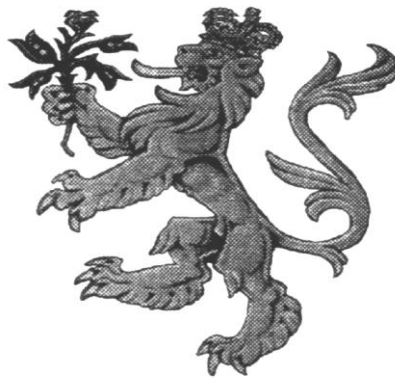


STATES OF ALDERNEY



BILLET D'ETAT

WEDNESDAY 16TH APRIL 2014

Price: £1.95

STATES OF ALDERNEY

BILLET D'ETAT **FOR WEDNESDAY 16TH APRIL 2014**

Members of the States:

I have the honour to inform you that the Meeting of the States will be held at 5:30 pm on Wednesday 16th April 2014. This will be preceded by the People's Meeting, which will be held on Wednesday 9th April 2014 at 7:00 pm in the Island Hall.

W Stuart Trought
President

His Excellency The Lieutenant-Governor of the Bailiwick of Guernsey will be in attendance.

Item I **Hangar 2 Limited**

The following letter has been received from Mr Simonet, Chairman of the Policy and Finance Committee:-

"The States of Alderney agreed in November 2013 to extend the terms of the lease for an area of land at Alderney airport to Hangar 2 Limited to construct a new additional hangar on land adjacent to the existing hangar, for a period of 25 years commencing 1st January 2017.

A further request was received from the developers to extend the lease for a further period of 25 years (50 years in total) which was considered and approved by the Policy and Finance Committee at its meeting on the 25th March 2014, on the same terms as previously agreed.

I would be grateful if you would place this matter before the next meeting of the States of Alderney with an appropriate proposition.

*F Simonet
Chairman"*

The States is asked to approve the extension of the lease to cover 50 years to Hangar 2 Limited on the same terms as previously agreed.

Item II **The Public Vehicle (Amendment) Regulations, 2014**

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

"I attach a copy of the above. The regulations, which amend the Schedule to the Public Vehicle Regulations, 1986, were made by the General Services Committee and come into effect on 1st April 2014. The regulations are made under powers vested in the Committee by the Public Highways Ordinance, 1966. The Ordinance provides that any regulations made under its provisions shall be laid before a meeting of the States as soon as may be after the making thereof and, if at that meeting or at the next subsequent meeting, the States resolve that the regulations be

annulled, the regulations shall cease to have effect without prejudice to anything done thereunder or the making by the Committee of new regulations.

The increase in taxi fares reflects the increase in annual RPIX of 2.1% (rounded to the nearest 5pence).

I will be obliged if the Public Vehicle (Amendment) Regulations, 2014 are laid before the States of Alderney when it meets in April together with an appropriate proposition.

*C Rowley
Chairman"*

The States of Alderney is asked to resolve that "The Public Vehicle (Amendment) Regulations, 2014" not be annulled.

Item III Amendment to the States of Alderney Code of Conduct for States Members

The following letter has been received from Mr Simonet, Chairman of the Policy and Finance Committee:-

"The current code of conduct was approved by Resolution of the States of Alderney on 16 December 2009, pursuant to section 41(1) of the Government of Alderney Law 2004. States Members have debated the Code of Conduct since it became apparent that the current code does not have the force of law and Members decided that there should be an amendment to the Government of Alderney Law 2004 to address this situation.

The States at its meeting of 19th June 2013 resolved by a majority to approve that Law Officers be requested to draft the necessary amendment to the Government of Alderney Law, 2004 to provide express power by resolution to adopt a Code of Conduct for the Members of the States of Alderney.

The Government of Alderney (Amendment) Law, 2013 was drafted by Law Officers Chambers. The amendment introduced a new section (under section 48) entitled "code of conduct" to give the States express power by resolution to adopt (and subsequently amend, revoke or replace) a code of conduct prescribing or, as may be appropriate, regulating the duties, standards, propriety and conduct, in public life, of members of the States. The States at the meeting on 18th September 2103 approved the draft amendments to the legislation and The Projet de Loi was registered at the Royal Court Guernsey on 24th February 2014.

The Policy Committee decided on 28th January that a small sub group should be established to consider any changes to the code of conduct for States Members. This group was the President, Francis Simonet, and Matt Birmingham, assisted by the Chief Executive. States members were invited to submit their issues ahead of any meeting of the Group.

