2026-49

Policy & Resources Committee

Response to a Question Pursuant to Rule 14
of the Rules of Procedure of the States of Deliberation and their Committees

Subject: **Dorey Financial Modelling Ltd**

States' Member: Deputy Rob Curgenven

Date received 3rd September 2026

Date of reply: 17th September 2026

<u>Engagement and cost</u>

1. **On what date was Dorey Financial Modelling Ltd ('Dorey') engaged, by whom, and by what procurement route? If no competitive process was run, on what grounds was direct appointment justified?**

Answer:

Following commencement of the Tax Reform debate in July 2026, the Policy & Resources Committee (the Committee) agreed that a validation exercise may help reassure members regarding the revenue estimates provided to support Tax Reform.

The Committee was mindful that any assurance review would need to be completed before the resumption of the Tax Reform date on 30th September 2026. Given the nature of the data in the modelling it was also necessary to undertake a Data Protection Impact Assessment and Cyber Security Review in relation to this exercise which further condensed the available window for the review to take place.

A decision was made to engage directly with Dorey Financial Modelling Ltd on the basis that:

- The value of the review is below the £15,000 threshold requiring a formal tender process;
- There are a limited number of suppliers with the relevant skills to perform this type of validation within the time available;
- Dorey Financial Modelling Ltd proposed an approach which would enable it to progress at speed without exposing raw data to external AI;
- Dorey Financial Modelling Ltd has previously processed census data on behalf of the States of Guernsey and so:

    - it is aware of, and has the facilities to manage, the strict requirements around the transferring, storing and processing of census data
    - it has an up to date working knowledge of Guernsey census data; how it is sourced, data definitions etc
- Dorey Financial Modelling Ltd is bound by its legal and professional obligation to provide an independent and unbiased assessment.

Contracts were exchanged on 17th August, following the completion of the Data Protection Impact Assessment and Cyber Security Review.

The engagement was approved by the Chief Executive & Head of the Public Service, in accordance with the approval process that applies to all external consultancy appointments.

2. **What is the total cost of the engagement, stating the fee basis (fixed, daily, or retainer), any expenses payable separately, and the budget line from which it is met? Was the expenditure separately approved, and is any part of the fee contingent on the timing, content, or conclusions of the validation?**

Answer:

The total fixed fee for this work is set at £10,500, 25% of which became payable on the exchange of contracts. The balance is payable on the acceptance of the products of the exercise.

No part of the fee is contingent on the content or conclusions reached.

This is being covered by the Tax Reform implementation programme budget.

<u>Instructions and scope</u>

3. **What instructions or Terms of Reference were provided to Dorey? Will the President publish them in full and, if not, why not?**

Answer:

The Terms of Reference within the contract are as follows:

As part of the ongoing debate on Tax Reform it has been deemed necessary to get some external validation of the modelling used to estimate the changes in revenue resulting from the planned changes.

The modelling contains a very significant amount of data regarding individuals and households in Guernsey and data to which the restrictions set out in the following legislation are relevant in addition to the Data Protection (Bailiwick of Guernsey) Law, 2017:

- the Electronic Census (Guernsey) Ordinance, 2013
- the Income Tax (Guernsey) Law, 1975
- the Social Insurance (Guernsey) Law, 1978
- the Attendance and Invalid Care Allowances (Guernsey) Law, 1984.

The modelling is conducted under two parallel primary models:

- An excel spreadsheet built around Rolling Electronic Census Data from 2017/18
- An excel spreadsheet and Power BI model built around Rolling Electronic Census Data from 2022, which includes incomes estimated using a machine learning approach (as described in CHttpHandler.ashx) and data sourced from the 2018-2019 Household Expenditure Survey (for which the methodology is outlined in this Report https://gov.gg/CHttpHandler.ashx?id=133968&p=0)

In fulfilment of this direction, Dorey Financial Modelling Ltd (DFM) is requested to review these models and establish:

- Whether the models make appropriate calculations of Income Tax, Social Security Contributions and GST revenues on an individual and household basis
- Whether the explicit and implicit assumptions applied in the modelling are fair and reasonable
- Whether the final revenue estimates generated from the modelling, including any post modelling adjustments made, represent an appropriate estimation of potential revenues

DFM is requested to provide a short-written statement detailing its findings for submission to the Committee. This should be provided within fifteen working days of the commencement of work. DFM is also requested to discuss its findings with political representatives should this be required.

