ERR;
- the DC Account;
- a pension for first Qualifying Child, equal to two thirds of the Spouse Pension;
- a pension for second Qualifying Child (or children) equal to two thirds of the Spouse Pension

4. Member not survived by Spouse or Qualifying Partner or Qualifying Child.

- Death in Service Lump Sum;
- AVC Member Benefit;
- AVC/ERR;
- the DC Account

55 **Death benefits: CARE Active Members who die in Pensionable Service on or after reaching Normal Pension Age**

If a CARE Active Member dies in Pensionable Service on or after reaching Normal Pension Age and before starting to receive a pension, the relevant benefits set out in Rule 54 are payable except that in the calculation of the Pension any Additional Pensionable Service is excluded and AVC/ERR is not refundable.

56. **Death benefits: CARE Deferred Members**

56.1 If a CARE Deferred Member dies, the benefits set out in this Rule are payable. In this Rule 'Pension' excludes Terminal Grant.

56.2 The Spouse Pension is calculated as set out in Rule 54 but amended as follows:

- in the calculation of the Pension any Additional Pensionable Service is excluded; and
- the CARE Revaluation applying from the date that the CARE Deferred Member left Pensionable Service until the date of his death is the revaluation appropriate for a CARE Deferred Member.

56.3 The Committee must pay the following amounts:

1.	Member survived by Spouse or Qualifying Partner, with no Qualifying Child.
	<ul style="list-style-type: none"> • AVC Member Benefit; • AVC/ERR; • the DC Account; • Spouse Pension
2.	Member survived by Spouse or Qualifying Partner, with Qualifying Child.
	<ul style="list-style-type: none"> • AVC Member Benefit; • AVC/ERR; • the DC Account; • Spouse Pension; • an additional pension for first Qualifying Child, equal to one half of the Spouse Pension; • an additional pension for second Qualifying Child (or children), equal to one half of the Spouse Pension
3.	Member survived by Qualifying Child but not a Spouse or Qualifying Partner
	<ul style="list-style-type: none"> • AVC Member Benefit; • AVC/ERR; • the DC Account; • a pension for first Qualifying Child, equal to two thirds of the Spouse Pension; • a pension for second Qualifying Child (or children), equal to two thirds of the Spouse Pension
4.	Member not survived by Spouse or Qualifying Partner or Qualifying Child.
	<ul style="list-style-type: none"> • Member Contributions made by the Member during Pensionable Service and (which for the avoidance of doubt) includes: AVC Member Benefit; AVC/ERR; the DC Account relating to the Member's AVCs

57. Death benefits: CARE Pensioner Members

57.1 If a CARE Pensioner Member dies after starting to receive a pension under the Scheme, the benefits set out in this Rule are payable. In this Rule 'Pension' excludes Terminal Grant.

57.2 The Spouse Pension is calculated as set out in Rule 54 but amended as follows:

- (a) in the calculation of the Pension any Additional Pensionable Service is excluded; and
- (b) the CARE Revaluation for a CARE Pensioner Member applying from the date that the CARE Pensioner Member started to receive his Pension until the

date of his death is the revaluation appropriate for a CARE Pensioner Member.

- 57.3 If a CARE Deferred Member retires and then dies, the benefits are increased in accordance with the CARE Revaluation for a Deferred Member up to the date of retirement and then the CARE Revaluation for a CARE Pensioner Member from the date of retirement until the date of his death.

- 57.4 The Committee must pay the following amounts:

1.	Member dies within five years after starting to receive a pension under the Scheme
	<ul style="list-style-type: none"> • A lump sum equal to the further instalments of pension (excluding annual increases) that would have been paid to the CARE Pensioner Member if he had not died, in the balance of the five years commencing on his first payment date of his pension, subject to a minimum payment of three months
2.	Member dies five years or more after starting to receive a Pension under the Scheme and is survived by Spouse or Qualifying Partner or Qualifying Child
	<ul style="list-style-type: none"> • Payment of three further monthly instalments of pension (excluding annual increases) that would have been paid to the CARE Pensioner Member if he had not died
3.	Member survived by Spouse or Qualifying Partner with no Qualifying Child.
	<ul style="list-style-type: none"> • Spouse Pension
4.	Member survived by Spouse or Qualifying Partner with a Qualifying Child.
	<ul style="list-style-type: none"> • Spouse Pension; • an additional pension for first Qualifying Child, equal to one half of the Spouse Pension; • an additional pension for second Qualifying Child (or children), equal to one half of the Spouse Pension
5.	Member survived by Qualifying Child but not a Spouse or Qualifying Partner
	<ul style="list-style-type: none"> • a pension for first Qualifying Child, equal to two thirds of the Spouse Pension; • a pension for second Qualifying Child (or children), equal to two thirds of the Spouse Pension

Part 3 Final Salary Rules

Note: These Rules are to be read in accordance with and consistently with the Original Documents except as expressly provided in this Part. In the event of a conflict between the Original Documents and the provisions contained in this Part 3, this Part 3 shall prevail. Except to the extent that they are amended by this Part 3, these Rules incorporate the provisions of the Original Documents in force as at 29th February 2016 in relation to the Final Salary Rules (only).

58. Application

These Rules apply to Final Salary Protected Members for all of their Pensionable Service. They apply to CARE Transition Members for their Pensionable Service up to (but not including) the Transition Date.

59. Interpretation

The definitions in the Original Documents shall apply to these Final Salary Rules (unless otherwise stated in this Part 3).

60 Active Members subject to Transitional Provisions

Final Salary Protected Members and CARE Transition Members on the Transition Date are subject to these Transitional Provisions.

61. Closure of the Final Salary Scheme

The Final Salary Scheme is closed with effect from 1st May 2015. Since that date, Eligible Employees are no longer entitled to be admitted to the Final Salary Scheme but may only join as CARE Active Members.

62. No further accrual to the Final Salary Scheme except for Final Salary Protected Members

62.1 Final Salary Protected Members automatically remain in the Final Salary Scheme for further accrual if they have not elected within one month after the Transition Date to join the CARE Scheme, and, if they do so elect to join the CARE Scheme, shall be CARE Transition Members.

62.2 With effect from the Transition Date, except for Final Salary Protected Members, the Final Salary Scheme is closed to further accrual by Active Members. CARE Transition Members benefits in respect of Pensionable Service up to (but not including) the Transition Date are calculated in accordance with the Final Salary Rules.

62.3 CARE Transition Members who remain in Pensionable Service accrue any further benefits as CARE Active Members from the Transition Date.

63. Members who left Pensionable Service or died before the Transition Date

The Committee must calculate benefits for a Member who stopped being a Member of the Final Salary Scheme or who died before the Transition Date in accordance with the Final Salary Rules in force on the date they left Pensionable Service, retired or die (whichever is the earlier) except as stated in this Part 3.

64. Changes in indexation, commutation options, HM Greffier

Notwithstanding Rule 63:

- 64.1 for a Final Salary Pensioner and Final Salary Deferred Member, future pension and deferred pension increases payable under the Final Salary Rules shall, with effect from the Transition Date, be assessed by reference to the Guernsey Index of Retail Prices excluding mortgage payments (RPIX) and not the Guernsey Index of Retail Prices All Items (RPI); and
- 64.2 for a Final Salary Deferred Member the commutation options shall be those set out in Rule 74; and
- 64.3 with effect from 1st August 2011, Rule 6 and Schedule 1 of the Original Documents shall not apply to Her Majesty's Greffier, and Rule 7 of the Original Documents shall be read so as to include a new subparagraph

(s) - HM Greffier

in the list of persons eligible to be a Member of the Final Salary Scheme.

65. Final Salary Protected Members: Benefits under the Final Salary Scheme

- 65.1 Final Salary Protected Members shall continue to be governed by the Final Salary Rules as amended by Part 3 of these Rules.
- 65.2 A Final Salary Protected Member shall not be able to receive their Pension or other benefits under the Final Salary Rules whilst they remain an Active Member of the Scheme but this does not prevent the Rules of the Scheme for flexible retirement from applying to that Member.

66. CARE Transition Members: Benefits under the Final Salary Scheme

- 66.1 If a CARE Transition Member dies,
 - (a) in Service; or
 - (b) after they have deferred their pension or other benefits; or
 - (c) after retirement,

then, (in addition to any benefits payable under the CARE Scheme), a pension to a Spouse, or Qualifying Partner or Qualifying Children under the Final Salary Scheme shall be based on the accrued benefit under the Final Salary Rules only. This is without prejudice to any additional Pension or benefits payable from the CARE Scheme following the Transition Date.

By way of example if a CARE Transition Member has accrued ten years of Pensionable Service before the Transition Date under the Final Salary Rules and dies in Service 5 years later when their Final Pensionable Salary has increased to £30,000, there is payable to the Spouse from the Final Salary Scheme a pension of:

$$10/160 \times £30,000 = £1,875 \text{ pa.}$$

66.2 For the avoidance of doubt:

- (a) A pension to a Spouse, Qualifying Partner or Qualifying Child from the Final Salary Scheme will be based on the Pensionable Service in the Final Salary Scheme qualifying for the benefit;
- (b) any additional death in Service benefits (including any benefit based on Pensionable Service after the Transition Date) and the Death in Service Lump Sum will be paid under the CARE Rules.

66.3 A Pension or other benefit payable to a CARE Transition Member by reason of ill health will follow the same principles set out in Rule 52, and:

- (a) the benefit shall be based on accrued Pensionable Service under the Final Salary Scheme, whatever the level of incapacity;
- (b) any additional ill health benefits (including any benefit based on Pensionable Service after the Transition Date) will be paid under the CARE Rules.

66.4 CARE Transition Members' accrued benefits up to the date immediately prior to Transition Date and payable under the Final Salary Rules will be linked to Final Pensionable Salary at the date they leave Service, leave Pensionable Service, retire or die (whichever is the earlier).

66.5 A CARE Transition Member shall not be able to receive their Pension or other benefits under the Final Salary Rules whilst they remain an Active Member of the Scheme but this does not prevent the Rules of the Scheme for flexible retirement from applying to that Member.

67. Final Salary Scheme Revaluation Provisions

- 67.1 The Committee are responsible under Rule 10 for making recommendations to the Principal Employer as to increases in pensions and other benefits, and, in respect of the Final Salary Scheme, shall do so annually.
- 67.2 The Committee in exercising its powers under Rule 67.1 in relation to the Final Salary Scheme shall take into account as a relevant factor any change in the purchasing power of the pound sterling since it last reported, as reflected in the RPIX.
- 67.3 If the Committee resolves that retirement pensions in payment, and preserved pensions and other benefits, under these Rules should be increased with effect from 1st January of any calendar year by no more and no less than the relevant inflation factor, this Rule shall be deemed for all purposes to have been complied with as respects that calendar year and any resolution of the Committee shall have effect as if it were a resolution of the States passed after consideration of a report made in accordance with Rule 67.1.
- 67.4 For the purposes of Rule 67.3 ‘**the relevant inflation factor**’ is the percentage increase in the RPIX for the 12 months ending on 30th June in the preceding year, or, in the case of benefits awarded during that year, a proportion of that percentage increase calculated as 1/365 for each day of entitlement.

68 AVCs Final Salary Scheme – Additional Benefits

- 68.1 The provisions of Rule 44 apply to Final Salary Protected Members.
- 68.2 Subject to the terms and condition of the Final Salary Rules, a Final Salary Protected Member may, with the consent of the Committee and subject to a medical report satisfactory to the Committee, purchase additional annual pension as the Committee may approve in accordance with the provisions of Rule 68.3.
- 68.3 Additional annual pension in multiples of £300 may be purchased by the Final Salary Protected Member by way of lump sum or periodical contributions (ascertained and certified as payable by the Actuary), up to a maximum total additional pension of £6,000 per annum. Such additional pension payable shall be increased from the date of purchase in accordance with Rule 67. The Committee shall be entitled to review and amend from time to time the £300 purchase multiple and the £6000 maximum total additional pension able to be purchased by a Member.

69. Final Salary Protected Members - Contributions

- 69.1 Rule 42.2, 42.3 and 42.8 and Rule 43 shall also apply to Final Salary Protected Members.

69.2 A Final Salary Protected Member shall, at such intervals as the Committee may from time to time determine, contribute to the Scheme:

- (a) an amount equivalent to 7% of their Salary, except
- (b) for females who were members of the Scheme on 31st July 1988 and who have exercised an option in accordance with The States of Guernsey (Public Servants) (Pensions and other Benefits) (Amendment) Rules, 1988 to continue to contribute to the Scheme at a lower rate, who shall contribute to the Scheme an amount equivalent to 6% of their Salary;

and provided that a member of the Scheme who has attained the Final Salary Compulsory Retirement Age shall not contribute without the permission of the Committee.

69.3 In the case of a Final Salary Protected Member who is a member of the Guernsey Fire and Rescue Service or the Airport Fire and Rescue Service:

- (a) who joined the Scheme at any time after 31st October 1991 and before the 1st January 2008, and
 - (i) who has the rank of Station Manager or below the contribution rate shall be 11.5% and not 7%, and
 - (ii) in the case of a Final Salary Protected Member who has a rank above Station Manager, the contribution rate shall be 10% not 7%;
- (b) who joined the Scheme after 1st January 2008, irrespective of rank, the rate shall be 9% not 7%.

69.4 In the case of a Final Salary Protected Member who is a member of the Guernsey Police Force:

- (a) who joined the Scheme at any time after 31st October 1991 and before the 1st January 2008, and
 - (i) who has the rank of Chief Inspector or below the contribution rate shall be 11.5% and not 7%; and
 - (ii) in the case of a Final Salary Protected Member who is above the rank of Chief Inspector, the contribution rate shall be 10% not 7%;
- (b) who joined the Scheme after 1st January 2008, irrespective of rank, the rate shall be 10% not 7%.

- 69.5 Nothing in Rule 69.3 or Rule 69.4 shall prevent a Final Salary Protected Member who was a member of the Scheme at any time on or before 31st October 1991 from electing to make the higher contribution of 11.5% or 10% (as the case may be)
- 69.6 If, in consequence of ill health or injury, a Final Salary Protected Member suffers a reduction in Salary he shall contribute to the Scheme in accordance with Rule 69.2, Rule 69.3 or Rule 69.4 on his reduced Salary.
- 69.7 If, in consequence of ill health or injury, the Salary of a Final Salary Protected Member is discontinued for any period then during that period he shall not be required to contribute to the Scheme.
- 69.8 If, in consequence of his incapacity to continue to discharge efficiently the duties of his office, a Final Salary Protected Member is transferred to another position at a reduced Salary, or otherwise suffers a reduction of Salary, or if a Final Salary Protected Member is, otherwise than owing to ill health or injury, on leave of absence at a reduced Salary or is for any reason on leave of absence without Salary, he may, with the consent of the Committee, continue to contribute to the Scheme in the same amount as if his Salary had not been reduced or discontinued.
- 69.9 For the purposes of calculating any sum which a Member of the Final Salary Scheme is entitled to receive as compound interest on his contributions, only the balances standing to the credit of the account of the Member at the thirty-first day of December in any year shall be taken into account in calculating compound interest in respect of the following year (or part of that year if the Member leaves Service in that year) and contributions paid in any year or part of a year shall not attract interest in the year in which they are paid.

70. CARE Active Members Normal Pension Age

For the purpose of assessing benefits payable from the Final Salary Scheme, the Normal Pension Age will be used except there will be no reduction of the Pension or benefits payable under the Final Salary Scheme on the grounds that a CARE Transition Member is retiring on or after the Final Salary Normal Pension Age but before their Normal Pension Age. CARE Transition Members cannot access their Pension and other benefits while they remain in Pensionable Service.

71. Benefits for early leavers of the Final Salary Scheme

- 71.1 A Final Salary Protected Member or CARE Transition Member who, before becoming entitled to a Pension or other benefit in the Final Salary Scheme, leaves Service shall be entitled to receive a Contribution Refund equal to the aggregate of his contributions to the Scheme together with compound interest on that sum at the rate of 3% pa with yearly rests at the thirty-first day of December in each year or he may request the Committee to make a transfer under Rule 33.

- 71.2 A CARE Transition Member who takes a Contribution Refund or transfer under Rule 71.1 must also take the same option for a Contribution Refund or transfer under Rule 46.3 of the CARE Scheme at the same time.
- 71.3 A Final Salary Protected Member or CARE Transition Member shall not be entitled to a Contribution Refund under Rule 71.1 if the Committee pays a transfer value in respect of that Member.

72 No re-entry into the Final Salary Scheme

If a Final Salary Protected Member leaves Pensionable Service and subsequently re-enters Pensionable Service as an Eligible Employee he shall not be entitled to re-enter the Final Salary Scheme but shall be a CARE New Member under the CARE Scheme.

73. Pensionable Service

- 73.1 The Pensionable Service of a Final Salary Protected Member and CARE Transition Member (in relation to their benefits under the Final Salary Rules) for the purposes of calculating a Pension or other benefit under these Rules shall be:
- (a) any period of Service during which the Final Salary Protected Member or CARE Transition Member is a member of the Final Salary Scheme, but any period while the Final Salary Protected Member is in employment with an Employer after the Final Salary Compulsory Retirement Age is not counted unless the Committee otherwise agrees;
 - (b) any period in respect of which a transfer value has been paid to the Committee in accordance with Rule 34 and approved by the Committee as Pensionable Service;
 - (c) any period during which a Final Salary Protected Member is, with the approval of the Committee, on Paid Family Leave or Unpaid Family Leave and the Final Salary Protected Member pays contributions under Rule 69;
 - (d) in the case of Existing Members of the Teachers' Scheme who elected to transfer to the Scheme pursuant to the Teachers' Regulations 2005, any period of Pensionable Service which counted in respect of that Existing Member under the Teachers' Scheme as at the date of the transfer; and
 - (e) any other period which the Committee agreed was Pensionable Service at the time of the Final Salary Protected Member's entry into the Final Salary Scheme.
- 73.2 The length of any period of Pensionable Service of a Final Salary Protected Member or CARE Transition Member in Part-time Service is calculated for the Final Salary Rules in accordance with the following formula:

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

Where

"HP" is the number of hours per calendar year which the Employer was entitled at the time to require the Member to devote to his employment;

"FTP" is the number of hours per calendar year which the Employer was entitled at the time to require a full-time Employee to devote to his employment; and

"LP" is the actual length (in years and any fraction of a year) of the period concerned.

- 73.3 In the case of a Teacher who is a Final Salary Protected Member or CARE Transition Member and whose contract does not stipulate the number of hours per calendar year which the Employer was entitled at the time to require a full time Employee to devote to his employment (FTP) or the number of hours per calendar year which the Employer was entitled at the time to require that Member to devote to his employment (HP) the length of any period of Pensionable Service of a Final Salary Protected Member or CARE Transition Member in Part-time Service is calculated in accordance with the following formula:

$$Z \times LP$$

Where

Z is the percentage of the notional teaching hours to be worked by that Member at the time as is set out in that Member's contract of employment, and

LP is the actual length (in years and any fraction of a year) of the period concerned.

- 73.4 Pensionable Service calculated in accordance with the Final Salary Rules shall not exceed in aggregate forty-five years. In the event that any Final Salary Protected Member, as at 1st January 2008, has, except for the application of any Rule having effect at any time on or before 31st December 2007, Pensionable Service of more than 40 years at the date of his 60th birthday, then, for the purpose of the calculation of Pensionable Service, including that acquired on or after 1st January 2008, that Member shall be treated as having 40 years' Pensionable Service as at 1st January 2008 or at the date of his 60th birthday if earlier.

74. Commutation Options – Final Salary Protected Members or CARE Transition Members

- 74.1 Before a Final Salary Protected Member or a CARE Transition Member (in respect of their benefits under the Final Salary Scheme) starts drawing a Pension, he may commute part of his Pension (excluding Terminal Grant) in any amount up to the maximum of 30% of the value of that part of his Pension then being taken and ascertained as at that date under the Final Salary Rules, by giving notice in writing to the Committee specifying the amount of the lump sum he wishes to draw. The Member may commute his Pension (excluding Terminal Grant) on a basis of surrendering £1 of Pension (other than Terminal Grant) for £12 lump sum, and calculated in accordance with the following formula:

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

Where 'A' is the percentage opted for by the Member up to a maximum of 30%

'B' is the annual Pension entitlement (excluding Terminal Grant), and

'C' is (in the case of Final Salary Existing Members only) the amount of the Terminal Grant

A Member wishing to commute part of his Pension (excluding Terminal Grant) under this Rule must at the same time and in the same percentage also exercise his right to commute any Pension (excluding Terminal Grant) payable under the CARE Scheme pursuant to Rule 48.

- 74.2 In respect of Final Salary Existing Members (and for the avoidance of doubt):
- (a) the lump sum calculated and payable in accordance with this formula is inclusive of Terminal Grant;
 - (b) that having calculated the lump sum under the above formula the amount of the Terminal Grant shall be deducted and only the balance divided by 12 in order to ascertain the amount of the pension surrendered; and
 - (c) that where the amount of the lump sum ascertained under the formula is less than the amount of the Terminal Grant payable, the option in Rule 74.1 cannot be exercised.
- 74.3 The Committee may commute on grounds of Exceptional Serious Ill-health Circumstances the entirety of a Member's benefits before they come into payment on a basis determined by the Committee after obtaining the advice of the Actuary, provided that:
- (a) the Committee has received evidence from a registered medical practitioner that the Member is expected to live for less than one year;

- (b) the Member must have completed not less than 2 years of Pensionable Service;
- (c) The Member is assumed to have retired on the grounds of Total Incapacity and the benefits are commuted to the maximum sum calculated under Rule 74.1 to which is added a sum equal to 5 times his residual Pension remaining (after commutation and excluding Terminal Grant).
- (d) the Member has consented to the commutation unless he is unable to give his consent because of his ill-health; and
- (e) any contingent benefits due to a Spouse Qualifying Partner or Qualifying Child of the Member on his death must be separately secured by the Committee.

75. Normal Retirement for Final Salary Scheme Members

75.1 The Committee must pay a Final Salary Protected Member or a CARE Transition Member, who has completed at least two years of Pensionable Service, and who leaves Pensionable Service on reaching Normal Pension Age, a Pension calculated in accordance with the provisions of these Rules.

75.2 Notwithstanding the provisions of Rule 75.1, a Final Salary Protected Member may continue in Pensionable Service after attaining the Final Salary Compulsory Retirement Age if the Committee, having received the recommendation of the Employer, approves that Member continuing in Pensionable Service, provided that the Committee may only continue that Pensionable Service from year to year and in no circumstances shall the Committee approve that a Member shall continue in Pensionable Service following their 75th birthday.

75.3 For the purposes of Rule 75.1 and 75.2:

- (a) for a Final Salary Existing Member, the Final Salary Normal Pension Age shall be his 60th birthday and the Final Salary Compulsory Retirement Age shall be his 65th birthday;
- (b) for a Final Salary New Member, the Final Salary Normal Pension Age and the Final Salary Compulsory Retirement Age shall in both cases be his 65th birthday.

75.4 The Committee may pay a Final Salary Protected Member or a CARE Transition Member who has attained their Final Salary Normal Pension Age and who leaves Pensionable Service a Pension (excluding Terminal Grant) calculated as follows:

- (a) for a Final Salary Existing Member one eightieth; or
- (b) for a Final Salary New Member one sixtieth,

of their Final Pensionable Salary, for each completed year or part of a year of Pensionable Service.

75.5 The Committee may also pay a Terminal Grant to a Final Salary Existing Member who has attained their Final Salary Normal Pension Age and who leaves Pensionable Service, calculated as follows:

(a) in the case of a Final Salary Existing Member who entered Pensionable Service on or after 1st October 1972, by multiplying his Final Pensionable Salary by 3/80 for each year of Pensionable Service;

(b) in the case of a Final Salary Existing Member who entered Pensionable Service before 1st October 1972:

(i) by multiplying his Final Pensionable Salary by 3/80ths for each year of Pensionable Service after 1st October 1972,

(ii) by multiplying his Final Pensionable Salary by 3/80ths for each year of Pensionable Service for the purposes of the Contingency Funds Rules prior to 1st October 1972,

(iii) by multiplying his Final Pensionable Salary:

(a) in the case of a bachelor, by 2/80ths;

(b) in the case of any other male Member, by 1/80th;

(c) in the case of a female Member, by 1/30th;

for each year of Pensionable Service not being Pensionable Service for the purposes of the Contingency Funds Rules prior to 1st October 1972,

and aggregating the products.

75.6 No Terminal Grant shall be payable to a Final Salary New Member.

76. Pensionable Service and Final Salary Normal Pension Age for Final Salary Existing Members employed by the Guernsey Fire and Rescue Service or Airport Fire and Rescue Service

76.1 The following special provisions of this Rule 76 shall apply to a Final Salary Protected Member or a CARE Transition Member (in relation to the calculation of benefits under the Final Salary Scheme) who is a Final Salary Existing Member and employed by the Guernsey Fire and Rescue Service or the Airport Fire and Rescue Service in

respect of his period of Pensionable Service with the Guernsey Fire and Rescue Service or Airport Fire and Rescue Service.

- 76.2 Each year of Pensionable Service of a Final Salary Existing Member employed by either of those services before he attains the age of 55 shall, except for Pensionable Service in excess of 30 years, be counted as one and a third years;
- 76.3 For a Final Salary Existing Member with the rank of Station Manager or below, the Final Salary Normal Pension Age shall be their 50th birthday and the Final Salary Compulsory Retirement Age shall be their 55th birthday;
- 76.4 For a Final Salary Existing Member with a rank above the role of Station Manager the Final Salary Normal Pension Age shall be their 55th birthday and the Final Salary Compulsory Retirement Age shall be their 60th birthday;
- 76.5 The years, or years in the aggregate, of Pensionable Service of a Final Salary Existing Member with a rank above the role of Station Manager may exceed 40 years at his Final Salary Normal Pension Age notwithstanding Rule 73.4.

