

**FINANCE COMMITTEE
ANNE FRENCH ROOM
30th January 2023
14:30**

Mr I Carter (IC), Chairman	Mrs E A Maurice, Temporary Chief Executive/ Treasurer (TCE)
Mrs L Maurice (LM)	Mrs E O'Toole, Acting Head of Finance (AHoF)
Mr N Vooght (NV)	Ms K Mark, Finance Officer/Minutes (FO/Treasury)
Mr B Woodhead (BW)	

In attendance: Mr S Taylor, Strategic Financial Advisor (SFA) via MS Teams
Mr B Abel (BA) via MS Teams

Apologies: None

Declaration of interest: None

01/2023

Administration

1.1 Appointment of Deputy Chair Mr Vooght was elected as Deputy Chair of the Committee.

1.2 Confirmation of Committee Mandate 2023 tabled and discussed. Mr Vooght raised some issues concerning the proposed mandate. It was queried whether the mandate as drafted was an accurate representation of the Committee's role in supporting the Policy and Finance Committee (PFC). Concerns were also raised that the Committee may be agreeing to responsibilities that it cannot fulfil. **Noted**

The TCE commented that the mandate was set up many years ago and had only undergone minor tweaks. The TCE suggested that the mandate is reviewed in detail to ensure it is still fit for purpose.

The Chair suggested this be revisited at the next meeting after further discussion and detailed review outside of the meeting.

It was agreed that a revised draft mandate is to be drafted by IC/NV/TCE and tabled for discussion at next meeting.

TREASURY/ CHAIR & DEPUTY CHAIR/ AGENDA ITEM

02/2023

Matters Arising

2.1 Minutes & Confidential Annexure from meetings held on the 10th November 2022 & Special meeting held on the 29th November 2022 tabled and confirmed.

Mr Vooght raised concerns regarding Harbour Dues & Fees discussed and agreed at the November meeting and queried why this was not put to the General Services Committee (GSC) before consideration by the Policy & Finance Committee (PFC) and this Finance Committee. The TCE commented that GSC had advised that there were too many conflicts of interest among its membership in regards to Harbour Dues & Fees and referred the matter to this Committee to consider and agreed.

The minutes of the meeting of the 10th November 2022 should be amended to reflect the points raised.

TREASURY

03/2023

Revenue Account

3.1 Management Accounts Summary – December 2022 V2 tabled and noted.

The AHoF advised that the Accounts are still draft figures until the end of the suspense period, which is the 31st January 2023 and therefore will be finalised shortly. Income from property and other taxation income sources and other operating income in 2022 reached Revised Budget figures. Other areas of expenditure have also come in under budget therefore it is likely that the budgeted underspend will be achieved. **Noted**

Mr Vooght queried if the Committee could be provided with a balance sheet of accounts in order to better understand the financial position. The Chair asked Committee members if they would like to see a balance sheet as part of normal budget reporting.

Agreed

It was agreed that the balance sheet should be circulated once the Accounts have been finalised.

AHoF

3.2 Major Income Monitoring Report tabled and the Committee noted that all the major income streams have now been received and Document Duty slightly exceeded Revised Budget. **Noted**

The TCE advised that the reporting on Document Duty and Congé will be revised going forwards following the merger of rates wef 2023. **Noted**

3.3 Major Expenditure Monitoring Report – verbal update on ongoing reporting/ monitoring

The AHoF stated that going forwards, major outgoings/expenditure will feature in a separate report. Mr Vooght queried how ‘major’ expenditure would be defined and the Chair advised. The Chair responded that this would primarily focus on new expenditure on those areas that had led to the setting of a deficit budget for 2023, namely additional Ambulance Service and Primary Health Care demands.

It was agreed that the report would be entitled, ‘Care Expenditure Report’.

3.4 New Revenue Income Streams – verbal update on ongoing reporting/ monitoring

The SFA commented that the States of Alderney must consider ways to tackle the budget deficit as it is not sustainable. One initiative will be liaison with the States of Guernsey in regard to their proposed higher rate of TRP on second homes and replicating this in the Alderney Property Tax. **Noted**

SFA to liaise with Guernsey regarding their proposals and to report to the Committee.