These substantive changes have been incorporated at paragraphs 17 and 18. Changes as set out in part II and IV of the code include the adopting of a standing panel rather than appointing a panel when a complaint is made. This would avoid the possibility that the invitation to become a panel member would signal to the population that a complaint had been made. There should be enough members of the standing panel to enable the President to choose those who had no interest. The President should not be excluded from the complaints procedure, although the correct avenue for complaints against the President, to His Excellency the Lieutenant Governor, is already established.

I would be grateful if you would place this matter before the next meeting of the States of Alderney with an appropriate proposition.

*F Simonet
Chairman"*

The States of Alderney is asked to resolve that the Code of Conduct for Members of the States of Alderney be approved and adopted with effect from 17th April 2014.

Item IV **Audited Accounts 2013**

The following letter has been received from Mr Simonet, Chairman of the Policy and Finance Committee:-

"In accordance with Section 61 (5) of The Government of Alderney Law 2004, as amended, and the mandate of the Policy and Finance Committee, I attach the accounts of the States of Alderney and the States of Alderney Water Board together with the Auditors' Reports thereon, in respect of the year ended 31st December 2013.

States of Alderney - Revenue Account

The overall position on the Revenue Account at the end of 2013 shows a balanced account, after the transfer of £21K from the Coin Reserve. As reported in the Budget Report in October 2013 the funding required from the States of Guernsey Strategic Development Plan, totalling £205K for 2013, was required in order to fund the workstreams relating to the Economic Development Plan, BDCC Planning Review, and the SWD Organisation Review. Although the initial application for funding was rejected, due to savings made throughout all departments the shortfall only amounted to £21K, the decision was therefore taken to transfer this balance from the Coin Reserve. In 2014 consideration is being given to Alderney forming its own Strategic Development Reserve, funded by the capital account, in order to fund economic development initiatives. The States of Alderney has already established the Alderney Enterprise Group to identify and propose initiatives, and the recent requête in the States of Deliberation adds impetus to these initiatives. Progress on the three workstreams listed above is detailed within the individual Committee expenditure below.

As previously reported departmental managers have now officially been delegated complete control of their budgets together with the associated responsibilities. There will be pressure on all departments to keep expenditure strictly within their budget as there are no unspent balances available to meet any deficit in the revenue account, and in future any timing differences will be funded from the Guernsey Budget Reserve, subject to approval.

The detailed breakdown of the income and expenditure of the three Committees is given in the attached accounts, together with details of the accounts for 2012, and the original and revised budgets for 2013, also shown for comparative purposes.

The following comments highlight, in round figures, some of the material differences between 2013 and the previous year : -

Building and Development Control Committee - *Income from planning fees is similar to the previous year. Expenditure is higher due to the Planning Review, which forms part of the strategic development funding as mentioned above. The review has been carried out during 2013/2014, and a report on the proposals is imminent.*

General Services Committee - The General Services Committee has continued to deliver the range of public services under its mandate, and although there are variations between individual headings, due to deployment of staff etc, overall income is similar to 2012 levels, taking into account the harbour deficit, which was lower than anticipated (see below).

Expenditure is £71K lower than previous year due to savings on various headings including Waste disposal costs at £455K which is £50K lower than the previous year.

The Internal Audit Review of SWD has highlighted significant savings as outlined in the published report. Some of the recommendations have already been introduced, and savings identified, further initiatives are to follow. In addition the Voluntary Early Severance Scheme, as approved by the States in December 2013 is underway with expected take up amounting to approx £500K. Rather than the Scheme being funded from the capital account, it has subsequently been agreed that funding will be provided as additional cash allocation from Guernsey, however the savings made will be deducted from future cash allocations.

General Services Committee - Harbour - The Harbour is showing a £80K trading deficit overall, which is an improvement on 2012, and on the revised budget prediction. Income has reduced due to the loss of the Huelin Renouf shipping service, as predicted at revised Budget. Expenditure costs have decreased mainly due to lower crane and consultancy costs compared to last year.

Policy and Finance Committee - Income is £28K lower than previous year, mainly due to coin sales, but as per revised budget. Expenditure is £82K higher than previous year mainly relating to the Economic Development which forms part of the strategic development funding as mentioned above. The four main work streams are:-

Energy Policy :- work is being advanced on alternative energy production with a view to making Alderney self- sufficient in energy by 2019.

Business Development :- the new move to Alderney campaign is underway to bring people and jobs to Alderney.

