

**POLICY AND FINANCE COMMITTEE MEETING
ANNE FRENCH ROOM
25th OCTOBER 2016
0915**

PRESENT:

Mr R McDowall, Chairman
Mr F Simonet
Mr M Birmingham (from 0925)
Mr N Harvey
Mr L Jean
Mr G McKinley
Mrs N Paris
Mr S Roberts
Mr C Rowley
Mr I Tugby

IN ATTENDANCE:

Mr W V Brownlees, Chief Executive (CE)
Mr P Veron, Economic Development Officer (PV)
Mrs K A Hatcher-Gaudion, Treasurer (KG)
Mrs S Pengilly-Price, Executive Assistant (SPP)
Mrs E O'Toole, Minutes

ACTION**60/2016****Minutes**

Minutes from the previous meetings of the 6th September 2016, Annual Budget meeting, were ratified subject to a minor amendment from Mr Jean on item 46/2016. Minutes of the 20th September 2016 meeting were ratified subject to minor amendments to items 53.2 Education – Exam Results and 55.2 Nunnery Options. It was agreed that item 56.7 FAB Link update in the Confidential Annexure can be moved to the Minutes.

Notes from the Finance Committee meeting The Chairman advised that the Fiscal Review of the Bailiwick of Guernsey was published on the 24th October. He further stated that there are a few matters relating to the Review of the Financial Relationship which will need to be address such as the AHA liability, AGCC Surplus and the Guernsey Old Age Pension. **Noted**

Mr Harvey queried whether progress had been made with regards to the liability of the Guernsey Civil Service Pension fund deficit; the Chairman advised that this would not fall on the Alderney tax payer. **Noted**

Notes from the Tourism & Marketing Committee meeting Mr Rowley advised that he attended a meeting in Guernsey regarding transport and connectivity. **Noted**

61/2016**Matters Arising****61.1 Committee feedback from Chairmen (B&DCC and GSC), Guernsey Representatives and Alderney Liaison Group**

BDCC – Mr Birmingham advised that the his Committee approved the Alderney version of the Propriety Guidance and this will be place on the Billet for approval by the full States.

GSC – Mr Tugby advised that it had been brought to his attention regarding a new ship/vessel which could be useful to Alderney and asked the Committee whether it was worth investigating. Following debate on the matter it was agreed that the Chief Executive and Mr James Dent, transport advisor, meeting to discuss option and liaise with GSC.

CE/James Dent/GSC

Guernsey Reps – It was noted that the 2017 Budget will be discussed at the next meeting from the 1st – 4th Nov and notable items is a rise in Fuel and TRP duty and a proposal to bring back Road Vehicle Tax. **Noted**

Alderney Liaison Group – Minutes from the meeting held on the 23rd September, produced by Guernsey, are still to be circulated. Matters discussed included the following:-

- FAB Link – The Chairman gave a summary of the project at the meeting
- AGCC Surplus – The Chief Executive advised that he is seeking clarification from T&R regarding this matter which is included in the upcoming Guernsey Billet and following an exchange of letters between the Chairman and Deputy St Pier.
- Ultimate Beneficiary Registry
- Connectivity Strategy – Mr Veron advised that Colin Vaudin, Chief Information Officer at Policy Council, is drafting tender documents for improvement of the the digital connectivity of the island.
- Runway Rehabilitation – Mrs Paris queried whether the slippage on this project would will be explained; Mr Veron advised that things are progressing and a presentation from York Aviation will take place in Guernsey early November before a presentation on island involved parties.
- Investors Immigration – Henley & Partners and Locate Guernsey recently held discussion to progress this proposal however the outcome of those discussions are currently unknown. Mr Harvey stated that the States must ensure this is progressed as it has been underway for 3 years.

