



OFFICIAL REPORT

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SCRUTINY MANAGEMENT

COMMITTEE

Committee *for* Employment & Social Security
Public Hearing

HANSARD

Guernsey, Tuesday, 22nd March 2022

No. 3/2022

*Further information relating to the Scrutiny Management Committee
can be found on the official States of Guernsey website at www.gov.gg/scrutiny*

Members Present:

Panel Chair: Deputy Yvonne Burford – President
Deputy Simon Fairclough – Vice-President
Deputy John Dyke – Member
Deputy Bob Murray – States’ Member
Mr Andrew Le Lièvre

Mr Mark Huntington – Principal Scrutiny Officer

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Scrutiny Management Committee

Committee *for* Employment & Social Security Public Hearing

*The Committee met at 10 a.m.
in the Castel Douzaine Room*

[DEPUTY BURFORD *in the Chair*]

Procedural – Remit of the Committee

The Chair (Deputy Burford): Welcome, everybody, to this Scrutiny Management Committee Public Hearing session with the Committee *for* Employment & Social Security – that is, welcome to those present and those watching on the livestream. Today will be focusing principally on the areas of the Committee’s mandate that are contained in the Government Work Plan.

5 I am Deputy Yvonne Burford and with me on the Panel today are Mr Andrew Le Lievre, Deputy Simon Fairclough, Mr Mark Huntington, who is the Principal Scrutiny Officer, Deputy John Dyke and Deputy Bob Murray.

10 It is not going to be possible to cover anywhere near everything in the short time we have available, but in preparing the questions, we have sought to be as wide-ranging as possible, but while concentrating on those areas that are of significant public interest or where there are significant sums of public money involved.

15 So following this session, there will be a *Hansard* transcript put onto the Scrutiny website and we will also consider whether we want to follow up any items any further. I would just ask everyone to ensure their phones are switched off, please. We will be having a break at around about 11 o’clock. I now turn to our witnesses today.

EVIDENCE OF Deputy Peter Roffey, President, and Deputy Lindsay De Sausmarez, Vice-President, Committee *for* Employment & Social Security; Mr Ed Ashton, Director of Operations, Social Security & Inclusion; and Ms Ellen Pragnell, Committee Secretary

The Chair: If you could please introduce yourself, starting with Mr Ashton.
Thank you.

Mr Ashton: ... [*Inaudible*]

20

Deputy De Sausmarez: Deputy Lindsay De Sausmarez, Vice-President of the Committee.

Deputy Roffey: Deputy Peter Roffey, President.

Ms Pragnell: Ellen Pragnell, Committee Secretary.

The Chair: Thank you. The first set of questions are largely to do with housing, but including the Housing Action Group and key worker accommodation.

So Deputy Roffey, you have said that in your opinion at least a thousand new social housing and key worker homes are required and that you are nearly halfway there in acquiring or identifying them. Have any further sites been identified since you made these comments last year?

Deputy Roffey: Yes. It is difficult, because obviously the main arm for procuring sites is through the Guernsey Housing Association (GHA), and I know that they are in final stage negotiations in some cases with the owners of potential sites.

I do know, though, that the GHA would tell you that they have been blighted in their attempts by the rumours or backwash of conversation about the possibility of the removal of GP11. They are saying people are just not willing to consider bids at the moment because they say, 'Well, why do it now? Let's wait a year or so, let's see if our sites become more valuable.' So that is forming a real break and a frustration in trying to actually drive the social housing agenda forward.

We do own obviously quite a lot of sites and we will be looking at some infill sites around the existing social housing estates, and we will also be handing over to the GHA the Genats estate which will be redeveloped, and as a result of its phased redevelopment, we will create a lot more housing units than there is there now, and hopefully a far better designed estate. We have got Kenilworth Vinery, we have got most of Fontaine Vinery, although some of it is still in private hands, and the lower part of it cannot be developed until probably quite a lot later because of flooding issues that will have to be tackled. So we are really only talking about the top part.

So we have got a few hundred plots to be getting on with, but nowhere near the amount we need. So we are quite desperate to achieve extra sites if we possibly can.

The Chair: Okay. So would you say there are sufficient brownfield sites, either in the States' ownership or that the GHA has to fulfil the thousand need, even if they cannot all be brought on stream immediately?

Deputy Roffey: No. I think we do need to gain additional sites from the private sector. And of course we are not sure what public-owned sites we will be allowed to develop. We would love to be able to develop the Castel Hospital site, for instance, and there are extant plans from the GHA for a significant number of affordable units there. But then I noticed in the hearing you had with P&R, the suggestion was that that sort of development was not top of the list and obviously P&R do have the mandate for States' property, so finally it will be their call. We have very strongly asked to be able to use them.

There are other units in States' ownership that are, I think, under offer at the moment to be sold off, which could have provided very good key worker housing accommodation in a relatively short timescale and in a cost-effective way. So that is a frustration, but at the end of the day, the answer is, no, we need to find more sites.

The Chair: You have raised something which I was going to come to later, but I think it is appropriate to talk about it now. Is there a tension, do you think, between the fact that P&R is responsible for property, but your Committee, and indeed Deputy De Sausmarez's Committee, are responsible for housing, where these two things cross over? The Castel Hospital site would be a prime example of that.

Deputy Roffey: I think whoever is responsible for States' properties there could possibly be a tension because housing is one potential site of States' properties that are not going to be used anymore, but I am sure there might be other States' Committees that also have got alternative plans for them. So I am not against the fact that Policy & Resources ... resources; land is a resource, so

P&R, it makes a degree of sense for them to be the controlling Committee. But with our mandate and our hat on, we have been slightly frustrated that they have not been prioritising affordable housing on those sites.

80 **The Chair:** Thank you.

What is your Committee's view as to whether the GHA should take over the States' housing stock?

85 **Deputy Roffey:** We have not come to a final view on that. In fact, we are due to discuss an interim report on it at our meeting tomorrow. We have no objection in principle. Our focus is very much on ... I think there are two criteria here, and ours is very much on what is going to be best for social housing, i.e. for the existing tenants, the quality of their housing etc. But also what is likely to deliver the most good-quality social housing in future. And I think there is a case for saying that actually the GHA model might be able to deliver that better. It is frustrating, in a way, because in
90 theory the States should be able to deliver that just as well, but the procedures, the money availability for upgrading and improving thermal insulation etc. tends to be more laborious to get through the States' system than it would be perhaps in the GHA model.

The other criterion would be, from P&R's point of view, largely, which is of course they will get an injection of cash, which will be very useful if they transfer this, but they will be losing the best
95 part of £20 million a year. It is less than that once you net off the spending, but nevertheless £11 million to £12 million a year net gain, I guess. So they will have to take a judgement about whether it is actually in the financial best interest of the States to do that.

The Chair: Okay, thank you.

100 Do you believe that the Island needs a complementary organisation to the GHA which allows the States to build houses which are not necessarily in the technical meaning of the affordable housing, but are actually affordable to the majority of the population?

105 **Deputy Roffey:** That is an interesting question, because I do believe that there is – this is my personal view and it is one that I have asked GHA to look at and our own housing team to look at – almost a cultural wish in Guernsey to be homeowners, rather than renting or the leasehold arrangement of partial ownership. I believe that we could look to extend the range of affordable housing options into one that does actually allow people to wholly own their own starter homes, a bit like we used to under the Home for Workers Loan Scheme, but with some sort of covenant to
110 make sure that people did not cash-in down the road on that. And that is under active consideration at the moment.

It would be controversial, because if we use the GHA to deliver that sort of development, we may be seen as standing on the toes of private developers to some extent. But yes, I believe it might be possible to, for instance, allow people to buy starter homes for about 75% of the commercial valuation by removing the profit element but making sure, by covenant, that that subsidy continues
115 from purchaser to purchaser, it goes forward. No decision has been taken on this yet. I am sure there will be some counterarguments coming from officers and Members of the Committee, but it is under active consideration.

120 **The Chair:** Thank you.

I think Mr Le Lievre has some questions which follow on from this.

Mr Le Lievre: They do indeed. Thank you very much, Deputy Burford.

125 Deputy Roffey, how many families or individuals are on the joint waiting list for social housing at the moment?

Deputy Roffey: It is about 500 if you take both the rental and the partial ownership combined, and they are both social housing in the broader sense. So I will look to officers to give you a precise figure, but it is circa 500. Does anybody have a precise figure?

130 **Ms Pragnell:** I think it is 327 –

Deputy Roffey: For rental, yes.

135 **Ms Pragnell:** – for rental, yes, and the rest for partial ownership.

Mr Le Lievre: So that is approximately 173 or so for partial ownership on the waiting –?

Deputy Roffey: Roughly. I have got in my head that the combined figure is about 500, yes.

140 **Mr Le Lievre:** Okay. On average, how long do people have to wait on the list?

Deputy Roffey: Obviously averages are dangerous things because some people can be catapulted straight to the top of the list if they are going to be homeless. Other people who are not badly housed but inadequately housed may be waiting for a long time. Certainly partial ownership
145 is painfully long now – I think we are talking about three or four years – which is why it is not actually being promoted, because it would be almost cruel to promote it.

Social housing, the average is not quite that long, but it is still far longer than it has traditionally been. I am looking to the Head of Operations to see whether he has got an up-to-date figure.

150 **Mr Ashton:** I could not give you a number off the top of my head, Andy, but the way the waiting list is designed is it is split up into different categories. So you have got, effectively, a joint waiting list which is managed by GHA and Housing together, and then people's family circumstances and their requirements dictate which category they go into and then allocated on that needs basis in order of priority across those four categories.

155 **Deputy Roffey:** If I could just add to that, there are a couple of areas that are particularly difficult at the moment. One is one-bedroom, ground-floor accommodation. We have got a growing number of people with mobility issues or physical impairments that really require that sort of accommodation and we are short of it.

160 The other is, perversely, because we have got actually bucket-loads of three-bedroom houses to the point that we are stopping people transferring down out of them, but we do actually have a shortage of four bedroom or four bedroom plus for the few very large families. So people out looking for a four-bedroom house are waiting a particularly long time at the moment.

165 **Mr Le Lievre:** Thank you.

Deputy Fairclough: Could I just come in there, Deputy Roffey, and just ask – you mentioned a potential redesign of Les Genats estate. If that goes ahead, are these the types of issues you are looking to address when you redevelop that site? You mention more units, I wondered how many
170 more and what type you are thinking of.

Deputy Roffey: Okay. I think it was something like an 80% gain. So not quite doubling, but 80%. That is not 80% gain in bedrooms, because there will be very much a shift away from the three-bedroom units, which we have got actually quite a lot of. Family sizes have changed over the
175 decades and the accommodation has not changed to reflect that. But about 80% gain in units, although I must stress because the Genats is a big – and one of its problem is it is a big – amorphous estate, is that in redeveloping it, it would very much be split up into areas with their own distinct

character and their own borders, so that it will not feel like you are living on an estate of hundreds and hundreds of homes. But yes, that is exactly what we are looking to do and there will be far more one-bedroom and two-bedroom units.

