

THE COMMITTEE FOR ECONOMIC DEVELOPMENT
COMMITTEE POLICY PLAN

Introduction

This document comprises the Committee *for* Economic Development's response to Phase One of the Policy & Resource Plan agreed by the States in November 2016. It sets out, at a high level, the policy priorities of the Committee *for* Economic Development, together with an outline of the anticipated benefits and the work needed to realise those benefits, plus an estimate of the resources required to deliver those pieces of policy work.

Our responsibilities

The Purpose of the Committee *for* Economic Development is to secure prosperity through the generation of wealth and the creation of the greatest number and widest range of employment opportunities possible by promoting and developing business, commerce and industry in all sectors of the economy. In this respect, there are many objectives of the Policy & Resource Plan (Phase 1) that can be delivered through the Committee's mandate and its own policy priorities.

With specific reference to the objectives of the Policy & Resource Plan, the following areas of its mandate are particularly aligned:

- the promotion and development of all sectors of business, including construction, creative industries, digital, financial services, intellectual property, retail and tourism
- the reputation of the Island as a centre for commerce and industry
- securing the provision of, and promoting, air and sea links to and from the Bailiwick
- inward investment at the corporate and individual level
- the labour skills necessary to sustain economic prosperity
- competition, innovation, diversification and regulation in the economy
- safeguarding living marine resources and the sustainable exploitation of them

Policy Priorities for the Committee *for* Economic Development

Following a complete review of the key policy areas adopted from the Commerce & Employment Department, assessing the Committee's role as set out within its mandate and taking into account the feedback received by Policy & Resources through its consultation on the Policy & Resource Plan, a total of 15 policy priorities have been identified by the Committee *for* Economic Development (the Committee). These have been set out in three categories of priority.

Each policy priority in each of the three categories is considered to be of equal importance and the three categories are:

- Critical
- Key
- Important

This ranking identifies that all of the Committee's priorities are regarded as significant, but some are more critical than others and, with limited resources available to allocate to these, it is these Critical priorities that will be given primacy for advancement.

CRITICAL

- Support and promote a diverse finance sector that is appropriately managed, sustained and developed so that Guernsey remains a leading international finance centre
- Support tourism in order to maintain and grow the economic contribution the industry makes to the islands
- Provide support to the maintenance and expansion of air and sea links so that Guernsey is well connected with the UK and Europe
- Investigate and support appropriate new opportunities to diversify the local economy through innovation, with a particular focus on the digital, creative and IP sectors
- Identify and facilitate the removal of obstacles to appropriate forms of sustainable economic growth
- Support the maintenance and further development of excellent digital connectivity
- Work with others so that, post-Brexit, the trading opportunities and risks for the Island's goods and services are secured and where possible enhanced

KEY

- Encourage high value individuals and new high added value and sustainable businesses to become established on the Island
- Support the development of skills, talent and entrepreneurialism through identifying skills gaps and future opportunities for diversification and economic growth
- Support retail within the Island so that essential needs can be met and to retain and enhance active, attractive and economically valuable shopping and working areas
- Provide support to the construction industry through the active encouragement of strategic development and assisting in the removal of barriers to business, so that it can assist in the competitive and efficient delivery of sustainable economic growth

IMPORTANT

- Support a self-sustaining local fishing industry by safeguarding the Bailiwick's marine resources from unregulated and unsustainable exploitation
- Have in place a Bailiwick aviation regulatory system that is efficient and attractive to businesses based in the Island or considering relocating to Guernsey
- Promote Guernsey as a high quality destination of choice for the efficient registration of companies
- Regulate economic activities, as mandated by the States, to encourage competition of a scale that is appropriate for a small island economy

Identifying Policy & Resource Plan objectives that have a relationship with the Committee *for Economic Development's* policy priorities and assessing overall compatibility

Those objectives of the Policy & Resource Plan considered relevant to the Committee's mandate and policy areas have been filtered out from the document's long list of "we will" statements, to ensure that all elements of the Policy & Resource Plan that have some relationship with the Committee's mandate have been identified.

All Committee priorities, identified above, fit with the Policy & Resource Plan objectives. All of the Policy & Resource Plan objectives that require input from the Committee have been identified as a priority by the Committee.

Policy Priorities for the Committee *for* Economic Development

Set out on the following pages are each of the Committee's policy priorities (as listed above), together with:

- an explanation for their prioritisation
- the likely work streams required to deliver them
- their benefits
- the constraints to delivery, and
- the resources required to deliver them

It also identifies what might be possible with an increased resource allocation.

The Committee is conscious of the fact that it has identified a number of policy priorities that it considers are necessary in order to fully deliver its mandate, as set by the States. The Committee has undertaken an exercise of determining what it should no longer advance and which work streams simply cannot be stopped. However, it acknowledges that not all of the priorities identified in this paper can be delivered if the Committee is only able to utilise those resources that are identified as being its own.

Therefore, the Committee is looking to the Policy & Resources Committee to undertake a degree of prioritisation of all of the committees' priorities within the process of establishing an agreed Policy & Resource Plan. The Committee considers that its mandate, and therefore the health of the economy can be best addressed through the provision of additional resources, and this is referred to under each of the Committee's policy priorities below. Therefore, the Committee would encourage the Policy & Resources Committee to look across all of the priorities put forward by the principle committees in their policy plans and:

- identify synergies across the organisation and coordinate action accordingly
- identify the overall set of policy priorities needed to deliver the States of Guernsey's vision for the future and
- accept or decline the policy objectives of each of the Committees accordingly

To not do so will result in Committees being under pressure to undertake more work than they are able to adequately resource, raising public expectations and falling short on the quality of delivery. The Committee is aware that this may result in some of its own policy priorities not being identified for delivery, but that this is the right approach if the Policy & Resource Plan is to truly represent a document to focus the efforts of government in this political term.

CRITICAL PRIORITY: Support and promote a diverse finance sector that is appropriately managed, sustained and developed so that Guernsey remains a leading international finance centre

Reason for prioritisation

This has been prioritised by the Committee as the finance sector represents the Island's main economic activity and is the most significant contributor to local employment, wealth and revenues. The sector creates high value employment opportunities for the local population and has the highest average earnings per employee of any sector of the economy¹. Its development, as a sector, is a primary driver for strong and sustained economic growth. Income tax represents the main source of revenue for the States of Guernsey and the finance sector generates more income tax than any other sector. It also generates property tax and duties and company fees. The sector indirectly supports all other sectors of the economy through the significant spend on goods and services, by both businesses and employees, and supports travel links through the volume of business travel. Many businesses operate corporate social responsibility programmes supporting local events, charities and good causes.

The success of the sector depends upon the support of the States of Guernsey to provide an environment in which business can flourish including, but not limited to:

- the development of policies and strategies encouraging and supporting growth, innovation and diversification in the sector
- the maintenance and development of a modern, attractive and internationally respected legal and regulatory framework
- representing the interests of the sector in discussions with foreign governments and public authorities and
- supporting the promotion of the sector on the international stage

Without sufficient support, for the sector, the health of Guernsey's economy could suffer, to the detriment of the quality of life of all islanders who benefit from this high value, low footprint sector.

¹ States of Guernsey Data and Analysis, section 2 page 28.

