

Guernsey's Economic Development

3. A Strategic Framework for Guernsey's Economic Development



February 2014

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1 Foreword

This document sets out the Strategic Framework for the growth of Guernsey's economy in a competitive environment. The Framework provides the vision and direction for the Commerce and Employment Department as it exercises its mandate to advise the States on matters relating to the creation of a dynamic and diversified economy.

In developing the Framework, the Commerce and Employment Department and the Policy Council's Fiscal and Economic Group have drawn on the report produced by Oxford Economics entitled "Review of Guernsey's Economic Profile and Assessment of Future Opportunities". Through a process of widespread consultation, a broad range of opinions from the business community and the public have also been gained and these have also been used in developing the Framework.

The Oxford Economics Report made clear that Guernsey's economy was fundamentally sound, but that meeting emerging challenges and supporting success in an increasingly competitive environment would in the future require a sound strategic framework. The Strategic Framework for Economic Development fulfils this need.

The Framework contains 25 Strategic Aims which are directed at developing existing sectors of the economy, encouraging new and emerging sectors of the economy and improving the conditions for doing business in Guernsey. A further two strategic aims will monitor the progress we are making and provide information that will enable us to track the further development of our economy.

A number of the Strategic Aims refer to further strategies which are focused on developing specific sectors of the economy – for

instance the Finance Sector Development Strategy and the Retail Strategy.

One area of major focus will be the development of Guernsey's digital capability – both in terms of infrastructure on the Island and the development of islanders' digital skills. Guernsey needs to develop low footprint, high revenue industries and the creative and ICT sectors could deliver this and have access to Global markets. Development of ultra fast and resilient internet connectivity will be just the beginning of this important journey.

Much of Guernsey's economic success has been built upon the innovation and entrepreneurialism of local businesses. It will remain Government's role to first and foremost not get in the way of business, but rather to ensure that the conditions and infrastructure are available to enable the economy to continue to thrive. This is a major thrust of the Strategic Framework for Economic Development.

Given the challenging economic reality of present times, it will become increasingly important that Government, in partnership with the local business community, supports success and encourages new ideas and initiatives as they emerge. Guernsey must continue to demonstrate an appetite for new business in order to remain a competitive and successful place. The Framework presented in this document is the first step in achieving this aim.

Deputy Kevin Stewart,
Minister, Commerce and Employment Department

2 Executive Summary

This Strategic Framework for Economic Development (or “Economic Development Framework”) is in three parts:

- Part A – asks the questions “where do we want to be?”
- Part B – sets out the Framework in detail
- Part C – provides a summary of the main actions points arising from the Framework

Part A: The strategic context - where do we want to be?

The first part of this document explains the overall objective of the Strategic Framework for Economic Development, which is:

“We will continue to support and promote a diverse finance industry as the main engine of growth in the economy. At the same time our focus will be to encourage the growth of other “high value, low footprint” sectors of the economy by encouraging competitive pricing, high skill levels, infrastructure and appropriate legislation and regulation”.

This objective is given in the context of overall States Policies and Objectives.

In order to achieve the aims of the Economic Development Framework there are two broad areas which will need to be developed:

- Existing and emerging sectors of the economy (especially the Finance Sector) and
- The infrastructure or “Business Facilitators” that support these and other sectors of the economy.

Given the availability of land (because of the finite size of the Island) and the supply of labour (given the States’ decision to limit population growth), the focus of the Framework will be in raising productivity levels in order to stimulate continued growth in the economy.

Part B: How we will get there? Our Economic Development Framework

This part of the document sets out the Economic Development Framework under four key objectives. The objectives are as follows:

Objective 1: Developing our existing economic sectors

Our existing economic sectors provide the backbone of our economy and we will continue to support and develop these important parts of the economy. The development of opportunities for economic growth in the existing sectors of the economy is therefore being addressed in a number of related strategies, including:

- The Finance Sector Development Strategy;
- The Retail Strategy; and
- The Tourism/Visitor Economy Strategy;

In addition initiatives and strategies for developing other economic sectors are also recommended.

**Objective 2:
Supporting emerging sectors**

This second objective relates to the support and development of emerging sectors of the economy. We will develop opportunities to diversify the economy to create a more “broadly” balanced economy. This part of the Economic Development Framework therefore identifies ways in which emerging sectors and innovative ideas can be supported and developed. In order to do this, the Framework will:

- Identify mechanisms to support emerging and developing sectors; and
- Set out ways of developing emerging sectors, including, ICT / Digital and the Creative Industries sector.

**Objective 3:
Making Guernsey work for business – helping businesses get the best from Guernsey**

This objective of the Framework identifies ways in which Government will help to make Guernsey an even more attractive environment in which to do business. We set out a number of “Business Facilitators”. These are the conditions and infrastructure that needs to be in place to maximise economic opportunity across all economic sectors. Business Facilitators include areas such as infrastructure, legislation and regulation, people and government support.

Ensuring that these conditions are in place is an important part of the Government's support for all aspects of business in the Island. The Business Facilitators identified are:

- Island Skills Strategy;
- Promotion of Guernsey business and enterprise;
- Financial support for businesses - investigation of an angel seed fund;

- Non financial support for businesses – improving the co-ordination of business and enterprise support, regulation, legislation and seeking to remove barriers to business; and
- Reliable, accessible and affordable provision of infrastructure (transport links, commercial premises and energy sources), in order to encourage and support enterprise and business success.

**Objective 4:
Tracking the development of our economy**

The fourth objective of the Economic Development Framework relates to ways in which the development of our economy will be monitored. This will also ensure that we have a means of tracking the effectiveness of our Economic Development Framework.

Although there is currently a good suite of basic economic statistics available, particularly those relating to the labour market, there will be added benefit in developing a greater understanding of individual economic sectors.

We recommend that qualitative data as well as quantitative data on the performance of the Island's economic sectors should be collected in order that we can:

- Measure economic growth; and
- Understand business needs.

Tracking our economy will enable government to be more responsive to changing needs and circumstances enabling government policies to be implemented rapidly.

Part C: Summary of the Strategic Aims

This section of the report provides a summary of the Strategic Aims of the Economic Development Framework.

Part A:

The strategic context

Where do we want to be?

3 The States Strategic Plan

An important question to be asked in developing a Strategic Framework for Guernsey's Economic Development is *"What is it that we want our economy to deliver for the people of Guernsey?"*

The States Strategic Plan sets out the States of Guernsey's vision in terms of high level Economic, Social and Environmental policies and provides the strategic context for the development of our Economic Development Framework.

The context of the States Strategic Plan

The Statement of aims in the 2013 to 2017 States Strategic Plan¹ which establishes the overall aims of the Government of Guernsey is shown below with *emphasis added* where these relate to items that will be directly influenced by an Economic Development Framework:

The government of Guernsey aims to protect and improve:

- *The quality of life of Islanders*
- *The Island's economic future*
- The Island's environment, unique cultural identity and rich heritage

¹ States Strategic Plan 2013-2017, Policy Council
<http://www.gov.gg/CHttpHandler.ashx?id=82647&p=0>

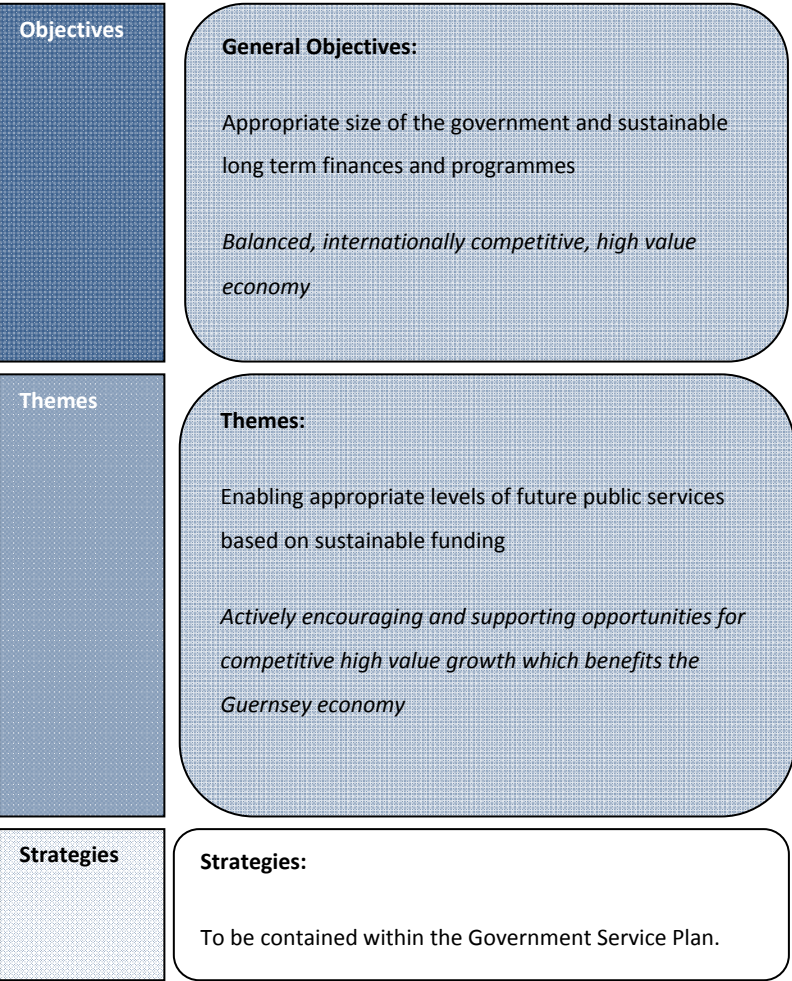
It recognises that this requires:

- Maintenance and enhancement of Guernsey's standing in the global community
- *Sustainable economic growth* and effective public services *without increasing population to the detriment of our environment and way of life*
- *Conditions that encourage enterprise and successful business*
- *Wise long-term management of Island resources including the maintenance of a highly-skilled and well-educated workforce*
- *Efficient transport and communication systems including digital connectivity*
- Good governance and public engagement
- Co-ordinated and cost-effective delivery of public services through cooperative working and transformation change management
- *Improved awareness of the culture and identity of Guernsey both internally (within the Island) and externally.*
- *All people having opportunities and support where needed, to enable them to reach their full potential*
- Policies which protect the natural environment and its biodiversity by accounting for the wider impacts that human activity has on it.

Fiscal and Economic Plan

Focusing specifically on the Fiscal and Economic Plan, this is summarised below:

Figure 1: Summary of the Fiscal and Economic Plan



Emerging themes

The themes emerging from the States Strategic Plan and the Fiscal and Economic Plan are that Guernsey's economy should be:

- Balanced and competitive;
- Encourage high value added, low environmental impact activities;
- Invest in people in order to achieve high skill levels in order to make the Island's labour pool competitive in an international context;
- Invest in high quality infrastructure and communications; and
- Be able to provide the conditions that encourage enterprise and successful businesses.

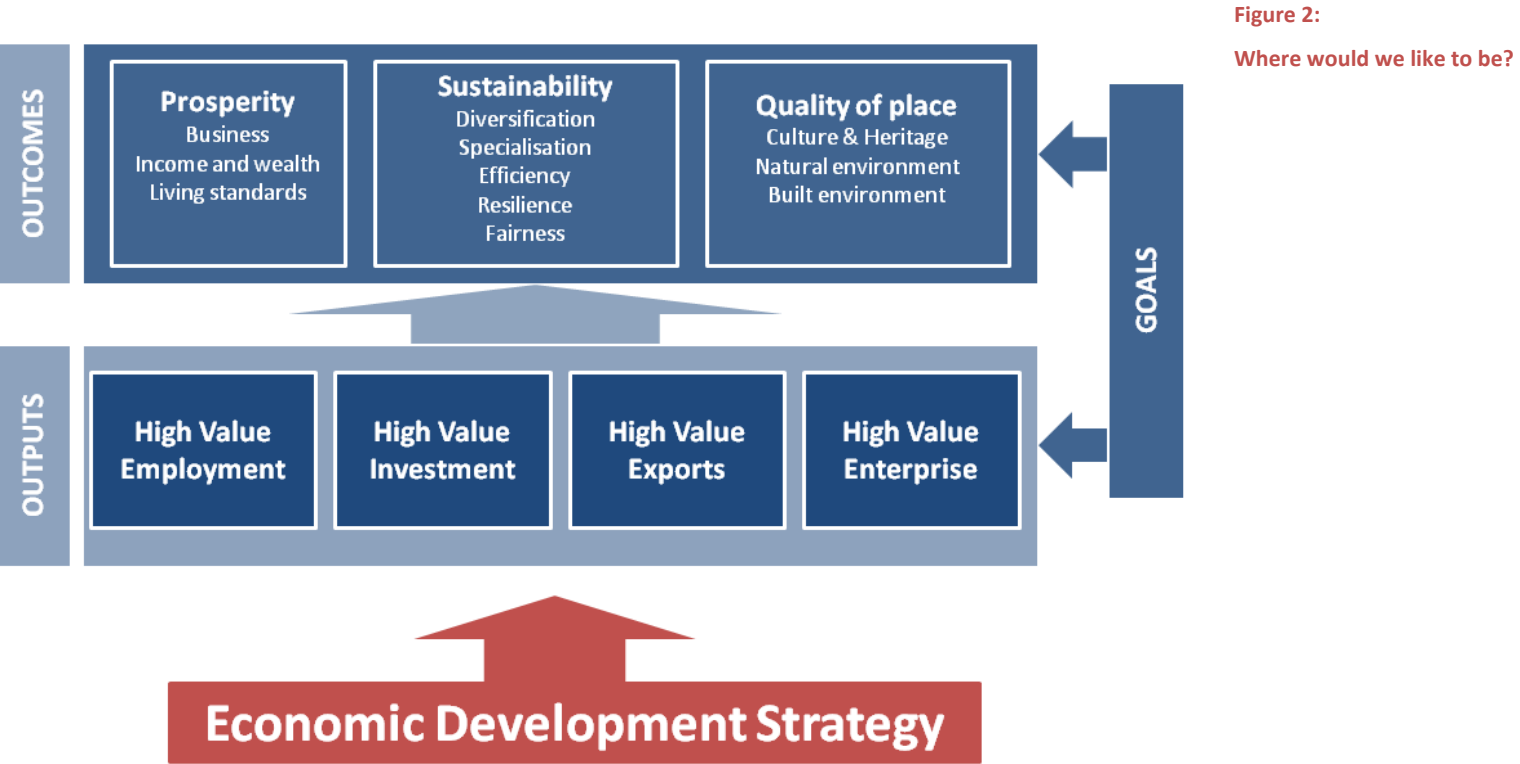
It is important to emphasise that the States of Guernsey's objectives are that policies for the growth of business within the Island (in turn leading to income growth) should sit alongside and not apart from social, environmental and cultural goals. Policies for economic development should therefore dovetail with other policies. Whilst it is desirable for Guernsey to be prosperous, this should not be at the expense of the sustainable use of resources, the environment or quality of place. Development of a balanced economy is a sensible and pragmatic aspiration.

It should also be considered that an economy with equal access to opportunities through well paid employment will do much to improve living standards.

Figure 2 sets out in diagrammatic form a vision of “where we would like to be”. The desire is for outcomes that generate a prosperous Island with high levels of business income and wealth leading to high living standards. A sustainable economy will best be achieved through a mix of diversification, specialisation and increasing efficiency, resulting in a resilient but equitable economy. A prosperous economy in turn ensures that our Island continues to be a place where we have high cultural and heritage values, and a high quality environment, both in terms of the natural and built environment.

Given the constraints on economic growth imparted by Guernsey’s finite land resources, and the decision of the States to constrain population growth, further development of Guernsey’s economy will need to come from increasing the added value of economic activities taking place in the Island.

This means that further value will need to be generated through human capital and business productivity. The outcomes depicted in **Figure 2** will therefore be achieved through high value employment, investment, level of exports and enterprise.



4 Formulating the Economic Development Framework

From the Oxford Economics Report to an Economic Development Framework – emerging themes from the public consultation

The Economic Development Framework has not been developed by the Commerce and Employment Department in isolation. The first step in developing the Framework was to commission an independent review of Guernsey's economic profile which also provided an assessment of possible future opportunities.

The "Towards an Economic Development Strategy for Guernsey" report produced by Oxford Economics provided an overview of the Guernsey economy and pointed out that:

*"In relative terms, the Guernsey economy remains one of the most prosperous in the World. High employment rates, high wages, and an enviable quality of life are characteristics few other economies enjoy. Unsurprisingly, the global recession has had an impact on the Island and there are significant economic and social challenges to face. But at its core, the Island is a fundamentally successful place"*².