ICT:- seeking to encourage greater self- sufficiency and price point differentiation.

Transport :- working with Guernsey on air routes and the Airport issue.

All of these initiatives are being progressed.

States of Alderney - Capital Account

Income - Capital income is derived mainly from Alderney Gambling Control Commission (AGCC) surpluses, sales of States property/assets, and income from Conge. Overall capital income for 2013 is as predicted at revised budget which is lower than original budget due to the removal of £1M income from sale of States properties. The AGCC surplus at £2.3M is slightly higher than predicted.

Expenditure - Capital expenditure is less than anticipated, however this is partially due to some projects being committed but unspent at the year end. Overall capital expenditure exceeded income by £135K, which is funded from previous reserves. The Harbour Office has been successfully completed during the year, within budget. The large capital projects have now been completed, with the exception of the balance of the retention amount for the New Connaught Care Home, and the final costs of the Revetment remediation which is subject to litigation.

The ongoing Water Board Capital projects, which are funded by grants from the States of Alderney capital account, continue successfully (see below).

Looking forward to 2014 the improvements to the Islands infrastructure include sewerage projects totalling £440K, the Road Resurfacing Contract at £250K, replacement cobbles & drainage repairs, coastal protection works, further works to St Annes Church, together with numerous smaller projects as per the 2014 budget.

Water Board – Revenue Account

The General Services Committee also fulfils the functions of the Water Board, which in 2013 returned a small operating surplus on revenue account of £1.3K compared to a deficit in 2012 of £23.5K. It is also an improvement on the £35.7K deficit predicted at a revised budget. This has mainly been achieved by improved operations i.e. cleaning and testing regimes, and savings made by more efficient pumps etc.

The figure shown for salaries & wages at £216K is the net figure, after the transfer of £9K relating to the use of in-house labour on capital projects. The new pay structure has now been fully implemented with greater reliance on automated systems and corresponding reduction in hours worked.

It is important to note that the Water Board revenue account is subsidised by the States of Alderney, with only £22K charged to cover the full administration of the service, which would be significantly higher should the Board be treated as an independent Company with full overhead charges.

The ultimate aim of the Board is to achieve an operating surplus with a view to building the depleted reserves in order to fund future capital requirements.

Water Board - Capital Account

The ongoing improvements at the Water Board continue, funded by capital grants from the States of Alderney, totalling £1.9M as at the end of 2013.

Phase 1 and 2 relating to water collection, filtration and treatment are complete.

Phase 3, relating to the new storage tanks have been completed in 2014, and the tanks fully commissioned. The project has been completed within the £420K capital grant.

Phase 4, relating to improvement/replacement of the distribution network throughout the Island, is being carried out as a series of small projects, at approx £250K per annum over several years. Phase 4a (2012), was completed within the budget of £210K. Phase 4b (2013) comprising 5 projects are reaching completion, again within the budget of £241K. The first 3 stages of the 2014 program have been approved, again funded by capital grants from the States of Alderney.

Pension Scheme

The deficit on the States of Alderney Public Employee Pension Scheme has been the largest liability of the States of Alderney for the past 3-4 years. At the end of 2013 the extract from the FRS17 shows that the Pension Scheme deficit has improved by an actuarial gain of £487K during 2013 against an actuarial loss of £1,716K. The net gains on the plan were £320K against net losses of £34K in 2012. The net deficit has been reduced to £3,123K from £3,426K.

The Scheme has been closed to new entrants, and payments of annuities suspended. Changes were made to widow and widower pensions. There were no increases in either employer or employee contributions and no changes were made to the retirement age. The allocation of the scheme assets has been substantially changed at the end of 2013 in order to erode the deficit within a 3-5 year period to meet the continuing changes of a low interest and low yield environment, while seeking to meet pension obligations without any increases in employer and employee contributions.

Conclusion

The establishment of a Finance Committee has provided strong Political support to the development of improved financial budgeting, planning forecasting and risk management. With the support of the Treasurers' Office, and all managers in the organisation, improved budgeting and reporting processes have ensured that the quality and accuracy of financial information has improved.

Work remains to be done. States Works Department has been tasked with refining with more accuracy their capital budgets so that budget allocations more precisely reflect the capacity to deliver, either by the States or by outsourcing. Capacity to deliver in 2014 and 2015 will be particularly critical, as the States reduces its number of employees and outsources more of its non routine work. Asset management of States property in the form of documented and audited rolling programmes of work every 5-10 years is conducted on the basis of funds which will commence with the 2015 budget. The new Chief Executive will set financial performance target as part their yearly objectives for which they will be accountable to the States.