Deputy De Sausmarez: I can provide a little bit more granular detail, if that would help, just to give an idea of the proportionality between the demand for the different types of units. There is a figure here of just shy of 200 people waiting for one-bed accommodation, two-bed is in the region of 73, three-bed it is down to 47 and four-bed it is 21. So that gives you an idea of the scale.

Deputy Roffey: But as I said, because we have got very few four-bed units, although that is a small number, they are having to wait a long time. So when we can get some slack in the system, maybe even building new four-bedroom units on GHA developments, or possibly even converting some of the three-bedroom properties we have now through extensions into four bedrooms, or even occasionally five bedrooms, will be useful.

Deputy Fairclough: Thank you.

Mr Le Lievre: Broadly speaking, have the figures on the waiting list gone up or down over the last ... I have got two years here, but if we expanded that period to, say, five years, are they on the rise or ...?

Deputy Roffey: They have gone up, yes. The feeling two or three years ago is that we were meeting the targets, the last time the States debated housing targets, which was not directly what was proposed in the KPMG report, but which flowed from that exercise, they set an overall housing target, with parameters, upper and lower, and they broke that down into social housing and general housing. We have actually, over that five-year period, been right at the top end of the target range for the States.

If you would have asked me three years ago, I would have said that that appeared to be actually adequately servicing the need, things were very stable. Of course people still like to be housed quicker, but it was a fairly stable situation. It is really in the last two, two and a half years that the problem has worsened very significantly indeed. It may reflect the fact that the Island's population, anecdotally – it is always a year or so behind the actual results, but – appears to have gone up fairly significantly as well.

So I think we do need to respond by, as your Chair said at the beginning, a significant increase in the number of social housing units.

Mr Le Lievre: Thank you.

The Chair: Deputy Dyke, did you have a supplementary question?

Deputy Dyke: Yes, can I ask a couple of supplementary questions?

Could you just take me through the two figures that you have suggested? You suggested that we need a thousand more social houses.

Deputy Roffey: Affordable houses. That includes key worker, which is very significant here. There is a very significant demand for key worker housing that is not met at the moment.

Deputy Dyke: Right, okay. So that includes that, but the figure you have given for numbers on the waiting list is around 500. So that seems to be a large difference in terms of, if we have got 500 on the waiting list, why are we saying we need 1,000 more?

Deputy Roffey: A very big part of that is key worker housing. Certainly if you talk to the HR departments or our big employing departments, and particularly HSC, they are absolutely tearing their hair out. They cannot recruit the type of staff they want, largely because of the unavailability of housing. While some of that might be able to be addressed by bespoke staff accommodation next to the Hospital – where it goes is an issue for another day – we know from their HR department there are a significant number of key staff, more mature staff with families who really want to live out in the community, and they do not actually have that option.

It would also have a big knock-on effect on the private sector as well, because if we could provide the decent key worker housing, it would then release a lot of what are currently substandard units that are being rented by HSC and other Departments out there, which would then be free to hopefully be upgraded, but certainly be available to the local market, the non-social local market, which is also something ... It is not our mandate, it is Lindsay's mandate, but as States' Members we are aware that people who do not qualify for social housing are also really struggling to find housing.

Deputy Dyke: So you regard the nursing accommodation as an urgent priority to be ...?

Deputy Roffey: Certainly, yes. Absolutely. And of course there is a fourth category. So at the moment we have got social rental, we have got partial ownership, we have got key worker, but we have also got specialist accommodation. For instance, one of the next developments that we will be doing, through the GHA as the delivery agent, will be down at Sandy Hook. Originally that was going to be just generally for social housing. HSC pointed out to us they had clients in the Duchess of Kent that had come from I think Sunnybrook down at the Castel, adults with learning difficulties. That also comes under the ambit of affordable and social housing. So it is not just the social rental that we are talking about.

Deputy De Sausmarez: I think there are a few other factors as well that are perhaps relevant. One is that more households are becoming eligible, because of the external pressures. Another is of course that we need to take into account future projections, and when we are talking about the waiting list, that is the backlog. We need to look to be able to meet the anticipated demand going forward. So it is not just about chasing a mythical zero waiting list.

Deputy Roffey: And finally I would like to add ... First of all, let me say that a thousand is a soundbite. It could be 900, it could be 1,100, I do not know. That was an off-the-top-of-my-head, roughly what we need. I would desperately like to liberalise the criteria for eligibility for social housing because social housing is there who cannot afford, easily, reasonably, to access the private sector. That has expanded. Private rents have gone up, the cost of buying houses has gone up, so there are now more people in Guernsey who cannot reasonably afford the private sector.

We have not liberalised the criteria because what would be the point? When you have got a waiting list of 500 who *even more* cannot afford it, there would be no point in saying that the ... So in terms of how much people are earning in their household circumstances, I would like to broaden the criteria, but at the moment that is just not a sensible thing to do.

The Chair: You mentioned population there. I just pick up on something there: there is a notable pressure, I think, both within the States and perhaps in the business community, to increase the population in the Island. Do you think a policy which encourages population increase will mean that we are forever playing catch-up, and we will never actually solve our housing problem?

Deputy Roffey: I personally am not one of those who thinks we can solve our demographics by large-scale youth migration – I think it just pushes it down the road – but that is not my ESS hat on, that is just me as a politician. What I would say with my ESS hat on is if the States do decide they want to do that, I hope they back it up with both the land, and it is not just the money, but the land

and the money, to really tackle the housing issues that that will cause because we do have a housing crisis now. If we have to cope with a few thousand more people, not all of them of course will be wanting social housing, in fact very few of them may, but it is the displacement. They will come into a set number of housing units in the Island, they will cause rent inflation, house price inflation, it will displace other people.

So if the States do decide to go for this, I really hope that they are responsible enough to say that with that comes a responsibility to provide sites and probably quite a few million pounds to actually tackle the housing issues it would create.

The Chair: Back to you, Mr Le Lievre.

Mr Le Lievre: Yes, it is very difficult asking questions when most of them have been answered in one way or another, but I would like to go back to the question of underutilised properties. In fact Les Genats in particular, which was built in the 1970s, when the demand was for three-bed housing units for families, I can understand that a restructuring of that estate will make room for some of the one-bed demand. But is it a suitable estate – and I have got a thing about large estates, as you are probably aware – for increasing it in size, and in particular housing single persons who might be aged or unused to living in what is a very large housing estate?

Deputy Roffey: Yes. I am aware that I am doing nearly all of the talking, so I might pass some of it across.

I think if it was just dropping them into the existing estate then that would be problematic, and we know that there are some units in there at the moment where almost non-conforming types of tenants are there and feel a little bit isolated. Although it is surprising the mixture of tenure you can put in. We put some key worker housing into the maisonettes there and it actually worked out really quite well. But of course the idea is to redevelop the whole estate. So I think its very nature will change.

We do have sufficient three-bedroom units elsewhere to take that sort of demand, particularly when we create the one-bedroom units, because when we create the one-bedroom units people who are under-occupying the other three-bedroom units will be able to transfer across, freeing those up. So I think in 10, 15 years' time, if all goes to plan, the Genats will be unrecognisable, and as I said before, it will not just be one big amorphous estate – probably be redeveloped in about five different phases and each phase will almost be like its own close, its own estate, if you know what I mean. But in the transition will people in phase one feel that they are living next to what will remain a big three-bedroom dominated estate? I guess that is a problem. We will have to work very hard to make sure that is overcome.

Deputy De Sausmarez: Sorry, I would say the designs really recognise that concern and reflect it, and I think the mix of use will really help to mitigate it. But you mentioned at the beginning in your question about underutilisation of property. I think there is also something about the inappropriate use of the property. So the property actually just is not being used in the way that it was designed to be used. For example, rooms having been converted, rooms that were originally intended as a dining room or whatever being used as a bedroom or things like that.

So I think we are very conscious of the fact that it is not just about underutilisation, it is about the inappropriate use at the moment, and that is one of the real pressures driving the need for change.

Mr Le Lievre: Thank you.

Drifting back to the discussions we have had on partial-ownership properties, and you have already sort of answered that, because we have got 170 on the waiting list and waiting three or four years. Do you know how many partial-ownership properties are currently administered by the GHA; an accurate number?

Deputy Roffey: The numbers that they have?

335 **Mr Le Lievre:** At the moment.

Deputy Roffey: Yes, I have not got that figure off the top of my head. I know that they need a great deal more because, as you said, the waiting list is painfully long.

340 What I can say, while somebody looks up that figure, is that encouragingly we are seeing starting to come through what the whole intention was: far more people staircasing up and moving into the private sector. In fact, we got the GHA quarterly report on our agenda for tomorrow and it shows that last year, 2021, was by far the biggest number of people who sold back to the GHA and moved on into the private sector which, when you consider what house prices were doing last year, is really quite an achievement, because it was not easy to buy in the private sector. So it is starting to do its
345 job – and I am wittering on while somebody gets a figure on ...

Ms Pragnell: Yes, I am sorry, I do not have the exact figure to hand. I can try and pull it up with a little bit more time, but I think it is certainly just over a thousand because Clos Carey opened. That estate was built last year –

350 **Deputy Roffey:** No, GHA have got a thousand properties. (**Ms Pragnell:** Oh, sorry.) The question I think was specifically on partial owner, which is a lot less than that!

Ms Pragnell: Yes, sorry. You are quite right.

355 **Deputy Roffey:** We have got it here, have we? (*Interjection*) Yes, 244, I am told.

Mr Le Lievre: Okay. Since the commencement of the partial-ownership scheme, I think in 2006, is when it actually became live, how many tenant owners have moved from partial ownership into the owner-occupied sector?
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Deputy Roffey: It is accelerating. It is still less than we would have hoped. You have to split between ... There are two different people who tend to sell back. One is the model that we always wanted to see, they staircase up, they get to 80%, whatever, they sell back, they use the deposit to
365 buy. The other sadly tends to be with marriage breakdowns and where people move out for that reason. But I think that – not the marriage breakdowns, the classical one – last year was 12, we have got the information... so we are up to about 12 a year now, which is helpful. We hope that will continue to accelerate.

370 And it is not for everybody. Some people will go into partial ownership intending to always remain in partial ownership. It is a legitimate tenancy option in its own right, but we are hoping that it will accelerate and, as I said, all of the evidence is that it is doing just that.

Mr Le Lievre: When was a review of the efficacy of the partial-ownership scheme last undertaken? Or has there ever been one?
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Deputy Roffey: It is under constant review in the sense that we are always talking with the GHA about the various schemes, both the social, rental and the partial ownership, and I think it will ... You are trying to put something in front of me? No?

380 **Ms Pragnell:** No, sorry, it just relates to the previous question!

Deputy Roffey: I think if we look at other tenancy options that I mentioned earlier, which is still embryonic and may or may not come about, the way that interacts and whether it serves a different group, which is the intention to partial ownership, will throw the focus back on that. So I do not think we have sat back in the last couple of years and said, 'Let's bring somebody in to take a particular look at partial ownership', but there are constant questions around the Committee table. And particularly along the lines that you were talking about - how often are people moving on and what is happening. Lindsay, you wanted to ...