² Oxford Economics "Towards an Economic Development Strategy for Guernsey: Review of Guernsey's Economic Profile and Assessment of Future Opportunities.", Page 1

Whilst stating that there was currently no "silver bullet" in economic development, the report did nevertheless identify 13 opportunities or action points for Guernsey's Economic Development Framework. These are reproduced to the right:

Table 1: the thirteen opportunities for Economic Development identified by the Oxford Economics Report

1. Ensure an internationally competitive ICT infrastructure
2. Improve the co-ordination of commercial marketing and investment promotion messages
3. Finalise and implement an Island-wide skills strategy
4. Optimise the commercial property offer to encourage business growth and investment
5. Improve the co-ordination of enterprise and business development support
6. Maximise the size of the economically contributing population to reduce fiscal pressures
7. Diversify key trading markets towards emerging economies, in finance and beyond
8. Support the continued growth of financial and professional services as the primary economic engine
9. Promote sustainability and environmental efficiency at all levels
10. Grow value in the tourism sector, focusing on up-market growth segments and new markets

11. Enhance the retail offer for the benefit of locals and visitors
12. Promote a thriving creative and digital sector showcasing the best of Guernsey, old and new
13. Explore, develop and promote a competitive medical tourism offer

A wide ranging consultation was held following the publication of the Oxford Economics report. The aim of the consultation was to gain feedback on the opportunities presented in the report, including possible prioritisation of the opportunities identified.

A further 8 opportunities were also considered, which were:

1. Corporate tax regime
2. Intellectual Property (IP)
3. Development of air and sea routes and support incentives for growth
4. Infrastructure investment
5. Support for small businesses
6. Greater co-operation with Jersey
7. Commercialisation of ports
8. Consumer protection

These opportunities were introduced to ensure that important topics and ideas that had come to light subsequent to the publication of the Oxford Economics report had the opportunity to be considered during the public consultation phase.

A consultation document was published and widely circulated during October 2012. During the consultation phase:

- Members of the public were invited to respond using an online survey, eliciting 242 valid responses; and

- A series of three workshops was held with local businesses. These were attended by approximately 70 business community representatives.

Respondents were asked to rank each of the 21 opportunities where a score of 1 was not important and a score of 9 was very important. This enabled an average score for each opportunity to be derived.

In terms of the public consultation, the top five opportunities in terms of their average score were:

- Ensure an internationally competitive ICT infrastructure*;
- Support the continued growth of financial and professional services as the primary economic engine;
- Development of air and sea routes and support incentives for growth;
- Corporate tax regime; and
- Finalise and implement an Island-wide skills strategy.

*It should be noted that in regard to the opportunity "Ensure an internationally competitive ICT infrastructure", fulfilment of this objective will enable maximum economic benefit to be derived from existing sectors, such as e-gaming, whilst at the same time allowing further development of other opportunities. These may be in emerging areas such as e-security and e-finance.

A full list of the average scores of the 21 opportunities is shown in **Table 2** overleaf.

Although a number of the opportunities scored very highly it was clear that many respondents regarded almost all of the opportunities as important to some extent or another. 17 of the 21 opportunities achieved an average score of 5 or above.

Results of consultations held through a series of workshops with business leaders and senior politicians returned similar results.

Table 2: Rankings of economic development opportunities as determined by the public consultation

Rank	Description of opportunity	Average Score
1	Ensure an internationally competitive ICT infrastructure	6.83
2	Support the continued growth of financial and professional services as the primary economic engine	6.67
3	Development of air and sea routes and support incentives for growth	6.40
4	Corporate tax regime	6.33
5	Finalise and implement an Island-wide skills strategy	6.21
6	Maximise the size of the economically contributing population to reduce fiscal pressures	6.19
7	Infrastructure investment	6.13
8	Diversify key trading markets towards emerging economies, in finance and beyond	6.06
9	Greater co-operation with Jersey	5.98
10	Support for small businesses	5.96
11	Improve the co-ordination of enterprise and business development support	5.79
12	Promote sustainability and environmental efficiency at all levels	5.61
13	Improve the co-ordination of commercial marketing and investment promotion messages	5.59

Rank	Description of opportunity	Average Score
14	Grow value in the tourism sector, focusing on up-market growth segments and new markets	5.53
15	Optimise the commercial property offer to encourage business growth and investment	5.47
16	Promote a thriving creative and digital sector showcasing the best of Guernsey, old and new	5.42
17	Intellectual Property (IP)	5.42
18	Enhance the retail offer for the benefit of locals and visitors	4.98
19	Consumer protection	4.52
20	Commercialisation of ports	4.18
21	Explore, develop and promote a competitive medical tourism offer	3.66

Incorporating the results of the consultation into an Economic Development Framework

Given that so many of the opportunities were seen as important, we have reflected this in the framework of the Economic Development Framework. This is depicted in the diagram to the right (Figure 3).

This framework is explained in more detail in the following pages. It should be noted that some opportunities shown in Table 2 have not been reflected in Figure 3. These are opportunities 9, 12, 19 and 20. It is considered that development of these opportunities will improve "quality of life conditions" and make the public sector more efficient, but will have a limited / minimal effect on economic growth. In addition, these opportunities are being pursued through other strategies and/or initiatives. They have therefore not been developed further in this Economic Development Framework.

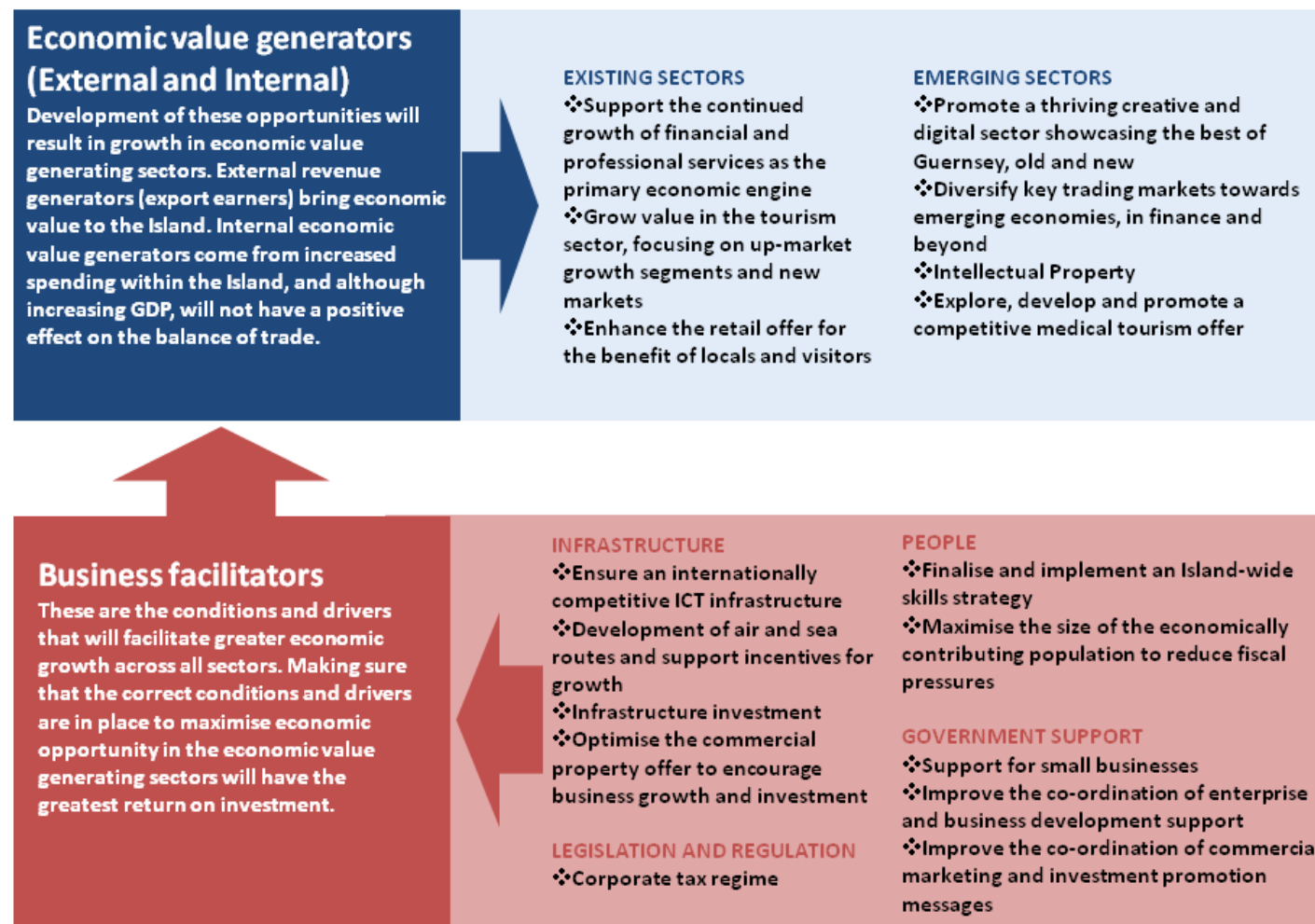


Figure 3: Incorporation of emerging themes from the consultation into the Economic Development Framework

Economic Development Framework: Overview

In order to achieve the aims of the Economic Development Framework there are two broad areas which will need to be developed:

- existing and emerging sectors of the economy (especially the Finance Sector) which we call **Economic Value Generators**; and
- the infrastructure or “Business Facilitators” that support these and other sectors of the economy, which we term **Business Facilitators**.

Figure 3 (on the previous page) shows how these two areas inter-relate. This forms the framework which supports initiatives for Economic Development.

Economic Value Generators

For the purposes of this Economic Development Framework we have divided Economic Value Generators into the existing or “mature” sectors of the economy and those sectors which are new or emerging.

Both areas are equally important. We want to ensure that the Economic Development Framework supports and enhances the existing economic sectors whilst also encouraging and developing the emerging sectors. A primary focus will be to develop export earning sectors. In order to have a positive balance of payments it is important that the income received from the export of goods and services (the exports) are more than the money we pay to purchase goods and services (the imports).

Business Facilitators

Business Facilitators are the conditions and drivers in the economy which will generate greater economic growth across all sectors of the economy. Business Facilitators are cross cutting and include areas such as infrastructure, legislation and regulation, people skills and government support.

Ensuring that the right conditions are in place for businesses to thrive on the Island will ensure that we are able to develop the Economic Value Generators (both the existing sectors and the emerging economic sectors).

2007 Strategic Economic Plan

This Economic Development Framework is intended to be a natural succession to the 2007 Strategic and Economic Plan endorsed by the States at its meeting in July 2007 (Billet XVIII, 2007).

Part B:

Guernsey's Economic Development Framework

Core strategic aim of the Economic Development Framework

The following statement sets out the core strategic aim of the Economic Development Framework:

“We will continue to support and promote a diverse finance industry as the main engine of growth in the economy.

At the same time our focus will be to encourage the growth of other “high value, low footprint” sectors of the economy by encouraging competitive pricing, high skill levels, infrastructure and appropriate legislation and regulation.”

This statement recognises the fact that the Finance Sector has been and will continue to be a significant driving force of the local economy. A particular strength of Guernsey's Finance Sector is that it is diverse in its own right (perhaps more so than other jurisdictions) and delivers high value employment, exports and profitability.

Given the success of the Finance industry, there is no reason to doubt that other sectors of the economy will not present other “high value, low footprint” economic growth opportunities.

There has been encouraging growth in sectors such as professional and business services, and also in emerging sectors such as the Creative and Digital industries. It is government's belief that these sectors will thrive if the right conditions are provided. That is, ensuring that the cost of doing business in Guernsey remains competitive, that we have high skills levels,

high quality infrastructure and appropriate legislation and regulation.

This core strategic aim of the Economic Development Framework underpins the four objectives of the Framework which will be detailed in the next section of this document.

The four objectives are:

**Objective 1:
Developing our existing economic sectors**

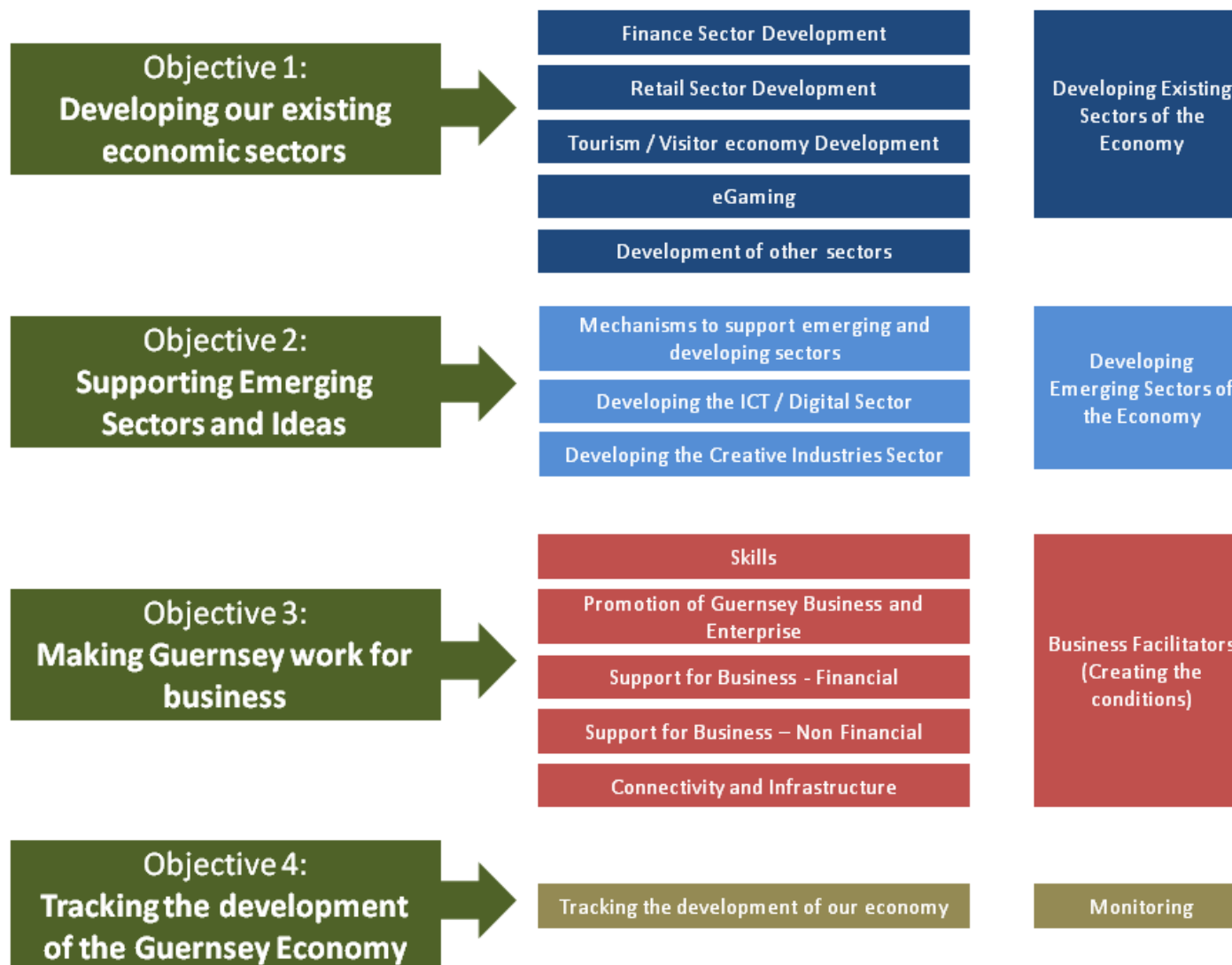
**Objective 2:
Supporting emerging sectors and ideas**

**Objective 3:
Making Guernsey work for business – helping businesses get the best from Guernsey**

**Objective 4:
Tracking the development of the Guernsey economy.**

Figure 4 shows an outline of the structure of the Economic Development Framework in diagrammatic form.

Figure 4: Outline of Economic Development Framework Objectives and sub themes



Key to tables contained in this document

The Strategic Aims set out in this Economic Development Framework are presented as a series of tables. Each table is colour coded to indicate the current status of each Strategic Aim.

The categories are:

Green: This Strategic Aim is underway:

Work on these strategic aims is already being progressed, either through the Commerce and Employment Department's business plan or through another organisation or entity.