The financial relationship with Guernsey is likely to need some attention over the next 5 years. Turning to the revenue account, we should be mindful that the revenue contribution from Guernsey has remained the same in monetary terms for the past two years. While not palatable to some of the electorate and Politicians we must be alert to the possibility that Guernsey could seek to reduce its revenue contribution in response to its own declining tax revenues and increasing financial liabilities. A number of initiatives are underway to improve the economic situation in Alderney. Equally further initiatives to reduce costs on the revenue account including further cost reductions in the States Works Department, more financially rigorous control of procurement and alternative means of waste and rubbish disposal are likely to see reductions in costs on the revenue account. It is anticipated that some these cost reductions can be used to reduce locally raised fees and charges on the revenue account, with further consideration given to review the levels of Conge (capital income), together with continued representations with the States of Guernsey to reduce TRP charges in Alderney.

The contribution to the capital account from the license fee income from gaming are the major source of income and are almost £2.5 million per year. That has enabled the States of Alderney to build a firm capital base. The contribution from gaming license fees is projected at under £2 million for 2014, based on the assessment of the impact of gaming taxation changes in the UK on license holders. Again one business initiative currently underway is targeted at contributing towards the capital account.

We are also taking the opportunity of publishing extracts from the financial statements of the Alderney Gambling Control Commission, the Alderney Commission for Renewable Energy, and Alderney e-Gambling Ltd for information purposes.

Finally, I would like to pay thanks to the States Treasurer and her team. They provide financial information and analysis promptly and accurately, cornerstones to good financial planning and management.

I would be grateful if you would place this report before the States of Alderney with the propositions below.

*F Simonet
Chairman"*

The States of Alderney is asked to approve:-

(a) The States of Alderney 2013 Accounts

and

(b) The States of Alderney Water Board 2013 Financial Statements

**Item V The Ukraine (Restrictive Measures) (Alderney) Ordinance, 2014
and
The Territorial Integrity etc. of Ukraine (Restrictive Measures) (Alderney)
Ordinance, 2014**

The following letter has been received from Mr Simonet, Chairman of the Policy and Finance Committee:-

"The Ukraine (Restrictive Measures) (Alderney) Ordinance, 2014

There has been escalating unrest in the Ukraine since major public demonstrations in November 2013 over the delay of an association deal with the EU by the then President Viktor Yanukovich, claimed to be as a result from pressure from Russia. Since the ousting of President Viktor Yanukovich, who disappeared on 22 February, there have been fears of a Russian takeover of the Crimean peninsula.

In light of the deteriorating situation, the EU has decided as a matter of urgency to introduce targeted sanctions focussed on the freezing and recovery of misappropriated Ukrainian state funds. The Regulation will target 18 persons identified as responsible for the misappropriation of funds and their funds will be frozen. The sanctions will also contain provisions facilitating the recovery of the frozen funds, once certain conditions are met. The measures will initially apply for twelve months. In view of the ongoing crisis, it is likely that further sanctions will be imposed, especially against those persons responsible for human rights violations.

The Ukraine (Restrictive Measures) (Alderney) Ordinance, 2014 will implement the EU Regulation using the European Communities Implementation (Bailiwick of Guernsey) Law, 1994.

The Territorial Integrity etc. of Ukraine (Restrictive Measures) (Alderney) Ordinance, 2014

The Ordinance, made under sections 1 and 4 of the European Communities (Implementation) (Bailiwick of Guernsey) Law, 1994, implements in domestic law the provisions of Council Regulation (EU) No. 269/2014 of the 17th March, 2014, concerning restrictive measures against certain persons from the Russian Federation and elsewhere who are believed to threaten or undermine the territorial integrity, sovereignty and independence of Ukraine ("the Regulation").

The Ordinance provides in section 1(1) that the Regulation is to be applicable in Alderney, subject to the modifications in section 2 of the Ordinance, in all respects as if Alderney were a Member State.

Section 1(2) provides that a person who infringes, or causes or permits any infringement of, any of the prohibitions in the Regulation is guilty of an offence.

Section 2 provides a list of modifications subject to which the Regulation is to apply to Alderney (for example, by providing that references in the Regulation to the competent authorities of the Member States shall be construed as including a reference to the Policy Council).