77. Pensionable Service and Final Salary Normal Pension Age for Final Salary New Members employed by the Guernsey Fire and Rescue Service or the Airport Fire and Rescue Service

- 77.1 The following provisions shall apply to a Final Salary Protected Member or a CARE Transition Member (in relation to the calculation of benefits under the Final Salary Scheme) who is a Final Salary New Member and employed by the Guernsey Fire and Rescue Service or Airport Fire and Rescue Service in respect of his period of Pensionable Service with the Guernsey Fire and Rescue Service or Airport Fire and Rescue Service.
- 77.2 For a Final Salary New Member the Final Salary Normal Pension Age is their 60th birthday and the Final Salary Compulsory Retirement Age is their 65th birthday;
- 77.3 A Final Salary New Member who is aged 55 or above may be retired by his Employer with the consent of the Committee if it is considered by the Employer to be in the interests of the Guernsey Fire and Rescue Service or the Airport Fire and Rescue Service (as the case may be) and in which case a Pension shall be payable at the date of retirement.

78. Pensionable Service and Final Salary Normal Pension Age for Final Salary Existing Members who are members of the Guernsey Police Force

- 78.1 The following special provisions of this Rule shall apply to a Final Salary Protected Member or a CARE Transition Member (in relation to the calculation of benefits under the Final Salary Scheme) who is a Final Salary Existing Member and a member

of the Guernsey Police Force in respect of the period of his Pensionable Service with the Guernsey Police Force:

- (a) for a Final Salary Existing Member below the rank of Inspector, the Final Salary Normal Pension Age shall be his 50th birthday if he has completed 25 years' police service and the Final Salary Compulsory Retirement Age shall be his 55th birthday;
- (b) for a Final Salary Existing Member of the rank of Inspector or Chief Inspector the Final Salary Normal Pension Age is his 50th birthday if he has completed 25 years' police service and the Final Salary Compulsory Retirement Age shall be his 60th birthday;
- (c) for a Final Salary Existing Member above the rank of Chief Inspector the Final Salary Normal Pension Age is his 55th birthday if he has completed 25 years' police service and the Final Salary Compulsory Retirement Age shall be his 60th birthday.

78.2 Each year of police service of a Final Salary Existing Member, of whatever rank, shall, except for years of police service in excess of 30 years, be counted as one and one third years of Pensionable Service and each year of service after 30 years shall count as one year of Pensionable Service up to a maximum of 5 years.

78.3 If a Final Salary Existing Member completes 25 years' police service before reaching his 50th birthday he may be granted a Pension except that the Pension shall not be paid until the date on which he reaches his 50th birthday unless the Committee approves an earlier date for payment.

78.4 The years, or years in aggregate, of Pensionable Service of a Member who is above the rank of Chief Inspector may exceed 40 years at his Final Salary Normal Pension Age notwithstanding Rule 73.4.

79. Pensionable Service and Final Salary Normal Pension Age for Final Salary New Members who are members of the Guernsey Police Force

79.1 The following special provisions of this Rule shall apply to a Final Salary New Member who is a member of the Guernsey Police Force in respect of the period of his Pensionable Service with the Guernsey Police Force.

79.2 For a Final Salary New Member the Final Salary Normal Pension Age is his 55th birthday and the Final Salary Compulsory Retirement Age is his 65th birthday.

79.3 Each year of police service of a Final Salary New Member, of whatever rank, shall, except for years of police service in excess of 35 years, be counted as one and one seventh year of Pensionable Service.

- 79.4 In this Rule the expression '**Guernsey Police Force**' means service as a member of the Guernsey Police Force and includes service as a member of any other police force approved by the Committee as police service.

80. Early Retirement for Final Salary Active Members by reason of Total or Partial Incapacity

If, in the opinion of the Committee (after having consulted with the Employer and taken medical and other relevant advice), a Final Salary Protected Member or CARE Transition Member is unable effectively to discharge his duties by reason of incapacity, he may be retired by the Employer with the prior approval of the Committee before his Normal Pension Age and in such case he shall be entitled on his retirement to a Pension calculated as follows:

- (a) if he is retired by reason of Total Incapacity and provided the Ill Health Condition is met, he shall be entitled to a Pension based on the Member's Pensionable Service plus in the case of Final Salary Protected Members (only) the Additional Pensionable Service provided further that if Rule 43 applies the Additional Pensionable Service shall be half rate or nil as the case may be; or
- (b) if he is retired by reason of Partial Incapacity and provided the Ill Health Condition is met he shall be entitled to a Pension based on the Member's Pensionable Service; or
- (c) if the Member's years of Pensionable Service are less than 2 years, that Member shall be entitled (whether he is retired for Total or Partial Incapacity) to a payment:
 - (i) equal to 1/12 of Final Pensionable Salary and, if a Final Salary Existing Member, a Terminal Grant; or
 - (ii) a Contribution Refund plus compound interest at 3% per annum with yearly rests at each 31st December, whichever is the greater.

81. Benefits for early leavers from the Final Salary Scheme

81.1 If a Final Salary Protected Member or CARE Transition Member:

- (a) retires or resigns from Pensionable Service;
- (b) before attaining his Normal Pension Age; and
- (c) has at least two years of Pensionable Service,

he shall become a Final Salary Deferred Member (in relation to his benefits under the Final Salary Scheme) and the Committee shall pay him a Pension upon him reaching his Normal Pension Age.

- 81.2 Unless the Committee otherwise agrees, the Pension shall not be paid until he reaches his Final Salary Normal Pension Age.

82. Early Retirement for a Final Salary Protected Member or CARE Transition Member

- 82.1 This Rule applies in the case of a Final Salary Protected Member or a CARE Transition Member who:

- (a) is in the case of a Final Salary Existing Member between the age of 50 and his Normal Pension Age and in the case of a Final Salary New Member is between the age of 55 and his Normal Pension Age (and noting that this is in the case of a Final Salary New Member of the Guernsey Fire and Rescue Service or the Airport Fire and Rescue Service or the Guernsey Police Force, the age of 65); and
- (b) is entitled to a Pension which is not to be paid until he attains his Normal Pension Age or in the case of a Final Salary New Member of the Guernsey Fire and Rescue Service or the Airport Fire and Rescue Service or the Guernsey Police Force, the age of 65; and
- (c) has given to the Committee at least 3 months' written notice (or such shorter period of written notice as the Committee may accept in his particular case) of his election for actuarially reduced benefits on and after a date specified in the notice (**the Payment Date**).

- 82.2 In a case in which this Rule applies the Member shall be entitled, in place of any other benefits to which he may otherwise have become entitled under these Final Salary Rules on the Payment Date, to an actuarially calculated proportion of the Pension which would have been payable if he had reached his Normal Pension Age on the Payment Date, subject to the provisions of Rule 70.

- 82.3 The actuarially calculated proportions referred to in this Rule are such as are ascertainable by reference to tables prepared by the Actuary from time to time and published by the Committee for the purposes of this Rule as at the Payment Date.

- 82.4 A notice given under Rule 82.1(c) may be withdrawn by a further notice in writing given to the Committee by the Member at any time before, but not on or after, the Payment Date.

- 82.5 Rule 74 shall apply to any Member wishing to elect for actuarially reduced benefits under this Rule 82.

83. Early Retirement for Final Salary Deferred Members

With the Committee's consent a Final Salary Deferred Member may draw a pension:

- (a) After attaining the Normal Minimum Pension Age to which the provisions of Rule 82 applies; or
- (b) If he is suffering from Total Incapacity.

84. Rules on Early Retirement From the Final Salary Scheme on grounds of Redundancy or Diminished Efficiency no longer apply

Rule 26 and Rule 27 of the Original Documents shall no longer have effect.

85. Partial retirement for a Final Salary Protected Member or CARE Transition Member

85.1 This Rule applies in the case of a Final Salary Protected Member and CARE Transition Member:

- (a) who is over the age of 55; and
- (b) has two or more years' Pensionable Service; and
- (c) who has given to the Committee at least 3 months written notice (or such shorter period of written notice as the Committee may accept in his particular case) of his election for a partial Pension of not more than 75% of his accrued Pension on and after a date specified in the notice (**the Partial Pension Payment Date**); and
- (d) where, immediately following the taking of a partial Pension, the Salary received by that member will be reduced by 20% or more from the Salary received by that Member immediately prior to the taking of the partial Pension.

85.2 In a case in which this Rule applies the Member shall be entitled, in substitution for any other benefits to which he may otherwise have become entitled under any other provision of these Rules on the Partial Pension Payment Date, to an actuarially calculated proportion of the Pension payable in relation to that proportion of the accrued benefits to which the partial Pension notice relates as if he had left Service on that date.

85.3 The actuarially calculated proportions referred to in this Rule are such as are ascertainable by reference to tables prepared by the Actuary from time to time and published by the Committee for the purposes of this Rule as at the Partial Pension Payment Date.

- 85.4 A notice given under sub-paragraph 85.1(c) of this Rule may be withdrawn, by a further notice in writing given to the Committee by the Member, at any time before, but not on or after, the Partial Pension Payment Date.
- 85.5 A member may not elect to take a partial Pension on more than two occasions.
- 85.6 Rule 74 in relation to commutation of pension benefits to lump sums shall be applicable to any member wishing to take a partial pension under this Rule 85.
- 85.7 Any Pension payable to a Member upon retiring (whether before or after reaching his Normal Pension Age) shall be reduced by the amount of the benefits paid under this Rule and the residual benefits together with any that accrue from Pensionable Service following the taking of the partial Pension shall then comprise the basis of any further Pension entitlement upon the Member leaving Service.

86. Death of a Final Salary Protected Member or CARE Transition Member whilst in Pensionable Service

- 86.1 In this Rule 86 (including the Tables):
- (a) **‘Death in Service Lump Sum’** means a sum equal to three times the Member’s Final Pensionable Salary at the date of his death;
 - (b) **‘Pensionable Salary Entitlement’** means $\frac{1}{4}$ of the member’s Final Pensionable Salary at the date of his death payable in three equal monthly instalments in arrears during the three months following that date;
 - (c) **‘Pension’** for the purpose of this Rule excludes Terminal Grant;
 - (d) **‘AVC Member Benefit’** means AVCs paid by the Final Salary Protected Member or CARE Transition Member (in relation to the Final Salary Scheme) for Member added pension only and not for Spouse or Qualifying Partner added pension.
 - (e) Where there is an additional Pension payable for a second or more Qualifying Child, this Pension is the total amount and is not payable for any further Qualifying Child;
 - (f) Payments for a Qualifying Child are payable only for as long as they remain a Qualifying Child;
 - (g) **‘Pensionable Service to count for Spouse benefits (or family benefits)’** means that in relation to the entitlement to benefits under the Scheme:
 - (i) a Spouse or Qualifying Partner pension is not payable to the Spouse or Qualifying Partner of a female Member who opted at that time

under the States of Guernsey (Public Servants)(Pensions and other Benefits)(Amendment) Rules 1988 (**the 1988 Rules**) to continue to contribute to the Scheme at 5% of their Salary;

- (ii) in respect of a female Member who opted at that time under the 1988 Rules to contribute 6%, then her Pensionable Service from 1st November 1988 shall count towards a Spouse pension unless she paid back contributions in accordance with the 1988 Rules and in which case all her Pensionable Service will count;
 - (iii) in respect of a female Member who opted to continue to contribute to the Scheme at the lower contribution rate under the 1988 Rules but then elected to increase her contribution under the States of Guernsey (Public Servants) (Widowers' Benefits) Rules 1998, the entitlement to a Pension or other benefits of the Spouse is to be ascertained as at the date when the election took effect;
 - (iv) benefits payable to a Qualifying Partner shall be based on the deceased Members' Pensionable Service accruing after the 1st January 2008 but this does not prevent the Member from purchasing earlier Pensionable Service at any time while they are an Active Member ;
 - (v) in relation to a former Member or deceased former Member who left the Scheme at any time before 31st December 2007, Pensionable Service will not count towards a Pension for any Spouse who has remarried since the date of death of the Member;
 - (vi) in relation to a Member or former Member, only Pensionable Service from 6th April 1978 will count towards the Pension for a Spouse who married that Member after the date when the Service of the Member terminated, for whatever reason;
 - (vii) in relation to an Ex-Teacher Member, Pensionable Service for the period prior to their date of transfer from the Teachers' Scheme to the Final Salary Scheme shall be ascertained by reference to the provisions for relevant service in the Teachers' Regulations and as from the date of their transfer to the Final Salary Scheme prior to the Transition Date ascertained in accordance with the Final Salary Rules (and as amended by these Rules).
- (h) In the formula:
- A = Pensionable Service of Member at death
- B = Additional Pensionable Service, provided that if Rule 43 applies this shall be half rate or nil rate as the case may be

- C = Final Pensionable Salary
 D = Pensionable Service to count for Spouse benefits (or family) benefits at death

86.2 If a Final Salary Protected Member or CARE Transition Member dies whilst in Pensionable Service the Committee shall pay a Pension:

- (a) to his Spouse or (subject to the provision of Evidence of Financial Dependence) a Qualifying Partner; or
- (b) if the Member is not survived by a Spouse or Qualifying Partner but is survived by a Qualifying Child, to such person as the Committee may in its discretion determine for the benefit of that Qualifying Child (or children) (if more than one in equal shares); or
- (c) if the Member is survived neither by a Spouse, Qualifying Partner nor by a Qualifying Child, to his legal personal representative; and
- (d) provided that if and for so long as the Member is survived by a Qualifying Child who is not in the custody of the Member's Spouse or Qualifying Partner, any pension payable in respect of that Qualifying Child shall be paid to such person as the Committee may in its discretion determine for the Qualifying Child's benefit.

86.3 CARE Transition Members shall receive a Pension in accordance with this Rule 86 in relation to Pensionable Service under the Final Salary Rules except that in the calculation of the benefits:

- (a) the Death in Service Lump Sum; and
- (b) Pensionable Salary Entitlement; and
- (c) the AVC Member Benefit and DC Account shall not be payable; and
- (d) there shall be excluded from any calculation any entitlement to Additional Pensionable Service,

and any such benefits in (a) – (d) shall be taken into account in relation to benefits payable under the CARE Scheme.

86.4 Pension on the death of a Final Salary Protected Member in Pensionable Service but with less than two years' Pensionable Service:

Member survived by Spouse or Qualifying Partner (with or without Qualifying Child)	Member not survived by Spouse or Qualifying Partner but survived by Qualifying Child	Member not survived by either Spouse or Qualifying Partner or Qualifying Child
<ul style="list-style-type: none"> • Death in Service Lump Sum; • Pensionable Salary Entitlement; • DC Account; • AVC Member Benefit 	<ul style="list-style-type: none"> • Death in Service Lump Sum; • Pensionable Salary Entitlement; • DC Account; • AVC Member Benefit 	<ul style="list-style-type: none"> • Death in Service Lump Sum; • DC Account; • AVC Member Benefit

86.5 Pension on the death of a Final Salary Protected Member or CARE Transition Member in Pensionable Service with two or more years Pensionable Service:

<p>1. Member survived by Spouse or Qualifying Partner, with no Qualifying Child and all Pensionable Service counts for Spouse benefits</p> <ul style="list-style-type: none"> • Death in Service Lump Sum; • Pensionable Salary Entitlement; • Spouse or Qualifying Partner Pension calculated in accordance with the following formula: $1/160 \times (A+B) \times C$ • DC Account; • AVC Member Benefit 	<p>2. Member survived by Spouse or Qualifying Partner, with no Qualifying Child and not all Pensionable Service counts for Spouse benefits</p> <ul style="list-style-type: none"> • Death in Service Lump Sum; • Pensionable Salary Entitlement; • Spouse or Qualifying Partner Pension calculated in accordance with the following formula: $1/160 \times (D + B) \times C$ • DC Account; • AVC Member Benefit
<p>3. Member survived by Spouse or Qualifying Partner with Qualifying Child where all Pensionable Service counts for Spouse benefits</p> <ul style="list-style-type: none"> • Death in Service Lump Sum; • Pensionable Salary Entitlement; • Spouse or Qualifying Partner Pension calculated in accordance with the following formula: $1/160 \times (A + B) \times C$ • an additional pension for first Qualifying Child calculated in accordance with the following formula $1/320 \times (A + B) \times C$ • an additional pension for second Qualifying Child (or children) calculated in accordance with the following formula: $1/320 \times (A + B) \times C$ 	<p>4. Member survived by Spouse or Qualifying Partner with Qualifying Child where not all Pensionable Service counts for Spouse benefits</p> <ul style="list-style-type: none"> • Death in Service Lump Sum; • Pensionable Salary Entitlement; • Spouse or Qualifying Partner pension calculated in accordance with the following formula: $1/160 \times (D + B) \times C$ • an additional pension for first Qualifying Child calculated in accordance with the following formula: $1/240 \times (A - D) \times C + 1/320 [D + B] \times C$ • an additional pension for second Qualifying Child (or children) calculated in accordance with the following formula:

<ul style="list-style-type: none"> • DC Account; • AVC Member Benefit 	$1/240 \times (A - D) \times C + 1/320 [D + B] \times C$ <ul style="list-style-type: none"> • DC Account; • AVC Member Benefit
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5. Ex-Teacher Member survived by Spouse or Qualifying Partner with Qualifying Child but where not all Pensionable Service counts for family benefits.	6. Ex Teacher Member not survived by Spouse or Qualifying Partner with Qualifying Child but where not all Pensionable Service counts for family benefits.
<ul style="list-style-type: none"> • Death in Service Lump Sum; • Pensionable Salary Entitlement; • Spouse or Qualifying Partner pension calculated in accordance with the following formula: $1/160 \times [D + B] \times C$ • a pension for first Qualifying Child calculated in accordance with the following formula: $1/320 \times (D + B) \times C$ • an additional pension for second Qualifying Child (or children) calculated in accordance with the following formula: $1/320 \times (D + B) \times C$ • DC Account; • AVC Member Benefit 	<ul style="list-style-type: none"> • Death in Service Lump Sum; • Pensionable Salary Entitlement; • a pension for first Qualifying Child calculated in accordance with the following formula: $1/240 \times (D + B) \times C$ • an additional pension for second Qualifying Child (or children) calculated in accordance with the following formula: $1/240 \times (D + B) \times C$ • DC Account; • AVC Member Benefit

7. Member survived by Qualifying Child but not a Spouse or Qualifying Partner whether or not all Pensionable Service counts for Spouse benefits.	8. Member survived by Spouse or Qualifying Partner and Qualifying Child but the Spouse or Qualifying Partner does not qualify for benefits.
<ul style="list-style-type: none"> • Death in Service Lump Sum; • Pensionable Salary Entitlement; • a pension for first Qualifying Child calculated in accordance with the following formula: $1/240 \times (A + B) \times C$ • an additional pension for second Qualifying Child (or children) calculated in accordance with the following formula: $1/240 \times (A + B) \times C$ • DC Account; • AVC Member Benefit 	<ul style="list-style-type: none"> • Death in Service Lump Sum; • Pensionable Salary Entitlement; • a pension for first Qualifying Child calculated in accordance with the following formula: $1/240 \times (A + B) \times C$ • an additional pension for second Qualifying Child (or children) calculated in accordance with the following formula: $1/240 \times (A + B) \times C$ • DC Account; • AVC Member Benefit

9. Member not survived by either Spouse or Qualifying Partner or Qualifying Child
<ul style="list-style-type: none"> • Death in Service Lump Sum; • DC Account; • AVC Member Benefit

87. Death of a Final Salary Deferred Member

87.1 If a Final Salary Deferred Member dies before reaching his Normal Pension Age the Committee shall pay:

- (a) for Final Salary Existing Members, a Pension ascertained in accordance with the Rules of the Final Salary Scheme in force at 31st December 2007 and payable to the Beneficiary who would have been entitled if the Final Salary Deferred Member had been a Final Salary Protected Member on the date when he left that employment;
- (b) For Final Salary New Members, a pension ascertained by reference to the Pensionable Service of that Member as if he had died whilst in Pensionable Service on the date when he left Pensionable Service and payable to the Beneficiary who would have been entitled as if the Final Salary New Member had died whilst in Pensionable Service on the date when he left Pensionable Service.

87.2 The amount of any Pension payable under Rule 87.1 shall include any increase in accordance with recommendations made by the Committee and approved by the Principal Employer since the relevant date.

87.3 For a CARE Deferred Member who was a CARE Transition Member (and so that this provision applies in respect of both Final Salary New Members and Final Salary Existing Members) Rule 87.1 and 87.2 apply in relation to any period of Pensionable Service up to Transition Date.

88. Death of a Final Salary Pensioner Member

88.1 If a Final Salary Pensioner Member dies whilst in receipt of a Pension the Committee shall pay to the Beneficiary who would have been entitled to any benefit under Rule 86 if that Member had been in Pensionable Service at the date of his death:

- (a) in relation to Final Salary Protected Members, if the Pension paid to him is less than the amount of any Terminal Grant which would have been paid if he had died on the date of his retirement, the difference; and
- (b) in relation to CARE Transition Members, if the aggregate of the Pension paid to him under both the Final Salary Rules and CARE Rules together with the

benefit under Rule 57.4(i) is less than the amount of any Terminal Grant which would have been paid if he had died on the date of his retirement, the difference; and

- (c) in relation to both Final Salary Protected Members and CARE Transition Members, if and for so long as he is survived by a Spouse or Qualifying Partner or by a Qualifying Child (or children):

(i) for the three months following his death, a pension equal to his actual Pension (excluding Terminal Grant) at the date of his death; and

(ii) thereafter, a Pension calculated in accordance with Rule 86 ascertained at the date of his retirement but substituting the following formula values and increased in accordance with Rule 67:

A = Pensionable Service of Member at retirement
 B = 0
 C = Final Pensionable Salary
 D = Pensionable Service to count for Spouse benefits (or family) benefits at the date of retirement

(subject in each case to there being Pensionable Service to count for Spouse's benefits or family benefits).

89 Regulation 26(1) of the Teachers' Regulations

89.1 In the case of any Existing Member of the Teachers' Scheme

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

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

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

Part 4 Teachers' Pension Scheme

Note: These Rules are to be read in accordance with and consistently with the Teachers' Scheme established under the Teachers Regulations. Except to the extent that they are amended by this Part 4 these Rules incorporate the provisions of the Teachers' Scheme in force as at 29th February 2016 in relation to the Teachers' Pension Scheme (only).

90. Transitional Provisions – CARE Transition Members

Active Members of the Teachers' Scheme on the day that is immediately prior to the Transition Date who were within 10 years of their Normal Pension Age (ascertained in accordance with the Teachers' Scheme) as at 31st December 2013 automatically remain in the Teachers' Scheme if they have not elected within one month after the Transition Date to join the CARE Scheme. All other Active Members of the Teachers' Scheme and those who opt to join the CARE Scheme are CARE Transition Members.

91 Teachers' Pension Scheme to remain in force

- 91.1 The Teachers' Scheme has been closed to Eligible Employees since the implementation of the Teachers' Superannuation (Guernsey) Amendment Regulations 2005, and Eligible Employees have since that time joined the Scheme as Final Salary Scheme Members. From 1st May 2015, Eligible Employees are only entitled to join as CARE Active Members.
- 91.2 The CARE Rules apply to CARE Transition Members who have joined or elected to join the Scheme under Rule 90 with effect from the Transition Date, and the Teachers' Scheme apply to CARE Transition Members for their Pensionable Service up to (but not including) the Transition Date.

92. Amendments to The Teachers' Scheme

The Teachers' Scheme shall be amended by:

- (a) substituting 30% for the percentage of 25% in the commutation option of pension for lump sum; and
- (b) substituting 20% for the percentage of 25% in the partial pension option

but except as stated in this Rule the Teachers' Scheme remain unchanged.

Part 5 Original Documents (Governing the Final Salary Rules as at 29th February 2016)

The States of Guernsey (Public Servants) (Pensions and other Benefits) Rules, 1972 to 2007

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

The States of Guernsey (Public Servants) (Pensions and other Benefits) (Non-Teaching Staff) (Elizabeth College) Rules, 1975

Pensions Interchange Arrangements

The States of Guernsey (Public Servants) (Pensions and other Benefits) (Supplementary) Rules, 1973 (*Repealed*)

The States of Guernsey (Public Servants) (Pensions and other Benefits) (Medical and Hospital Staff) (Amendment) Rules, 1982

The States of Guernsey (Public Servants) (Pensions and other Benefits) (Amendment) Rules, 1988

The States of Guernsey (Public Servants) (Pensions and other Benefits) (F.S.S.N Employees) Rules, 1991

The States of Guernsey (Public Servants) (Pensions and other Benefits) (Pre-vesting-day Postal Employees) Rules, 1994

The States of Guernsey (Public Servants) (Pensions and other Benefits) (Amendment) Rules, 1997

The States of Guernsey (Public Servants) (Pensions and other Benefits) (Amendment No.2) Rules, 1997

The States of Guernsey (Public Servants) (Pensions and other Benefits) (Senior Police and Fire Brigade Officers) (Amendment) Rules, 1998

The States of Guernsey (Public Servants) (Pensions and other Benefits) (Widowers' Benefits) Rules, 1998

The States of Guernsey (Public Servants) (Pensions and other Benefits) (Medical and Hospital Staff) (Amendment) Rules, 1998

The States of Guernsey (Public Servants) (Pensions and other Benefits) (Permitted Investments) (Amendment) Rules, 1999

The States of Guernsey (Public Servants) (Pensions and other Benefits) (Amendment) Rules, 1999

The States of Guernsey (Public Servants) (Pensions and other Benefits) (Amendment) Rules, 2001

The States of Guernsey (Public Servants) (Pensions and other Benefits) (Amendment) Rules, 2004

The States of Guernsey (Public Servants) (Pensions and other Benefits) (Amendment) Rules, 2005

The States of Guernsey (Public Servants) (Pensions and other Benefits) (Amendment) Rules, 2006

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

The States of Guernsey (Public Servants) (Pensions and other Benefits) (Amendment) Rules, 2010

Part 6 Normal Pension Age for CARE Members who were members of the Final Salary Scheme on 29th February 2016

The Normal Pension Age for CARE Members who were members of the Final Salary Scheme on 29th February 2016 shall be as follows:

Date of Birth	Normal Pension Age
Before 1 January 1955	65
1 January 1955 to 31 October 1955	65 2/12
1 November 1955 to 31 August 1956	65 4/12
1 September 1956 to 30 June 1957	65 6/12
1 July 1957 to 30 April 1958	65 8/12
1 May 1958 to 28 February 1959	65 10/12
1 March 1959 to 31 December 1959	66
1 January 1960 to 31 October 1960	66 2/12
1 November 1960 to 31 August 1961	66 4/12
1 September 1961 to 30 June 1962	66 6/12
1 July 1962 to 30 April 1963	66 8/12
1 May 1963 to 29 February 1964	66 10/12
1 March 1964 to 31 December 1964	67
1 January 1965 to 31 October 1965	67 2/12
1 November 1965 to 31 August 1966	67 4/12
1 September 1966 to 30 June 1967	67 6/12
1 July 1967 to 30 April 1968	67 8/12
1 May 1968 to 28 February 1969	67 10/12
1 Mar 1969 to 31 December 1969	68
1 January 1970 to 31 October 1970	68 2/12
1 November 1970 to 31 August 1971	68 4/12
1 September 1971 to 30 June 1972	68 6/12
1 July 1972 to 30 April 1973	68 8/12
1 May 1973 to 28 February 1974	68 10/12
1 March 1974 to 31 December 1974	69
1 January 1975 to 31 October 1975	69 2/12
1 November 1975 to 31 August 1976	69 4/12
1 September 1976 to 30 June 1977	69 6/12
1 July 1977 to 30 April 1978	69 8/12
1 May 1978 to 28 February 1979	69 10/12
From 1 March 1979	70

(N.B. The Treasury and Resources Department notes that a negotiated settlement has been reached and the Policy Council is recommending that the Rules of the Public Sector Pension Schemes are revised in order to implement the new arrangements.