Deputy de Sausmarez: Yes, I just think one of the pertinent factors is that in the grand scheme of partial-ownership schemes, this one has not been around for terribly long. You want a bit of longevity in order to ... The longer it has been in place, the easier it is to identify and confirm trends. But ...

Mr Le Lievre: I think somewhere, if I may ask a supplementary question, there was a promise in a corporate housing programme report - I am not absolutely sure of the date - that a report would go to the States or at least may be made public within somewhere in the last decade or so, which has not occurred. So that is why my question was to find out when we might hear.

Deputy Roffey: There was a whole strand of housing work that was commissioned for us to do, and we have had to prioritise it because of resources. My understanding now - thanks to the note that has been passed to me! - is that the review of the partial-ownership scheme is going to be a part of what is called the market intervention phase, which has been put back, largely because of the housing crisis and the need to focus on immediate provision.

The bigger bit of work, which is the Strategic Housing Indicator, will not sit under us, we are only the social housing part of that - it will be E&I that will bring it forward - but my understanding is that it is likely to come forward to the States relatively soon. Various States' Committees have had a presentation on it; we have, obviously E&I will have had, I think the D&PA have, and I think it is going to P&R next week. So I do not know if Lindsay, when you can say where that work ... So this is the next one from KPMG five or six years on, but ...

Deputy de Sausmarez: I cannot say exactly when, but it is very much a work in progress. And, as Deputy Roffey rightly says, it is doing the consultation rounds or the information rounds and seeking views of other Committees, which we are most of the way through.

Mr Le Lievre: Thank you.

Given that during the 90-year life of the Home for Workers Loan Scheme some 4,000-or-so Islanders were granted direct access to home ownership, do you believe that the current partial-ownership scheme offers a realistic and effective route into the owner-occupied sector when compared with its predecessor?

Deputy Roffey: I do think it offers a realistic route into private ownership. I personally regret the passing of the Home For Workers Loan Scheme - I think it got changed to the States' Loan Scheme towards the end, although I quite like the non-politically correct name it had before!

I declare an interest: I was one of the beneficiaries. That is how I got onto the housing ladder: through a Home For Workers Loan. However, the monies that had been accumulated over the decades in that, did not get dissipated, they got put into the housing fund and spent. I think trying to recreate a Home For Workers Loan Scheme now would be incredibly difficult. It would need to build up over many years. So I think actually trying to focus on what we have got and make it work well is probably the right way forward at this time.

Mr Le Lievre: Okay. Sort of answered my next question, but given the depth and extent of previous housing crises, in particular post-1918 and 1945, when very significant levels of States

funding alone helped thousands of Islanders into the owner-occupied sector, do you think that the current level of capital investment by the GHA *and* the States is sufficient to provide decent and desirable accommodation to meet, not only the needs of low-income families, but also those with incomes just slightly shy of obtaining a commercial loan?

Deputy Roffey: No. That takes us back to the question that was asked right at the beginning about the fact that I think we need to expand provision, because it does come down to supply and demand, at the end of the day. If there are not enough units for the number of people that are demanding those units, then you need to create more, much though I feel the Island is overdeveloped in many ways.

And you are right about the 1980s. I lived through that and in some ways that housing crisis was worse than one we have now. The *Press* was constantly full of people sleeping in cars, sleeping in vans, doing whatever. And even though the Island had no money at the time, because the growing sector was in terminal decline, they did actually prioritise housing and put an awful lot of cash into it. I think there is a need to do ... A shelter is just such a basic provision that we will damage our economy if we do not ... we will lose people from the Island if we cannot provide a reasonable amount of housing for them.

So I will continue to be making the case very much, certainly for the grant funding of sites. I do believe that the GHA model means they will be able to commercially borrow, or borrow from the bond or wherever they choose to borrow, and service the cost of construction through the rent roll, but the actual sites I think we need to invest in, and they need to be there. The DPA can say there are lots of sites that they have earmarked for housing, that is no good if every time somebody actually applies to do something on them that same DPA turn around and say, 'For traffic reasons, we're not going to allow anything to happen on that particular site.' So it is a frustration that useable sites are in short supply at the moment.

Mr Le Lievre: Having asked my previous question, which indeed copied one that you answered before, I am going to put it yet another way, possibly plainer. Put another way, is there the possibility that the States and the GHA either separately or jointly could devise a scheme that offered a direct route to owner-occupation, in effect missing out the partial-ownership scheme and making people wait three or four years to get on to a scheme which –?

Deputy Roffey: I would refer the right honourable gentleman to the answer I gave some time ago. I think there is a way and I know that the board of the GHA have discussed it. My board have not yet discussed the pros and cons and it would be, basically, building houses that were sold at the full cost but without the developer profit and with the covenant attached to make sure that the owners did not cash in on that down the road; that it could only ever be sold at that percentage of market value.

So that is a possibility, but it is not one that has yet been determined whether we want to move ahead with. And if we do, I think we would probably need to take it to the States. It would be such a major departure from the current sweep of affordable housing schemes that I think we would need the States to discuss it.

Deputy Dyke: Can I ask a question there? Partial ownership locks in at 80%. Have you considered allowing the scheme to go to 100%, so that the tenants can buy out and become private owners, which is what people tend to want to do?

Deputy Roffey: No, because I think that that would stop the circulation of those particular properties being available for new people wanting to join the scheme. However, we have made clear to the GHA that we are very happy for them to extend it to 90% so that that final step, when they are moving into the private sector, is more manageable. I cannot remember whether they

decided to do that or not, but from our point of view, the States giving instructions, we do not object to that happening at all. Lindsay, sorry.

Deputy de Sausmarez: It is called staircasing, that. It was covered in some detail in the policy letter that went to the States on housing last term, I think 2018. Staircasing up close to 100% is really good, because it makes that jump into the private market easier, potentially, but the problem, as Deputy Roffey says, is once you relinquish that stock from your assets, it sets you back. It actually creates more problems than you are fixing.

So it has been covered ... I think the answer to your question is it has been considered, certainly by E&I as well as ESS, and the view of both of those Committees at the point that it was considered in some detail, because of the KPMG report and other things, was that going all the way to 100% would not be a particularly good idea.

The Chair: I understand that the Housing Action Group (HAG) was a short-term working party of one year and it is going to be winding up soon. In your opinion, would it be beneficial to keep it going?

Deputy Roffey: I am not sure. We will actually be having a public presentation of the Housing Action Group later this week, so you can ask that question there, where I have got the other members.

I think there is almost a misconception amongst some States' Members, including even some Members of ESS, over the role of HAG. HAG is not an executive body. Basically, we were aware that the way the States' mandates work, the mandates that impinge on the housing crisis are split up. E&I have the general housing mandate, we have the social housing mandate, even though the two obviously interrelate strongly in the marketplace, DPA have the planning mandate, P&R have got the luca – well, not much of it apparently but ... *(Interjection)* So the idea was to try and bring all of those bodies together to make sure that we were hopefully pulling in the right direction and giving the biggest bang for our buck.

Whether that has always worked we can discuss when we have the HAG presentation. I think it has been a benefit. The rapid purchase of Kenilworth Vinery was facilitated very much through the Housing Action Group. In other areas there have been some tensions. For instance, the best ways to tackle key worker housing I think we have not necessarily always had a meeting of minds; and that is the nature of politics – you will not always have a meeting of minds.

If it was to be extended, I think it would be not beyond the end of this year. There comes a time when you have to just say to the Committees: stay in contact with each other, make sure you are trying to work in a common direction. But constant working groups, we set up lots of them. If they do not fall away at some stage, we would all be on about eight working groups. So my own personal view – you are not allowed an opinion, are you, but you probably observe it, Ed, better than most of us – is that, yes, a short extension might be worthwhile to see through some of the policy issues that are yet to be discussed, but we are talking about months and not years, I think.

The Chair: Of course the Committee mandates, the split over the mandates, is not going to change. So you are going to move away from having a group where you get together to talk about it, to hoping you just work together when necessary?

Deputy Roffey: I would not say that we would never get together as Presidents or Members. I think that happens all the time. You have joint meetings between Committees to say, 'How do we take this forward?' But a working group is different. It has officers working to it, it has a regular meeting date, it has papers produced, and at some stage you have to decide how you use the resource most efficiently and I think bringing us together to say, 'Oi, we've got a real problem here, how are we going to tackle it?' had a purpose, but I am not sure to do that for four or five years would be the best use of resources.

The Chair: Okay. Clearly you think that the Kenilworth Vinery purchase was a high point of the HAG operation. Have you got any others that you can report on?

Deputy Roffey: Again, I will have more time to expand upon this later in the week maybe, but it is split into two big areas. One is actually finding new sites, and Kenilworth, to be honest, is the only large new site that we have gained through that process. Yes, there is the Fontaine Vinery, or ... What is it going to be called now? I have forgotten. They have given a new name to it. But anyway, that was already really in play and was always going to be that way. It helped us focus on some of the infills we might do on States' sites.

But the other side of it is the policy issue because it is not all about sites. So things like, should there be incentives to downsize, because we know that in Guernsey there are probably enough bedrooms, they just are not distributed in the right way. Should there be incentives to bring forward developments that already got permission or already got outline permission or whatever, and by incentives, I mean both carrots and sticks. So maybe taxes, maybe incentives. A lot of these sit with P&R. That is the bit that we are doing now. How much is going to come out of that, we will see. Should there be incentives to develop accommodation above commercial shops in Town; should we have rent control? I am not saying we should, I am just saying these are policy issues we moved on to.

So we are still focused on finding new sites, and, as I said earlier, I think we desperately need more sites still, but it is now in phase 2, which is the policy side of it.

The Chair: Yes, I did press you on that, because of course the public will not be able to tune into your hearing later on this week.

Deputy Roffey: No, they will not, that is for States' Members, absolutely. I am not objecting at all to ... I think housing is probably the biggest issue facing the Island almost, so the more often I can speak about it, the better, really.

The Chair: Yes. Just a final point, before I hand over to Deputy Dyke. With Kenilworth, can you put a figure, if any, on what you think GP11 saved the States in terms of the purchase of that site?

Deputy Roffey: Yes. Let's see, it was about £6 million purchase, so it would be about 30% provision. So somewhere between £1½ million and £2 million, I would say.

The Chair: I think, just for clarity, for those who are watching the livestream, GP11 is a policy in the Island Development Plan which dictates that a percentage of developments over 20 units should be put to social housing.

Deputy Roffey: Yes. There are two sides. It would have been more expensive without GP11 because you have a payment per plot, but factored into that valuation was, whatever it was, 30% of plots that came cost free. My biggest concern will be we might not have bought it at all. P&R may have balked at the price of the valuation without GP11 and said sorry, we ... I am not saying that would have happened, but it is a realistic possibility because it would have been a lot more expensive.

The Chair: Okay, thank you.

Deputy Dyke, you have some questions now I think on a different subject.

Deputy Dyke: Yes, thank you.

You have answered some of them already, but my main question is carrying on with GP11. Any site that is suitable for more than 20 houses has to put a proportion to social housing, and over 30 houses were at 30%. So you do have, would you not agree, a rather large tax on the development

of private housing to buy, which must have pushed up prices of those homes to the levels we are seeing now?

