

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *for* ECONOMIC DEVELOPMENT

IMPLEMENTING THE STATES OF GUERNSEY'S ECONOMIC DEVELOPMENT STRATEGY

The States are asked to decide:-

Whether, after consideration of the policy letter entitled 'Implementing the States of Guernsey's Economic Development Strategy', dated 8th October, 2018, they are of the opinion:-

1. Pursuant to Resolutions III (3) (a) and (b) of Billet d'Etat XVIII of 2018, to note the content of the policy letter entitled 'Implementing the States of Guernsey's Economic Development Strategy'.

The above Proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

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The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

8th October, 2018

Dear Sir

1. Executive summary

- 1.1. In its policy letter of 18th May, 2018, the Committee *for* Economic Development (the "Committee") put forward a vision for Guernsey's economy and proposed a strategy (the "Economic Development Strategy") to enable the States of Guernsey to achieve this vision. The Committee set out in that policy letter its intention to enable the States of Guernsey to diversify and grow the economy; to secure long-term prosperity; reaffirm that Guernsey is open for business; and more actively monitor and report on our economy and act on those insights.
- 1.2. The Committee prepared that policy letter under its mandated responsibility to advise the States and develop and implement policies relating to its purpose, and with regard to the objectives of the States of Deliberation (the "States"), as set out in phases one and two of the Policy & Resource Plan, approved by the States in 2016 and 2017 respectively.
- 1.3. The States approved the Economic Development Strategy at its meeting of 28th June, 2018.
- 1.4. In addition to the original propositions put forward by the Committee, the States also approved the following proposition, as a result of a successful amendment from Deputy J S Merrett and Deputy H J R Soulsby:

“To direct the Committee for Economic Development to come back to the States by October 2018 with a report containing –

- a) an implementation plan (which will reflect the ‘20 actions to promote stronger growth’ contained in Appendix 1 of the policy letter) and which clearly sets out an order of priority and time frames for reporting back to the States on all key work streams set out in that policy letter and*
- b) confirmation as to which policies and strategies the Committee for Economic Development will submit to the States for debate, together with respective timelines.”*

1.5. The Committee is mindful that the Rules of Procedure state that *“the States should concern themselves with debating legislation, broad policies and priorities, items of significant expenditure and matters of major public interest, and setting the framework in which the rest of the administration should operate... Generally the principle of subsidiarity should apply: as far as possible matters ought to be handled by the smallest, lowest or least centralised competent authority.”*

1.6. With that in mind the Committee is submitting this policy letter under Rule 3 (24): *“Any proposition the effect of which is to note the contents of an accompanying policy letter shall be construed as a neutral motion, neither implying assent for, nor disapproval of, the contents of the policy letter concerned.”*

2. Implementation plan

2.1. The ‘20 actions to promote stronger growth’ are set out in Appendix 1 of the Economic Development Strategy policy letter of 18th May, 2018 and also below (not listed in any particular order):

- Strengthen air and sea links
- Support the finance sector with a plan that supports growth and diversification
- Support innovative businesses and products
- Prioritise seafront area enhancement work
- Develop a plan for investing in Guernsey’s tourism product
- Update the retail strategy
- Establish a pipeline of construction opportunities and develop construction skills
- Support the development of a long-term Skills Guernsey development plan
- Ensure the population management regime is flexible and supports skills needs

- Attract High Net Worth Individuals through the Open Market
- Put in place a framework to foster entrepreneurialism (supporting start-up and scale-up businesses)
- Continue to develop and implement the digital framework
- Develop plans for an international university presence in Guernsey
- Develop plans for the blue economy
- Develop plans for renewable energy as part of the Energy Policy
- Develop a clinical and medical services 'medtech' plan
- Implement the telecommunications sector strategy
- Identify and remove red tape to boost competitiveness and reduce the cost of doing business in Guernsey
- Develop a clear jurisdiction-wide economic risk appetite
- Work to develop new markets and consolidate existing markets (support the Brexit work in relation to access to markets)

2.2. The actions reflect a number of different types of work streams:

- Actions that are new and will be led and delivered by the Committee;
- Actions that are ongoing and will continue to be led and delivered by the Committee;
- Actions that are new which will be delivered by the Committee as part of a bigger piece of work being led by other Principal Committees of the States; and
- Actions that are ongoing and being led by other Principal Committees of the States where the Committee will have a role to play.