In respect of resource implications, the current standard employer contribution rate is 14.1%. If the maximum employer contribution rate of 14.5% (excluding any adjustment necessary in respect of investment risk) is reached, the implication to General Revenue would be approximately £0.6million per annum (i.e. 0.2% of 2016 Non-Formula Led Budgets) which, in order to remain within the fiscal policy of no real terms growth in aggregate revenue expenditure, could only be accommodated by real terms decreases in Cash Limits.

In addition, if the employer contribution rate does not decrease from its current level, there will be a consequential impact on the potential to reduce the liability relating to past service of existing members (whose benefits accrued to date are preserved), which was £82million at the most recent Actuarial Valuation.)

The States are asked to decide:-

XI.- Whether, after consideration of the Policy Letter dated 14th December, 2015, of the Policy Council, they are of the opinion to approve the States of Guernsey (Public Servants) (Pensions and Other Benefits) (Amendment) Rules 2016, as set out in the Appendix to that Policy Letter.

POLICY COUNCIL

ESTABLISHING A CENTRAL REGISTER OF CONTACT DETAILS FOR INDIVIDUALS AND ORGANISATIONS

1. Executive Summary

- 1.1. This Policy Letter sets out the current position regarding how individuals' and organisations' contact details are stored, maintained and shared by the States of Guernsey and the States of Alderney. It also outlines drivers for changing that position, together with the benefits that such change can bring.
- 1.2. Change is proposed in the form of a project which aims to achieve a more customer focussed and efficient "tell us once" position with regard to individuals' and organisations' contact details. The project involves establishing a Bailiwick register of contact details, which would give individuals and organisations easier access to, and greater control over, their own data. It would also result in a reduction in duplication of effort across the States.
- 1.3. The States are asked to approve the drafting of new primary legislation to enable this central register of contact details to be established in a manner that is transparent and deliberate and, in the case of personal data, consistent with the Data Protection Principles set out in the Data Protection Law.

2. Drivers for change

- 2.1. As at November 2015, 128 databases containing individuals' and organisations'¹ contact details were maintained by States of Guernsey Departments. These exist in various forms (from Excel spreadsheets to more complex operational IT systems). The subjects whose contact details are held within them may exist in one or many of the databases, but are likely to be held in more than one.
- 2.2. This means that Islanders have to deal with multiple service areas in order to provide updates relating to a single life event, when the majority of them would be happy for the information to be shared to enable a "tell us once" facility to be made available. (See section 8.1 for further details.) In addition, there is duplication of effort across the States, with different service areas each maintaining copies of the same data.
- 2.3. As a result, different versions of the same data exist, some of which are more up to date and correct than others, and resources can be wasted attempting to contact individuals and organisations using out of date contact details.

¹ Organisations includes: businesses, employers, charities, not for profit organisations, companies and other legal structures

- 2.4. Furthermore, it is not easy for individuals to access or maintain the data relating to themselves. Multiple sets of the same data can lead to inconsistencies and errors. In addition, the volume of data held in some instances might be regarded as excessive. All these features of the manner in which some personal data are currently kept may be contrary to the Data Protection Principles.
- 2.5. In the case of individuals' data (as set out in the Data Protection Law), the data are held for a different purpose by each different service area. As a result, the databases cannot be merged without appropriate legal provision. Indeed, individual subjects may have good reasons to have different contact details for different services, which must be respected, although it should be noted that this is true for the minority rather than the majority. The majority (as the Rolling Electronic Census database can verify) use the same contact details across all service areas.
- 2.6. At present there is no mechanism to find out why individuals have provided different contact details to different service areas, unless they are suspected of fraudulent activity. This could be important for fraud prevention, particularly where the contact details are used for the purpose of making or receiving payments.
- 2.7. In the case of organisations, the Data Protection Principles and the provisions of the Data Protection Law do not apply, since they are specific to personal data relating to living individuals only. Whilst they do apply to data relating to individuals within an organisation, they do not apply to data relating to the organisation itself. However, in the preparation of any legislation and administration of the proposed new Register, it will be necessary to ensure that adequate safeguards are created to give protection to commercially sensitive information and information that may be subject to statutory duties of confidentiality (e.g. tax information).
- 2.8. The States have already recognised that this is an area of customer service that needs to be addressed. In March 2013 (Billet d'État V of 2013, Article 3) they agreed to split the Rolling Electronic Census Project into two phases. Phase 1, which was completed earlier in 2015, involved the delivery of an Information Technology ("IT") system to provide population statistics, which are now published on a quarterly basis. The objectives of Phase 2, were also agreed as follows:
 - 2.8.1. Enable Departments to achieve efficiencies via corporate data sharing where possible.
 - 2.8.2. Make it easier for Islanders to update personal data that is used by Government where possible.
- 2.9. Furthermore, the Framework for Public Sector Reform, which was endorsed by the States in September 2015, highlighted an intention to move to a "tell us once" position, which will both reduce the level of effort currently required from individuals and organisations and the level of duplication of effort currently occurring across the States. In order to achieve this in practice, the sharing of selected data will need to be enabled where appropriate. Another critical step will

involve introducing a single online portal giving Islanders access to all online government services, which are personalised and tailored to the needs of the customer.

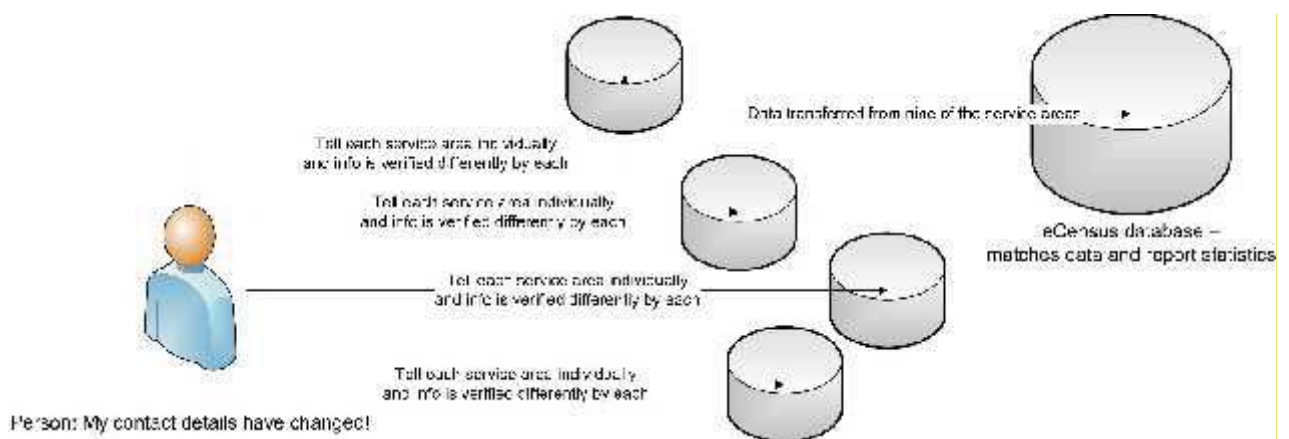
3. Methods by which data sharing can be achieved at present

- 3.1. The most appropriate method via which data sharing can be achieved is determined by the particular circumstances, primarily: the purposes for which the data is to be shared; the sensitivity of the data; and the existing legal provisions to restrict or enable sharing of the data. In some cases, data sharing is not appropriate. In other instances data sharing may be appropriate provided that it is accompanied by suitable legislative and practical safeguards.
- 3.2. For example, to implement the proposal to invoice customers and manage debtors centrally via the Shared Transaction Service Centre (“the Hub”), an Order was made by the Home Department under the Data Protection Law. That Order (The Data Protection (Processing of Personal Data) (STSC) Order, 2012) enabled the merging of customer and debtor databases (including contact details) to occur in a manner that was consistent with the provisions of the Data Protection Law. In particular the Order prescribed the specific (and legitimate and proportionate) purposes for which personal data could be used and those bodies to which and by which personal data might be disclosed.
- 3.3. In March 2013, The [Electronic Census \(Guernsey\) Ordinance, 2013](#) was enacted, which enabled data (including addresses) that had previously been collected from individuals to be collected from States databases instead and centrally collated. The Ordinance contained amendments to The Social Insurance (Guernsey) Law, 1978, The Attendance and Invalid Care Allowances (Guernsey) Law, 1984 and The Income Tax (Guernsey) Law, 1975, which contained specific clauses restricting the sharing of data held for those purposes. Via this route, the Rolling Electronic Census database was compiled and the purposes for which that data could be used were defined. The purposes are research and statistical only, as would have been the case with census data collected via traditional methods.
- 3.4. It would be possible to make similar amendments on a case by case basis to enable further merging and centralisation of contact details as and when suitable projects emerge (e.g. the Joint Contributions and Tax Services project). However, this approach provides only limited improvements on the current position and would also not be entirely transparent to data subjects.

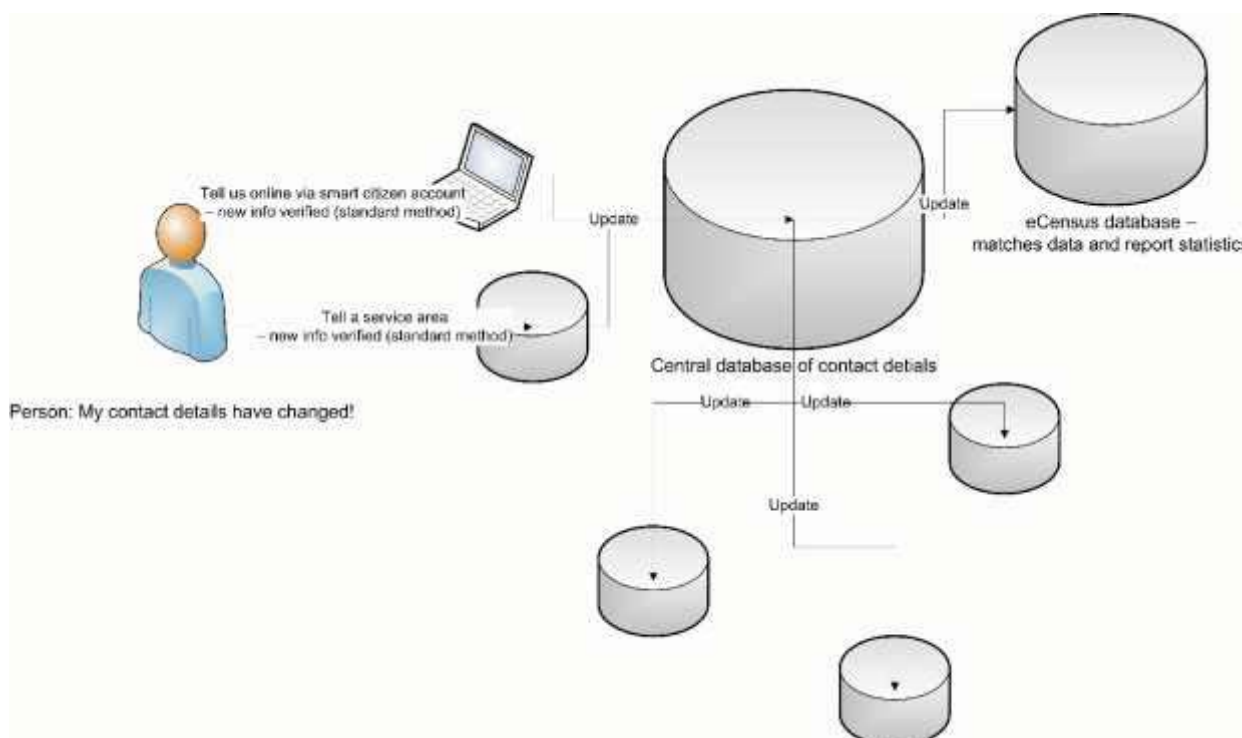
4. Proposed changes to the way contact details are stored, maintained and shared

- 4.1. It is proposed that contact details should be stored and maintained in a different way in order to:
 - 4.1.1. Reduce duplication of effort across the States;

- 4.1.2. Make it easier for individuals and organisations to access and maintain the data relating to themselves and move towards a "tell us once" position;
 - 4.1.3. Have one accurate and up to date version of the contact details for each individual and organisation (but allow for individuals or organisations to specify different contact details for different contact purposes as appropriate);
 - 4.1.4. Have a fit for purpose system to enable Public Service Reform; especially improvements in customer service and digital services.
- 4.2. To achieve the above in practice, there will need to be fundamental changes in the way data is shared and accessed by the service areas of the States. The proposed changes are explained below.
- 4.3. The current position is illustrated below.



- 4.4. At present there are many isolated databases, with sharing of contact details only allowed under certain specific circumstances, the most common of which are: a legal requirement to do so; or the consent of the individual subject. For the reasons stated above, this position, which mainly involves one-way flows of information, has arisen from natural evolution rather than by design, and is not ideal.
- 4.5. The proposed position is illustrated overleaf.



4.6. The proposed position involves:

- 4.6.1. A central Register (database), which is the "master" for individuals' and organisations' contact details (listed in Appendix 1) and is accessible to service areas on the basis of access to only those individuals for whom they require the data in order to deliver services²;
- 4.6.2. Standardising the way this information is verified by Departments and enabling them to update the register electronically and receive updates;
- 4.6.3. Enabling people to view and update their own master information on the register (with suitable verification of their entitlement to do so) via an online "smart citizen" account or via contact with any one of the service areas;
- 4.6.4. Enabling the contact details of all (including vulnerable) people to continue to be protected in a manner consistent with the Data Protection Principles set out in the Data Protection Law;
- 4.6.5. Service areas continuing to maintain data specific to the services they provide and not sharing this data (except where this is allowed via other mechanisms; see Section 6 for further details).

4.7. The plan for when each of these elements will be delivered is attached as Appendix 2.

² This database would include a full audit capability, to ensure records of who the data was accessed and/or edited by could be accessed if needed.

5. Legislative Requirements

- 5.1. The establishment of the central register or master database of core data and contact details will, to the extent that they comprise personal data (as defined in the Data Protection Law), involve the processing (again as defined in the Law) of that data. In order to process personal data lawfully in these circumstances a new Law will be required. In relation to data that are not personal data, it is also thought preferable to effect the transfer of the data to the central register under a Law.
- 5.2. The provisions of a Law are likely to be similar in many respects to those of [The Register of Names and Addresses \(Jersey\) Law, 2012](#). The Law will extend to both Guernsey and Alderney and its key provisions will:
 - 5.2.1. Establish a register of core data and contact details which will be under the control of the Policy Council using information already held by any service area of any Committee³ of the States of Guernsey or Committee of the States of Alderney;
 - 5.2.2. Establish a statutory role for a Registrar, who oversees the register;
 - 5.2.3. Specify for whom/which individuals / organisations a record must be included in the register (broadly those individuals and organisations for whom/which a record is held by a Committee of the States of Guernsey or Committee of the States of Alderney for the purposes identified below) and provide for amendment of those categories or types by Ordinance;
 - 5.2.4. Specify how long records should be retained once they are no longer in active use;
 - 5.2.5. Specify the categories or types of core data and contact details that are to be held on the register (as per Appendix 1) and provide for amendment of those categories or types by Ordinance;
 - 5.2.6. Prescribe who can access the core data and contact details (i.e. States of Guernsey employees and data subjects only) and for what purposes;
 - 5.2.7. Identify the purposes for which the core data and contact details can be used (any changes of, or additions to, those purposes will require an Ordinance) will be enabling or facilitating:
 - the provision of any specified service to an individual by a service area of a States Committee;

³In this context, the term “States Committee also includes other administrative services carried out on behalf of the States of Guernsey.

- anything done by a service area of a States Committee to enable or facilitate compliance by an individual with any specified duty under any specified enactment;
- anything done or to be done by a specified service area of a States Committee in consequence of a breach or alleged breach by an individual of any specified duty under any specified enactment.

("specified" in these instances, meaning specified by regulations made by the Policy Council.)

- 5.2.8. Create powers enabling the Policy Council to verify the core data and contact details;
- 5.2.9. Include penalties for misuse of the core data and contact details (similar to those in [The Electronic Census \(Guernsey\) Ordinance, 2013](#) in addition to those defined in the Data Protection Law); and
- 5.2.10. Make suitable amendments where necessary to other legislation (including income tax, social insurance and legal aid legislation) to enable core data and contact details held by the Director of Income Tax, the Social Insurance Administrator and the Legal Aid Administrator to be disclosed for the purposes of the register entries.

6. Extent of the legislation

- 6.1. It should be noted that there is other data, which individuals and organisations may need to provide to more than one service area (particularly if the information changes), for example:
 - 6.1.1. An individual's employer and earnings;
 - 6.1.2. The type of economic activity undertaken by the organisation;
 - 6.1.3. Whether a young person is in full time education.
- 6.2. It is proposed that the sharing of data beyond that listed in Appendix 1 should continue to be controlled via existing mechanisms and enabled on a case by case basis. The reason for this is that the other/additional data could be required for very different purposes by different service areas; whereas, contact details will only be required for the purpose of contacting an individual or organisation (in person, by phone or digitally) and the proposed legislation will restrict the use of the data to this purpose only.

7. Risks of proceeding

- 7.1. The proposed solution is not, of course, free of all risk. For example, one of the key risks identified is that a register of this type could become a target for malicious data access attempts. This is equally true of the existing arrangements, albeit that, if successful, any hacker would potentially be able to see a wider range of data than would be the case at present.
- 7.2. This risk can be mitigated by ensuring that no highly sensitive personal information is stored, coupled with the highest possible security levels for the IT system in question.
- 7.3. A further risk is that the database has the potential to become a single point of failure, which would cause operational problems for all service areas. However, this need not be an issue provided that sufficient back-up takes place at regular intervals.
- 7.4. Therefore, the Policy Council considers that, with suitable mitigation in place, the benefits that will ensue from the project outweigh the potential risks.

8. Consultation

- 8.1. The Data Protection Commissioner advised that a register of this nature should only be established via a transparent process and within a robust legal framework. As such, consultation has occurred at each stage before reaching the States for public debate.
- 8.2. This issue was included in the recent Community Survey, by way of asking the public the extent to which they agreed with the following statement: *“I would be happy for States Departments to share my contact details with each other, so I don’t have to tell them each individually when something changes.”*
- 8.3. Analysis of the survey responses has not yet been finalised but initial indications are that 75% of respondents (1,485 for this question) agreed or strongly agreed, with only 10% strongly disagreeing. There was no discernable common reason for respondents to strongly disagree.
- 8.4. Whilst these are not finalised figures, they give an indication that the majority of individuals would support moves to enable the sharing of their contact details between service areas.
- 8.5. The Alderney Policy and Finance Committee sees the merit in this Policy Letter, and is keen to ensure that Alderney is included in step with Guernsey as the project develops. The Committee feels that, not only will the initiative assist in gathering much needed evidence for policy making, but it will reduce bureaucracy for islanders and save public money – three very good reasons to support the timely initiative.

- 8.6. The Law Officers have been consulted about the proposals contained within this Policy Letter and have advised that the proposed Law can be drafted within the timetable required to commence the establishment of a central register of individuals' core data and contact details in September 2018 provided that the drafting is given the necessary priority by the Policy Council.
- 8.7. In general terms the Income Tax Office Management Team support the aim and intention of the Policy Letter to deliver a customer focussed "tell us once" service; as this aligns with the objectives of Income Tax Office Improvement Programme. Some potential practical issues were highlighted, which although not insurmountable, will need to be worked through when planning the system build stage.
- 8.8. The Administrator of the Social Security Department supports the proposal, which will be much easier for the customer than the current separate arrangements of Departments. He notes that notifications of changes of address will still have different consequences for different Departments. Some actions will require the change of address to be verified, while others may not. The Administrator notes that these matters have been acknowledged in this Policy Letter and will be accommodated in the drafting of the legislation and in the development of the detailed operating arrangements of the new system.
- 8.9. Whilst there are some concerns regarding the logistics of implementing a centralised register of details (particularly with regard to the more vulnerable members of society), the Legal Aid Administrator is in support of achieving efficiency savings and improving customer experiences.

9. Resource implications

- 9.1. There are no additional costs associated with the drafting of the proposed legislation and other associated costs are met from the existing Rolling Electronic Census Project capital vote.
- 9.2. The Policy Council has a capital vote of £633,000 in order to fund the Rolling Electronic Census project. Expenditure on Phase 1 totalled £341,795. Therefore £291,205 remains, which is sufficient and it is planned to use this to fund the core enabling technology, such as:
 - 9.2.1. Mydetails.gg, a webpage people can choose to use to inform all States service areas in one go i.e. tell us once, when they move house (the highest frequency/volume update, which will have the highest impact on customer experience);
 - 9.2.2. Other high frequency/volume updates (in highest impact order), which people may prefer to tell us once;
 - 9.2.3. Smart citizen account (eID) and secure mailbox.

- 9.3. There will be no ongoing revenue resource implications arising from these projects.
- 9.4. These activities are effectively stand-alone precursors to the main project, which will not start until 2018. They are not dependent on this project, which means that benefits can be realised even if the next phase is not delivered as planned – i.e. there is no risk of abortive expenditure.
- 9.5. The proposed legislation would enable significant parts of the Public Sector Reform Programme. Further extensive research is required to determine the resource implications from 2018 onwards, which is the earliest date that links to the central register could start to be established. This will be funded as part of service transformations for Public Sector Reform. As such, it is proposed that the business case be presented to the States for approval of any additional resourcing required, once the details have been determined.
- 9.6. As far as possible, links to the central register will be created at the time of planned system upgrades to minimise costs. The programme of work would be likely to span approximately 5 years.

10. Compliance with Principles of Good Governance

- 10.1. The Policy Council is satisfied that the proposals conform with the six Principles of Good Governance, particularly as they will facilitate compliance with: Core Principle 1, focusing on the organisation's purpose and on outcomes for citizens and service users; Core Principle 4, taking informed transparent decisions and managing risks; and Core Principle 5, developing the capacity and capability of the governing body to be effective.

11. Conclusions

- 11.1. The current position described in this policy letter can only be transformed into a more efficient and customer focussed "tell us once" position, which the States has previously endorsed, by implementing some fundamental changes to the way core data and contact details are stored, maintained and shared. The States can enable individuals and organisations to regain ownership and control of their core data and contact details, which will bring about efficiency savings across the organisation. As set out in this policy letter, this will require legislation to ensure that the data can be centralised in a transparent manner that ensures its continued protection from misuse.

12. Recommendations

- 12.1. The States are asked to:

- 12.1.1. Support the principle of the establishment of a register of core data and contact details as outlined in Section 5 of this Policy Letter;

12.1.2. Direct the preparation of such legislation as may be necessary to facilitate the establishment of such a register;

12.1.3. Direct the Policy Council (and its successor) to research further the resource implications of the practical establishment of such a register, prepare a business case and report back to the States once these details are known.

J P Le Tocq
Chief Minister

14th December 2015

A H Langlois
Deputy Chief Minister

Y Burford
P L Gillson
S J Ogier

R W Sillars
M G O'Hara
K A Stewart

P A Luxon
D B Jones
G A St Pier

Appendix 1

The States of Guernsey and Alderney currently have multiple databases holding a variety of personal (including sensitive) data.

The register of contact details will reduce the amount of personal data stored in total and it will store only the data necessary to record each individuals’:

- ID/reference used by each service area and a corporate unique reference number
- Name (checked against birth certificate /passport / driving licence)
- Date of birth (checked against birth certificate /passport / driving licence)
- Biometric identification (checked against passport if held)
- Date of death (checked against death certificate)
- Residential address (checked against utility bill etc.)
- Flag if person is primary contact for this address vs. shared contacts for this address.
- Contact details (and preferred method or order or priority, checked that they have been provided by the named person and verify regularly that they are still only accessible to the named person):
 - Postal address
 - Email address
 - Phone number(s)
 - Online “smart citizen” account username
 - Nominated contact person if not self
- Self-employed business corporate unique reference number

It will also store the data necessary to record each organisations’:

- ID/reference used by each service area and a corporate unique reference number
- Name (checked against Company Registration details if applicable)
- Contact details (and preferred method or order or priority, checked that they have been provided by the named person and verify regularly that they are still only accessible to the named person):
 - Postal address

- Email address
- Phone number(s)
- Online “smart citizen” account username
- Nominated contact person(s)

Appendix 2

Work stream	2016	2017	2018 onwards
Legislation	Drafting	Drafting	Legislation Select, Privy Council and enactment (approx. Sept 2018).
Implement tell us once for high volume transactions / interactions	Tell us once when you move house (launch Dec 2015 / Jan 2016). Identify priority order for other transactions / interactions.	Transform highest priority transactions / interactions into tell us once.	
Smart citizen account (eID) and secure online mailbox	Link existing online accounts via a consent / opt – in model and issue eIDs and secure mailboxes to those that want them (and have been ID verified).	Link existing online accounts via a consent / opt – in model and issue eIDs and secure mailboxes to those that want them (and have been ID verified).	Following establishment of register, link all existing online accounts and issue eIDs and secure mailboxes to everyone (that has been ID verified).
Creation of register and alignment of methods for verifying details contained in the register	Audit methods used to verify details.	Determine and implement standard approach.	Establish register and integrate with IT systems in each service area.