This should include comment on:

- The approach to modelling
- The assumptions applied
- The validity of the data
- The aggregate revenue estimates

Given the nature of the data held in the modelling, DFM is required to describe how the data will be safeguarded.

This should include (but is not limited to):

- Secure electronic storage of the models, accessible only to authorised Census Officers.
- Access to and processing of the model should be undertaken by suitably trained individuals (who can demonstrate they can fulfil their obligations as Census Officers).
- Any data or derivatives from the data should be held for no longer than 30 days from the completion of the contract.

The Economic and Fiscal Policy Team will provide:

- Access to the models and any other relevant data transferred via suitable secure means
- Sufficient access to officers to provide an overview of the model's core functions.

4. Was Dorey instructed to (a) reconstruct the revenue estimates independently from source data, or (b) test the internal consistency of the Committee's existing model on the assumptions and data already supplied to it? Which department supplied the data, and was Dorey given the model itself, including formulae and workings, or only its outputs?

Answer:

See Terms of Reference provided in response to question 3.

The primary request is that the exercise tests the validity and accuracy of the Committee's existing model as supplied to it in full[1].

It is anticipated that in fulfilling their contractual requirements that the contractor will undertake appropriate bench marking and validation against other data sources, to stress test the outputs.

5. Does the validation specifically test the £1,358m taxable expenditure base and the £55m net yield estimate in P.2026/49? If not, which figures does it cover?

Answer:

See Terms of Reference provided in response to question 3.

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[1] (subject to appropriate redactions of data as far as these could be achieved while retaining the models functionality in compliance with the principle of data minimisation)

6. **Was Dorey instructed to test alternative assumptions — consumption elasticity, compliance and avoidance rates, ISE take-up, GDP growth — or only the single set of assumptions in the Committee's published modelling?**

Answer:

See Terms of Reference provided in response to question 3.

7. **Members and the public were refused copies of the model on the ground that it contains personal data. Was Dorey given a copy of the model, or the data within it, and if so, on what basis was disclosure to a private contractor permissible where disclosure to elected Members was not?**

Answer:

Following completion of a Data Protection Impact Assessment, it was determined that a copy of the model could be provided to DFM for the purpose outlined in the Terms of Reference under strict contractual and legal terms. Specifically:

- With reference to Schedule 2 of the Data Protection (Bailiwick of Guernsey) Law, 2017, the processing is necessary for the exercise or performance by a public authority of –
  - (a) a function that is of a public nature,
  - (b) or a task carried out in the public interest.
- It was determined that a thorough review being called for would not be possible without access to the model and data within it, so steps were taken to double check that the model contained the minimum information necessary and that all the information was fully pseudonymised i.e. no names, addresses of other common identifiers are included.
- The approach proposed by DFM set out specific data safeguarding measures which will be applied and provisions to enable the States of Guernsey to audit systems to check these have been adhered to.

DFM is professionally well-placed and contractually bound to undertake this task in a manner that is compliant with all legal and any additional data safeguarding requirements. The same would not be the case for all members of the public or elected Members.

8. **The Committee has confirmed that Revenue Service data obtained through the electronic census was used in the model. Under what authority was that data: (a) used for GST modelling; (b) disclosed to Dorey; and (c) will the Committee publish the advice on which it relied?**

Answer:

Policy development is a core function of government. The use of the Revenue Service data to support the development of Tax Reform is the routine approach. Using the data once it has been collated via the Rolling Electronic Census is more efficient than historic methods for collating the relevant information.

Copies of the relevant Fair Processing Notices are published on GOV.GG:

- the Revenue Service Notice is available here: CHttpHandler.ashx
- the Data and Analysis Team Notice is available here: CHttpHandler.ashx
- The Notice specific to the review is available here: https://gov.gg/CHttpHandler.ashx?id=203426&p=0

Independence and impartiality

9. What is the total value of fees paid to Dorey by the States in each of the last five financial years, shown year on year, and what is the value and scope of its current Guernsey Economic Modelling contract?

Answer:

The amounts payable to DFM in each of the last full 5 years.