Work required to be carried out in this political term (in addition to BAU)

- To continue to develop and maintain corporate, commercial and finance sector legislation so as to ensure that Guernsey maintains its position as having a highly regarded and business friendly legal framework.²
- Ongoing monitoring and implementation of the recommendations set out in the:
 - Fintech Review (this is now part of the Digital Sector Strategic Framework)
 - Fiduciary Sector Review and
 - Insurance Sector Review
- To publish a strategic review of the Investment Sector which will include a strategic plan with clear priorities, objectives and business opportunities for the development and promotion of the Investment Sector
- To publish a strategic review of the Banking Sector with the focus on attracting new banks to the Bailiwick
- To update the “Guernsey Financial Services: A Strategy for the Future” report to reflect renewed priorities and objectives for the finance sector
- To engage consultants to provide an analysis of Brexit and its effect on the Bailiwick’s finance sector including identification of business opportunities for the same, post Brexit, and the provision of policy guidance for government in support of the sector
- To work with the Policy & Resources Committee in respect of the establishment of a private register of Beneficial Ownership as agreed with the UK government

Anticipated benefits

The benefits of pursuing this policy priority are set out below:

- attract new business to Guernsey
- maintain and expand the direct economic contribution of the finance sector to GDP and revenue income
- maintain and increase the indirect contribution of the finance sector to the local economy and community
- create high value jobs for local people and
- support the sustainability of existing and future transport links

²This reference is to specific material projects including, inter-alia, updating Guernsey’s insolvency legislation and the Limited Partnership (Guernsey) Law, 1995, creation of cheque imaging legislation and amendments to the Banking Deposit Compensation Scheme (Bailiwick of Guernsey) Ordinance, 2008.

- augments Guernsey's Global presence

Barriers to successful delivery

Potential barriers to successfully delivering this policy priority are set out below:

- international political, regulatory and economic developments (e.g. Brexit)
- competition from other international finance centres
- need for support of external stakeholders in delivery, and implementation, of policy
- circumstances inhibiting industry from being able to identify and generate new business opportunities and
- availability of adequate resources (see below)

Resources needed to implement

This policy priority, which will largely be delivered by the Committee's Finance Sector Development team (FSD) requires being adequately funded to address deficiencies in the following areas:

(a) Staffing

FSD, as a general requirement, needs to recruit and retain high quality professional staff to ensure the team is sufficiently resourced to deliver the Committee's policy priorities, respond to recent international developments and to provide the support to industry in accordance with expectations. At current staffing levels, (i) FSD will have to prioritise other projects and may not be able to deliver all of the expected priorities within, what it regards as being, acceptable time lines and (ii) the overall operational efficiency will be adversely affected.

Budget constraints are having a material impact on FSD's ability to meet this requirement and to compete with equivalent teams in competing jurisdictions, adversely impacting on Guernsey's ability to maintain its competitive edge.

It is not possible to reallocate resources from other parts of the Committee's operations as they will not have the professional skills required to undertake the necessary work.

(b) Consultants

The States of Guernsey has historically engaged consultants when additional specialist skills are required, such as to:

- effect sector reviews including the Fintech Review 2015, the Fiduciary Sector Review 2016 and the Insurance Sector Review December 2016
- assist in the development of the finance sector strategy document and
- assist with specific projects such as the insolvency law review

The benefits of the above are self-evident and, generally, supported by all industry stakeholders. The FSD budget line, in respect of consultants, is currently considered being reduced to affect required savings, the result of which is that it is now unlikely that some of the future projects such as the updating of the finance sector strategy document, in 2018, as originally envisaged, will be performed within the desired timeframe.

In contrast, and by way of example, it is understood that another international finance centre, in 2013, engaged consultants to affect a review of the major opportunities and challenges facing its finance sector at a cost, in the region of, £1 million. The same international finance centre and has also recently announced that it has made available up to £900,000 to engage consultants to, inter-alia, review potential opportunities and threats arising from Brexit, and the implications for its finance sector strategy. FSD's entire budget, for consultants is materially smaller than the amount assigned to consultants for the above Brexit review and currently does not include funding for any form of review of finance sector opportunities in the context of Brexit from a Guernsey perspective. The current budgets are having a material impact on FSD's ability to identify and develop additional benefits and appropriate funding would allow FSD to address this.

(c) Guernsey Finance

Operated under the brand 'WE ARE GUERNSEY', Guernsey Finance is a joint industry and Government initiative that promotes the Island's financial services sector internationally. The agency ensures that the core values and competencies of Guernsey's finance sector are accepted and respected by the global community and that financial business development flows are enhanced to the Island.

The Committee contributes £800,000 annually to Guernsey Finance. At the time of writing (April 2017) the Committee is undertaking a review of a number of grant-funded agencies, which will look at their strategic aims and current structures in place to consider how they can more efficiently and effectively deliver enhanced outcomes. Therefore it is the view of the Committee that the current financial commitment to Guernsey Finance should remain in place until the review is completed later this year.

Benefits of allocating additional resources

It is understood that Policy & Resources has allocated just under £400,000 over 2 years to resource the coordination of Brexit-related work. While the Committee welcomes this, it would like to ensure that additional resources are available to carry out research into the potential impacts of Brexit on Guernsey's economy, specifically the finance sector, and investigate further opportunities for growth.

Increased funding for FSD will allow for appropriate recruitment to the team in accordance with the expected increase in demand.

Additional resource would help resolve the issues identified, above with the clear benefit to the finance sector and Guernsey's economy generally. This should be seen as of strategic importance to the States of Guernsey and the Committee is of the view that this warrants reprioritisation of the allocation of resources across the committees to effect these economic benefits. The Committee has identified its own prioritisation of resources but is of the view that additional resources would enable this policy priority to be delivered in this political term.

CRITICAL PRIORITY: Support tourism in order to maintain and grow the economic contribution the industry makes to the islands

Reason for prioritisation

Tourism is a significant contributor to Guernsey's economy through spend from off-island visitors. It also has the ability to increase demand for air and sea travel, leisure and sports facilities and restaurants, to the overall benefit of Islanders through cheaper costs and improved facilities.

Work required to be carried out in this political term (in addition to BAU)

- Review the Guernsey Tourism Strategy to evaluate new, sustainable and competitive routes to the islands, strengthen the Islands' unique product offering, develop an exceptional visitor experience, develop a positive environment for growth and investment and develop marketing and messaging that is consistent and compelling and report to the States
- Examine the viability of extending the runway in order to facilitate additional connections with the UK and Europe by Q4 2017 and report the findings to the States
- Examine the potential for air route development opportunities within the existing infrastructure constraints and report findings to the States
- Review the Air Transport Licensing regime to ensure regulation is fit for purpose and supports the growth, security and long term sustainability of air routes to the Island and report findings to the States
- Continue to work with Condor Ferries and evaluate opportunities to address strategic needs gaps identified in the Condor CSR report of 2016, to secure the required improvements (resilience, reliability, schedules) to existing services to and from the Island
- Work with passenger only ferry operators to secure improvements to inter-island services (possible report to the States of Guernsey in 2017)
- Review the States of Guernsey Tourism Strategy, so that government and the tourism industry can play its part in marketing and promoting the Island, developing the Island's product offering, improving the visitor experience, creating an environment for investment and maintaining and expanding strong physical links to the Island, and present to the States
- Continue to develop the Cruise Liner business to help grow the number of passengers visiting the Island and contributing to the growth of the Island's economy