(N.B. The Treasury and Resources Department supports the principle of the establishment of a central register of contact details for individuals and organisations which is in accordance with the aims of the Framework for Public Sector Reform and will deliver improvements in customer service and efficiency savings.

It is noted that the balance of the existing capital vote will be used to fund core enabling technology which will also realise benefits as it is implemented so will not be abortive expenditure if the main project is not delivered as planned.

As the main project to establish a central register of contact details for individuals and organisations could require a significant amount of capital funding, it will have to be considered as part of the prioritisation arrangements in place when the business case is prepared. However, this will take into account the critical nature of this work stream as an enabler to other projects.)

The States are asked to decide:-

XII.- Whether, after consideration of the Policy Letter dated 14th December, 2015, of the Policy Council, they are of the opinion:-

1. To support the principle of the establishment of a register of core data and contact details as outlined in Section 5 of that Policy Letter.
2. To direct the preparation of such legislation as may be necessary to facilitate the establishment of such a register.
3. To direct the Policy Council (and its successors) to research further the resource implications of the practical establishment of such a register, prepare a business case and report back to the States of Deliberation once these details are known.

HEALTH AND SOCIAL SERVICES DEPARTMENT

CHILDREN AND YOUNG PEOPLE'S PLAN 2016-2022

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

18th November 2015

Dear Sir

1. Executive Summary

- 1.1 On 4th January 2010, the Children (Guernsey and Alderney) Law, 2008 (referred to herein as “the Children Law”) came into force. Amongst other things, it put a duty on the Health and Social Services Department (“HSSD”) to prepare a Children and Young People’s Plan (referred to herein as “the Plan”) at least every three years.
- 1.2 The first Children and Young People’s Plan was approved by the States on 24th November, 2010 (Billet d’État XXIII). This was extended for three years by Resolution of the States on 11th December 2013 (Billet d’État XXIV). It is, therefore, due to expire on 31st December, 2016.
- 1.3 The new Plan proposed in this Policy Letter is attached at Appendix 1. In summary, it contains six Key Commitments supporting four Priority Outcomes for children and young people:
 - To ensure that they are included and respected;
 - To achieve individual and economic potential;
 - To be healthy and active; and
 - To be safe and nurtured.

The Plan identifies 33 actions over the next six years to deliver the Key Commitments and Priority Outcomes. The overarching vision is that implementing the Plan will create an integrated system providing the right help at the right time with the right outcomes for all children and young people.

- 1.4 In recognition that the principles underpinning the Children Law are those of collaborative and integrated working across agencies and with families, this new iteration of the Plan has been developed using just such an approach. Indeed, it has at its heart the transformation of service delivery so that the welfare of the Islands’ children is more effectively promoted in partnership with their family and

community. This has been reflected in a partnership approach at both political and agency level in the preparation of the Plan. Most crucially, the Plan has been developed in consultation with children and young people, their families, service providers and the wider community.

- 1.5 The new Plan is a six-year document that needs to be regularly reviewed and revised; it is intended to be a ‘living document’ that is subject to continuous engagement with children and young people and their families, and an annual review and consultation process. In accordance with the Children Law, it will be presented to the States for approval at least every three years.
- 1.6 The appended Plan sets out a strategic framework – or road map - for the provision of all services to children and young people, whether they are delivered by the public, private or third sector. In practical terms, the Plan guides all service providers to a vision for how services need to be transformed to a new model of delivery that has service users at its heart, and which is designed to meet their needs in both the short and longer term. If approved by the States, the Plan’s Priority Outcomes and Commitments will serve as a tool for setting criteria for the prioritisation of public resources.
- 1.7 The Plan sets out 33 actions to be undertaken over its six-year life. This Policy Letter does not seek to describe each of these in detail, but rather it identifies the key projects for implementation in 2016.
- 1.8 The HSSD was mindful that it did not wish to propose in this Policy Letter anything that would restrict or bind the new committees post-May 2016 to a particular governance structure. The Plan sets out **what** needs to be achieved, but **how** it should be achieved and **by whom** has to be determined in the context of the new governmental system. Nevertheless, the HSSD considered that it would be helpful to set out some principles and outline proposals for a governance structure, as guidance to the Policy and Resources Committee, as and when it comes to review its arrangements in this area.
- 1.9 While the States of Deliberation are the ultimate decision-maker on legislation, policy direction and resource allocation relating to the Plan, the HSSD endorses the recommendation of the Partnership Board (see paragraph 3.2 below) that the Plan is of such significance that it requires three things:
 - (i) prioritisation for resourcing by the new States as part of the new Policy & Resource Plan;
 - (ii) a dedicated political champion, who could be one of the members of the new Policy and Resources Committee;
 - (iii) the creation of a cross-committee, cross-sector governance structure.
- 1.10 This Policy Letter puts forward a possible governance structure, which proposes a new body that has been termed a ‘Children’s Executive’.

- 1.11 This Plan is one of the first strategies/plans to come forward after the States' agreement to adopt Public Service Reform (Billet d'État XVI September 2015) and it sits firmly within that context. The Public Service Reform Framework puts the emphasis on the delivery of desired outcomes through various programmes of service transformation and is a key enabler to achieving the Priority Outcomes and Commitments in this Plan.
- 1.12 There is an opportunity to use this Plan not only to create sustainable change in this generation, but also to establish a system that promotes best outcomes for the Islands' children that is affordable. Failure to grasp this opportunity will mean repeating the mistakes of the previous Plan and achieving no discernible or long-term change for children's outcomes.
- 1.13 The Plan, therefore, focuses on structural changes to realise its key objectives, and the cross-sector and multi-agency projects that will create transformation of children and young people's services in that context.
- 1.14 The Plan also focuses on those approaches that have a strong evidence base internationally, and which lend themselves to adaptation for the Islands' communities.
- 1.15 Fundamentally, over its proposed six-year life, the Plan is concerned with a 'whole system' transformational change to enable all children and young people to access the help they need to be able to enjoy the advantages of island life to the full. To achieve this will require not only changes in working practice, but also an investment of resources to support transformation, and to enable services to work more effectively and efficiently. This will deliver better outcomes for children, young people and families, and address the future negative financial and human costs that will be incurred without such transformational change.
- 1.16 The HSSD is grateful to the multi-agency Partnership Board, and the wider advisory group that has supported it, for producing this iteration of the Plan. Letters of support are also appended from the Education Department and Home Department, which have been represented on the Partnership Board.
- 1.17 The HSSD fully endorses the Plan and commends it to the States for their approval.

2. Introduction

- 2.1 On 4th January 2010 the Children (Guernsey and Alderney) Law, 2008 ("the Children Law") came into force. Amongst other things, it put a duty on the HSSD to prepare a Children and Young People's Plan ("the Plan") at least every three years. The primary objective of the Plan is to put in place a strategy for the provision of services to promote and safeguard the welfare of the children of Guernsey and Alderney and the families of those children.

- 2.2 The first Children and Young People's Plan was approved by the States on 24th November, 2010 (Billet d'État XXIII). This was extended for three years by Resolution of the States on 11th December 2013 (Billet d'État XXIV). It is, therefore, due to expire on 31st December, 2016.
- 2.3 The new Plan proposed in this Policy Letter is attached at Appendix 1. In summary, it contains six Key Commitments supporting four Priority Outcomes for children and young people, to ensure that they are included and respected; achieve individual and economic potential; are healthy and active; and are safe and nurtured. The Plan identifies 33 actions over the next six years to deliver the Key Commitments and Priority Outcomes. The overarching vision is that implementing the Plan will create an integrated system providing the right help at the right time with the right outcomes for all children and young people.

Consultation and Engagement

- 3.1 In recognition that the principles underpinning the Children Law are those of collaborative and integrated working across agencies and with families, this new iteration of the Plan has been developed using just such an approach. Indeed, it has at its heart the transformation of service delivery so that the welfare of the Islands' children is more effectively promoted in partnership with their family and community.
- 3.2 This has been reflected in a partnership approach at both political and agency level in the preparation of the Plan. Although the political responsibility for the preparation of the Plan rests with HSSD, it was decided from the outset that its development would be overseen by a Children and Young People's Partnership Board, comprising political members and the chief officers from HSSD, the Education and Home Departments, and the Youth Commission. (Letters of support from the Education and Home Departments for the Plan and for the proposals in this Policy Letter can be viewed at Appendix 2.)
- 3.3 In turn, the Partnership Board has been advised by practitioners from key services in the States and the third sector, led by a senior officer of the Policy Council and including HSSD, the Education Department, the Home Department, the Medical Specialist Group's Paediatric Services, the Office of the Children's Convenor, the Islands' Child Protection Committee and the Youth Commission, .
- 3.4 Most crucially, the Plan has been developed in consultation with children and young people, their families, service providers and the wider community. There were 334 responses to a public consultation; the 'Speak Up campaign generated the views of 373 Primary School children and 313 Secondary School children; Barnados was commissioned to obtain the views of those children and young people whose voice would otherwise have been hard to obtain; a Crowdcity platform provided a closed crowd website for professionals to generate and debate ideas for the Plan; and all stakeholders were given opportunities to input into the Plan and to refine its contents through workshops and presentations held in July and October 2015.

- 3.5 This unprecedented level of consultation and engagement has been key to the development of the Plan and will be a core element in how it will develop in future. The new Plan is a six-year document that needs to be regularly reviewed and revised; it is intended to be a ‘living document’ that is subject to continuous engagement with children and young people and their families, and an annual review and consultation process. In accordance with the Children Law, it will be presented to the States for approval at least every three years.

4. Legislative Context - The Children Law (2008)

- 4.1 Implementation of the Plan’s vision for all children will embed in working practices the intent of the Children Law, which came into force in 2010. The Children Law introduced the idea of a welfare-based, integrated model for responding to children in need, including children at risk of significant harm. The Children Law is based on a set of key principles which are reflected in the Priority Outcomes in the draft Plan, and which have at their core the idea that the welfare of the child is the *paramount* consideration – that is, that the welfare of our children and young people must be central to everything that the States does in planning and delivering services to support them into adulthood.

- 4.2 Section 28 of the Children Law provides that the Plan should set out a strategy for the provision of services to promote and safeguard the welfare of the children of Guernsey and Alderney (aged under 18 years), together with their families. The Law sets out that this should relate to specific matters, as set out below and cross-referenced with the Plan’s Priority Outcomes:

(i) physical, emotional and mental health	(Healthy and Active; Safe and Nurtured)
(ii) protection from harm and neglect	(Safe and Nurtured)
(iii) education, training and recreation	(Achieve)
(iv) contribution to society	(Included and Respected)
(v) social and economic well-being	(Achieve; Included and Respected)

- 4.3 The Children Law establishes the principle of providing integrated help and support at the earliest possible point for children and their families to prevent their problems from worsening and, therefore, seriously affecting the life chances of those children in the future. This is sometimes referred to as early intervention and prevention and is encompassed by the term ‘early help’ for the purposes of the new Plan. Early help is embedded into the Plan’s Key Commitments.
- 4.4 The Children Law applies to all children in Guernsey and Alderney, its principal purpose being to ensure suitable provision is made to protect children from harm but also to “*promote their proper and adequate health, welfare and*

development.” Consequently the Plan covers the generality of this provision for all children and young people irrespective of their level of need, while also providing a framework for those requiring additional support. The Plan also includes within its scope those vulnerable young people who require additional support beyond age 18 to ensure a smooth transition into adulthood; in particular, for care leavers and young people up to age 25, who have complex educational, health and social care needs.

- 4.5 At the time of writing, an independent review of the implementation of the Children Law, commissioned by the Scrutiny Committee had just been published¹. As it is intended that the Plan will be a ‘living document’, kept under regular review, any response that may be required to the review findings can be incorporated for implementation within the next iteration of the Plan.

5. Policy & Strategic Context

- 5.1 The appended Plan sets out a strategic framework – or road map - for the provision of all services to children and young people, whether they are delivered by the public, private or third sector. In practical terms, the Plan guides all service providers to a vision for how services need to be transformed to a new model of delivery that has service users at its heart, and which is designed to meet their needs in both the short and longer term.
- 5.2 If approved by the States, the Plan’s Priority Outcomes and Commitments (reproduced in Figure 1 below) will serve as a tool for setting criteria for the prioritisation of public resources. These outcomes are underpinned by performance targets against which success can be then measured for any provider of services to children and young people seeking public funding.

Six Key Commitments:

1. We will ensure that the voices of children and young people are at the heart of everything we do.
2. We will focus resources on early help and preventing problems getting worse for children, therefore reducing the numbers who then have high levels of need.
3. We will tackle inequality of access to help and support, including the impact of low income that disadvantages some of our children and young people and their families.
4. We will get better at sharing information and working more closely in partnership with each other and with children and families.

¹ Please see <http://www.gov.gg/article/135203/Children-Law-Report-Released> for information about this review.

5. We will improve our data collection and IT systems so that we have an evidence base about the nature and level of need, and can use our resources wisely.
6. We will improve communication to make the Plan more relevant - a living document – and resource it properly.

Four Priority Outcomes:

Be Safe and Nurtured: *We want to ensure all children and young people are protected from abuse, neglect or harm at home and in the community, have nurturing relationships that build their emotional resilience and engage in safe behaviour.*

Be Healthy and Active: *We want all children and young people to have the highest possible standards of physical and emotional health and to lead active lives that promote their long term health.*

Achieve individual and economic potential: *We want all children and young people to achieve their full potential and to be supported in the development of their skills, confidence and self-esteem to enable them to achieve as much independence and financial security as possible.*

Be Included and Respected: *We want to ensure that all children and young people have help to overcome inequalities and are valued members of their communities. This means having a voice in decisions that affect them and being supported to play an active and responsible role in all aspects of their lives.*

Figure 1: Key Commitments and Priority Outcomes

States' Strategic Plan

- 5.3 The Plan is consistent with the strategic aims of the current 2013-2017 States Strategic Plan (Billet d'État VI, March 2013), in particular relating to the aim to protect and improve "*the quality of life of Islanders*" and the stated requirement for "*all people having opportunities and support where needed, to enable them to reach their full potential.*" The Plan further supports the objectives in the States Strategic Plan (developed in the Social Policy Plan which forms part of the States Strategic Plan) for an "*...active and engaged citizenship*"; and for "*equality of opportunity, social inclusion and social justice*"; and the key themes of "*Working with the third sector*" and "*Focusing on prevention rather than reactive crisis management.*"
- 5.4 The key policies and strategies that are most relevant to the Children and Young People's Plan are detailed below.

Disability & Inclusion Strategy

- 5.5 There is a clear relationship between the Plan and the aims of the Disability and Inclusion Strategy (Billet d'État XXII, November 2013) to improve the quality of life of Islanders with disabilities and their carers through improving opportunities for participation; promoting more positive and inclusive attitudes towards disability in the community; and challenging instances of disadvantage facing those with disabilities and their carers.

- 5.6 The Disability and Inclusion Strategy specifically charged the Children and Young People's Plan with the review and development of services for disabled children and their carers; and, through the consultation processes, groups such as the Guernsey Disability Alliance and Wigwam have been effective advocates for families with disabled children. In particular, the consultation highlighted the difficulties in disabled children transitioning from childhood into adulthood; a theme that also came though strongly in the consultation on the Supported Living and Ageing Well Strategy ("SLAWS") (see paragraphs 5.9 - 5.10 below).

- 5.7 Within the Plan there are four specific action areas targeted at improving inclusion and participation of disabled children and young people; and one for providing support to carers. In addition, children with additional support needs will be able to access a 'one stop shop' for referrals and coordinated planning to meet their support needs through the Multi-Agency Support Hub (MASH) (see paragraphs 6.5- 6.9 for a full description.)

- 5.8 The creation of the lead professional and 'team around the child' initiative/approach (see paragraph 6.8) means that all children with disabilities and enduring support needs will also have a multi-disciplinary plan that is adapted as they grow older to reflect their changing needs, and to manage key points of transition in their lives.

Supported Living and Ageing Well Strategy (SLAWS)

- 5.9 The SLAWS has been developed concurrently with the Children and Young People's Plan and considers how the Islands must transform health and social care provision in response to *inter alia* an ageing population, increasing complexity of needs, and rising public expenditure on long-term care and support services. Just as the Children and Young People's Plan sets the agenda for service transformation for children and young people, so the SLAWS will set the direction for the transformation of adult health and social care services. Both are underpinned by a focus on the reform of the current models of health and social care so that they become more responsive to service user needs, deliver better outcomes for service users and are financially sustainable.

- 5.10 Both the Children and Young People's Plan and the SLAWS share a commitment to a person-centred approach to service development and delivery, including

effective transition from childhood to adulthood for those individuals with enduring health and social support needs. The Plan is also foundational in seeking to address at an early stage those poor lifestyle choices and social behaviours that, left unaddressed, can lead children, later in life, to become adults with long-term care needs, e.g. smoking, unhealthy eating and drug and alcohol abuse. As the effectiveness of the Plan will be reflected in the future demands placed on the education, health and social care systems, there are considerable incentives to ensure that investment is made in the right services for children and young people to avoid significant costs being incurred later in their lives.

Mental Health & Well-being Strategy

- 5.11 This comprehensive research document published in 2012 (Billet d'État III, February 2013) set the direction for delivery of mental health services with a three strand approach of promoting mental health and wellbeing; supporting people to access information and support about mental wellbeing and emotional resilience so that they can manage their lives better; and providing accessible, appropriate and multi-agency intervention support services where required.
- 5.12 The priorities for implementation are currently being reviewed and an action plan is being developed to take this further forward.
- 5.13 The Plan responds to the clear message from children and young people in the consultation that they want early counselling and emotional support at school. Young people expressed how difficult it can be to be different and that they were worried about bullying. The Plan has an action to make sure that children and young people can easily access emotional health and wellbeing services in schools and other youth settings of their choice to promote their coping skills (resilience).
- 5.14 As another of the actions identified in the Plan, the Education Department is developing an Emotional Wellbeing and Mental Health in Schools Strategy.
- 5.15 A further action is to build on the work being undertaken in schools and in the community to engage children and young people in addressing bullying and celebrating difference.

Drug & Alcohol Strategy

- 5.16 The Bailiwick's Drug and Alcohol Strategy (2015 – 2020) (Billet d'État I, January 2015) focuses the efforts of the States and its community partners on tackling drug and alcohol misuse. This includes a commitment to reducing the number of adults and children that are using drugs and/or alcohol at levels that are damaging to themselves and others.
- 5.17 The Children and Young People's Plan echoes this with a commitment to tackle the consequences of under-age drinking and drug misuse by, for example, promoting an integrated, multi-agency response focusing on early help.

- 5.18 In particular, the Plan identifies the negative impact of drugs and alcohol on the lives of many of our children, both in terms of the impact on the quality of family life for children whose parents are misusing substances, but also on children and young people who are themselves accessing alcohol and drugs at an early age. This is acknowledged in both the 'Safe and Nurtured' and the 'Healthy and Active' Outcomes and their underpinning action plans, although the impact of alcohol and drug dependency can be seen to impact on every aspect of some children's lives.
- 5.19 There is a clear relationship between the Drug and Alcohol Strategy and the actions and outcome measures driven by it. These have not been repeated in the Plan, but will inform its work streams and its success criteria². For example, the Multi-Agency Support Hub now links directly with the Drug and Alcohol Service, as will the 'Strengthening Families' and the '1001 Days' projects (see paragraphs 6.5 - 6.21.)

Domestic Abuse Strategy

- 5.20 The Domestic Abuse Strategy (Billet d'État XXIII, December 2015) focuses on the fundamental principle that all people living within our community have a right to be safe from domestic abuse in the Bailiwick of Guernsey. The Strategy and underlying Action Plan have four strands – Prevention; Protection and Justice; Provision of Support; and Partnerships.
- 5.21 Of particular relevance to the Plan is that the Strategy seeks: *"To put in place protocols to identify and address the needs of families/individuals who are experiencing a combination of domestic abuse, mental ill health and drug/ alcohol misuse. These issues when found together present a particular safeguarding risk for children and young people living within these households."* Actions to implement the Strategy include preventative measures in schools through domestic abuse education at four key points in the curriculum and community settings, plus early intervention in relation to teenagers who may be experiencing abuse in their own intimate relationships.
- 5.22 This work is entirely consistent with the Plan, which recognises that children living with domestic abuse are likely to be very vulnerable and in need of particular support and protection.
- 5.23 The Plan seeks to provide targeted support for such children through the Multi-Agency Support Hub and early help provision through family support programmes.

² For example, a reduction in unintended teenage pregnancies and admissions to A&E related to preventable injuries in young people.

Sexual Health Strategy

- 5.24 The Sexual Health Strategy has yet to be considered by the States, but it will recommend a holistic approach to the provision of sexual health services where education and health promotion programmes take an equal footing with the provision of clinical services. With relevance to the Plan, the Strategy will focus on reducing unintended teenage pregnancies with the provision of a full range of contraceptive services, free at the point of access, to young people. A reduction in undiagnosed chlamydial infections, with the aim of preventing the long-term complications of these undiagnosed infections, is also a key strategic aim.
- 5.25 The Sexual Health Strategy will require resourcing, but its outcomes are closely aligned to those of the Plan and will focus on improving the health and wellbeing of young people.

Healthy Weight Strategy

- 5.26 The Healthy Weight Strategy and associated action plan has yet to be considered by the States and at the time of writing was subject to a public consultation process. The long-term vision is for Guernsey and Alderney to be environments where healthy eating and physical activity are accessible, affordable and a part of everyday life.
- 5.27 It is known that obesity is an issue for our population and that this starts in childhood. Excess weight (overweight and obesity) in children often leads to excess weight in adults, and this is recognised as a major determinant of premature mortality and avoidable ill-health. There is a need to encourage our children and young people to lead more active lifestyles and to encourage healthy eating.
- 5.28 The Plan includes support for increasing the number of schools achieving the Guernsey Healthy School awards; and for increasing activities available to children and young people, particularly in winter months. These actions will require resourcing as and when they are prioritised for action following future review of the Plan priorities.

Child Health Strategy

- 5.29 The Plan identifies a need for the development of a Child Health Strategy, which will focus on identifying the priorities for the implementation of an integrated and accessible physical health and wellbeing service.
- 5.30 A key priority for the Plan will be to explore any inequalities of access to Primary Care and Dental Care and rebalance any inequities.
- 5.31 Injuries are a leading cause of hospitalisation and are linked to premature mortality for children and young people. The Plan contains an action to explore reasons for A&E admissions relating to unintentional or preventable injuries locally and to develop plans to address these.

- 5.32 Ensuring the health of our children and young people should also include a strategy to protect them from the consequences of vaccine preventable diseases.

Tackling Inequality of Access to Services

- 5.33 Although there is no longer an established States Anti-Poverty Strategy, each of the strategies referenced above will, in some way, be seeking to address issues that can be either the causes or the symptoms of families struggling with low incomes. The Plan is no different; and it was striking how often, through the consultation process, issues associated with poverty arose.
- 5.34 The Social Welfare and Benefits Implementation Committee (“SWIBIC”) is seeking to develop a single, comprehensive social welfare benefits model with an objective rationale for the determination of assistance that is both socially just and financially sustainable, with particular consideration of groups including families on low incomes and those with disabilities.
- 5.35 For its part, the Plan contains a commitment to tackle inequality of access to services, including the inequality caused by the impact of low income. Specific actions relating to this are: to address the educational attainment gap for children living in low income families; children not being able to access school activities or dental care; and to investigate and subsequently seek to address the impact of charging policies on the equality of access to children’s healthcare services. There is also an action to target delivery of effective information, advice and guidance to those who are not in education, employment or training (NEETs).

Pre-school Education

- 5.36 The provision of entitlement to free pre-school education is a priority action identified in the Plan. High quality early education sits alongside health as an important determinant of children’s life chances. Emotional health, behavioural health and conduct problems, hyperactivity, peer relationships and positive behaviour (in young children) are all, according to the Foundation Year Information and Research, some of the key indicators that affect a child’s lifelong learning. Unless parents have the opportunity to socialise their children with peers at a very young age, some of these behaviours go unnoticed or unmanaged until they start school, by which time the gap in learning is only increasing.
- 5.37 Guernsey is currently lagging behind other jurisdictions in not providing a universal entitlement to pre-school education. England is looking to increase its entitlement from 15 hours a week to 30 hours; Scotland’s entitlement is 475-600 hours a year (approximately 12-15 hours a week over 38 weeks); and entitlement in Northern Ireland is between 12.5 and 20 hours a week.
- 5.38 In May 2014 (Billet d’État X), the States agreed, in principle, that from September 2016, there should be a universal entitlement to 15 hours pre-school education for all the Islands’ 3-4 year olds, based on the international evidence demonstrating better educational, social and economic outcomes arising from such an investment.

- 5.39 This evidence has established that effective pre-school education shows lasting beneficial effects. There are continuing effects of pre-school attendance and also of pre-school quality and effectiveness, particularly for later attainment in maths and science. Pre-school quality is also a significant predictor for all four social-behavioural outcomes at age 14 (two positive social behaviours: self-regulation and pro-social behaviour; and two negative behaviours: hyperactivity and anti-social behaviour)³.
- 5.40 In December 2015 (Billet d'État XX), the States agreed to introduce States-funded pre-school education from 1 January 2017, to be paid for from a combination of sources⁴.

