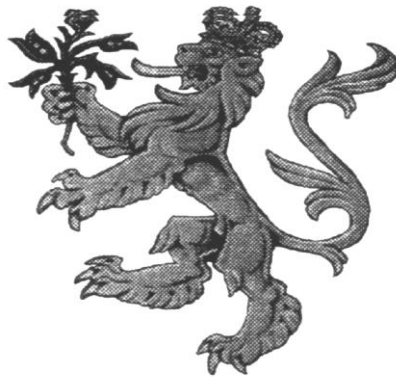


# STATES OF ALDERNEY



# BILLET D'ETAT

WEDNESDAY 18<sup>TH</sup> NOVEMBER 2015

Price: £2.05

## **STATES OF ALDERNEY**

### **BILLET D'ETAT** **FOR WEDNESDAY 18<sup>TH</sup> NOVEMBER 2015**

#### **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 18<sup>th</sup> November 2015. This will be preceded by the People's Meeting, which will be held on Wednesday 11<sup>th</sup> November 2015 at 7:00 pm in the Island Hall.

W Stuart Trought  
President

#### **Item I Alderney Electricity Limited – Capital Funding for Improvements to Distribution Grid**

**The following letter was received from Mr Neil Harvey, Chairman of the Policy and Finance Committee:-**

*“The States of Alderney are the majority shareholders in Alderney Electricity Limited (AEL) and therefore has a responsibility to ensure that the Company can continue to “maintain a supply of electricity for the use of all consumers for the time being entitled to be supplied” (The Alderney Electricity Concession Law, 1953, paragraph 16, section (2)) and for those consumers that may become so entitled in the future.*

*In order to ensure continued and safe supply of electricity on the Island the Company has highlighted significant improvements required to the distribution grid. The Policy & Finance Committee has agreed that those improvements should be funded by the States of Alderney, in order to ensure no additional costs are transferred to AEL consumers.*

*The Policy and Finance Committee have agreed, subject to approval being granted by the States of Alderney and the completion of the relevant legal agreements, to acquire the assets comprising the upgraded electricity distribution grid. On completion of the upgrade programme, in return for meeting the funding shortfall, those assets will be leased back to AEL such that they may continue to operate the network on the States of Alderney’s behalf.*

*The table below illustrates the drawdown amount required per annum from the States of Alderney over the 3 year period:-*

	2015	2016	2017	Total
Phases 1 – 2	£20,000			
Phases 3- 7		£340,000		
Phases 8 - 10			£840,000	
Total				£1,200,000

*Principal Terms of Lease - Under the terms of the operating lease AEL will be responsible for:-*

- *Continuing to meet the company's obligations under the Alderney Electricity Concession Law 1953.*
- *Maintaining the functionality of the electricity distribution grid including any additions to the grid made, for example, following building developments.*
- *Ensuring that components of the grid are replaced at the end of their service life maintaining the same level of functionality.*
- *To meet all the revenue and capital costs associated with the maintenance and repair of the electricity distribution grid.*
- *AEL will submit quarterly progress reports detailing performance against programme and financial budgets.*
- *Progress will be subject to full audit and certification.*

*Initial discussions with the States of Guernsey via the Alderney Liaison Group, confirm that they are in agreement in principle with the above proposal. However it is noted that the States of Guernsey's final approval for the scheme will also be required, both as the second largest shareholder, and also for procurement purposes.*

*The issue has also highlighted the requirement for a full review of the Concession Law to be carried out at some future stage, however this is subject to further debate.*

*Further details of the proposed programme are given in the attachment, appendix A, to this letter of recommendation.*

*I would be grateful if this could be placed before the States at its November meeting together with appropriate propositions.*