Anticipated benefits

- The necessary transport links infrastructure and licensing regimes and legislation are committed to, to help give confidence to the industry, business and consumers that Guernsey is open for business and is also committed to facilitating and stimulating the growth necessary to support the Tourism Strategic plan objectives
- The necessary policies, assets, investment and support from government are in place and are made available, to give confidence to business and industry to invest in the development of the Guernsey tourism product offering and the visitor experience
- Government commitment to growing the tourism sector helps to ensure that Industry is committed to the ongoing improvement of the visitor experience and continues to invest in the delivery of exceptional customer service
- Government is committed to investing in a key industry sector which drives additional growth through the multiplier effect, with additional revenue support for marketing and promotion of the Guernsey tourism offering
- Ongoing increase in visitor numbers and spend that helps to provide sustainable, flexible and competitive transport links and a hospitality sector that benefits the wider local resident and business communities

Barriers to successful delivery

- Desire to see immediate return on investment from key initiatives fundamental to the future growth of the sector
- Lack of capital resource / prioritisation to commit to major infrastructure projects (e.g. Runway extension and Harbour Action Plan)
- Lack of revenue funding to support the marketing and promotion necessary to help deliver the growth objectives
- Lack of industry and business confidence in, and commitment to, investing in improving the tourism product offering and visitor experience
- Policy and legislation that is perceived to inhibit growth and investment

Resources needed to implement

- Runway extension – Capital prioritisation funding (Seed funding for feasibility study / business case) and capital funding for runway extension and airport infrastructure changes - TBC

- c£1-2m for new air route support would open up opportunities for increasing visitor numbers
- Subsidy for Alderney PSO air routes (Alderney – Guernsey and Alderney to Southampton), and additional operational resource
- Possible capital budget for investment in sea links/ subsidy for underwriting ferry services TBC
- Additional contract resource to be dedicated to developing sea and air link agreements and opportunities
- Increase in Events Group funding focussed on Tourism specific events – from c£150k to 250k pa
- Capital prioritisation for Harbour Action Plan – Seed funding for development of detailed Harbour Action Plan feasibility study and business case to facilitate private investment. TBC
- Possible additional Grant Funding for Start-Up Guernsey to focus on Tourism businesses
- Increase in Marketing and Promotional and Trade Support Budget for VisitGuernsey - +£1-2m pa

Benefits of allocating additional resources

- Allows for key infrastructure programmes which remove barriers to providing the necessary industry and business confidence and commitment to invest
- Allows for resource to stimulate new route opportunities that help to deliver the necessary return on investment for key infrastructure programmes
- Provides additional resource to help focus on improving the tourism product offering and visitor experience
- Provides additional resource to help compete on a more equal basis with other competitor destinations, and to promote and develop key existing / at risk markets, and new and developing growth markets (e.g. Wellness, Business, Cruise markets)

CRITICAL PRIORITY: Provide support to the maintenance and expansion of air and sea links so that Guernsey is well connected with the UK and Europe

Reason for prioritisation

Robust, sustainable, reliable and affordable air and sea links are an essential requirement to deliver a dynamic and growing economy. They are required for:

- Business travel to and from the Island
- Visitor travel to the Island
- Import and export of freight

Connectivity to major UK and international airport hubs is also a key requirement for both business and leisure travellers.

Reliable schedule and frequency of air and sea service is vital if Guernsey is to facilitate and develop its economic development opportunities.

Work required to be carried out in this political term (in addition to BAU)

- Evaluate new, sustainable and competitive routes to the islands through investigating new air route opportunities, investigating and evaluating the potential case for the extension of the runway, reviewing the Air Transport Licensing regime and evaluating opportunities to address strategic needs/gaps identified in the Comprehensive Service Review of Condor (2016) in order to ensure that services provided by Condor Ferries align with the strategic needs of the Island
- Review the States of Guernsey Tourism Strategy, so that tourism can play its part in maintaining and expanding strong physical links to the Island, and present to the States
- Continue to develop the Cruise Liner business to help grow the number of passengers visiting the Island and contributing to the growth of the Island's economy

Anticipated benefits

- Growth of Guernsey as a business and tourist destination

- Service levels to maintain Guernsey's competitive position, compared to other jurisdictions
- Maintenance of freight links to the Bailiwick
- Building business confidence and promoting the message that Guernsey is "Open for business"

Barriers to successful delivery

- The economics (commercial viability) of providing air and sea links to a small Bailiwick with a limited critical mass of people wanting to travel to and from the islands
- The critical mass of Guernsey's population
- The commercial or governmental appetite for subsidy and/or underwriting of routes and schedules
- The potential requirement to consider a Channel Island approach to transport links, particularly with regard to sea routes
- Guernsey's physical infrastructure at the air and seaports. For example, the Committee is investigating whether the current runway length is limiting economic growth and/or adversely affecting fares
- Changing nature of international travel and aircraft and sea vessel types (global move to bigger aircraft and sea vessels)
- Regulations or external business policies beyond the Committee's control, such as the discouragement of propeller aircraft by Gatwick Airport
- EU rules on sulphur emissions for boats, which will increase operating costs and therefore affect viability of services (this will be affected by Brexit negotiations)

Resources needed to implement

Staffing:

- Air and sea routes – Dedicated resource to lead on policy, legislation and business case development
- Business as usual – dealing with carriers and policy implementation, plus more in-depth strategy and policy development issue

Budget:

Route development, route subsidy or route underwriting required. Public Service Obligation (PSO) routes may need to be developed. Marketing support for Guernsey harbours and airports.

Benefits of allocating additional resources

- Further investigation of alternative solutions to air and sea travel
- Investment in the physical infrastructure of the air and sea ports (capital allocation)
- Investigation into how Guernsey can remain easily accessible from Europe (such as remaining within the Common Travel Area) post-Brexit

CRITICAL PRIORITY: Investigate and support appropriate new opportunities to diversify the local economy through innovation, with a particular focus on the digital, creative and IP sectors

Reason for prioritisation

The finance sector accounts for 34% of the economy. There is a desire to promote new and emerging sectors of the economy and economic development opportunities. Digital, creative and Intellectual Property (IP) are a particular focus for the Committee, owing to them being high value, low footprint economic activities, suitable for a small island where land and workforce are at a premium. The Committee's aims are set out in the Digital Sector Strategic Framework Document.

Work required to be carried out in this political term (in addition to BAU)

- Implement the Digital Sector Strategic Framework's 10 action areas across four broad priorities (Driving digital sector growth [e.g. Fintech, cyber security, creative sectors], Delivering next generation digital Infrastructure, developing the digitally skilled workforce of the future and providing world leading and proportionate compliance and regulatory environment), to drive economic growth by investing in the digital sector to support existing businesses and strengthen the offer to new business opportunities
- Produce a methodology for working with businesses to encourage innovation and adaptation of working practices to the digitally enabled world where traditional ways of doing things are vulnerable to disruption
- To produce an assessment of the desirability and feasibility (including the cost and benefits) of expanding Guernsey's shipping registry
- Refine and develop the IP strategy for Guernsey to advance its reputation as a world class centre for Intellectual Property and to secure future growth in this sector
- Review the Guernsey Tourism Strategy to strengthen the islands' unique product offering through supporting the development of the islands' events, wedding, wellness, business tourism offering, supporting the expansion of alternative accommodation provision including Glamping and Airbnb. Supporting the development of Al Fresco Hospitality and the development of the Cruise Passenger experience and reporting to the States
- Produce a methodology for identifying opportunities for 'High Value, Low Impact' industries that complement or offer an alternative to Finance Sector Industries

Anticipated benefits

As set out in the Digital Sector Strategic Framework, the Digital Economy has great growth potential for the Island and achieves diversification of the economy. There is also a need for businesses to become digital by default if they are to remain competitive.