6. Implementation - 2016 Priorities

- 6.1 As noted previously, the successful delivery of the Plan will be contingent on effective coordination of all services supporting children and young people and their families in the islands. The intent is that the Plan will be a 'living document', with an established governance process to ensure that it is championed both politically and professionally, can be integrated into business as usual operations, with regular performance reporting and scrutiny of success factors.

³ *Effective pre-school, primary and secondary education project (EPPSE 3-16+) How pre-school influences children and young people's attainment and developmental outcomes over time* Research brief June 2015 Department for Education DFE-RB455

⁴ Specifically the States resolved:

1. Notwithstanding their Resolutions on Article 15 of Billet d'État X of 2014, to direct that the introduction of States-funded pre-school education shall be deferred until the 1st of January, 2017 and further to direct that it shall be funded by a combination of:

- a) reprioritising the revenue expenditure of the Committee *for* Education, Sport & Culture; and
- b) reducing family allowance by £2.40 per child per week with effect from the 1st of January, 2017, in order to reduce States' expenditure by £1,264,000, and increasing the cash limit of the Committee *for* Education, Sport & Culture by £1,264,000 from 2017 onwards; and
- c) increasing the cash limit of the Committee *for* Education, Sport & Culture by not more than £192,000 in 2017 only and by not more than £187,000 in 2018 only; and
- d) restricting entitlement to States' funded pre-school education as far as is necessary in order not to exceed the revised cash limits of the Committee *for* Education, Sport & Culture provided that such restrictions should be based on the joint, rather than the individual, income of those with parental responsibility for a child;

and to direct the Committee *for* Education, Sport and Culture to publish no later than 30 September 2016 details of: the quality assurance framework to be applied to the provision of Pre-School Education; the targeted outcomes and benefits from the introduction of States-funded Pre-School Education; and the key performance indicators to be monitored demonstrating delivery of those targeted outcomes and benefits.

- 6.2 The Plan sets out 33 actions to be undertaken over its six-year life. This Policy Letter does not seek to describe each of these in detail, but rather it identifies below the key projects for implementation in 2016.

Participation and Advocacy

- 6.3 It has been a core principle of all of the work on the Plan that the voices of children and young people are heard in shaping the services provided to them and this remains one of the key commitments in the Plan and a key theme running through everything that we do.
- 6.4 As a priority in 2016, this includes developing increased participation of children and young people in shaping services for the future and providing advocacy to enable children to have a voice and to understand their options in the specific decisions affecting them, starting with children and young people who are subject to proceedings through a Child Youth and Community Tribunal.

Multi-Agency Support Hub (MASH)

- 6.5 The Multi-Agency Support Hub (“MASH”) provides a vehicle for operational coordination of services for children in need of additional support. This is currently a daily meeting of professionals from across health, social care, education, criminal justice and the voluntary sector, to share information about children where there are concerns about their welfare, and to agree how best to help. Although it is in its operational infancy, the MASH is already helping to reduce the numbers of children assessed as being at risk of significant harm because all agencies are working together more effectively in responding to children in need.
- 6.6 Without this coordinated approach to service delivery, the work of both States’ departments and the third sector has been disjointed, leading to duplication in some areas and gaps in others. The MASH needs to be developed to provide the operational hub through which services relating to children and young people with additional needs can be coordinated, as well as providing a focal point for data collection about the nature of child need across the Bailiwick to inform future provision, and the impact that early help and support has on children’s lives.
- 6.7 This presents a significant and important opportunity to ensure that services are joined-up and person-centred, providing value for money through both cost efficiencies and improved outcomes for service users, with a focus on providing early help.
- 6.8 The Plan includes an action to make the MASH a permanent feature, and to build the lead professional and ‘team around the child’ process to support it, based on a common approach to assessment, and the development of one single child plan. The child plan brings together an individual child’s health, education and social care needs into a single, coherent plan that all agencies defer and work to with the child and their family. This is a vital part of integrating services and building the

‘team around the child’ instead of disparate interventions, with the family having to access separate services and tell their story more than once. As noted previously, it will also ensure that children with disabilities have a clear plan for transition into adult services where this is required.

- 6.9 There will be a need for investment to implement the MASH to greater effect and to deliver better outcomes providing value for money. Additional staffing resources will be required for education, police and health services, as well as a ‘team around the child’ co-ordinator post. This latter role is to coordinate and review the child plans, embed new ways of working, produce activity and outcome performance information, and to support professionals. A business case will need to be developed to secure the funds to establish the MASH more fully.
- 6.10 A further related identified action is to ensure that child-focussed and partnership working are better embedded across all training and development offered to services that are in contact with children. Lead professional training can start in the MASH using existing budgets, but this needs to be further expanded to have a wider reach and to include much more of the workforce, with a view to developing a culture change in ways of working and ensuring this is embedded in practice.
- 6.11 A one-off cost of £20,000 has been identified to successfully deliver a training and development programme to support this aspect of the Plan. Future resourcing requirements would have to be scoped and identified after first having explored avenues for greater efficiencies and coordination to meet these costs from existing budgets.

Family Support – Parenting Programmes

‘Strengthening Families’

- 6.12 Following approval of an amendment from Deputies Brouard and Le Lievre when the current Plan was extended, the Children and Young People’s Partnership Board has researched and implemented measures adopted from United Kingdom programmes aimed at helping ‘troubled families’.
- 6.13 This is being called the ‘Strengthening Families’ initiative and involves identifying those families (containing children) with the most chronic and complex issues: invariably a mixture of intergenerational abuse and neglect, criminality, domestic abuse, unemployment, poor mental health and substance abuse. There will a history of different generations of children coming into care and poor educational outcomes.
- 6.14 Adapted from the evidence-based “Troubled Families” programme in England, the ‘Strengthening Families’ project is intended to provide intensive hands on intervention day after day – providing role models, problem solving, coaching, challenging and believing in the family’s ability to change over time – lasting for as long as three or more years. The project requires well-trained, supported and resilient staff; and current thinking is that this service will be commissioned from

the voluntary sector, with whom the States will work in partnership to co-produce long-term and sustainable change.

- 6.15 At the time of writing, proposals to that end were being worked upon.

‘1001 Days’

- 6.16 The ‘1001 Days’ programme focuses on the period of time between conception and the child reaching two years of age. Underpinned by a sound international evidence base, the ‘1001 Days’ programme can be implemented as a universal service that aims for all babies to have the best start in life. Equally, it can be implemented as a targeted programme, identifying those parents to be and those babies most at risk of poor outcomes, focussed on offsetting the negative impact of known stressors such as domestic abuse or parental mental ill-health.
- 6.17 There is a significant amount of evidence about the negative impact of parental stress on the neurological development of babies in the womb, and during the first months of life. Physiological development at this stage can influence a child’s whole life outcomes. Targeted intervention through the ‘1001 Days’ programme is intended to result in improved life chances for those children, a reduction in the numbers of children removed from parental care, as well as in the numbers of children and young people presenting with severe mental health issues in the future.
- 6.18 The project links into the current provision of support to parents and draws together all of the existing provision sitting in different departments into one coherent offer linked to the development of targeted Family Centre support for children who are the most vulnerable to poor social, emotional and behavioural outcomes.
- 6.19 The project also targets young parents and those who have had children removed, to seek to prevent future family breakdown and to reduce the number of children who come into care as a result of abuse and neglect.
- 6.20 One child *not* taken into care as a result of successful family change, represents a minimum saving of approximately £120,000 in court and professional costs, and between £50,000 - £150,000 *per year* in care costs depending on needs. For children who are placed off-island, the cost of a residential placement can be as much as £285,000 per year.
- 6.21 A business case identifying the costs and benefits of this project is currently being prepared.

Emotional Health & Wellbeing

- 6.22 The Plan supports making emotional health and wellbeing services easier to access by integrating them in schools to promote children and young people’s coping skills and resilience. Children and young people were very clear in the

consultation that they prefer to access early help and advice at school rather than anywhere else in the first instance.

- 6.23 A Mental Health and Wellbeing Coordinator has been appointed on a pilot scheme basis at The Grammar and Sixth Form Centre. The early indications are that this adds much needed focus, coordination and impetus to the raising of the whole-school's health and wellbeing outcomes.
- 6.24 There is a wide evidence base supporting this concept as a means of providing early intervention, promoting resilience, preventing emotional issues from escalating and thereby improving outcomes for young people, with consequent cost savings for all services. Pupil wellbeing support is not always widely available, meaningful or coordinated so that well-intentioned initiatives are not having the reach or impact that they could have under a coordinated and focussed approach. Similar schemes in the United Kingdom provide evidence that a Mental Health and Wellbeing Coordinator post is an integral part of secondary school infrastructure, improving both attendance and attainment for students.⁵
- 6.25 It is vital to stress that the further development of the mental health and wellbeing agenda is in no way a distraction from academic targets; it is rather a central component to achieving them. An increase of curricular and non-curricular physical activity, for example, is likely to raise academic results⁶. Thus a key objective remains to promote better the understanding that as academic attainment benefits wellbeing, so wellbeing benefits academic attainment: it is a virtuous circle.
- 6.26 This is a 'spend to save' initiative with expected reduction in referrals to services including the Child and Adolescent Mental Health Service (CAMHS), Occupational Health and the MASH, in addition to enhanced outcomes for children and young people across a range of indicators including academic achievement.
- 6.27 A business case will be prepared identifying the costs and benefits of this project.

Child Health Intelligence

- 6.28 The development of a Child Health Strategy, which focuses on the implementation of an integrated and accessible physical health and wellbeing service, forms an important part of the Plan. In order to deliver this, there is a need for much improved intelligence about children's health in order to identify key priorities.
- 6.29 It is important to stress that implementation of this part of the Plan will require appropriate resources focusing, in the first year, on ensuring there is the appropriate health intelligence and reliable data to distinguish between causes and

⁵ www.2020health.org Discussion Paper Jan 2015, *Head of Wellbeing: An essential post for secondary schools?*

⁶ (US DHHS, 2010)

symptoms. This can then be related to key success factors and an implementation plan developed, clearly linked into measurable improvements in child health and wellbeing.

- 6.30 This is the responsibility of HSSD. However, as with other aspects of the Plan it does have cross-sector and cross-departmental impact. The research planned for 2016 that will support the development of the Child Health Strategy include to investigate the level and reasons for hospital admissions and to analyse the accessibility of healthcare, including the cost of health and dental care.

7. Future Governance

- 7.1 Under the current arrangements, there is a statutory obligation in the Children Law for HSSD to present the Children and Young People's Plan to the States for approval at least every three years. This obligation will transfer to the new Committee *for* Health and Social Care from May 2016.
- 7.2 The provision of States' operational services relating to children and young people are likely to be predominantly delivered by departments that will have separate political oversight from at least three of the six proposed Principal Committees. This may introduce the potential for, as is the case now, divided responsibilities and difficulties in coordinating effort across organisational boundaries.
- 7.3 However, via the Policy and Resources Committee's mandate to coordinate States' activities, this Plan and the change in governmental structure provides the opportunity to ensure that, in the future, there is coordination and a simplified governance structure.
- 7.4 The HSSD was mindful that it did not wish to propose in this Policy Letter anything that would restrict or bind the new committees post-May 2016 to a particular governance structure. The Plan sets out **what** needs to be achieved, but **how** it should be achieved and **by whom** has to be determined in the context of the new governmental system. Nevertheless, the HSSD considered that it would be helpful to set out some principles and outline proposals for a governance structure, as guidance to the Policy and Resources Committee, as and when it comes to review its arrangements in this area.

Governance Principles

- 7.5 Governance is what enables organisations to stay focused on the right issues, ensuring that all their resources are focused on achieving their core purpose and that the right decisions are taken in the right way at the right time.
- 7.6 HSSD endorses the recommendation of the Partnership Board that the following principles provide the basis of what governance arrangements of services with children and young people should demonstrate, in line with the key commitments made in the draft Plan (see Figure 1) and the Six Core Principles of Good Governance adopted by the States in 2011 (Billet d'État IV, March 2011):

- **Child focussed:** The voice of the child must be heard and hardwired into the governance structure and process. The governance structure should be designed bottom-up; starting with the ‘team around the child’ so that ‘form follows function’.
- **Outcome focused and measured:** Governance structures must be designed around improving outcomes for children and young people. There has to be evidence-based reporting using the right metrics.
- **Learning:** Governance processes must be in place to ensure continuous learning and improvement.
- **Leadership:** There has to be visible leadership and a clear and transparent definition of role and responsibilities for both politicians and professional staff;
- **Ownership and accountability:** There has to be clearly delegated authority that empowers the right decisions to be made by the right people at the right time. There has to be ownership at all levels – it is never somebody else’s problem or responsibility.
- **Scrutiny and challenge:** There has to be mechanisms for appropriate scrutiny and challenge;
- **Engaged and engaging:** The ‘system’ must be inclusive, participatory and engage with children, families and the community. Communication must be EAST - Easy to understand, Accessible, Social, and Timely.
- **Working together:** Public, private and 3rd sector bodies must operate according to one purpose and with shared values.
- **Fit for purpose:** Governance needs to be simple, avoid bureaucracy, duplication and over-complication. It needs to be agile, flexible and proportionate to the Guernsey and Alderney context.

Recommended structure

- 7.7 While the States of Deliberation is the ultimate decision-maker on legislation, policy direction and resource allocation relating to the Plan, the Partnership Board has recommended that the Plan is of such significance that it requires three things:
- (i) prioritisation for resourcing by the new States as part of the new Policy & Resource Plan;
 - (ii) a dedicated political champion, who could be one of the members of the new Policy and Resources Committee;
 - (iii) the creation of a cross-committee, cross-sector governance structure.

- 7.8 Figure 2 puts forward a possible governance structure, which proposes a new body that has been termed a ‘Children’s Executive’.

Children’s Executive

- 7.9 The Partnership Board advocates the creation of a Children’s Executive, responsible for:

- leadership, coordination and monitoring of the delivery of the Plan’s commitments and outcomes;
- commissioning delivery of the Plan actions;
- pooling resources for coordinated delivery and managing any pooled budget against agreed outcomes and success criteria (see Section 10);
- reporting on performance to the relevant political committees;
- holding partners to account for delivering outcomes and meeting targets;
- maximising opportunities for cross-agency working and sharing knowledge;
- maintaining the Plan as a living document and coordinating the review process;
- ensuring that the voices of children and young people are heard, including supporting, and meeting on a regular basis with a Children’s Forum (or forums) (paragraph 7.16 refers).

- 7.10 A Children’s Executive would likely comprise:

- an independent chair;
- a political lead member;
- a coordinating director of services;
- the lead officers for children’s health and social care services, education and home affairs (police and youth justice);
- lead officers for each of the four priority outcomes of the Plan;
- a third sector representative.

- 7.11 The Children’s Executive would need to be supported by a coordinating officer with the appropriate authority to work across departmental boundaries and to drive progress.

Corporate Parenting Board

- 7.12 There is a need for a Corporate Parenting Board to secure engagement across agencies regarding the issues affecting those children who are in care; to champion their rights and needs; and to make sure that the States fulfils its obligations as a parent to these children.

- 7.13 On an interim basis, this role has been performed by the Partnership Board but, in the future, it could be managed through the Children’s Executive.

Islands Child Protection Committee (ICPC)

- 7.14 As defined in the Children Law, the Islands Child Protection Committee (“ICPC”) has a role to coordinate what is done by each person or agency in relation to safeguarding and promoting the welfare of the children of Guernsey and Alderney. It provides inter-agency guidance and considers undertaking reviews of serious cases.
- 7.15 In practice, in addition to these functions, the ICPC has, over time, adopted more of a scrutiny role to hold services to account for delivery of improved outcomes for children in keeping them safe. HSSD considers that a formal scrutiny role to bolster accountability is essential and should be the proposed focus of the ICPC moving forward.

Children’s Forum(s)

- 7.16 As noted earlier in this report, there are commitments in the Plan routinely to seek feedback on how services are working, to have ongoing consultation with children, young people and with the wider Island communities, as well as annual formal consultation on the progress and impact of the Plan. Within service areas, there will be re-designed processes to incorporate better participation and advocacy, as described in paragraphs 6.3 – 6.4.
- 7.17 The Partnership Board has recommended to the HSSD that there should be formalised mechanisms within the governance structure to ensure that children and young people have a clear voice; co-create the Plan in the future and are involved in decision-making. There needs to be clear mechanisms in place for children and young people to hold the Children’s Executive to account – through review of the Plan as it evolves, monitoring its outcomes, and challenging decision-makers on progress, ensuring that the Plan is a ‘living document’ and responding to needs. The HSSD fully commends this approach.

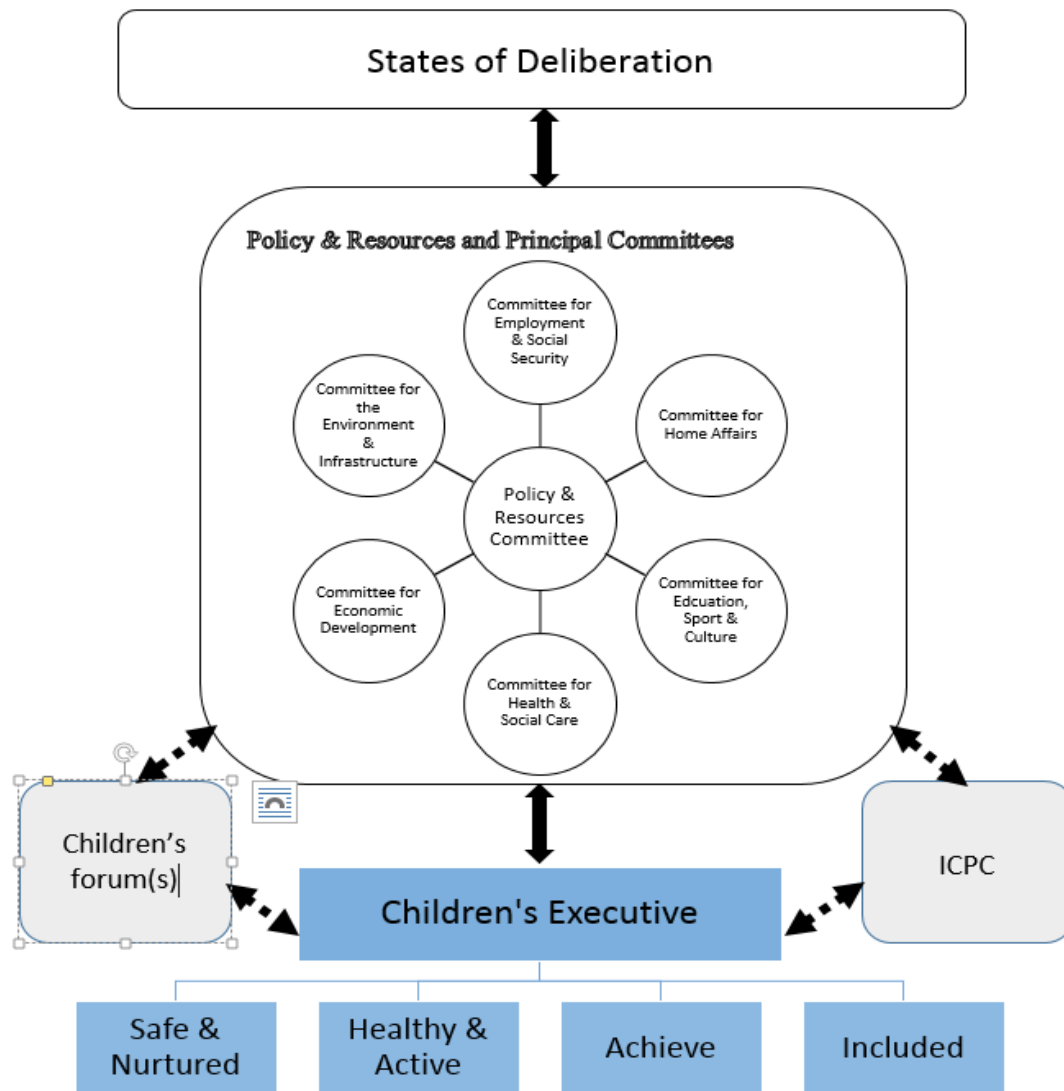


Figure 2: Suggested governance structure

8. Revisions to the Children Law

- 8.1 Although enacted in 2010, HSSD is conscious that there are parts of the Children Law that still remain to be brought into force, plus other amendments that have been identified in the light of operational experience.
- 8.2 HSSD will address these following receipt of the Scrutiny review mentioned previously (paragraph 4.5 refers). The future Committee *for* Health and Social Care will also need to give further consideration as to whether the Law should be amended once the governance arrangements referred to in Section 7 have been finalised.

9. United Nations Convention on the Rights of the Child 1989 (UNCRC)

- 9.1 The Plan has a commitment to work towards signing up to the United Nations Convention on the Rights of the Child 1989 (“UNCRC”) and reflecting these principles in everything that is done. The UNCRC is one of the world’s most widely recognised and adopted human rights conventions. Its basic principle is that children (everyone below the age of 18) are born with fundamental freedoms and inherent rights, but have specific additional needs because of their vulnerability. The Convention applies to all children, whatever their race, religion, ability; whatever their opinions and views; whatever their family make-up.
- 9.2 This will give the States an international framework for children’s rights that can be used as a benchmark for laws, policies and service provision in the Islands. Secondly it helps adults to see children and young people as individuals who have rights; rights to be protected, rights to be nurtured and to thrive, rights to engage in play and to participate, and rights to have a say in things that affect them.
- 9.3 The Children Law 2008 embodies a number of the rights from the UNCRC, including the following which are particularly relevant for this Plan:
- Children have the right to say what they think should happen, when adults are making decisions that affect them, and to have their opinions taken into account irrespective of their age or ability.
 - Governments should ensure that children are properly cared for, and protected from violence, abuse and neglect.
 - Children who cannot be looked after by their own family must be looked after properly, by people who respect their backgrounds.
 - Children who have a disability should have special care and support, so that they can lead full and independent lives.
 - Children who are accused of breaking the law should be dealt with wherever possible without the need to resort to court proceedings. Prison sentences for children should only be used for the most serious offences.
- 9.4 Work is already underway and nearing completion to submit the application for signing up to the Convention.

10. Delivering the Plan - Public Service Reform

- 10.1 This Plan is one of the first strategies/plans to come forward after the States’ agreement to adopt Public Service Reform (Billet d’État XVI, September 2015) and it sits firmly within that context. The Public Service Reform agenda seeks to ensure that public services are focused on customer needs; act in partnership as one organisation with common purpose; demonstrate that they represent value for money; and improve the measurement and management of performance.

- 10.2 Historically, a strategy/plan such as this would have been presented to the States identifying the resource implications for its implementation. Monies would be requested to fund its individual projects and to ensure that implementation of the strategy/plan was appropriately coordinated, but this has not delivered sustainable change.
- 10.3 For example, in 2011, the States agreed to provide £615,000 of annual funding to assist with the implementation of the current Plan. This was used to provide additional residential capacity for older children in care, and to support the delivery of the Secure and Flexible Outreach service in HSSD, to prevent children from coming into care. Whilst this investment has enabled children to be safely accommodated, it has not resulted in improved outcomes for those children and young people. This is because this intervention addresses only one part of the child welfare system, and one department's response to it – that is, the HSSD response to children in crisis.
- 10.4 What is clear from research evidence internationally is that improving children's life chances and long- term outcomes requires effective cross-agency working, and the type of whole system transformation that this Plan sets out. Historical approaches to funding within individual departments are not, therefore, appropriate.
- 10.5 By contrast, the Public Service Reform Framework puts the emphasis on the delivery of desired outcomes through various programmes of service transformation and is a key enabler to achieving the Priority Outcomes and Key Commitments in this Plan.
- 10.6 In the case of the Children and Young People's Plan, the Outcomes identified need to be delivered through several transformational programmes; namely:
- Transforming Education and Training Services
 - Transforming Health and Social Care Services
 - Transforming Justice and Equality Services
- 10.7 These programmes are truly cross-cutting and cannot – and should not be - identified with either an individual department/committee or an individual strategy. Rather these programmes are the means to deliver the policies and outcomes agreed upon through *multiple* strategies, as illustrated by Figure 3.

