

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

3rd November, 2026

Proposition No. P. 2026/82

Policy & Resources Committee

The States of Guernsey Annual Budget for 2027

AMENDMENT

Proposed by: Deputy G Oswald
Seconded by: Deputy S Rochester

To insert, in Proposition 16, immediately after the words “paragraph 6.27” the following words “, subject to an additional £3.1m for the Committee *for* Health & Social Care and an additional £3m for the Budget Reserve for the purpose of funding demand pressures in off-Island acute care”.

Rule 4(1) Information

- a) The proposition contributes to the States’ objectives and policy plans by underpinning the delivery of health and social care services and minimising the need to take action that would change and reduce existing service provision.
- b) In preparing this proposition consultation has been undertaken with the Policy & Resources Committee.
- c) The proposition has been submitted to His Majesty’s Procureur for advice on any legal or constitutional implications.
- d) The financial implication of carrying out this amendment would be an increase in expenditure by an additional £6.1m.
- e) Drafting advice has been sought from the States’ Greffier and advice has been sought from Treasury Officials.

Explanatory Note

Should Proposition 16 Carry and Proposition 17 Lose, then this amendment is required because Option A has no allocation for additional service demand for Health & Social Care services and, owing to the proposed Budget Reserve being lower in Option A, compromises the potential support for off island acute demand pressures provided through the Budget Reserve that was introduced in 2026.

The amendment therefore has two interrelated components, totalling £6.1m in relation to underlying demand:

1. To increase the value of the 2027 budget allocated to the Committee *for* Health & Social Care under Option A by £3.1m to match the Option B total;
2. To ringfence a value of £3m within the Budget Reserve for Option A in relation to off island acute demand pressures.

1: Underlying demand pressures

Demand allocations have been included in budget allocations for a number of years, recognising underlying cost pressures driven predominantly through demographic and complexity factors. Allocations for 2025 and 2026 were £4m per annum.

The cost of increasing demand on services has also been included in published long term forecast information, including the funding and investment plan.

The inclusion of 1% savings in both Option A and B is understood and the Committee *for* Health & Social Care has identified budget reducing savings to a total of £2.3m (£1.4m already delivered, £0.9m targeted for delivery in 2027) that are included under both options.

However, the absence of a budgeted demand allocation in Option A would effectively require the Committee *for* Health & Social Care to deliver savings well beyond 1% in 2027 to fully counter the impact of underlying demand increases.

Long term health and social care baseline forecasting across international jurisdictions, as well as public health projections, shows that a focus on efficiency and transformational change through preventative and digital investments can mitigate these underlying challenges, but not fully offset them. Guernsey is no different.

Demand driven pressures in Option B include front-line resource increases for the emergency department, haematology, adult disability and complex care.

2: Off island acute support

The proposed Option B budget also includes the capacity for support for off island acute pressures through the Budget Reserve. A support mechanism was established in 2026 whereby a funding of up to £2.4m has been agreed from the Budget Reserve towards Off-Island Acute cost pressures, with the actual 2026 requirement to be finalised through the year-end process. This mechanism is referenced on page 91 of the 2027 Budget Report as follows; *“The funding reflects sustained cost pressures driven by higher-cost cases and increasing demand, which cannot be fully managed within the existing Health and Social Care budget”*.

Within the forecast outturn included in the Budget Report the forecast overspend across off island acute services was £4.2m, then forecast to be mitigated through a combination of the Budget Reserve mechanism of £2.4m and other savings, including £1.4m of budgeted savings that have been removed from the budget for 2027.

The same approach was intended through Option B due to the variable nature of off island acute costs but at an increased value of £3m.

A £3m provision within the Budget Reserve would provide essential flexibility for what is a demand driven challenge with largely demographic drivers across treatments such as cardiology. It should be noted that these are existing costs of existing demand.

Depending on the combination of increasing demographic and complexity factors and the number of high-cost treatments, a £3m provision for off island acute may well be insufficient in 2027.

In summary, should Option A be approved there will be a funding shortfall of at least £6.1m and, depending on off island acute demand, potentially higher. A gap of this magnitude can only be addressed through swift structural changes and service reductions.

If Option A were to be agreed by the Assembly, in order for the Committee *for* Health & Social Care to deliver services within the agreed budget and not over-spend, material existing pressures such as off island treatments would have to be matched by material changes in provision. This could include further upwards changes to fees, such as step-changes in prescription charges and structural changes such as the removal of existing subsidies.