CE

61.2 TRP – Self-Accommodation Mr Veron advised that there is a recommendation for a specific TRP rate for Self Catering accommodation however due to the timing has not been included in the upcoming 2017 Budget on the Guernsey Billet however from 2018 the States of Alderney will be able to set the TRP rate. **Noted**

Established Artist & Intellectual Property – The Chairman to circulate information of the proposed tax relief on intellectual property and for established artists earning £250K + per year.

CHAIRMAN

62/2016 **Legislation, Conventions and Policy**

62.1 FAB Link update Confidential Notes from a meeting held with Transmission Investment (TI) on the 29th September 2016 tabled and noted. The Chairman advised that a formal process in terms of planning is underway. Mr Birmingham advised that lengthy discussions were held with the Law Officers at a recent special meeting of BDCC on the 21st October 2016 regarding various matters and issues relating to the FAB project. The route of the cable would require assessing, as the Option Agreement did not indicate it would be going through private land.

The Chief Executive advised that by September 2017 it would have to be determined whether the project will be taking place.

Mr Tugby queried whether assurance could be given from FAB and TI that the cable would be coming through Alderney; Chairman to follow up.

CHAIRMAN

The Chief Executive advised that he was investigating structure and personnel changes to ACRE. Discussions have been held with Mr Mark Wordsworth, Chairman of ACRE, with a view to the States replacing ACRE as party to the commercial agreement with ARE. The Law Officers have been asked to advise and the Chief Executive will bring the matter back to the Committee. **Noted**

It was also noted that ARE and ACRE are in discussions regarding underwriting of the annual subsidy to AEL for 2017, as currently £50K remains outstanding for the 2016 subsidy. **Noted**

The Chief Executive referred to the continued questions regarding FAB Link and suggested that the Committee may wish to commission expert advice to conduct a value for money review. The Chairman stated that a budget of £50-£100K would be required for an expert analysis of the project. The Committee discussed at length.

By majority (Mr McKinley abstained; Mr Roberts in favour) not to commission a value for money review of the FAB project.

62.2 Governance Review Paper from the Chairman dated 20th October 2016 tabled and discussed. The Chairman advised that the paper outline options for consideration by the new States in 2017. **Noted**

11:15 Mr McKinley left the meeting

Mrs Paris, recognizing value in certain aspects of the report from Mr Andrew McDonald, expressed concern that the final costs could be in the region of £250,000, the Chairman agreed that the figure could be that. The Chief Executive commented that the figure could even be as much as £500K.

The Chief Executive stated that works involved in a review of the Governance of the island will continue to be outsourced as there is not the appropriate expertise on island and should the new States wish for the works to continue then there will be cost involved.

Mrs Paris

FUTURE AGENDA ITEM

62.3 Aurigny briefing Paper from the Economic Development Officer dated 18th October 2016 tabled and discussed.

12:00 Mr McKinley re-joined the meeting

Approved by majority (Mr Jean, Mr McKinley, Mr Roberts, Mr Tugby against) subject to a robust evidence based contingency plan being agreed, to:-

- 1. Confirm the amendments necessary to the existing Memorandum of Understanding to enable significant increased capacity on both the GCI and SOU routes in 2017, as set out in the attached schedules with additional capacity as explained in this paper;**
- 2. Confirm to work with Aurigny to identify and agree any trigger mechanisms for such additional flights; and**
- 3. Agree to use up to £150,000 from the Economic Development Fund in 2017 to underwrite such additional services.**

PV

The Chief Executive advised that Mr Andrew Haining, Chief Executive of Aurigny, has written to him in response to the recent Requête on Alderney's Failing Air Service and Economy approved by a majority of the States. Mr Haining is seeking clarification on why the Requête was agreed prior to meeting with the Chief Executive. Members stated that it was clear the Requête was intended towards the senior managements of Aurigny and not the staff.

The Committee agreed for Mr Harvey and Mr Roberts to work together and draft a response to Mr Haining based on factual evidence, circulated to Members for input prior to circulation to Mr Haining and Aurigny.