*Neil Harvey  
Chairman, Policy & Finance Committee"*

**The States of Alderney is asked to approve:-**

- 1. Granting Alderney Electricity Limited a maximum of £1.2M over the three years 2015 to 2017, to be funded from the States of Alderney Capital Account, and reflected accordingly in the revised budget.**
- 2. Authorising the Chief Executive of the States of Alderney, in conjunction with the legal advisors of the States of Alderney, to agree and sign the Heads of Terms of Agreement and associated contracts.**
- 3. Authorising the Chief Executive of the States of Alderney, in conjunction with the legal advisors of the States of Alderney, to agree and sign the fully repairing lease on transfer of the assets.**

**Item II      Proposed increase in Water Rates**

**The following letter was received from Mrs Norma Paris, Deputy Chairman of the General Services Committee:-**

*"The States is requested to review the Water Rate charges annually, as part of the budget process, taking into account anticipated expenditure as predicted by the Water Board Management.*

*As previously reported the operating deficit had risen to £105K in 2006, which necessitated several years of 10% increases, reducing to 5% in 2011 & 2012, and 2.1% in 2013 & 2014.*

*In considering the Budget for 2016, the Board are proposing to continue with this level of increase at 2% this year, to ensure the Water Board continues to meet its annual operating costs in any given year and to avoid a similar situation occurring again. This increase together with significant reductions in expenditure, to the minimum level required to operate the service, is anticipated to achieve a small operating surplus for 2016.*

*However, in reviewing the fees this year, the Water Board are proposing other amendments rather than apply a 2% increase across the board to all charges.*

*The first proposal relates to garden/domestic hose charges, which are currently set at 50% of the minimum charge (currently £28.85 per quarter). These charges historically have been difficult to administer/monitor without increasing resources, and are considered high compared with domestic usage. The Water Board are therefore proposing a reduction to the hose charge to £20 per quarter, in order to encourage consumers to declare that they are using a hose, and to address the differential. It is suggested that this exercise to further reduce the charges could then be continued in future years.*

*It is proposed that the loss of income of £9.9k pa is partially offset by rounding the increase in minimum charge from £58.85 (based on 2% increase) to £60 per quarter, which would equate to an additional £5.3k per annum.*

*Other areas which the Board consider require addressing, for operational purposes as opposed to revenue generating purposes, include increasing the disconnection/re-connection fee to 3 times the minimum fee in order to discourage disconnections for short periods, and an amalgamation of the installation charges for internal and external meters, to encourage external meters to be fitted wherever possible to avoid staff having to enter/carry out work on private property.*

*Meanwhile, as mentioned in the October Budget Report, I am pleased to advise that the substantial capital investment program continues to be carried out in order to improve the Board's infrastructure and to ensure that the island's water supply can be maintained at an acceptable standard. As the Board has minimal reserves this investment has been funded by way of grants from the States of Alderney, totalling in excess of £2.2 million since 2008, with a further £250K anticipated for 2016.*

*However it should be noted that although we now have adequate water supplies to service the Island this resource should not be wasted. The cost of collecting and treating the supply continues to rise, with the consequential effect that the increased operating costs need to be met by the income from rates.*

*A draft Ordinance entitled "The States Water Supply (Rates of Charge)(Alderney) Ordinance 2015" is attached, which if approved will bring the revised rates and charges into effect from the quarter commencing 26th December 2015, and will be reflected in the March 2016 Water Rate accounts, as rates are charged in arrears.*

*I would be grateful if you would place this matter before the States of Alderney with appropriate propositions.*

*Norma Paris  
Deputy Chairman, General Services Committee"*

**The States of Alderney is asked to approve "The States Water Supply (Rates of Charge) (Alderney) Ordinance 2015".**

**Item III**      **Questions and Reports**

**The following report on the Living Island Initiative 2013/2015 was received from Mrs Norma Paris:-**

***“Living Islands Initiative 2013/2015***

***Purpose***

*The purpose of this report is to update the States with regard to the Living Islands Initiative.*