Demonstrating that Guernsey's Intellectual Property Legislation is compliant with the Agreement on Trade-Related Aspects of Intellectual Property Rights will support future membership of the World Trade Organisation.

Barriers to successful delivery

- Lack of resources (staffing and financial) to implement the aims of the strategy (see below)
- Negotiations are ongoing with the UK to extend International Agreements for Intellectual Property. The ability to take first registration from Guernsey and extend that to other jurisdictions will assist export markets. However resource constraints in the UK to consider these matters are leading to delays

Resources needed to implement

Staffing:

Guernsey is currently under resourced in this important area of economic development and diversification. There are currently two full time staff responsible for the operation of the Digital Greenhouse, but there is no dedicated resource responsible for the development of digital sector policy. There is no appointed digital sector lead and work on business as usual is falling to a very small team that is also responsible for delivering 8 other Committee policy priorities, 5 being regarded by the Committee as Critical.

By way of comparison, another rival jurisdiction employs 7 members of staff with a budget of over £1m per year.

Finance:

A total of £1,460,000 of the Economic Development Fund was allocated to the establishment and operation of the Digital Greenhouse in 2016. This is a three-year project, running until December 2018 with income generated by the Digital

Greenhouse through membership fees and space hire off-setting the EDF grant funding.

The Digital Greenhouse has been established by the States of Guernsey to act as a focal point for the growth of the digital and creative sector. It is designed to support effective collaboration, co-working, networking and learning to enable successful innovation to thrive in Guernsey. After 2018 a decision will be required as to whether the Digital Greenhouse should continue to receive government funding. The Committee is currently undertaking a review of agencies in order to assess how efficiency savings can be made and how any overlaps of activity might be avoided.

The Committee currently allocates up to £25,000 of funding per year to Creative Industries Guernsey to help with skills development through its mentorship programme. The purpose of Creative Industries Guernsey is to promote a closer relationship between all the facets within and surrounding local industries. Its mandate is for open and fluid communications between each other and each industry, to educate and inspire and to promote the industries for the benefit they offer the Island.

The Committee currently has no budget allocated to the delivery of the Digital Sector Strategic Framework, other than a small amount in the 'Emerging Sectors' budget, which is also required to fund other non-digital issues.

Benefits of allocating additional resources

Additional resources would enable the Committee to properly deliver its digital strategy and assist in the growth and diversification of the economy.

The Digital Greenhouse project is currently significantly involved with this policy priority. With additional resources, the Committee would be able to shift this activity from a ring-fenced project to business as usual.

As mentioned above, at the time of writing (April 2017) the Committee is undertaking a review of a number of grant-funded agencies, which will look at the current structures in place to consider whether it is possible to secure enhanced outcomes and better value for money. Whilst it is impossible to identify the scale and type of resources needed to deliver this policy priority until the review of agencies has been carried out and any assessment of the effectiveness of the Digital Greenhouse has been considered, it may result in the Committee having to increase its annual budget by approximately £500,000 from 2018 onwards to maintain the current level of support for this policy.

CRITICAL PRIORITY: Identify and facilitate the removal of obstacles to appropriate forms of sustainable economic growth

Reason for prioritisation

Guernsey exists in a competitive environment and must ensure that its offer to the business world remains compelling and competitive. It is essential that businesses do not experience unacceptable expenditure or encounter barriers when undertaking business in Guernsey.

Work required to be carried out in this political term (in addition to BAU)

- Follow up the findings of the Red Tape Audit carried out in 2015 and work with the SMART Guernsey initiative to identify opportunities for streamlining business interactions with the States of Guernsey
- Review the funding arrangements for a number of organisations/agencies/business units whose role it is to develop and promote Guernsey's economic sectors and attract individuals and businesses to the Island. This will ensure that the Committee is receiving the maximum return on its investment and that the operational functions, delivery mechanisms and governance structures are such that duplication is avoided, the impact of the work of the organisations is maximised and that staff skills across the organisations are most effectively deployed
- Request Committee for Home Affairs to review the Approved Warehouses Order (bonded stores), in order to decrease costs to businesses and to report findings to affected businesses
- Produce the methodology for undertaking a review of Alcohol Duty in respect of spirits and small independent brewers/cider producers and determine the economic value of any change in duty

Anticipated benefits

- Guernsey maintains its competitive position and sets a platform for future growth through the growth of business confidence

Barriers to successful delivery

- Connectivity (air and sea) – availability and cost compared to rival jurisdictions
- Access to staff with the right skills (population policy and management)

- Access to fast and ultra-fast broadband at a cost that does not serve as a disincentive to business (essential need for competitiveness)
- Access to the right type of commercial premises at affordable rates (for example, large floor plate offices)
- Unnecessary 'Red Tape'
- The impression that Guernsey is not 'open for business'

The issue of there being too much unnecessary red tape is difficult to fix. It is likely to require changes to regulation and yet at the same time international legislation, often necessary to comply with international treaties, is expanding all the time and adding to the burden. The balance of ensuring good regulation while allowing businesses to be adaptive to market conditions and fleet of foot is a challenging one.

Resources needed to implement

Staffing:

This policy priority could occupy all of the Committee's resources for the current political term. Therefore, it must look to work together with other Committees to ensure that the economic impacts of decisions are known, understood and respected. This will be essential in cases which affect the overall delivery of the States of Guernsey's Policy & Resource Plan.

Benefits of allocating additional resources

- The allocation of additional staff to enable the Committee to be more 'fleet of foot' with legislation revisions, to give Guernsey a competitive advantage over rival jurisdictions
- Head off potential economic problems quickly
- Capitalise on opportunities presented

CRITICAL PRIORITY: Support the maintenance and further development of excellent digital connectivity

Reason for prioritisation

This is covered in the Digital Sector Framework (see above) and mainly being progressed by Policy & Resources, but with input from the Committee.

Work required to be carried out in this political term (in addition to BAU)

- Implement the Digital Sector Strategic Framework to ensure the delivery of appropriate next generation digital infrastructure
- Deliver the Digital Sector Strategic Framework 10 action areas across four broad priorities (Driving digital sector growth, Delivering next generation digital Infrastructure, developing the digitally skilled workforce of the future and providing world leading and proportionate compliance and regulatory environment)

Anticipated benefits

As set out in the Digital Sector Strategic Framework, the Digital Economy has great growth potential for the Island and achieves diversification of the economy. There is also a need for businesses to become digital by default.

CRITICAL PRIORITY: Work with others so that, post-Brexit, the trading opportunities and risks for the Island's goods and services are secured and where possible enhanced

Reason for prioritisation

Guernsey needs to maintain its current position and relevant existing agreements as the UK exits the EU. Opportunities exist for Guernsey to present itself as a stable regime with economically advantageous product offerings.