21 of 27 strategic aims are in this category

Red: This Strategic Aim is at concept stage or further research is needed.

Work on these strategic aims have not yet started, either because the concept needs further exploration or further research is needed.

6 of 27 strategic aims are in this category

5 Objective 1:

Developing our existing economic sectors

Introduction

Guernsey has developed a very strong set of economic sectors which have contributed to the Island's strong economic growth over the last 20 to 30 years. A number of these economic sectors may now be seen to be "mature". Whilst they are currently delivering strong levels of performance in terms of business profitability and employment of labour, they are not growing at the rate they were when they were emerging as new economic sectors. Nevertheless they continue to deliver important income and employment opportunities for the people of Guernsey.

Some sectors, such as retail and tourism have been in existence for a considerable period of time, albeit that the nature of their business has evolved over time.

In developing this Economic Development Framework, it has become clear that defined strategies or development plans are needed for a number of these existing economic sectors.

These sectors are:

- Finance;
- Retail;
- Tourism and the Visitor economy; and
- eGaming

Other sectors of the economy (such as Agriculture and Horticulture and Construction) continue to receive support from

Government, but in the lifetime of this Economic Development Framework have not been singled out as a sector that needs a specific development plan or strategy at this time.

It is important to make clear that this does not mean that the Commerce and Employment Department or the Policy Council do not regard these sectors as important. They will continue to receive appropriate support from government and indeed the development of initiatives to help facilitate business on the Island as outlined under Objective 3 of this Economic Development Framework will also help to support these sectors.

However, it should be acknowledged that the resources of the Department are limited and that some prioritisation will need to take place. This means that support will increasingly become focused towards those sectors which will deliver the greatest economic return for the Island.

In addition, an Island Infrastructure Plan will help to identify what Guernsey needs in terms of associated structures and facilities to deliver current and future services and policies. Infrastructure is found everywhere in the daily lives of Guernsey's citizens. It includes roads, airport, harbours, the hospitals, schools, water and waste management systems and is an important facet in ensuring the continued development of existing economic sectors.

Finance Sector Development Strategy

What do we want to achieve?

The continued development and diversification of the Finance Sector as the main engine of growth of the economy.

Why is the Finance Sector Important?

The sector which has contributed most to Guernsey's economic success is the Finance Sector. This sector currently generates nearly 40% of the Island's GDP and accounts for 21% of the workforce. Oxford Economics said of Guernsey's financial services sector:

*"Guernsey's thriving financial and professional services industry provides the Island's key economic strength, and underpins its affluent, skilled society. The "four pillars" of finance are of course at the heart of the Island's competitiveness and the Hunt Review confirmed that almost all residents and businesses in Guernsey benefit to some extent, either directly or indirectly, from the banking sector. But the expertise of the professional services industry goes far beyond the mechanics of banking, fund management, trusts and insurance, and position the Island strongly to capitalise on emerging trends in many aspects of global business."*³

The sector is supported through the Commerce and Employment Department's Finance Sector Development Unit. Promotion of the Finance Sector is handled through Guernsey Finance.

Proposals to ensure the continued growth and diversification of the Finance Sector are being developed in parallel to this Economic Development Framework through the Finance Sector Development Strategy. This will be published as a separate document to this Economic Development Framework. We recommend that the proposals contained in this plan are adopted.

Aims to be achieved through Finance Sector Development

The continued support and promotion of a diverse Finance industry has been identified as a core strategic aim of this Economic Development Framework *"We will continue to support and promote a diverse Finance Sector as the main engine of growth in the economy"*. The following strategic aim therefore underpins this plan:

Strategic Aim 1:

Ensure the continued support, development and diversification of the financial services sector.

³ Oxford Economics "Towards an Economic Development Strategy for Guernsey: Review of Guernsey's Economic Profile and Assessment of Future Opportunities.", Page 76

Strategic Aim 1: Ensure the continued support, development and diversification of the financial services sector.

Strategic Aim 1	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Ensure the continued support, development and diversification of the financial services sector.	Ensure the adoption of the recommendations of the Finance Sector Development Strategy.	<p>Adopt the recommendations and proposals of the Finance Sector Development Strategy.</p> <p>Additional staffing resource for Finance Sector Development Unit to be in place by end of Q1 2014.</p> <p>Promotion of Finance Sector - £900,000 funding over three years secured through Strategic Investment Fund – achieved December 2013.</p>	To commence 1 st quarter 2014	<p>Commerce and Employment Department (Finance Sector Development Unit)</p> <p>Guernsey Finance</p>

Status: This strategic aim is underway

Commentary on Strategic Aim 1:

The main aims of the Finance Sector Development Strategy are as follows:

- To create an internationally respected regulatory environment that facilitates professional and institutional business which may require an acceptance of a relatively greater level of risk than would be accepted for retail consumers.
- To support innovation through the creation of new legislation, as well as having a regulatory framework which is sufficiently flexible to deal with emerging private sector innovation.
- To keep taxes low and maintain a tax transparent product for international financial services business.
- To promote the Island as an international financial services centre, by maintaining a high profile in traditional markets while developing 2 or 3 key emerging markets.
- To support the development of necessary skills through the forum of Skills Guernsey, ensuring that, where possible, local labour is always the first choice for employers.
- Where it is proven that local skills do not exist, to support business by encouraging immigration for individuals with high levels of skills and experience in financial services through housing licensing and immigration permits.
- To maintain physical connectivity to London and in particular Gatwick Airport whilst providing appropriate support for air links to other financial centres where there is proven demand.
- To support virtual connectivity by ensuring competitive data links and storage.
- To support the development of appropriate office accommodation.

Retail Sector Development

What do we want to achieve?

The continued development of Guernsey's retail sector as a dynamic and adaptable economic sector

Why is the Retail Sector Important?

There are three types of retail activity on Guernsey covering the supply of goods and services to the public. These are:

- The core “high-street” offer serving local residents and visitors;
- Wholesale sales, mainly to local businesses; and
- A number of e-retail companies serving the UK, European and worldwide markets.

Taken as a whole under the above three categories, Guernsey's retail sector is an important part of the Island's economy: It employs nearly 4,000 people⁴, and the total retail expenditure in 2009 was estimated at £333 million.⁵

The retail sector also provides important employment opportunities, especially in its ability to offer medium/lower skilled job opportunities. For instance, there is a clear link between the retail sector and opportunities to grow lower skilled job creation and thereby reduce welfare dependency.

There is also important diversification within the sector because of the growth of fulfilment and mail order companies. This occurred after 2006 when companies established businesses in Guernsey

⁴ 3,969 as at March 2013 (Source Guernsey Labour Market Bulletin)

⁵ Estimated in the Guernsey Retail Study, Roger Tym and Partners, 2010 – Volume 1, Page 33

which utilised the Low Value Consignment Relief (LVCR) arrangements. Despite the removal of LVCR from the Channel Islands in April 2012, a number of fulfilment businesses do remain in the Island, generating income for the Island and offering further employment opportunities.

Development of a Retail Strategy

In October 2009, the Commerce and Employment Department and the Environment Department jointly commissioned the production of the “*Guernsey Retail Study*” which was undertaken by Roger Tym and partners.⁶ This subsequently formed the basis for the further research of a Retail Strategy, which has been carried out in 2012 and 2013 by the industry led Guernsey Retail Strategy Group.

The Group concluded work on the development of a retail strategy for Guernsey in July 2013. It is intended that the Retail Strategy will be used by other (primarily States) bodies as a point of reference about retail matters to help inform policy development.

The Group's proposals, if adopted, will enhance the retail offering in the Island, but with the roles of the States of Guernsey, the retailer, shop staff and shoppers themselves remaining very important.

Strategic Aim

Strategic Aim 2:
Support the continued development of the retail sector in Guernsey as an important economic sector.

⁶ Guernsey Retail Study, Roger Tym and Partners, 2010

Strategic Aim 2: Support the continued development of the retail sector in Guernsey as an important economic sector

Strategic Aim 2	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Support the continued development of the retail sector in Guernsey as an important economic sector	Work to deliver the key proposals presented within the Retail Strategy	It is recognised that further discussions will be needed with regard to other strategies in order to co-ordinate activity. This will require ongoing liaison and communication with States Departments and other interested parties. In the light of the complexity of any sector or infrastructure development, it is anticipated that the strategy will evolve over time but in line with the key economic objectives set out in this document.	The Retail Strategy was launched in December 2013. Wider public and industry feedback will be ascertained in January 2014. Key deliverables will be discussed, prioritised and delivered from January 2014.	Commerce and Employment Department Guernsey Retail Strategy Group Environment Department

Status: This strategic aim is underway

Commentary on Strategic Aim 2:

Although the retail sector has been a strong economic sector for Guernsey, it faces challenges in the future that could make life more difficult for traditional retailers. The prolonged recession has had an effect on the disposable incomes of consumers with the result of an overall reduction in spending levels, but also a desire by the consumer to seek out cheaper prices where possible. This is where the rise of the internet has become more of a threat for traditional retailers.

The Guernsey Retail Strategy puts forward proposals, which if adopted will help to foster a vibrant and successful retail sector which functions well for both buyer and seller alike.

The main themes of the Guernsey Retail Strategy Group's retail strategy proposals are as follows:

- Making the shopping experience better (including a better looking and more shopper-friendly environment)

- Through the review of the Island Development plan, to make provision for and encourage the development of residential development within the main centres, in accordance with the requirements of the Strategic Land Use Plan.
- More shopping opportunities in the main centres (therefore more choice for the shopper)
- Improving traffic and parking issues
- Assisting retailers / developers (therefore enabling them to enhance the retail offering for shoppers)
- Zoning and planning related matters

The principles that guide the Retail Strategy are that:

- Retail tomorrow will be very different from retail today;
- Retail centres have to offer more than just retail;
- The human interaction is very important;
- St Peter Port must be supported; and
- All parts of the retail community need to work together for the greater good.

Tourism/Visitor Economy Development

What do we want to achieve?

The continued development of Guernsey's Tourism / Visitor economy, with an emphasis on growing high value tourist markets to generate growth in economic output per worker.

Why is Tourism / the Visitor Economy Important?

The visitor economy should be regarded as an important economic sector on the Island. As Oxford Economics stated:

*"There is a danger of neglecting tourism in strategic economic planning because it invariably generates a lower GDP per job than industries such as finance. However tourism is important to the Guernsey economy and would again become a main source of revenue in the event of a severe external shock to financial services (many small island economies around the world rely on tourism for up to 75% of their income). Travel and tourism are also a huge global growth sector as world incomes rise..."*⁷

The Oxford Economics report went on to emphasise that, worldwide, tourism is very much a growth market – directly employing some 100 million people in 2011 – 15% more than 10 years previously. It is expected that a further 21 million jobs will be created by 2021, with the sector's contribution to global GDP rising by 54%.

The Oxford Economics Report identified an opportunity to generate further economic growth from the sector by focusing on a higher value product offering: *"It is also possible for Tourism, if*

⁷ Oxford Economics "Towards an Economic Development Strategy for Guernsey: Review of Guernsey's Economic Profile and Assessment of Future Opportunities.", Page 78

*channelled towards niche, upmarket consumer segments, to generate growth in GDP per worker"*⁸.

Changing market demands towards niche and upmarket segments are playing to the Islands of Guernsey's strengths. In response to this, there has been significant development in four and five star accommodation with greater emphasis on lifestyle and capitalising on the heritage, natural beauty and culinary delights of the Islands.

At the same time, the significant investment into improving the quality of all grades of accommodation needs to be acknowledged and indeed should not be underestimated. This provides Guernsey with a range of choices for visitors and ensures sufficient availability of beds to maintain economies of scale. It also ensures a viable and prosperous visitor economy as well as ensuring the "critical mass" to support a choice and frequency of air and sea transportation to the Island. This benefits not only tourism but also the wider economy and resident public of Guernsey. As well as the pursuit of sustainable scheduled air services (Strategic Aim 22) efforts must continue to nurture inbound seasonal chartered air services from existing and new target markets, through business development initiatives.

The visitor economy is supported by government through the marketing and promotion provided by the VisitGuernsey function of the Commerce and Employment Department.

Strategic Aim

Strategic Aim 3:

Build on the marketing, promotion, and travel trade business development work already undertaken by creating an integrated visitor economy development plan.

⁸ Oxford Economics "Towards an Economic Development Strategy for Guernsey: Review of Guernsey's Economic Profile and Assessment of Future Opportunities.", Page 79

Strategic Aim 3: Build on the marketing, promotion, and travel trade business development work already undertaken by creating an integrated visitor economy development plan.

Strategic Aim 3	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Build on the marketing, promotion, and travel trade business development work already undertaken by creating an integrated visitor economy development plan	Create and implement an integrated visitor economy development plan. This will provide a mid to long term industry vision and therefore provide focus for planning investment and activities.	Develop a mid to long term evolving strategy and associated work plans to give vision and direction to both public and private sector stakeholders including accommodation providers, tour operators, transportation providers, attractions, retailers, eateries and many more contributors. This will be done in full collaboration with the industry.	To commence January 2014 To be completed summer 2014	Commerce and Employment Department (Marketing and Tourism) Working with Culture and Leisure Department and the Chamber of Commerce Tourism and Hospitality sub group
		Commerce and Employment to develop and implement a multi channel communications plan to promote the Islands of Guernsey tourism. This includes themed campaigns and, more recently, specific promotions around stays during the shoulder months.	To be implemented by Autumn 2013	Commerce and Employment Department (Marketing and Tourism)

Status: This strategic aim is underway

Commentary on Strategic Aim 3:

The Chamber of Commerce Tourism and Hospitality Sub Group, in collaboration with Commerce and Employment and Culture and Leisure Departments will develop a mid to long term evolving strategy and associated work plans to give vision and direction to both public and private sector stakeholders including accommodation providers, tour operators, transportation providers, attractions, retailers, eateries and many more contributors.

The Strategy will look to align the marketing spend with the ambition and investment of industry businesses. It will identify

opportunities for product enhancement and development and create synergies and greater alignment on running themes for events – particularly where grants are received as a subsidy or used to provide co-funding. The overall aim will be to create an integrated quality offering therefore adding value to the visitor experience.

It is important to continue to evolve the Guernsey offering and not become complacent. This is to ensure, in terms of desirability and destination, the Islands remain competitive in a fierce market. It is important to deliver strategies and campaigns that are fully integrated and “on message” across the industry to maximise the impact and potential return on investment.

eGaming

What do we want to achieve?

To derive greater economic benefit from the e-gaming sector.

Why is the eGaming sector important?

The eGaming sector is a relatively new sector of the economy. It developed in the late 1990's following the introduction of a forward-thinking regulatory regime on Alderney developed through the Alderney Gambling Control Commission (AGCC). Further economic benefits accrued to Guernsey following the introduction of legislation that enabled firms to use server facilities based in Guernsey whilst still being licensed and regulated by the AGCC.

To date the major economic benefits accruing from the eGaming sector have come from:

- the fees paid by operators to the Alderney Gambling Control Commission (AGCC) (a benefit for the Alderney economy only);
- fees paid to telecoms businesses for bandwidth usage, data centre hosting etc;
- fees paid to corporate services providers; and,
- to a far more limited extent, from the use of local goods and services and job opportunities from operators who have established an office in the island.

A recent study commissioned by AGCC estimated that eGaming generated a total Gross Value Added (GVA) of some £30m, constituting 1.1% of Guernsey's GDP and 12% of Alderney's GDP, with 375 jobs supported directly or indirectly. The study showed that the Bailiwick spend of operators was about one sixth of their total spend on eGaming operations.

Oxford Economics pointed out that *"for Guernsey, the attractiveness of the [e-gaming business] model is underpinned by the relatively high rents e-gaming providers are able to pay for server use. A total of 14 data centres are present on the Island, compared to 6 on Jersey, and it is thought e-gaming has been the driving force behind Guernsey's total used internet capacity rising to 10GB/s compared to 2GB/s in Jersey".*⁹

Oxford Economics also drew attention to the fact that the eGaming industry continues to grow: *"E-gaming is a clear growth industry, with disclosed global revenues forecast to rise 42% to around £20 billion by 2012. With many markets effectively 'underground' at present due to anti-gambling laws, the real total could be much higher"*¹⁰

Increasing the cluster of eGaming services provided from the Island would not only continue to support the ICT infrastructure and telecoms links but also has the potential to generate spin off benefits by attracting new software developers and other technical service providers associated with operators, many of whom are already certificated by AGCC.