SFA

The AHoF commented that all budget holders have been asked to look at ways to generate additional income within their departments as well as being more efficient in their current practices, so that possible savings could be made to reduce the budgeted deficit as much as possible. **Noted**

04/2023

Capital & Reserves

4.1 Capital Projects report as circulated by email, tabled and discussed. The AHoF commented that the report has been adapted as per the suggestions at the previous meeting. It was noted that from April 2023, Capital Projects would be brought back to being under the responsibilities of the Treasury department. **Noted**

Members enquired whether the report could be amended to include estimated costs for completion and date for completion. **Noted**

Future reports to include columns to report that reflect forecast cost of completion and a target completion date.

AHoF/ Capital Projects

4.2 AGCC Q4 distribution tabled and the Committee noted that final distributions was approximately £250k under Revised Budget due to additional costs incurred by AGCC in 2022. **Noted**

05/2023

Economic Development Reserve

5.1 EDR Summary & Projects update – December 2022 V2 tabled and noted.

The AHoF advised that now that the Economic Development Committee (EDC) has been formed, the EDR fund will have greater input from EDC whilst this Committee will continue to monitor spending.

Mr Vooght queried whether the reserve fund was held in a separate bank account to the States of Alderney and the TCE explained that the funds were in separate cost centres and listed as a reserve fund, however not held in its own bank account. Mr Vooght raised queries regarding EDC admin and consultancy expenditure and Digital Connectivity. The AHoF and TCE provided clarification on the expenditure attributed to those initiatives and it was noted that the Digital Connectivity was carried out in conjunction with Sure and concluded in 2019/2022. **Noted**

AHoF to review what was involved and see why the areas in question are still sitting in the reserve fund.

AHoF

06/2023

Investment Management

6.1 Investment Performance – verbal update on quarterly reporting/ monitoring The SFA advised that, following the agreement by PFC in December, the next step is for the appointed Investment Adviser to develop a policy and strategy and then recruit an Investment Manager. Quarterly feedback on investment performance will then be provided for the Committee to scrutinise.

It was noted that some due diligence is to be completed before the States are asked to undertake the risk profiling exercise. **Noted**

Mr Abel suggested that as part of consideration for the investment ‘pot’ that the new airport/runway development should be added as an item to resolve where and when the funding must be taken into account. The SFA advised that a discussion will take place with TCE and AHoF for complete clarity on available reserves before agreeing the investment amount. An update will be available for the Committee at the next meeting. **Noted**

AGENDA ITEM

07/2023

Pension Fund

7.1 Pension Fund – verbal update on ongoing reporting/ monitoring The SFA advised on the position of the 1982 Pension Scheme Fund and that it is a liability for the States and a significant financial risk. It was discussed that this item needed to remain on the agenda so that the risk is continually monitored.

It was agreed to receive an appropriate report and review the risks of the liability of the Pension Fund and for the item to remain on the agenda for each meeting.

AHoF/ SFA

08/2023

Governance

8.1 Financial Risks, Policy and Procedures – verbal update on implementation of reporting standards for all Committee reports

The SFA suggested that the Committee should periodically assess/consider financial risks, changes to policies and procedures and internal control weaknesses on a routine basis. The Treasury's role would be to identify issues, providing information to the Committee to assess before reporting relevant items back to PFC.

The Committee agreed that such items should be tabled as and when they arise rather than a standing item which may have nothing to report. Should the FC mandate be changed appropriately there would possibly be no items to report, therefore once a new mandate has been tabled in March, this should not be required as a standing item and issues could be raised as needed. **Agreed**

09/2023

Island Plan

9.1 Island Plan monitoring – verbal update on ongoing reporting/ monitoring

The Chair advised that as per discussion on Revenue, Capital and EDR Fund discussions earlier there is a need to ensure affordability of new proposals arising from the Island Plan and that they are monitored and should be aligned with the Island Plan discussions at each Committee, both in the short and long terms.