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Deputy Roffey: I disagree with that. I do not think you have a tax on building houses to buy. I think you have a tax on the planning gain that the landowners get, because what will happen is the developer, just as we did with Kenilworth Vinery, will buy those sites at a lower price factoring that into the valuation. So unless a builder has been land-banking land for a long time, in which case they have owned it, if they are buying land to develop, it will not be a tax on their development.

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Deputy Dyke: I think you are misunderstanding the economics there. If your developer has to develop 30% of the site as social housing and only 70% as private housing, (**Deputy Roffey:** Yes.) it begins to make the projects unviable, and that is what we have seen. We have not –

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Deputy Roffey: But they will have paid less for the land as a result.

Deputy Dyke: Yes, but the projects become more and more expensive for the developer and/or the private house buyer. The evidence of this is we have seen no developments built that have been subject to GP11 since it was introduced. So would your Committee not consider reviewing how we should handle this?

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Deputy Roffey: We are always happy to look at how we can handle it, but I think the cost to the States, given where we were before, we need a lot more social housing units, which means more plots available for them, the cost will skyrocket to the States if we look to simply do away with this sort of provision.

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You say that nothing has been built, and that is true. The larger sites were also more complex ones that were likely to come forward later. We know that Pointes Rocques were willing to take that hit and move forward. They were turned down for traffic reasons, but they may be valid traffic reasons – I am not saying they are not – but it was not because of GP11 that they could not do it. (*Interjection by Deputy Dyke*) My understanding also is there are other large sites that are in the wings, but we are getting told that a lot of people are just saying we are going to hold off on this, 'We hear Deputy Dyke and others saying we're likely to do away with GP11'. Who in their right minds, in those circumstances, would develop now when they can maximise the value of the site they own if they hold back and think that it is going to have added value if the States do away with GP11?

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Deputy Dyke: Yes. Well, perhaps we should get on with it.

With regard to the Pointes Rocques site, that actually does raise another question. I am on Development & Planning, and what we saw there was an incredibly densely designed development in the middle of an area of housing which was much more spacious in terms of area – extreme local opposition, largely because of the density. And I would put it to you that part of the density issue is because of the 30% social housing requirement: to make the thing economic, you have to crush more in. You crush more in and then you have what the rest of the community thought was a traffic problem. So another development from GP11 is more densely packed housing, if you are going to get at all.

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Deputy Roffey: To be fair, I think the DPA are simply encouraging, and I cannot answer for the DPA – you can, you sit on it – but your officers are encouraging dense development because they want to maximise land use because they know that there is a limited amount of land in Guernsey. I did not sit on that, and I did not look at the plans, so I have no idea, the objections may have been absolutely valid, but I can tell my Vice-President is gagging to come in on this one! (*Laughter*)

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Deputy de Sausmarez: Yes, absolutely. I am familiar with the feedback that that planning application got, and I would say that the problem is not housing density, the problem is quite specifically transport density, which is related to our current transport paradigm that just does not scale well. That is what puts the pressure on the supporting infrastructure. That is what creates the real-life, tangible problems for residents in the area.

I have spoken with people who live in the area who, even though they live maybe 200 or 300 metres from Delancey Park, do not feel it is safe enough to walk their children to the park. They feel they need to drive them there, and that kind of thing. So it very much is transport density or vehicle density, as opposed to housing density, which is the problem. In fact, housing density in and of itself is a beneficial thing because it makes communities more liveable. So it is the transport density, the vehicle density associated under the current transport paradigm with the housing units that is putting the pressure on the surrounding infrastructure and creating much of that tension with the extant resident community.

Deputy Roffey: We are probably going beyond the mandate of ESS, but I think that traffic issues in Guernsey, and particularly in the north of the Island, need to be tackled head on, because that is where most of the areas earmarked for housing actually are. So if we are going to have Leale's Yard, and I keep hearing that that could be very soon that that planning application comes forward, if we are going to have Kenilworth Vinery, and Pointes Rocques may not have disappeared, it may well come back to you, I imagine, in some form, if we are going to have the Blanchés Pierres, if we are going to have Fontaine Vinery, the logic is they should all get turned down because then that area has got dense traffic. I know not the small roads that were around Pointes Rocques, I accept that, but I do think the States will need to actually tackle traffic issues head on. But that is really not a matter for ESS.

What I would say about GP11 is it is the DPA's policy – it is not our policy. They brought it to the States, they got it approved, and my understanding is you were talking about viability, that it has absolute wriggle room in it, that if it can be proven – and proven, not just said – that a development is rendered unviable by the allocation, that that can be reduced or waived. So it is entirely in the DPA's hands to do that.

What I would say is personally I would like it to stay and I would like a firm commitment from the DPA that it will stay in the long term, because I think that will release development, but if it is going to go, get rid of it quickly, because that gives certainty as well, because this uncertainty, this big question mark hanging over it, is just constipating the whole development field, really. Because people are waiting to see – it is human nature, I do not blame them - whether they can get betterment - further down the road. But if it does go, bear in mind we are going to need many millions of pounds more to grant fund the GHA to purchase sites for social housing because their valuation would go up.

Deputy Dyke: Although perhaps you should take into account that if the sites are developed with all private housing, that will reduce the amount of demand for social housing because more people will be accommodated.

Deputy Roffey: There are two markets, of course, but they are absolutely interrelated. The more people that are accommodated in one takes the pressure off the other. So to be honest, you are right, but however many private houses you build, unless the cost of purchase or the cost of rental comes down significantly, we know that there are many people in the Island who will not be able to afford that and so it is not going to do away with the need for social housing units.

Deputy Dyke: Right, thank you very much.

All of my other questions you have answered earlier, so that (**Mr Roffey:** Oh, good.) we can go on to Simon.

The Chair: Yes. So Deputy Fairclough, just a few questions before we have a break.

695 **Deputy Fairclough:** Yes, I would just like to ask one before we move on from housing, about
emergency housing, if I may. It is a topical issue; I do not know whether you saw the report last
night on the news about it. It was a story about homelessness in Guernsey and there was a quote
from the States of Guernsey saying it needs a holistic look at what the current emergency housing
provisions are in Guernsey, where the gaps are, what structure it should take, who should deliver
this and how it links in with the wider affordable housing spectrum. What action is being taken on
the Housing Action Group, or indeed by your Committee, to address emergency housing?

700 **Deputy Roffey:** Yes, not a lot at the moment, to be honest, and I think it is a gap that needs to
be addressed. At the moment ESS does not have a mandate to do emergency housing at all. The
only emergency housing the States do is really St Julian's House, which comes under HSC, and then
there is the private sector like Sarnia Housing etc.

705 In an ideal world we would not be in a position where you have to deal with emergency housing,
we would be tackling it upstream, but the reality is I think we do need emergency housing. I have
lived through this in the 1980s. It is really quite difficult, because you only have emergency housing
available for homelessness if you leave those units empty in the normal course of events. So you
have people who are actually quite in desperate need of housing because they are living in
710 inadequate accommodation saying, 'Why can't I have that unit over there that's empty? Because it's
better than what I've got now.' But if you allow them to do that, then the next person who is
genuinely homeless and got nowhere to go, you filled up your emergency housing.

715 I know the GHA, if stock transfer goes ahead, or even if it does not, are quite interested in looking
to offer the States the ability that they could do some provision in this area as well. But I mean the
honest answer is, yes, I think we do need to look at emergency housing and whether it will come
under ESS, whether it will come under GHA, whether it will stay under HSC, I do not know. But there
is a need to do that.

720 **Deputy Fairclough:** But you accept that that is something that needs picking up by the States
and quickly?

Deputy Roffey: Yes, I do.

Deputy Fairclough: Thank you. I would just like to move on –

725 **Deputy Roffey:** Just quickly, (**Deputy Fairclough:** Yes.) the trouble is we do have limited
resources and people are demanding that the very small team relating to housing do absolutely
everything at the same time and it does become quite impossible. So I think that if the States want
us to cover all of these things, market intervention, social housing, whatever, all at one time, they
730 will need to find extra resources to allocate to us, because we do not have, sitting with ESS, the
people who would be able to do all of this inside the next few months.

Deputy Fairclough: Thank you, Deputy Roffey.

735 If we have got time to move on to benefits before the break, just a couple of questions on
benefits, if I may. Deputy Roffey, again, you highlighted last October how key workers such as nurses
are turning down offers of employment because of prohibitively high housing costs, and we have
heard a bit of that this morning. What, if any, plans or ideas do the Committee have to overcome
that critical issue?

740 **Deputy Roffey:** I do not think that is so much through benefits. That would be far more through
the key worker housing initiatives. I do not think we would expect key workers being recruited and
coming in to fill crucial jobs, with the exception maybe of care, who at the moment are not

designated as key workers, but I think everybody regarding them as key workers, but senior nurses or whatever, which is the type of people I was talking about, would not, probably, be eligible for benefits. But I think what we would like to see if sufficient key worker housing developed, because it is really frustrating. A lot of money and effort is going in to recruiting people who want to come and work in Guernsey, they come across and they just say, 'No! Sixty or 70% of my income is going to go on, if I want the sort of housing that I want', they are not all 21 and wanting to live in a one-bedroom flat above the shop at the PEH, a lot of them want a more normal existence, they are going away again. I know that is incredibly frustrating, but I think key worker housing, rather than benefits, is the response there.

Deputy Fairclough: In November 2021, your Committee decided to suspend the income limits applied (**Deputy Roffey:** Yes.) to people living in social housing, meaning that employed people living in social housing can earn freely without putting their tenancy at risk. You stated this change was an interim step after examining ways it could support employers in response to the current labour shortage and that the social housing income limits would be suspended until the end of this year. Do you believe that that change has been successful?

Deputy Roffey: Anecdotally, yes, we believe that. We do not get the data, so we do not know if somebody has taken on extra hours working in a supermarket because before they were worried it was going to put their tenancy in jeopardy and it no longer does. We have heard a few anecdotal stories suggesting that it has been helpful. It is something we are going to have to resolve going forward, because there is a real dichotomy.

The last thing we want to do, particularly with a labour shortage, is stop people having ambition, stop people looking for a promotion, stop people taking on extra hours in particular or going out to work full-time, maybe because they have been a parent of young children, they have only worked part time. But at the same time there has to be some kind of limit. It would be perverse for the States to be providing a suite of housing for people who cannot reasonably afford the private sector and to accommodate indefinitely people who are really quite high earners and patently *could* afford the private sector. So trying to get that policy right, where you are not stifling ambition, but you are making sure that the housing is being used for the people who need it most is quite a difficult balancing act. I think we are due to have a paper fairly soon on where we go at the end of this year.

Mr Ashton: Yes, the end of this year, because the policy at the moment is only extended up to the end of this year. So we have got to get some messaging out about what is going to happen from 2023.

Deputy Roffey: Yes.

Deputy Fairclough: Did you want to come in, Andy, sorry?

Mr Le Lievre: Just to ask a supplementary. When you reinstate the existing limits –

Deputy Roffey: We may not do that. We will look at the limits and see what we are going to do, yes.

Mr Le Lievre: Okay, but whatever you do, what happens to those tenants who have permanently improved their circumstances? Do you cast them out into the private sector or pass them over to the GHA?