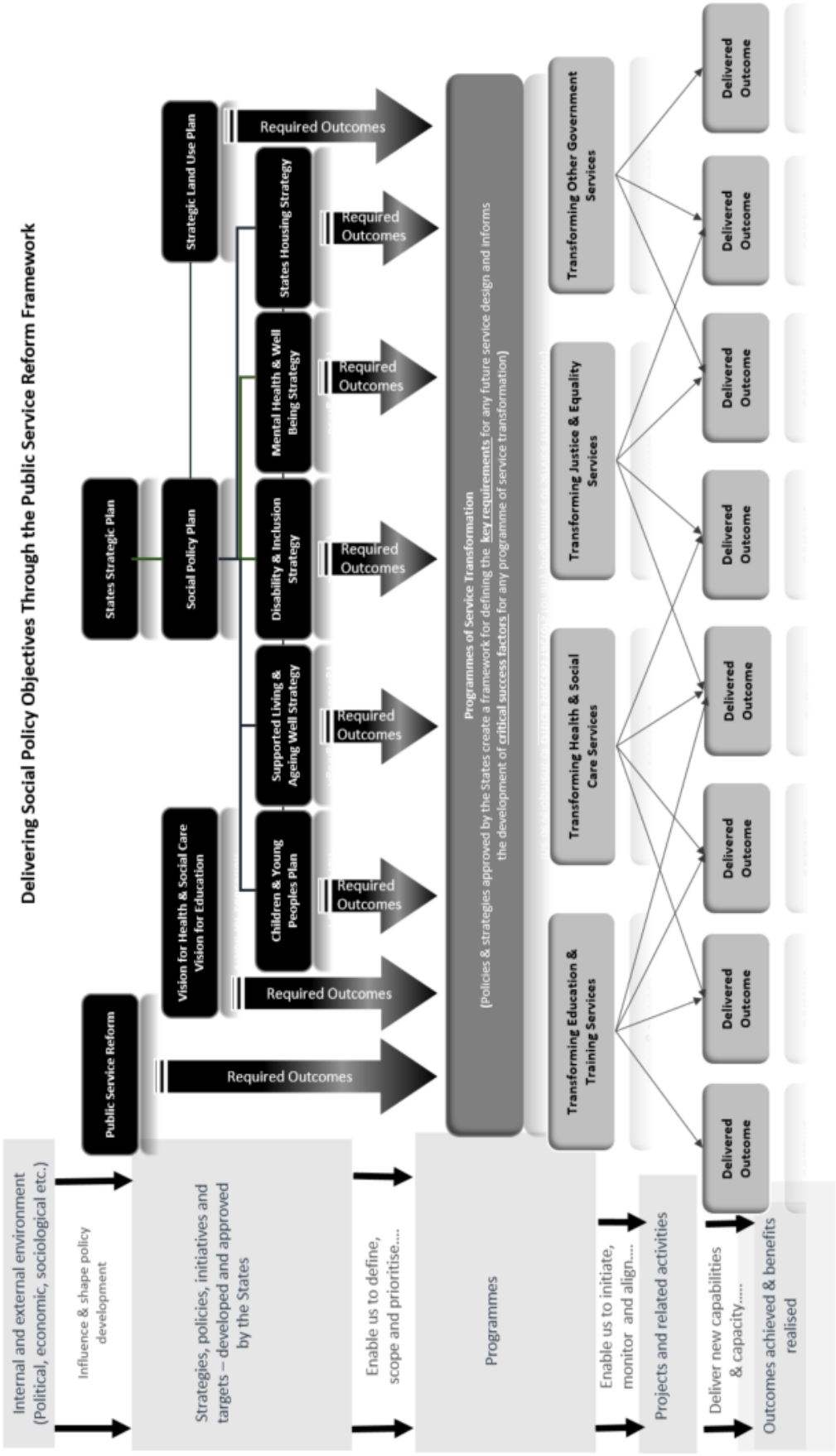


Figure 3 Delivering Social Policy Objectives through the Public Service Reform Framework

Funding

- 10.8 Some of the Plan's implementation costs will need to be met through reorganisation of existing budget allocations in 2016 and absorbed into general revenue budgets for future years, as Departments/Committees will seek to reflect the vision represented by the Plan in their own operational arrangements and future budget planning.
- 10.9 However, it is not possible to create transformational change without some investment in the resources required to deliver it. This means investing resources in commissioning from the voluntary sector, supporting the development of skills and knowledge in the wider children's services workforce, and providing some additional resources for 'double running', i.e. enabling new services to be set up and established whilst 'business as usual' is delivered (until existing service models can be moved to the new way of working and costs absorbed into those service budgets).

The Transformation and Transition Fund

- 10.10 The Transformation and Transition Fund has been created to support the type of transformational change outlined in the Plan. The establishment of this Fund recognised *"the significant investment required to deliver the public services of the future and the substantial policy agenda for the States."*⁷
- 10.11 To access the Fund, programmes and projects are required to demonstrate:
- Significant long-term transformation in the delivery of services;
 - Evidenced and measurable benefits; and
 - A return on investment (a 'reform dividend').
- 10.12 In the 2016 Budget Report (Billet d'État XIX, 2015), it was reported that the Policy Council and the Treasury and Resources Department considered that *"given the level of bids [for use of the Fund] and the uncoordinated nature of the proposals received, investment at this stage should be restricted in order to ensure that plans are properly developed and benefits considered"* before approval to proceed with individual initiatives was sought.
- 10.13 However, with relevance to the Plan, the States agreed to prioritise for funding from Transformation and Transition Fund:
- social policy development (to ensure it was appropriately resourced to initiate and coordinate corporate change);
 - the programme for transforming health and social care services.

⁷ 2016 Budget Report, Billet d'État XIX, 2015

- 10.14 In addition, the Policy Council and the Treasury and Resources Department also indicated that they would support limited investment in relation to the programmes to transform education and training services, and justice and equality services.
- 10.15 These programmes will now be developed in more detail, before they are presented to the States for its approval of specific projects. Therefore, for each of the initiatives set out in the Plan, there will need to be a clear articulation of the problem/issue to be resolved, the options considered for its resolution, the benefits of change (both financial and non-financial), the size of the 'reform dividend', how benefits will be measured, the cost of the change (including the cost of transition) and what the risks are to successful delivery.
- 10.16 The Treasury and Resources Department has been given delegated authority to approve funding of up to £750,000 for any one programme, or £1 million in respect of Transforming Health and Social Care Services. Upon receipt of an appropriately detailed business case or resource request, these monies will be released to enable suitably defined project proposals to be drawn up.

Social Finance

- 10.17 The 'Framework for Public Service Reform', highlighted innovation and continuous improvement as key enablers in helping the States address the provision of public services over the coming years. Innovation in the public service is about the creation and implementation of new processes, products, services and methods of delivery which result in significant improvements in efficiency and effectiveness. The States has committed actively to seek ideas and inputs from the wider community and further afield, as well adapting our organisational rules and processes to foster innovation.
- 10.18 One of the key means of increasing the availability of the fundamental underpinning capabilities that can sustainably influence innovation activity is in relation to its funding. Recognising the constraints of the States' finances and the States' commitment to innovation, the Children and Young People's Partnership Board believes that it is appropriate to consider how various social finance models could assist with the implementation of certain aspects of the Plan.
- 10.19 Accordingly, the States will be asked to direct the Policy and Resources Committee, working with the Committee *for* Health and Social Care and other relevant committees, to oversee and coordinate an investigation into the use of alternative sources of social finance and to report back to the States as soon as possible with its findings.

Pooled budgeting

- 10.20 The greatest opportunity represented by the Plan is its focus on cross-departmental and cross-sector working in order to deliver transformed and more effective and efficient services – and thereby improved outcomes for children. This is a significant challenge.
- 10.21 Experience elsewhere, for instance from Children’s Trusts in the United Kingdom, shows that the most effective way in which to deliver a cross-sector transformation is through a pooled budget arrangement where services are commissioned against clear measurable outcomes for which providers are held to account by an overarching body with commissioning responsibility.
- 10.22 In Guernsey, the situation is different, in that while budgets are held by individual departments, they are all allocated from General Revenue rather than from disparate sources.
- 10.23 Nonetheless, the principles of Public Sector Reform infer major change to current, departmentally separate, approaches to budgeting; and given that this Plan is focussed on securing outcomes for children and young people that rely upon cross-departmental and multi-sectoral approaches to the development and delivery of services, it may be that budgeting needs to be tackled in a similar manner. This will be investigated further.

11. Conclusions

- 11.1 Public Service Reform is a ten-year plan for change, while this Plan has a six-year lifespan. During the Plan’s six-year lifecycle, detailed work will need to be undertaken to reshape existing services so that they work efficiently within the available funding and to reduce the pressures on the public purse.
- 11.2 There is an opportunity to use this Plan not only to create sustainable change in this generation, but also to establish a system that promotes best outcomes for the Islands’ children that is affordable. Failure to grasp this opportunity will mean repeating the mistakes of the previous Plan and achieving no discernible or long-term change for children’s outcomes.
- 11.3 The Plan, therefore, focuses on structural changes to realise its key objectives, and the cross-sector and multi-agency projects that will create transformation of children and young people’s services in that context.
- 11.4 The Plan also focuses on those approaches that have a strong evidence base internationally, and which lend themselves to adaptation for the Islands’ communities.

- 11.5 Fundamentally, over its proposed six-year life, the Plan is concerned with a ‘whole system’ transformational change to enable all children and young people to access the help they need to be able to enjoy the advantages of island life to the full. To achieve this will require not only changes in working practice, but also an investment of resources to support transformation, and to enable services to work more effectively and efficiently. This will deliver better outcomes for children, young people and families, and address the future negative financial and human costs that will be incurred without such transformational change.
- 11.6 The HSSD is grateful to the multi-agency Partnership Board, and the wider advisory group that has supported it, for producing this iteration of the Plan. Letters of support are also appended from the Education Department and Home Department, which have been represented on the Partnership Board.
- 11.7 The HSSD fully endorses the Plan and commends it to the States for their approval.

12. Recommendations

12.1 The States is recommended:

- (i) to approve the Children and Young People’s Plan 2016-2022, as set out in Appendix 1 of this Policy Letter;
- (ii) to note that, to deliver the Plan’s Priority Outcomes, where actions cannot be taken forward using existing resources, the resource requirements of the Plan will need to be considered as part of the development of the programmes of transformational change referred to in Section 10;
- (iii) to direct the Policy and Resources Committee, working with the Committee *for* Health and Social Care and other relevant committees, to oversee and coordinate an investigation into the use of pooled budgets and alternative sources of social finance and to report back to the States as soon as possible with its findings;
- (iv) to direct the Committee *for* Health and Social Care, working with the Policy and Resources Committee, to have regard to the suggested governance arrangements in Section 7 of this Policy Letter when determining how the Children and Young People’s Plan should be implemented and funded;
- (v) to direct all relevant committees, as part of the Children and Young People’s Plan, to identify the need for early intervention and early years’ services for children under the age of three, the consequential resource implications and the links between any such new services with those provided by the Committee *for* Education, Sport and Culture, including States-funded Pre-School Education;

- (vi) to direct the Committee *for* Health and Social Care to report back to the States on the results of those investigations in due course.

Yours faithfully

P A Luxon
Minister

H J R Soulsby, Deputy Minister
M P J Hadley
M K Le Clerc
S A James MBE
R H Allsopp OBE, Non-States Member
A Christou, Non-States Member



GUERNSEY AND ALDERNEY

CHILDREN AND YOUNG PEOPLE'S PLAN

2016-2022



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Introduction

OUR CHILDREN

There is a well-used phrase: our children are our future. Investing in our children today is not only the right thing to do, it is the sensible thing to do. If Guernsey¹ and Alderney are to have a vibrant future, our children need to thrive – now.

As of 2015, children and young people aged under 18 make up approximately 20% of our population. For the large majority of children and young people, Guernsey and Alderney are fantastic places to grow up. Most children and young people achieve well academically; they live in loving families and have good networks of friends; they benefit from many aspects of Island life, including our exceptional physical environment. But this is not the story for all of Guernsey and Alderney's children and young people. As this Plan will reveal, some have had their lives blighted by neglect or abuse. Some children become parents themselves at far too early an age. Children with disabilities can find it difficult to access the services and facilities that



5

their counterparts can take for granted. Some children and young people self-harm and many say that it is difficult to be different here and to be accepted for who you are.

And there is a saying: “it takes a village to raise a child”. In this case, it takes an Island. If children are to thrive, different agencies – be it education, health, social services, voluntary and community organisations – need to ensure that they work together so that children develop their intellectual, social, emotional and physical attributes and skills and reach their fullest potential. And at some point, all parents and carers need advice and support - as being a parent has a habit of springing surprises on you.

That is why this Plan matters. It sets out how all agencies working with children and young people in Guernsey and Alderney will work together in order to support all children and young people to thrive; and it explains how we will support parents and carers to be the parents their children need them to be, as well as how we will support young people to grow towards adulthood.

¹All references include Herm and Jethou



PLAN ON A PAGE

OUR SIX COMMITMENTS - HOW WE WILL ADD VALUE TO CHILDREN'S LIVES:

1

We will ensure that the voices of children and young people are at the heart of everything we do.

2

We will focus resources on early help and preventing problems getting worse for children, therefore reducing the numbers who then have high levels of need.

3

We will tackle inequality of help and support, including the impact of low income and high level of need that disadvantage some of our children and young people and their families.

4

We will get better at sharing information and working more closely in partnership with each other and with children and families.

5

We will improve our data collection and IT systems so that we have an evidence base about the nature and level of need, and can use our resources wisely.

6

We will improve communication to make the Plan more relevant - a living document – and resource it properly.

**THESE COMMITMENTS ARE SUPPORTED BY 9
OVERARCHING ACTIONS, AND THEY PROVIDE THE
FRAMEWORK FOR OUR FOUR PRIORITY OUTCOMES:**

Included and Respected

We want to ensure that all children and young people have help to overcome inequalities and are valued members of their communities. This means having a voice in decisions that affect them and being supported to play an active and responsible role in all aspects of their lives.

Achieve individual and economic potential

We want all children and young people to achieve their full potential and to be supported in the development of their skills, confidence and self-esteem to enable them to achieve as much independence and financial security as possible.

Safe and Nurtured

We want to ensure children and young people are protected from abuse, neglect or harm at home and in the community, have nurturing relationships that build their emotional resilience and to engage in safe behaviour.

Healthy and Active

We want children and young people to have the highest possible standards of physical and emotional health and to lead active lives that promote their long term health.

Together this will create one joined up system providing the right help at the right time with the right outcomes for all children and young people.

SERVICE PLAN

The following pages outline the envisaged core components of a multi-agency and multi-disciplinary system that provides early help to children, and then meets their needs for care and protection should these escalate. It also engages with local communities so that emerging problems, and their possible solutions, can be identified as early as possible.

● EARLY HELP

- Community focussed networks around school and other provision where local needs are identified. Community focussed leisure, sports, arts, and emotional and physical well-being services are provided by States, voluntary sector, and local charities commissioned through community network panels or teams;
- The 1001 days project identifies vulnerable parents at the first maternity booking appointment and offers targeted help;
- Preschool education then provides social, behavioural and learning support. A range of evidence informed group and individual education and support is available for all parents;
- Emotional and Behavioural support co-ordinators and 52 week school nursing service in secondary schools. The HUB and Youth Commission provide early help for older children;
- Healthy Weight Strategy informs a range of school and community focussed projects, for example that involve children in growing food and being active;
- Free contraception for under 21's to reduce teenage pregnancy;
- Reduction in tooth decay focussing on preventative services.

● CHILDREN IN NEED

- MASH - core co-located team supported by multi-agency engagement and with professional and public access. All child concerns are routed through this team, which evaluates needs, gateposts to early help, provides initial assessment, and allocates a lead professional to every child who needs services from more than 2 professionals. All of those children have a child plan, with clear goals and outcomes. The plan is regularly reviewed through Team Around the Child meetings and outcomes are tracked by the MASH to inform strategic commissioning;
- Children who require compulsion or protection are allocated advocacy to support them;
- Children with disabilities have a range of short break options available to them, and lifelong planning informs the provision of on-island resources that seek to keep them within their island community wherever possible;
- Services are provided in schools and community settings including a Family Centre.

● CHILDREN IN NEED OF CARE AND PROTECTION

- Have a social worker as lead professional;
- Social work teams are organised in community teams, linking with schools and aligned with professionals to provide a range of case work and group and community work support to families;
- Services are integrated or co-located wherever possible to provide ease of access;
- Children in Care are monitored, and their needs are championed through a Corporate Parenting Board;
- There are specialist foster carers and small group home provision for all young people in care;
- The voluntary sector provides commissioned independence and life skills support;

- Children in Care have independent visitors;
- Children in Care have access to apprenticeship and mentoring to promote their life chances;
- The voluntary sector is commissioned to provide support and housing for those young people with enduring vulnerability.

● CHILDREN WITH VERY COMPLEX NEEDS

- Strengthening Families project offers intensive support to families living with long term entrenched problems;
- Children with challenging and enduring needs are considered by the Complex Needs Panel and offered a package of care to keep them on island in all but the most exceptional circumstances. Transition into adult services is supported with a multi-disciplinary plan;
- Children in custody access a flexible pathway through HAVEN Secure and the prison, with team around the child meetings and reviews to ensure that they are enabled to return to positive and contributing lives in their communities.



Background to this Plan

On 4th January 2010 the Children (Guernsey and Alderney) Law, 2008 (Children Law) came into force. The new law sought to create a child law for the 21st century, tailored to the unique character of the islands and to ensure compliance with the European Convention on Human Rights ('ECHR').

It introduced the idea of a welfare based, integrated model for responding to children in need, including children at risk of significant harm.

Significantly this includes the involvement of the local community in making decisions about children's lives through the Child Youth and Community Tribunal system, based on the Scottish Children's Hearing system, where children's needs are considered rather than just the presenting symptom of those needs; for example criminal behaviour which usually has an underlying welfare cause.

The Children Law also put a duty on the Health and Social Services Department (HSSD) to prepare a Children and Young People's Plan every three years, in order to set out how services would seek to meet the needs of children and young people and their families.

The first Children and Young People's Plan was approved by the States on 24th November, 2010 (Billet d'État XXIII Vol 1, November 2010, pp1712 to 1771) and was extended by Resolution of the States on 11th December 2013 (Billet d'État XXIV, December 2013, pp2265 to 2285). It will expire on 31st December, 2016.

This is therefore the second Children and Young People's Plan to be produced since the introduction of the Children Law, and it reflects the views of professionals, parents, children and young people gained through widespread consultation and debate, as well as learning about what worked in the previous Plan, and what did not. One clear element of that learning has been that, whilst the Law specifies that it is the responsibility of HSSD to produce the Plan, the needs of children and young people can only be understood and met by a joined up approach across States Departments,

and with the help of the voluntary sector. The Plan has therefore been drawn together by the Children and Young People's Partnership Board, which carried out a range of consultation exercises across Guernsey and Alderney and commissioned the drafting of the Plan and the Policy Letter that will support its implementation. The membership of the Board is shown in Appendix 1. The intention is to refresh the governance structure to fit with the new government structure being implemented in May 2016 to ensure continued responsibility and focus for monitoring the effectiveness of this Plan, to embed the multi-agency approach, and to ensure that it continues to be relevant over the six years it aims to cover.

The Plan sits within the context of Public Service Reform, which seeks to ensure that public services are focused on customer needs; to demonstrate that public services represent value for money; and to improve the measurement and management of performance. The Plan also reflects a range of other strategies that have been developed to support service development in Guernsey and Alderney – notably, the Disability and Inclusion Strategy, the Domestic Abuse Strategy, the Drug and Alcohol Strategy, the Mental Health and Wellbeing Strategy, and the Sexual Health Strategy, which are themselves underpinned by action plans some of which relate specifically to children and young people. Where relevant these have been cross referenced to actions in this Plan.

Why do we need a Plan?

The Plan sets out the way in which the States of Guernsey intends to meet the requirements of the Children Law and, as such, provides a framework for all service providers and service users to understand the way in which help will be provided to Guernsey and Alderney's children and young people and their families over the next 6 years.

However, unlike the previous Plan, this one does not set out the core business of the many professionals and services that currently operate across Guernsey and Alderney – there is much good work that goes on every day, making a difference to so many children and families. Instead, this Plan

focusses on **transformation and partnership**, which are the key themes identified through our consultation and which are key to success. The Plan will only work if it is truly a living document – one that is constantly reviewed and about which children, young people and their families are consistently consulted and engaged with so that we know where we need to make changes, what is working well, and what difference we are making.

The Plan seeks to identify the **added value** that can be made to children's lives through **effective joint working**, in partnership **across** agencies and **with** families and communities, to make a difference to the lives of children who may be in need of help and support because of stress or adversity in their lives that make them vulnerable to harm, either at home, or in the community.

The Children Law is based on a set of key principles which reflect this approach, and which have at their core the idea that **the welfare of the child is the paramount consideration** – that is, that the welfare of our children and young people must be central to everything that the States does in planning and delivering services to support them into adulthood. The Law also reflects the principle of providing integrated help and support at the earliest possible point for children and their families to prevent their problems from worsening and therefore seriously affecting the life chances of those children in the future – this is called early intervention and prevention, and is referred to as **early help** in this Plan.

This Plan sets out what States Departments, in partnership with the Islands' communities, will do to make these core principles a reality during the period from 2016 to 2022.

Who is the Plan for?

This is a Plan for all children and young people under the age of 18 living in Guernsey and Alderney, but also for those young people who require additional support beyond age 18 to ensure a smooth transition into adulthood; in particular, for care leavers and young people up to age 25 who have complex educational, health and social care needs.

Whilst the Law focusses on “children in need”, children, young people, and families were clear in the consultation that the definition of need applied to date is too narrow and does not enable help to reach children early enough, or to support those with disabilities to reach their potential.

The States has “a duty to provide services to any child in need” (24.1, *the Children Law*) and the Plan is “a plan setting out a Strategy for the provision of services” (28.1 *The Children Law*). We are a small island economy, and we are operating in a context of huge economic pressures – reflecting a worldwide trend - that mean we must use our resources better. This means ensuring that money is spent wisely and that decisions about what will be provided by the state, and what will not, are based on real **evidence** both about the nature and degree of need, but also what **works** in meeting that need and delivering positive change for children and families.

Unfortunately we have been unable to collect enough reliable data about these issues and this must be a priority for the first year of the operation of this Plan, so that we have reliable baselines against which to measure the impact of services and interventions. The Plan therefore draws on the **emerging** evidence about what the level and nature of need is on the islands, and on what works if we are to use our resources wisely. This means applying the core principles of the Children Law and working more closely together, in an inclusive way, to tackle inequality so that all children have the best opportunity to grow into healthy, happy and contributing citizens, and where disability or disadvantage does not create a barrier to achievement or happiness.

What do we know about children and young people living in Guernsey and Alderney?

Those who responded to the consultation were clear that the Plan had to be for all children in Guernsey and Alderney.

As of March 2014, there were **12,445 children under 18 years of age living in Guernsey, and 245 children in Alderney**. Of these, the vast majority will have all of their needs met by their own families, friends, and universal services², and they will not need any additional help to live full and happy lives. However, based on UK comparators, around 20%³ of our children will experience difficulties at some point in their lives that require additional help from professionals, either for a short or for an extended period of time, in order to thrive. This includes children who need additional support to access learning; those who are living with parental substance misuse; domestic abuse, and/or parental mental ill health; those who have complex emotional or physical needs or disabilities; and those who have emotional wellbeing needs because of things happening in their lives over which they have no control – for example the separation of their parents, death or loss of loved ones, or simply because they are or feel ‘different’ and are singled out by others for bullying or exclusion because of gender preference, sexuality, race or appearance.

For a smaller number, approximately 1%, this will result in them needing to be made subject to legal proceedings and to come into the care of the States⁴. There are also 21 young people who left care at age 18 in the last 3 years, and who have early childhood experiences of abuse or neglect, coupled with public care experiences that make them likely to be more vulnerable than their peers to problems like homelessness, unemployment, substance addiction, mental health problems, offending behaviour, exploitation, and early parenthood. It is because of these poor outcomes

² Health visiting, school nursing, education available to all children and free at the point of access

³ Children in Need Census information DoE, UK, 2014

⁴ Accommodated in States' accommodation or foster care

that the Children Law made children in care the responsibility of all States' Deputies and officers, who are their '**corporate parents**'. This means that their needs must be considered as a priority for help into adulthood. There were 72 children in care in 2015. This number has stayed fairly constant over the last 5 years, but is rising, and also represents a relatively high number for an Island with this population. We therefore need to be offering better support to families to enable them to care for their own children and to prevent those children from needing to come into States' care in the first place.

Whilst our own data about need is limited, there are good sources available in the UK and internationally. For example, in an average class of 30 x 15-year-old pupils⁵:

- **three** could have a mental disorder
- **ten** are likely to have witnessed their parents separate
- **one** could have experienced the death of a parent
- **seven** are likely to have been bullied
- **six** may be self-harming

Not all of these children will need help from professionals, as their relationships with family and friends, and positive self-esteem, will be enough to provide them with the coping skills – the **resilience** – to manage these difficulties. However, some will need professional help, and the earlier they can access it, the more likely they are to benefit.

These statistics are equally applicable here in Guernsey and Alderney, but due to the nature of island life, there are also some issues that children and young people face growing up that are very different, and in some cases, are much more complex than those in other jurisdictions.

- **Higher education opportunities** are more difficult to access as a result of limited opportunities on Guernsey and Alderney, and the additional cost of living overseas.
- The very **high cost of housing** means that it is difficult to enter the property market and live independently. Moreover, the high cost of

⁵ 'Promoting children and young people's emotional health and wellbeing A whole school and college approach' Public Health England and the Children and Young People's Mental Health Coalition 2015

living also adds strain to young people's financial status, and puts strain on families bringing up young children.

- **Facilities are difficult to access** or sometimes unavailable to children, especially those living on Alderney.
- **Anonymity for vulnerable people**, due to the very small population, is hard to maintain. Children and young people tell us that it is also very difficult to be 'different' in Guernsey and Alderney without experiencing bullying or exclusion from peer groups.
- A combination of high rents in the private sector and **low incomes** in service and manual jobs leads to pressure on a range of families. Consultation tells us that low income families are further disadvantaged by the **costs of visiting their GP and of dental care** and this contributes to relative **poverty** for some families.
- Those children with very complex needs and difficulties may sometimes only have them met through **specialist placements 'off island'** which risks cutting them off from their family, friends and communities, meaning for some that they are unable to settle back into island life in adulthood. Many such children have very poor life outcomes, and such placements incur a very high cost to the public purse.

In addition, the Chief Officer of HSSD commissioned an independent review into the provision of children's social care in 2014-15⁶ which highlighted a **lack of coordinated early help** for children, together with a **lack of joined up working across States Departments** and between professionals, which means that many children and families are not getting the help they need as quickly as they should. There are also a number of families where disadvantage over generations has resulted in their exclusion from the positive benefits of island life, and where there is an **intergenerational cycle of abuse and neglect** which seriously affects the life chances of those children and young people and compromises the economic wellbeing of the islands in the future. This is particularly problematic on the islands because of the lack of geographical and social mobility for this group of families.

⁶ Children's Social Care Diagnostic Report February 2015, R Parry

What is the Plan about – what are the States going to do?

A combination of external review and consultation has identified the key actions for 2016 - 2022 outlined in this Plan.