Work required to be carried out in this political term (in addition to BAU)

- Work with Constitutional and External Relations and St James' Chambers, prepare proposals for Guernsey to have the UK's membership of the World Trade Organisation extended to the Island. (A policy letter will be prepared for presentation to the States of Guernsey)
- Identify the necessary internal and external research into Guernsey's trading relationships with the UK, EU and rest of the world to ensure Guernsey is well placed to protect and enhance its trading position with the UK and Europe during Brexit negotiations
- Analyse the risk to the availability of skilled labour and seasonal labour from the EU if the Free Movement of People is not a policy that is secured post-Brexit and produce a number of potential scenarios, based on Brexit scenarios to ensure Guernsey is well placed to take advantage of any trading opportunities post Brexit and to work with Jersey to establish pan-CI position
- Work with the Guernsey Border Agency to carry out initial research into movement of goods to enable scenario planning based on Brexit scenarios (needs resourcing). Working with Jersey to establish pan-CI position
- Potential for external research to be carried out into business attitudes relating to SWOTs of Brexit and impact on Guernsey's economic sectors. External research may be needed depending on availability of resource. Potential to work with Jersey and to pool resources to undertake pan-CI research and achieve economies of scale

Anticipated benefits

- Possible business re-locations and additional business if Guernsey is regarded as a stable jurisdiction

Barriers to successful delivery

- There may be instances where the priorities of the UK Government and those of the Crown Dependencies are not fully aligned or the UK is not in a position to prioritise the interests of the Crown Dependencies above those of others
- Lack of knowledge / resources within the Committee's resources and the States of Guernsey generally
- Guernsey is not yet a member of the World Trade Organisation (WTO). In the event of a 'hard Brexit', Guernsey may face higher tariffs if it is not a member. WTO membership has benefits for Guernsey's economy for areas such as Intellectual Property

Resources needed to implement

Staffing:

Most of this work is being led by the Policy & Resources Committee through the External Relations team. However it is likely to have significant resource implications for the Committee and a minimum of one additional Full Time Equivalent is required.

Benefits of allocating additional resources

Other jurisdictions have rightly seen this as a priority and have allocated to it significant sums of money in addition to normal budgeting, reflecting its importance and value to the economy.

At the present time, adequate resources have not been allocated to investigate and prepare for the impacts and opportunities of Brexit in Guernsey.

The Committee's Finance Sector Development team is in the process of considering the potential impact of Brexit on the finance sector, with a view to follow up meetings with industry and the UK government to ensure that industry concerns and suggestions are addressed efficiently and correctly. However, additional resources would enable this work to be carried out at pace and would enable Guernsey to access the right skills to undertake the assessment to ensure Guernsey is in a strong position following the UK's exit from the EU in 2019.

KEY PRIORITY: Encourage high value individuals and new high added value and sustainable businesses to become established on the island

Reason for prioritisation

This has been prioritised by the Committee as it is one of the areas of the Committee's mandate where on-island wealth can be directly increased through specific intervention.

Work required to be carried out in this political term (in addition to BAU)

- Continue to investigate the attractiveness of Guernsey as a destination for high net worth individuals
- Review the roles, responsibilities and interrelationships of States of Guernsey-funded operations and agencies and others to determine the best vehicle/s for delivering the above objective
- Establish a mechanism/methodology to monitor the conditions in Guernsey to ensure they are conducive to individual/business relocations (work permits, access to housing, business premises, skills, working population, etc.)

Anticipated benefits

The benefits of advancing this policy priority are that it has the ability to increase economic activity in the Island and therefore increase the tax take for the States of Guernsey, through personal taxation and property document duty. In addition to these primary benefits, there are considerable secondary economic benefits. These include (but are not limited to) spend with professional services firms, the hospitality and retail sectors and Guernsey's construction companies. There is also a multiplier effect here for a single year. The conservative single year multiplier figures are 1.5 times for primary benefits and 3.5 times for secondary benefits. (Obviously for a longer period, that multiplier figure can be expected to be higher.)

It has the ability to attract inward investment to the Island and to enhance the Island's reputation as a high quality place to live and do business, further increasing the potential to attract new individuals and businesses to the Island. It also results in increased employment opportunities, potentially in new industries to the Island and can subsequently lead to new training opportunities, increasing and diversifying the skills levels of Guernsey's population.

Barriers to successful delivery

The most immediate difficulties in realising benefits relate to the future funding structuring of this particular function.

Specific difficulties relate to the potential impacts on the free movement of people, following the UK's Brexit negotiations with the EU. Locally, the Island's Population Management Regime may present difficulties in attracting people, businesses and employees to the Island and therefore the Committee would wish to see flexibility in local policies and legislation, in areas such as personal tax policies, planning controls and work permits.

Ultimately, Guernsey is competing in a global market and there is always the threat of better offers to individuals and businesses from elsewhere.

Interdependencies between policies and any necessary phasing of delivery

The Committee will need to work closely with the Policy & Resources Committee regarding the existing Fiscal Framework, with the Committee for Home Affairs regarding the population management regime and Open Market housing control and with the Development and Planning Authority on matters concerning land use planning policy.

Resources needed to develop or implement the policy

Responsibility for progressing this policy objective mainly rests with the Committee's Locate Guernsey function. The Locate Guernsey programme was funded on a three-year basis, with a ring-fenced sum of £1.2 million being allocated. A series of Key Performance Indicators have been established to assess the Committee's return on investment. After 2018 a decision will be required as to whether this work stream should continue. The Committee is of the view that this is a significant work stream for growing the local economy and such activity is likely to need to be resourced after 2018. The Committee is currently undertaking a review of agencies in order to assess how the strategic aims can be aligned more efficiently and effectively.

Funding for the potential contracting of consultants may be required. It is also likely that other States Committees, such as Policy & Resources, may need to provide specialised monitoring and data collection skills in order to ensure any review of operations is based on reliable and robust evidence.

The ability to deliver this Committee policy priority is dependent to some degree on the level of marketing carried out. Therefore, the Committee's capacity to undertake

such marketing and to ensure consistent messaging and branding may require resources over and above its current level of commitment.

Benefits of allocating additional resources

This policy priority is currently being led by Locate Guernsey. With additional resources, the Committee would be able to shift this activity from a ring-fenced project to business as usual. Depending upon the results of any independent assessment of activity, it may also be beneficial to increase the annual allocation of budget (currently £400,000 through the Locate Guernsey project) if a greater level of return on investment can be identified.

As mentioned above, at the time of writing (April 2017) the Committee is undertaking a review of a number of grant-funded agencies. Whilst it is impossible to identify the scale and type of resources needed to deliver this policy priority until the review of agencies has been carried out and any assessment of potential expansion of the Locate Guernsey activity considered, the Committee is of the opinion that a significantly increased resource allocation will be needed from 2018 onwards.

KEY PRIORITY: Support the development of skills, talent and entrepreneurialism through identifying skills gaps and future opportunities for diversification and economic growth

Reason for prioritisation

Access to skills are of critical importance for businesses, especially in the light of Brexit, and the impacts of a change to freedom of movement of people. It is critical for development of Guernsey's Digital Economy to ensure that the Island has access to a highly skilled workforce.

The Committee is aware that there is a worldwide shortage of certain skills and therefore it would be economically advantageous for Guernsey to upskill people accordingly.

Providing support to individuals and new businesses is important to the encouragement of entrepreneurialism, the diversification of the economy and ultimately economic growth. The Committee supports this through the work of Start-Up Guernsey, which is a granted-funded, arms-length agency.

Work required to be carried out in this political term (in addition to BAU)

- Work with the Committee *for* Education, Sport and Culture to develop a Skills Strategy (through Skills Guernsey) that ensures Guernsey is well placed to act on opportunities for economic growth and diversification, and report to the States
- Work on developing best in class digital skills, education and training through action area 6 of the Digital Sector Strategic Framework – Digital Skills
- Work with Start-Up Guernsey to create a best practice entrepreneurial environment – as set out in action area 4 of the Digital Sector Strategic Framework – Creating a best practice entrepreneurial environment
- Work with the Committee for Home Affairs (Population Management) to develop framework for the assessment of businesses applying for Employment Permits to ensure that businesses have access to staff to continue and expand the economic success of Guernsey-based businesses. Consider whether any amendments are needed to the population management regime
- Review the Guernsey Tourism Strategy to develop an exceptional visitor experience, to maximise the economic potential of the Bailiwick Ambassador scheme and skills development, develop a positive environment for growth and investment, provide guidance to the Committee for Home Affairs to ensure an

appropriate Population management regime with a specific focus on the potential impact on staff and skills retention and to report back to the States

- Work with P&R and ensure that the States has a clear position regarding the free movement of people, as part of the Brexit negotiations

Anticipated benefits

- Sound evidence exists proving that investment in skills development generates good economic return through better workforce productivity
- On-island skills development lessens the need to access off island skills and therefore population issues are of less concern
- Potentially develops local entrepreneurs of the future through a best practice entrepreneurial environment
- Enables economic diversification into emerging sectors
- Development of a local 'knowledge economy' and therefore diversification of our economy

Barriers to successful delivery

- Lack of funding allocated – i.e. Skills Guernsey exists to develop a skills strategy, but there is no funding for the strategy
- Start-Up Guernsey has limited funding to take up new initiatives

Resources needed to implement

A skills strategy would be implemented through Skills Guernsey (a sub-committee of the Committee *for* Education Sport & Culture), but no full time resource is allocated to this.

'Start-Up Guernsey' is a grant-funded agency that assists new businesses to start and to grow in Guernsey.

The Committee contributes £112,000 annually to Start-Up Guernsey. At the time of writing (April 2017) the Committee is undertaking a review of a number of grant-funded agencies, which will look at the current structures in place to consider whether it is possible to secure enhanced outcomes and better value for money. Therefore it is the view of the Committee that the current financial commitment to Start-Up Guernsey should remain in place until the review is completed later this year.

The Committee allocates £10,000 per annum to the Investors in People scheme, operated by the Guernsey Training Agency. This internationally recognised accreditation is held by 14,000 organisations across the world. The Standard defines what it takes to lead, support and manage people well for sustainable results. The Investors in People Standard is underpinned by a rigorous assessment methodology and a framework which reflects the very latest workplace trends, essential skills and effective structures required to outperform in any industry.

Benefits of allocating additional resources

- To enable the Committee to work together with the Committee *for* Education, Sport & Culture to develop a skills strategy that delivers the strategic policies of the Committee in terms of encouraging skills that will lead to economic growth in Guernsey
- To enable the Committee to work to create a best practice entrepreneurial environment in Guernsey

KEY PRIORITY: Support retail within the Island so that essential needs can be met and to retain and enhance active, attractive and economically valuable shopping and working areas

Reason for prioritisation

Retail is an important sector of Guernsey's economy and adds to quality of life through the contribution it makes to, amongst other things, an attractive and lively high street. It also enables direct access to goods that would otherwise only be available online.

However, retail ranks as a 'Key' (second tier) priority for the Committee and in the interests of having to allocate resources where they can have most effect in delivering the Committee's mandate, the Committee will need to look at other ways of delivering this. For example the advancement of one of the Policy & Resource Plan priorities could bring forward development within the Harbour Action Areas (HAA). This may unlock some of the problems faced by retailers and improve the viability of shops in this area. This could be achieved through increased commercial activity, an increased number of residents in the area and a general enhancement of the physical environment, bringing more visitors to Town. This work stream will require the input of the Committee and therefore the Committee would like to focus its existing resources in bringing forward this significant economic development. Currently this lacks any political lead and impetuous. It is suggested by the Committee that a working party that has representation across the relevant States committees is formed to gain a clear direction regarding the HAA. Only then will it become clear as to what resource is required and what other areas of the Committee's mandate regarding retail will be able to be fulfilled.

Work required to be carried out in this political term (in addition to BAU)

There is a case to allocate additional funds to this, as explained below. However, the Committee is of the opinion that the proper resourcing of the Harbour Action Area priority will also deliver the Committee's policy priority for retail. Therefore the Committee would look to P&R to provide these additional resources to enable the Committee to concentrate on its other policy priorities.

Benefits of allocating additional resources

If additional resources were to be allocated to the Committee, it would undertake the following work:

- Undertake a review of the 2013 Retail Strategy, so that retail is able to contribute positively to Guernsey's economy and deliver the maximum economic return
- Investigate new and expanded retail opportunities afforded by visiting cruise liner passengers to increase the level of on-island spend
- Evaluate the success of the existing retail skills training subsidy trial run between 2015 and 2016, and determine need/level of future subsidies working with the Committee for Education ,Sports and Culture to ensure this training is delivered as part of the Skills Strategy if it is beneficial to do so
- Assist in bringing forward the HAA and be part of a working party to ensure that economic benefits are identified and exploited in these areas

KEY PRIORITY: Provide support to the construction industry through the active encouragement of strategic development and assisting in the removal of barriers to business, so that it can assist in the competitive and efficient delivery of sustainable economic growth

Reason for prioritisation

The stimulation of key sectors such as finance, digital and tourism will bring in new money and help to deliver growth in the construction industry through the multiplier effect. Therefore the Committee will be focussing on these sectors in order to assist the construction industry.

The Committee is aware that the successful Queripel/Fallaize amendment to the Island Development Plan will result in the identification of sites that are suitable for low impact industrial uses and outside storage. It is also aware that the Island Development Plan, adopted by the States in 2016, provides greater flexibility for commercial premises that previously was the case within the Urban and Rural Area Plans. Furthermore, the Committee has helped to facilitate the provision of replacement premises in the private marketplace, for tenants of the open storage compounds at Fontaine Vinery, which are due to close later this year when a temporary planning permission for the compounds expires. Therefore the availability of land is currently being addressed and mechanisms have been put in place to assist this.

With regard to the issue of non-local traders, the Committee has researched this issue extensively and has allocated many staff hours. There is in place the ability for non-locals to work in Guernsey for a period of no more than 10 days in a rolling 30 day period, and no more than a total of 90 days in a rolling one year period without a housing licence. This rule is necessary to secure the flexibility that companies in all sectors of our economy require in order to operate easily in the Island, as well as ad-hoc workers and guest speakers. Whilst some have suggested a construction sector-specific exception to this rule, Housing Control has outlined the difficulties in applying rules to specific sectors due to the problem of definition of the class of people to be excluded, and the subsequent implications for enforcement. Policing such an exception would be extremely labour intensive and so would require robust evidence of need.