2.3. The actions are intended to combine to build a strong 'brand Guernsey' that is based on two principles: of defined areas of specialism; and of the substance behind these specialisms. This brand will assist in marketing and promotion, to enhance global perceptions of Guernsey; and also in strengthening on-island confidence in Guernsey's future. The brand will be aligned with Guernsey's values of quality, innovation and stability, and each of the actions reflect these values.

2.4. The Committee's view is that all of the actions are viable, deliverable and of benefit to Guernsey's economy and the achievement of the objectives set out in the economic development strategy, namely: to diversify and grow the economy; to secure long-term prosperity; reaffirm that Guernsey is open for business; and more actively monitor and report on our economy and act on those insights.

- 2.5. The Committee's view is that many of the steps that will be taken in respect of these actions will be undertaken in partnership or consultation with other Principal Committees as well as external parties, and it values this collaborative approach.
- 2.6. The actions set out in the appendix to the above-referenced policy letter are grouped below in section 5. Each contains a short commentary on what the output will be, and on which will be submitted to the States for debate, with indicative timelines.

3. Submission to the States

- 3.1. The Committee's approach is in line with the reference to the Rules of Procedure set out in paragraph 1.5 above. In approving the Economic Development Strategy, the States has set the framework of broad policies, priorities and objectives for the Committee, and the Committee will now return to the States with legislation and items of significant expenditure and/or where it is deemed there is a major public interest in relation to that framework.
- 3.2. The above-referenced proposition directed the Committee to confirm which policies and strategies the Committee will submit to the States for debate, together with respective timelines. The Committee will bring the following policy letters to the States:
- The air route policy during Q4 2018;
 - The revised tourism strategy during Q1 2019;
 - The telecommunications strategy during Q2 2019;
 - On an international university presence in Guernsey during Q3 2019;
 - To support the finance sector strategy, on:
 - smart contracts during Q4 2018;
 - the regulation of lending and credit finance during Q1 2019
 - the preferred creditor status of the Guernsey Banking Deposit Compensation scheme during Q1 2019;
 - the establishment of a Bank Resolution Authority during Q2 2019;
 - and
 - amendments to the Companies Law (and legislative changes to the insolvency provisions) during Q2 2019.

4. Prioritisation considerations

- 4.1. In working through this further stage of prioritisation, the Committee has considered a number of factors in relation to the 20 actions to promote growth:
- Potential overall positive impact on the economy (short and long-term) in terms of (a) increasing GDP, (b) increasing productivity and (c) enabling diversification to further strengthen the economy;
 - Level of resources required – officer level and also financial – and whether those resources are in place or can be accessed;
 - Deliverability – are the legislative and regulatory foundations in place to enable effective implementation?;
 - Enabling aspects – will it support other work in the Economic Development Strategy being implemented?;
 - Alignment with the Policy & Resource Plan agreed by the States, including the capital investment portfolio;
 - Alignment with other prioritised States strategies including the Disability & Inclusion Strategy, supporting greater inclusion of those currently under-represented among the economically active; and
 - Capability and capacity of non-government partners to deliver parts of each work stream.
- 4.2. Using this methodology, the Committee has given each action a designation of either critical, important or beneficial. Critical is of the highest priority; important a second tier priority; and beneficial a third tier priority.
- 4.3. It should also be noted that many of the actions are inter-connected, and no one action has been considered in isolation of the other actions.

Critical actions

- 4.4. Critical actions are those which score the highest most consistently against the criteria in paragraph 4.1 above. These are the actions that the Committee believes will most successfully grow the economy if delivered effectively and therefore current and future resource will be deployed to support them as a priority.
- 4.5. The Committee's view is that the Future Guernsey Economic Fund may be deployed to support the delivery of those actions prioritised as critical along with the Committee's general revenue budget. In addition, funding may be sought in due course from the Capital Investment Reserve where the action is aligned with the capital portfolio and where significant investment is required.

