

STANDING FINANCE COMMITTEE

MINUTES OF STANDING FINANCE COMMITTEE MEETING HELD WEDNESDAY 19th January 2022 in the Liberation Room, Secretariat, at 1pm

These minutes are draft minutes until confirmed by resolution at the next meeting of the Committee

Present: The Honourable R Spink, MLA, Chairman
The Honourable M Pollard MLA, Vice Chairman
The Honourable T Barkman, MLA
The Honourable P Biggs, MLA
The Honourable J Birmingham, MLA
The Honourable I Hansen, MLA
The Honourable L Roberts, MLA
The Honourable G Short, MLA

In Attendance: The Honourable Chief Executive, Andy Keeling
The Honourable Financial Secretary, Tim Waggott
The Management Accountant, David Livermore
The Economist, Davide Ranghetti for Agenda Item 7
Personal Assistant, Margaret Butler

Public & Press: 2 x Members of the press

PART I

- | | | |
|------------|---|---------------|
| 1 | Apologies for Absence | Action |
| | The Head of Finance, Tracey Prior | |
| 2 | Declarations of Interest | |
| | There were no declarations of interest. | |
| 3 | Confirmation of the minutes of the meeting held on Wednesday 15 th December 2021. | |
| 3.1 | The minutes of the meeting were confirmed with clarification to wording in Item 7.1.8 and 8.1.2 requested by the Hon MLA Barkman. | |
| 4 | Matters arising from the minutes of the meeting held on Wednesday 15th December 2021. | |
| 4.1 | There were 6 matters arising in the open section of the minutes. | |

4.1 Summary Financial Report 30th November 2021 (Paper 044/21)

Action

350 – Public Works – Adverse: -

4.1.1 Item 5.2.1 (Page 2 of 8) - Electricity £0.4m. – delayed billings

The MA advised the Committee following feedback from the Public Works Department (PWD), electricity has been re-profiled more accurately in terms of revenue receipts so that it is in alignment with the billing cycles. The Director of Public Works (DPW) further advised all private sector electricity readings received have been invoiced as at the 23rd December 2021. Electricity revenue is still profiled over 12 months rather than quarterly and therefore actuals should not be compared to the estimated sales at this time. Sale of Electricity to FIG has only been requested for Q1 and although a little below estimate is about right based on seasonal variance. The DPW further advised January will be the next time a clear comparison can be done as Q1 and Q2 will have been billed and it can be compared directly to estimates at that stage.

4.1.2 Item 5.2.2 (Page 2 of 8) - Rent £0.1m – Lower tenancy occupancy for overseas contractors housing.

The DPW confirmed the lower occupancy for housing is due to delays in the arrival of overseas contractors.

In addition houses being used for quarantine purposes (no rent is charged by FIG for quarantine houses) as at the 31st December 2021 30 houses out of a total of 350 FIG houses were being used for this purpose.

22 private sector properties are being rented as at the 31st December 2021 at commercial rates with FIG tenants being charged at lower FIG rates.

4.1.3 Item 5.2.3 (Page 3 of 8) - Refuse Collection - £0.1m

The DPW has advised the budget for this was overestimated; this will be corrected in the 2022/23 budget.

4.1.4 Item 5.3 – (Page 3 of 8) - 110 – Development and Commercial Services – Costs

TV and Radio Services - £51K favourable due to maintenance underspends.

The MA responded to the Hon MLA Roberts question in relation to if this underspends is the result of capacity issues confirming this is not the case and is a re-profiling. It is anticipated a catch-up in December will result in closer alignment to budget.

4.1.5 Item 7.1.8 (Page 4 of 8) - Retail Price Index

The Hon MLA Barkman requested the wording of this item is amended as she is familiar with how the Index works. Her comments were in respect of reviewing the contents in the basket.

4.1.6 Item 8.1.2 (Page 5 of 8) – Retirement Pension Christmas Bonus – Paper 046/2021. Action

The Hon MLA Barkman drew attention to this item advising the comment she made referred to a separate system which could be worked on to ensure nobody is below the “poverty line”. The Hon Chairman MLA Spink replied to this advising this is a separate piece of Policy Work. It was recognised that this is not an action point for SFC.

5 Summary Financial Report – 31st December 2021 – Paper 01/2022

5.1 Honourable Members considered the Management Accountant’s (MA) information only summary financial report as at the 31st December 2021 for the 2021/22 financial year and full year forecast.

5.1.1 The MA drew attention to year to date (YTD) positive variance of £24.5m in YTD actual surplus of £38.6m versus the YTD budget of £14.1m reflecting the strong returns for the period. This is driven by net realised investment returns to date of £2.9m and a strong economy resulting in Corporation Tax receipts ahead of budget and the early payment of fishing licence fees.

5.1.2 The MA highlighted the full year surplus is forecast to be £17.2m at December 2021 which is a favourable variance against budget of £10.5m. This reflects the fact that approximately 70% of anticipated revenue has already been received. There is an expectation that there will be a catch up of expenditure across Government in the second half of the year e.g. maintenance programmes when the weather is better. The Hon MLA Hansen suggested the use of the word “seasonal” in the report rather than better, this was agreed. **ACTION: MA**

MA

6 Variance Report – 31st December 2021 – Paper 02/2022

6.1 The MA presented his report drawing attention to an overall variance of £1.4m, this largely related to Health, Emergency Planning and Service Contracts.