Strategic Aim

Strategic Aim 4: Support initiatives and policies to derive greater economic benefit from the eGaming sector.

⁹ Oxford Economics "Towards an Economic Development Strategy for Guernsey: Review of Guernsey's Economic Profile and Assessment of Future Opportunities.", Page 74

¹⁰ Oxford Economics, Page 75

Strategic Aim 4: Support initiatives and policies to derive greater economic benefit from the eGaming sector

Strategic Aim 4	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Support initiatives and policies to derive greater economic benefit from the e-gaming sector	Ensure that greater economic benefit is derived from the eGaming sector.	<p>Ensure that eGaming continues to receive sector support from Government through the provision of appropriate legislation and regulation as well assistance in dealing with other jurisdictions. eGaming will also benefit from the actions contained within Strategic Aim 7: "Ensure that the infrastructure is in place to develop a competitive ICT / Digital provision on the Island.</p> <p>Regular liaison will take place between the Commerce and Employment Department and the Alderney Gambling Control Commission.</p>	On-going activity	<p>Commerce and Employment</p> <p>Alderney Gambling Control Commission</p>

Commentary on Strategic Aim 4:

This Strategic Aim is focused on deriving greater economic benefit from the eGaming sector. The potential for increasing the economic benefits and the diversity of the economy arise not only from attracting new operators licensed by AGCC but also from encouraging all operators to increase their use of local goods and services and to establish offices in the Island to support their operations and thus provide local job opportunities.

The provision of these services for the eGaming sector has further knock on benefits for other sectors in the economy, not least the provision of high capacity and more resilient data connectivity.

We therefore consider that further growth of the eGaming sector should be encouraged and facilitated, so long as there is a commitment to ensuring that eGaming continues to be well regulated and presents a low reputational risk for the Island. The Alderney Gambling Control Commission (AGCC) is well regarded and is an exemplar of regulation in this field. Its strategy for

growing the eGaming sector makes a clear commitment to ensure all activity takes place *"honestly and fairly...free from criminal influence...[and] regulated and monitored so as to protect the interests of the young and vulnerable"*¹¹.

¹¹ Alderney Gambling Control Commission, Annual Report, 2012: Mission Statement, Page 2.

Initiatives and support for other economic sectors

In addition to the support for the specific sectors mentioned under Strategic Aims 1 to 4, other sectors of the economy will continue to be supported and developed as part of the day to day work of the Commerce and Employment Department.

Indeed sectors of the economy such as Agriculture, Horticulture, Sea Fisheries and Construction will continue to receive support from government, but in the lifetime of this Economic Development Framework have not been singled out as a sector that needs a specific development plan or strategy at this time.

This is not to say that we are ignoring these important sectors, as there are already a number of important initiatives and projects underway.

It should be noted that all economic sectors will benefit from the Strategic Aims to be adopted under Objective 3 *"Making Guernsey Work for Business"*. Nothing in this Economic Development Framework should preclude successful businesses, whatever economic sector they happen to be in, from continuing to thrive.

And for all economic sectors, the general thrust of this Economic Development Framework will be adopted – that is the intent to raise productivity throughout the economy by investing in high value employment, exports and enterprise.

A specific and important Strategic Aim will be to ensure that there is an adequate supply of affordable commercial premises of the type that will maximise the potential for economic growth. Five broad land use types have been identified, which are:

- Agriculture and Horticulture
- Business, including storage and distribution and industry;
- Retail;

- Visitor economy; and
- Office and support services

The priorities for each land use type are set out under *Strategic Aim 24: To ensure an adequate supply of affordable commercial premises*.

Prioritising support

We will continue to promote the development of the economy through the support that the Commerce and Employment Department provides to all of the sectors in the economy. This support will be focused on achieving the strategic aims of this Economic Development Framework – that is to move the Guernsey economy towards a business environment that encourages high value employment, investment, exports and enterprise.

In order to achieve this it will become necessary to focus government support in those areas of the economy that will generate the greatest returns, whilst still meeting a broadly balanced and diversified economy.

The prioritisation of support will need to be informed by high quality information on the performance of each sector of the economy. This Framework sets out ways of improving the tracking and monitoring of the Guernsey economy in Strategic Aims 26 and 27.

Strategic Aim

Strategic Aim 5:

Continue to support the development of all sectors of the economy in line with achieving the strategic aims of the Economic Development Framework.

Strategic Aim 5: Continue to support the development of all sectors of the economy in line with achieving the strategic aims of the Economic Development Framework.

Strategic Aim 5	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Continue to support the development of other sectors of the economy in line with achieving the strategic aims of the Economic Development Framework	Continue to support the development of all sectors of the economy in order to encourage high value employment, investment, exports and enterprise.	<p>Continue to support all sectors of the economy through the mandate of the Commerce and Employment Department which, <i>inter alia</i>, is to promote the interests of all sectors of the economy.</p> <p>These sectors include, <i>inter alia</i>:</p> <p>Agriculture and Horticulture (including the States Dairy) Sea Fisheries Construction Intellectual property and image rights</p>	On-going activity	Commerce and Employment Department

Status: This strategic aim is underway

Commentary on Strategic Aim 5:

The level of support currently provided through the Commerce and Employment Department impacts on a number of economic sectors and various aspects of the practice of business on the Island. These include, *inter alia*:

- Support for Agriculture and the Dairy Industry through the provision of regulatory and advisory services and a production and marketing service for dairy products operated through the States Dairy. A recent capital project due to be completed is the new Slaughterhouse, which is anticipated to have significant benefits to the local industry.
- Provision of the Agricultural Support Scheme.
- The Sea Fisheries Section safeguards the Bailiwick's marine resources through the development of fisheries management policies and legislation designed to ensure that the exploitation

of resources is conducted in a sustainable manner. This includes negotiations to extend the territorial limit to 12 miles, fishery protection duties and marine conservation

- Support for horticulture is provided through the provision of specialist horticulture and agriculture sector focused laboratory services, integrated crop protection advice, and an EU compliant plant health monitoring service for both imports and exports of plant and plant materials.
- Support for the Construction Industry through facilitation of the Construction Sector Group.
- Support and advice on the subject of employment relations through the employment relations service.
- The operation of the Guernsey Company Registry offering a highly reputable and professional premium service. Support for the development of legislation in order to exploit the potential of Intellectual Property and Image Rights.

6 Objective 2: Supporting emerging sectors

Introduction – the importance of emerging sectors

Guernsey is ideally placed to take advantage of a number of opportunities that are presented by emerging sectors.

Emerging sectors are those parts of the economy that have the potential for growth in the near future, and which will be able to take advantage of Guernsey's core offer to business, which is:

- A competitive tax regime;
- “Light touch” direct public sector involvement in business;
- A flexible and skilled pool of labour with access to training opportunities;
- A strategic location in central Europe, close to major international business centres; and
- A physically attractive place in which to do business.

It is also the case that emerging opportunities for economic development will often be presented within existing sectors (mature sectors).

For instance new product developments in Finance may well lead to the creation of a new sub sector “niche”. This has occurred in the case of the Finance Sector, such that it now represents a diverse range of specialisms. This has resulted in a Finance Sector that is characterised by its diversity.

There are similar opportunities for development in other sectors. Retail is a case in point where the emergence of on-line retailing

may be presented as an opportunity for some sectors of the industry rather than a threat.

Developing Sectors

In order to support, nurture and encourage the development of emerging economic sectors, this Economic Development Framework will:

- Identify mechanisms to support emerging and developing sectors; and
- Set out ways of developing two identified emerging sectors:
 - ICT / Digital; and
 - Creative industries

There are also other areas of business activity that are being supported as they grow. These include intellectual property and image rights and the development of an aircraft registry. These are included as actions in the Commerce and Employment Department's Business Plan, and therefore are not singled out as a Specific Strategic Aim in this document.

Mechanisms to support emerging and developing sectors

Government needs to be responsive to the needs of emerging and developing sectors of the economy. We believe that this Economic Development Framework puts in place the framework required for a flexible and adaptable attitude to economic development.

Although clichéd, the phrases “can do attitude” and “open for business” are ones that we would like to be associated with the Island.

The case for intervention

Guernsey's economic policy in the past has been clearly non-interventionist. The focus has been on establishing the right conditions to enable the Guernsey economy to thrive. This has been a successful policy. Indeed, this approach was endorsed by the Oxford Economics report:

“Formulating an Economic Development Strategy for Guernsey involves discussing, agreeing and setting out priorities for the way the Island's economy should develop, to help maximise financial performance and social well-being. It does not necessarily mean “picking winners” in any specific sense of the term. Such a policy remains ineffective and wasteful, particularly in a climate of limited public resources. Nor does a strategy mean creating lots of additional regulation, or somehow seeking to get in the private sector's way.”¹²

However the report went on to recommend that there was a case to be made for limited intervention in some areas:

¹² Oxford Economics “Towards an Economic Development Strategy for Guernsey: Review of Guernsey's Economic Profile and Assessment of Future Opportunities.”, Page 66

“...powerful international evidence has emerged of successful collaboration between business and the public sector in developing and nurturing high-value industries, enhancing prosperity and “laying the conditions for growth” in terms of infrastructure, skills and legislation.”¹³

Strategic Aim

It is this support and nurture of emerging and developing sectors which we feel will become increasingly important and so this Strategic Aim recommends a more pro-active approach in supporting emerging and developing sectors of the economy.

This approach is endorsed in the States Strategic Plan:

“In the past, the Fiscal and Economic Plan has concentrated on taxation and fiscal management and has followed a passive approach to economic policy whereby the objectives focused on achieving the right conditions for growth and allowing the private sector to generate wealth. The Policy Council acknowledges that going forward a more proactive approach to economic development is supported and “nudged” along preferred lines, may be more appropriate in the post 2008-2012 global economy, and thus an Economic Development Strategy is being developed.”¹⁴

Strategic Aim 6:

Continue to ensure that the States of Guernsey is pro-active in supporting emerging and developing sectors of the economy.

¹³ Oxford Economics “Towards an Economic Development Strategy for Guernsey: Review of Guernsey's Economic Profile and Assessment of Future Opportunities.”, Page 66

¹⁴ States Strategic Plan 2013-2017, Policy Council, Page 402
<http://www.gov.gg/CHttpHandler.ashx?id=82647&p=0>

Strategic Aim 6: Continue to ensure that the States of Guernsey is pro-active in supporting emerging and developing sectors of the economy

Strategic Aim 6	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Continue to ensure that the States of Guernsey is pro-active in supporting emerging and developing sectors of the economy	Ensure pro-active support from government for emerging and developing sectors of the economy	Continue to support all sectors of the economy through the mandate of the Commerce and Employment Department which, inter alia, is to promote the interests of all sectors of the economy.	On-going activity	Commerce and Employment Department

Status: This strategic aim is underway

Commentary on Strategic Aim 6:

The ways in which we can support emerging and developing sectors are numerous. They involve:

- Access to advice on start-ups and business support;
- The provision of financial support for emerging initiatives;
- Help with promotion of an emerging sector when ready to market;
- Identification of skills gaps and then putting in place the training needed to fill these gaps;
- Awareness of the career prospects available in new sectors of the economy;
- Introduction of new legislation and or regulatory mechanisms to encourage development of new sectors;
- A sympathetic and fast acting planning process to facilitate the availability of commercial premises and to ensure adequate supply;

- The provision of adequate infrastructure and connectivity to create the conditions that allow for the development of new businesses in emerging sectors;
- The fostering of close working relationships between government and business so that opportunities for business development can be quickly progressed; and
- The availability of high quality and robust data and information (both quantitative and qualitative) on the economy both in order to provide evidence for good quality policy making.

These areas are addressed in the Strategic Aims of this Economic Development Framework. They will benefit emerging sectors of the economy just as they will the existing sectors of the economy.

However, it will be important in the future for government to take a proactive stance in terms of business development.

Developing the Digital / ICT Sector

What do we want to achieve?

To grow a strong Digital / ICT sector which contributes significantly to Guernsey's economy, both in its own right and by supporting other sectors of the economy.

Why is Digital Important?

The Digital or ICT sector (Information and Communication Technologies) is a strong international growth sector. Research firm Gartner predicts that spending on ICT will reach \$3.7 trillion in 2013, a 4.2% increase on 2012's \$3.6 trillion.¹⁵

Currently, in Guernsey, the Digital sector employs 3.1% of the Island's labour force (906 employees), across 52 employers.

45 of these employers employ 25 people or less, and 30 of these employ 5 people or less, meaning that as with the rest of the economy, most ICT companies are small or medium organisations.¹⁶

Median earnings for the sector were £33,930 in 2012, slightly higher than the average across the economy (£29,250).¹⁷

¹⁵ The following sectors are included within the Digital Sector: IT support services, software developers, web developers, data centres, telecoms operators

¹⁶ Source: Guernsey Labour Market Bulletin, December 2012 – Statistics on the 'Information and Communications' sector.

¹⁷ Source: Guernsey Annual Earning Bulletin, 2012

We believe that there is considerable potential for this sector to develop. Therefore The ICT Strategic Working Group was formed shortly after the elections in May 2012 with the principal aim of producing a Digital Strategy for Guernsey.

The Group seeks to maximise the growth potential of the Island's Digital sector¹⁸ by ensuring that the business community is able to make the most of the Island's data-carrying infrastructure and that Islanders can acquire the skills required to take part in this sector.

The delivery of the Digital Strategy should allow the Digital sector to make an increasing contribution to the Island's economic prosperity, both in its own right and by supporting other sectors of the economy, including the financial services sector.

Strategic aim for developing the ICT / Digital sector

This Economic Development Framework identifies the following strategic aims for the development of the Digital sector:

- **Strategic Aim 7:**
Ensure that the infrastructure is in place to develop a competitive Digital / ICT provision on the Island
- **Strategic Aim 8:**
Develop Islanders' Digital Skills
- **Strategic Aim 9:**
Achieve diversification of the economy by encouraging and facilitating the development of the Digital sector.

¹⁸ The following sectors are included within the Digital Sector: IT support services, software developers, web developers, data centres, telecoms operators

Strategic Aim 7: Ensure that the infrastructure is in place to develop a competitive Digital / ICT provision on the Island

Strategic Aim 7	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Ensure that the infrastructure is in place to develop a competitive Digital / ICT provision on the Island	Maximise the benefits to the economy of the Island's data-carrying networks and connections to the rest of the world.	Create policy options that will encourage and work towards delivery of ultra-fast broadband to businesses, super-fast broadband to homes, and consider the increasingly important role of mobile Internet access.*	Q1 2014	Commerce and Employment Department
		Work to ensure that the telecommunications needs of the Island's small and medium businesses are met through a range of quality services at competitive prices.*	Initial policy options Q1 2014	Commerce and Employment Department
		Support the development of new business for data centres.	Ongoing activity	Commerce and Employment Department
		Continue to feed back local businesses' views on Guernsey's data protection policies to the Home Department.	Ongoing activity	Commerce and Employment Department
	Manage the Island's limited radio spectrum resource effectively.	Encourage the efficient assignment and utilisation of local radio spectrum. Review of existing spectrum allocation during 2014.	4G consultation – 2013/4. 2 nd phase Q1 and Q2 2014	Commerce and Employment Department / CICRA
	Encourage the efficient functioning of local telecommunications markets.	Continue to engage with CICRA as it regulates the relevant telecommunications markets.	Ongoing activity	Commerce and Employment Department / CICRA

Status: This strategic aim is underway. *Note: Relevant costing options will be addressed as part of the work on developing policy options.

Commentary on Strategic Aim 7:

Ensuring that the infrastructure requirements of the Digital sector are met is essential in order to ensure the future development of the Digital sector. At the same time all other sectors of the economy will benefit from access to and utilisation of a first class and competitive digital infrastructure.

Plan delivery of super-fast broadband to homes, ultra-fast broadband to businesses and consider the increasingly important role of mobile Internet access

Network infrastructure is a key enabler for economic growth and will underpin more efficient public services such as education. Today, the Internet provides numerous opportunities for individuals to improve day-to-day living, and for commerce to participate and compete in a global marketplace. A cross departmental team led by Commerce and Employment has launched a programme of work to provide the people and businesses of Guernsey with world-class, cost-effective Internet connectivity.

Ensure that the telecommunications needs of the Island's small and medium businesses are met through a range of quality services at competitive prices.

We have engaged with both the business community and the telecommunication operators, in order to assess the Island's small and medium businesses' expectations against the services currently available, and also to better understand the specific constraints which operators face in a small Island market such as Guernsey. We will review the findings of CICRA's ongoing business connectivity review with interest once these are published.