Deputy Roffey: No, the GHA are subject to the same criteria now as we are. We have joint criteria, so that would not help them at all.

795 My own personal view, and we have not yet discussed this, is that the new limits will have to be more liberal than the last lot, because it would be perverse if somebody has taken on extra hours or, to take my supermarket example, has taken the supervisor's job because they know they can now, to suddenly say, 'You're out on the streets because of that.' So I think we will probably have to build in some headroom and even when people are over that, the process is not, 'Pack up, you're going', it is you have got a year or two to look for accommodation in the private sector.

800 The trouble is, trying to find private rental at the moment is so difficult that it feels particularly harsh, even if people are above the limit, to say, 'Go and sort yourself out elsewhere', because we know, even people on quite high earnings are finding it really hard to find private rental accommodation. So all of those facts will have to be taken into account.

805 **Mr Le Lievre:** Especially if they are a family with a large number of dependent children. They will be protected, presumably, to some degree.

Deputy Roffey: We have not yet discussed the policy, but I very much take on board the points that you are making, yes.

810 **Mr Le Lievre:** Thank you.

The Chair: Simon, do you have any further questions on that?

815 **Deputy Fairclough:** Really just when are you expecting that policy to come forward?

Deputy Roffey: Really in the next month, I hope, but I am looking at ... Obviously we are looking to the officers to draw up a paper, even though we have our own ideas, so I will look to the Director of Operations.

820 **Mr Ashton:** Yes, well, like you do say, it is due Quarter 2, I think; at some stage during Quarter 2. So the Committee, as I said, we will have to go out with some communication because we cannot leave it too long for tenants in that position to understand what the requirements are going to be from 2023, because it will affect their own planning.

825 **Deputy Roffey:** But it comes back to what ... There is criteria for accessing social housing and then there is a more generous set of criteria for when you have to leave, and exactly as I said to you earlier, that ideally I would like to make the criteria for access more liberal because the private sector has become so much more unaffordable, I think we need to bear that in mind when we are looking
830 at the criteria for people who are already in social housing, about at what point of income do you expect them to move on.

The Chair: Right, thank you. We will take a short break, I think, at this point, and if we can reconvene, please, at 10 past 11.

835 Thank you.

*The Committee adjourned at 11.03 a.m.
and resumed its hearing at 11.10 a.m.*

The Chair: Okay, thank you everybody. We will restart this second half with Deputy Murray, who has questions on the Discrimination Ordinance.

840 **Deputy Murray:** Deputy Roffey, if I may, your Committee has obviously received responses to the draft discrimination proposals from a number of stakeholders. The response from the Confederation of Guernsey Industry did draw attention to the original proposals for comprehensive

equal status and fair treatment legislation brought by A&F in 2003 – it has been a long time – and it stated that the States needed to be:

... mindful that any legislative measures must be both appropriate and proportionate to the Bailiwick's circumstances.

More specifically, and if you will allow me an opportunity to give you context, in paragraph 27:

The Committee stresses that legislation will only be proposed after the most thorough analysis of the perceived ground of discrimination, and most importantly the social and economic consequences of such legislation. In particular the States must be able to take into account whether Guernsey's economy, or the wellbeing of any sector of the economy, or public finances, would be adversely affected by such legislation.

845 So this was effectively the genesis of the proposals that your Committee now intends to bring to the States this term. It has been a long journey, with a number of stops and starts, but I think it is important that we do gauge what is now proposed within the context of what was originally intended, which, in short, is such legislation must first have thoroughly researched the incidence of discrimination and be proportionate in terms of its response to Guernsey circumstances.

850 Therefore I think it would be helpful, in terms of determining the incidence of discrimination, if you could advise us what work the Committee has undertaken in light of the fact that your predecessor, Deputy Le Clerc, comments in the foreword of the draft discrimination proposals published in 2019:

While we do not have a study which quantifies the rate of discrimination, we do have evidence that it happens in Guernsey.

855 Unfortunately, to my knowledge, the only published evidence of discrimination is contained in the very recent 2021 Citizens Advice report, where it was stated that out of 11,875 enquiries, 39 were in respect of discrimination. Whilst any discrimination is of course absolutely regrettable, that would suggest a very small incidence exists locally and could not possibly be the driver for complying with the original intent that legislation be proportionate.

860 Therefore, could you advise us what other local studies or metrics exist which do in fact justify the extensive draft proposals?

Deputy Roffey: Okay. I preface my remarks by saying that I find it extraordinary that in some quarters people find this is controversial or cutting edge, because actually Guernsey, in proposing what is very much a bog-standard set of antidiscrimination legislation, is right at the back of the 865 pack of just about any developed country in bringing forward these sorts of measures.

It is really difficult to measure the amount of discrimination that goes on in the absence of any remedies existing for people to come forward. You are quite right that the Citizens Advice Bureau do tell us, and they tell us on a regular basis, that they have a number of complaints – and a rising number of complaints – of different forms of discrimination, but expecting people to come forward 870 and actually volunteer the fact they are being discriminated against when there is absolutely no remedy is almost impossible.

But the point I would make is that if the level of discrimination is relatively low, the Island has absolutely nothing to fear from this legislation, nor do employers and nor do service providers. On the contrary, if there is a significant level of discrimination, then I think it is the States' duty to put 875 in place the sort of remedies that exist.

Indeed, we have international obligations that we are failing to discharge at the moment. We signed up about 50 or 60 years ago to the UN Convention on Elimination of Racial Discrimination, which insists that we have to have a legal remedy and actually none exists. Therefore we are absolutely in breach of that.

880 Is it proportionate? I think the fact that all the leading employer groups have come out recently in saying they may have a question mark over the exact implementation date, but saying they had very significant concerns maybe about my predecessor's first strawman proposals that drew heavily on the Irish and Australian legislation, but that what we are putting forward now is sound and that

they are encouraging the States to get on, maybe with a short delay, but to get on and implement it, suggests that it is proportionate. But if you are waiting for exact figures about how many people are being discriminated against in Guernsey, what you are supposed to produce in the vacuum of people not being able to come forward for a remedy, I think you would be waiting forever, to be honest, because I do not think it is practical to achieve that.

Deputy Murray: So you are not really sure, basically, at the end of the day?

Deputy Roffey: No, of course I am not sure, and I do not think it is possible to be sure. I do not think any country which brought in this sort of legislation was sure before they brought it in how much discrimination would be unearthed.

I suspect culturally we are closest to Jersey. When Jersey brought in their legislation, they did have an early burst of quite a number of cases. It settled down because the intent of the legislation is not to have lots of tribunals. It is mainly to have a cultural change to make sure that employers and service providers understand what discrimination is and avoid discriminating, so that we do not actually have those sorts of tribunals required. If it proves to be a damp squib, we will have done our job properly in the education and the culture change we are trying to bring about.

Deputy Murray: In relation to the –

Deputy Roffey: Sorry, although she introduced herself as Committee Secretary, my Committee Secretary also did an awful lot of the foundation work in her previous role on this legislation, so she will probably be better informed than me on it because I am a relative newcomer to the Committee.

Ms Pragnell: Just to say the experience of discrimination in Guernsey is described in the Committee's policy letter that was debated by the States in July 2020. If I refer you to section 3.4, which provides the evidence that we have, notwithstanding the points that Deputy Roffey makes around it being difficult to measure something that you have no legal remedy against, and therefore why would somebody report an issue if they cannot actually do anything about it. There are various case studies and examples and statistics set out in that section of the policy letter, which was debated before you were in the States, so I can send you a copy of that.

But for example, the Guernsey Disability Alliance published a report in 2013 called 'Islands of equality or oceans of exclusion?' and that set out a number of personal examples that people with disabilities had experienced. Channel Television, ITV, undertook a survey in 2018 and that showed that 36% of Islanders with disabilities felt that their condition meant that they had been unfairly treated by others.

Deputy Murray: Can I just ask then obviously, because in terms of proportionality, 36% of a proportion is a number. (**Ms Pragnell:** Yes.) What would that number actually represent, do you think?

Ms Pragnell: The Disability Needs Survey, which was carried out probably about a decade ago, indicated about one in five people in Guernsey have a disability, so about 14,000 individuals.

Deputy Murray: If I recall, and I think I do recall, that actual survey that was undertaken at that stage was about 783 people. It was in two parts, that was the first part, and the individuals were actually asked a series of questions which when it was actually published was prefaced with the suggestion that not many people would actually expect what was being described here as actual disability. Then those 783 respondents or whatever – I think it was about 300 in the second – that was simply extrapolated up to the size of the population to give you what you are saying, which is approximately 14,000 in the Bailiwick, which I would suggest is probably shaky, frankly, at this point in time.

Ms Pragnell: I am not sure; I cannot confirm if that is correct or not.

940 **Deputy Murray:** But it does concern me that obviously we are using a relatively small proportion
of the population to extrapolate a very large percentage of apparent disabled people. For example,
at the moment, could I ask, or would you know –?

945 **Deputy Roffey:** But it would not be out of line with the percentage of other western populations
that are deemed to have a disability. We are not talking necessarily about people in wheelchairs,
we are talking about people with mobility issues, hearing issues, sight issues. Very much as we have
an ageing population that is ... because as you become elderly you tend to have diminishing
abilities, as it were.

950 **Deputy Murray:** No, understood. Do you have, for example, at the moment today an indication
of how many people are receiving some form of disability allowance at this stage?

Deputy Roffey: Disability allowance is for very severe disabilities, but Ed would be the one who
would be most likely to ...

955 **Mr Ashton:** Yes, I'll try to find it.

Deputy Murray: Well, that's okay, I will leave you to find it at this point.

If I could just move on then, perhaps more to the financial implications. Staying with the original
intent that any proposals be thoroughly researched in terms of not just the incidence but the
economic consequences, Committee Member Deputy Steve Falla very recently was interviewed on
Channel Television and he was asked to comment on the suggestions from GPEG, the organisation
I am sure you are aware of, who had estimated that employers might have to find £¼ million per
year to implement the proposed ... which, in their words, could have a devastating effect on small
business. Deputy Falla said that whilst he could not say whether this was a valid estimation of costs,
965 he would be surprised if that was of that order of magnitude. Following discussions with the
business committee, he did not expect that there would be that level of cost.

But when asked what he would therefore expect a small business to pay, Deputy Falla said it was
impossible to say. However, when he was pressed, Deputy Falla said it has never been about cost,
it is about ensuring there is not discrimination in the workplace. That would suggest that contrary
970 to the intention to research and deliver proportionate legislation for Guernsey, either no such
research has actually been done or the Committee does not deem that costs are relevant.

Perhaps you could again advise us of any research to which you can ascertain the cost to
business, so that we can have confidence on the economic consequences of enabling this legislation
and that it is not simply the intent to enact it regardless?

975 **Deputy Roffey:** Firstly, I will answer your previous question: I think there are 800 current claims
for severe disability, but that does not mean that there are only 800 people who have a disability in
Guernsey, but that is –

980 **Deputy de Sausmarez:** And there are also 950 in receipt of long-term (**Mr Ashton:** Sickness.)
sickness benefit.

Deputy Murray: So it is quite a way away from 14,000.

985 **Deputy Roffey:** Yes! Exactly!

Deputy de Sausmarez: That's the severe –

Deputy Roffey: Most of these people were not meant to make claims. In fact it is the very fact that most of them are actually going to be, hopefully, in the workforce being productive members of our community that makes this legislation imperative, because it actually takes away barriers for them actually doing that.

I must admit I was in Sri Lanka, and I missed all of Mr Falla's comments, so I am hearing them for the first time here. I think we think that GPEG have constantly taken an almost perversely negative view on this legislation. The cost to good employers should be absolutely minimal, because they will not be expected to do anything that they are not doing now.

We did look at the possibility of doing what would be a really expensive consultancy to look at the overall economic impact, because that was asked of us at one stage. To be honest, I do not believe the results would have been believed by anybody, however they came out, or really influence the outcome. Larger communities like North America and the UK have done these studies about the impact of very similar legislation and it ranges from very marginally negative to fairly significantly positive for the economy, in the sense that there are actually more gains than costs. We do not see any reason to believe that Guernsey would be any different to that.

So the idea of spending what might have been many hundreds of thousands of pounds getting a detailed ... because a Heath Robinson exercise would not have satisfied anybody. A really detailed exercise done seemed pointless because we do not think that Guernsey is unique. It is unique in some ways, but not in this particular respect.

So if you want me to give exact pounds and pence how much it is going to cost employers, I cannot do that, but I do not believe it will be anything other than modest. Proportionality is absolutely shot through this legislation. It is a bit like the EU and straight bananas: there are all sorts of false stories being circulated about what employers would be expected to do, in particular small employers, and how they are going to afford this. If it is not proportionate, it will not have to happen.

So I really think that there is a lot of frightening of the horses going on. The reality, just like in Jersey – and this Law is quite similar to Jersey's – I am not picking up from the employers over there, 'God, our competitiveness is really at odds, has really been damaged by this.' It is fear of change, I think. I do not actually think that it will be any big impact on commerce at all.

Deputy Murray: Thank you for that.

The reality being then, that we are just assuming that it will mimic or be similar to another jurisdiction. I think my concern there would be that primarily you are talking about comparing legislation which we have created, which has no case law, which has no precedent, with existing legislation, for example in the UK, where there is history and (*Interjection by Deputy Roffey*) which has a completely different complexion in terms of social composition and economy. So they are not actually alike –

Deputy Roffey: I am sorry to jump in, but can I just correct that? Obviously, we consult with the Law Officers in the drafting of this. They are absolutely confident that our Law is similar enough to the UK, and other similar pieces of legislation, that case law will be able to be used wholesale in local tribunals, that it will not be a question of starting from scratch.

Deputy Murray: But that would have not been the reason why you would not have accepted perhaps the Jersey legislation, which had already been in place, which we could have imported and adapted.

Deputy Roffey: I think it is very similar, what we are putting forward, to the Jersey legislation. We obviously could not just have copied it. You talked about the 15-year journey or whatever it has been – 17 years from 2005 – one of the first groups that were promised some type of protection was the carer status. Jersey's law does not impact on carers at all, it is not a protected characteristic in Jersey.

1040 So we could not have just copied their law, but I think, mainly driven by a strange narrative that
GPEG has put out, a lot of people are talking about this Law as if it was still the first draft of the Law
from two or three years ago, where it was, admittedly, for the best of reasons, in trying to improve
on existing legislation, had quite a few novel features. Largely, those have now been removed, and
it is very much akin to both the UK and Jersey law.

1045 **Deputy Dyke:** Can I slip in there for a moment? You say it is akin to Jersey law, but I am not
really sure that is correct. There are two issues that have been pointed out. I think it was GPEG for
one of them and GFSC for another. The definition that we have in this draft Law that we have covers
pretty much everyone in Guernsey. You could define every single person in Guernsey as disabled
1050 under this current definition that we have. If you look to the Jersey one, it is rather different.

The other big point, that hangs over every business like a Sword of Damocles, is the eye-watering
penalties and claims for damages, which are way in excess of what they are in Jersey.

1055 **Deputy Roffey:** Many of our penalties are actually lower than in the UK and –

Deputy Dyke: You are talking about comparisons with Jersey, which is our major competitor, as
the GFSC have pointed out.

1060 **Deputy Roffey:** I will get that looked up, but I certainly do not think we are out of kilter with
that.

As for the definition of 'disability' it is just absolute – I talked about straight bananas before –
urban myth that just about everybody would be able to be described as or be able to claim the
protected grounds of disability. That is not the case, and you have to remember anyway, even if it
were, which it is not, it is only when discrimination actually takes place on the grounds of disability
1065 that any offence has taken place. It is the discrimination that is the key point here.

Deputy Murray: Can I just then ask, Deputy Roffey, because clearly, we have not done any
specific surveys or we have not got any specific information on financial impact at this point in time,
we are making assumptions, rightly or wrongly, at this point?

1070 **Deputy Roffey:** Yes, but we have obviously spoken to employer groups and welcomed their
impact. And, as I said, they are very much supportive of this legislation.

1075 **Deputy Murray:** Indeed. But what I have to wonder, then, is in July 2020, Deputy Trott made a
comment. Deputy Trott at that point, as far as I am aware, was probably our Chancellor at that stage,
I think, if you can remember that, and he suggested, and I think this is probably in terms of equal
pay for equal value work, he was making the suggestion that the States as the Island's largest
employer, obviously paid for by taxpayers, that the cost of the proposals would add a staggering
£50 million to the cost of the public sector purse –

1080 **Deputy Roffey:** It would not add anything. I will not add a penny –

1085 **Deputy Murray:** – and that did not include the pension contributions. So you either disagree
with that, and if you disagree with that you have got figures to the contrary, or he actually made
it up?

Deputy Roffey: He did not, but he conflated two different issues. What he was talking about,
first of all, was equal pay for work of equal value, which does not form a part of the proposals
coming to the States.

1090 **Deputy Murray:** Not this year.

Deputy Roffey: No, and not in this political term, in fact. But even then, when it is equal pay for work of equal value, the only thing that is actually going to come forward as part of this legislation, probably in the next term, will be gender related, which is a fairly narrow definition.

What he was talking about was a commitment that apparently P&R in the last term made, I think particularly to nursing unions, but maybe to others as well, that the States would bring in equal pay for work of equal value, and that is totally separate to this Law. If this Law is voted out, that pledge is still there and will still be worked towards. It seems that perversely their only way of doing it was to actually increase the pay of the relatively underpaid with no suggestion of holding back the pay of the relatively overpaid. I think that that is just an utterly unaffordable way to go about trying to create equal pay for work of equal value.

I have been chair of a very large Channel Islands' employer who introduced equal pay for work of equal value, and it absolutely involved holding back the pay of the relatively well paid, because we would not have survived in the commercial world if all we had done is the opposite, uplifting, because the world is competitive. So with great respect to my colleague, Deputy Trott, I think he was talking moonshine in respect of this particular Law.

Yes, Ellen.

Ms Pragnell: And that will need to be the subject of another policy letter that comes to the States. So equal pay for work of equal value will need to be looked at as a policy issue in its entirety and then proposals brought to the States, if the Committee decides to do that. *(Interjection by Deputy Murray)* That is phase 2(b) in the Government Work Plan. So we are implementing phase 1 at the moment, phase 2 is scheduled for the policy work to commence next year, and that is around introducing age discrimination legislation and taking the provisions from our current Sex Discrimination Ordinance, reviewing them, and bringing them into the overall discrimination ordinance. So that is pegged for this term of Government and then phase 2(b) is equal pay for work of equal value, which, like I said, would be the next term, which obviously would –

Deputy Roffey: But only in relation to sex.

Ms Pragnell: Only in relation to sex, yes. Absolutely. So it would need to be thoroughly investigated.

Deputy Murray: Sorry, taking it altogether, your view is at the moment that what you are proposing is proportionate, *(Deputy Roffey: Yes.)* it is based on, not necessarily surveyed evidence, but expectation, and that it is commensurate with something like the UK, *(Deputy Roffey: Yes.)* even though they actually have a very different social composition than we do, and also their economy is based on a very different set of circumstances?

Deputy Roffey: It is not identical to the UK's, it is not identical to Jersey's, and we pledged, I think I told Deputy Vermeulen in one of those draughty Meetings at St James Chambers, that we would produce a booklet showing, or a leaflet showing, exactly how it differs from the Jersey Law and why. But it is actually far more similar to those pieces of legislation than the original draft that was put out and caused some consternation amongst the employer groups. I think that is the explanation of why they have changed their stance: because the Law that they are commenting on has changed significantly.

As far as the later stages, we are being charged to go and do that work. We have not come to any conclusions on what we will be bringing forward in that respect. I do not know what we will do over sex discrimination updating or what we will do about age discrimination. Obviously, we have to bring back a report, but it should not just be assumed that ESS will bring forward the purest and most socially *avant-garde* set of proposals no matter what the cost, because we are absolutely acutely aware that cost is a big issue for the Island at the moment.

1145 **Deputy Murray:** I appreciate that.

Just one final thing, then. Obviously the GFSC have given you a feedback, a critique, as it were, of the actual legislation. They have said two things. One obviously that they are generally in agreement with the direction of the proposals, but they would like time for that to be introduced. But their critique, which I think many of us have seen – I am sure you have seen it as well – was quite extensive. It does seem to make sense that in order to address their concerns that we actually are able to give some kind of delay in order that that be addressed, and the legislation be amended accordingly?

1155 **Deputy Roffey:** We are going to be doing our own review, starting tomorrow, of all of the representations that we have had to the technical consultation. I also do intend to meet with the employer groups to understand – although I am very grateful that they are largely supportive – what their concerns are and I am not going to pre-empt what that conversation would have, but I can say that we are genuinely open-minded. If there is some wrinkle that we can change, that is fine.

1160 What I am not going to do, I do not think, is go for what would be a several-hundred-thousand-pound survey to really try and drill down into the exact cost, which I think is probably quite intangible anyway and really difficult to achieve. As I said, even much larger communities have come back with a range of answers. But we will try to, as far as we can, address their fears.

1165 If it is going to change, if there are employers and service providers that are discriminating now, then obviously the legislation will have some impact on them. That is the intention of the legislation. So I cannot say that it will not have any impact at all.

The Chair: Thank you, are you finished with that ... *[Inaudible]*

1170 Deputy Roffey, the group of four were calling for a delay on the discrimination legislation. What is the Committee's response to that?

Deputy Roffey: Our initial response is we do not really understand why that would be necessary, but I have said that we are going to be meeting with them. I think we have got a date arranged in a week or two.

1175 **Ms Pragnell:** Early April, yes.

1180 **Deputy Roffey:** Early April, yes; and we are genuinely open-minded over that. If there are cogent reasons why it has to go back a few months, we will not be ... To be careful, I am speaking personally, rather than on behalf of my Committee here. Then after the 17-year wait that we have described, so long as it is not a kicking down the road and down the road and down the road again, and we have a guaranteed date when it is going to come in, if there are valid reasons, I am open to considering them. (**The Chair:** Thank you –) I know that would very much frustrate anybody listening who is a part of any of the civil society groups who have been waiting and campaigning for this for 10, 12, 13 years in some cases, so I have got to balance that, but it would be perverse to meet and not be open-minded.