	2020	2021	2022	2023	2024	2025
Sum of Amount	**40,752.34**	**41,254.60**	**42,932.00**	**46,600.00**	**49,540.00**	**51,332.00**

The scope of the current agreement can be briefly summarised as follows:

- To develop and maintain modelling which utilises Rolling Electronic Census data and National Accounts data to produce projections of Guernsey's Population and high-level GDP output
- To routinely update as new data is published
- To conduct periodic updates to reflect changes in data sources and technical methodologies applied in the calculation of national statistics
- To provide user access to that modelling which allows States of Guernsey to draw data at a range of assumptions (for example applying different net migration and fertility assumptions)

- To provide up to ten working days a year of development support.

10. Did Dorey, under that or any other engagement, advise on, build, or maintain any of the tools, datasets, or projections that feed the GST revenue model? If so, how does the Committee regard a review of a model built on Dorey's own outputs as independent?

Answer:

DFM did not advise on, build, or maintain any of the tools that feed the GST revenue model.

It does provide an analytical tool which produces population projections which are widely used in a variety of public policy developments including forecasting of income and expenditure by officers. Its involvement with this process ends with the provision of a tool which provides the population projections and is an entirely neutral and statistical process. It does not determine any of the assumptions used in that modelling.

The Committee does not consider that this in anyway affects DFM’s ability to conduct an unbiased and technical assessment of the Tax Reform modelling.

11. The Managing Director of Dorey has been publicly described as a long-standing supporter of broadening the tax base and, ahead of the debate, publicly stated that most people would be better off under the GST package and that rejecting it would hamper growth. Had this work been conducted by the Civil Service rather than an external contractor, the Civil Service Code would apply. The Code requires those bound by it to act solely on the merits of the case and without bias, and without letting their own political views influence their work, and civil servants are in practice expected not to comment publicly on political matters. What measures did the Committee take to ensure that the validation was conducted to the standard expected under the Code, and were any conditions as to public comment on the GST proposals attached to the engagement?

Answer:

As an actuary, the Managing Director of DFM is bound by professional and ethical obligations under the Actuaries’ Code, which include principles on integrity and impartiality. Specifically, the Actuaries’ Code states that “Members must ensure that their professional judgement is not compromised, and cannot reasonably be seen to be compromised, by bias, conflict of interest, or the undue influence of others”. A copy of the code can be found here: The Actuaries' Code - September 2025.

DFM has not been engaged to comment on the appropriateness of the policy proposals presented to the States, but to undertake an assurance review of the calculations and the modelling approach adopted by officers in preparing the figures set out in the Policy Letter.

Its involvement is entirely technical, and DFM is not being asked to provide policy advice.

12. **Will the President, Committee, or its officers see or comment on Dorey's findings before they are finalised, and does the Committee (at an operational or political level) have any right to amend, redact, or withhold them?**

Answer:

Officers are likely to see the outputs of the exercise before the final report as part of the management of the contract and to ensure factual accuracy. They will not have any editorial input into the findings beyond that. Editorial control will rest solely with DFM.

The Committee will see the output only in its final form and will not have the right to amend the findings. As you will be aware the intention of the Committee is that the findings will be shared with States Members on 23rd September.

<u>Publication and Members' scrutiny</u>

13. **On what date was the Committee provided with Dorey's findings, and why did the Committee hold off from providing the findings to Deputies until 23 September 2026?**

Answer:

As at the time of writing, the Committee has not yet received the results of DFM's assurance review.

14. **Will Dorey's full written findings — including all caveats, limitations, and the data relied upon — be published to Members and the public before the debate resumes, and on what date? If not, how does the Committee expect Members to scrutinise the validation before voting?**

Answer:

The findings of this exercise will be made public in full, including detailed (but anonymised) information on the approach taken, the data used etc.

As previously communicated and explained above, the model and the data on which these are based cannot be released publicly. DFM will welcome scrutiny of its approach to validating the model and its findings on 23rd September and afterwards.

15. **The validation briefing is scheduled for 23 September, the day after the deadline for amendments to the tax reform debate. Why was the briefing timed so that Members cannot lay amendments informed by its findings, and will the Committee either bring the briefing forward or support an extension of the amendment deadline?**

Answer:

While every effort has been made to complete this exercise as quickly as possible, the requirements to conduct a Data Protection Impact Assessment and a Cyber Security Review prior to engaging DFM, and the complexity of the modelling means that this is the earliest date by which this exercise could be completed.

Note that alongside this exercise officers are also reviewing the latest Household Expenditure Survey results and incorporating these into the modelling (which will also be shared with DFM).

This is a validation exercise only. The Committee will not bring forward or support a motion to extend the amendment deadline.