Support the development of new business for data centres.

Data centres form a crucial part of the Island's connectivity infrastructure. They provide essential support for a wide range of existing sectors, including financial services and eGaming, as well as for business development opportunities in emerging sectors such as the creative industries.

The Department will support the private sector as it seeks to develop and attract new business to the Island for data centres.

Continue to feed back local businesses' views on Guernsey's data protection policies to the Home Department.

Guernsey's Data Protection legislation needs to take into account changes in UK and EU legislation, and then make appropriate changes. We are working closely with the Home Department in order to ensure that the necessary framework is in place to facilitate opportunities arising from the Island's unique position, while continuing to meet our international obligations in this area.

Continue to support the efficient assignment and utilisation of local radio spectrum.

Earlier this year, the Department worked to commission research on 4G spectrum allocation in the Channel Islands, in a joint workstream with Jersey's Economic Development Department.

We will continue to support CICRA as it facilitates the roll-out of the next-generation 4G mobile services, and more broadly as it encourages the development of mobile telephony and data services for the benefit of businesses and Islanders alike.

Continue to engage with CICRA as it regulates the relevant telecommunications markets.

It is important that in telecommunications markets where a single business has significant market power, the necessary regulation is in place so as to produce service quality and pricing outcomes which are similar to those which would otherwise occur in a more competitive setting.

The Department will continue to engage with CICRA, as appropriate, as it regulates the relevant telecommunications markets.

Strategic Aim 8: Develop Islanders' Digital Skills

Strategic Aim 8	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Develop Islanders' digital skills	Create a digital skills strategy.	Skills Guernsey is undertaking research to define a strategy for a digitally skilled workforce and society.	To be completed by June 2014	Skills Guernsey Commerce and Employment Department Education Department Private sector
	Assess the digital skills needs of each economic sector, in order to continue developing the local workforce.	Skills Guernsey will carry out a Skills Gaps Analysis.	September 2014	Skills Guernsey

Commentary on Strategic Aim 8:

Digital skills will become increasingly important across all sectors of the economy. There are also social, cultural and environmental benefits of a digitally skilled society.

The Digital Skills Gap

According to the website go-on.co.uk [which campaigns to make the UK the most digitally capable nation in the World]:

- 16 million people in the UK aged 15 and over still don't have Basic Online Skills – yet 90% of all jobs will require ICT skills by 2015.
- Just 33% of small to medium sized companies have a digital presence and only 14% sell their products online. But the more digitally enabled a company is, the faster it tends to grow – and consumers in the UK are twice as likely as the OECD average to buy goods online.

- Charities are among the organisations with the most to gain from upping their digital capabilities, yet one-fifth have little or no web presence and 50% need help with web design and social media.

Benefits to society of Digital Skills

Digital skills could be defined as *"Life skills for an electronic World"* where we (that is individuals, businesses and government) all need to know how to use and exploit a number of digital tools – that is:

- Computers
- Mobile phones
- Tablets / connected devices
- Digital cameras
- "Smart" TVs and recorders

- Entertainment systems
- GPS and navigation systems

And increasingly we are finding that one device can access or distribute many types of content:

- Books
- Music
- Shopping
- E-mail
- Payments
- Information
- Shopping
- Directions (GPS)
- Photos
- Video / TV / Films

In order to take advantage of the opportunities that are presented by the “*electronic world*” of the 21st Century, the digital literacy of individuals, businesses and government will become increasingly important.

The aims of the Digital Strategy when achieved will deliver a powerful and competitive ICT infrastructure that serves the needs of individuals, business and the government in Guernsey. These digital foundations will create tremendous potential and opportunities.

However, ownership of a computer and access to a fast internet connection in itself will not solve the inequalities that exist in how people and organisations exploit and use the opportunities available online.

Digital skills will aim to bridge the gap that will enable the full potential and opportunities that are presented by the digital world to be realised. The Digital Strategy will create the potential which

will be maximised when universal “digitisation” of individuals and organisations is achieved.

The benefits of being digitally skilled span across all sectors of the economy, all businesses and organisations, and all individuals. For instance accessibility to digital skills will increase the ability of disabled persons to access job opportunities, as well as information and help.

Skills for the Digital sector

Within the Digital sector itself there will be a need to promote the attainment of specific and specialist skills, such as coding skills, computer and network maintenance. These skills will be picked up in the sector skills gaps surveys to be carried out by Skills Guernsey and developing the digital skills of Islanders will become a key priority of Skills Guernsey.

Strategic Aim 9: Achieve diversification of the economy by encouraging and facilitating the development of the Digital sector

Strategic Aim 9	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Achieve diversification of the economy by encouraging and facilitating the development of the Digital sector	Encourage the development of new areas of the digital economy.	Investigate the potential to create a Digital and Creative Industries Business Incubator. Initial market research was carried out in December 2013 The potential to develop an incubator will be explored through an evidence based business case, with the aim to achieve collaboration and potential sponsorship through public/private sector working	By Q3 2014	Commerce and Employment / Treasury and Resources Department
		Attract the digital element of off-Island businesses. This will be achieved through enhanced promotion of the sector as part of Strategic Aims 15, 16 and 17 (Promotion of the Island).	To be in place by June 2014	Commerce and Employment Department

Status: This strategic aim is at concept stage

Commentary on Strategic Aim 9:

The ultimate aim of the Digital Strategy is to achieve the diversification of the Guernsey economy through the development of low footprint and high value digital start ups. Strategic Aim 6 and Strategic Aim 7, already underway, will provide the building blocks to enable growth of the sector to occur.

The Oxford Economics Report reported favourably on the development of the Digital Sector in Guernsey:

“Guernsey has a relatively strong ICT infrastructure and can probably be considered, at present, the leading ICT industry player in the Channel Islands. Through policy innovation it has built a notable presence in the support of Alderney-based e-gaming activities, and this has in turn encouraged the market-led

provision of a significant bandwidth to support growth across the ICT sector.”¹⁹

The report went on to recommend the encouragement of further diversification in the sector. We are keen to achieve this aim. One area that should be explored is the provision of a digital and creative start-up business incubator in the Island, which could provide accommodation for digital start-ups as well as provision for training and support for the sector.

We consider that there may be opportunity for a suitable States Property to be put aside for this purpose, and are currently exploring the potential of this option.

¹⁹ Oxford Economics, 2012, Page 107

Developing the Creative Industries sector

What do we want to achieve?

To encourage and facilitate the development of the Creative Industries sector in Guernsey.

Why is the Creative Industries sector important?

The Creative Industries sector comprises a range of economic activities which span a number of traditional economic sectors. The following occupations could be included in a definition of the Creative Industries sector:

- Advertising
- Architecture
- Art and antiques markets
- Broadcast Media (Television and Radio)
- Crafts
- Design
- Designer fashion
- Digital / On-line / Software
- Film and video
- Music
- Performing arts
- Photography
- Publishing
- Visual Arts

Importantly, Guernsey already has a solid core of activity within this sector, including a very strong advertising, publishing and design contingent. Coupled with Guernsey's attractiveness as a place to live and the high skill levels of Guernsey employees, the

Island makes a very appealing destination for creative industry professionals.

From an economic development point of view, encouraging the development of the Creative Industries sector has a number of advantages:

- It is a relatively high value economic activity;
- It is low impact in terms of requirements for commercial premises;
- It takes advantage of skills and knowledge already present in the Island (20% of graduates from Guernsey hold degrees in creative or arts related subjects);
- There is already a strong cluster of businesses operating in this area, who are keen to work together to develop the sector further;
- It has strong cultural and social-economic benefits;
- It is reliant on the presence of a "knowledge economy" and the utilisation of innovative thinking and creativity – something that Guernsey already excels at.
- It has the potential to generate good PR for Guernsey;
- Using digital technology, creative content is something that can be delivered to clients anywhere in the world;
- There is a growing world market for creative content – from website design to production of artwork and special effects for films, to music production and on-line print publishing; and
- The existing talent pool and business structures (such as access to finance, legal resources, intellectual property and image rights legislation) make Guernsey an attractive proposition for creative professionals.

The size of the Creative Industries sector in Guernsey

There is not a standard definition of the Creative Industries sector, since economic activities fall across a range of economic sectors as they are currently classified. For instance Architecture would be included under professional services and web design under Information and Communication.

However, it is clear that the sector is already a significant contributor to Guernsey's economy. One estimate is that there may be up to 200 businesses involved in the Creative Industries in Guernsey, employing in the region of 1,000²⁰.

Creative Industries in other Jurisdictions

The push to support the development of the Creative Industries sector is not limited to Guernsey. Indeed, it is a global phenomenon, driven by the rise in digital technology over the last 20 years.

The importance of the Creative Industries sector is demonstrated by the fact that the British Irish Council has decided to adopt a new work stream focusing on the development of creative industries. In each Jurisdiction (England, Scotland, Wales, Northern Ireland, Ireland, Isle of Man, Jersey and Guernsey), the importance of creative industries was highlighted, with the social and cultural benefits being highlighted alongside the economic benefits.²¹

Strategic aim for developing the Creative Industries sector

This Economic Development Framework identifies the following strategic aim to assist the development of the Creative Industries sector:

- **Strategic Aim 10:**
Support initiatives and policies to develop the Creative Industries sector

²⁰ Estimated by the Creative Industries Forum.

²¹ Proposal agreed at the British Irish Council, 20th Summit Meeting

Strategic Aim 10: Support initiatives and policies to develop the Creative Industries sector

Strategic Aim 10	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Support initiatives and policies to develop the Creative Industries sector	Encourage the development of low footprint and high-value added Creative Industry businesses in Guernsey	We will continue to work with Creative Industries Guernsey to examine ways of further promoting and showcasing the Creative Industries in Guernsey.	On-going activity	Commerce and Employment Creative Industries Guernsey
		Underwrite / support key industry symposium “Learn, Produce, Create” event	Completed November 2013	Commerce and Employment Creative Industries Guernsey
		Identify training and development needs in the industry through the Skills Guernsey initiative (Skills Gap analysis)	September 2014	Commerce and Employment Creative Industries Guernsey Skills Guernsey
		Support the development of the Guernsey Creative Academy through the sponsorship of a student place at the academy	Sponsorship for student placement during academic year 2013/14	Commerce and Employment Department

Status: This strategic aim is underway

Commentary on Strategic Aim 10

Support and development of the Creative Industries sector has come from industry itself, aided by Government support which has been provided through the Guernsey Arts Commission.

The Guernsey Arts Commission's aim is to help the arts in Guernsey to grow and develop and to involve more people in the

arts. It wants to assist the arts community to pursue excellence and to succeed, and for the arts to be recognised and valued as a vital part of the island life.

Creative Industries Guernsey has been formed as a sub-committee of the Guernsey Arts Commission. Its membership includes representation from both the industry and government, including the Commerce and Employment Department. The focus

of Creative Industries Guernsey will be to promote and develop the sector in order to achieve growth of high value added business in the sector.

Guernsey Creative Academy

One major aspect of the work of Creative Industries Guernsey has been to develop the Guernsey Creative Academy. The Guernsey Creative Academy is a pioneering training and placement scheme positioned as an alternative to off-island University based training. It is a unique industry based placement scheme featuring structured learning with a minimum of six months of work experience within a number of professional businesses in the Island. The key benefits are:

- Retention and development of local skills;
- Development of skills for high value, low footprint businesses;
- Contribution to a growing sector;
- Provides genuinely business led training which can lead directly to employment;
- Based on the principle of skills sharing and collaboration between businesses; and
- A low cost, business supported scheme.

7 Objective 3:

Making Guernsey work for business by helping businesses get the best from Guernsey

Introduction

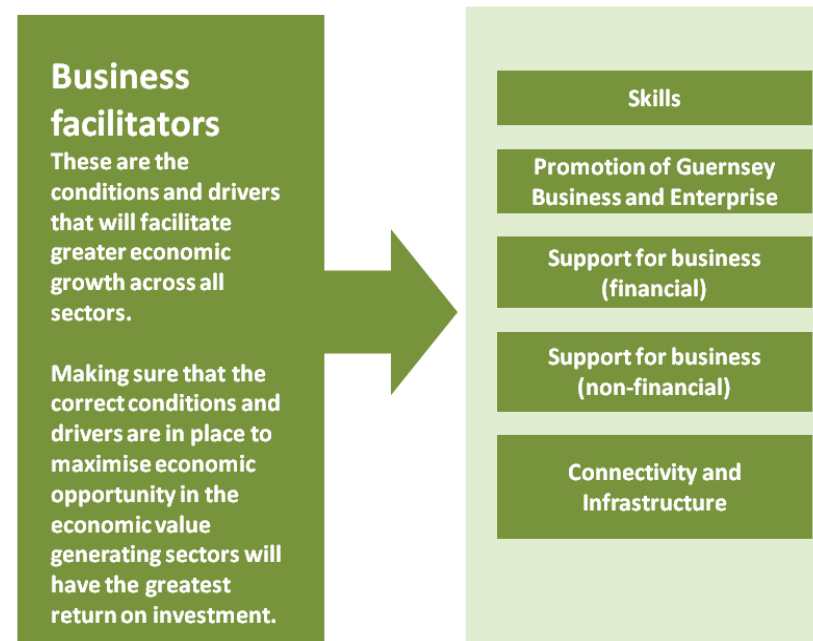
One of the key aims of this Economic Development Framework is to focus on productivity led growth through higher value, more productive economic activity. Productivity led growth is especially important given the constraints Guernsey has in terms of the availability of land and labour.

In order to facilitate this productivity led growth, an important function of government will be to ensure that businesses in Guernsey have the conditions and the tools at their disposal in order that they can flourish.

Facilitating business

In Section 4 (starting on Page 11) of this document we set out the framework for the development of the Economic Development Framework. This framework underlines the importance of achieving the conditions and drivers that will facilitate greater economic growth across all sectors of the economy. The conditions and drivers over which Government can have an influence are shown in **Figure 5**. Five areas have been identified under which we have set out areas for action. These are set out in more detail in the following pages.

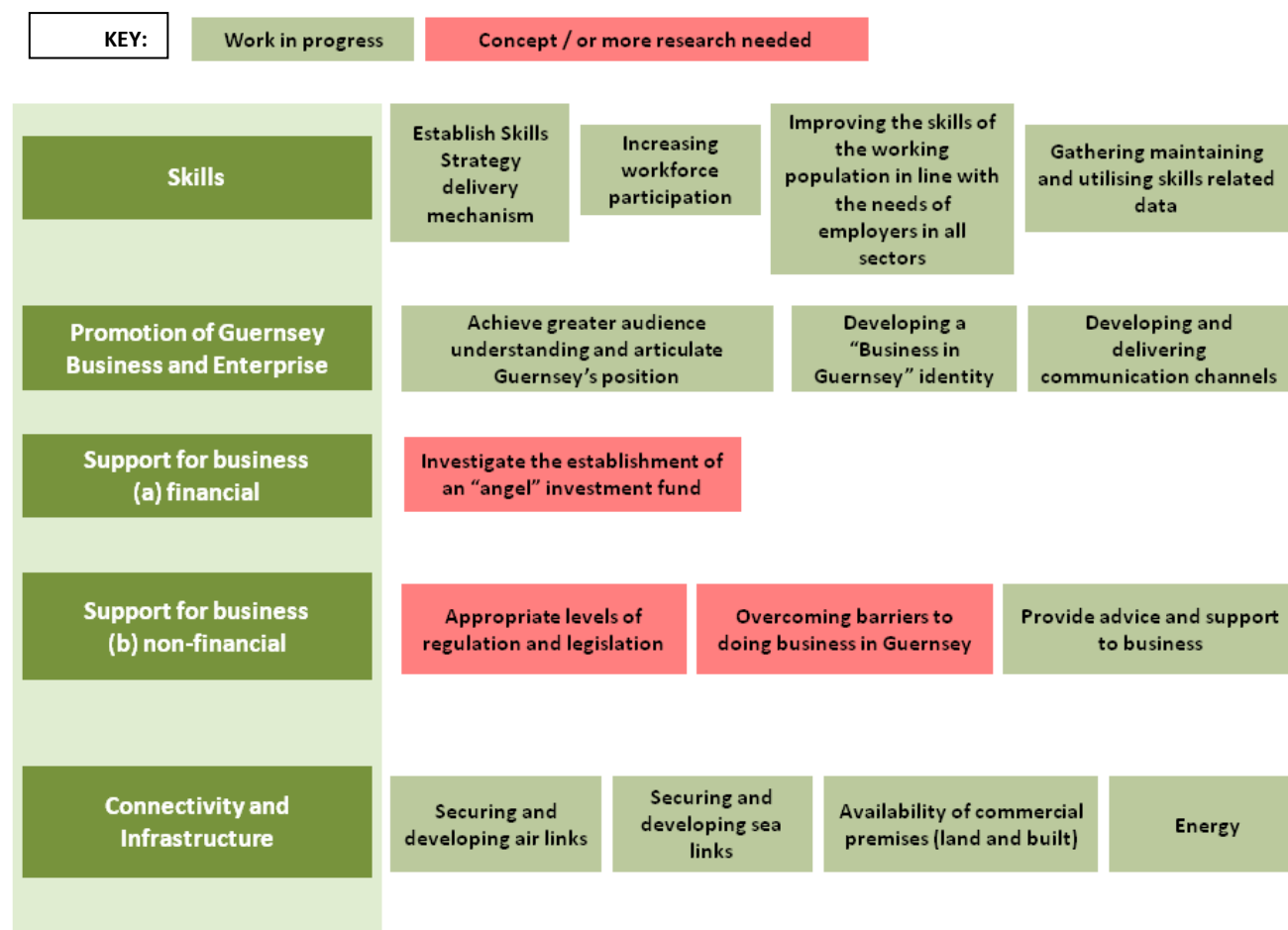
Figure 5: Five areas where government can help facilitate business



Key pillars of the Business Facilitators

Under each Business Facilitator we have identified a number of key pillars. These are set out in **Figure 6** below. This graphic also illustrates that many of the actions are already underway, or are in the process of being researched.