***Background***

*The Living Islands Initiative was set up two years ago and has now drawn to a close in its current form. It is a project that has been jointly managed by the States of Alderney, the Alderney Wildlife Trust and the Alderney Society, with a full time Project Manager and Assistant.*

*Our own Wildlife Trust negotiated the receipt of £50,000 from the Strategic Development Fund of the RSWT and the States of Alderney matched that funding and subsequently provided further funding so that work could continue until December 2015. Quite apart from these generous sums, in the true Alderney way, a great many volunteer hours and expert knowledge have also been given and this is very much appreciated.*

*There are many problems which face small island jurisdictions – transport links, the need for economic drivers to stem depopulation, the loss of shops and services and the consequent reduction in the quality of life for residents. The thrust of the project was to seek ways of identifying solutions for these issues on Alderney, such that our experiences would become a case study to help other islands. Feedback from our RSWT partners indicates they feel many useful pointers have emerged.*

*The overall objective could be summed up as the intention to maximise the economic benefits of our natural and heritage assets and encourage our community to value and help look after them.*

*Over the two years this translated into a very wide range of action plans, many of which have been achieved or are work in progress. It is only fair to say that the complex stakeholder relations did lead to some dissent amongst the partners with regard to the project's priorities.*

***Key Achievements***

*For the sake of brevity only a few will be highlighted. The most obvious have been the opening of the two heritage sites at Tourgis and Bibette Head, the WW2 Homecoming and Evacuation Events, and our involvement in the Channel Islands Heritage Festival, which is hopefully the start of a closer relationship with Visit Guernsey.*

*Perhaps most important for the future is the success of the specialist tour operators campaign. A good example is NatureTrek who brought two successful trips here this year and are planning another six in 2016. They have 40,000 subscribers all of whom are, by definition, already interested in wildlife holidays.*

***Tourism***

*Tourism is very important to Alderney. It employs about 10% of our economically active population and because it is labour intense more jobs are created per % of sector growth than in other industries. 2015 data indicates that the value of*

*economic activity associated with wildlife tourism could now be in excess of £4 million. (Simon Woodward, Leeds Beckett University).*

*From the States point of view Living Islands has emphasised the value of our wildlife and heritage to our tourism market.*

*Nature and heritage tourism is a growth sector. In the UK, visits related to the natural environment increased by 10% between 2005/09 despite a general decline in tourism of 9.2% over the same period (RSBP). UK figures for the popularity of heritage visits are similarly optimistic.*

*We are confident that we are appealing to some of the fastest growing sectors in tourism and should continue to focus on these high spending niche markets, especially as much of their interest occurs in our shoulder months.*

*This will bring challenges:*

- *our transport links still have limited capacity and a premium fare structure,*
- *our heritage sites (most of which would be Grade 1 in the UK) need to be presented in ways expected by our target market,*
- *our accommodation sector must continue to acknowledge that these tour operators will not use ungraded accommodation.*

#### **Where Now?**

- *Martin Batt, the Project Manager, has agreed to stay on until Christmas to ensure a smooth handover of the Living Islands brand to Visit Alderney.*
- *There will be an appointment within Visit Alderney to build upon the marketing, nature guiding, community involvement and links with France that Living Islands has developed.*
- *The importance of the maintenance and improvement of our natural environment will be emphasised in the work undertaken by the States Works Department, the Alderney Wildlife Trust and other important bodies such as the Alderney Society with the use of Service Level Agreements.*
- *Negotiations for inclusion in Guernsey's Island Hopping tourism initiative.*
- *Plans for the opening of the Roman Fort at the Nunnery as a third heritage site so our military history can be seen to span nearly 2,000 years.*
- *Consideration of the Marine Park proposals from Plymouth University, acknowledged experts in this field, to help us safeguard and enhance our marine environment.*

*Lastly, a very large thank you is due to both Martin Batt and Anne-Isabelle Boulon for all their enthusiasm and hard work over the past two years and their unfaltering commitment to putting Alderney on the nature and heritage tourist map."*