NH/SR

Chief Executive to advise Mr Haining that a detailed response to his letter will be forthcoming.

62.4 Committee Mandates The Chief Executive proposed that Committee Mandates (P&F, GSC & BDCC) are agreed at the January States meeting as usual however would only be required to be agreed by the States again in future should any changes be made. **Agreed**

BILLET ITEM

Sub-committee mandates to be agreed at the first meeting of the Policy and Finance Committee each year. **Noted**

12:10 Mr Birmingham left the meeting

63/2016 **Budgetary and Financial Matters**

63.1 St Anne's Church – Capital Expenditure for ratification Paper from Chief Executive and Technical Services Officer circulated to Members by email prior to decision made by the full States in September, table for ratification.

The Committee ratified the decision to approve capital funding of up to £500,000 in order to complete the St Anne's Church project.

63.2 Alderney Postcodes The Chairman advised that himself and the Chief Executive will meet with the Ministry of Justice to progress the matter of introducing Alderney postcodes. It was noted that this is essential due to fears that the States of Guernsey might introduce a consumption tax. **Noted**

CHAIRMAN/CE

63.3 Coin Tender proposal – Award of Contract 2017-2021 The Chairman advised that following the presentation from The Commonwealth to the Finance Committee on the 19th October, they confirmed in writing that they are subject to ISO Audits and that they would commission Cedex as regulatory body to carry this out. They further agreed that a fixed penalty should be introduced should there be any reputational damage on the States of Alderney should they be successful in securing the Coin Contract. **Noted**

The Chairman further stated that The Commonwealth Mint has guaranteed £150K per annum and absorbed the risk in respect of redemption of coins. **Noted**

Mr Jean expressed concern querying whether sales will be lost changing to the Commonwealth Mint due to the 'book of collectors' and the strong following the Royal Mint has, whilst adding that he was much more impressed with the presentation by the Commonwealth Mint. The Chairman advised that the Commonwealth Mint do much more distribution to major institutions whereas the Royal Mint operates more on retail basis. **Noted**

Approved unanimously to award the Commemorative Coin Contract 2017-2021 to The Commonwealth Mint subject to annual audits and final contractual changes being mutually agreed. Treasury to deal.

TREASURY

63.4 AEL Share Transfer for ratification Letter from AEL dated 21st September 2016 tabled for ratification.

The Committee ratified the decision reached by email to agree a transfer of shares as specified in the letter.

63.5 Alderney Airport Charges 2017 table and **noted**.

63.6 Mail Freight Service Paper from the Economic Development Officer dated 18th October 2016 tabled and discussed. It was noted that Mr Boley Smillie, Chief Executive of Guernsey Post, was due to attend the meeting however weather prevented him.

Mr Veron advised that Guernsey Post is considering the options available for the next mail and freight contract as discussions with Aurigny have indicated significant cost increase, should the contract remain with them.

The Chief Executive advised that alternate methods and carriers are being considered. **Noted**

The Committee agreed that the Chief Executive and Economic Development Officer should continue to progress discussions with other potential operators/suppliers in order to determine whether they are viable to pursue.

CE/PV

64/2016 **Economic Development Plan**

64.1 Economic Development Reserve fund as at 20th October 2016 table and **noted**.

64.2 Alderney eBusiness Ltd – Promotion of Technology Related Business Paper from the Chief Executive dated 18th October 2016 tabled and discussed. It was noted that the model of Alderney eGambling Ltd will be used to operate in the digital sector and this will be funded from the AGCC surpluses. Blockchain costs will be met by the new Company as opposed to the Economic Development Fund. **Noted**

The Chairman advised that the final results of Blockchain study is due in the coming week which then be taken forward in 2017. **Noted**

Approve unanimously the following:-

- a) That the Chief Executive takes the necessary legal steps to establish an arm's length company to be called Alderney eBusiness Ltd (AeBL),
- b) That AeBL, once established, assumes responsibility for progressing the blockchain project and for promoting generally all opportunities to establish Alderney as a location for digital business, including any regulatory and/or infrastructure related issues,
- c) That the Chief Executive reports back on progress, including suggestions for appointments to the Board of AeBL, such appointments to be authorized by the Policy & Finance Committee at a subsequent meeting.