Important actions

- 4.6. Important actions are those which score highly against some of the criteria in paragraph 4.1 above, and score at a median level against others. These are actions that the Committee believes will grow the economy if delivered effectively and therefore current and future resource will be deployed to support them as a priority if it can be done without diverting resource from the work on the actions deemed to be critical.
- 4.7. The Committee's general revenue budget will be prioritised to support those actions prioritised as important. The Committee will not seek to make use of the Future Guernsey Economic Fund to support these actions unless a case can be made where there is the potential for a return on investment.

Beneficial actions

- 4.8. Beneficial actions are those which score consistently at the median level against the criteria set out in paragraph 4.1 above. These are actions that the Committee believes can support the growth of the economy if delivered effectively and will bring economic benefits in themselves but will not deliver the significant outcomes of the scale of critical or important actions.
- 4.9. Where budget is needed and also available, funding will be deployed to support those actions prioritised as beneficial. It is however likely that in each case, as set out below, funding will not at this stage be required.

5. Prioritisation and implementation of the 20 actions to promote stronger growth

5.1. Critical actions

5.1.1. *Strengthen air and sea links*

This an ongoing action being led by the Committee, and it has categorised this action as **critical**. In July 2018, the States agreed the Committee's policy letter on air transport licensing and the tendering of the public service obligations for lifeline links is now underway. The Committee is continuing to actively explore commercial opportunities for route development. In addition, the Committee is continuing to work with Condor to ensure the best possible service schedule for islanders for 2019, and has piloted additional inter-island services through 2018 working with the States of Jersey. The President of the Committee gave an update on this work to the States in a statement on 26th September, 2018.

The Policy & Resources Committee has commissioned an external strategic review of air and sea links infrastructure and the Committee understands that this will result in a policy letter to the States during Q4 2018. The Committee will be seeking to bring a policy letter on its air route policy to the same meeting of the States in order to provide the necessary context for the policy letter relating to the review.

5.1.2. Implement the telecommunications sector strategy

This is a new action to be delivered by the Committee and it has categorised this action as **critical**. In November 2017, the States approved the implementation of the telecommunications sector strategy as a priority in the capital portfolio. The telecommunications sector policy statement was published in June 2018 by the Committee. The business case for investment is now being developed in partnership with the Policy & Resources Committee, and will be presented to the States during **Q2 2019**.

5.1.3. Support the finance sector with a plan that supports growth and diversification

This an ongoing action being developed by the Committee in partnership with Guernsey Finance and the finance sector and has been accorded **critical** priority by the Committee. The five areas of development set out in the Economic Development Strategy approved by the States in June 2018 are:

- Green and sustainable finance
- Family office and private wealth services
- Fintech: electronic AML and distributed ledger technology
- Funds: global distribution and product development
- Wealth management, investment and brokerage services

All five will have working groups established and policy statements on a scope of work and objectives will published by each by the **end of 2018**. In addition an overall policy framework will also be published by the **end of 2018**.

In addition to this work the Committee will continue to put in place the foundations that ensure Guernsey has the legislative and regulatory bases to remain a competitive and innovative international finance centre. A policy letter on smart contracts will be put to the States during **Q4 2018**. Policy letters in relation to the regulation of lending and credit finance, and the preferred creditor status of the Guernsey Banking Deposit Compensation scheme will be brought to the States during **Q1 2019**. Policy letters in relation to the establishment of a Bank Resolution Authority and amendments to the Companies Law will be brought to the States during **Q2 2019**.

5.1.4. *Continue to develop and implement the digital framework*

This is an ongoing action being led by the Committee, and it has categorised this action as **critical**. The Committee published the digital framework in April 2017 and provided an update to States Members and the community on progress against the ten work streams in the framework in April 2018. A further update will be given in **April 2019**.

5.1.5. *Support the development of a long-term Skills Guernsey development plan*

This is a new action that will be delivered by the Committee as part of a bigger piece of work being undertaken with the Committee for Education, Sport & Culture. The Committee has categorised this action as **critical**. Working with Skills Guernsey and business and education representatives, a skills action plan will be published in October 2018. The Committee will work with the Committee for Education, Sport & Culture and other partners involved in Skills Guernsey to deliver this action plan. An update on progress will be provided in **Q3 2019**.