Figure 6: Work status of the key pillars of the Business Facilitators



Island Skills Strategy

What do we want to achieve?

To create the infrastructure and the conditions whereby every individual, whether in work or seeking work, can realise their potential, participate in the community, and contribute to Guernsey's economic success.

Why is an Island Skills Strategy important?

There is no doubt that across the World, the importance and value of a skilled workforce is becoming increasingly recognised:

*"Skills have become the global currency of the 21st Century. Without proper investment in skills, people languish on the margins of society, technological progress does not translate into economic growth, and countries can no longer compete in an increasingly knowledge-based global society."*²²

Put simply, skills transform lives and drive economies – they lie at the heart of a sustainable economic growth strategy. This is recognised within the States Strategic Plan (see Section 3 of this report), one of the objectives of the plan being *"wise long term management of the Island's resources, including the maintenance of a highly-skilled and well-educated workforce."*

The Island has been working on strategies to improve workforce skills since 2003. This has culminated in the establishment of "Skills Guernsey". Skills Guernsey is a partnership between business members from large and small local businesses,

individuals with skills related experience, community representatives, training providers, and the States of Guernsey.

Skills Guernsey has responsibility for ensuring that strategy and policy for skills and participation in the workforce takes account of, and is allied to the broader aims of education, social cohesion and economic development expressed in departmental plans and strategies and the wider States Strategic Plan. An important difference with Skills Guernsey, compared to previous initiatives, is the high level of involvement and engagement of employers.

Aims to be achieved through the Island Skills Strategy

This Economic Development Framework identifies the following strategic aims for the Skills Strategy:

- **Strategic Aim 11:**
Establish the Skills Strategy delivery mechanism;
- **Strategic Aim 12:**
Increase workforce participation;
- **Strategic Aim 13:**
Improving the skills of the working population in line with the needs of employers in all sectors; and
- **Strategic Aim 14:**
Gathering maintaining and utilising skills related data.

²² OECD (2012) Better Skills, Better Jobs, Better Lives: A strategic approach to Skills Policies, OECD Publishing

Strategic Aim 11: Establish the Skills Strategy delivery mechanism

Strategic Aim 11	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Establish the Skills Strategy delivery mechanism	An effective Skills Strategy delivery mechanism is established in order to ensure a vibrant economy that continues to adapt its skills base to changing global conditions and opportunities.	The pilot of the “Skills Guernsey” structure established in April 2012 will be concluded, evaluated and evolved. A focus on skills will continue as a priority for 2014. 2014 Skills Strategy priorities to be published Q1 2014.	Proposals for the on-going Skills Strategy delivery mechanism will be finalised in Q1 2014 for the on-going delivery of the 2014 Skills Strategy priorities	Skills Guernsey is a joint partnership initiative between the Commerce and Employment, Education and Social Security Departments, training providers and the private sector.

Status: This strategic aim is underway

Commentary on Strategic Aim 11:

The establishment of a delivery mechanism for the Skills Guernsey initiative is currently underway, and is subject to a two year pilot period. The pilot is due to end in March 2014.

Drawing on the expertise and goodwill of a number of stakeholders is required in order to implement a successful Skills Strategy.

The structure of Skills Guernsey therefore comprises two layers:

- A politically led policy group which is responsible for setting the policy and direction of the Skills Strategy. This is known as the Skills Guernsey Policy Group.
- An industry led group, known as the Skills Guernsey Implementation Group. The Group is responsible for the implementation of the Skills Strategy through employer

engagement. It captures employers' views and makes recommendations to the Policy Group.

These two layers are supported by officers in the Education, Commerce and Employment and Social Security Departments. The majority of the support mechanism is currently provided by the Education Department, though resources are provided by other departments and most importantly the private sector.

As such, the initiative is groundbreaking in terms of both cross departmental working combined with close working with the private sector.

Strategic Aim 12: Increase workforce participation

Note: The following activities may be revised once the new Skills Guernsey delivery mechanism is in place.

Strategic Aim 12	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Increase workforce participation	Local labour will become the first choice of employers in all sectors of the economy	Working with employers, support agencies and in particular the Guernsey Community foundation, engage employers in supporting people of all abilities back to/into work, including the disabled.	On-going activity	Skills Guernsey
		We will run a pilot project aimed at matching job seekers to future vacancies currently held by short term licence holders	On going activity	Social Security Department Housing Department
		We will develop a manifesto to provide support for those who are not in education, employment or training.	Completed November 2013	Skills Guernsey
		We will develop a common assessment tool that will be used to support those who are unemployed or vulnerable to employment.	Completed September 2013	Skills Guernsey
		We will work with employers to profile the careers and employment opportunities within sectors that rely heavily on imported labour and at the same time ensuring that knowledge and skills of licence holders are passed on to local employees.	On-going activity	Skills Guernsey
	The employability skills of students will be improved so that students leave education with the skills and attitudes to secure employment. Students should also have the knowledge of opportunities available in the workplace and how they can demonstrate that they have the skills required by employers.	. As part of the review of the Careers Service (to be rebranded Careers Guernsey), there will be an increased focus on employability and in particular, increased opportunities for employers to work directly with students to ensure that they are made aware of the skills required in the workplace. An “employability menu” has been established that will enable schools to select sessions offered by employers to ensure that young people are made aware of the current and future trends in employment in Guernsey.	On-going activity	Education Department (Careers Guernsey)

		We will support the Careers Service / Careers Education programme in order to make students aware of the employment opportunities in Guernsey and the qualifications and skills that they need to obtain.	On-going activity	Skills Guernsey / Education Department (Careers Service)
Increasing Workforce participation	Explore more creative ways of utilising the Island's talent pool	We will investigate the particular requirements of the Island's older working population (employees who are 50+)	December 2014	Skills Guernsey
		We will develop a plan to improve digital skills across all sectors of the community – see Strategic Aim 8.	September 2014	Skills Guernsey
		We will explore and then promote the opportunities for greater home/flexible/remote working for the benefit of employers and employees	December 2014	Skills Guernsey

Status: This strategic aim is underway

Commentary on Strategic Aim 12:

Enabling access and opportunities to participate in the Island's workforce is a key strategic aim of this Economic Development Framework. Indeed, a key aim of the States Strategic Plan is for:

"All people having opportunities and support where needed, to enable them to reach their full potential".

This Strategic Aim therefore focuses on mechanisms which will maximise participation in the workforce. It recognises that the economy will benefit most from the use of local labour and where the skills and talents of the workforce are utilised in the most effective way.

Guernsey already has very high levels of participation in the workforce and relatively low levels of unemployment. 76.7% of the working age population are in employment, compared to 1% who are unemployed.²³ With participation rates already very high, it will become progressively more difficult to raise participation rates still further. However, we know that there are many talented people living in Guernsey who for a variety of reasons may not be able to access the Island's labour market. Therefore one aim is to investigate creative ways in which the Island's talent pool could be utilised.

²³ Oxford Economics "Towards an Economic Development Strategy for Guernsey: Review of Guernsey's Economic Profile and Assessment of Future Opportunities.", Page 8, Figure 1.1

Strategic Aim 13: Improving the skills of the working population in line with the needs of employers in all sectors

Note: The following activities may be revised once the new Skills Guernsey delivery mechanism is in place

Strategic Aim 13	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Improving the skills of the working population in line with the needs of employers in all sectors	Development of a thirst for lifelong learning and continuing personal development and skills acquisition	We will continue to fund work related training provision through the States investment in the GTA University Centre and the Guernsey College of further education. There is currently a maximum of £740,000 available for annual funding of the GTA University Centre	On-going activity	Commerce and Employment and Education Department
		We will use the apprenticeship scheme to secure vocational work related training required by key trades in Guernsey.	On-going activity	Education Department (Guernsey College of Further Education)
		Education / Skills Guernsey will work on promoting the benefits of skills acquisition / lifelong learning.	On-going activity	Skills Guernsey
	Guernsey being recognised as a preferred location to do business, due in no small part to its professional and customer-focused workforce. The workforce will be adaptable, with transferable skills so as to meet the changing needs of the economy.	We will ensure through the media profile of Skills Guernsey, and communication with employers that the skill levels and qualifications of employees in the Island are recognised.	On-going activity	Skills Guernsey
		We will work with organisations such as Chamber of Commerce, the Guernsey Enterprise Agency and the Confederation of Guernsey Industry to identify particular skills issues for small business	On-going activity	Skills Guernsey

Status: This strategic aim is underway

Commentary on Strategic Aim 13:

Improving the skills of the working population at all levels, will be important in order to raise overall productivity in the economy.

The Frontier Economics report²⁴ collated anecdotal and quantitative evidence that suggested that there were issues about the levels of numeracy and literacy across all sectors of the workforce. Guernsey is not alone in having to tackle these issues. In fact, the prediction is that we have very similar levels of functional numeracy and literacy as other countries such as the UK. However there is no room for complacency, not least because work is becoming increasingly complicated and demanding more and more of employees. There is a clear need to respond to this strategically so that we can maximise the opportunities for our adult population to address any shortfall in their skill levels.

Equally we can work together as an Island to support the focus on literacy and numeracy that is required to ensure that young people have the requisite skills to enter, and remain in, the workplace.

The focus on this Strategic Aim is therefore about ways in which the skills of the working population can be enhanced. Skills Guernsey will work with training providers, both in the public and private sector to achieve these aims. At the same time, Skills Guernsey will work to promote the benefits of lifelong learning to employees and their employers.

Ensuring that Guernsey's workforce is constantly adapting to new challenges and opportunities will also be important in order to retain the Island's competitive edge. It is important for businesses investing in Guernsey to know that there are adequately skilled

people available and that there are opportunities for their staff to acquire new skills quickly and cost effectively.

Guernsey being recognised as a preferred location in which to do business (in no small part due to its skilled and professional workforce) will do much to ensure that Guernsey remains a competitive and attractive proposition for business.

²⁴ Frontier Economics: Strategic Review on Upskilling Guernsey's workforce, February 2010

Strategic Aim 14: Gathering, maintaining and utilising skills related data

Note: The following activities may be revised once the new Skills Guernsey delivery mechanism is in place.

Strategic Aim 14	What we want to happen	How will we do this?	Target date	Cost	Project Owner – Who will do this?
Gathering, maintaining and utilising skills related data	A greater understanding of the skills profile of the Island in order to inform employers, employees and the States on skills related issues	Skills Guernsey will undertake a programme of regular Skills Gap Analysis.	First Island wide Skills Gap analysis to be completed by September 2014	Part of Skills Guernsey initiative	Skills Guernsey
		We will establish regular and effective means of exchanging information on training needs, and securing appropriate ownership for ongoing initiatives	On-going activity	Part of Skills Guernsey initiative	Skills Guernsey
		We will hold regular workshops with employers on skills related matters	On-going activity	None	Skills Guernsey
		We will support sectors in order to help them to identify future skills needs	On-going activity	None	Skills Guernsey

Status: This strategic aim is underway

Commentary on Strategic Aim 14:

This Strategic Aim operates very much in conjunction with Strategic Aim 12 (Improving the skills of the working population in line with the needs of employers in all sectors).

In order to ensure that employers have access to people with the skills and abilities they need, we will need to ensure that we know when there are skills gaps in the local workforce that need to be addressed. These skills gaps will be identified through a series of skills gaps analyses, which will be conducted on a rolling basis. These will identify training needs that should be addressed

straightaway, or those which may be required to be in place in the near future.

Promotion of Guernsey business and enterprise

What do we want to achieve?

To develop an effective communications (and initial support) program that raises awareness of Guernsey, encourages lead generation and maximises conversion of potential businesses across a number of industries, as well as private individuals considering a move to a new territory.

Why is promotion of Guernsey business and enterprise important?

In order to secure business in an increasingly competitive world, Guernsey will need to ensure that the advantages of doing business in Guernsey are clearly understood. As Oxford Economics stated:

"Guernsey is an Island, dependent on external trade and connectivity to maintain the standards of living it has come to enjoy. The global marketplace for trade and investment is becoming increasingly competitive, with rivals across developed and emerging economies competing fiercely for business and many focused on increasingly higher value propositions".²⁵

The Island already achieves very effective promotion from organisations such as GuernseyFinance and through for instance VisitGuernsey. Guernsey has also managed to build up a first class reputation, particularly in the finance industry. Oxford

²⁵ Oxford Economics "Towards an Economic Development Strategy for Guernsey: Review of Guernsey's Economic Profile and Assessment of Future Opportunities."

Economics felt that there was further room to promote awareness of Guernsey as a business destination:

"there is potential to improve the way Guernsey is marketed overseas, both as a place to do business and a place to visit. It remains true that networking between key individuals is the source of many new investments and developments, but in a growing market where trade covers ever greater distances, Guernsey needs to shout louder to be heard...and it would do well to communicate them more effectively to the outside world"²⁶

Aims to be achieved through the Promotion of Guernsey Business and Enterprise

This Economic Development Framework identifies the following strategic aims for the promotion of Guernsey Business and Enterprise:

- **Strategic Aim 15:**
Achieve greater audience understanding and articulate Guernsey's proposition;
- **Strategic Aim 16:**
Develop a "Business in Guernsey" Identity to encourage investment in the Island
- **Strategic Aim 17:**
Developing channels of communication to promote the "Business in Guernsey" brand effectively

²⁶ Oxford Economics "Towards an Economic Development Strategy for Guernsey: Review of Guernsey's Economic Profile and Assessment of Future Opportunities.", Page 113

Strategic Aim 15: Achieve greater audience understanding and articulate Guernsey's proposition

Strategic Aim 15	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Achieving greater audience understanding	Prospective businesses and visitors to the Island gain a greater understanding of what Guernsey has to offer, both in terms of business opportunities and in terms of the Rentier sector as a place to visit.	Achieve a clear target audience by industry sector and highlight consistent themes. Create greater clarity of messaging within a new business web portal.	To be completed by 2nd quarter 2014	Commerce and Employment Department in collaboration with enterprise, stakeholder groups and private sector endorsements.

Status: This strategic aim is underway

Commentary on Strategic Aim 15:

This Strategic Aim will raise greater understanding of Guernsey's offer to businesses and create further confidence in the market. It will seek to identify clear target audiences for each industry and highlight consistent themes.

This strategic aim is all about generating an awareness of Guernsey, both as a place to do business and also as a place to visit. We want to ensure that for key industry sectors in the Island, the correct target audience is identified. This will then enable us to target these areas with consistent themes using the tools identified in Strategic Aim 16 (Developing channels of communication to promote Guernsey effectively).

It is important to note that before proactive businesses develop, new sector development, or diversification of existing sectors must be either well established, far advanced, or have clear delivery dates. It must also be competitive.

This is vital to ensure business credibility and to work towards long term prosperity from new opportunities.