With these points in mind, the Committee has determined that the progression of this particular policy priority is not currently of a high enough priority to continue with this work stream during this political term, which would be at the expense of focusing resources on other policy priorities.

Benefits of allocating additional resources

If additional resources were to be made available in this political term, the Committee could undertake the following work:

- Analyse response to commercial premises needs survey for businesses requiring land for industrial and storage uses and determine future land requirements
- Consider the need for States support (as landlord or some other form of financial support) for businesses requiring land for industry/storage
- Investigate the need to introduce as an exception for the construction industry for a licence for a period of no more than 10 days in a rolling 30 day period, and no more than a total of 90 days in a rolling one year period without a housing licence.

IMPORTANT PRIORITY: Support a self-sustaining local fishing industry by safeguarding the Bailiwick's marine resources from unregulated and unsustainable exploitation

Reason for prioritisation

Sustainable fisheries management within Bailiwick waters is of direct economic benefit to Bailiwick based fishermen and is crucial in fulfilling our obligations to operate well managed fisheries within waters managed by the States of Guernsey

Work required to be carried out in this political term (in addition to BAU)

- Maintain a statutory framework for the regulation of fishing to ensure appropriate levels of control are in place. Complete the review of 1997 Fishing Ordinance and submit a policy letter recommending amendments. The Sea Fisheries Officers to take part in all Brexit related consultations as requested and attend all Crown Dependency Brexit Officials Meetings with external relations staff
- Liaise with Defra and the MMO at least annually to ensure Guernsey's fishing industry is taken into account in all fisheries stock management decisions and future proposals that may affect them
- Operation of an effective shore and sea patrol and enforcement programme
- Develop the Guernsey Tourism Strategy to strengthen the Islands' unique product offer by supporting local produce and events
- Develop the Guernsey Tourism Strategy to raise awareness of Guernsey's fish and seafood offering
- Review the Guernsey Tourism Strategy in order to strengthen the Islands' unique product offering, support the development of key events (Food Festival) which promotes Guernsey home grown seafood produce and cuisine), develop marketing and messaging that is consistent and compelling, support marketing to raise the awareness of Guernsey's fish and sea food offering and report to the States

Anticipated benefits

- Employment – direct 150 + islanders, indirect 50 Islanders (food preparation and marine services)
- Export Value – fishing is the only primary industry that exports to any significant degree and exports are worth £6 million

- Tradition – fishing has been a part of Island life for centuries and embodies aspects of Island culture considered to be worth retaining (Toilers of the Sea – Victor Hugo)
- Visitor Economy – a valuable part of the local maritime and harbour scene
- Health – Access for Islanders to fresh, high quality seafood
- Environment - Fish are a key part of a balanced marine food chain/ecosystem

Barriers to successful delivery

- Potential for further foreign fishing access to Bailiwick water in exchange for electricity cable rights
- Resources/capacity to enforce control
- Human Resources to manage the administrative processes needed to underpin the fisheries licensing system
- Breakdown in UK legislative framework is a risk (Brexit discussions will affect this)

Resources needed to implement

Sea fisheries has a general budget of £343k, of which £324k covers staff costs.

Capital is needed to either replace the current Fisheries Patrol Vessel (Leopardess) or to invest in a major life extension (10-year) refit and re-engine and a decision will need to be taken on this in 2017. Previous work suggests that the replacement of the vessel is the best value for money for the Island. The project is expected to cost around £2.5 – 3.0 million and this is a current and agreed States Capital Investment Project.

Revenue – Revenue is currently too low to run and maintain the Fisheries Patrol Vessel and no less than 4 staff in the section, which is regarded as being the minimum requirement for an appropriate level of operation. In particular vessel maintenance and fuel allowances are not sufficient. Currently the Fisheries Patrol Vessel has an operating budget of £46k whereas it should be receiving around £55 to 60k.

Staff – Additional staff members are needed to manage the licensing system and its associated work, such as data collection and processing, and potential for increased administration if charging is introduced. Also to ensure full cover for leave or other absences.

IT systems – There may be a requirement to upgrade IT systems to reflect additional work arising from licensing changes.

Benefits of allocating additional resources

- More efficient operations
- Additional Fisheries Patrol Vessel patrols

IMPORTANT PRIORITY: Have in place a Bailiwick aviation regulatory system that is efficient and attractive to businesses based in the Island or considering relocating to Guernsey

Reason for prioritisation

Aviation is a small but significant part of Guernsey's economy. There is a high level of interest in using Guernsey as a base for specialist aviation services. It is also significant that the majority of funding is being provided by industry and the aviation registry operator.

Work required to be carried out in this political term (in addition to BAU)

- Establish a mechanism/methodology to determine the requirements to ensure the aviation regulatory system is as efficient as it can be
- Based on the findings of the above, to review the current regulatory system and amend if necessary
- Work with operators to increase the understanding of the flexibility of Guernsey's regime and to ensure increased use and promote these opportunities as appropriate through an agreed marketing plan

Anticipated benefits

As well as the wider economic benefits of new businesses, aviation services predominantly require skilled employees. There have been four full-time skilled roles filled within the last year, two of which have been recruited on-island. Over the next two years we expect between ten and twenty full and part time positions to be created.

Barriers to successful delivery

- Availability of key staff and resourcing

Resources needed to implement

Other than the current level of funding for the DCA for development and oversight work, none. Part of the work will be to evaluate current DCA staffing and determine if additional posts are required. In the future, as our aircraft registry grows there will be an increased cost for audits and external oversight to ensure that we are meeting our

international obligations, but this will be offset by royalty income. There is also potential to recover some (or all) of this cost from industry.

Benefits of allocating additional resources

- None at the present time

IMPORTANT PRIORITY: Regulate economic activities, as mandated by the States, to encourage competition of a scale that is appropriate for a small island economy

Reason for prioritisation

Regulation is a mandated responsibility of the Committee. A well-regulated finance sector is essential to the Island's international reputation as a high quality and reliable location from which to do business.

Work required to be carried out in this political term (in addition to BAU)

- Work with CICRA to agree a programme of undertakings per calendar year
- As per action area 9 of the Digital Sector Strategic Framework, work with P&R to create a robust and successful data protection framework for the Island that is compatible with GDPR regulations
- Establish an appropriate system for the regulation of the electricity and postal sectors by the Committee
- Investigate the option of reviewing the Committee's mandate in regard to the responsibility for assessing the safety of electrical installations and if required, prepare a Proposition and Policy Letter for the consideration of the States of Guernsey

Anticipated benefits

- Enhances Guernsey's international reputation
- Ensures high quality business activity
- Ensures a fair deal for customers

Barriers to successful delivery

- None at this time

Resources needed to implement

The Committee currently provides the Guernsey Competitions Regulatory Authority with £140,000 in grant funding per year. The Committee is of the view that this allocation of resources to the Guernsey Competitions Regulatory Authority is essential, owing to this being a statutory requirement of the States, mandated to the Committee for its political oversight.

Benefits of allocating additional resources

- None that are essential at this time

IMPORTANT PRIORITY: Promote Guernsey as a high quality destination of choice for the efficient registration of companies

Reason for prioritisation

An effective and efficient registration service for legal entities and intellectual property is supportive of creating and maintaining the conditions conducive to achieving economic stability and growth. The benefits of incorporation and registration include legal certainty, tax efficiency and the opportunity to raise capital to support entrepreneurial ambition.