5.1.6. *Seafront enhancement area*

This is an ongoing action that will be delivered by the Committee as part of the overall approach being co-ordinated by the Policy & Resources Committee, which has the potential to support multiple economic sectors and infrastructure requirements identified as part of the objective of strengthening sea links. The Committee has categorised this action as **critical**.

5.2. Important actions

5.2.1 *Develop a plan for investing in Guernsey's tourism product*

This is an ongoing action being led by the Committee and it has categorised this action as **important**. A new tourism strategy is being developed with the tourism and hospitality industry. Although due in Q3 2018, the policy letter will be brought to the States in **Q1 2019** in order to enable the outcomes of the ongoing strategic review air and sea links infrastructure that is being co-ordinated by the Policy & Resources Committee to be taken into account.

5.2.2. *Attract high net worth individuals through the Open Market*

This is an ongoing action being led by the Committee and it has categorised this action as **important**. Following the completion of the Policy & Resources Committee's strategic review of the population management regime, in which the Committee is actively participating, work will be undertaken in 2019 to further develop and promote the Open Market as an economic enabler. An action plan will be published in **Q1 2019**.

This work will be supported by new objectives for Locate Guernsey that relate clearly to the growth of the Open Market. In July 2018 the Committee agreed further funding for Locate Guernsey up to the end of 2021.

5.2.3. Ensure the population management regime is flexible and supports skills needs

The Committee has accorded this action as **important**. The work is part of the ongoing overall review of the Population Management Law that is being co-ordinated by the Policy & Resources Committee. This will inform the Committee's approach to the work on the Open Market referenced in paragraph 5.2.2, the tourism strategy referred to in paragraph 5.2.1, and the retail strategy referred to in 5.3.1.

5.2.4. Develop plans for an international university presence in Guernsey

This an ongoing action being led by the Committee and it has categorised this action as **important**. A cross-Committee working party has been established and work is continuing to identify a partner to establish a clear Guernsey offer and to set out in detail the investment required and economic benefits that could be delivered. An update was given to the States by the President of the Committee on 26th September, 2018, and a policy letter will be submitted to the States during **Q3 2019**.

5.2.5. Develop plans for the blue economy

This a new action that the Committee will co-ordinate with other Committees and external parties, and which will be supported by the seafront enhancement area work. The Committee has categorised this the progression of this action as **important**. A cross-Committee working party will be established in Q4 2018 and will publish a report on opportunities and actions to capitalise on any opportunities during **Q3 2019**.

5.2.6. Develop plans for renewable energy as part of the energy policy

The Committee has categorised the progression of this action as **important**. The Committee will seek to ensure the ability to create economic activity and growth through the development of renewable energy as part of the development of the overall energy policy being led by the Committee *for the* Environment & Infrastructure, and also through the work on the blue economy. The Committee will set out a position paper scoping potential opportunities relating to this action during **Q4 2018**.

5.2.7. *Develop a clear jurisdiction-wide economic risk appetite*

The Committee has categorised this action as **important**. The Committee will support the work of the Policy & Resources Committee, which is leading on this work, and will submit to the Policy & Resources Committee a position paper on economic risk appetite during **Q4 2018**.

5.2.8. *Support the Brexit work in relation to access to markets*

The Committee has categorised this action as **important**. The work is part of the ongoing overall Brexit work being co-ordinated by the Policy & Resources Committee. As part of this work, the Committee recently commissioned a survey of businesses across various economic sectors in the Bailiwick of Guernsey on the subject of Brexit and membership of the World Trade Organisation and to gather information on new markets being developed or considered by these businesses. The results of this survey are now being analysed.

5.3. Beneficial actions

5.3.1. *Update the retail strategy*

Further to discussions with the representatives of the Chamber of Commerce, the Committee has categorised this action as **beneficial**. The effective implementation of other actions in relation to the digital strategy and the skills action plan will support the island's retail sector, and a retail sector policy statement will be published by the **end of Q1 2019**. The Committee will then work with the Chamber of Commerce and retailers in order to deliver the objectives set out in the policy statement.