Section 3 provides an appeal against decisions of the Policy Council in the implementation of the Ordinance; section 4 enacts the Schedule to the Ordinance, which has effect to facilitate the obtaining by or on behalf of the Policy Council of information for the purpose of ensuring compliance with the EC Regulation; sections 5 and 6 create offences of failing to provide information and furnishing false information; section 7 specifies the penalties applicable to persons guilty of an

offence under the Ordinance; and sections 8, 9 and 10 deal with interpretation, citation and commencement.

The Schedule to the Ordinance sets out the information gathering powers.

I would be grateful if you would place this matter before the next meeting of the States of Alderney with an appropriate proposition.

*F Simonet
Chairman"*

The States of Alderney is asked to approve:

"The Ukraine (Restrictive Measures) (Alderney) Ordinance, 2014";

and

"The Territorial Integrity etc., of Ukraine (Restrictive Measures) (Alderney) Ordinance, 2014"

Item VI **The Syria (Restrictive Measures) (Alderney) (Amendment) Ordinance, 2014**
and
The North Korea (Restrictive Measures) (Alderney) (Amendment) Ordinance, 2014

The following letter has been received from Mr Simonet, Chairman of the Policy and Finance Committee:-

"Syria (Restrictive Measures) (Alderney) Ordinance, 2014

This Ordinance amends the Syria (Restrictive Measures) (Alderney) Ordinance, 2012 that implements EU Council Regulation 36/2012 ("the 2012 Regulation") concerning restrictive measures in view of the situation in Syria. The amendments made by the Ordinance are intended to give effect to recent amendments to the 2012 Regulation (made by EU Regulation 697/2013 of the 22nd July 2013) and are necessary to ensure that Alderney's sanctions regime remains up to date.

North Korea (Restrictive Measures) (Alderney) (Amendment) Ordinance, 2014

This Ordinance amends the North Korea (Restrictive Measures) (Alderney) Ordinance, 2007 that implements EC Regulation 329/2007 ("the 2007 Regulation") of the 27th March 2007 concerning restrictive measures against the Democratic People's Republic of Korea. The amendments made by the Ordinance are intended to give effect to recent amendments to the 2007 Regulation (made by EU Regulation 696/2013 of the 22nd July 2013) and are necessary to ensure that Alderney's sanctions regime remains up to date.

I would be grateful if you would place this matter before the next meeting of the States of Alderney with an appropriate proposition.

*F Simonet
Chairman"*

The States of Alderney is asked to approve:

"The Syria (Restrictive Measures) (Alderney) Ordinance, 2014";

and

"The North Korea (Restrictive Measures) (Alderney) (Amendment) Ordinance, 2014".

Item VII **The Central African Republic (Restrictive Measures) (Alderney) Ordinance, 2014**

The following letter has been received from Mr Simonet, Chairman of the Policy and Finance Committee:-

“The Ordinance, made under sections 1 and 4 of the European Communities (Implementation) (Bailiwick of Guernsey) Law, 1994, implements in domestic law the provisions of Council Regulation (EU) No. 224/2014 of the 10th March, 2014, concerning export controls and restrictive measures against certain persons from the Russian Federation and elsewhere who are believed to threaten or undermine the peace, stability or security of the Central African Republic (“the Regulation”).

The Ordinance provides in section 1(1) that the Regulation is to be applicable in Alderney, subject to the modifications in section 2 of the Ordinance, in all respects as if Alderney were a Member State.

Section 1(2) provides that a person who infringes, or causes or permits any infringement of, any of the prohibitions in the Regulation is guilty of an offence.

Section 2 provides a list of modifications subject to which the Regulation is to apply to Alderney (for example, by providing that references in the Regulation to the competent authorities of the Member States shall be construed as including a reference to the Policy Council).

Section 3 provides an appeal against decisions of the Policy Council in the implementation of the Ordinance; section 4 enacts the Schedule to the Ordinance, which has effect to facilitate the obtaining by or on behalf of the Policy Council of information for the purpose of ensuring compliance with the EC Regulation; sections 5 and 6 create offences of failing to provide information and furnishing false information; section 7 specifies the penalties applicable to persons guilty of an offence under the Ordinance; and sections 8, 9 and 10 deal with interpretation, citation and commencement.

The Schedule to the Ordinance sets out the information gathering powers.

I would be grateful if you would place this matter before the next meeting of the States of Alderney with an appropriate proposition.

*F Simonet
Chairman”*

The States of Alderney is asked to approve “The Central African Republic (Restrictive Measures) (Alderney) Ordinance, 2014”

Item VIII **Questions and Reports**

Issued: 4th April 2014