



Presiding Officer
The Royal Court
St Peter Port
Guernsey
GY1 2PB

12 June 2020

Dear Sir

Letter of Comment – States’ Trading Supervisory Board – P.2020/33 The Future Guernsey Dairy Project

The Policy & Resources Committee (‘the Committee’) has noted the policy letter titled ‘The Future Guernsey Dairy Project’ and acknowledges that the Guernsey Dairy requires investment in order to maintain its operations and to meet future regulatory requirements. To this end, in February 2020 the Committee agreed to provide an overdraft facility of up to £1.2million for the Guernsey Dairy until the end of 2021, which would cover any urgent short-term capital expenditure while a long-term solution for the future of the dairy industry in Guernsey is discussed and agreed on. The Committee also acknowledges that this policy letter was worked up and lodged in pre-COVID times, so is positioned in a very different economic context.

However, the Committee has concerns that the current policy which has shaped the preferred solution, i.e. a new dairy at an estimated build cost of up to £26million, has not been fully considered in this policy letter, and is disappointed that further policy development work has not been carried out to identify alternative options for the future of the island’s dairy industry which could be considered by the Assembly. It is advised that this gap in the process would need to be addressed in order to ensure that the business case is robust.

The States of Guernsey’s Recovery Strategy, which has just been published, identifies the need to invest in critical national infrastructure to help the economy recover post COVID-19. There is a need for government to reassess its policy and capital investment priorities in light of the shift in Guernsey’s economic landscape as a result of the COVID-19 pandemic. The Assembly already has a portfolio of activity – policy, capital and transformation projects, and it has previously-established legislative priorities to review and Resolutions to discharge. Some may need to be halted so that other areas can be resourced to deliver at pace. Reviewing and prioritising all this activity against the objectives of the recovery action plans is critical to managing resources to achieve targeted success on those areas of focus that will make the most significant impact.

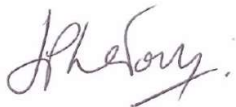
It is important for the Assembly to understand that the capital fund is over-committed, so any work carried out on this project is doing so against the backdrop of no capital funding being currently ring-fenced or agreed for it. It is inevitable that choices will have to be made as to how we fund all the projects we would like to deliver in the future. When the Committee returns to the Assembly with the detail of the recovery action plans, whether through this Committee or its successor, it will necessarily have to test the appetite for managed risk by borrowing what the States of Deliberation can afford to service to invest, revive and thrive. Approving the propositions of this policy letter will not only hasten the need for this debate to take place, but will also highlight how strategic prioritisation is essential as we embrace the opportunity to achieve a confident and successful recovery for the island.

The Future Guernsey Dairy Project has not been previously prioritised by the States and is not currently included in our portfolio of priority projects. It is our believed that it should be considered against the same criteria as all other competing schemes. Ultimately, it will be the Assembly's decision as to which policy areas and capital schemes are prioritised and carried forward into the recovery action plans. Outside of the short-term actions established by the Recovery Strategy, nothing has yet been prioritised or deprioritised by the Committee; indeed the Assembly itself has continued to meet and resolve its actions on a continuing and diverse list of policy matters since the outbreak of COVID-19 in Guernsey.

The Committee accepts that, should this policy letter be approved, then work on the next phase of the Future Guernsey Dairy Project is likely to start (which will require expenditure in the form of staffing resources) before the revised capital portfolio is brought back to the Assembly. Therefore, any work carried out in the next few months will need to be carefully managed so that it is not wasted should the project not be included in the revised capital portfolio.

In conclusion, the Committee will unanimously vote against the propositions in the policy letter, and would advise the rest of the Assembly to do the same.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jonathan Le Tocq', written in a cursive style.

Deputy Jonathan Le Tocq
Member, Policy & Resources Committee