5.3.2. *Establish a pipeline of construction opportunities and develop construction skills*

The Committee has accorded this action as **beneficial**. The effective implementation of other actions in relation to the skills action plan will support the development of the island's construction sector, and a construction sector policy statement will be published by the **end of Q1 2019**. This will include consultation with the Policy & Resources portfolio team and the work on the Island Infrastructure Investment Plan led by the Committee *for the Environment & Infrastructure*. The Committee will then work with the sector in order to assist in the delivery of the objectives set out in the policy statement.

5.3.3. *Develop a clinical and medical services 'medtech' plan*

The Committee has categorised this action as **beneficial**. The Committee will develop a position statement in relation to medtech as part of the work on the *Partnership of Purpose* being led by the Committee *for Health & Social Care*. A

position paper scoping potential opportunities relating to this action will be set out during **Q2 2019**.

5.3.4. Identify and remove red tape to boost competitiveness and reduce the cost of doing business in Guernsey

This is a new action to be delivered by the Committee and it has categorised this action as **beneficial**. The Committee has established a review panel comprising representatives of the private and public sectors, to undertake this work. The review's chair, panel members and terms of reference have been agreed and were confirmed to the States in the President of the Committee's update statement of 26th September 2018. The review will report back to the Committee during **Q1 2019**.

5.3.5. Supporting start-up and scale-up businesses

This an ongoing action being led by the Committee, and it has categorised this action as **beneficial**. It is continuing to review what the role of government should be, in addition to the work being undertaken through the digital framework, the skills action plan and the review of red tape. An action plan will be published during **Q1 2019**.

5.3.6. Support innovative businesses and products

This an ongoing action being led by the Committee and it has categorised this action as **beneficial**. It will support this through the effective co-ordination of the actions and a can-do attitude to support businesses and new product development where it is appropriate.

To support this from a marketing perspective, the Committee is supporting the Confederation of Guernsey Industry in the establishment of a Guernsey marque – *Golden Guernsey* – for locally made and designed products and services, to assist with the on-island and off-island marketing of those products and also support the Guernsey brand. The Confederation of Guernsey Industry has indicated that the Guernsey marque will be launched during **Q1 2019**.

6. Compliance with Rule 4

6.1. Rule 4 of the Rules of Procedure of the States of Deliberation and their Committees sets out the information which must be included in, or appended to, motions laid before the States.

6.2. In accordance with Rule 4(1), the Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.

- 6.3. In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the Committee.
- 6.4. In accordance with Rule 4(5), the Propositions relate to the duties of the Committee to advise the States and to develop and implement policies on matters relating to its purpose, which is to secure prosperity through the generation of wealth and the creation of the greatest number and widest range of employment opportunities possible by promoting and developing business, commerce and industry in all sectors of the economy.

Yours faithfully

C N K Parkinson
President

A C Dudley-Owen
Vice-President

D de G De Lisle
J I Mooney
D A Tindall

Timeline of next steps

Date	Output
Q4 2018	Air route policy letter to the States Finance sector strategy policy framework and working group statements Smart contracts policy letter to the States Position paper on economic risk appetite Position paper on renewable energy
Q1 2019	Tourism strategy policy letter to the States Regulation of lending and credit finance policy letter to the States Preferred creditor status - Banking Deposit Compensation scheme policy letter to the States Red tape review reports back to Committee Retail sector policy statement Construction sector policy statement Open Market action plan Entrepreneurialism action plan Launch of <i>Guernsey marque</i> by the Confederation of Guernsey Industry
Q2 2019	Telecommunications strategy policy letter to the States Digital framework update Position paper on medtech Establishment of a Bank Resolution Authority policy letter to the States Amendments to the Companies Law policy letter to the States (and legislative changes to the insolvency provisions)
Q3 2019	International university policy letter to the States Skills action plan update Outline of work on the blue economy
Ongoing 2018-19	Air and sea links work – regular updates Brexit and international markets work – regular updates