This included identifying four priority outcomes for all children and young people in Guernsey and Alderney, which we have adapted to reflect consultation feedback. These are:

- **Safe and nurtured:** We want to ensure all children and young people are protected from abuse, neglect or harm at home and in the community, have nurturing relationships that build their emotional resilience and to engage in safe behaviour
- **Healthy and active:** We want all children and young people to have the highest possible standards of physical and emotional health and to lead active lives that promote their long term health
- **Achieve individual and economic potential:** We want all children and young people to achieve their full potential and to be supported in the development of their skills, confidence and self-esteem to enable them to achieve as much independence and financial security as possible
- **Included and respected:** We want to ensure that all children and young people have help to overcome inequalities and are valued members of their communities. This means having a voice in decisions that affect them and being supported to play an active and responsible role in all aspects of their lives.

In order to deliver these outcomes we also consulted on some key structural changes which we believed were necessary to underpin the Plan if it was to be effective, and to deliver the intention of the Children Law.

The consultation provided some very clear messages in support of some of these, but also raised other issues about the **inequality of access and experience for some families** and the need for the Plan to begin to address these. This was particularly the case for children with disabilities, and for parents on lower incomes. The strongest message was that this needs to be **a plan for all children**, and that the focus on **‘vulnerable groups’** was confusing and unhelpful in grouping children under ‘problem’ headings which do not acknowledge the unique circumstances of children and families, not all of whom will need help simply because they have some vulnerability in their lives. Most importantly, there was agreement that the Plan needs to **get the message across in a simpler way** that families can understand.

The consultation also identified that families are worried about things that are beyond the ability of this Plan alone to deliver and that need broader political change – poverty and health debt that result from a health system where primary care is not free at the point of delivery, and a Private Law system where some parents have expressed that they are disadvantaged (as they are on low incomes which place them just outside the threshold for financial assistance) and others that the system does not really help conciliation between separating partners.⁷

The goal that this Plan represents is one of **whole system change** that enables all children and young people to access the help they need to be able to enjoy the advantages of island life. To achieve this will require not only a change in working practice, but also an investment of resources to support transformation, and to enable services to work more effectively and efficiently, to deliver better outcomes for children, young people and families.

The following pages therefore set out the key **achievable** changes identified in the consultation, including an acknowledgement that all children might be vulnerable at times because of their life circumstances,

⁷ The latter issue is being explored in the Scrutiny Review of the Children Law. These wider issues will be the subject of further debate, and officers implementing this Plan will seek to collect further evidence of the impact on the lives of children to support the case for change in future. This is why the principle of better communication and engagement is so important.

and that professionals need to focus on addressing the things that create vulnerability and that build **resilience** for children and for our communities. The Plan then describes the actions we will take and how these will support the four priority outcomes we have identified and refined as a result of the consultation feedback.

The actions are interlinked and interdependent – we cannot deliver one aspect without also delivering the others as they represent a **transformation** of children and young people’s services that will take time to achieve. This is why the Plan is a six year document that needs to be continuously reviewed and revised, and we are therefore building in an annual review and consultation process as well as the ongoing engagement we have committed to with children and young people.

Our actions also reflect the recognised good practice principles that we should be **evidence** informed, **engaged** with each other and with those we serve, and that we should aspire to **excellence** in what we do and in the outcomes that we achieve for children, young people, and their families.

The final section of the Plan outlines the **Key Performance Indicators** that we will use to tell us if the Plan is working. These are supported by more detailed implementation plans that officers will regularly present to the relevant Board to evidence progress.



impact of consultation and engagement

Consultation has been key to the development of the Plan and will be the core element of how it will develop in future. Consultation began in 2014, and continued through 2015.

We learned a huge amount from the 334 responses to the CYPP stakeholder's survey, not least that we need to reflect on a better way in which to gather views and engagement! However, despite this, a great deal of rich data was drawn from the survey.

Written contributions were received from the lead officers for the Criminal Justice Strategy, Community Drug and Alcohol Team (CDAT), Wigwam, and the Guernsey Disability Alliance.

The **Crowdicity** website generated 61 ideas for the Plan and hosted an on-line discussion between 149 professionals who are working with children and young people – some of these are already being considered for action and they have influenced the actions outlined in this Plan.

The **Barnados** consultation with our most vulnerable children and their parents came up with 45 different 'quick wins' – ideas about how we could improve our approach to making sure that we provide the right help at the right time. Some of these are very hard hitting, and a few are reproduced in this report as they are important messages for everyone who works with children or who has influence on how services are developed.

The Speak Up campaign generated the views of 373 Primary School children, and 313 Secondary School children. This has created an appetite for engagement that we will build on in the coming months and years as the Plan takes shape and changes the way we behave. Speak Up is also a mechanism for government to continue to engage with young people on any issue affecting their lives as well as being a support for the future development of this Plan.

Finally, a stakeholder day was held on 10th July 2015 to share the consultation feedback and to work on the implications for the content of the Plan and the key actions to be included over the next 6 years.

It is important to note that the Plan cannot include and address every issue that was raised or it risks becoming unmanageable, and therefore undeliverable. Where there are already actions under way as part of other key States' strategies or policies, these have not been repeated here, but will be reflected in our approach to co-ordinating all of our actions and services in order to achieve the common goal of improving the lives of children and young people on the islands over the life of this Children and Young People's Plan. Our annual review will enable us to make sure that the Plan is relevant and includes the things that are important to children and their families as we move forward with transformational change and continuous engagement.

Full copies of the consultation reports can be accessed at gov.gg/cypp



Common themes from the feedback to the consultation

There were a huge range of detailed comments and the selection outlined below highlight some of the common themes and issues raised.

WHAT THE GROWN-UPS SAID:

“ Services for the Disabled child seriously need to become joined up, everything is so long winded and it is difficult, if not often impossible to get answers to questions asked. Especially with regard therapy and rights of the disabled child. ”

“ There is a school in Scotland (I believe) where the children walk/run a mile every day and not one child in Y1 is overweight. It would be good to see initiatives like this. ”

“ I think we must find better/ more effective methods of engaging with hard to reach families. It is a sad reflection that on a small Island a significant group in our community feel that they have no stake in the community. ”

“ ... we were disappointed that there isn't any emphasis in the CYPP on the importance of providing general information and guidance about support and services to parents and young people”. ”

“ We would welcome a new assessment model based on the social model of disability such as the education, health and care plan. The current 'determination of special needs education' system is of little value to families. We would also welcome assessment based on need to ensure families are getting the support they need at the right time rather than only families whose children are on the 'learning disability register' being offered support such as respite. ”

“ The level of effort to make a difference later on is much greater than impacting the very start of the Journey. ”

“ If the CYPP achieves one thing and one thing alone it would be to up skill stakeholders in their knowledge of difference. ”

“ The development of a ‘team around the family’ and a key worker is crucial to the success of this... ”

“ A common assessment framework and a one-stop shop to include assessment of need for education, health, social care, social security, employment and housing would be welcomed. ”

“ I was made to feel like a trouble maker. The best way to get a service was to smile and be polite to professionals. I never felt able to say how I felt as it was just ignored. ” *Mother*

“ Lack of a holistic picture in the delivery of services - services in my experience working in isolation with reluctance to take the lead on developing and implementing packages that will ensure long term gains for families and subsequently children. ”

“ We don’t need industrial scale catch all solutions here, we need very focused targeted interventions for those who need it. ”

“ The only way her voice is heard is through us, this is a heavy burden to carry and one I don’t enjoy carrying... I am aware of my limitations and believe she deserves to have others carry her best interests into the political arena. ” *Parent of 19 year old girl*

WHAT THE CHILDREN AND YOUNG PEOPLE SAID:

Teacher's must do something to stop pupils saying 'it's so gay' like they do with swearing

My social worker has changed my life, I wouldn't have been able to get as far as I have without them.

Everyone is labelled – why can't everyone just be human
11yr old boy

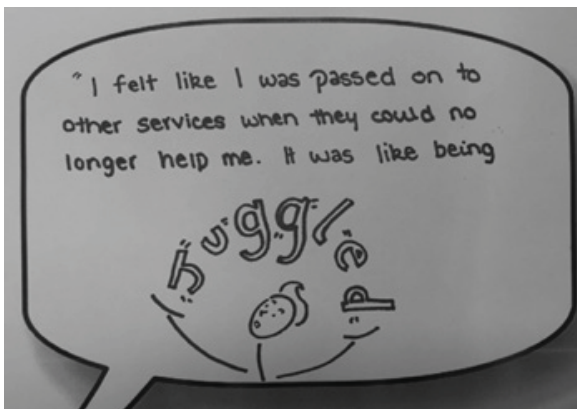
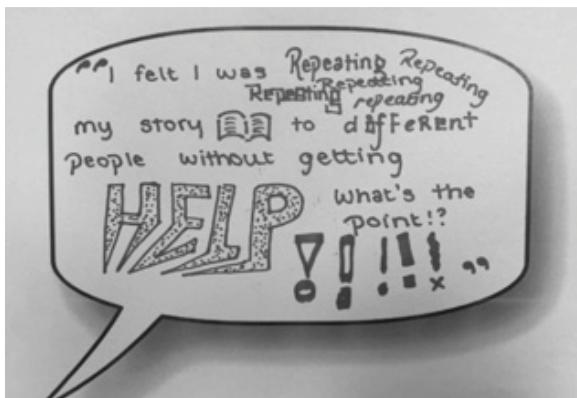
I would like school to do an assembly and explain to people why I am different
14yr old boy with Asperger's

The hardest time is when you have to leave the Home. A week after I was 16 I got put into a flat and I didn't even know how to cook for myself. Once you are out you are just another person but the States don't realise that you have grown up without a mum or a dad you still need support.

There is a huge variety in how you are treated depending on the individual worker or officer. There should be a "secret shopper" type review to make sure that they know how to interact with young people. It's hard to get hold of someone when it's needed because they have so many young people to look after. Youth Justice is very good because they don't treat you like criminal they treat you like a kid. They help to create a base of trust so that you can talk to them

The teacher laughed at me being a 'trans' young person and doesn't refer to me by my name

When mum was arrested for the first time I felt scared and upset, I was left in the house with mums friends who were always in trouble with the police,and nobody found me till the next morning. 11 year old girl





The Plan

HOW CONSULTATION HAS SHAPED THE PLAN - OUR RESPONSE TO THIS FEEDBACK

We have reflected the consultation responses in every element of the Plan and have used this to refine our proposed key structural changes into **6 overarching commitments** which will inform the way in which all professionals will work with children young people and their families. These commitments are underpinned by **overarching actions**, which will influence everything that we do. Each of the **four priority outcomes** is also supported by key actions to be taken over the next 6 years of this Plan.

Our Six Commitments: How we will add value to children's lives:

1. We will ensure that the voices of children and young people are at the heart of everything we do.
2. We will focus resources on early help and preventing problems getting worse for children, therefore reducing the numbers who then have high levels of need.
3. We will tackle inequality of help and support, including the impact of low income and high levels of need that disadvantage some of our children and young people and their families.
4. We will get better at sharing information and working more closely in partnership with each other and with children and families.
5. We will improve our data collection and IT systems so that we have an evidence base about the nature and level of need, and can use our resources wisely.
6. We will improve communication to make the Plan more relevant - a living document – and resource it properly.

The overarching Actions that underpin these commitments are listed below, and without them our objective of improving outcomes for children are unlikely to be met. They all therefore apply across the whole life of the Plan, that is, from 2016 – 2022.

Our success will be measured through the progress made against these, and in each of the **four outcomes** which are set out in the following sections, and the **Key Performance Indicators** (KPIs) identified for those outcomes.

However, we will also evaluate progress at each annual review of the Plan to ensure that we are on target to achieve our objectives, using ‘soft’ measures – that is, the changed experience of children, young people and families, reported by them, and by professionals, through consultation.

As the Plan starts to make a positive difference to children’s lives, we will use this aspect of the Plan to report on what people tell us is working well, what still needs to be improved, and how we will make this happen.

Overarching Actions: 2016-2022

What we will do	How we will measure success
1. Work towards signing up to the United Nations Convention on the Rights of the Child, and reflecting these principles in everything we do.	The States has made a clear commitment that is evidenced at every level of policy, procedure and practice.
2. Invest in our work force and ensure that child focussed and partnership working are better embedded across all training and development offered to services that are in contact with children; for example, through lead professional training (see Safe and Nurtured).	All staff have accessed appropriate training; children and families report that they feel listened to and involved; all children have a child’s plan in place if they have additional needs involving 2 or more professionals.
3. Develop and share information for children, families and professionals about what help is available across the islands both on our website and in leaflets and information provided into schools, colleges, and other settings where children and families go.	Information is accessible and families and children confirm this.

<p>4.Explore how we can use our schools and community centres to provide locally based services that are more accessible to children and families, such as one stop shops or advice 'clinics'.</p>	<p>There are community services which are accessible to children and families where they live; there is a reduction in numbers of children using social care or specialist mental health services.</p>
<p>5.Improve our information systems and the way we share information to enable better joint working at the front line across all services so that parents and children only have to tell their story once, and can access the help that they need when they need it.</p>	<p>Children and families report improved access to help; they say they have only had to tell their story once.</p>
<p>6.Improve our IT infrastructure to enable data collection so that we can establish a baseline in 2016 about children's needs and how we are meeting those, against which we can then measure improvement and success.</p>	<p>There is a clear evidence data base about child need; this has informed our plans to improve access to services.</p>
<p>7.Routinely seek feedback on how our services are working, report on this, and ensure that we respond to what people say by changing what we do as a result – this will include ongoing consultation with children, young people and the communities we serve, as well as annual formal consultation on the progress and impact of this Plan.</p>	<p>All services report regularly on feedback from service users and how they have used this to develop; there are fewer complaints and more compliments; the Plan consultation reflects a greater public satisfaction with service provision.</p>
<p>8.Consult and work across States Departments to identify and prioritise the resources we need to implement the Plan over the next 6 years.</p>	<p>The Plan is properly resourced over the 6 years of its operation; there is evidence of joint working to use budgets to meet need across services; and efficiencies are identified to fund future service development.</p>

Our Four Priority Outcomes

SAFE AND NURTURED

We want to ensure all children and young people are protected from abuse, neglect or harm at home and in the community, have nurturing relationships that build their emotional resilience and engage in safe behaviour

This outcome is closely linked to the work of the **Islands Child Protection Committee**, which has overall responsibility for ensuring that professionals are working together effectively to protect children within Guernsey and Alderney, and which will therefore both support and challenge the work being undertaken within this Plan. It also relates to the work of the **Drug and Alcohol Strategy**, the **Domestic Abuse Strategy**, the **Disability and Inclusion Strategy**, the **Mental Health and Wellbeing Strategy** and **draft Sexual Health Strategy**.

We know that whilst children and young people responding to the **Speak Up** consultation confirmed that the islands are very safe places to live, the main issues threatening the safety of children and young people are about living with **domestic abuse, substance and alcohol misuse** – both by parents and young people, and the **poor mental health** associated with this. This means that many children do not experience safe and nurturing care and may not therefore develop the coping skills they need to grow into healthy and happy adults. A worrying 42% of primary school children also said they had spoken to a stranger on line, and 17% said they had been offered alcohol.

Domestic abuse continues to be a worrying social issue within the islands with domestic assaults constituting 49% of all reported violent crime in 2013. **155 high risk victims and 201 children were supported through the Multi-Agency Risk Assessment (MARAC)** process in 2013; these are individuals who are considered to be at risk of serious harm or homicide. In the same period, 60% of children on the Child Protection Register (CPR) in 2013 had 'known violence' as a parenting factor, and in 2014, 82 of the 92 children on the CPR had this and/or **parental substance misuse** as a key

risk factor. In regard to the Community Drug and Alcohol team, there were 127 clients presenting with a clinical need in regard to drug/alcohol or both, of whom 99 had children.

During 2013 there were 1,599 referrals to the Social Work Child Protection Team – nearly 70% were for children already known to agencies. Physical and sexual abuse is still a significant issue and there were waiting lists for all children's social work services, particularly for parenting support and therapeutic post-abuse work for children. Social workers have high caseloads, with up to 400 children accessing services at any one time. 61% of referrals between September and December 2014 related to young people – many of whom were **misusing alcohol**, sending sexual pictures to others, or at risk of **sexual exploitation**.

The introduction of the **Multi-Agency Support Hub (MASH)**⁸ in March 2015 is helping to reduce the wait for children to get the help they need by improving the way professionals share information, so that children and young people who are at risk are identified earlier and can be prioritised for social work and other help. However, there is still a lot to do for all professionals, and the public, to understand what the MASH is about and how to access it, but also to build the infrastructure to make it more successful: IT systems that support the collection and sharing of information and data; and co-ordinated early help to reduce waiting times for children who need some additional support, before they start to be at risk through unmet need, or fail to have the nurturing care they need to thrive. The MASH also needs to link more clearly into services for children with disabilities, and we will ensure that the roll out of the lead professional and Team Around the Child (TAC), extends to children with disabilities and links to short breaks and support to enable parents to continue to provide nurturing care for their children, as well as any siblings. The TAC approach will also ensure that transitions are managed more effectively for those children.

Finally, the children who are most at risk of sexual exploitation, longer term poor mental and physical health, and poor life chances, are those who are **in the public care, and leaving care**. Evidence from the UK and elsewhere demonstrates that these outcomes only improve where there is co-ordinated action to support such children, and for this reason the Children Law creates duties on the States and on individuals to work together to take appropriate action.

⁸ See Appendix for an explanation of the MASH and its processes.

Safe and Nurtured		
What we will do	By When	Success criteria
1. Make the Multi-Agency Support Hub (MASH) a permanent feature and build the lead professional and team around the child process to support it, based on a common approach to assessment, and the development of one single child plan for all children who need a co-ordinated care package.	2017	Children get access to additional help quickly, there is one clear pathway to help that everyone understands, and there is a lead professional or key worker for every family when the plan for help involves more than 2 professionals.
2. Explore extending the single access principles of MASH out to locality and community based networks.	2018	As above.
3. Provide advocacy to children and young people who are subject to Child Protection processes or compulsory intervention – through the Child Youth and Community tribunals so that their views and wishes are understood and they are able to influence their child plan.	2016	Children and young people will have an effective voice in what happens to them and will be better able to understand the concerns that professionals have and to influence the outcome of decisions so that they feel safer, and are safer, as a result.
4. Develop and deliver parenting programmes - Strengthening Families, and 1001 days to identify these issues early and take preventative action (see Appendix for explanation of these).	2016-2020	Fewer families have repeated child protection interventions and fewer children are removed from their families due to child protection concerns.
5. Develop a plan to identify and prevent child sexual exploitation - including on-line grooming and targeting of vulnerable youngsters, and link to the work of the Island Child Protection Committee.	2016-2022	Children and young people are not being sexually exploited on the island, and those at risk are recognised and supported.

6. Create a Corporate Parenting Board so that the needs of children in care and those leaving care are understood and prioritised across States Departments and services.	2016	Children in care and leaving care say they are well cared for and are in education, employment or training on leaving school in line with their peers.
7. Extend the range of short break and outreach support to families where there is a child or children with disabilities in the family.	2016-2018	Children with disabilities, their siblings and carers say that they are well supported; the number of children placed off island reduces.

BE HEALTHY AND ACTIVE

We want all children and young people to have the highest possible standards of physical and emotional health and to lead active lives that promote their long term health

Speak Up told us that health is the thing that children and young people are most worried about, and that secondary school children are most likely to seek help for their worries at school, so that school based support is important to them.

This outcome is also closely linked to the **Drug and Alcohol Strategy**, and the developing **Mental Health and Wellbeing Strategy**, as well as the draft **Sexual Health Strategy** and the **Healthy Weight Strategy**.

We know that obesity is an issue for our population and that this starts in childhood. In 2015 92% of children participated in the Guernsey childhood measurement programme (GCMP), and of these, **15% of year 1 school children were overweight or obese, whilst for year 5 this was 29%**. We therefore need to encourage our children and young people to lead more active lifestyles, and this must be linked to education, for example through the further roll out of the **Guernsey Healthy Schools Award**.

Only **3 of 28 local schools currently hold a valid Healthy Schools accreditation** and only one has the Enhanced Award. 2 are working towards it and a further 9 schools had held a valid accreditation prior to 2014. The National Healthy Schools Programme (NHSP) was a joint initiative between the Department for Children, Schools and Families (DCSF) and the Department of Health (DH) in England which aimed to promote a whole school/whole child approach to health. Locally the Education Department and Health Promotion Unit have developed the **Guernsey Healthy Schools Award**, referenced above, which is based on the UK system and is accredited by assessors from the Personal Social and Health Education (PSHE) Association. The programme focuses on four themes: PSHE, emotional health and wellbeing, healthy eating and physical activity (Source: Health Promotion Unit).

In 2014, **199 children accessed the Action for Children substance misuse service**, and an additional 93 their outreach service. Of the 199, 65 had current or recent history of drug misuse, 74 had a current or recent history of alcohol misuse, and 45 had both. A total of 16 young people accessed the 7 training flats for a period of time during 2014 due to homelessness. 7 out of the 16 young people had a current or recent history of substance misuse (drug or alcohol or both) (43%).

In 2013 and 2014 there were over 3,500 attendances per annum by children under the age of 18 years at the Accident and Emergency Department at the Princess Elizabeth Hospital. We need to understand the reasons for these attendances and to explore further how many of these were repeat attendances by the same children.

Teenage pregnancy rates in Guernsey are more than double those of Jersey. The rate of under 16 conceptions in Guernsey and Alderney (2010 – 2012) was 4.3 per 1,000 with 62% of these pregnancies ending in a termination. By comparison, the rate in Jersey was 1.7 per 1,000. The rate of under-18 conceptions in Guernsey and Alderney (2010 – 2012) was 27.8 per 1,000 with 43% of these conceptions ending in a termination. Over the same three-year period Jersey reported a rate of just 11.4 conceptions per 1,000 women — a rate less than half that of all the English regions and of Guernsey and Alderney (Health Profile for Guernsey and Alderney 2010 – 2012). We need to understand why this is the case and address it.

In 2014, the **Child and Adolescent Mental Health Service (CAMHS)** saw **353** young people for assessment, including **98 who were at high risk** or had a severe mental health problem. There has been a 55% increase in the overall numbers seen since 2010, and a 92% increase in high-risk cases. Of the 98 high-risk cases seen in 2014, 44 were admitted to hospital, of which 3 needed to be sent to off-island inpatient units. The most common reason for admission was deliberate self-harm (76%), and the next most common reason was eating disorder (13%) (CAMHS Audit 2014 and CAMHS Service Information).

Healthy and Active

What we will do	By When	Success criteria
1. Make sure that children and young people can easily access emotional health and wellbeing services in schools and other youth settings of their choice, to promote their coping skills (resilience) for example through mental health and emotional well-being co-ordinators in secondary schools.	2020	Reduction in the number of children and young people presenting to CAMHS with high risk or severe mental disorders.
2. Tackle unintended teenage pregnancies and provide a prompt, integrated multi-agency response to sexual healthcare for all young people, including free contraception, linked into the Drug and Alcohol Strategy for young people, to tackle under-age drinking and the consequences of this. This should also be linked to the MASH and the 1001 days project.	2020	Full range of contraceptive services, free at the point of access, to all under 21's. Reduction in unintended teenage pregnancies and increased detection and treatment of chlamydial infections.
3. Explore the reasons for A&E admissions relating to unintentional or preventable injury and develop a plan to address this.	2022	Reduction in hospital emergency admissions caused by unintentional and deliberate injuries in children and young people.

4. Support the introduction of the Healthy Weight Strategy to tackle childhood obesity.	2020	Reduction in childhood obesity.
5. Develop a Child Health Strategy which identifies an integrated and accessible physical health and wellbeing service, that addresses child development and makes best use of existing resources; this should include exploring access to primary healthcare and dental care, and the impact of charging policy on equality of access and children's health and wellbeing.	2020	Reduction in childhood obesity and tooth decay, as well as a strategy to protect children and young people against the consequences of vaccine-preventable diseases.
Agree a plan to implement this.		Improved uptake of primary health and dental care for children under 12 years

ACHIEVE INDIVIDUAL AND ECONOMIC POTENTIAL

We want all children and young people to achieve their full potential and to be supported in the development of their skills, confidence and self-esteem to enable them to achieve as much independence and financial security as possible.

Speak Up told us that children want more access to early counselling at school. There is also a rising number of senior students who are expressing their fears and stress through self-harming behaviours, which is of concern and must be a priority. The Education Department is therefore developing an **Emotional Wellbeing and Mental Health in Schools Strategy**, which will build on the existing provision and will set out the way in which all students can access the help that they need in school, or out of it, to be able to make the most of the curriculum. This will be supported by the early years offer of free education so that children are more able and ready to cope in a school environment when they reach 5 years of age than is currently the case for some.

We know that there is a wide gap in attainment for those learners who have special educational needs or who have indicators of economic deprivation: for example, 23% of learners who were eligible for Uniform Allowance achieved 5 A* - C GCSE against 63% of learners who were not eligible for Uniform Allowance. Only 24% of learners with special educational needs (SEN) achieved 5 A* - C GCSE including English and Maths against 66% of non-SEN learners.

There were also **attainment gaps at the end of Key Stage 2** (Level 4+ in 2013-14) between learners who were eligible for Uniform Allowance and those who were not; in Reading 24%, Writing 36%, Maths 32%. These gaps are wider than we might expect when compared with Free School Meal (FSM) data in England which had attainment gaps of 13%, 16% and 13% respectively.

Children in Care (CIC) are particularly vulnerable to poor educational outcomes. In 2013-14, 0% of CIC achieved 5 A* - C GCSE including English and Maths, and 71.4% of CIC achieved 1 A* - G GCSE against 94.6% of all other young people. Whilst numbers are very small and can skew the statistics, this is a worrying outcome.

We know that children who are living in difficult home circumstances, who are 'different' because of sexuality, background or experience, or who have learning or physical disabilities, may need additional help to access the curriculum, and that we need to get better at providing those children and young people with the right help earlier, and with more support as they get older.

