



BILLET D'ETAT FOR 23-05-2007

Date: 22nd May, 2007

Members of the States:

I have the honour to inform you that the Meeting of the States will be held at 5:30pm on Wednesday 23rd May 2007. His Excellency Vice Admiral Sir Fabian Malbon, KBE, Lieutenant-Governor of the Bailiwick of Guernsey will be in attendance. This will be preceded by the People's Meeting, which will be held on Wednesday 16th May 2007 at 7:00 p.m. in the Island Hall.

Sir Norman Browse
President

Item 1 Green Paper on "Prioritisation of Capital Expenditure"

I have received the following green paper from Mr Willmott, Chairman of the Policy and Finance Committee regarding Capital Expenditure.

Mr C Williams
Vice President

"States spending on capital projects fell from £961K in 2004, to £590K in 2005 and £273k in 2006.

Against a background of a steadily increasing rising capital reserve and a crumbling public infrastructure, this was unsatisfactory.

Revenue accounts require a balance between income and expenditure. However, there is no virtue in building excessive capital reserves because the increase in cost resulting from the delay in infrastructure projects in the Channel Islands is great. Thus prudent spending of available capital to raise the quality of essential services and remedy deteriorating public buildings is sensible.

One cause of the delay, amongst several, has been lack of prioritisation i.e. agreeing which projects must be done first at the expense of lesser items. Of course, a case can be made for all the projects the States would like to pursue. However, the reality is that failure to focus simply leads to delays and, as a result, all projects slip.

An attempt was made in 2003 to prioritise the capital projects and four were selected: The Fire Station, Island Hall, Court House, and Vallee Sewer. By 2004 the first two had been completed. However, the States structure at that time, with the division of responsibility between P&F and GSC, was not the best arrangement for maintaining the initial impetus.

The new States committee arrangements have enabled the issue of prioritisation to again be raised with the involvement and buy-in of all States Members. Thus an "A" priority list has been compiled based on all members input and this has been discussed at both General Services and Policy and Finance meetings. The projects were selected on the basis of those addressing the greatest risk to the largest number of residents. The projects that the States is now proposing be given the highest priority and commenced during 2007/8 are listed below. It will be noted that two of the projects on the 2003 list, the Vallee Sewer and the Court

House are on the list. The Court House is also the subject of a more detailed Billet submission as tenders for this work have been received and selected.

Project	Reason for priority	Likely start date
Commercial Quay	Essential Gateway for supplies	September 2008
Vallee Sewer	To avoid sewage emerging onto road surfaces in heavy rain and enable properties to be connected.	July 2007
Water Board Capital Works	Essential improvements to water treatment and collection	December 2007
Island Hall Annexe	First stage in States housing rebuilding programme to meet basic standards of habitation	January 2008
Waste infrastructure	Investment in satisfactory and cost effective disposal of the Island's municipal and solid waste	February 2008
Court House	Essential repairs to prevent water ingress and arrest accelerating structural deterioration to avoid cost of remedial work escalating further	August 2007

Although the Commercial Quay is not a Transferred Service, Guernsey have included an amount of £6m in their own capital priorities for the project. At Guernsey's request a further consultant's (Halcrow) report was commissioned to undertake a strategic review of the current available information, produce a redevelopment criteria matrix, and provide a new quay redevelopment plan. This plan is now in its final draft form and will be published shortly. The start date of the work remains uncertain but Autumn 2008 is a realistic assessment. In any event prior to work commencing discussions will need to take place with Guernsey and the matter will have to be approved by the Guernsey States.

It should also be noted that St Anne's House is not being sold as was the original intention and instead is being leased to the Alderney Gambling Control Commission (AGCC). The AGCC will be undertaking certain remedial and renovation work prior to occupying the building. The cost of the work will be met directly from AGCC income.

There are many other projects and, if gaps appear in the work timetable for the "A" projects, then "B" list items will be inserted. However, "B" projects will not be allowed to interfere with "A" priorities where, with the exception of the Commercial Quay, it is hoped to complete most by the end of 2008 and for which funds are forecast to be available.

One of the greatest difficulties in organising capital works in Alderney in the past has been the very long gestation periods caused to some extent by the Committee and the States timetable and by the need to obtain the approval of the Guernsey States. The limited resources available to manage projects has also been a factor contributing to delays. For that reason it is now proposed that a dedicated project manager be hired on a contract basis for the next two to three years whose sole task will be to manage all States capital projects. The post will be funded out of the capital budget. The Finance Advisory Group have also agreed with Guernsey that in future projects will be progressed with both States simultaneously rather than serially.

Clearly there will be public argument over which projects should take priority. However, what is quite

clear is that failure to adhere to the agreed programme will simply lead the States back to the old ways. In addition to its annual capital allocation from Guernsey, which is currently £200k per annum, Alderney also has two other sources of capital income special to Alderney. These are gambling surpluses and conge, which it can use to fund those projects, which realistically will be unlikely to receive funding from Guernsey in the near future. This is particularly true given the budgetary constraints Guernsey is now facing. Although income from both conge and gambling surpluses is subject to external factors outside of the control of the States it is the view of the Finance Advisory Group that, after talking into account funds that are already in place, sufficient additional funds will be generated during 2007 and 2008 to cover any shortfall arising.

Naturally no project will proceed without the States being satisfied that full funding is in place at the outset of each project.

Once the priority list of projects has been formally agreed and final costings have been received, it is the intention of the States to publish a document including full details of the whole capital programme of the States for the next five years. This will be presented to the States at the earliest opportunity.

Mr R Willmott
Chairman"

The States is asked to: -

1. Note this paper on Capital Priorities and
2. To approve the Capital Expenditure priorities listed.

Item II Court Building Renovation

The following letter has been received from Mr Walden, Chairman of the Generals Services Committee:-

"In early 2000, it became apparent that the main States administrative buildings, namely the Island Hall, Court Building and St. Anne's House were in need of substantial maintenance / renovation works.