Work required to be carried out in this political term (in addition to BAU)

- To work with the Policy & Resources Committee in the establishment of a private register of Beneficial Ownership to ensure Guernsey remains a trusted and well-regulated jurisdiction.

Anticipated benefits

In addition to the revenue of around £9m per year for the States of Guernsey through legal entity and IP Registration fees, the Registry supports economic diversification and employment. It also contributes to Guernsey's ability to meet international standards of governance and transparency, leading to access to global markets for Guernsey businesses.

Barriers to successful delivery

In a competitive market the effectiveness can be affected by delays in changes to legislation to meet the needs of the market and the availability of funding to ensure IT platforms remain effective and responsive to new technological advances. We need to ensure an agile legislative framework and regular investments in infrastructure are in place.

Guernsey Registry requires the ability for off-island credit reference agencies to access the data required for their due diligence and work to address this is planned. The Registry needs to be flexible to meet the ever-changing international governance environment.

Resources needed to implement

A loan was provided by the States of Guernsey to meet the set-up-costs of the Guernsey Registry and further funding is required for the establishment of the Central Register of Beneficial Ownership. Additionally, future funding will be required to upgrade the IT provision, e.g. to allow for bulk upload facilities and access to public data through technological interfaces, which would reduce bureaucracy and improve efficiency for the local industry.

Timely expert legislative advice and legal drafting to support extension of International Agreements will be required.

Notwithstanding the above, the registry function of the States is, in effect, business as usual and on a day to day basis is resourced adequately to fulfil this role.

Benefits of allocating additional resources

- None

Stopping Committee work streams to focus on policy priorities

In setting out the resources necessary to develop and implement the policy priority areas identified, the Committee has applied the principles of the Public Sector Reform Programme which has a published aim to build a single public sector organisation in order to enhance performance, achieve outcomes and end the silo approach to departmental working. Such an approach has been recognised as often creating departmental boundaries which can create unintended barriers to policy delivery. The Public Sector Reform framework identifies that removing departmental boundaries is crucial and the Committee agrees that being able to draw on skills and resources across the public sector as a whole is necessary to make the most of resources, add most value and deliver the States policy priorities.

The Committee is conscious that even if some of its work streams are stopped, there is no guarantee that the staff resources released will have the skills required to divert to other Committee priorities that require additional human resources. However, it is acknowledged that released resources may produce financial benefits to the overall operating costs of the States of Guernsey.

The Committee's policy priorities are high level and extensive. Some can be delivered by drawing on staff resources that are currently involved in these work streams. Some resource savings may be made by stopping some work streams and programmes in order to apply resources to prioritised areas and judgments will have to be made about the implications of stopping some existing work in order to advance priorities and what the impacts of this might be.

Many of the Committee priorities are, in effect, business as usual, resourced to carry out a particular function. It would make no economic sense to not pursue the following policy priorities, which produce a net economic gain for the States of Guernsey:

- *Encourage high value individuals and new high added value and sustainable businesses to become established on the Island*
- *Have in place a Bailiwick aviation regulatory system that is efficient and attractive to businesses based in the Island or considering relocating to Guernsey*
- *Promote Guernsey as a high quality destination of choice for the efficient registration of companies, and assist in establishing Guernsey as a world class centre for Intellectual Property*

The Committee considers that it would be inappropriate not to pursue the policy priority of *regulating economic activities, as mandated by the States, to encourage competition of a scale that is appropriate for a small island economy*. If it were to do so it would have significant adverse consequences for the finance sector and other economic activities.

Therefore, the Committee has looked across its other policy priorities and the work streams that the Committee has decided will no longer be progressed during this political term are set out below. Whereas the Committee's priorities recognise the importance of retail and construction in relation to the Island's economy, these sectors depend upon growth in higher-value economic sectors in order to thrive. The Committee has therefore chosen to focus the limited resources available on these higher-value sectors, in order to unlock opportunities for the construction and retail sectors in particular.

Non-local traders

The Committee has researched this issue extensively and has concluded that it is not a high enough priority to justify continuing during this political term.

Access to finance for start-up and growth companies

The Committee is aware that the Policy Council investigated the need for government intervention in accessing finance for start-up and growth companies in 2014. The conclusion reached was that there was good access to private equity and 'angel' investment funding from private sector investors and that government interaction was not required in the allocation of funds. It was, however, noted that the States could do more to link entrepreneurs and investors together and that there might be some benefit in developing small-scale 'proof of concept' bursaries in partnership with the private sector. This can continue under the Committee's policy priority of removing barriers to business and in the work identified in action area 4 of the Digital Sector Strategic Framework (Creating a best practice entrepreneurial environment).

Commercial premises

The Committee is aware that the successful Queripel/Fallaize amendment to the Island Development Plan will result in the identification of sites that are suitable for low impact industrial uses and outside storage. It is also aware that the Island Development Plan, adopted by the States in 2016, provides greater flexibility for commercial premises than previously was the case within the Urban and Rural Area Plans. Therefore the availability of land is currently being addressed and mechanisms have been put in place to assist this.

With this in mind, the Committee is prepared to stop work on this issue for the remainder of the political term, in order to concentrate resources on higher priority policy areas. However, the results of the commercial survey carried out in 2017 will be

shared with appropriate bodies. In doing so, the Committee will respect the need for commercial confidence in matters affecting individual businesses.

Horticulture

The Committee is conscious that the horticulture industry has been in decline for a number of years. There are a few businesses in this sector that are performing well, but this does not currently need the specific allocation of time or resources and therefore any work on its promotion and support will cease in favour of higher Committee priority policies.

Broadcasting

Broadcasting falls within the Committee's mandate. However, work to identify potential economic development opportunities in this area will cease for the remaining political term.

Retail

Retail is an important sector of Guernsey's economy and the Committee is alive to the challenges faced by comparison and convenience retailers on the Island. Retail ranks as a 'Key' (second tier) priority for the Committee. However, in the interests of having to allocate resources where they can most effect in delivering the Committee's mandate it would reluctantly mean that if adequate resources could not be made available, the Committee may be unable to continue to endorse the existing legacy document (2013 Retail Strategy). The Committee would like to revisit the 2013 Retail Strategy, as many elements have not be implemented and many are outdated. The Committee would then wish to seek States support for a revised document. Alternatively the Committee may decide that the existing '2013 Retail Strategy' is only an internal guide and without any resource to update and amend it, may decide that it is no longer valid.

It should be noted that any significant amendment to the current strategy may not be consistent with the Strategic Land Use Plan or the Island Development Plan (IDP) and therefore could lead to the requirement to request the States to consider amending these documents. Clearly this would require States of Guernsey agreement and in the case of the Island Development Plan, a public planning inquiry would be required to consider any amendments to the relevant policies of the Plan. This will require resource allocation by the Committee *for the* Environment & Infrastructure for revisions to the Strategic Land Use Plan, the Development & Planning Authority for any revisions to the Island Development Plan and the Policy & Resources Committee for the holding of a public inquiry, as required by legislation.

This would be an excellent example of cross-committee and authorities working together to achieve the best possible outcomes for the Island.