1190 **The Chair:** The group GPEG commissioned a Jersey law firm to examine the proposals, and one point they made was that the change in legislation will significantly impact on small businesses, which comprise 64% of the Guernsey workforce. I think in some ways you have addressed that, but do you accept that analysis at all?

1195 **Deputy Roffey:** Not really. As I said, proportionality is absolutely the heart of this legislation and therefore I can understand why that would be seen in theory, but I think the practical implementation will mean that that is not going to be the case. As I said, Jersey, perhaps not quite

so much as Guernsey, also has a plethora of smaller employers as well, who are living with very similar legislation. So I do not agree with that, no.

1200 **Deputy de Sausmarez:** The key point being that small businesses will be expected to do less than big businesses.

Deputy Roffey: Yes, exactly so.

1205 **The Chair:** Okay. Thank you.

Deputy Roffey: Sorry, Ellen. You were ...

1210 **Ms Pragnell:** I was going to say training obviously will be very important. That will be offered free of charge in the lead up to the legislation coming into force and also guidance notes, guidance documents will be prepared. So often, as long as people understand what it is that their duties will be, that is the main barrier I think for small businesses who perhaps do not have an HR department to rely on. So yes, producing easy-to-understand guidance notes is what we are going to do.

1215 **Deputy Roffey:** And even if small businesses do make a mistake because they do not have the HR departments, the whole Law is predicated on the idea that conciliation will be the first tranche, that we avoid tribunals as far as possible. Because really, why would you want to hold tribunals for the sake of it? So (a) the obligations on small employers would be less and (b) if they slip up there will be informal remedies that will be able to be addressed.

1220 To be honest, I do not really accept much of what GPEG has said on this. They describe themselves as a think tank, but they do really seem to be a pressure group in this particular respect, and a pressure group that does not reflect, certainly what employers are thinking. So I am not sure who they are a pressure group on behalf of, but such is life.

1225 **The Chair:** Last October the States narrowly rejected your Committee's proposal to extend the ground of religious belief to religion *and* belief, which would have incorporated beliefs which are not religious. (**Deputy Roffey:** Yes.) You were in the Committee last term, weren't you, Deputy Roffey?

1230 **Deputy Roffey:** I was what, sorry?

The Chair: Were you part of the Social Security Committee last term?

Deputy Roffey: At the end of the term I was. (**The Chair:** Yes.) When Deputy Fallaize left, I joined.

1235 **The Chair:** Right. Do you recall in that case why your Committee did not propose religion and belief in the first place, and rather sought to amend it by a Proposition in the most recent policy letter?

1240 **Deputy Roffey:** I cannot, but Ellen was working day in, day out with that. I came in very much partway through all of the discussions over the proposals that came forward – it may have even been before my time.

1245 **Ms Pragnell:** So the Committee was developing proposals for a more wide, multi-ground piece of legislation with nine or 10 grounds and at that point in time ... So we went out to consultation in the summer of 2019 regarding proposals for this wide piece of legislation, and religious belief was one of the proposed grounds in that consultation document. That primarily was based on the fact

that our model was based largely around the Irish discrimination legislation, and in Ireland religious belief is the ground that they cover, rather than religion and belief.

1250 Then we got the consultation feedback, there were very significant changes to the proposals before they then went to the States and actually what we took to the States did not include religion or religion and belief, because we were taking proposals for phase 1, which the Committee was proposing would just cover disability, carer status and race. Religion was actually brought into phase 1 as a result of an amendment laid by Deputy Parkinson, which was approved, and that included religion because it was based on the proposals that were in the original consultation document from the summer of 2019, if you see what I mean. (**Mr Roffey:** Yes.) (*Interjection by the Chair*) So in a sense it was not proposed by the Committee.

Deputy Roffey: There is something slightly perverse, that there were a lot of people complaining that the original proposals were far too close to the Irish and 'Why aren't you going with the UK?' We actually took that on board and have moved far closer to the UK and a long way away from the Irish legislation, and yet some of the same group of people were responsible for lobbying for us to go from religion and belief, which is the UK definition, back to the Irish one. So there is a certain irony in all of that.

1265 I regret it. I think it is bigoted, really, actually, to say that only religious belief is worthy of protection and other belief systems are not, but that is the democratic decision of the States.

The Chair: It does seem to be discriminatory in discrimination legislation, in an ironic sort of way.

1270 Do you regret, really, given how far you have had to paddle away from it, basing your initial proposals on the Irish legislation in the first place?

Deputy Roffey: I was not a part of that decision. I think the way things have panned out is very easy in hindsight ... Yes, probably. It has probably been a painful process to compromise to where we are now. Having said that, I think the original proposals were put forward with absolute laudable intentions. Guernsey may not have been ready for them, and maybe it never will be, but I think that they had features in them which in themselves were actually very socially desirable. So I do not criticise my predecessors for doing that, but the way things have spun out, probably it would have been a less painful road if we had gone closer to the UK and Jersey legislation at the beginning.

1280 **The Chair:** Okay, thank you.
Does anybody else have any more questions on discrimination?

Deputy Dyke: I do, can I ...? (**The Chair:** Yes, John.)

1285 You have dismissed the comments of GPEG, but others from the finance sector have made the point that Guernsey must remain competitive, and not for the small businesses, but for the large finance businesses. Typically they are in Jersey, they are in Guernsey, they may be in the Cayman Islands, even in Connecticut – all over the place. So they can move at the drop of a hat. And the point has been made by one of the financial institutions here to you that there is a question mark over proportionality *vis-à-vis* the Jersey model, for example.

1290 I raised earlier the question of the maximum claims, which are *much* higher here and could be very significant, even for the large firms, in terms of what they are proposing to do. Also, the definition of disability is so broad, here. Could you please undertake to look at those points before bringing the legislation forward? They are serious points, in terms of competitiveness. We have to remain competitive within the finance sector, or we have nothing.

1295 **Deputy Roffey:** Okay. What we cannot do, I think, is ... We need to look at what has already been decided as policy matters by the States. It is simply unconstitutional for us to bring back legislation that – people are free to amend it from the floor of the Assembly, but – does not reflect

what the States have decided on policy, because that is not what ... The policy discussion is to have legislative drafting instructions and we have to follow those.

I have to say, looking at the maximum awards here, I am not sure. Six months' pay is the maximum award under this, which is very much in line with unfair dismissal and other bits of legislation, so I do not think that they are quite as vicious as you –

Deputy Dyke: They are very high compared to the Jersey caps for damages and pain and suffering and upset, and that sort of thing.

Deputy Roffey: Yes, you are right in the sense that Jersey's maximum is £5,000 I think, whereas Guernsey says up to £10,000, but I think there is almost a presumption in Jersey that £5,000 is a benchmark, whereas from here we are from zero to £10,000.

Ms Pragnell: What you are referring to, the injury to feelings compensation, would be based on a scale. So whilst the maximum that the States has approved is £10,000, it would really have to be a very egregious, probably very longstanding, multiple cases of poor behaviour to actually warrant that sort of level. So it would be on a sliding scale.

Deputy Dyke: Yes, but that is just one aspect. You need to look at the rest of it. Our six months' salary is a very high figure, very much higher than the Jersey cap. (**Deputy Roffey:** Okay, well –) But if you would look at that?

Deputy Roffey: Yes, we are happy to look at that, certainly. But what I was saying is that we are not free to amend the legislation in a way that is at odds with the drafting instructions. So even if we look at it, if that was a clear element of the drafting instructions, we would not be able to move away from it. I cannot know off the top of my head whether that is the case or not, but I will undertake that we will look at it as part of the review of feedback that we are about to undertake.

Deputy Dyke: Thank you very much.

Deputy Roffey: But what I would say about competitiveness generally, I know you have drawn that particular point about Jersey's penalties regime, is that there are very few of our direct competitors that do not have some sort of legislation along these lines already. We are certainly not in the vanguard of bringing them in. So we are very much a late adopter, in that respect.

The Chair: Thank you.

Deputy Fairclough, would you like to move on to the next section?

Deputy Fairclough: Yes. If we could move on to a couple of other areas that are covered by your Committee's mandate, specifically in relation to things that are quite topical – minimum wage, inflation, social insurance. Given the ongoing increases in inflation and the impact of world events on prices locally, and the impact on the cost of living, do the Guernsey public have to accept that in the short term at least, the cost of supporting Islanders in need of assistance will continue to rise?

Deputy Roffey: Yes. At the moment we have a presumed uprating policy for non-contributory benefits which is simply mirroring RPIX, and I expect RPIX this year – and as I was saying before we started, we tend to take the end of the second quarter – to be much higher than it has been in recent years. Therefore, when we come forward in October, I think it is ... No, it is November for the non-contributory ones, because it goes alongside the Budget, inflation is 6.5%, we will, I imagine – we have not yet discussed it, that is a discussion we have to have, but – I think we are talking about people below which we think they will be in intolerable poverty, to actually reduce in real terms their income would be unconscionable.

So we will probably be proposing RPIX. Likewise with the old age pension, where we have an RPIX moderated for one third of the difference between that and the change in average earnings. That will obviously be driven as well, and the same with a lot of the other benefits. So I am afraid inflation will have quite a significant impact on the amount of money we are asking the States to provide.

Deputy Fairclough: But some of those changes will not come in time for people who need help more urgently.

Deputy Roffey: Yes. It is difficult because inflation goes up and inflation goes down and if there were some kind of – a bit like we did with the gas thing – absolutely historical spike that we were not expecting, then I think we might have to look at some kind of supplementary measure. But certainly, while we are in single-figures inflation, it does balance out because there will be other years when at the end of June it is 6% but inflation is going down, so when it is actually implemented the next year, inflation is only 4%.

So I think the administration involved in anything other than an annual review of benefits is so significant that it would have to be fairly extraordinary circumstances for us to actually do that.

Deputy Fairclough: The data and analysis team recently sent out an invitation to the public for information on rent prices to help them accurately cost the basket of goods. Are you content that it remains the best option in this time of rising inflation, particularly where things like foodstuffs are concerned, and fuel prices?

Deputy Roffey: Yes. The minimum income standard review is the first time that we have done that since the work that led up to Income Support being introduced, and it is definitely time, or was time, in fact it was slipped a year or two because of the pandemic. That will also be used to inform the uprating policy letter on Income Support this year.

It is imperfect. We can say what we expect a typical family, pensioner couple on Income Support, or a family with young children to spend their money on. It may not actually be what they spend their money on – no two families are the same. I probably spend more on red wine than the typical single man, but ... Sorry, that is flippant, and I should not be flippant on such a serious subject, but we think that the exercise is as good as we can get to inform what people's basic needs are, but it will not always be perfect.

Deputy Murray: Deputy Roffey, you mentioned, and I actually remember because I was there at the time, about the inflation that we encountered back in the 1980s, when things were exacerbated by the fuel crisis of the 1970s and so forth. I can remember as an apprentice we were actually talking about six-monthly reviews of salary because inflation had gone crazy. I have the suspicion that the Ukraine crisis has initiated a similar period of inflation. So would this be something that you would be reviewing? I think as Deputy Fairclough has said, we will be in catch-up; all those people in the most difficulties will be in catch-up mode a lot of the time.

Deputy Roffey: Yes. Obviously, as I said, if it is an absolute spike and it becomes clear that it is a historical oddity, then I think we would have to look at that. It is not something that we have considered but we probably would have to because we do not want everybody spending six months not being able to afford to put food on their table. But there would be quite an administrative challenge in doing that and we would have to take it back to the States for permission to do it.

I think my guideline is in single-figure inflation I do not think the cost in administration would be worthwhile doing that. But who knows where we are heading? The world is a bit crazy at the moment and we are certainly open to doing that. Our whole remit and our whole ethos is to try and help people who are struggling in Guernsey, so it would be perverse if we were not open to that sort of idea.

Mr Le Lievre: We move on to the Tax Review. The Tax Review proposed to reorganise Social Security contributions. However, it is becoming increasingly obvious that the GST part of the package will either not be brought to the Assembly as planned this summer, or will not gain majority support. Can you therefore outline any alternative plans your Committee has to continue with overhauling the contribution system to make it fairer?

Deputy Roffey: What we cannot do is afford anything like the sort of package that would be a part of the overall tax package without putting ... In fact, I asked for some work to be done on this the other day and I will ask it to be explained, but we can always do it. If we put up Social Security contributions, the headline figure, to an enormous amount, then of course you can afford to bring in the features we are talking about below.

The main feature is that I will bring in an Income Tax-style personal allowance for Social Security, below which you will pay nothing and above which you will only pay on what you earn above that threshold. At the moment we have, as you are well aware – others may not be – a very low threshold, below which you do not pay Social Security, but the real bugbear is that the minute you go above that, you do not just pay on what is above that, you pay on every single pound that you earn. That is really harsh on low earners.

So whether GST is going to be acceptable or not, I do not think it is my job to speculate on here today. Whether alternative ways of raising the same amount of money, whether it be on taxes on income or other ways, the Social Security element does not rely on how that money is raised, just on that money being raised. But if nothing was raised that way, we were just trying to do internally ... I am going to ask Ellen to run through the figures I asked her to produce.

Ms Pragnell: Yes. If you do not mind, I will just read it out, so I express it correctly. So if the Committee wanted to restructure the contribution system as proposed in the Tax Strategy, without raising any more income and without any alternative revenue, it will be necessary to increase the combined employer/employee contribution rate from 13.5%, which is its current level, to about 15.5%. If the Committee then also wanted to use it to raise the revenues needed to fund the pension and long-term care schemes over the next 50 years – so it would make our current schemes sustainable in the long term – it would be necessary to increase the combined employer/employee contribution rate to more like 18%. So it is a 2% increase to fund the restructure to leave us in our current position, which is where we are in a deficit financial position, and another 2.5% on top of that to remove the deficit.

Deputy Roffey: I think we would then come back to Deputy Dyke's point about competitiveness with other jurisdictions and we would find that very difficult to persuade the States to do. What has to be remembered, though, if all of this gets thrown out, the extra 2.5%, not the restructuring, the bit to make us sustainable, the States have already agreed a path for that, which is actually increases in contribution rates under the current system every year for the next 10 years. That is far from being the optimal solution. It is necessary, because we do not want to run out of money in our funds, but it means that if the system is unfair now, the burden on the lower earners will just go up, each of the next 10 years, as those incremental increases come in.

Mr Le Lievre: Is it possible to turn percentages mentioned by Ellen into costs, either to the States or to the individual in proportionate terms?

Deputy Roffey: It depends on what they earn, obviously. Let's take somebody on £100,000, because that is probably the easiest figure to do. If you are talking about a 2% increase which will be split between employer and employee, unless you are self-employed of course, then 2% of £100,000 is going to be £2,000. If you have the extra 2.5% to make us sustainable, which we do need, then you are talking 4.5%, so you are talking £4,500 being extracted from somebody on £100,000.

1455 Somebody who is on £20,000 may find themselves better off, because even though their contribution rate will also go up to 18.5%, or whatever it was, they will not start paying until they get past the threshold, which may be £12,000, £13,000, £14,000. I do not think the work has been done to have an exact amount yet, so theirs may go down, but for the relatively well-paid person, or middle Guernsey, there would be a heck of a hit. I think I would find that really difficult to get through the States. But –

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Mr Le Lievre: Sorry. Given that we are told there is no money in the pot, how much would these plan Bs cost the States, if you had to change your proposals? What would the cost to the States be?

1465 **Deputy Roffey:** The States are an employer, and they pay the employer section of the contributions. So I do not know the exact payroll of the States, and as I said, the lower-paid people may not be paying much more, we may not be paying much more. But certainly I think it would be fairly significant, yes.

1470 To be honest, I do not think we can afford to do the sort of restructure in the package without the tax element being there. I think it is unrealistic to expect Social Security to just do that. It does not have to be GST, it can be another form of taxation, but unless taxation is raised, I do not think we can afford the Social Security restructure.

1475 We might be able to do something smaller to make it a bit fairer, because there are some historical things that have crept in that seem unfair. The examples I have given on the roadshow are that if you earn £50,000, it is all earned income from a job, you pay a certain amount; if it is all unearned income, say from rents or whatever, if you are landlord, it is actually slightly more. But if you earn £10,000 and the other £40,000 comes from unearned income, it is way less because you will just do it on the earned part of the income. So there are things like that that we could address, but the underlying unfairness I do not think we would be able to afford to.

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Mr Le Lievre: Okay. **(The Chair:** Thank you.)

I must say, I was very keen on the original proposals, having worked them out myself, I would have ended up better off. *(Laughter)* I am not saying I am poor, but I was –

1485 **Deputy Roffey:** It wasn't done with you in mind, I'm afraid! *(Laughter and interjection)*

Mr Le Lievre: Yes, I did not think it was.

1490 I just move on to the question of the ageing demographic. The older I get, and I am now in the ageing demographic ... I think I always have been, but I am very much there now. What will the impact be on future Social Security policy over the coming decades, especially in the context of the likely need to increase spending on pensions and health and social care? We hear about that all the time: that there are not enough homes for the aged etc. So what will the impact be on Social Security policy?

1495 **Deputy Roffey:** The health and social care bit is less to do with us now, although obviously we are still responsible for the long-term care insurance and therefore the growth in the need for residential and nursing care will be with us. The actual main health fund has been transferred across now to HSC, although it is still collected, at the moment, through Social Security contributions. But the pensions, yes, is absolutely graphic. Even with putting up ... the pension age at the moment is 1500 65 and six months, and it goes up two months every year and it will reach 70 in whatever year it is – 2048, is it? Something like that?

Ms Pragnell: Twenty forty-nine, yes.

1505 **Deputy Roffey:** Even with that change, which many people deprecate, the spending on pensions is going to be going up really steeply. That is one of the reasons drawing the Tax Review. It is not

all about what we spend in taxes, it is also what we take from people's pockets holistically. That is exactly why we put forward and got approved this proposal for a one-10th of 1% increase on both employers and employees for the next 10 years, because that is the only way we will be able to carry on paying pensions in 30 or 40 years' time. So really large, I think is the answer.

Mr Le Lievre: Just one supplementary. Do you believe that the voice of pensioners is heard by States' Members in particular?

Deputy Roffey: Coming up to election time I think they take an awful lot of notice, because they know that pensioners tend to vote in really large numbers! But it is really difficult with ... I try to be a voice for pensioners where I can, because I think they have lost out in some ways, but generational equity is difficult. We are going to have, for instance, if you take the long-term care insurance, people getting quite a big benefit who have really, because it was only brought in about 15 years ago, and if they are 85 going into a home, they may have paid almost nothing into it. Supporting them will be people who are going to spend a lifetime, up to 70 now, maybe from 20, 50 years, paying really quite high contributions.

So we do have to think about the working-age population as well. We do have to think about what burden we put on Guernsey's youth. We are having to, the expensive housing costs ... otherwise we will drive them away from the Island. So there does need to be a balance. Pensioners are cuddly, but you do need a workforce as well. Trying to get that balance is really quite difficult.

The Chair: Thank you. (**Mr Le Lievre:** Thank you.)

Right, just to wrap up, because we have come up to our time now, just one final question to end up on. The minimum wage: do you consider that the minimum wage of £9.05, I think it is, which is equivalent to about £1,600 a month for a 40-hour week, and that is before deductions ... do you think that is sufficient in today's financial climate?

Deputy Roffey: Do I think it is what, sorry? (**The Chair:** Sufficient.) No, and the States do not. The States have told us, over a five-year period, to move the minimum wage to 60% of average earnings, and I am almost apologetic there was a hiatus in that process, but it was done for the right reasons, I think. We were not sure what the economic impact of the lockdowns was going to be on the local economy and to try and put that burden on the employer at that time seemed wrong. We really wanted to protect jobs.

So in retrospect we probably could have pushed it a little bit more than we did last year and one of the problems is there is several months' process of consultation and therefore we were not sure what the bounce back was like when we put out the first proposals. But we will, I have told the States, be now looking to move back. So over the next three years, I think it is, we are moving to 60% of average earnings.

It is never meant to be enough to mean that everybody in all circumstances, if they are working, would not need benefits, because that is just not realistic, but we will be moving to a far more realistic minimum wage.

The Chair: But on that point of having to top up with benefits, to what extent, do you have any figures to show the extent, to which the taxpayer essentially is subsidising employers who pay the minimum wage?

Deputy Roffey: I think that is a bit unfair, because the employer could be paying the same wage to two different people, one a single person with no dependents and they do not need any kind of top up whatsoever, the other one could be to a woman with a disabled husband and three children and heavy rent, and then suddenly you will say, 'Oh, the taxpayer's topping them up.' But it is actually their social circumstances that are the demand.

1560 So obviously a higher minimum wage will tend to reduce the demands on Income Support because more of the money each family needs will come from employment and therefore somewhat less will need to come from the taxpayer. But I think it is a bit pejorative to accuse employers of being subsidised. There are certain industries where I think if we expected them to pay enough to mean that there was never any question of any benefit being required, then, to be honest, they would be so uncompetitive they just would not be able to exist. (**The Chair:** Okay.)

1565 And Income Support is there for a reason. It is there, it is an in-work benefit, and it is used these days...it is almost a redistributed benefit. I think the idea that we want nobody to ever depend on it is probably wrong. It is there to be used.

The Chair: Okay, thank you.

1570 So that brings us to the end, a little bit overtime, but thank you to all the witnesses for attending and for increasing public awareness of the work that you do in your Committee. And thank you to the members of the media and the public for attending, and for those watching the livestream.

1575 Scrutiny undertakes regular public hearings with all the Principal Committees to increase public understanding of key areas of Government. The next hearing will be on 8th April and Deputy de Sausmarez will be making a return appearance. That is for the Committee *for the* Environment & Infrastructure.

So thank you, everybody, and the meeting is now closed. Thank you.

The Committee adjourned at 12.07 p.m.