We also know from consultation that we need to acknowledge the different abilities and aspirations of children and young people. We need to review our curriculum to ensure that it meets the needs of all our learners so that they are able to choose different and appropriate pathways according to their own aspirations and potential. All successes from these different pathways need to be recognised and celebrated amongst the whole community. Parents also told us that we need to improve the access of children with disabilities to a wider and more varied curriculum – have higher aspirations for them and give them access to a better post-16

offer. Parents and professionals have also recommended the use of a co-ordinated plan to manage their education, health and social needs. This will be addressed by adopting the Child Plan across all services.

Children in **Speak Up** also told us that they feel pressured by homework and studying and would welcome the addition of life skills, plus someone to talk to about their worries in school.

They were also worried about **bullying**, and how **difficult it is to be different**, and said that teachers don't always deal with these issues well. They want more consistency in how they are treated and reassurance that bullying will not be tolerated. This is a particular worry for LGBT+ young people.

Young people are also concerned about learning real life skills, such as budgeting and independence skills, and whilst this will be far more challenging for many young people with disabilities, it needs to be further developed as part of the curriculum – possibly through PHSE - so that it is relevant and that parents are clear about how their children will be enabled to contribute and to develop independence skills to support them into adulthood.

Achieve individual and economic potential		
What we will do	By When	Success criteria
1. Improve the understanding and practice of inclusion in education by working with the voluntary sector, children and young people and their parents to agree a definition for schools and the wider community, and a pathway for additional help for those who need it. This should include inclusion for children with disabilities as well as those with other additional needs.	2016-2022	Children are more included in education and have a greater choice of curriculum and achievement. Children with disabilities are better supported into adulthood.

2. Develop and Implement an Emotional Wellbeing and Mental Health in Schools Strategy, as part of the States wide Mental Health and Wellbeing Strategy which is currently being developed.	2016-2022	Reduced referrals to CAMHS and reported anxiety through young people's survey. Increased levels of 'happiness' and achievement across KPI's.
3. Provide 15 hours a week free pre-school education for 3-4 year old children in the year prior to starting school, and develop a quality standards framework for all pre-school settings to ensure the highest quality offer and enhanced outcomes for all pre-school children in Guernsey and Alderney.	2016-2020	More children start school ready to learn – measured improvement in outcomes for children across a range of measures.
4. Further build on the work being undertaken in schools and in the community to engage children and young people in addressing 'bullying' and difference, and ensure this informs future consultation and ICPC data, and that the feedback from this consultation is shared with school staff.	2016	Fewer children say they are being bullied, and more say it has been tackled well in their school and in the community; difference is celebrated.
5. Provide effective delivery of information, advice and guidance to young people who are Not in Education, Employment or Training (NEET), with priority given to care leavers, 16-19 year olds and disabled young people or those with a learning difficulty aged 16 -24 years.	2017	A reduction in the numbers of young people who are NEET.
6. To narrow the attainment and progress gap between the most vulnerable learners and their peers.	2020	The gap will narrow across KPI's for all groups with identified vulnerabilities.

INCLUDED AND RESPECTED

We want to ensure that all children and young people have help to overcome inequalities and are valued members of their communities. This means having a voice in decisions that affect them and being supported to play an active and responsible role in all aspects of their lives.

This outcome has the clearest links with the **Disability and Inclusion Strategy**, but also with the new **Emotional Wellbeing and Mental Health in Schools Strategy** which is being developed to address the barriers to inclusion for children and young people as they access education through their lives.

This is also the outcome which produced the most comments from parents with children with disabilities, as they so often feel, and are, excluded from the advantages of island life through the lack of understanding about difference, and clarity about what is available to help them to parent their children.

In addition there are currently **17 children who are in care and who are placed off island**, which undermines their local and familial ties and their ability to be included and to belong to their island community as they grow into adulthood. Whilst 'off-island' placements can be the right choice for some children with very complex health and emotional needs, for others this happens because of a lack of resources, rather than purely because of individual complex needs. These children can then become our most excluded children.

Consultation also highlighted the issues of exclusion for young people who are homeless and who are often 'hidden' from services as they are 'sofa surfing' with friends or family. We know that 16 such young people accessed the Action for Children training flats in 2014.

Offending by young people is low and is reducing. In 2013, 74% of youth offending in Guernsey and Alderney was dealt with in the Children Youth and Community Tribunal system (CYCT), and the number of young people reported to the Convenor for the alleged commission of an offence has

reduced by 35% since 2010. Very few young people commit serious crimes. Less than 10% of the offences committed by young people are considered by the Police to be serious offences. In 2013 only 8% of the reports made involved serious offences. The most common age group for youth offending is 15 to 17. In 2013 83% of the young people reported were in this age group. A third of the offences committed by young people are road traffic-related with the most commonly reported offence being speeding. The CYCT system identifies that many young offenders come from problematic family environments and have complex needs.

Her Majesty's Inspector of Prisons determined in 2014 that the arrangements for the detention of young people who have been sentenced to imprisonment are inadequate as children should never be held in an adult prison. In 2015 Guernsey Prison developed a separate children's wing, **Compass**, but HSSD are also now about to open a new, purpose-built Secure Unit on the Princess Elizabeth Hospital site. This is called **Haven**, and is next to the new CAMHS building. Plans are underway to train Prison and HSSD staff together so that wherever possible this new purpose-built unit can be used for our most challenging young people to have safe and secure care, rather than in the Prison itself. We are also committed to creating alternatives to custody, so that children are in custody only in the most exceptional circumstances.

Speak Up also identified that many children and young people struggle to find things to do out of school in the winter months, and that more needs to be developed to engage them in meaningful activities that divert them from alcohol and other harmful behaviours.

Included and Respected		
What we will do	By When	Success criteria
1. Work with young people to improve the access to and range of inclusive cultural, social and physical activities; particularly in the winter months. This will link to the Healthy and Active outcome, working with the Sports Commission, Arts Commission and Youth Commission amongst others, to identify additional opportunities and activities based around our schools.	2016-2018	Young people report that they have more places to go and things to do in the winter months.
2. Improve the access to and range of inclusive cultural, social and physical activities for children with disabilities and their siblings. As above, this will link to the Healthy and Active outcome, working with the Sports Commission, Arts Commission and Youth Commission amongst others, to identify additional opportunities and address the barriers to inclusion for this group of children and young people.	2016 - 2018	Children with disabilities have a range of activities with which they can engage; independence is promoted and parents and siblings state they feel supported.
3. Develop a forum for children and young people to challenge the States and give children and young people a formal voice.	2016	Children and young people have a clear voice.
4. Create a participation and engagement Charter with young people that sets out how we will work with them to ensure that they are included and respected.	2016	A Charter is in place and agreed by all Deputies.
5. Ensure that homeless young people are linked into services via the Multi-Agency Support Hub and are supported into stable accommodation.	2016	Vulnerable young people get help earlier: no young person is homeless.

6. Create on-island services for children with very complex and challenging needs to prevent them from going off-island.	2016-2017	Children stay on-island and are safer and included, resources are used more wisely.
7. Ensure that there are alternatives to custody that are robust, credible, supportive and realistic, and that no young person is incarcerated in Guernsey Prison unless there are exceptional circumstances and there are no viable alternatives.	2017 -2020	Any child in prison is regularly reviewed and against the criteria for incarceration and options are explored and evidenced.
8. As at action 1 for Achieve individual and economic potential, agree a Bailiwick definition of 'Inclusion' and roll-out of inclusivity training across relevant departments/agencies (including diversity training).	2016 - 2022	Parents, children and young people confirm in consultation and feedback that this has improved their ability to access the help they need and in the setting they require.

Our Key Performance Indicators – how we will measure progress and impact

As stated in the introduction, there are huge challenges for the States in terms of data collection. The following 36 indicators are mostly new, and the first year of the operation of the Plan will need to ensure that we are collecting the new data that is required to tell us first of all what our baseline is. We will then be able to measure in the following five years the trends that emerge in relation to each outcome, and how we are doing in terms of reducing inequalities and poor outcomes, and increasing the positive outcomes that we want to see for our children and young people. Our indicators therefore include both measurable data, as well as qualitative reporting – what children and young people and their parents tell us about how they are experiencing our services.

Priority Outcome	Safe and Nurtured	
	2014 outcome	2016 -17 Target
Numbers of children on the Child Protection Register	92	<50
% of referrals to the MASH that result in a child protection plan	New indicator	
% of children identified through the MASH as being in need of protection who are allocated a social worker as their lead professional within 1 working day	New indicator	100%
% of children identified through the MASH as being in need of protection who access advocacy services	New indicator	100%
% of children on the Child Protection Register for the second time in 2 years	21%	<15%

% of children and young people who indicate that their needs were met as a result of their Child Plan	New indicator	100%
% of children and young people who are referred to the Convenor for the same reason within 12 months of the case being closed	New indicator	reduce by 10%
Number of children on the CPR as a result of the toxic trio of parental substance / alcohol misuse domestic abuse and mental illness	82	reduce by 20%
% of children surveyed who say they have been bullied in the last 12 months	28%	increase ⁹
Number of children who say they were listened to as a result of having an advocate in the child protection or tribunal process	New indicator	100%

Priority Outcome	Healthy and Active	
How we will measure success:	2014 outcome	2016 -17 Target
Number of young people presenting to the Child and Adolescent Mental Health Service (CAMHS) with a high risk or severe mental health disorder	98 young people	tbc
Under 16 and under 18 conception rate per 1,000 population	(2010-12) were 27.8 per 1,000 women	50% reduction by 2020
Percentage of children classified as overweight or obese in year 1 and year 5	18.6% of Year 1 school children were overweight and obese and 31% of Year 5's were overweight and obese.	tbc
Proportion of children who are obese at 2 ½ years	New indicator	tbc

⁹ This will increase initially as reporting improves confidence of children to speak out

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Percentage of children who had evidence of active or treated tooth decay aged 5 years - In 2011 the average number of decayed, missing or filled teeth (dmft) per child was 0.60 (compared to the England average for 2011–2012 of 0.94). However, this masks the school-specific local variation which was in the range 0 to 1.41	0-1.41	Reduce
Population vaccination coverage and the local availability of an immunisation programme based on advice from the Joint Committee on Vaccination and Immunisation (JCVI).	Pre-school immunisation coverage of 95% or above	Maintain current immunisation programmes and introduce new programmes in line with JCVI recommendations
Proportion of children aged 2-2½yrs who received an assessment as part of the Healthy Child Programme or an integrated review	95% of children successfully completed an assessment	Maintain
Chlamydia detection rates Estimation of the crude rate of chlamydia diagnoses per 100,000 young adults aged 15-24	Crude chlamydia rate is 1,400 per 100,000 population in Guernsey and Alderney	at least 2,300 per 100,000 (improved detection rate)
The number of A&E attendances as well as the number of emergency readmissions within 30 days of discharge from hospital and the number of emergency or unplanned admissions of children with Lower Respiratory Tract Infections, asthma, diabetes and epilepsy.	New indicator	Reduce
Reduction in number of children in care	72	<70
Reduction in number of children removed from their family		<by 1 per annum

Priority Outcome	Achieve Individual and economic potential	
How we will measure success:	2014 outcome	2016 -17 Target
<p>Fewer children and young people are absent or excluded from learning settings:</p> <ul style="list-style-type: none"> - Attendance of children who are vulnerable - Exclusions 	<p>Primary 96.1%</p> <p>Secondary 92.8%</p> <p>Special 92.1%</p>	<p>Attendance of all children will improve</p> <p>Those who are identified as vulnerable will improve</p> <p>Exclusions will decrease</p>
<p>There are not variations in performance or inconsistencies in standards within and between learning settings as measured against identified KPI's across all phases of education</p>	<p>New Indicator</p>	<p>There will be no more than a 5% difference between settings regarding the progress and attainment of learners identified as being vulnerable</p>
<p>The 'gap' in attainment and progress between groups of learners who are vulnerable and their peers is narrowed as measured against identified KPI's across all phases of education</p>	<p>Data is published online at gov.gg/cypp</p>	<p>Gaps identified in 2014 will narrow across all identified groups</p>
<p>A broader range of opportunities to demonstrate the achievement and successful outcomes of all children and young people are reported alongside core education KPI's</p>	<p>New indicator</p>	<p>A set of new indicators will be identified which measures and share successes of children and young people across a range of different areas</p>
<p>Measurable positive impact of pre-school attendance for all 4 year-olds from Increased access to learning and employment for parents</p>	<p>New indicator</p>	<p>Enhanced outcomes for children across all key stages over time</p>
<p>A greater number of children and young people access and participate in a wider range of activities such as the arts, sports and other social experiences</p>	<p>New indicator</p>	<p>Rise in access and participation rates</p>

Children and young people have a greater opportunity to have their emotional, mental health and wellbeing needs met within schools	New Indicator	Reduction in referrals to CAMHS Greater % of children and young people reporting 'happiness' and reduced anxiety through children and young people consultations
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Priority Outcome	Included and Respected	
How we will measure success:	2014 outcome	2016 -17 Target
Number/% of relevant States' strategies reviewed or implemented that have an effective impact on children and young people and their families identified through consultation with children and young people, families and agencies that work with them. (Particular focus on current strategies eg. Disability, Mental Health etc.)	To be further developed	
Number/% of strategies reviewed or introduced with the full involvement/engagement of children and young people.	New indicator	
Percentage of child's plans that include reference to the child or young person's views.	New indicator	
Number/% change for children and young people being supported to access extra-curricular activities (particular focus on CIN groups), eg, DoE, volunteering, accessing leisure and sporting activities.	New Indicator	
Revision and development of custody arrangements for children and young people during year (no. incarcerated in prison, alternative provision secured, scrutiny and monitoring of reasons behind particular decisions etc.)	New Indicator	
No of children who remain in the community when they have been convicted of/ or found to have committed an offence that is punishable by imprisonment.	New Indicator	

Appendix 1: Explanation of terms used in this Plan

The Children and Young People's Partnership Board - The delivery of effective services and support for children and young people relies on a multi-agency approach and shared responsibility of several States' departments, voluntary organisations and the wider community. In this spirit, the development of this Plan has been overseen by a multi-agency board supported by a wider partnership and implementation group. The Partnership Board Members are:

- Deputy Michelle Le Clerc (Chair), HSSD
- Deputy Arrun Wilkie, Home Department
- Deputy Peter Sherbourne, Education Department
- Carol Tozer, Chief Officer, HSSD
- Jon Buckland, Chief Officer, Education Department
- Mark de Garis, Chief Officer, Home Department
- Jane St Pier, Youth Commission

MASH – This is the Multi-Agency Support Hub which is a daily meeting of professionals, with the voluntary sector, to share information about children where there are concerns about their welfare, and to agree how best to help. Any professional can refer a child and come to discuss them. In all but cases of child protection where telling the family might increase the risk to the child, the family should first be advised that this is happening and then be involved in discussing any plan that is then made to help.¹⁰ The MASH will enable partner agencies to therefore collect and analyse information about child need, so that we can use this to identify trends to create new services to meet needs if these are required. This will help the States, with voluntary sector partners, to prioritise the use of resources so that they are used effectively against an evidenced need, rather than in the historical piecemeal fashion. The MASH is therefore key to moving forward and creating a more responsive system of child welfare on the Island.

¹⁰ In child protection this should also be the case as soon as it is safe for the child to do so.

Lead Professional: This is a new approach where, when the MASH has agreed that a child needs help from more than one agency –such as school, health visiting, and Child and Adolescent Mental Health Service for example. One professional will become the lead person who will co-ordinate the child plan. This means that the child and family will have one person to talk to rather than several, and this one person will make sure that all of the meetings to make the child plan happen are properly organised and the plan is working.

The Child Plan: This is defined by the Children Law 2008 for use by the CYCT. We are now developing this so that there is one child plan format for all uses, so that children and families do not have to work with lots of differing documents. The single child plan should identify what the child needs, what outcomes everyone wants for them and how we are going to get there. It will provide the child and the family with a really clear and agreed way to make things happen, and will give professionals a clear expectation about what they will do to help, when, and how they will know that they have succeeded. The child plan will also be used by social care when a social worker is the Lead Professional, and where there are child protection concerns, or the child comes into care. Parents and children may be able to choose who they want to have as their Lead Professional.

The Child Plan will be used for all children who need a co-ordinated plan, including children with disabilities. It will be the core document to ensure that there is a smooth transition into adult services if these are needed. It will also be used to identify what the child's carers and siblings need and how this will happen, so that expectations are clear all round.

Strengthening Families Project: This is a new and intensive family support project, run by the voluntary sector, in partnership with the States, and it is based on well-researched evidence of what works in the UK and can be adapted to meet the Island's context. It is open to those families where there have been long term and complex difficulties that have resulted in children either being removed from their care, or being at risk of removal. There will be multiple risks in the family, and parents will need to engage with the project to turn their own lives around and to improve the lives of their children. This will therefore reduce the numbers of children in care, but also

improve all four outcomes for those children who are living with domestic abuse and other high risk parental needs and behaviour.

1001 Days project: There is a significant amount of evidence about the negative impact of parental stress on the neurological development of babies in the womb, and during the first months of life. Physiological development at this stage can influence a child's whole life outcomes. This project has several strands therefore aimed at identifying those parents to be and babies most at risk, and to target them with positive support to offset the negative impact of stressors during the first 1001 days from conception to age 2 years. This will result in improved life chances for those children and also in a reduction in the numbers of children removed from parental care, as well as in the numbers of children and young people presenting with severe mental health issues in the future. The project is therefore very closely linked to the Strengthening Families Project and to the MASH.


In order to succeed, the 1001 days project will focus on the maternity pathway for all babies to ensure that all parents are supported to provide the best possible start in life for their children, through a range of individual and group parenting support both at home, and in a children or family centre.





Deputy Luxon
The Minister
Health and Social Services Department
Corporate Headquarters
Rue Mignot
St Andrews
GY6 8TW

30th November 2015

Dear Deputy Luxon, 

The Home Department is pleased to support and recommend the Children and Young People's Plan 2016-2022, which it has helped to formulate.

The Plan seeks to create opportunity for sustainable and transformational change through a multi-agency and cross sector approach placing children and young people at its centre. Importantly, the plan recognises the challenge faced by Island Communities and makes a commitment to pursuing an evidenced based approach to avoid repeating previous mistakes which is to be commended.

There are a number of other significant government strategies such as Disability and Inclusion, Mental Health and Wellbeing and Supported Living and Ageing Well to name a few which will all require additional funding to implement. The Transformation and Transition Fund provides a finite pot of some £25m which is necessary to support all the pillars of Public Service Reform and it is already known that initial bids exceeded its total value. Whilst the principle criteria for accessing the fund have now been determined the Department is concerned how the Children and Young People's plan will be supported once this source of funding has been exhausted. Consequently, whilst the Department recognises the synergy with Public Service Reform through the need to reshape existing services in order for them to work more efficiently, it is concerned that without express and sustained financial support it will be difficult to realise the Plan's ambition.

The Department supports the principle of pooled budgets but it is important that delivery partners such as the Health and Social Services and Education Departments appreciate that it has a significant shortfall within its 2016 cash limit which will require cuts to certain services and seriously impairs opportunity to increase the financial support to others.

Governance arrangements will be especially important in determining how this plan should be implemented and funded. The Department supports the proposal of a dedicated political champion from within the membership of the new Policy and Resources Committee. This helps convey a very strong and necessary statement of the importance government places on supporting Children and Young People. However, the Department believes it very important to distinguish the potential role of a future political champion from that of the political body which has ultimate responsibility for the Children's Law. This is especially important where a multi-agency and cross sector approach is required. Consequently, the Department, whilst supporting the proposal of a Policy and Resources Committee, Children and Young People's champion, believes that ultimate political ownership within the governance arrangements of the plan should clearly rest with the Health and Social Care Committee.

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POLITICAL RESPONSIBILITIES

Guernsey Police, Guernsey Border Agency, Guernsey Prison Service, Guernsey Probation Service, Guernsey Fire & Rescue Service, Emergency Planning, Bailiwick Drug & Alcohol Strategy, Criminal Justice Strategy, Domestic Abuse Strategy, Broadcasting, Gambling Control, Electoral Roll

Lastly, the Department would like to acknowledge the work of the multi-agency Partnership Board, wider advisory group and many others who have been instrumental in the development of the plan.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Peter Gillson', with a stylized flourish extending from the end.

Deputy Peter Gillson
Minister
Home Department

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191/CYPP/MJC

8th December, 2015

Minister,
 Health and Social Services Department,
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 ST. ANDREW'S.
 GU6 8TW


 Dear Deputy Luxon,

CHILDREN AND YOUNG PEOPLE'S PLAN 2016-2022

The Education Department welcomes the opportunity to comment on the Children and Young People Plan.

In the first instance we would like to commend all those who have worked in partnership to produce a comprehensive well researched Plan and Policy Letter. We welcome that the Policy Letter includes the mechanism for future governance and funding, reflecting the challenges of the reform agenda for 2016 which was approved in the recent States budget debate.

I can confirm that the Education Department is committed to continuing working together to scope some of the key cross cutting transformational changes, such as the MASH and Early Help Offer, and to then submit a joint business case for funding of these initiatives across the three departments. We welcome the creation of a Children's Executive to hold departments to account for the changes and outcomes outlined in the Plan.

Finally we welcome the recognition of the importance of a universal entitlement to pre-school education in the Plan.

Yours sincerely,



Deputy R. W. Sillars
 Minister

(N.B. The Treasury and Resources Department notes that the Health and Social Services Department is advocating that the States focus on the desired outcomes from the proposed plan and recommends that those outcomes are best delivered through the programmes of service transformation as part of Public Service Reform prioritised and funded by the States in October 2015. The Treasury and Resources Department strongly supports this integrated approach and a move away from funding strategies and plans to focussing on the best means of delivering outcomes.

The Treasury and Resources Department considers that, in the current financial climate, it is even more important that due consideration is given to the best means of delivering the social outcomes desired by the States in a wider context. There is ample evidence to demonstrate that the ‘stand-alone’ investment previously sought and approved for the Children and Young People’s Plan and other strategies has not led to delivery of optimum outcomes. This has been recognised by the Health and Social Services Department which states that *‘in 2011, the States agreed to provide £615,000 of annual funding to assist with the implementation of the current Plan. This was used to provide additional residential capacity for older children in care, and to support the delivery of the Secure and Flexible Outreach service in HSSD, to prevent children from coming into care. Whilst this investment has enabled children to be safely accommodated, it has not resulted in improved outcomes for those children and young people.’*

It is therefore vital that the outcomes envisaged by the Children and Young People’s Plan are an important focus and act as guiding principles in the work to develop the proposals for the transformation of health and social care services (and other public services) currently in train. If the States are to be asked to invest significant funds in the transformation of public services, it must be in the knowledge that such transformation will deliver the improved outcomes for the population demanded by this and the numerous other strategies previously developed and presented to the States. In order for the States to have confidence in the ability to deliver those outcomes, the proposed transformation needs to be both well planned and properly resourced with appropriately skilled and experienced people.

The Health and Social Services Department is also recommending that the Policy and Resources Committee oversees and co-ordinates an investigation into pooled budgeting and sources of social finance to support the delivery of improved public services. The Treasury and Resources Department supports such an investigation into both of these measures. Social finance potential should be fully explored to ensure that, should the States wish to exploit such avenues, it is done in a structured and well controlled way which seeks to leverage the strengths of both parties to such a partnership and seek to deliver the best possible outcomes. It is important that social finance is seen as one of the options for enabling partnership working and to secure improved outcomes rather than simply being an alternative financial model.

The Treasury and Resources Department considers that pooled budgeting should be relatively simple to deliver, once detailed consideration has been given as to the intended objectives and the appropriate governance, and that this should be pursued should it be clear that it will contribute to or enable the delivery of the outcomes set out in this plan.)

- (N.B. The Policy Council fully supports the Children and Young People’s Plan, which is a fundamental and wide ranging piece of social policy setting out how the children and young people of Guernsey and Alderney are to be assisted to fulfil their potential over the next 6 years. In accordance with the Principles of Good Governance, it is evidence-based, has been developed collaboratively across the public and third sectors, and been consulted on extensively with Islanders and all stakeholder groups – and, more importantly, has involved consultation and discussion with children and young people themselves.**

As the Policy Letter notes, this Plan is one of the first strategies/plans to come forward after the States’ agreement to adopt Public Service Reform and sits firmly within that context. It focuses on the structural changes necessary to realise its key objectives, and on the cross-sector and multi-agency projects that will create transformation of children and young people’s services to deliver better outcomes for children, young people and their families. It follows that resourcing the delivery of the Plan will be through the various transformational programmes approved by the States in considering the 2016 Budget Report, rather dedicated funding being sought for specific workstreams.)

The States are asked to decide:-

XIII.- Whether, after consideration of the Policy Letter dated 18th November, 2015, of the Health and Social Services Department, they are of the opinion:-

1. To approve the Children and Young People’s Plan 2016-2022, as set out in Appendix 1 of that Policy Letter.
2. To note that, to deliver the Children and Young People’s Plan’s Priority Outcomes, where actions cannot be taken forward using existing resources, the resource requirements of the Plan will need to be considered as part of the development of the programmes of transformational change referred to in Section 10 of that Policy Letter.
3. To direct the Policy and Resources Committee, working with the Committee *for* Health and Social Care and other relevant committees, to oversee and coordinate an investigation into the use of pooled budgets and alternative sources of social finance and to report back to the States of Deliberation as soon as possible with its findings.

4. To direct the Committee *for* Health and Social Care, working with the Policy and Resources Committee, to have regard to the suggested governance arrangements in Section 7 of that Policy Letter when determining how the Children and Young People's Plan should be implemented and funded.
5. To direct all relevant committees, as part of the Children and Young People's Plan, to identify the need for early intervention and early years' services for children under the age of three, the consequential resource implications and the links between any such new services with those provided by the Committee *for* Education, Sport and Culture, including States-funded Pre-School Education.
6. To direct the Committee *for* Health and Social Care to report back to the States of Deliberation on the results of those investigations in due course.