To establish the scale of the works, an extensive survey was commissioned on the three buildings.

The report on the survey was presented to the States later in 2000, whereupon it was resolved that a staged approach with the priority being given to the Island Hall would be adopted.

Following an unsuccessful tender process in 2001, the States resolved in July 2002 that the States administration functions would transfer to the Island Hall, which would be renovated to suit this application. Subsequently a tender was let for the renovation of the Island Hall, which was completed in late 2004.

Following vacation of St. Anne's House, which was required for relocation from the Court House with the scheme, proposed at the time, tenders were prepared and sought with a return date of early 2005.

While these tenders were being considered - the returned tenders were substantially higher than the budget figure - the States was informed by the States of Guernsey Police that the part of the Court House building occupied by the Police was in need of extensive alteration and modification, the cost for which had not been included in the tender documents.

Despite protracted negotiations with the relevant departments in the States of Guernsey, no agreement was reached on either the scale or funding of the Police requirements.

At its meeting of 25th July 2006, the GSC, because of the continued water ingress and deterioration of the building, resolved to proceed with the basic refurbishment of the Court Building, to at least secure the structure of the building. Scaled down documents were therefore produced involving mostly external works with only modest essential internal works and internal decoration being proposed.

Tenders were sought from five on Island contractors and one contractor based in Jersey.

Three tenders were returned as below: -

Jackie Main Builders £575,368.70

A.J. Bohan £593,249.00

Charles Le Quesne £499,677.26

The Charles Le Quesne tender has been checked numerically and contains no errors.

It is therefore recommended that the tender from Charles Le Quesne is accepted.

Pressure on the existing States technical staff has increased over the last few years, and with increases in capital expenditure projects will lead to further demands, particularly in relation to site supervision.

It is therefore recommended that a further allowance of £20,000 is made to cover external assistance in site supervision, in a similar manner to the site supervision of the Island Hall Contract. An additional £20,000 contingency should also be allowed to cover costs arising from temporary relocation of staff within the building made necessary by the works.

The above recommendations were approved at the Policy and Finance Committee meeting held on 24th April 2007.

I should therefore be grateful if you would place this matter before the States with the appropriate proposition.

Mr W. Walden

Chairman"

The States is therefore asked to resolve, after consideration of the above report from the Chairman of the General Services Committee, and subject to approval by the Guernsey States of Deliberation, to: -

1. Approve the renovation of the Court House as detailed in the above report
2. Accept the tender from Charles Le Quesne in the sum of £499,677.26
3. Approve the additional cost of £40,000 to cover external supervision and other costs associated with temporary movement of staff within the building
4. Vote the sum of £539,677.26 to cover the overall cost of the project

Item III States Housing Application Rules

The following letter has been received from Mr Walden, Chairman of the General Services Committee:

"The General Services Committee has for some time been considering the rules for admission to the States Housing waiting list, which were last revised in March 2005.

At that time the main changes reduced the minimum age for acceptance onto the waiting list from 25 to 21 years, and introduced penalties for refusing the offer of a property on a total of three occasions. However it was further noted at the time that the Committee were looking to make further changes to Rule No 1 in the future.

The Committee are therefore now in a position to recommend further amendments to the housing application rules as listed below :-

Rule No 1 in order to treat everyone fairly it is suggested that the minimum age of 21 applies to all applicants, regardless of marital status etc. It is also recommended that the residency qualification be increased to fifteen out of the preceding twenty years (currently ten out of the preceding fifteen years).

Rule No 8 now appears as No 2 in order to place more emphasis on household income in order to safeguard the waiting list for those in genuine need of social housing.

Rule No 4 has been deleted as this refers to allocation criteria once the applicant is on the list, as opposed to being a stipulation for acceptance onto the list. Once accepted onto the waiting list the agreed criteria used for allocating a property is:-

Â§ The applicants suitability for the property on offer

Â§ Length of time the applicant has spent on the waiting list

Â§ Household income

The remaining rules have been re-numbered, and slightly reworded as a result of the above changes. For clarification I attach a copy of the current rules together with the proposed amended rules.

The proposed amendments have been agreed by the Policy and Finance Committee.

I should be grateful if you could place this matter before the States with appropriate propositions.

Mr W. Walden

Chairman"

The States is asked to approve the amended States of Alderney Housing Application Rules as attached.

Item IV By-Election

"Due to the resignation of States Member Chris Main there will be a need to hold a by-election and the following arrangements are proposed: -

That Nominations will be received

during the seven days ending at 4:00pm on Tuesday 19th June 2007

That Polling day be Saturday 30th June 2007

That the Polling Room be the Members' Room, Island Hall.

The successful candidates will hold office until the remainder of Mr Main's term of office, which ends on 31 December 2008.

Mr C Williams

Vice President"

The States is asked to approve of the arrangements for the By-Election to be held on the 30 June 2007.

Item V The Regulation of Utilities (Bailiwick of Guernsey) (Amendment) Law, 2007

The following letter has been received from Sir Norman Browse, President of the States of Alderney: -

"Please find enclosed a letter from the Bailiff, dated 26th April 2007 seeking approval of the above law.

I would therefore be obliged if you would debate this matter at your meeting on 23rd May 2007 and give your approval as set out in the letter.

Sir Norman Browse

President"

The States is asked to approve of The Regulations of Utilities (Bailiwick of Guernsey) (Amendment) Law, 2007.

(Note: A copy of the Projet de Loi and the Review of Commercialisation Report may be seen in the States Office, Island Hall and the Library.)

Item VI Questions and Reports

Issued Friday 11th May 2007