7 Retail Price Index – 31st December 2021 – Paper 02/2022

7.1 The Economist and Policy Economic Advisor (EPEA) Davide Ranghetti joined the meeting and presented his paper advising the Retail Price Index (RPI) has increased this quarter by 1.5%. The change in the index over the year to 31st December 2021 has been +4.8%. The data points to an acceleration of price growth compared to previous quarters although much of the year-over-year growth can be attributed to base effects on the low fuel prices recorded a year ago.

7.1.1 The EPEA advised at the moment there is no evidence of inflation in the food and non-alcoholic beverages category; changes in prices in this category contributed with +0.1 percentage points to quarterly inflation and -0.1% to annual inflation.

7.1.2 It was further advised fuel and power contributes with +0.6 percentage points to quarterly inflation and +2.2 percentage points to annual inflation. Attention was drawn to Figure 6 of the report showing how the prices of kerosene and diesel fuel have changed since the beginning of 2013. Prices for both have returned to a level consistent with that prevailing before the Covid-19 shock.

7.1.3 Attention was drawn to Item 7 - Table 2 of the report where the costs of some items notably “olives” had reduced. **Action**

7.1.4 The EPEA highlighted Figure 9 of his report stating that in his opinion this was the best measure available for inflation in the Falkland Islands at present with RPI 2.7% higher in Q4 of 2021 than in the same quarter of two years ago corresponding to an annualised rate of growth of +1.3%.

7.1.5 Taking into consideration that this is the last meeting for the EPEA before he leaves the Islands the Committee thanked him for all the invaluable work that he has done for FIG.

8 Charitable Donations – Philippines Typhoon Rai Disaster – Paper 05/2022.

8.1 Honourable Members considered the Clerk of the Legislative Assembly’s report recommending a maximum donation of £5,000 is approved in response to the disaster in the Philippines as a result of Super Typhoon Rai (local name Odette).

8.1.1 The Committee were supportive of the recommendation recognising that the local Philippine community have commenced fundraising independently; these funds are being directed solely to their immediate families in the Philippines who are affected.

8.1.2 More detail of where and how this would be paid to should be considered and provided and for payment to be authorised by the Financial Secretary once a robust mechanism has been established.

8.1.3 The Hon MLA Birmingham drew attention to the disaster in Tonga and it was agreed for this to be discussed during an MLA/CE meeting.

9 To determine which items from the Executive Council meeting held on Tuesday 18th January 2022 can be considered in public and to resolve these items.

9.1 There were no items with financial implications discussed in the open section of the meeting.

10 Date of next meeting: 23rd February 2022

11 Exclusion of Press and Public

The Chairman to move as follows:

“I move that the press and public be now excluded on the grounds that the next items of business to be considered are likely to disclose exempt information under Part 2, Schedule 3 of the Committees (Public Access) report, Paragraph 7 relating to information about individuals; Paragraph 9, information about others’ financial and business affairs and Paragraph 17 budgetary information.”

12 Confirmation of the Exempt Minutes of the meeting held on Wednesday 15th December 2021. Action

NOT FOR PUBLICATION by virtue of Paragraph 7 of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about individuals; Paragraph 9 relating to information about others' financial and business affairs; Paragraph 10 relating to information about relevant contracts and negotiations Paragraph 17 relating to budgetary information

The Minutes were confirmed as a true and accurate record and signed by the Chairman.

13 Matters arising from the Exempt Minutes of the meeting held on Wednesday 15th December 2021.

There was one exempt matter arising from this meeting.

13.1 Agenda Item 17.3 – Proposed sale of 1 Jeremy Moore Avenue Flats 6 & 7 (ExCo Paper 180/21)

NOT FOR PUBLICATION by virtue of Paragraph 17 relating to budgetary information.

13.1.1 The Hon FS advised the Committee the Director of Public Works has advised the tender process will commence when the procurement team return in the new year.

14 Exempt matters with financial implications referred from the Executive Council meeting held on Wednesday 18th January 2022.

There was one exempt item with financial implications referred from this meeting: -

14.1 Agenda Item - Contract for Provision of a Fisheries Patrol Vessel – ExCo Paper 01/2022

NOT FOR PUBLICATION by virtue of Paragraph 10 of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about contracts and negotiations.

14.1.1 Honourable Members considered the report and agreed to approve items (a) – (c) of the report including the increase in budget spend to meet the costs as set out in the report.

14.1.2 A full record of this discussion is contained in the exempt section of the minutes.

15 Debtors Report – 31st December 2021 - Paper 15/2022

NOT FOR PUBLICATION by virtue of Paragraph 9 of Schedule 3 of the Committees (Public Access) Ordinance 2012 relating to information about other's financial and business affairs.

15.1 The Committee considered the Financial Accountant (Controls, Systems and Processes) information only report on the Government Debt position as at the

31st December 2021.

Action

15.1.1 It was noted that figures in the report now includes outstanding Service Charge figures and shows a decrease in overdue debt from the 30th September 2021 to the 31st December 2022.

15.1.2 A full record of this discussion is contained in the exempt section of the minutes.

Minutes confirmed this 23rd day of February 2022.

Chairman

The Treasury, Stanley

Clerk