Strategic Aim 16: Develop a "Business in Guernsey" identity to encourage investment in the Island

Strategic Aim 16	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Develop a "Business in Guernsey" identity to encourage investment in the Island	Create an effective "Business in Guernsey" brand identity for the Island that ensures consistency to be used in association with existing or emerging sector promotions and to underpin the identity of a new business web portal. The aim is to encourage businesses to invest in Guernsey.	<p>The Commerce and Employment Department already acts as a "local business guide" for potential investors in Guernsey or those considering relocating a business to Guernsey.</p> <p>We will build on this service to develop a compelling and consistent "Business in Guernsey" identity demonstrating that Guernsey is "open for business" providing a consistent message for new business enquiries in order to demonstrate a professional approach and create an appetite to facilitate and discuss commerce.</p>	By Q2 2014 (associated with the development and launch of the central web portal (see Strategic Aim 17))	Commerce and Employment Department (In house development using Marketing and Tourism expertise and retained agency support).

Status: This strategic aim is underway

Commentary on Strategic Aim 16:

Developing a "Business in Guernsey" brand will be an important part of the future marketing and promotion of the Island. Whilst at present there are a number of successful "*sub brands*" that promote aspects of Guernsey (for example VisitGuernsey and GuernseyFinance), there are clear advantages in creating an overarching business brand to provide consistent information and important links on promotion, regulation and encouraging new enterprise.

The branding of the Island will increase awareness of what Guernsey has to offer for businesses and will encourage further investment in the Island.

Strategic Aim 17: Develop channels of communication to promote the “Business in Guernsey” brand effectively

Strategic Aim 17	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Develop channels of communication to promote the “Business in Guernsey” brand effectively	Develop a framework of communications channels by which to promote the Island's offering, understanding where industries can collaborate, and where separate communications approaches are required.	Establish a central web portal that acts as an information hub for corporate and private individuals and provides clear contact points in order to provide a tailored service.	Q2 2014	Commerce and Employment Department
		The Commerce and Employment Department already acts as a “native guide” for potential investors in Guernsey or those considering relocating a business to Guernsey. This portal will help to promote awareness of this facility. However, it is also recognised that there are many businesses on the Island who also provide support, information and assistance for inward investors.		
		Continue to improve and enhance existing physical channels of communication including maintaining and signposting a point of contact for business enquiries at the Commerce and Employment Department. This will include developing and maintaining key contacts in other States Departments and relevant organisations.	On-going activity	Commerce and Employment Department

Status: This strategic aim is underway

Commentary on Strategic Aim 17:

The main intention of this Strategic Aim is to use modern communication channels and particularly the internet in order to create an information hub. This information hub will provide a clear and logical entry point for businesses interested in Guernsey. It will provide information and contact points that will provide entrepreneurs with the information they need to take the first steps in starting their business in Guernsey.

Printed materials and sector specific promotions, in collaboration with business, will also be considered for emerging sectors on the

basis of a “ready to market” offering. The option of developing marketing materials for sub brands also remains under consideration where they do not already exist, or where they are not market led and are therefore not commercially viable. Government will look to evaluate and proactively facilitate the provision of marketing materials where appropriate.

In addition to the availability of information online, the Commerce and Employment Department will continue to provide a contact who potential investors in Guernsey can talk to about setting up a presence on the Island, Links with key players across other States Departments and relevant organisations will be maintained in

order to provide a comprehensive a seamless service for business enquiries. This service will complement that offered through the Guernsey Enterprise Agency (see Strategic Aim 21).

Support for businesses - financial

What do we want to achieve?

Explore ways of providing financial support for businesses in order to increase the number of business start ups and also to increase the success rate of those businesses which are started.

Why is financial support for business enterprise important?

Access to finance, is a key issue for start up and developing businesses.

Entrepreneurs wishing to access finance may do so in a variety of ways:

- They may fund the business from personal savings and investments;
- They may borrow from friends and family;
- They may borrow from a financial institution (e.g. through overdrafts and bank loans); and
- They may borrow from venture capitalists (either through a loan or by selling an equity stake in the business).

In most jurisdictions, start up businesses may also be able to access government finance in a variety of ways. In the UK, measures to support funding of SMEs (small to medium sized enterprises) are extensive, and vary from loan guarantee schemes (e.g. the National Loan Guarantee Scheme), to tax relief on enterprise investment.

In all cases the funding help offered by the UK government complements the help available from the private sector.

It is known that investing in start up businesses can be risky, with a proportion of businesses failing within the first year. This can make access to finance for business start ups and for those businesses seeking to expand tricky. This is particularly true at the early stages of providing seed funding for businesses.

A successful strategy would increase the number of businesses started and those that are developed and also increase the success rate of businesses which are started. We therefore consider that the issue of whether and how government might assist with providing financial support for business at start up or as they seek to expand should be investigated.

Aims to be achieved through the providing financial support of businesses

This Economic Development Framework identifies the following strategic aim which could increase the number of business start ups in Guernsey.

- **Strategic Aim 18:**
Investigate the establishment of an “angel” investment fund.

Strategic Aim 18: Investigate the establishment of an “angel” investment fund

Strategic Aim 18	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Investigate the establishment of an “angel” investment fund	Investigate ways to increase the number of businesses starting up and developing by providing access to start-up capital	The States of Guernsey will investigate the potential to establish an Angel Seed Fund to provide access to start-up capital for firms with a five to ten year payment plan including interest free rates for the first three years. Potential costs are being evaluated. An example is an initial cost of £10million to be distributed on a rolling basis (£2m per year)	Quarter 2 2014	Policy Council Treasury and Resources Department Commerce and Employment Department

Status: This strategic aim is at concept stage

Commentary on Strategic Aim 18:

This strategic aim would investigate the potential to provide an effective means of providing targeted funding to companies who need the money and who are functioning in sectors that would benefit from long term stability of investment.

Angel investors are typically affluent individuals who provide start up capital for businesses. For these investors the risk of providing funding for start up businesses at a “seed” fund level is likely to be high, such that there is a chance that some businesses would never get off the ground.

The proposal under consideration is for the establishment of the equivalent of an angel seed fund that would provide targeted funding for business start ups. An initial investment of, for example £10m would be distributed on a rolling basis of £2m per year over a five year period. It is expected that start up loans would be paid back over a five to ten year period, so maintaining a rolling fund for future investment. There is a possibility that the scheme could be a joint venture between the public and private sector.

Loans would only be issued following application and assessment by a panel, or Investment Board, and would only be issued subject to submission of a viable proposal and business plan.

Advantages of such a scheme would be:

- The availability of access to capital for business start ups that otherwise might not be able to access finance;
- Improvement in Guernsey's offer to businesses considering investment in Guernsey;
- The ability to target funding towards emerging sectors of the economy; and
- An increase in the number of successful business start ups.

Support for businesses - non financial

What do we want to achieve?

Provide the conditions in order to enable a thriving and competitive business community so as to encourage business growth and job creation.

Why is non-financial support for business important?

In order to maintain a competitive and vibrant economy, it will be increasingly important for government to ensure that businesses are able to operate smoothly and effectively from Guernsey.

Whilst businesses would prefer not to have to operate within any constraints, there will be an important balance to be struck between government simply getting out of the way of business and government ensuring that businesses act fairly and responsibly both towards their employees and also their clients. Guernsey exists on an international stage and will need to demonstrate high levels of professionalism in order to be taken as a credible place in which to invest and with whom to do business.

At the same time, it is important that Guernsey remains very much open to business. Government's role will be to facilitate business in the Island by working closely with business leaders in order to ensure that opportunities are developed and problems are tackled quickly. In Guernsey we are able to quickly develop close relationships between the public sector and the business world and use these to our advantage.

In a competitive environment it will be these small things that make a big difference. Government policy in the past has been very much focused on creating the right conditions for businesses to thrive. We firmly believe that this should continue, and that we should make further strides at making Guernsey a business friendly environment.

We will do this by ensuring that there are appropriate and justifiable levels of regulation and legislation, and that where possible we have removed as many barriers to doing business in Guernsey as is possible.

Finally, we will ensure that Guernsey businesses always know who to turn to for help and advice when this is required.

Aims to be achieved through non-financial support for business

We aim to ensure appropriate levels of non-financial support for business with the following strategic aims of the Economic Development Framework

- **Strategic Aim 19:**
Ensure appropriate levels of regulation and legislation
- **Strategic Aim 20:**
Investigate ways of overcoming barriers to doing business in Guernsey
- **Strategic Aim 21:**
Provide advice and support for business

Strategic Aim 19: Ensure appropriate levels of regulation and legislation

Strategic Aim 19	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Ensure appropriate levels of regulation and legislation	Investigate reducing and/or removing regulation where this may prevent businesses operating freely or increase the costs of doing business in Guernsey.	We will conduct a “red tape audit” which will examine the rules and regulations which businesses are required to follow. We will then look at ways in which red tape can be reduced or streamlined.	Q3/4 2014	Commerce and Employment Department
	We will investigate increasing the speed at which legislation is developed, particularly for the Finance Sector.	We will investigate ways in which legislation could potentially be accelerated so that business development opportunities are not delayed or potentially lost. This will include the aim to increase the resource within the Finance Sector Development Unit.	Q2/3 2014	Commerce and Employment Department

Status: This strategic aim is at concept stage

Commentary on Strategic Aim 19:

Regulation and legislation can act in both positive and negative ways for business development. Appropriate regulation and legislation can allow a business to operate in new markets with new products – this is particularly true of the Finance Sector.

On the other hand, over regulation can place a burden on business and act as a drag on new economic growth. The aim of this strategic aim of the Economic Development Framework is therefore to investigate what levels of regulation and legislation are appropriate for Guernsey.

A red tape audit will provide an overview of the typical rules and regulations that are faced by a business. This will enable an

assessment to be made of whether there is any scope to reduce or indeed streamline some aspects of regulation.

We will also look at the speed with which legislation is produced. This is the type of legislation that enables businesses, particularly those in the Finance Sector, to take advantage of new business development opportunities. Some of these can be very innovative – an example being the new Image Rights legislation which was a World first for Guernsey.

Strategic Aim 20: Investigate ways of overcoming barriers to doing business in Guernsey

Strategic Aim 20	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Investigate ways of overcoming barriers to doing business in Guernsey	Make it easy for businesses to establish and work in Guernsey with a States wide “Guernsey is open for business policy”	The Commerce and Employment Department already acts as a “local business guide” for potential investors in Guernsey or those considering relocating a business to Guernsey. We will work with other States Departments to enhance this service in order to ensure that there is a coordinated approach that that will enable businesses to deal with the States through a single point of contact. This will include the development of a “one stop shop” for business.	Q2 2014	Commerce and Employment Department
	Drive down the costs of doing business in Guernsey in order to maintain Guernsey's competitive position.	We will examine the costs of doing business in Guernsey compared to our competitors and look at ways in which these costs can be reduced or removed. This includes continued use of the Competition law in order to ensure that consumers are not being harmed by anti-competitive or exploitative behavior in the market.	Q3/4 2014	Commerce and Employment Department CICRA (Channel Islands Competition and Regulation Authority)

Status: This strategic aim is at concept stage

Commentary on Strategic Aim 20:

The primary focus of this strategic aim is to identify ways in which we can make it easier for business to become established and then to operate in Guernsey.

Firstly we recognise that there needs to be a more coordinated approach to the States of Guernsey's contact with businesses. We propose that there should be a single point of contact for businesses when dealing with the States.

We will do this by developing a “one stop shop” web portal. We will work with other States Departments so that we can offer a coordinated approach to providing information about the services offered by the States and the rules and regulations that businesses will need to follow. The single point of contact will enable businesses to interact more easily with government.

At the same time as improving access to information about government services, we will also examine the costs of doing business in Guernsey. This research project will examine the costs of doing business in Guernsey compared to that of our

competitors, so that we can identify if any of these costs can be reduced or indeed removed.

The Channel Islands Competition and Regulation Authority (CICRA) also has a key role to play in administering the Guernsey Competition Law. The aim of this law is to prevent consumers being harmed by anti-competitive or exploitative behaviour in the market, such as price-fixing or abuse of a dominant position.

Strategic Aim 21: Provide advice and support for business

Strategic Aim 21	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Provide advice and support for business	Provide advice for persons considering starting their own business	Through Start-up Guernsey we will continue to provide advice and guidance for business start ups	On-going activity	Commerce and Employment Department
	Support for small business	We will continue to run a series of events for small businesses, known as the Business Skills programme. Phase 1 of this programme was held in June/July 2013. Phase 2 of the programme is being developed. The programme will be delivered by business experts, and will tackle key areas of running a business that will be of interest to small companies.	Phase 2 – First half of 2014	Commerce and Employment Department

Status: This strategic aim is underway

Commentary on Strategic Aim 21:

For those people who are starting out in business it can be a daunting process. Start-up Guernsey (formerly the Guernsey Enterprise Agency (GEA)) is funded by the Commerce and Employment and provides expert advice for persons considering starting their own business.

The range of advice offered by Start-up Guernsey includes how to put together a business plan, access to finance, premises, HR and staffing and how to set up a company. Start-up Guernsey also offers businesses in need of specific support, knowledge and possibly investment a formal Mentoring Scheme which utilises the skills and experience of retired or semi-retired business men and

women who have the desire to help start-up and existing businesses.

In addition to providing help and advice to start up businesses, the Commerce and Employment Department has recently started an initiative called the Business Skills Programme, aimed at delivering key business skills to small and medium sized businesses throughout all sectors of the economy. The first series of breakfast seminars were completed in July 2013 and were rated highly by those who attended them.

The Commerce and Employment Department will continue to develop the Business Skills Programme as a means of making businesses aware of the essential skills they need in order to run a business successfully in Guernsey.

Other infrastructure for business: the built environment (including premises for business), transport links, and energy provision

What do we want to achieve?

Reliable, accessible and affordable provision of infrastructure (transport links, commercial premises and energy sources), in order to encourage and support enterprise and business success.

The presence of the right sort of economic infrastructure in the Island will be a key requirement to ensure the continued growth of the economy. By economic infrastructure we mean the services and facilities that need to be in place in order for businesses within the economy to function efficiently.

The strategic aims in this section of the report focus on the following structures and facilities:

- Transport links (air and sea)
- The availability of commercial premises for businesses
- The provision of sustainable energy supplies

Another important piece of infrastructure for the Island will be the provision of affordable and reliable telecommunications links. This important topic is covered elsewhere within this Economic Development Framework – please refer to Strategic Aim 7: *Ensure that the infrastructure is in place to develop a competitive ICT / Digital provision on the Island.*

Aims to be achieved through other infrastructure for business

We aim to ensure appropriate levels of critical economic infrastructure are in place in the following areas:

- **Strategic Aim 22:**
The provision of reliable, sustainable and affordable air links
- **Strategic Aim 23:**
The provision of reliable sustainable and affordable sea links
- **Strategic Aim 24:**
Ensure an adequate supply of commercial premises and investigate the affordability of commercial premises
- **Strategic Aim 25:**
To ensure the provision of sustainable energy supplies

Strategic Aim 22: The provision of reliable, sustainable and affordable air links

Strategic Aim 22	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
The provision of reliable, sustainable and affordable air links	Reliable, sustainable and affordable air route connectivity to meet the needs of the business community, Island residents' leisure needs and the tourism industry	Guernsey will continue to engage at a strategic level with the UK and Europe on matters affecting access to key UK destinations and other threats to the sustainability of air routes	On-going activity	Commerce and Employment Department Public Services Department
	The ongoing development of air routes to provide more diverse and sustainable connectivity to meet the needs of the business, leisure and tourism markets	We will maintain the existing licensing system with the onus remaining on airlines to develop routes based on commercial considerations. We will develop a more responsive licensing system and maintain landing fees at the lowest possible rates. We will consider a fee rebate linked to carrying incentives.	On-going activity	Commerce and Employment Department Public Services Department

Status: This strategic aim is underway

Commentary on Strategic Aim 22:

Reliable and affordable air links are an essential piece of economic infrastructure. This was emphasised in the Oxford Economics Report:

"It is clear from any economic analysis of Guernsey, and from our extensive stakeholder consultations, that transport links play a key role in the Island's attractiveness as a place to live, visit and do business. In particular, physical air connectivity to London and the

*south of England are fundamental to both the success of Guernsey's economy and the social well-being of its residents."*²⁷

The Island has over the past few years invested heavily in improvements, both to the airport terminal and to the airport runway. We now need to ensure that we maintain the existing air links we have at affordable prices and at suitable frequencies. At the same time we should encourage the development of new routes where these are commercially viable.

²⁷ Oxford Economics "Towards an Economic Development Strategy for Guernsey: Review of Guernsey's Economic Profile and Assessment of Future Opportunities.", Page 103

The maintenance of connectivity with Gatwick Airport as the main London hub is a key piece of infrastructure. The Island is in a fortunate position because, in the States ownership of Aurigny, we are able to ensure that these services continue, despite the withdrawal of Flybe from the route in 2014.

Another important part of this strategic aim will be to continue to engage at a strategic level on aviation related issues which affect the Channel Islands. We will continue to ensure that the Island's interests are represented at the highest level.

We will maintain the existing system of route licensing, which we believe is the best way to ensure the survival of key air route destinations, particularly on the marginal routes. We will however develop a more responsive licensing system that will enable applications to be dealt with faster than the present system.

Another important consideration will be the landing charges that are incurred by airlines using Guernsey Airport. These need to be considered in the light of other charges incurred by airlines which serve UK destinations, including landing charges at regional airports and Airport Passenger Duty. These charges often affect regional air carriers disproportionately. They significantly affect the price of purchasing an air ticket to/from Guernsey

We consider there is merit in examining the case for rebating landing fees linked to carrying incentives. The cost of these rebates would be offset against the increased economic benefit of more passenger carryings to Guernsey.

Strategic Aim 23: The provision of reliable, sustainable and affordable sea links

Strategic Aim 23	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
The provision of reliable, sustainable and affordable sea links	Reliable, sustainable and affordable sea route connectivity to meet the needs of the business community, Island residents' leisure needs and the tourism industry	We will work with the existing operator to maintain and, preferably develop the existing service offer at the best possible price. We aim to provide the certainty the operator requires in order to make investments necessary to sustain the service	On-going activity	Commerce and Employment Department Public Services Department
	A service provider that is committed to providing RoRo car, foot passenger and freight services to the Island at affordable prices using fit for purpose vessels	We will work with the existing provider to maintain and preferably develop the existing service at the best possible price. We aim to provide the certainty the operator requires in order to make investments necessary to sustain the service	On-going activity	Commerce and Employment Department Public Services Department

Status: This strategic aim is underway

Commentary on Strategic Aim 23:

Sea connectivity to/from Guernsey provides an important link to the outside world. It is a viable and complementary service to air travel and also provides provision of freight services to the Island.

The Island's car, foot and freight needs are principally served by an operator of roll on roll off vessels (Ro-Ro). There is a daily connection to the UK during the summer, and most days in the winter months, and there is also widespread provision of fast ferry services in the spring, summer and autumn. These services are maintained through the operation of a memorandum of understanding between the ferry operator and the States of Guernsey. This sets out conditions for levels of services, fares and frequencies of sailings.

Compared to ferry operations to/from Islands in other parts of the UK, the operation to the Channel Islands appears to be unique in that it does not receive a subsidy from Government. We believe that this state of affairs should continue, but that the operator should be given further encouragement to make future investments in the routes to the Channel Islands. This may include investment in new ships.

We will work closely with the current ferry operator in order to develop the quality and sustainability of the ferry service to and from Guernsey.

Strategic Aim 24: Ensure an adequate supply of commercial premises and investigate the affordability of commercial premises

Strategic Aim 24	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Ensure an adequate supply of commercial premises and investigate the affordability of commercial premises	Ensure an adequate supply of commercial premises (land/built environment) to meet evidence based current and projected need	C&E will contribute to the formulation of the Development Plan and provide evidence based needs of industry's requirements within principal economic sectors and commercial premises types.	Achieved Q4 2013. Further consultation phase during 2014	Commerce and Employment Department
	A development and planning regime with sufficient flexibility to meet the needs of industry.	C&E, with industry, will continually review industry's evidence based premises needs to inform a more responsive planning system.	On-going activity	Commerce and Employment Department Environment Department
	Investigate the affordability of commercial premises	Carry out research to identify if there are any issues of affordability amongst the key commercial premises types	Q4 2014	Commerce and Employment Department

Status: This strategic aim is underway

Commentary on Strategic Aim 24:

According to the Environment Department, 13.4% of land in Guernsey is developed. This compares to 11.5% in England (both figures are 2010 values). This means that despite outward appearances (largely due to ribbon development masking green space), the Island still has spare capacity to enable further development of land for commercial use.

However, this development must only take place if there is a demonstrated need, and it will be important for this need to be evidenced via the Environment Department's Development Plan.

This strategic aim is therefore focused on developing the means of providing the evidence based needs of industry's requirements for commercial premises, which can then be fed into the planning system. It will be important that the planning system supports diverse economic growth whilst seeking to maintain the attractiveness of the Island. Striking the right balance will be important. In order to help inform the Environment Department in the preparation of the Development Plan, the Commerce and Employment Department has carried out some work to identify five principal commercial premises types (land and/or the built environment). These are:

- Agriculture (including horticulture)
- Storage and distribution / industry / small business
- Retail
- Visitor Economy / Recreation
- Office and Support Services (including human health).

As part of the Development Plan process, the Commerce and Employment Department's evidenced based requirements have been submitted to the Environment Department. It is expected that these needs may well flex further during the Development Plan process.

It is important to note that ultimately the policies in respect to commercial premises (and the definition of the premises types) that are adopted by the States through the Development Plan may be different to those submitted by Commerce and Employment.

In addition to the above, the Commerce and Employment Department will work with the Environment Department to look at ways in which the planning system could become more flexible and responsive to the needs of industry.

A further piece of research will be to investigate the affordability of Commercial premises in Guernsey.

Strategic Aim 25: To ensure the provision of sustainable energy supplies

Strategic Aim 25	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
To ensure the provision of sustainable energy supplies	To provide affordable, reliable and sustainable energy resources to meet existing and anticipated future needs	To be developed through the Policy Council's Energy Policy Group and Renewable Energy Team (RET)	On-going activity	Energy Policy Group, Commerce and Employment Department, GRET

Status: This strategic aim is underway

Commentary on Strategic Aim 25:

Energy costs are set to become a rising expenditure for businesses and individuals on the Island. It is important that these costs do not rise out of kilter with our immediate competitors.

Another important consideration will be to maintain and increase, where possible, the security, resilience and independence of fuel supplies to the Island. This will become more challenging as fossil fuel specifications change in the near future.

There is tremendous potential to develop Guernsey's renewable energy sector. However, as Oxford Economics pointed out:

“...it will only start to achieve its economic potential when the cost of fossil fuel based energy rise significantly – towards the cost of generating power from renewables. If international politics continues to exhibit a poor track record in delivering binding emissions targets, and if oil supply from countries like Libya

gradually comes on stream as expected, the date of this “tipping point” may still be some ten years or more away.”²⁸

Given the timescales anticipated, it is unlikely that a switch to renewable energy will become viable within the lifespan of this Economic Development Framework. The thrust of this strategic aim is therefore to keep a “watching brief” on matters pertaining to sustainable energy provision on the Island and to prepare the significant groundwork required for the island to be able to adopt macro renewables at the appropriate time. Important policy issues are already handled by the Policy Council's Energy Policy Group, and the Renewable Energy Team continue to work on developing renewable energy proposals for the Island.

²⁸ Oxford Economics “Towards an Economic Development Strategy for Guernsey: Review of Guernsey's Economic Profile and Assessment of Future Opportunities.”

8 Objective 4: Tracking the development of our economy

The importance of tracking the development of our economy

In order to generate the best returns from this Economic Development Framework, it will be necessary to continue to make improvements in the way in which we track the development of our economy.

The provision of up to date, accurate, robust and meaningful information on the economy and the businesses which operate within it is therefore a key objective of this Economic Development Framework.

Although there is currently a good suite of basic economic statistics available, particularly those relating to the labour market, there will be added benefit in developing a greater understanding of individual economic sectors.

We recommend that qualitative data should be collected as well as quantitative data on the performance of the Island's economic sectors in order that we can better:

- Measure economic growth; and
- Understand business needs.

The Oxford Economics report stated:

"The availability of economic performance data on Guernsey is improving, although some notable gaps still remain. These include

*fairly mainstream and essential policymaking data on trade, consumer spending, housing occupancy and the economically inactive population. In general terms, there is significantly less data available in Guernsey than there is for local areas in the UK or in other large countries, and so there is a higher than usual premium, both in economic policy development and subsequent monitoring, on qualitative or even anecdotal sources of evidence. Clearly the more robust data that is available, the better will be Guernsey's toolkit for identifying problems and implementing robust solutions to fix them. **Data development is an ongoing process and needs to be supported.**"²⁹*

In order to do this, the following strategic aims will be adopted:

- **Strategic Aim 26:**
Continue the development of the economic data set in order to measure and track the performance of the economy in the Bailiwick of Guernsey
- **Strategic Aim 27:**
Achieve a greater understanding of the various business needs in the Island.

²⁹ Oxford Economics "Towards an Economic Development Strategy for Guernsey: Review of Guernsey's Economic Profile and Assessment of Future Opportunities.", page 69

Strategic Aim 26: Continue the development of the economic data set in order to measure and track the performance of the economy in the Bailiwick of Guernsey

Strategic Aim 26	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Continue the development of the economic data set in order to measure and track the performance of the economy in the Bailiwick of Guernsey	Ensure the continued development of the economic data set in order to measure and track the performance of the economy in the Bailiwick of Guernsey	<p>Revise the data collection methodology for GDP – proposals pending for States approval in 2014.</p> <p>Develop proposals for political approval on the extension of data collection to trade, business confidence and consumer spending.</p>	2014	<p>Commerce and Employment Department</p> <p>Policy Council (Policy and Research Unit)</p>
	Monitor the success of this Economic Development Framework	Use the States Strategic Monitoring report as a means of providing information on the on-going performance of the Guernsey Economy and the success of the Strategic Aims in this Framework. This may require amendment and refinement of some of the KPIs in the report.	On-going activity	Commerce and Employment Department

Status: This strategic aim is at concept stage

Commentary on Strategic Aim 26:

There is already a good set of economic data available, including:

- Labour market statistics (employment, unemployment, number of employers);
- Retail Prices;
- House Prices;
- Earnings; and
- Population

The performance of Guernsey's economy is closely monitored through the annual States Strategic Monitoring Report. It may prove necessary to refine and/or amend some of those KPIs in

order to provide the most meaningful on-going monitoring of the success of this Framework.

Measuring Economic Development

Although there is information available on economic output – that is the economic value generated by businesses in the various sectors of the economy – there is a recognised need to improve these statistics and to provide more granular information on individual sectors. Work has already been started by the Policy Council in terms of making improvements in the way in which the Island's GDP is calculated with the aim of being able to produce more robust and timely statistics.

Additionally, the Rolling Electronic Census Project (REC) will provide more information on the economic activity or inactivity of the population and housing occupancy, for example.

While improvements in GDP methodology and the implementation of the REC will be possible within the Policy and Research Unit's current organisational structure, statistics is only one function of the current Policy & Research Unit and any expansion in data collection will have resource implications for the Unit. Although the current combination of functions undertaken by the Policy & Research Unit is cost effective, the continuing development of statistics would be best served by the creation of a separate, fully resourced statistics unit. This remains a matter for consideration should an opportunity for wider organisational restructuring arise.

Strategic Aim 27: Achieve a greater understanding of the various business needs in the Island.

Strategic Aim 27	What we want to happen	How will we do this?	Target date	Project Owner – Who will do this?
Achieve a greater understanding of the various business needs in the Island	Gain a greater understanding of the various business needs across all of the economic sectors of Guernsey	To be developed in liaison with the Policy Council's Policy and Research Unit, the development and introduction of a regular collection of qualitative information for businesses	2014	Commerce and Employment Department Policy Council, Policy and Research Unit
	Continue to strengthen and develop relationships with industry representative groups, and professional bodies across all economic sectors	We will continue to work closely with industry representative groups through fostering closer working relationships, involvement in projects and initiatives and better levels of communication	On-going activity	Commerce and Employment Department

Status: This strategic aim is at concept stage

Commentary on Strategic Aim 27:

In tracking the development of our economy, it would be very easy for government to stand back and simply look at quantitative statistics as a means of monitoring how we are doing. We think that this approach would miss a valuable opportunity that is available to us in Guernsey. That opportunity is the close knit business community in Guernsey, and the strong links that exists between business and government.

Already we have seen the valuable benefits that arise when business leaders are involved in the policy making process. This has occurred with projects and initiatives such as the Skills Strategy, the development of the Retail Strategy, the delivery of the Business Skills Programme and in formulating this Economic Development Framework.

This “*co-production*” of government policy enables business to be involved at a very early stage of policy development, takes advantage of knowledge and contacts within industry and most importantly delivers better results. The close relationships that exist between government and the business community are a very clear benefit. We think that this approach should continue to be used and developed further. Doing this will enable government to quickly understand what difficulties are faced by businesses, and will enable us to better communicate government initiatives and projects that may affect the business community.

To complement this approach there will be the need for hard data to provide evidence for policy making. To help in this regard it is proposed to develop a method of collecting qualitative and quantitative information from businesses on a regular basis.

Part C:

Summary of the Strategic Aims

9 Summary of the Strategic aims of the Economic Development Framework

Objective 1: Developing our existing economic sectors


Economic Value
Generator or Business
Facilitator?



	Area	Strategic Aim No	Description	
Objective 1: Developing our existing economic sectors	Finance Sector Development Strategy	1	Ensure the continued support, development and diversification of the financial services sector	Economic Value Generator
	Retail Sector Development	2	Support the continued development of the retail sector in Guernsey as an important economic sector	Economic Value Generator
	Tourism / Visitor Economy Development	3	Build on the marketing, promotion, and travel trade business development work already undertaken by creating an integrated visitor economy development plan	Economic Value Generator
	eGaming	4	Support initiatives and policies to derive greater economic benefit from the eGaming sector	Economic Value Generator
	Other Economic Sectors	5	Continue to support the development of other sectors of the economy in line with achieving the strategic aims of the Economic Development Framework	Economic Value Generator

**Economic Value
Generator or Business
Facilitator?**

Objective 2: Supporting emerging sectors and new ideas

	Area	Strategic Aim No	Description	
Objective 2: Supporting emerging sectors	Mechanisms to support emerging and developing sectors	6	Continue to ensure that the States of Guernsey is pro-active in supporting emerging and developing sectors of the economy	Economic Value Generator
	Developing the ICT / Digital Sector	7	Ensure that the infrastructure is in place to develop a competitive Digital / ICT provision on the Island.	Economic Value Generator and
		8	Develop Islanders' Digital Skills	Business Facilitator
		9	Achieve diversification of the economy by encouraging and facilitating the development of the Digital sector	Economic Value Generator
	Developing the Creative Industries Sector	10	Support initiatives and policies to develop the Creative Industries sector	Economic Value Generator

Objective 3: Making Guernsey work for business

Objective 3: Making Guernsey work for business – helping businesses get the best from Guernsey	Skills	11	Establish the Skills Strategy Delivery mechanism	Business Facilitator
		12	Increase workforce participation	Business Facilitator
		13	Improve the skills of the working population in line with the needs of employers in all sectors	Business Facilitator
		14	Gather maintain and utilise skills related data	Business Facilitator
	Ways of achieving more effective promotion of Guernsey to businesses , investors and clients	15	Achieve greater audience understanding and articulate Guernsey's proposition	Business Facilitator
		16	Develop a “Business in Guernsey” Identity to encourage investment in the Island	Business Facilitator
		17	Developing channels of Communication to promote the “Business in Guernsey” brand effectively	Business Facilitator
		18	Investigate the establishment of an “angel” investment fund	Business Facilitator

	Support for business (financial)	19	Ensure appropriate levels of regulation and legislation	Business Facilitator
	Support for business (non financial)	20	Investigate ways of overcoming barriers to doing business in Guernsey	Business Facilitator
		21	Provide advice and support for business	Business Facilitator
		22	The provision of reliable, sustainable and affordable air links	Business Facilitator
	Connectivity and infrastructure	23	The provision of reliable sustainable and affordable sea links	Business Facilitator
		24	Ensure an adequate supply of commercial premises and investigate the affordability of commercial premises	Business Facilitator
		25	To ensure the provision of sustainable energy supplies	Business Facilitator

Objective 4: Tracking the development of our economy

Objective 4: Tracking the development of our economy	Tracking the development of our economy	26	Continue the development of the economic data set in order to measure and track the performance of the economy in the Bailiwick of Guernsey	Monitoring
		27	Achieve a greater understanding of the various business needs in the Island.	Monitoring