Members suggested and it was agreed that the Committee should have a role in reviewing financial implications of new priorities to ensure that PFC has assurance that they are affordable in the revenue budget or capital programme. **Agreed**

10/2023

Delegated Items – Grants

10.1 Alderney Island Games Association – Grant Support – For Ratification - Report from Treasury dated 25th January 2023 tabled and considered.

Further to 2022 Committee consideration by email in December 2022, the 2023 Committee agreed, to ratify their decision to agree:

- To provide a grant to support AIGA in respect of the island Games 2023,
- To determine an appropriate sum based on previous grants and the current financial position, for example £3000, and
- To ask the AIGA to consider the use of the restricted reserve before subsequent applications are submitted.

10.2 Alderney Railway – Grant Support – For Ratification Report from Treasury dated 25th January 2023 tabled and considered.

Further to 2022 Committee consideration by email in December 2022, the 2023 Committee agreed, to ratify their decision to agree:

- To provide grant support for the Alderney Railway Company for the repair of the Locomotive Elizabeth,
- To determine an appropriate sum taking into consideration current level of fundraising and their current financial position, for example £4000 and
- To request that the Alderney Railway Society also contribute to the costs of the repairs.

11/2023

Delegated Items – Coins

11.1 Coin Contract – verbal update – see confidential annexure.

12/2023

Delegated Items – Stamps

12.1 Stamp issue for noting – see confidential annexure.

13/2023

Leases & Contracts

13.1 Rental Review – Alderney Golf Club – For Ratification Report from Treasury dated 25th January 2023 tabled and considered.

Further to 2022 Committee consideration by email in December 2022, the 2023 Committee agreed, to ratify their decision to agree:

The revised rental amount of £2,000 per annum for the 21 - year lease of the Alderney Golf Club with rental reviews to be carried out at the end of the 7th and 14th year as per the lease.

14/2023

AOB

14.1 Accounts Reporting Members addressed the possibility of moving towards compliance with implementing International Public Sector Accounting Standards (IPSAS) in the light of the reported recent Guernsey Treasury Statement in relation to Guernsey States fully implementing (IPSAS) by 2025 which would be consistent with Guernsey who publish the States of Alderney summary statements in their annual report.

The SFA, TCE and AHoF agreed that international accounting standards such as IPSAS reflect good practice and are an aspiration in the longer term. However, there are concerns over the investment, resources and training, and system implications associated with implementing and managing a fully compliant set of accounts. The long-term aim was discussed as part of the Island Plan development but not identified as a current priority.

Noted

The accounts are currently compliant with the Government of Alderney Law and whilst the limitations are acknowledged, moving to IPSAS, however AhoF stated that the Treasury will continue to take opportunity for incremental improvements in disclosures which have been evident in the last two years.

The Committee agreed that although it would make sense to be aligned with States of Guernsey, it acknowledged that this is an area that needs to be reviewed with a clear timetable and that aligning with Guernsey brings with it significant and costly challenges. It was also noted that Jersey have adopted a different set of international accounting reporting standards - the International Financial Reporting Standards (IFRS) approach which has a different set of demands and protocols to IPSAS.

Agreed for Treasury to liaise with States of Guernsey Treasury on their progress and report back to the Committee.

AHoF

14.2 Seabed & Granting of Licences for fishing – Licencing of the seabed was queried as the accounts attributable are unknown.

The granting of fishing licences by Guernsey for vessels fishing beyond Alderney territorial waters were also queries and the Chair advised that the decision by the UN on newly revised and delineated Sark, Alderney & Guernsey waters is still awaited. **Noted**

15/2023

For information & noting

- Price Paid Data Q4 2022 – tabled and **noted**
- RPI Notification Q4 2022 – tabled and **noted**
- Year-End Accounts 2022 Timetable – tabled and **noted**. Meeting to be arranged between Auditors, Chair of PFC & Chair of FC to agree the Audit Plan.

AHoF

Meeting closed: 16:17pm

Signed: Mr I Carter, Chair

Date: 18th April 2023