CE

64.3 Alderney's Tourism Strategy 2017 Paper from the Economic Development Officer dated 18th October 2016 tabled and discussed.

Approved unanimously, subject to an annual review and the implementation of a booking service being further considered, to use a part of the Economic Development Fund as follows:-

1. £10,000 for enhanced promotion and marketing (especially digital marketing) in each of the next three years specifically to target niche tourism (including events tourism in Alderney);
2. £10,000 in each of the next three years specifically to strengthen the island's unique product offering through partnership working both with the AWT and the Alderney Society and others (as necessary), opening more sites for access, improving interpretation and generally enhancing the visitor experience without threatening the very special character of the Island;
3. £10,000 (in each of the next three years) for collaborative working with Guernsey to exploit that Island's commitment to marketing the archipelago experience; and
4. £10,000 (in each of the next three years) for improved data collection and analysis so that decisions in future can be targeted as effectively as possible.

PV

65/2016 Any Other Business

65.1 Alderney leaflet tabled and it was noted that this will be circulated island wide and is in addition to the Annual Report to be on the December Billet. **Noted**

65.2 Agendas and Reports for meetings paper from Mrs Paris dated 17th October 2016 tabled, **noted** and it was agreed the deadlines for submission of reports and items for agendas would be applied more rigorously going forwards.

COMMITTEES/COMMITTEE SECRETARY

65.3 Register of Members' Interests paper from Mr Rowley dated 20th October 2016 tabled and discussed.

Mr Harvey & Mr Jean queried whether the Law Officers could be requested to amend the Declaration of Interest Law and should it be extended to the UK and Crown Dependencies interests at a later date, this could be done by ordinance. **Noted**

Approved unanimously to extend the scope of the Register of Members' Interests to include the whole of the Bailiwick.

BILLET ITEM

65.4 Royal Connaught Care Home – Operating Agreement - Home Care Services The Treasurer advised that as part of the revised Operating Agreement it is proposed that RCCH take over the operation of the Home Care Services at some stage in 2017. This will provide a small saving to the States.

Approved unanimously to agree the new Operating Agreement for the Royal Connaught Care Home, including responsibility for providing the Home Care Service. Treasurer to deal.

KG

65.5 Bumblebee subsidy Members queried the amount that the Bumblebee summer service had to be subsidised by; Mr Veron advised it was between £30-40K. **Noted**

65.6 Sand Extraction for AEL Trench Works It was noted that AEL received quotes in excess of £120K for sand required for future trenching works and AEL would have to pass on the costs to the consumer. Members noted that this was a matter for BDCC however was not concerned with on island sand extraction and this being refilled with excavated earth.

65.7 States Armourer Appointments The Committee noted that as from the 1st September 2016 the Chief Executive appointed Mr Simon Boreham and Mr Nigel Shaw to the Honorary position of States Armourer in succession to the late Chris Walker. **Noted**

66/2016

For Information

The following reports/letters were noted:-

- **Aged Debtors Report – CONFIDENTIAL ITEM**
- **Post Audit meeting with KPMG – extract from notes**
- **Bumblebee Performance – May - Aug 2016**
- **Honorary Consul in St Helier for Foreign Governments**
- **Price Paid Data**
- **British Expats Right to Vote**
- **AGCC Surpluses – Letter from Deputy St Pier**
- **Guernsey and Alderney Excise Rates**
- **Alderney Stamps – Letter from Chief Executive, Guernsey Post**
- **Brexit & Financial Services**
- **UBO Registries**

Meeting closed: 12:20pm

Signed:

Date: