

EXECUTIVE COUNCIL

PUBLIC

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Previous papers:	08/18 – Budget Planning – 2018/19 onwards
List of Documents:	Business Case Appendices 1-10

1. Recommendations

Honourable Members are recommended to:

- (a) To Approve the investment and policy decisions made by the Budget Select Committee as part of the Falkland Islands Government 2018/19 Estimates in relation to the following items (Option 1 (para 5.1)):

(i)	Capital Expenditure proposals:	Appendix
	Camp Roads Investment	4.1
	MPA Road Programme	4.2
	Ross Road and Other Stanley Roads	4.3
	Short Term Housing Needs	4.4
	Maintenance Government Buildings	4.5
	Multi-purpose shed Saladero	4.6

	Cattle Yards Saladero	4.7
	Mobile Crushing Plant for Quarry	4.8
	Mobile Impactor Crusher – Highways	4.9
	Water Supply Improvements	4.10
	Training centre improvements	4.11
	Replacement for Dennis Fire Appliance	4.12
(ii)	Staffing Establishment changes for 2018/19	6
(iii)	Pay increase of 2% to government officers from 1 July 2018	
(iv)	Increase of 2% to Retirement pension payments from 1 July 2018	
(v)	Family Allowance increase to £75 from 1 July 2018, and change to tax treatment from 1 January 2018	7
(vi)	Welfare allowances and social payment changes	8
(vii)	Subvention requests for 2018/19	9
(viii)	Fee and charges Increases for 2018/19	10

2. Additional Financial Implications

2.1 Investment and policy decisions affect the draft Estimates for 2018/19 that will form the basis of the Appropriation Bill 2018 and the Capital Appropriation Bill 2018.

3. Executive Summary

3.1 Draft estimates for 2018/19 have been prepared and agreed by the Budget Select Committee (“BSC”). The draft estimates for 2018/19 have been prepared to identify the funds that will be required to be drawn down from the Consolidated Fund to meet expenditure in 2018/19.

3.2 Alongside the draft estimates for 2018/19 a medium financial plan for the five years to 2022/23 shows the expected financial impact of decisions made. The BSC has made decisions and assumptions about:

- the level and sources of income that FIG will receive in 2018/19;
- the funding requirement for public services in 2018/19;
- subventions (more commonly known as grants) to other organisations;
- social policy changes;
- investment in a programme of capital expenditure;

3.3 The draft estimates for 2018/19 are:

- Departmental operating expenditure: £71.7m (2017/18 budget: £62.2m). Of the total increase of £9.5m, £4.4m relates to a change in accounting treatment of MOD flight costs in 18/19 (previously netted off against income).¹
- Capital (including project) expenditure: £46.9m² (2017/18 programme: £36.7m), of which £16.3m are new additions to the 2018/19 capital investment programme.

4. Background

Budget Principles

- 4.1 The 24 January 2018 Executive Council meeting approved a number of budget principles as part of the “Budget Planning – 2018/19 onwards” paper.
- 4.2 It is appropriate to review the extent to which the budget principles have been used.

Principle 1 – To seek to improve the quality of life in the Falkland Islands and Principle 2 – To encourage economic development in the Falkland Islands

- 4.3 The BSC has approved additional expenditure in operating budgets aimed at improving the quality of life in the Falkland Islands, and contributing towards economic development.
- 4.4 The budget for 2018/19 (and the medium term financial plan to 2022/23) includes a number of operating and capital investment decisions that support the economic development objectives of the Islands Plan, and align with the Falkland Islands Economic Development Action Plan.
- 4.5 Appendix 1 summarises the Operating budget by Directorate for 2018/19 – 2022/23. Appendix 2 is a summary of significant³ incremental operating budget decisions that have been made by the BSC that will incur additional expenditure in 2018/19⁴. The full annual budget showing all detailed operating expenditure lines has been made available during the budget process to the BSC.

Principle 3 – To strengthen infrastructure within the Falkland Islands

- 4.6 A five year capital programme has been agreed by the BSC, including investment in roads, housing, quarry capacity, utilities, air services and public buildings.

¹ Before deduction of internal charges, but excluding depreciation. Also, Airbridge flights were not budgeted for as expenditure (payments to MoD) or income (from FIC as agency, direct sales by FIGO) prior to 18/19. Expenditure in 18/19 appears £4.4m higher than the previous year because of this.

² There is also £0.2m of budgeted capital income (for example from the sale of assets). This is why the draft Capital Appropriation Bill at Appendix 11 refers to a net requirement of £46.7m.

³ Decisions with a 2018/19 impact of more than £40k.

⁴ Appendix 2 is designed to illustrate some of the changes to the budget from the previous year, and also whether these are one-off costs or to be included in the base budget for each year in the five-year medium term financial plan.

- 4.7 The capital programme is generally for projects that will lead to the creation of an asset with a useful economic life of more than one year. There are some one off projects within the operating budget that will contribute towards the infrastructure of the Falkland Islands. An example here is the purchase of the technical capacity to establish benchmarks and standards in telecommunications regulation.
- 4.8 Appendix 3.1 summarises additions to the existing capital programme for 2018/19. The capital programme for 2018/19 forms part of a five year programme through to 2022/23 (Appendix 3.2).
- 4.9 Appendix 4 provides background papers on certain investment decisions that will require funding from the 2018/19 capital budget.
- 4.10 There are a number of items in the capital budget⁵ for which plans will be further developed, and where appropriate, subject to a separate ExCo paper.
- 4.11 These include:
- Proposals for the MPA Air Terminal - **REDACTED**
 - Developing proposals for a port facility - **REDACTED**;
 - Interim Power station - **REDACTED**;
 - Proposals for the development of Stanley Airport - **REDACTED**;
 - New Haven – garages and plant - **REDACTED**;
 - Pumped sewage disposal system - **REDACTED**;
 - Medium wave transmitter - **REDACTED**.
- 4.12 The Executive Council meeting of 25 April 2018 approved the procurement of a professional services framework contract to help deliver the capital programme. The estimated cost in 2018/19 will be **REDACTED**
- 4.13 There is an allocation of £650k towards medical equipment capital items including mammography screening equipment.
- 4.14 The BSC met with relevant officers to discuss and prioritise the investment proposals. Although there is a requirement for a Capital Appropriation Bill for 2018/19, the capital investment programme spans five years. The capital programme is weighted towards 2018/19, as a number of key capital projects are launched. The Capital Equalisation Fund is able to hold funds and carry them over from one year to the next, to pay for expenditure on capital projects that may fall across two or more financial years.
- 4.15 The budgeted capital programme excludes the financing of major infrastructure projects such as a new port and a replacement power station. These projects have not been included in the medium term financial plan until their scope is clarified and financing models identified. In addition, there is an assumption that the actual cost of works that are included in the capital programme will cost no more than that budgeted. There will be on going financial monitoring of the overall programme with actual and revised forecast costs.

⁵ The capital budget also includes projects that may not lead to the addition of fixed assets.

Principle 4 – To invest in the long term financial sustainability of the Falkland Islands whilst maintaining variable income levels

- 4.16 For 2018/19 a detailed review has been undertaken about the levels income from the main areas of corporation tax receipts, personal tax receipts, fishing licence income, investment income and income for services provided (e.g. housing rent, electricity income, and quarry income).
- 4.17 The revenue risk appetite for the BSC has been to remain prudent. This has involved seeking evidence for the basis of assumptions about budgeted income in 2018/19, and acknowledging that the most material areas of income to FIG have the potential for volatility and not controllable by the Falkland Islands. An example has been not to assume that the high corporation tax receipts of 16/17 and 17/18 will continue into the later years of the medium term financial plan. However, the BSC has also been mindful that investment in infrastructure through a capital programme is a means to help achieve long term financial stability and economic growth. It is also accepted that maintaining infrastructure has a cost, and cannot be neglected.
- 4.18 On the expenditure side, the BSC has been careful to ensure that as far as possible realistic estimates of expenditure are made, and that funding pressures are identified. There will be a link here to the on-going monitoring of budgets held by accounting officers during 2018/19 and beyond. The accounting officer role held by Directors and other managers for budgets and spending money is one that is enshrined in the Finance and Audit Ordinance 1988 (s32). There is direct accountability to the Legislative Assembly, as the Appropriation Bill allocates budget to accounting officers. In addition, the Public Accounts Committee provides the potential for oversight, in the absence of an audit & risk committee.
- 4.19 An area of material expenditure includes wages and salaries, where there is a growth of 28 FTE posts (24.3 net of posts deleted from the current FIG establishment), an agreement to a pay award, and an assumption that the organisational cost of annual pay progression will be outweighed by staff turnover. Please note that figure of 28 FTE posts where funding is required excludes the 5 posts already established within RFIP under ExCo report 25/18.
- 4.20 There is a significant deficit on the Retirement Pension Fund⁶. The BSC has heeded the advice of the scheme actuary and will be increasing the lump sum contributions at a rate that is higher than the rate of pension increase. In addition, the actions agreed as part of the 2017/18 budget process for an increase in member contributions and retirement date from 2020 is already in place. A further actuarial valuation of the Retirement pension Scheme will take place as at 31 December 2018.

Principle 5 – To work in partnership and collaborate with other organisations

- 4.21 For 2018/19 there were presentations by the organisations that wanted a subvention (or grant) from FIG (Appendix 9). The BSC has allocated a substantial sum to partner organisations. It is acknowledged that the bodies that receive subventions are important

⁶ As at 31 December 2016, a deficit of £82.1m was reported by the scheme actuary Callund Consulting on page 38 of the actuarial report.

partners of Falkland Islands Government and are essential to the development of the Islands.

- 4.22 Both Falkland Islands Development Corporation and Falkland Islands Tourist Board administer grant scheme that are ultimately funded by FIG.
- 4.23 FIG has also outsourced a number of functions where it makes economic sense to do so (for example, the postal and philatelic administration).
- 4.24 For 2018/19 the Policy Department continues to benefit from funding from the FCO that sustains three outward looking posts: tourism, EU / Brexit and developing workforce development.

Principle 6 – To ensure that FIG services are fit for purpose

- 4.25 Scrutiny and accountability is currently maintained through statutory Boards, senior government management structure, Financial Instructions, statutory committees, and by MLA's through the work of portfolio leads. There are external assurance processes in many functions of FIG that report on quality and compliance. Additional posts have been created for 2018/19 to help develop the quality of services and to support programme and project delivery.
- 4.26 It should be noted that the 2018/19 budget has been prepared on an incremental basis. Alternative methods of budget preparation would be either zero based budgeting⁷ or an activity based budget. Zero based budgeting would not necessarily have resulted in different spending decisions, unless there was a sufficient level of in depth scrutiny of all budget lines and the purpose and productivity of each FIG post. Furthermore, there is some way to go to enable a series of valid and meaningful benchmarks to be used to assess operational performance. In conclusion, a service review is one way to ensure that FIG is able to identify value for money opportunities going forward.
- 4.27 During 2018/19, there is planned to be at least one Director led review of an area of service or administration supporting those services. The aim will be to focus on areas where there might be scope for improvement. In addition, the ambition is to also review one or two key processes or areas of expenditure that impact upon all Directorates and service delivery departments.

Principle 7 – No Public Sector Borrowing for operating purposes

- 4.28 The 1988 Finance & Audit Ordinance does not allow any borrowing by FIG without the approval of the UK Government.
- 4.29 The 2018/19 estimates and the medium term financial plan, including the capital programme, do not require any public sector borrowing.

⁷ Zero-based budgeting is a method of budgeting in which all costs must be justified for each new financial year, often linked to planned activities and outputs. The process of zero-based budgeting starts from a "zero base," and every function within a department for its needs and costs.

- 4.30 There will be a benefit in investigating collaborative approaches to the funding of capital infrastructure investment in the coming year. The capital programme currently excludes the cost of major infrastructure projects, such as a replacement port and a new power station.

Principle 8 – A reasonable level of reserves is held in uncommitted reserves

- 4.31 The BSC has kept to the principle of maintaining a minimum of 2.5 times operating expenditure in the Consolidated Fund. This means that the Falkland Islands could maintain the cost of day to day services (that are funded by the budgets in operating expenditure) for 2.5 years, if there was no income at all for that length of time.
- 4.32 The ratio will need close control because fluctuations in investment fund values, and the level of actual income compare to that budget will have an impact on the ratio.
- 4.33 Appendix 5 summarises the control process that BSC used to ensure that an appropriate level of reserves is maintained throughout the term of the five year plan.

Principle 9 – An appropriate level of funding is provided to maintain efficient and effective public services

- 4.34 Accounting officers have prepared budgets to include in the draft 2018/19 estimates. There has been scrutiny and challenge of each Directorate budget by the corporate management team and Chief Executive, prior to the submission of draft budgets to the BSC.
- 4.35 An incremental approach to budgeting has been used, along with a high degree of openness and transparency of the costs, and the assumptions behind them.
- 4.36 Members of the BSC have full access to all aspects and components of the draft 2018/19 budgets for Directorates and their service areas. A series of BSC meetings were used to review and understand the service delivery impact of financial proposals. As well as the absolute level of funds that have been agreed for services (and at a detailed level below this); there is also a corporate understanding by the BSC about the areas of risk and volatility within expenditure areas.

Principle 10 – To ensure appropriate funding for FIG Special Funds / Principle 11 – To ensure that sustainable pension arrangements are in place

- 4.37 The special funds are:

- Pensions (Old Scheme) Fund;
- Retirement Pension Fund;
- Capital Equalisation Fund;
- Insurance Fund;
- Currency Fund.

- 4.38 The Retirement Pension Fund has been referred to in a previous section and the actions continuing from the last Assembly to increase the financial strength of the fund to meet

future liabilities. The pension (Old Scheme) Fund will continue to receive a lump sum payment from the Consolidated Fund.

- 4.39 Both the Retirement Pension Scheme and Pension (Old Scheme) Fund are planned to have actuarial revaluations in 2018, which will then inform budget decisions for 2019/20 and beyond.
- 4.40 The Capital Equalisation Fund is used to support capital investments, and is funded by a transfer from the Consolidated Fund. In practical terms, this is one area of reserves being transferred to another to enable the cost of the agreed capital programme to be set aside and paid for.
- 4.41 The Insurance Fund has a balance of around £30m and is used for self-insurance purposes; the insurance excess on KEMH and FICS to be set at £5m. FIG does pay for insurance for a range of purposes (e.g. FIG vehicles, employer liability, public liability and aviation liability). The annual cost of insurance exceeds £500k and is paid for from the Insurance Fund. A review of insurance arrangements will be undertaken in 2018/19 to ensure that best value is being obtained and that there is a good match to the risks that FIG faces.
- 4.42 The Currency Fund supports the Falkland Islands currency.

Staffing Establishment for FIG

- 4.43 FIG currently has an establishment of 636.6 full time equivalent posts.
- 4.44 The decisions made by the BSC result in a net increase of 24.3 posts to the permanent establishment.
- 4.45 Appendices 6.1 and 6.2 provide details and reasons for the changes to establishment proposed for the 2018/19 draft estimates.
- 4.46 The cost impact of a permanent addition to the establishment continues beyond the initial year agreed, although staff turnover and the use of contractors / locums provide opportunities to revise staffing levels to suit operational requirements or financial constraint.
- 4.47 The cost of the FIG establishment will be increased as a result of a 'cost of living' pay award of 2% for FIG employees, as well as the award of increments in accordance with grade progression on the same terms as the previous year. This decision was based upon a review of actual pay awards compared to inflation over the past ten years.
- 4.48 From 2018/19 staff recruitment budget lines will be centralised in the HR Directorate. However, each Directorate will remain responsible for forward planning their vacancies in line with budgeted establishment and to meet operational needs.

Social Payments and Welfare

- 4.49 Investment will be made to help nursery providers improve the quality of premises and a per-child subsidy will be available to enable providers to improve the quality and

safety of their operations and comply with regulatory requirements. The budgeted cost in 2018/19 will be £740k allocated to assist nursery providers develop services and £1m for building improvements. Detailed implementation plans are being developed to ensure that funds are best targeted to achieve the required objectives.

- 4.50 Family Allowances will be increased to £75 per child per month and will be tax free for all. The annual cost to FIG will be £450k; an increase from the current estimated pre-tax amount of £384k (Appendix 7). The treatment of Family Allowance as non-taxable will take place retrospectively from 1st January 2018, with the rate increase to £75 per month taking effecting from 1st July 2018.
- 4.51 Weekly retirement pensions will be increased by 2% from £153 to £156. As stated previously, the level of additional payments made by FIG to make good part of the deficit will be greater than the increase in pensions.
- 4.52 A Travel Credit Scheme has been agreed. This will enable Falkland Islands Status holders to be credited with the equivalent of the sum of £1 a day (50p a day for children). The scheme has been agreed for a minimum of 3 years. The budgeted cost in 2018/19 is £760k. A detailed implementation plan will be prepared, and the administration & eligibility processes set up, before the scheme can “go live”. Credits will accumulate from 1 July 2018, although the implementation plan, including administrative and eligibility processes will need to be developed first.
- 4.53 Welfare payments will increase by the rate of inflation. The rate of inflation for the year to 31 December 2018 was 1.3%. There will be a broader review of welfare payments during 2018/19. The purpose of the review is to: validate the existing level of support, identify and resolve policy inconsistencies, achieve greater clarity about the target recipients, and make proposals to enhance services and improve administrative efficiency as required.
- 4.54 The minimum wage will increase by 1.3% to £6.67/hr. The current basis for calculation of the minimum wage and living wage will be evaluated during 2018/19, and may be recalibrated based on changes to the basket of essential goods and other factors.
- 4.55 A schedule of the rates of welfare payments for 2018/19 is attached at Appendix 8

Subventions

- 4.56 A schedule of planned subventions is attached in Appendix 9.

Fees and charges

- 4.57 FIG charges users for a number of services; some of the significant ones being housing rent, electricity charges, custom fees, embarkation tax and quarry fees.
- 4.58 As part of the budget process, all accounting officers were required to send in details of all the prices that are currently charged for FIG services. The BSC was mindful of the recent Public Accounts Committee report on Quarry pricing and the agreement to make all prices readily available.

- 4.59 For the 2018/19 budget process, the BSC was able to agree which specific areas were to have fee increases and which are to remain unchanged.
- 4.60 There are many areas where fees and charges remain unchanged from the current financial year: rents for Government property, service charges, quarry charges, leisure centre charges, agriculture/veterinary fees and Post Office charges. Charges for non-entitled medical patients have been reviewed and revised upwards towards the full cost.
- 4.61 There will be a downward adjustment to some immigration/work permit fees as a means to encourage workers to stay longer and/or make the Falkland Islands their permanent home
- 4.62 Electricity prices will be reviewed every quarter in future, with a monitoring report being presented to the Standing Finance Committee to demonstrate transparency.
- 4.63 No changes are proposed to Tax rates for individuals and companies.
- 4.64 A summary of fee increases are outlined in Appendix 10. It should be noted that some fee increases require a change to Legislation. These are marked as such and will appear in the Finance Bill 2018.

Budget Process and Governance

Finance & Audit Ordinance 1988

- 4.65 The Finance & Audit Ordinance 1988 requires the Financial Secretary to prepare and lay before the Legislative Assembly estimates of revenues and expenditure of Government for the next (following) year (sch 7 i). The 2018/19 budget is scheduled to be presented at the Legislative Assembly on 29 May 2018.
- 4.66 The estimates (budget) prepared must describe the ambit⁸ of the vote, the sum required for each vote, and have a named accounting officer for each vote. Financial Instructions specify that a vote represents the sum that is granted annually to each Director (as accounting officers) as part of the overall budget.
- 4.67 The Financial Secretary set a timetable for accounting officers to prepare their draft estimates for 2018/19 and to enable challenge and review within FIG before the opening of the Budget Select Committee in 2018.

Budget Select Committee

- 4.68 The requirement for a Select Committee on the Estimates, referred to here as a Budget Select Committee (“BSC”) is stated in the Legislative Assembly Standing Rules and Orders section 65 (1).
- 4.69 The purpose of the BSC is to enable an agreed budget to be submitted annually to the Legislative Assembly (which will occur on 1 June 2018 for the 2018/19 financial year),

⁸ Ambit is defined as the scope, extent, or bounds of something.

and for this budget to be in accordance with any requirements of the Finance & Audit Ordinance 1988

4.70 The BSC met regularly during March, April and May 2018⁹. The draft estimates are the product of decisions made by the BSC.

Legislation

4.71 The following pieces of legislation will arise from the 2018/19 budget setting process:

- The Appropriation Bill 2018 – to authorise the withdrawal from the Consolidated Fund of money for the financial year 2018/19
- The Capital Appropriation Bill 2018- to authorise the withdrawal from the Capital Equalisation Fund for 2018/19, sufficient fund the planned 2018/19 capital programme;
- The Finance Bill 2018 – to increase various allowances, benefits, charges, contributions, fees and penalties provided for under the laws of the Falkland Islands and to make new provision for changes to fees and charges.

4.72 The above Bills will be read for the first time at the Legislative assembly of Tuesday 29 May 2018 at 09:00. The Bills will then be referred to the final BSC meetings.

4.73 The final BSC meetings are Tuesday 29 May 2018 at 14:00 (after Legislative Assembly) and Wednesday 30 May 2018 at 08:30. At these meetings the BSC will reaffirm the proceedings of the Committee of the last four months. In the event of any amendments to the Appropriation Bill, the Capital Appropriation Bill or the Finance Bill following the Legislative Assembly of 29 May 2018, these would need to be processed.

4.74 Should there be any changes to the Appropriation Bill 2018, the Capital Appropriation Bill 2018 or the Finance Bill 2018 from the final BSC meetings are Tuesday 29 May 2018 and Wednesday 30 May 2018, these changes will be made by Attorney General's Chambers.

4.75 Legislative Assembly then resumes at 09:45 on Friday 1 June 2018 and addresses the remaining the remaining stages of the Appropriation Bill 2018, the Capital Appropriation Bill 2018 and the Finance Bill 2018. The Financial Secretary will report back from the BSC meetings of Tuesday 29 May 2018 and Wednesday 30 May 2018 and explain any policy changes and reasons for them.

⁹ The Budget Select Committee meetings held for the 2018/19 budget process were as follows:

- Subvention Meeting BSC 1st March 2018
- Directorate Presentations of Operating Proposals: BSC 28th and 29th March 2018
- Initial Review of Capital Proposals BSC 3rd April 2018
- Decisions on Operating Proposals BSC 11th April 2018
- Decisions on Capital Proposals BSC 19th April 2018
- Finalise Outstanding Decisions BSC 26th April 2018 and 2nd May 2018

5. Options and Reasons for Recommending Relevant Option

- 5.1 Option 1: Accept the draft Estimates for 2018/19 and the policy decisions made as part of the BSC process. This is the recommended option as the policy decisions and their financial impacts have been agreed by the BSC.
- 5.2 Option 2: To not accept the draft Estimates for 2018/19 and refer specific areas of concern back to the BSC.
- 5.3 Honourable Members are recommended to approve Option 1.

6. Resource Implications

6.1 Financial Implications

- 6.2 This report represents a summary of the projected financial position of FIG following a series of BSC meetings. Detailed financial implications are contained in reports that will have already been read and considered by Members who were part of the BSC.

6.5 Human Resource Implications

Explained in the changes to establishment appendix.

6.6 Other Resource Implications

None

7. Legal Implications

- 7.1 The legal implications from the budget process are taken account of in the draft Appropriation Bill and draft Capital Appropriation Bill. These two Bills, together with the Finance Bill 2018, will be the subject of a separate report for the 28 May 2018 Executive Council meeting.
- 7.2 Budget proposals with legal implications have been considered as part of the BSC process.

8. Environmental & Sustainability Implications

- 8.1 No direct environmental and sustainability implications from the budget process itself, but there will be individual spending and policy implications that will have an impact, and these are detailed in the supporting papers that have been made available to the BSC.

9. Significant Risks

- 9.1 A key way to help mitigate financial risk is through effective financial management by budget holders, financial monitoring and engagement. The responsibilities of accounting officers are contained in s32 of the Finance & audit Ordinance 1988.

- 9.2 The budget principles that were agreed by Executive Council for 2018/19 are a means of containing financial risk, as this is the closest that FIG has to a defined corporate risk appetite.
- 9.3 Further mitigation can occur through an annual budgeting process that reviews the previous five year plan, and adjusts spending assumptions in accordance with identified priorities and changes to the financial outlook.

10. Consultation

The 2018/19 budget process has taken place with a link between policy and financial planning, and also between MLA's and FIG officers.

11. Communication

- 11.1 A detailed communications plan, linked to the Islands Plan, has been discussed with Members and will be implemented once the budget is approved. The approved budget will also be published after the Legislative Assembly.

Appendix 1 – Departmental Revenues and Operating Costs

	Budget 18/19	Budget 19/20	Budget 20/21	Budget 21/22	Budget 22/23
	£m	£m	£m	£m	£m
REVENUE					
Development and Commercial Services	1.7	1.7	1.7	1.7	1.7
Human Resources	0.0	0.0	0.0	0.0	0.0
Health and Social Services	1.8	1.8	1.8	1.8	1.8
Education	0.1	0.1	0.1	0.1	0.1
Public Works	10.4	10.4	10.4	10.4	10.4
Natural Resources	20.2	20.2	20.2	20.2	20.2
Legal and Regulatory	0.2	0.2	0.2	0.2	0.2
Emergency Services	4.5	4.5	4.5	4.5	4.5
Executive Management	3.8	3.8	3.8	3.8	3.8
Policy	0.2	0.0	0.0	0.0	0.0
Mineral Resources	0.8	0.5	0.3	0.0	0.0
Treasury	38.4	29.9	30.0	30.1	30.2
Oil Revenue	0.2	0.5	0.5	0.5	0.5
Departmental Revenue	82.4	73.7	73.5	73.3	73.4
EXPENDITURE					
Development and Commercial Services	6.4	6.2	6.2	6.0	6.0
Human Resources	1.0	1.0	1.0	1.0	1.0
Health and Social Services	11.5	11.8	11.8	11.8	11.8
Education	7.4	7.6	7.5	7.4	7.4
Public Works	11.4	11.4	11.4	11.4	11.4
Natural Resources	7.3	7.2	7.1	7.1	7.1
Legal and Regulatory	1.8	1.5	1.5	1.5	1.5
Emergency Services	3.2	3.1	3.1	3.0	3.0
Executive Management	6.3	6.3	6.3	6.3	6.3
Policy	1.0	0.7	0.7	0.7	0.7
Mineral Resources	0.6	0.6	0.6	0.6	0.6
Treasury	3.1	3.1	3.1	3.1	3.1
Oil Expenditure	0.8	0.8	0.8	0.8	0.8
Departmental Expenditure	61.7	61.3	61.0	60.7	60.8
Island Plan Investments	7.0	6.7	6.7	6.7	6.7
Total Operating Expenditure	68.7	68.0	67.7	67.5	67.5
Pension Transfers	3.0	3.0	3.0	3.0	3.0
Total Expenditure (pre depreciation)	71.7	71.0	70.7	70.4	70.5

Appendix 2 - Summary of Operating Budget Decisions > £40k - Expenditure

Directorate	Reason	2018/19 £000	2019/20 £000	2020/21 £000	2021/22 £000	2022/23 £000
110 Development and Commercial Services	New Microsoft licences required for all FIG computers following upgrade of file servers					
110 Development and Commercial Services	One year Telecoms advisory outcome	ALL FIGURES REDACTED				
110 Development and Commercial Services	One year H&S Review					
110 Development and Commercial Services	New Post additional planning officer to support house planning					
120 Human Resources	Additional post - Health and Safety Advisor including travel costs					
200 Health and Social Services	Training					
200 Health and Social Services	Visiting specialists - requirement to increase range of services to prevent MTO					
200 Health and Social Services	Maintaining and servicing equipment due to inflation of manufacturers validation, service kits, transport and associated costs					
200 Health and Social Services	Attendance allowances - current level underfunded					
200 Health and Social Services	New post - Biomedical technician					
250 Education	Learning Support Assistants - revert to full time terms and conditions					
250 Education	Change based on actual salaries (including apprentices)					
250 Education	Apprenticeships subsidies and training costs					
250 Education	New post - Quality and Performance Co-Ordinator					
250 Education	Departmental computer equipment - increased bandwidth					
350 Public Works	An increase to better reflect the current level of fuel, spares and maintenance needed to service the aging generators					
350 Public Works	To cover additional Planned Maintenance works of all FIG buildings and infrastructure					
350 Public Works	Costs to produce extra tonnage					
350 Public Works	Contracted Labour					
410 Natural Resources	Change to Establishment - Agricultural consultants					
410 Natural Resources	Change based on actual salaries					
451 Legal and Regulatory	Consultancy - establishment of regulatory tool kit and customer protections					
451 Legal and Regulatory	Legal Costs - Historical Childcare case study review					
451 Legal and Regulatory	Price Cap Review					
451 Legal and Regulatory	Independent Broadband Monitoring					
550 Emergency Services	Travel costs					
550 Emergency Services	Change based on actual salaries					
600 Executive Management	3 New posts Management Trainees					
600 Executive Management	Flexibility and provision for undertaking small consultancy work and projects and Policy research					
615 Policy Unit	FCO funded posts					
700 Treasury	Investment Management Fees					
Family Allowance	As budget paper option 6					
Government Pay Award 2%						
Holiday Credits	£1 per day					
Nursery Provision						
Subventions	Main					
Subventions	Small					

Appendix 3.1
Additions to Capital Programme 2018/19

**ALL FIGURES
 REDACTED**

Directorate Cost Centre
CAPITAL - ECONOMIC DEVELOPMENT

DPW 0956-2000- Training Centre
 DCS 0959-3319- Port Facilities - Design

Total Expenditure

CAPITAL - INFRASTRUCTURE AND MAINTENANCE

DPW 0953-3068- Quarry Improvements
 DPW 0954-3287- MPA Road
 DCS MPA Air Terminal
 DPW 0955-3022- Housing related maintenance
 DPW 0954-3228- Repair of Stanley Roads
 DPW 0957-3235- Interim Power Station
 DHS 0960-3101- Medical Equipment
 DPW New crusher for the highways section
 DPW 0954-3040- Ross Road
 DPW 0954-4000- Balance Camp Roads for Reallocation
 DCS Framework Contract to deliver the capital projects
 DPW 0956-3022- Building Maintenance
 DCS 0958-3194- FIGAS Fleet Modifications
 DES 0960-3230- Fire - Replacement of equipment
 DCS New Haven – garages and plant
 DPW 0957-3180- Improvements to Water Supply
 DPW 0954-3069- Camp Roads
 DPW 0957-4004- Pumped Sewage Disposal System
 DCS 0958-3051- Stly Airport - Future Dev
 DCS Telecoms review outcome
 DPW 0957-3237- Energy Efficiency
 NR Saladero- multipurpose shed
 DPW 0956-3321- Fox Bay building improvements
 DHS 0960-3328- KEMH Special Projects
 NR Saladero cattle yards
 DCS Airstrip improvement surveys

Total Expenditure

CAPITAL - SOCIAL INVESTMENT

DPW Sapper Hill Phase 6
 DPW 0955-3020- Housing Construction
 DCS Medium Wave Transmitter
 DPW 0956-3032- Temporary Classroom
 FS FIDC
 FS FITB
 DPW 0956-3160- Stanley House Improvements
 DES records all 999 (emergency) phone calls
 FS Falklands Radio

Total Expenditure

Appendix 3.2 - Summary of Capital Programme

5 Year Summary 18/19 to 22/23

	Additional Approvals 2018/19 £'000	Revised Programme 2018/19 £'000	Projection for 2019/20 £'000	Projection for 2020/21 £'000	Projection for 2021/22 £'000	Projection for 2022/23 £'000	Total 5 years £'000
Expenditure area							
Road & surface transport infrastructure	3,136	9,706	7,693	7,075	6,605	6,655	37,733
Government building - construction & mai	5,459	19,233	8,860	5,060	2,010	2,010	37,173
Quarry	3,430	3,430	-	-	-	-	3,430
Hospital related	685	3,658	3,011	210	226	48	7,153
Sea transport infrastructure	300	2,462	1,800	1,800	50	-	6,112
PWD Plant, Vehicles & Equipment	-	1,180	1,005	1,005	1,005	1,005	5,200
Power supply	650	1,823	1,125	125	125	125	3,323
Air transport infrastructure	1,410	2,179	1,321	96	-	-	3,596
Water supply	294	547	335	95	95	95	1,167
Nursery Regulation	-	333	333	334	-	-	1,000
Police & emergency services equipment	295	295	-	-	-	-	295
Waste Management	-	567	50	50	50	50	767
Landscaped environment projects	-	533	50	50	50	50	733
Computers	-	75	75	75	75	75	375
Telecommunications / media	285	300	15	15	15	15	360
Design & Consultancy	350	510	350	350	350	350	1,910
FIGO	-	-	-	-	-	-	-
Community	64	64	-	-	-	-	64
Current agreed programme	-	30,539	15,395	9,210	6,971	6,795	68,910
New Bid	16,358	16,358	10,628	7,130	3,685	3,683	41,483
Total programme	16,358	46,897	26,022	16,340	10,656	10,478	110,393

Note: 18/19 Capital programme of £46.9m for the year represents original projection of £22.3m plus approvals of £16.4m, plus carryforward items from 17/18 of £13.8m, less adjustments for rephasing of capital programme (to later years) £5.6m

BUDGET SELECT COMMITTEE - BACKGROUND REPORT – 4.1

Title: Increased investment in camp roads

Date: 19 April 2018

Responsible Director: Director of Public Works

Report Author: Director of Public Works

1. Recommendations

Honourable Members are recommended to approve:

- (a) An increase in the camp roads infrastructure capital programme from £2,000,000 to £2,500,000 per year (a £500,000 increase).

2. Additional Budgetary Implications

	2016/17	Total Project
Capital Budget	£2,500,000	Annually recurring

3. Executive Summary

- 3.1 This paper details a request to increase the current level of capital of funding from £2M to £2.5M per year and how it would potentially be allocated across the existing network.
- 3.2 PWD preferred solution is Option 2, with an increase of 50%. However it is understood that there are other budgetary pressures and therefore Option 3 is a more likely outcome. Therefore the figures within this paper are in line with option 3.

4. Background

- 4.1 There is currently an annual allocation of £2,000,000 for camp roads. Once funding is approved the PWD Roads Engineer prepares a paper for the funding split.
- 4.2 The funding split of the allocation is informed by the Highways Asset Management Plan (HAMP). This is then submitted to the Transport advisory Committee for comment before finally being submitted to ExCo for approval.
- 4.3 Funding is currently split into the following areas:-
 - 4.3.1** Unallocated stores
 - 4.3.2** East Roads Improvements Cat B
 - 4.3.3** Capping East Falklands

- 4.3.4** Crushing East Roads
- 4.3.5** West Roads Capping
- 4.3.6** Safety, Signage and realignment
- 4.3.7** West Roads Improvements Cat B
- 4.3.8** Cattle grid Improvements
- 4.3.9** Culvert Replacement

- 4.4 Due to the unsurfaced nature of the roads, works generally start in October and are completed by April to fit within a suitable weather window. However it is not unusual for works to conclude earlier in the year due to funds being spent.
- 4.5 A number of the works are contracted out and these contractors are currently not at full capacity and therefore could achieve more within the time period if given the opportunity.
- 4.6 At the current £2M allocation the road network is deteriorating at a faster rate than it is being maintained/upgraded and works are generally limited to Cat A and Cat B roads.
- 4.7 As the use of the ferry service increases and businesses such as the abattoir grow then so does the reliance on the camp road network. The number of heavy loads per annum is increasing and this is leading to an accelerated deterioration of the road surfaces.
- 4.8 It is also hoped to be able add additional contracts such as cleaning and maintenance of cattle grids and crushing for camp roads both on the East and the West.

5. Options and Reasons for Recommending Relevant Option

- 5.1 Option1 – Continue with the current level of funding – PWD would continue to prioritise works using the HAMP and ensuring that the worst section of road get addressed first. However the roads would continue to deteriorate at a faster rate than they are being maintained potentially resulting in some Cat C roads only being accessible in the summer months.
- 5.2 Option 2 – Increase the level of funding by 50% to £3,000,000 – This will allow additional works to be completed each year and assist in slowing the rate of deterioration. Works would still need to be prioritised but a modest allocation could be set aside for the maintenance and upgrade of Cat C roads, where appropriate.
- 5.3 Option 3 – Increase the level of funding by 25% to £2,500,000 - This will allow additional works to be completed each year and assist in slowing the rate of deterioration. Works would still need to be prioritised and is unlikely allow any allocation for the maintenance and upgrade of Cat C roads.

6. Resource Implications

6.1 Financial Implications

The 50% increase in funding would allow larger annual investment in the key areas highlighted above.

6.2 Human Resource Implications

50% increase in funding is considered to be a modest increase and it is believed that the funds could be managed with the current level of resourcing. This would be a combination of directly employed staff and contractor works.

6.3 Other Resource Implications

None

7. Legal Implications

None

8. Environmental & Sustainability Implications

8.1 An increase in activity will require additional aggregate to be quarried from local sources.

9. Significant Risks

9.1 Not increasing investment will lead to assets deteriorating at a faster rate than they are being maintained. Option 1 and 3 increases potential risk of some Cat C roads only being accessible in the summer months.

BUDGET SELECT COMMITTEE - BACKGROUND REPORT – 4.2

Title: MPA Road: Feasibility on Programme Acceleration

Date: 19 April 2018

Responsible Director: Director of Public Works

Report Author: Director of Public Works

1. Recommendations

Honourable Members are recommended to approve:

- (a) **Option 2 (para 5.2):** to increase the recurring capital budget for MPA Road Re-surfacing to £2,500,000 per year, and to carry out a further review within two years. This represents an increase of £1,300,000 from the current programme.

2. Additional Budgetary Implications

If Option 2 is approved:

	2018/19	2019/20	2020/21	2021/22	2022/23
Capital Budget	£2,500,000	£2,500,000	£2,500,000	£2,500,000	£2,500,000

3. Executive Summary

- 3.1. Previously various ExCo papers have discussed options regarding the MPA Road re-surfacing, with options ranging from “do nothing” to “do it all in 2 years”, along with a range of options regarding the quality of the finished surface.
- 3.2. The current design standards that are being adhered to, where possible, are: a surface finish with an estimated design life of 20 years (minimum asphalt depth of 160mm); a nominal design speed of 56mph; horizontal profiling, transitions and curve super-elevations to suit that speed (where possible); and replacement of culverts where necessary.
- 3.3. The road from Stanley to MPA is 50km in length; currently 9km has been asphalted to the correct standard (the first 11km heading west, with the exception of a 2km section, around Browning’s Gap, which has previously been asphalted to a significantly lower standard).
- 3.4. The following options are presented, showing the cost and practicality of programme acceleration.

4. Background

- 4.1. Previously, from 2013/14, funds of £1,219,350 have been made available for this project. This has been sufficient to re-surface approximately 2.2km per year. This is insufficient to reach MPA prior to the surface having to be replaced again (minimum 2.5km per year).
- 4.2. Funding has already been approved for a new asphalt plant, which has been purchased, and will be delivered, installed and commissioned by December 2018.
- 4.3. No inflationary allowance has been allowed in calculating the total costs for these options; bitumen prices can fluctuate substantially, and can have a significant effect on the overall costs. These cannot be predicted. Therefore exact expenditure would need to be reviewed and adjusted annually.
- 4.4. It is clearly possible to accelerate this programme, but at significant cost. However, financial constraint is unlikely to be the deciding factor.
- 4.5. This paper does not dwell on the associated costs of surface capping, annual grading or winter maintenance. These have all been well covered previously when a policy decision was made to implement the MPA Road Re-surfacing programme. All that is covered here are the direct costs and associated logistics and risks of programme acceleration.

5. Options and Reasons for Recommending Relevant Option

Note: None of the below options allow for future safety or maintenance needs of the of the asphalt surfacing as it extends. The continued surfacing is likely to require additional safety features such as the infilling of the ditches, and therefore drainage, additional signage and additional safety barriers. Additional asphalt surfacing will also lead to the requirement of additional salting to be undertaken and is likely to require allowance for greater salt consumption, additional salting equipment and additional storage and loading facilities.

5.1. Option 1: (Previous)

Continue with current arrangement in place using one contracted “Asphalt Crew” (4 people), lay asphalt on prepared surfaces for approximately 50 days each season, utilising approximately 15,000 tonnes of material (15% of the Quarry output).

Progress will be **2.2km** per year, and it will take approximately **19 years** to reach MPA. By this time it will have been necessary to already begin to replace the surface at the eastern end of the road.

The total cost of the project would be **£23.2m** (assuming no substantial increase in bitumen price).

5.2. Option 2: (Recommended)

Increase the current level of funding by approximately 100% from 2018/19 onwards. Using one contracted “Asphalt Crew” (3 / 4 people), lay asphalt on prepared surfaces for approximately 100 days each season, utilising approximately 30,000 tonnes of material (30% of the Quarry output).

Progress will be **4.5km** per year, and it will take approximately **9 years** to reach MPA. The total cost of the project would be **£22.5m** (assuming no substantial increase in bitumen price).

This is the maximum amount of re-surfacing that can take place with the existing quarry plant, and existing levels of staffing.

This option will strain the Highways and Quarry teams, and will require them to be fully staffed (which they have not been in 2017/18). This could be sustained for one or two seasons and then further consideration could be given to Option 3.

5.3. Option 3:

Increase the funding to £4,500,000 per year from 2018/19 (for a period of 6 years). Using one dedicated contracted “Asphalt Crew” (4 people), lay asphalt on prepared surfaces for approximately 160 days each season (that is the limit of one season of asphalt laying), utilising approximately 48,000 tonnes of material (48% of the *current* Quarry output).

Progress will be **7.2km** per year, and it will take approximately **6 years** to reach MPA. The total cost of the project would be **£28.3m** (assuming no substantial increase in bitumen price).

This option is only possible if the existing Quarry plant is replaced.

This option also requires the purchase of a variety of additional plant (paver, roller, 3 x tippers, loader, tackcoat sprayer, etc.). The estimated one-off cost is £1,250,000. This option will require additional staff in both the Highways (4 additional staff, 2 likely to be UK contractors) and the Quarry (2 additional staff) teams. It will also strain the Plant team, and will require them to be fully staffed (which they have not been in 2017/18).

If any additional asphalt work was required (for example, Airport Road, Diamond Jubilee Road, etc.) a second “Asphalt Crew” would need to be brought in. **It is unlikely that in excess of 100 days could be achieved in the 18/19 season even if immediate go-ahead was given due to plant and staff acquisition times.**

A concern with this Option is the availability of staff. This Option requires 6 additional staff within PWD, at least 2 of whom are likely to have to be recruited from overseas, in

addition to an increase in the contracted “Asphalt Crew” from 4 to 8 people.

5.4. Option 4:

Increase the funding to £9,000,000 per year from 2018/19 (for a period of 3 years). Using two dedicated contracted “Asphalt Crews” (8 people), lay asphalt on prepared surfaces for approximately 160 days each season (that is the limit of one season of asphalt laying), totalling 320 days, utilising approximately 96,000 tonnes of material (96% of the *current* Quarry output).

Progress will be **14km** per year, and it will take approximately **3 years** to reach MPA. The total cost of the project would be **£34.5m** (assuming no substantial increase in bitumen price).

This option is only possible if the existing Quarry plant is replaced, and additional plant for both the Quarry and Asphalt Plant is obtained. The estimated one-off cost is £1,500,000.

This option also requires the purchase of a variety of additional plant (2 x pavers, 3 x rollers, 11 x tippers, 2 x loaders, JCB, grader, 2 x tackcoat sprayer, etc.). The estimated one-off cost is £5,000,000.

Additional workshop facilities would be required, along with a substantial store of additional parts (as there is no time allowed for plant down-time within the season). The estimated one-off cost is £1,000,000.

This option will require additional staff in the Highways (8 additional staff, 4 likely to be UK contractors), the Quarry (6 additional staff), Plant (2 additional mechanics) and Design (1 additional surveyor) teams, along with a full-time Project Manager.

If any additional asphalt work was required (for example, Airport Road, Diamond Jubilee Road, etc.) a third “Asphalt Crew” would need to be brought in. **It is unlikely that in excess of 150 days could be achieved in the 18/19 season even if immediate go-ahead was given due to plant and staff acquisition times.**

There is significant risk to attempting this Option; the availability of staff.

This Option requires 18 additional staff within PWD, at least 8 of whom are likely to have to be recruited from overseas, in addition to an increase in the contracted “Asphalt Crew” from 4 to 12 people.

If these staff are successfully recruited to these positions, it is likely to have a significant detrimental impact on other PWD teams, and other Falkland Islands businesses.

If this Option is selected serious consideration needs to be given to the urgent provision of a further 10 – 12 FIG houses, in addition to any housing need already identified.

Option 2 is recommended.

This option achieves acceleration of the programme, in a manageable and realistic manner and should not prove detrimental to the other work of PWD or other Falkland Islands businesses. It also allows time to consider the options for further acceleration while also carrying out a full safety and operational impact review for the surfacing of all of the MPA road. This option can be achieved with the current resources allowing the Quarry time to procure and install additional plant.

6. Resource Implications

6.1. Financial Implications

	One-Off Cost	Recurring Cost	Years	Total Cost
Option 1:	Nil	£1,219,530	19	£23.2m
Option 2:	Nil	£2,500,000	9	£22.5m
Option 3:	£1,250,000 ^{*1}	£4,500,000	6	£28.3m
Option 4:	£7,500,000 ^{*2}	£9,000,000	3	£34.5m

*1 Excludes the cost of new Quarry plant

*2 Excludes the cost of new Quarry plant, and additional FIG Housing

6.2. Human Resource Implications

Option 1:	No Impact
Option 2:	No Impact
Option 3:	6 additional PWD staff and 4 additional contracted staff
Option 4:	18 additional PWD staff and 8 additional contracted staff

6.3. Other Resource Implications

Option 1:	No Impact
Option 2:	No Impact
Option 3:	Additional 3 FIG Houses required for staff
Option 4:	Additional 12 FIG Houses required for staff (minimum) Land required for additional Highways depot Land required for additional Plant workshop and stores Significant additional space required at Quarry to hold stockpiled materials and bitumen

7. Legal Implications

7.1. None

8. Environmental & Sustainability Implications

8.1. None

9. Significant Risks

9.1. There is a significant risk to attempting Options 3 and 4 that is the availability of staff.

9.2. Option 4 requires 18 additional staff within PWD, at least 8 of whom are likely to have to be recruited from overseas, in addition to an increase in the contracted “Asphalt Crew” from 4 to 12 people. If these staff are successfully recruited to these positions, it is likely to have a significant detrimental impact on other PWD teams, and other Falkland Islands businesses.

9.3. Option 4 also requires the purchase of nearly £2.0m of bitumen per year. There is a moderate risk of currency or oil price fluctuations causing adverse short-term changes to the budget requirements.

10. Consultation

10.1. None

BUDGET SELECT COMMITTEE - BACKGROUND REPORT – 4.3

Title:	Reconstruction of Ross Road and other Stanley Roads
Date:	19 April 2018
Responsible Director:	Director of Public Works
Report Author:	Director of Public Works

1. Recommendations

Honourable Members are recommended to approve:

- (a) **Option 3 (para 5.3):** to increase the capital budget for Ross Road re-construction, as detailed below, to complete this work over a 5 year period.
- (b) **Option 6 (para 5.6):** to increase the capital budget for Stanley Roads, as detailed below, to fund a 5 year re-construction programme, subject to future review.

2. Additional Budgetary Implications

If Option 3 is approved:

	2018/19	2019/20	2020/21	2021/22	2022/23
Capital Budget	REDACTED				

If Option 6 is approved:

	2018/19	2019/20	2020/21	2021/22	2022/23
Capital Budget	REDACTED				

However, please note option 7 referred to in sections 5.6 and 6.1 below.

3. Executive Summary

- 3.1. Previously various ExCo papers have discussed options regarding the re-construction of Ross Road, and on-going re-construction of roads in Stanley.
- 3.2. Work to Ross Road is continuing, albeit slowly, but the existing approved budget is insufficient to complete the work.

- 3.3. Re-construction work to other roads in Stanley has, historically, been done as large “one off” projects, with no meaningful programme of continuous improvement.
- 3.4. This paper presents options to a) complete the work to Ross Road and b) establish a meaningful annual programme of repair to the other roads in Stanley, which will be subject to a thorough review during the next year.

4. Background

Ross Road

- 4.1 In 2013 (ExCo paper 69/13) approval was granted to fund the reconstruction and resurfacing of Ross Road from Philomel Street to Reservoir Road over a phased period of six years. This work is nearing completion. However, in a number of early phases the scope of work was extended beyond that originally envisaged; namely reconstruction of additional sections of footway, extension of resurfacing up Dean Street, Villiers Street and Barrack Street, etc. This, coupled with the intention to include the off-street car-parking area adjacent to Gilbert House, has meant that the original approved budget is insufficient to complete the work. The original budget also did not take any account of inflationary increases over the six year period.
- 4.2 In addition, over the last 5 years, further deterioration has occurred to additional sections of Ross Road; namely the section between Philomel Street and Snake Hill, and the section between Reservoir Road and the Battle Memorial (these being beyond the boundary of the originally proposed work package).
- 4.3 These additional sections of road suffer identically to the original sections, as highlighted in report 69/13. The concrete wearing surface is too thin for modern heavy traffic, and, once the slabs have begun to deteriorate there is no additional surfacing work that can alleviate the problem. The only permanent solution is to reconstruct the base with more substantial aggregate and reconstruct the wearing surface with adequate reinforced concrete panels. While this work is being undertaken it is prudent (and cost effective) to repair or construct any necessary footways, repair or replace any drainage, and provide more adequate street-lighting where desired.
- 4.4 There is not enough funding within the town roads capital budget to cover the scale of work needed on Ross Road and it is proposed that the project be funded as an entity separate from the repair of Stanley Roads.
- 4.5 The newly constructed roadway should have an operating life of over 30 years.
- 4.6 Work on Ross Road needs to be carefully planned to minimise the obvious disruption. There are sections of road that should not be worked upon during the “tourist

season”, and the section between Reservoir Road and the Battle Memorial must be clear and usable each December, and cannot be closed to traffic until after the completion of the Diamond Jubilee Road extension connection to Moody Brook Road. This makes reactive repairs more difficult than on many of Stanley’s roads; a significant failure of a concrete panel would prove very much more disruptive to repair than if the work was carried out at a time of our choosing.

Stanley Roads

- 4.7 The existing budget for reconstruction and resurfacing of Stanley Town Roads is £ **REDACTED** per annum.
- 4.8 The expected lifespan of a well-constructed asphalt road is between 20 and 30 years, and that of a well-constructed reinforced concrete road between 30 and 40 years. However, many of Stanley’s concrete roads are not well-constructed – lacking adequate base course or reinforcement, and specifically not having been designed for HGV traffic. Almost every road in central Stanley could be described as “failed” or “near to failure”, and most of the asphalt roads in east Stanley are now over 20 years old and beginning to show signs of failure.
- 4.9 There are 27.3 miles (43.7 kilometers) of road in the Stanley town area – see the attached Appendix for details. If this area of roadway was to be replaced on an ongoing basis – i.e. the age of the roads were such that a small regular proportion could be replaced every year to keep up with the maintenance requirement – then an annual expenditure of just under £ **REDACTED** would be required. This is 8 times the current budget.
- 4.10 The asphalt roads in east Stanley can be attended to in order to increase their remaining useful life; the centre joints require replacement and the detail around some drains need improved, as well as resurfacing at some junction areas – but in the medium term the asphalt wearing course needs to be planned off, and renewed. If the necessary remedial work is not done to increase their remaining useful life, the asphalt will fail, due to water ingress and freeze/thaw action, and the surface will disintegrate.
- 4.11 The concrete roads in central Stanley were never designed to take HGV traffic (the concrete has no reinforcement) and in many cases the base course is insufficiently robust to prevent the concrete slabs from moving. In addition, some concrete roads have been overlayed with asphalt – which does not adhere sufficiently to concrete, to make this any more than a short-term temporary solution. Once the concrete wearing surface has begun to deteriorate, there is no effective solution other than to break up the slab and replace it.

4.12 Road replacement programmes, such as this, can either be carried out as an enormous “one-off” burst of capital expenditure (but it isn’t “one off”) or as a planned long-term strategic programme. The logistics of carrying out work on the Falkland Islands without overstretching ourselves or our contractors, our ability to accept extending the useful life of an asset as far as we possibly can, small patch repairs, and future stable financial planning would indicate that a long-term strategic programme would be more suitable.

4.13 The proposed funding for the repair of Stanley Town Roads comes from three places; there is specific funding to resurface / reconstruct the Airport Road (0945-4001 - REDACTED p.a.) and specific funding to resurface / reconstruct Ross Road (0954-3040 – between REDACTED p.a.) and a general Repair of Stanley Roads (0954-3228 - REDACTED p.a.).

4.14 PWD are due to carry out a full inspection of all the roads, in Stanley in order to update their condition schedule. This work is awaiting the arrival of the Assistant Roads Engineer, and will hopefully be undertaken within the next 9 months. In the meantime the following high priority roads have been identified for work in the short term (within the next 5 years):

Eliza Cove Road (North Section) - 2300m²
Fitzroy Road East (West End Junction) - 350m²
James Street (West End Junction) - 350m²
Philomel Street (North Section) - 500m²
Drury Street (West Section) - 725m²
Brandon Road (East Section) - 1200m²
Davis Street (West Section) - 800m²
Callaghan Road (East Section) - 2300m²
John Street (West Section) - 2150m²
Philomel Street (South Section) - 760m²

4.15 It is recognised that some Stanley roads have very little traffic, and, as such, have a lifespan in excess of the figures quoted above, and can be left to deteriorate to a significantly worse state until they are resurfaced; this allows some flexibility in the programme – however, all roads in Stanley will require some attention within the next 30 years.

4.16 The proposed funding requested brings the total projected expenditure for these three budget codes up to approximately REDACTED per annum. This is **insufficient** to keep up with the deterioration of the assets, but currently this is anticipated as the maximum amount of resurfacing / reconstruction work that can be undertaken by FIG and the available contractors. However, we also anticipate that an expanded

programme of work will enable both FIG and a number of contractors to build their capacity, should more funding be forthcoming.

4.17 When the FIG review of Stanley Roads is completed a more detailed future programme will be available and the future financial implications can be examined in greater detail.

5. Options and Reasons for Recommending Relevant Option

Ross Road

5.1. Option 1

No additional funding is forthcoming.

The project can continue into 2018/19 as it already has an approved capital budget of £ **REDACTED**. However, this is insufficient to complete the final phase of the work (Ross Road / Philomel Street Junction) or the off-street car-parking area adjacent to Gilbert House.

5.2. Option 2

Additional funding is provided in 2019/20 (£ **REDACTED**) and 2020/21 (£ **REDACTED**).

The project can continue, albeit slowly, to conclude the original scope of work, including the off-street car-parking area adjacent to Gilbert House.

There would be no continuity of work offered to our partner contractor, Morrison (Falkland), with substantial gaps between phases where plant and personnel would need to be reassigned to alternative tasks.

The work would be completed in October 2020.

The remaining sections of Ross Road that require reconstruction would remain in a very poor state of repair.

5.3. Option 3

Additional funding is provided in 2018/19 **REDACTED** 2019/20 **REDACTED** 2020/21 **REDACTED** 2021/22 **REDACTED** and 2022/23 **REDACTED**

The project can continue, with continuity of workload throughout, to complete the original scope of work, including the off-street car-parking area adjacent to Gilbert House and the additional sections between Philomel Street and Snake Hill, and between Reservoir Road and the Battle Memorial.

The work would be completed in October 2022.

All surfacing of Ross Road would now have been renewed and would be in good order.

The continuity of workload given by this programme is not over-stretching to either DPW, our partner contractor, Morrison (Falkland).

Significant acceleration of this programme would have both substantial resource and capacity issues associated with it, as well as considerable inconvenience to tourist operators, and is **not** recommended.

Option 3 is recommended.

This option ensures that the work to re-construct Ross Road is completed prior to the total failure of the road surface.

Stanley Roads

5.4. Option 4

No additional funding is forthcoming.

The **REDACTED** currently allocated to the Repair of Stanley Roads is sufficient to carry out patch repairs to pavements and completely failed sections of asphalt and concrete wearing surfaces only.

The main roadway sections will continue to deteriorate at a rate significantly faster than can be met by the repair budget.

5.5. Option 5

A level of funding is approved, less than that requested.

A reduced programme of work will be undertaken.

5.6. Option 6

Additional funding is provided in 2018/19 **REDACTED**), 2019/20 (£**REDACTED** 2020/21 (£**REDACTED**), 2021/22 (£**REDACTED**) and 2022/23 (£**REDACTED**).

The work programme outlined above will commence, subject to PWD review of Stanley Roads. The work programme may be altered at any time to reflect current priorities, but will broadly intend to produce an integrated programme of work (in association with the work on Ross Road) where the delivering contractor has continuity of work for two road gangs for the whole period of 5 years. This will encourage the building of capacity, savings in terms of work continuity, and may allow for an expanded programme in future years (if such an expansion was desirable).

Acceleration of this programme, at this time, would encounter significant resourcing issues within FIG and our delivery contractors and is **not** recommended.

Option 6 is recommended.

This option ensures that the work to re-construct various roads in Stanley can keep pace with the surface deterioration and prevent total failure of the road surfaces.

5.6 Option 7

If members do not want to commit to the high level of investment set out in options 3 and 6 then alternatively they could opt to provide 50% of the funding requested in each option. As there are large value work required on Ross road the majority of the funding allocated for

18/19, 19/20 and 20/21 would need to be directed to Ross Road. The remainder of the funding would be used for smaller projects in year in the same way as it currently is. After this three year period the Stanley Road works could be tasked on a priority basis. However it is unlikely that this would provide funding sufficient to work on two separate projects and funds would be dedicated to one area at a time. This is also significantly less funding than has been identified as necessary to counter the rate of deterioration and although this will allow additional works to be completed each year it is likely that the rate of deterioration of the Stanley roads will still exceed the of upgrade/repair.

6. Resource Implications

6.1. Financial Implications (increase in funding from current programme)

Ross Road

Capital Budget	2018/19	2019/20	2020/21	2021/22	2022/23
Option 1:	REDACTED				
Option 2:	REDACTED				
Option 3:	REDACTED				
Option 7:	REDACTED				

Recurrent revenue expenditure for salaries (design team and contract management) would be offset by cost recovery into revenue against the capital code, so the operational budget implication is neutral.

The original scheme (approved in ExCo paper 69/13) was to resurface 5,705m².

The revised scheme, including the off-street parking area adjacent to Gilbert House, is to resurface a total of 7,660m².

Option 3 includes an additional area of 6,540m².

The original scheme was based on a total cost of £ REDACTED per m².

Current costs are £ REDACTED per m².

These financial implications allow for an inflationary increase of 2% per year and an overall project contingency of £ REDACTED.

Stanley Roads

Capital Budget	2018/19	2019/20	2020/21	2021/22	2022/23
Option 4:	REDACTED				
Option 5:	REDACTED				
Option 6:	REDACTED				
Option 7:	REDACTED				

Recurrent revenue expenditure for salaries (design team and contract management) would be offset by cost recovery into revenue against the capital code, so the operational budget implication is neutral.

6.2. Human Resource Implications

None

6.3. Other Resource Implications

None

7. Legal Implications

7.1. None

8. Environmental & Sustainability Implications

8.1. None

9. Significant Risks

9.1. None

10. Consultation

10.1. None

BUDGET SELECT COMMITTEE - BACKGROUND REPORT – 4.4

Title: Capital Budget Request to meet Short-Term Housing Needs

Date: 19 April 2018

Responsible Director: Director of Public Works

Report Author: Senior Policy Advisor

1. Recommendations

Honourable Members are recommended to approve:

- (a) Construction of an additional 8 new housing units in 2018/19, 20 additional housing units in 2019/20 and 20 units in 2020/21 to fully meet expected short term requirements for the FIG contractor and local pools;
- (b) Commencement of works for Sapper Hill Phase Six in 2018/19 to accommodate expected growth in local housing demand;
- (c) FIG Officers to develop a new private sector incentive scheme to encourage private sector participation in the local affordable housing market for future consideration by ExCo;
- (d) Referral of request for additional funding for consideration by Budget Select Committee.

2. Additional Budgetary Implications

2.1. Additional Capital Budget (new request)

Item	2018-19	2019/20	2020/21	2021/22
1. New Housing <ul style="list-style-type: none">• 2018/19: 8• 2019/20: 20• 2020/21: 20	REDACTED	REDACTED	REDACTED	REDACTED
Sapper Hill Phase Six - infrastructure	REDACTED	REDACTED	REDACTED	REDACTED

2.2 Revised total capital budget request for housing

Budget Year	Original Budget	Proposed increase	Total Project
2018/19	REDACTED		
2019/20	REDACTED		
2020/21	REDACTED		

3. Executive Summary

- 3.1. The existing and planned inventory of FIG housing units is not sufficient to meet current demand for contractor and local housing. Of the current (April 2018) vacant posts across government, 39 are expected to be filled by overseas contactors. If all these positions were to be filled within the next few months, there would be a shortfall of five FIG houses.¹ In addition, up to 20 additional overseas contractors may be recruited in 2018/19 to fill new positions that are currently being considered for approval by Honourable Members.²
- 3.2. FIG's proposed short-medium term capital programme is expected to generate a short-term housing demand for an additional 8 permanent and 40 – 50 temporary housing units.
- 3.3. There are currently 25 people on the local FIG housing list³ who are waiting for FIG properties to become available. PWD have predicted a need for an additional 21 local pool properties by 2021/22, if the shortfall of affordable private sector accommodation continues.
- 3.4. To meet current requirements, a total 58 permanent FIG housing units are needed in the short term. An additional 40 – 50 temporary housing units may also be required to accommodate the expected construction workforce.

Table 1 – FIG Housing Demand

	Number of Units
Current unmet vacancy requirement – FIG contractors	5
Proposed additions to FIG establishment – overseas contractors	20
Related to management/delivery of proposed capital projects	8
Local housing wait list	25
SHORT TERM HOUSING DEMAND (FIG HOUSING)	58

- 3.5. The 2017/18 medium term capital budget included provision of £REDACTED⁴ per year for new housing construction, the equivalent to approximately 3 new units per year. At this pace, FIG would add 15 additional units by the end of 2022. Recognising that more units are needed immediately, Members agreed in February 2018 (ExCo 21/18) to approve funding in 2017/18 to build 10 FIG housing units. This will take the expected total to 22 new housing units by the end of 2022, far short of predicted requirements both in number and in timing.

¹ Information provided HR on 23/03/2018 and 10/04/2018

² Data supplied by HR on 23/03/2018. The total number of new positions requested is higher, as many can be recruited locally

³ ExCo paper 21/18 and latest figures supplied by PWD on 23/03/2018

⁴ Budget code 0955-3020

- 3.6. Accordingly, an accelerated housing programme is proposed, to facilitate completion of 58 housing units by the end of 2021. This programme includes starting development of Sapper Hill Phase 6 in 2018.
- 3.7. It is proposed that a number of alternatives to involve the private sector in the delivery of housing and infrastructure on behalf of FIG be explored, and that recommendations will be brought forward to ExCo early in the new 2018/19 fiscal year.
- 3.8. In addition to demand for FIG housing, economic growth is expected to generate further demand of at least 108 houses to accommodate permanent population growth in Stanley. A minimum of 40-50 housing units will also be required for the temporary construction staff expected to be needed on FIG capital projects. Finally, other major private sector activity, including potential oil development will also generate a need for temporary and permanent accommodation. Detailed projections of medium term housing demand and socio-economic activity from planned development across all sectors are being developed and will form part of the Housing Strategy to be brought to Honourable Members for consideration later in 2018.
- 3.9. As part of the full Housing Strategy, FIG will develop policy proposals to provide incentives to stimulate private sector investment in the provision of permanent and temporary housing, including affordable housing and rental accommodation. These proposed incentives will include safeguards to minimise unintended negative consequences to housing prices or land values.

4. Background (and Links to Islands Plan)

Housing Supply

- 4.1. Approval was granted in 2013⁵ for PWD to proceed with a programme of constructing FIG housing on the Sapper Hill development, along with the creation of an extended mobile home park at Murray Heights. These developments have progressed and the number of FIG houses has increased from 232 in 2013 to 316 in 2018. In the same period 147 new houses were completed in the private sector⁶, taking the total number of houses in the Falkland Islands (including Camp) to approximately 1,243 (end of 2017).⁷
- 4.2. Despite the new developments at Sapper Hill and Murray Heights and the increase in private sector housing, demand for FIG housing has continued. There are currently 25 local residents on the FIG housing list, down from 34 in 2013.⁸

⁵ ExCo paper 173/13

⁶ Figures provided by FIG (Planning and Building Services Department)

⁷ Based on 2016 census figure of 1,189 occupied houses (1,026 in Stanley and 163 in Camp) plus the average private (29.4) and average public (15.4) to take into account houses built in 2017. Additionally, it should be noted that the 2016 census figure does not include multiple properties owned by the same person, nor does it take into account properties owned by people who were away from the Falkland Islands at the time of the Census. It is therefore a good estimate, but an approximation not an exact figure.

⁸ ExCo paper 21/18 and latest figures supplied by PWD on 23/03/2018

- 4.3. As shown in Table 2, between 2013 – 2018, FIG housing stock increased by 27%. Total available housing in the private sector, including individual home ownership, increased by 18%. During the period of 2012-2016, the total number of households increased by 8.8%.

Table 2. Housing Supply

	Housing Stock 2013	New builds: 2013-2018	Housing stock 2018	Projected new builds: 2018-2022	Projected housing stock - 2022
FIG Properties:	232	84	316	58	374
Private sector:	780	147	927	Unknown*	Unknown*
Total	1,012	225	1,243	58	
Expected additional demand based on household growth (including FIG)				166	
Shortfall to accommodate expected growth in number of households				108	

Source: FIG Housing Department and FIG Planning & Building Services (private sector houses)

Housing Demand

- 4.4. Estimates of overall expected housing demand until 2021 have been generated from population growth, household size and migration trends observed in the 2016 census. In addition, expected FIG housing requirements based on staffing needs and existing local demand for affordable government housing were used to estimate the number of housing units FIG will be required to supply.

2016 Stanley Population (Census)	2,460
Annual growth rate (2012-2016)	4%
Expected population – 2021	2,992
Expected population increase	532
Of which, increase from migration	415
Average household size	2.5
Expected increase in # households	166

- 4.5. At the pace of private housing growth during previous 5 years, the private sector could be expected to add an additional 117 housing units. Therefore, it may be reasonable to assume that the difference between expected overall demand and expected FIG supply is an opportunity for private sector or individual home-buyer investment (Table 2).
- 4.6. Estimates of demand for FIG housing (Table 1) have been generated through evaluation of four demand drivers: housing required to meet current overseas

recruitment; housing required to meet expected additional overseas recruitment generated by 2018/19 proposed increases to FIG establishment as per ExCo 37/18 - Main Staffing Review; current local housing wait list, and; expected increases to FIG establishment to deliver planned major capital projects (Table 3).

Table 3. Additional FIG housing requirements resulting from major capital projects

Project	Proposed Start Date	Additional Permanent Housing
MPA Terminal	End of 2018/ Start of 2019	TBC
Vulnerable Persons Facility	Q4 2018	6
KEMH Phase One	2019	1
Power Station	2020	0
Port Facility	2020/21	TBC
Stanley Airport	Q4 2018	TBC
Sports Facility	Q4 2018 ⁹	1

- 4.7. For some projects, it is not yet possible to predict required staff increases and therefore, housing demand. Therefore, a further acceleration in housing construction may be required, either through FIG or private sector development.

Additional housing demand drivers

- 4.8. The short-term demand forecasts provided in this paper are realistic and based largely on predictable factors. There are several additional factors that may also be expected to influence whether the recommended FIG housing activity will be adequate.
- 4.9. Local demand: PWD has observed that the number of individuals on the local housing wait list has remained stable – with every individual or family provided housing, another applies for FIG accommodation, likely due to the large difference in rental costs between FIG and private sector accommodation.
- 4.10. Temporary construction workers: Completion of the planned FIG major capital projects will likely result in an additional 30 construction worker needed in the Falklands for the period of November 2018 - 2020, with an additional 20-30 needed by 2020 (40-50 total for 2020-2022). While these workers will most likely be employed in the private sector, FIG may wish to consider whether it would be more cost effective to encourage the construction of permanent accommodation to house this workforce. Permanent housing of this type would provide important additional housing options (for example, smaller flats) in the longer term.
- 4.11 FIG vacancy ratios: The proposed FIG housing construction programme maintains a tight balance between housing supply and demand with little scope for scheduled refurbishment and renewal of housing stock. PWD would recommend that 5% of its

⁹ Subject to future ExCo approval

housing stock (16-18 houses) are expected to be vacant at any given time to allow necessary renovations. This would suggest that additional housing units may be required.

- 4.12 It is likely that there will be significant additional capital investment activity in the Falkland Islands over the next 1 – 10 years, including planned works by BFSI and the possibility that oil development will move forward. These additional demand pressures, most of which will be in the private sector, will be modelled in the long term Falkland Islands Housing Strategy paper to be delivered later this year, along with proposals for options to stimulate private sector housing investment.

5. Options and Reasons for Recommending Relevant Option

5.1 Option 1 – Accelerated FIG housing construction programme RECOMMENDED

- 5.1.1 Construction of an additional 8 new housing units in 2018/19, 20 additional housing units in 2019/20 and 20 units in 2020/21 to fully meet expected short term requirements for the FIG contractor and local pools. A notional 3 additional units are budgeted for 2021/22, which is in the current medium-term capital budget. Total additional investment requested:

Item	2018-19	2019/20	2020/21	2021/22
1. New Housing Units	REDACTED	REDACTED	REDACTED	REDACTED
• 2018/19: 8				
• 2019/20: 20				
• 2020/21: 20				
• 2021/22: 3				

- 5.1.2 Commencement of works for Sapper Hill Phase Six in 2018/19, with completion in 2019/20 to accommodate expected growth both in FIG housing delivery and in private housebuilding. A preliminary budget estimate of £REDACTED is requested, with £REDACTED in 2018/19 and £REDACTED in 2019/20

- 5.1.3 If approved, the new capital budget for housing will become:

<u>Year</u>	<u>Current budget</u>	<u>Proposed increase</u>	<u>New capital budget</u>
2018/19	REDACTED		
2019/20	REDACTED		
2020/21	REDACTED		
2021/22	REDACTED		

- 5.1.4 Investigate private sector delivery models, including discussion with potential private sector partners, and provide options for consideration by Honourable Members

5.2 Option 2 – Maintain current housing construction pace – NOT RECOMMENDED

5.2.1 The current capital budget will allow construction of 10 units in 2017/18, plus an additional 3 units per year from 2018/19 – 2021/22 for a total of 22 units in total, which is far less than projected demand for FIG housing units.

5.2.2 Should this option be selected, FIG would not be able to proceed with recruitment, nor would it be able to provide effective management of the planned infrastructure investment programme. In addition, FIG would not be able to meet the local demand for affordable housing.

5.2.3 There are no additional capital budget implications arising from this option.

6. Resource Implications

6.1. Financial Implications

The financial implications for each option are outlined in Sections 5.1 and 5.2, above. If Option 2 is selected, FIG may have to procure private sector accommodation for its overseas contracted staff, at potentially premium lease rates.

6.2. Human Resource Implications

6.2.1 The proposed accelerated capital investment programme can be delivered within existing PWD resources, as it is anticipated that the works will be undertaken through contracting with the private sector.

6.2.2 Should Option 2 be selected, it will directly impact on FIG's ability to recruit and retain new overseas workers, including positions that may be approved for the 2018/19 budget year.

6.3. Other Resource Implications

None

7. Legal Implications

7.1 Development of options to stimulate private sector participation and investment in housing will require significant input from the Legal and Regulatory Directorate and may eventually require changes to legislation.

8. Environmental & Sustainability Implications

8.1. None

9. Significant Risks

9.1. The failure to build sufficient additional housing to meet both FIG contractor and local demand for affordable housing will have a detrimental impact on both Falkland Island

Status and PRP holders, as well as on FIG's ability to recruit and fill positions in a timely manner. This in term may significantly delay delivery of key components of the Islands Plan.

- 9.2. There is also a risk that no suitable private sector partners or contractors can be procured to complete the proposed housing programme within the planned timeframe, and/or that the total cost will be significantly over-budget. These risks will be monitored and controlled through the PWD and DDCS programme management process.

10. Consultation

This proposal has been discussed during at the Budget Select Committee of 02 April 2018.

11. Communication

- 11.1 Should Option 1 be approved, PWD and DDCS will begin discussions with local and international construction firms to develop proposals for procurement and programme delivery.
- 11.2 Consultations will also commence on the identification of barriers to investment in the rental housing sector, and, in particular, the affordable housing sector.

BUDGET SELECT COMMITTEE

BACKGROUND REPORT

Title: Maintenance of Government Buildings

Date: 19 April 2018

Responsible Director: Director of Public Works

Report Author: Director of Public Works

1. Recommendations

Honourable Members are recommended to approve:

- (a) The increase in funding for Capital upgrade works to **REDACTED** for 2018/19 This represents an increase in funding of **REDACTED** from the current programme.
- (b) Approve the increase of funding for capital upgrade works to **REDACTED** from 2019/20 budget allowing for the planning phase to start in 2018/19

2. Additional Budgetary Implications

	2018/19	2019/20	2020/21	2021/22	2022/23	Total Project
Capital Budget	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED

3. Executive Summary

- 3.1 This paper provides a breakdown of the proposed works for the 2018/19 year.
- 3.2 Although previously titled Backlog of Building Maintenance this is capital upgrade works required for FIG assets which have gone beyond the point of maintenance.
- 4. To seek the provision of funds in the 2018/19 Financial year Capital Budget under code 0956 – 3022, **Backlog of Building Maintenance** for various upgrade works which are of a value greater than should be placed in, or can be met within the recurrent budget.

5. Background

- 5.1 The allocation under recurrent budget is insufficient to meet all of the identified maintenance needs for 2018/19. There had been allocation made under the above capital code over a period of five years which enable significant building, mechanical & electrical maintenance works to be undertaken with a view to reducing the backlog of maintenance & reactive work.
- 5.2 Some of the works are large value maintenance works which cannot be met within the modest recurrent budget. However as a number of FIG assets deteriorate they now require significant upgrade or refurbishment works as they have gone beyond what would be reasonably considered as maintenance.
- 5.3 The capital works for 2018/19 has been based on the repairs or replacement of existing aged buildings.

FIGAS Hangar 2 - Roof and Wall Cladding replacement

- 5.4 As per Arch Henderson's Condition Survey Report (*169029 FIGAS Building Condition Surveys*) the external roof and wall cladding is showing extensive signs of water ingress, with evidence of patch repairs having been carried out in the past. Further remedial works could be carried out to rectify some of the worst areas. However it should be noted that at 30 years old, the cladding is towards the end of its lifespan and will need regular maintenance into the future. Considering the high value nature of the assets within the hanger, renewal of the external sheeting and guttering should be considered.

Total £ **REDACTED**

PWD Main Office

- 5.5 External cladding, doors and windows requires replacement due to corrosion. The building is in need of urgent repairs and will deteriorate fast if nothing is done about it. It is also positioned a prime spot where high levels of tourist are expected when visiting the Museum. Although there is a need to replace the corroded cladding, it is also the aesthetics we should be concern about.
- 5.6 This would also be a perfect time to make any internal alterations and improvements to the offices that would see fit for a modern day use.
- 5.7 The below estimate will include relocation costs (6 months) as well as material and labour.

Total estimate: £ **REDACTED**

FIGAS Terminal

- 5.8 Installation of automatic doors and a larger entrance/shelter to replace the current setup which will enable passenger and staff to safely enter and exit the building.

Total estimate: £REDACTED

IJS

5.9 Replacement windows to old part of school (estimated at £REDACTED), refurbishment of Toilet and internal redecoration (estimated at £REDACTED).

Total £REDACTED

FICS and Leisure Centre

5.10 Installation of automatic doors and a larger entrance to replace the current setup which will enable the public and staff to safely enter and exit the building. Currently doors are in need of repairs and cannot obtain parts for them.

Total estimate: REDACTED

Fisheries Building extension

5.11 Conversion of the loft space at the current fisheries department building to provide additional work space. The space is required upstairs for several offices as now there is not enough space for observers, some scientists and also Fishops. The first stage would be to build an open space office in the middle part of the building to accommodate 5-6 desks. That will allow us to provide all our scientists and observers with their own desk.

Total estimate: REDACTED

Stanley House

5.12 Minor works are required for Stanley house as follows:-

- Significant improvements (curtains, carpets) to the Stanley House buildings and development of the outdoor area - 2018/19: £REDACTED Annual Recurring: £REDACTED
- Replace large equipment at Stanley House (dishwasher; cooker; freezer) - 2018/19: £REDACTED

Refurbishment of Town Hall

5.13 Replacement of chairs and tables, stage toilets & flooring repairs costed at REDACTED.

Total estimate: £REDACTED

5.14 With the exception of the first two projects these are all relatively low cost works. However there is a need for a significant increase in the annual capital upgrade budget to allow for the upgrade/refurbishment/replacement to be carried out to a number of

large buildings. These buildings include the extensive pack away building portfolio which FIG has inherited. Building such as the PWD plant garage, Fire service buildings, Water section storage building and FIGAS building are among those that need extensive refurbishment.

5.15 It is proposed to use 2018/19 financial year to begin the detail prioritisation and planning of the major upgrade works.

5.16 A sum of £**REDACTED** is therefore requested in 2019/20 and is recurring for the next 5 years.

6. Options and Reasons for Recommending Relevant Option

This paper does not detail options as it is proposed to use 18/19 to detail the prioritisation of upgrade/refurbishment works for the significant of FIG Building assets. It is suggested that an annually recurring sum of £**REDACTED** is allocated from 2019/20 onwards. It is expected that this would need to be an 8-10 year programme to upgrade or replace all the packaway type buildings which are within FIG asset portfolio while also continuing works on other buildings.

However members could choose to increase or decrease this sum as they see necessary to provide a balanced budget. If the value is reduced they PWD will need to identify those most in need of upgrade/refurbishment based on age and condition and work within the budget accordingly.

7. Resource Implications

7.1 Financial Implications

Programme	Units	Costs Per House/Project	Total Cost £
FIGAS HANGAR 2 - Roof and Wall Cladding replacement	1	REDACTED	REDACTED
PWD Main Office – Cladding Replacement	1	REDACTED	REDACTED
FIGAS Terminal – Automatic Doors	1	REDACTED	REDACTED
IJS – New Windows and Refurbishment to toilets	1	REDACTED	REDACTED
FICS and Leisure Centre - Automatic Doors	1	REDACTED	REDACTED
Fisheries Building upgrade works	1	REDACTED	REDACTED
Stanley House	1	REDACTED	REDACTED
Refurbishment of Town Hall	1	REDACTED	REDACTED

Total			REDACTED
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7.2 Human Resource Implications

None

7.3 Other Resource Implications

None

8. Legal Implications

None

9. Environmental & Sustainability Implications

None

10. Significant Risks

10.1 FIGAS hangar will further deteriorate and the building will become unable for the servicing of aircraft.

10.2 PWD main office will also further deteriorate if the cladding is not replaced there is a risk that the structure will be affected and therefore future refurbishments costs will increase.

10.3 Assets will continue to deteriorate until they are uneconomic to repair.

BUDGET SELECT COMMITTEE - BACKGROUND REPORT – 4.6

Title: Capital budget request - multi-purpose shed at Saladero

Date: 19 April 2018

Responsible Director: Director Natural Resources

Report Author: Senior Agricultural Advisor

1. Recommendations

Honourable Members / Budget Select Committee are recommended to approve funding for the procurement and erection of a 45' x 60' multi-purpose shed at Saladero to replace the failing 'Millennium Dome'.

2. Additional Budgetary Implications

	2018/19	Total Project
Capital Budget	REDACTED	REDACTED

3. Executive Summary

- 3.1 A building known as the 'Millennium Dome' (the dome) was erected near the entrance of Saladero farm c.2000. The dome was a large (~750m²) second hand building donated by the military and was used primarily to store machinery under the now disbanded pasture improvement programme; it has since been used for the temporary storage of fertiliser and fencing materials.
- 3.2 Over the years the condition of the dome has deteriorated due to oxidation of all covering sheets and the persistent wind. The shed has deteriorated to a point that the building is no longer fit for purpose.
- 3.3 The proposed new building (~300m²) would be a multipurpose building, sited within the current Saladero settlement area. Such a building could be used for the storage of machinery, fencing materials and fertiliser and could also be utilised for animal shelter and hosting events, such as the annual National Stud Flock Ram sale.

4. Background

- 4.1 A building known as the 'Millennium Dome' (the dome) was erected near the entrance of Saladero farm c.2000. The dome was a large (~750m²) second hand building donated by the military and was used primarily to store machinery under the now disbanded pasture improvement programme, it has also been used for the temporary storage of fertiliser, fencing materials.

- 4.2 Over the years the condition of the dome has deteriorated due to oxidation of all covering sheets, the deterioration of the roller doors and the persistent wind (see attached photographs).
- 4.3 The dome has now deteriorated to a point that it is no longer fit for purpose. Stored fertiliser, fencing materials and machinery is no longer effectively protected from deterioration and spoilage and the shed structure poses a health and safety risk through falling corrugated iron sheets and debris.
- 4.4 The distance of the dome from the Saladero settlement (4.25mi), together with the current condition and excessive size of the dome means that repairing the dome is not a viable option.
- 4.5 Government owned plant and consumables at Saladero are currently exposed to the elements, due to there being no suitable storage at Saladero, resulting in an accelerated rate of degradation.
- 4.6 The proposed new building (~300m²) would be a multipurpose building, sited within the current Saladero settlement area. Such a building could be used for the storage of machinery, fencing materials and fertiliser and also utilised for animal shelter and hosting events, such as displaying animals for the annual National Stud Flock Ram sale.

5. Options and Reasons for Recommending Relevant Option

5.1 Construct new shed at Saladero settlement and remove Millennium Dome

- 5.1.1 A new shed could be constructed that was of a more appropriate size (i.e. ~300m²)
- 5.1.2 A new shed could be constructed in a location that was far more accessible from the Saladero settlement (the Millennium dome is currently a 30 minute return trip in the tractor). This would result in increased use and therefore more protection of FIG assets from weather related deterioration and spoilage
- 5.1.3 Construction of a new shed and removal of the Millennium Dome would remove the current work health and safety risk presented by the Millennium Dome in its current condition
- 5.1.4 The proposed new shed would be used as a multi-purpose building, potentially also being used to host events such as the NSF ram sale (some animals currently outside) and also to shelter vulnerable stock in inclement weather conditions (i.e. lambs and recently shorn animals)

5.1.5 The proposed brand of shed (Waering) have been constructed at multiple locations throughout the Falklands and proven their ability to withstand local conditions.

5.1.6 Such a project would be outsourced via a competitive tender process. A breakdown of estimated costs is included below for reference only:

<u>Item</u>	<u>Est. price</u>
Supply and delivery of 45' x 60' 'Waering' type building	REDACTED
Site levelling	REDACTED
Footings and supply and pour 150mm deep concrete floor in entire shed	REDACTED
Erection of shed (including basic plumbing and electrical)	REDACTED
Total	REDACTED

NOTE: Figures above are estimated only. Firm quotes will be obtained through a competitive tender process, should this funding request be successful. It is anticipated that the existing building (the dome) can be dismantled and removed from site on a nil cost basis.

5.2 Repair the Millennium Dome

5.2.1 Due to the amount of corrugated iron sheeting required, the need for specialist machinery (working at heights) and the need to bring in pre-curved corrugated iron sheets, the cost of repairing the millennium dome in its current location is likely to near, if not exceed the cost of erecting a brand new fit for purpose shed in a more suitable location.

5.2.2 Repairing the dome would address the current work health and safety risk.

5.2.3 The current location of the dome (i.e. 30 minutes return by tractor) would likely result in under-utilisation as a storage facility, thus not delivering the full potential benefit in protection of FIG assets and consumables

5.3 Do nothing

5.3.1 Doing nothing will fail to improve the current situation, resulting in a residual unacceptable work health and safety risk and the ongoing avoidable deterioration of FIG assets and consumables.

6. Financial Implications

6.1 The total cost of this project is estimated to be REDACTED. As this is a capital project funding is subject to approval of this funding request

6.2 It is anticipated that all of the works will be completed within the 2018/19 budget cycle with no substantial ongoing operating costs.

7. Human Resource Implications

7.1 Minimal- the majority of work associated with procurement and construction of the proposed shed will be outsourced via a competitive tender process. The remaining work will be readily absorbed within current departmental resources.

8. Other Resource Implications

8.1 Applicable approvals will be sought from the Planning Department

9. Legal Implications

None

10. Environmental & Sustainability Implications

None

11. Significant Risks

11.1 Should the funding proposal be approved associated risks will be managed via development of a project plan.

Attachments



Figure 1. Entrance to Millennium Dome- note the missing sheets and open door



Figure 2. Inside of Millennium Dome- note the rusted sheets and purlins



Figure 3 Back end of Millennium Dome- note the missing sheets

BUDGET SELECT COMMITTEE - BACKGROUND REPORT – 4.7

Title: Capital budget request - Cattle Yards at Saladero

Date: 19 April 2018

Responsible Director: Director Natural Resources

Report Author: Senior Agricultural Advisor

1. Recommendations

- 1.1 Honourable Members / Budget Select Committee are recommended to approve funding for the procurement and erection of a set of cattle yards and associated handling equipment at Saladero

2. Additional Budgetary Implications

	2018/19	Total Project
Capital Budget	REDACTED	REDACTED

3. Executive Summary

- 3.1 Saladero currently shares cattle yard and handling facilities with FLH. The yards and facilities currently used are sited on Brenton Loch, a parcel of land leased to FIG by FLH.
- 3.2 The existing yard facilities are no longer fit for purpose. They are in poor condition, requiring major repairs, are a considerable distance from the Saladero settlement (4.5 miles) and are far larger than necessary for the number of cattle run at Saladero.
- 3.3 Following EXCO Paper 22/18 (Downsizing and Disposal of the National Beef Herd) there is still a desire to run some cattle at Saladero. Grazing cattle with sheep allows for improved pasture manipulation and enhanced natural control of internal parasites.

4. Background

- 4.1 The current cattle yards that Saladero currently shares with FLH are sited on 'Brenton Loch', a parcel of land leased to FIG by FLH.
- 4.2 The existing cattle yards used at Saladero are on FLH land and are not portable- DoA currently has a lease on the FLH land until 2022.
- 4.3 FLH cattle yards have degraded to a state that they are no longer fit for purpose and pose a safety risk to those working cattle in the yards. The timber rails, many of the gates and moving parts have degraded to a non-serviceable state.

- 4.4 The crush in the FLH yards is quite old and poses health and safety risks (even if serviced appropriately). The Saladero Manager recently suffered a strike to the face while working with the existing crush and required dental surgery.
- 4.5 The FLH yards are suited at one end of Saladero, meaning that cattle need to be moved up to a 10 mile round trip in order to undertake basic animal husbandry operations. A new set of yards closer to the settlement would limit the distance that cattle need to travel, through a more central location.
- 4.6 Following on from EXCO Paper 22/18 (Downsizing and Disposal of the National Beef Herd) cattle will need to be retained at Saladero in order to maintain a higher level of pasture quality.). Cattle are able to utilise lower quality feed than sheep- resulting in improvement of the quality of feed available to sheep. It is proposed that 20-30 head be run as a self-replacing beef finishing operation (as opposed to the bull production of the National Beef Herd). These cattle will still need to be handled through a safe and suitable set of yards. Removing cattle from Saladero all together will degrade the pasture quality and result in a need to reduce the size of the National Sheep Flock- reducing the affordability and availability of improved sheep genetics to the Falklands farming community.

5. Options and Reasons for Recommending Relevant Option

5.1 Construct new cattle yards at Saladero settlement

- 5.1.1 The proposed new yards, would consist of panels, gates and a crush that could be moved to a new location if needed in the future- meaning that only new poles and concrete work would be required to set up the yards in a new location
- 5.1.2 The new yards would be constructed in a location that was far more accessible from the Saladero settlement. This would result in increased use and therefore improved animal husbandry practises and minimised stress through avoiding excessive stock movements.
- 5.1.3 Such a project would be outsourced via a quotation process. A breakdown of estimated costs is included below for reference only:

<u>Item</u>	<u>Est. price</u>
Supply and delivery of cattle yards (incl. loading ramp and vet crush) capable of handling 40 head)	REDACTED
Site levelling and laying of shingle / gravel	REDACTED
Supply and installation of anchor posts and concreting forcing pen, race and pad for crush	REDACTED
Total	REDACTED

NOTE: Figures above are estimated only. Firm quotes will be obtained through a regular Fig procurement process (multiple quotes), should this funding request be successful.

5.2 Do nothing

5.2.1 Doing nothing will fail to improve the current situation, resulting in a residual unacceptable work health and safety risk.

6. Financial Implications

6.1 The total cost of this project is estimated to be £REDACTED. As this is a capital project funding is subject to approval of this funding request

6.2 It is anticipated that all of the works will be completed within the 2018/19 budget cycle with no substantial ongoing operating costs.

7. Human Resource Implications

7.1 Minimal- the majority of work associated with procurement and construction of the proposed cattle yards will be outsourced via a competitive process. The remaining work will be readily absorbed within current departmental resources.

8. Other Resource Implications

None

9. Legal Implications

None

10. Environmental & Sustainability Implications

None

11. Significant Risks

None

BUDGET SELECT COMMITTEE

BACKGROUND REPORT

Title: New Mobile Crushing Plant for the Quarry

Date: 19 April 2018

Responsible Director: Director of Public Works

Report Author: Director of Public Works

1. Recommendations

Honourable Members are recommended to approve:

- (a) **Option 4 (para 5.4):** for the immediate procurement of a mobile crusher plant and supporting 50 tonne excavator for the Materials Section, followed by a proposed replacement of the existing static crushing plant, subject to final assessment of the specific plant requirements by the Materials Manager and Director of Public Works.
- (b) to recommend to the Budget Select Committee the allocation of £**REDACTED** for the immediate procurement of a mobile crushing plant, with the full amount being available from the 2018/2019 budget, along with additional operating budget of £**REDACTED** within the Materials section.
- (c) to approve, in principle, the replacement of the existing static crushing plant and recommend to Standing Finance Committee the allocation of £**REDACTED** over a two year period, starting in the 2019/20 budget.

2. Additional Budgetary Implications

	2018/19	Annual Recurring
Operating Budget	REDACTED	REDACTED

	2018/19	2019/20	2020/21	2021/22	Total Project
Capital Budget	REDACTED	REDACTED	REDACTED	REDACTED	REDACTED

3. Executive Summary

- 3.1 To seek approval for funding of £**REDACTED** to procure a mobile crushing plant and new Volvo excavator for the PWD Materials Section to better ensure that

operational demands are met; particularly those arising from new developments such as the new power station, new port and the vulnerable peoples extra care facility.

- 3.2 To highlight the need to potentially replace the static crushing plant, and to allocate funding for this, subject to a further assessment.
- 3.3 To provide additional operating budget to the Materials section to fund the operation of the new crushing plant (£REDACTEDp.a.) recognising that sales of aggregates should off-set all of this additional expenditure by way of additional revenue.

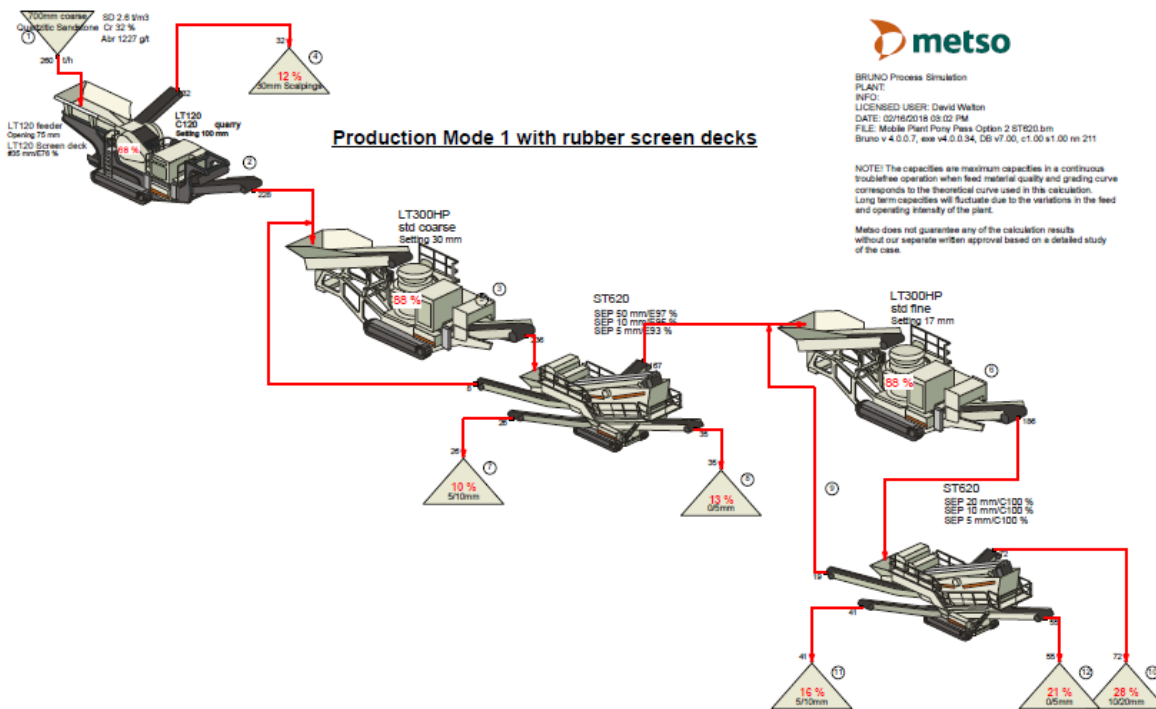
4. Background

- 4.1 The existing fixed crushing plant at the Quarry was designed to produce a maximum of 100,000 tonnes a year, but depending on the timing and mix of demands from customers even lower levels of demand can and have caused difficulties in meeting sales targets.
- 4.2 A key production bottleneck with the existing crushing plant is when there is a large demand for small sized aggregates such as 20/10mm, 10/5mm, 5/0mm (dust). These aggregates are commonly used in asphalt.
- 4.3 In some situations the current plant will struggle to make these key products in the quantities they are needed. This is mainly due to the age of the plant, but also the wear and tear which is inflicted on the plant from the naturally abrasive rock.
- 4.4 Efforts have been made over the last several years to both establish likely demand levels and also timings, but this has not been fruitful and continues to create difficulty in balancing those needs.
- 4.5 Due to the potential increase in aggregate demand, it will become more important to have a reliable plant which has the ability to increased output production.
- 4.6 Within the Falkland Islands there is only one plant which has the ability to crush small end aggregates (20/10mm, 10/5mm, 5/0mm (dust)) which are critical in the construction of roads and buildings. This means that our aggregate production and island development is at the mercy of break downs caused by an ever-aging plant.
- 4.7 The jaw crusher (the point at which as-blasted stone enters the process system) is key to the whole process and is the most unreliable item of plant. It is therefore increasingly likely that we will suffer unplanned downtime due to unforeseeable failure of this key component. This crusher does also periodically require major parts to be replaced, which can take in excess of a month, sometimes up to three months, effectively putting the whole process train out of use.

- 4.8 This has been managed in the past by shutting down the plant and undertaking these works during quiet periods, or by double handling material from the existing mobile jaw crusher. Crushing this way is not best value for money and it means when the existing mobile crusher is producing primary crusher run (PCR) for re-processing it isn't producing PCR for stock. This is becoming increasingly difficult and cannot be done in this way if demand increases as forecast.
- 4.9 The preferred option would be to do a direct replacement of the static crushing plant, however our current plant is incapable of building up sufficient stocks to cover sales for the period of time it would take to build a new static crushing plant.
- 4.10 Several suppliers have been contacted in regards to building a new static crushing plant i.e. Terex, Sandvik, Metso. It is estimated that it will cost around REDACTED to replace this plant (based on Metso quotation) and it will mean that the Quarry could not produce any aggregate for 9 to 12 months (estimated), which could have a cataclysmic impact on the Island's aggregate supplies and the building industry. This therefore means that it is not a sensible option at this stage unless another crushing plant was available e.g. a mobile plant. If a mobile crushing plant was to be brought in it would have an effective lifespan of 15 years, eventually resulting in a need for either a new static crushing plant with a bigger output or a further mobile crushing plant. Quotations for a suitable new static crushing plant have been sought for budgeting and comparison proposes.
- 4.11 It is therefore proposed that a new mobile crushing plant is purchased to help meet the needs of new projects which will require a reliable and constant source of aggregates. This plant will give the Quarry the ability to increase aggregate production output and work alongside the current plant. The current plant is also nearing the end of its life and will need to be replaced within the next couple of years.
- 4.12 The load on the electrical supply in the Pony's Pass area is already close to maximum capacity, and in order to not worsen this situation, but also to provide flexibility of working, it is proposed that a mobile crushing plant powered by a diesel engine, rather than mains electricity, is acquired.
- 4.13 The plant will have a quick commissioning time (around a week) which will save time and cost when compared to that of a fixed plant replacement. Also after commissioning has taken place it will take a matter of minutes to set up for production to take place.
- 4.14 A primary reason to obtain the mobile crushing plant is to de-risk the scenario where the existing plant cannot cope with demand either due to this simply being too high, or there needing to be significant planned (or unplanned) maintenance which requires the crushing plant to be taken out of use for more than a few days (or weeks in some cases).

Viability of Proposal

4.15 The proposed Metso crushing plant would crush more efficiently than the existing static crushing plant due to its different movement pattern. The existing Parker jaw crusher usually crushes 10,000 tonne to a set of jaws whereas the Metso will crush nearer 20,000 tonnes.



The diagram above illustrates the proposed new mobile crushing plant.

4.16 The first stage of the crushing plant will be the new jaw crusher; this will reduce the as-blasted rock down 100mm, this will then past to the first cone crusher which will reduce it down to 30mm (similar to that of our static plant). This cone then leads into the first screening stage, which will produce the first set of 5/10mm and 0/5mm. Over size material will then be crushed down to 17mm by the second cone crusher; this will then feed into a final screen which will produce 10/20mm, 5/10mm and 0/5mm.

4.17 The two cone crushers would be of the same model; this would therefore mean that the parts for both of the crushers would interchangeable and thus reduce our spares investment. This also is the case with the screens. A future advantage is that the jaw crusher would also be the same size and model as the one which is operated at the Quarry currently. It is paramount that the second jaw crusher is bought with the crushing plant, as our current mobile jaw crusher is at maximum capacity making large end aggregates such as PCR and SCR for current construction projects.

- 4.18 Alongside this crushing plant a 50 tonne excavator will be need to feed the new plant. This will help to reduce the hire costs on machinery from the private sector. This additional excavator will also allow for production to continue when our current excavation is undergoing maintenance and servicing.

Appraisal of Specific Plant

- 4.19 For the production of this appraisal of the plant only one company (Metso) has been consulted, however prior to purchasing three tenders will be obtained. There is a good and strong relationship between Metso and the Falkland Islands Government. Also their machinery has already gone above and beyond what is expected of it. For the purpose of this appraisal a Metso plant will be considered.
- 4.20 The Metso plant will be capable of crushing around 200 to 250 tons per hour of hard quarzitic sandstone, which is what is extracted from Pony's Pass Quarry. It will also need to produce 20/10mm, 10/5mm and 5/0mm (dust). Also the plant will be able to produce other key materials such as SCR, Type1 and 50/100mm with little change to the plant set up.

Level of Response/Service.

- 4.21 Metso have provided the most consistent and rapid response to queries. They also have a good service team as they have only been too willing to send engineers to the Falklands from Britain for repairs and commissioning prepuces. Also we already have Metso equipment in Quarry therefore it would be easy for the purpose of spares and in house servicing also the more uniformity we can have the better prepared we can be with our training and maintenance program.

Ease of movement, maintenance and use.

- 4.22 Metso plant has an easy to use tracking system which means that it can be easily operated by most of the Quarry staff. Also this type of plant can be set up quick and easily and done in a matter of minutes.
- 4.23 The maintenance factor is very similar to that of our existing Metso plant; therefore parts will already be stocked. Secondly the knowledge needed for maintaining and servicing already exists within the Quarry and Plant staff.
- 4.24 The hoppers and feeder tray (where the stone drops into and is fed through) are rubber lined on the Metso crusher and will therefore suffer less wear giving lower long term costs, as well as being less noisy, which is better for staff, even taking into account ear protection being used.

Conclusions

- 4.25 In conclusion to this paper we strongly recommend that a mobile crushing plant is purchased to safe grade the future of a reliable aggregates supply within the islands;

which is key in the future development of the island infrastructure. Also for the purpose of increased output of aggregates supply this plant would allow both plants to be run at the same time. The lead in time for the Metso crusher is six months, subject to prior sales and confirmation at time of order, also subject to shipping dates and time.

4.26 With the proposed new plant being mobile it could be moved to other locations for producing capping materials for highway and also for other specialist projects. A second factor is the ability to have uniformed items of equipment is that maintenance is simpler and spares stock already exist for this items of plant, alongside the fact that servicing and operational knowledge of this items of equipment already exist within the quarry staff.

4.27 It is intended that if approval is given to progress with the acquisition of this plant, that the Materials Manager may need to make a site visit to inspect the plant in operation and make an appraisal and report to DPW (and if considered appropriate, others) before an order would be placed. This will be needed if we are to replace the static plant in the future. It would be better if both the static plant and mobile plant came from the same manufacturer for maintenance and spare parts.

4.28 This type of plant is able to give more flexibility to our current working methods and in a fast developing island. It is paramount that we have maximum flexibility and reliability to ensure that the Materials Section can produce the materials needed to help the Falkland Islands grow and develop.

5. Options and Reasons for Recommending Relevant Option

5.1 **Option 1:** Do nothing. Continue with the existing static crushing plant and the single mobile crusher and accept the increasing risk of failure and the inability to increase production beyond current levels.

5.2 **Option 2:** Replace the static crushing plant only

This is unlikely to be a feasible option, as the only location available is where the existing plant is situated. Thus the existing plant would have to be stripped down, removed and the site cleared before any installation work could commence. It is estimated that the whole process of replacing the static plant could take up to 12 months. To enable this to happen we would have to crush and stock pile sufficient aggregates to meet demand for this whole period to allow development to continue in the Islands. This is not possible due to the existing plant being unreliable, a lack of accurate aggregate sales forecasting and insufficient stockpile areas. Last time the quarry plant was replaced demand was approximately 20,000 - 30,000 tonnes per year; now it is approximately 90,000 tonnes per year.

5.3 **Option 3:** Purchase a new mobile crushing plant only. Based on current aggregate forecasts this would enable us to provide all aggregates required for the foreseeable

future. The expected lifespan of the new mobile plant would be 15 years. However it does not allow the ability to meet the potential increase in demand.

5.4 **Option 4:** Purchase a new mobile crushing plant followed by an assessment of the requirement to replace the static crushing plant. The purchase of a new mobile crushing plant will meet current forecasts for aggregate demands. The expected lifespan of the new mobile plant would be 15 years. If, after we have purchased the new mobile crushing plant, the sales demands change due to more development or new capital works, we will also need to explore replacement of the existing static plant to enable higher production tonnages to be accomplished. Due to the timescales involved in writing this paper it has not been possible to carry out as thorough an investigation as necessary in this area. It is suggested that the funding required for a new static crushing plant be allocated, subject to a thorough assessment being made by the Materials Manager over the following year.

5.5 **Option 5:** Purchase a new mobile crushing plant and immediately begin the process of replacing the existing static crushing plant. The purchase of a new mobile crushing plant will meet current forecasts for aggregate demands. However, the plant will only have an expected lifespan of 15 years, and, under some development scenarios, will still be insufficient to meet the demands for aggregate materials within the Islands. Immediately begin the procurement process to replace the static crushing plant and allocate the funds required in 2019/20 and 2020/21 REDACTED per year).

Option 4 is recommended.

This option meets the immediate requirements for aggregate production within the Quarry, highlights the potential requirement for additional funds for a replacement static crushing plant, but allows time to explore that requirement more fully, prior to making a final decision, subject to future development requirements.

6. Resource Implications

6.1 Financial Implications

The table below breaks down a few basic facts and figure as well as some estimated costs for the Metso mobile crushing plant:

Crusher	Metso Crushing Plant
Tones per Hour	160-250tph
Cost of basic plant	REDACTED
Freight for crushing plant + Commissioning	REDACTED
Spare Parts	REDACTED
Total for Crushers	REDACTED
50 Tonne Excavator with Freight to Stanley	REDACTED
Total Cost	REDACTED

The operating budget is wholly dependent upon demand other than fixed costs for depreciation, which would be £REDACTED per annum. This is based on the life expectancy of the plant being 15 years.

The new plant will require two operatives to operate it. However the current proposal is to operate the plant using current staffing levels. This will need to be reviewed annually. If the additional staff are required they would increase the operating cost by approx. £REDACTED.

With the increase in mobile plant it would be necessary to employ an additional Mechanic at an estimated cost of REDACTED per year.

An extra REDACTED will be needed to cover plant hire for the new excavator. As after the excavator is purchased from this capital bid, the asset would then transfer to Plant and Vehicle. However, the REDACTED will also appear as revenue in that sections budget.

An additional £REDACTED will be required to cover fuel requirements for the new excavator, new crushers and screens.

Major Repairs and Maintenance will need to be increased to purchase more wear parts. Based on producing 50,000 tonnes a year through this plant, we would need £REDACTED extra per annum.

Based on current average sale of £24.52 per tonne for small end aggregates and type 1 we would need to sell 19,000 tonnes to breakeven. This does not include any fixed costs associated with the running of the Materials Section. Based on the current asphaltting proposals there will be a requirement for 30,000 which may increase to 48,000 tonnes and therefore exceeds the 19,000 tonne target.

Operating budget increase in 2018/19 is pro rata due to it being unlikely that the new crushers unlikely will arrive before January 2019.

Note that, subject to sales, the revenue budget will also increase to off-set this additional expenditure.

6.2 Human Resource Implications

The Quarry is managing our current processes with four vacancies, although at times we are struggling. With the asphalt plant moving to the Quarry this may become easier to accomplish. So staffing of this new process will need to be looked at again in the future.

However, at least in the short term we are anticipating keeping the old static plant operational, as well as operating the new mobile plant. This new process will require at least three new members of staff; two of which would be Plant Operators at a cost of £28,850 per annum, and with the new plant being mobile, we would need to employ another full time mechanic, at a cost of £35,140 per annum. This is based on paying mid-point and with all associated costs, and includes appropriate overtime.

6.3 Other Resource Implications

7. **Legal Implications**

7.1 None

8. **Environmental & Sustainability Implications**

8.1 None

9. **Significant Risks**

9.1 The existing Quarry crushing plant is old and becoming increasingly unreliable. If new crushing plant is not procured soon there is a significant risk of not being able to meet sales demands, and some project works having to stop. We have been struggling this summer season to supply sufficient aggregates for the MPA road resurfacing; without new plant we are unlikely to be able to increase the asphalt production next season due to aggregate shortages.

BUDGET SELECT COMMITTEE - BACKGROUND REPORT – 4.9

Title: Proposal for a replacement Mobile Impactor Crusher for the Highways Section Borrow Pits for the production of capping material.

Date: 19 April 2018

Responsible Director: Director of Public Works

Report Author: Director of Public Works

1. Recommendations

Honourable Members are recommended to approve:

- (a) That Honourable Members approve option 2 for the procurement of a Mobile Impact Crusher, for the Highways Section, subject to final assessment of the specific plant by the Roads Engineer and DPW
- (b) That Members recommend to Budget Select Committee the allocation of £REDACTED for the immediate purchase of a mobile impact crusher, with all of this being in 2018/19.

2. Additional Budgetary Implications

	2018/19	Total Project
Capital Budget	REDACTED	REDACTED

3. Executive Summary

- 3.1 To seek approval for funding of £REDACTED (*inc. est freight*) to procure a new Mobile Impact Crusher and Tracked Stockpile Conveyor for the PWD Highways Section to better ensure that operational demands, particularly those arising from capping projects and contracts can be met.

4. Background

- 4.1 The existing Tesab crusher that is in the P.W.D Highways Section was originally purchased from new, and arrived in the islands in 2004. This item of plant was purchased to produce crushed capping material from various borrow pits for the road rehabilitation projects on East Falkland only.
- 4.2 Over the past two (2) years, it has cost approx. £REDACTED per annum in spare and replacement parts. Some of the spares have been made to order from the stockists

which has resulted in some lengthy delays. Due to the breakdowns, we have also had to endure lost time in production.

- 4.3 For the 2017/18 construction season, the Highways Section has had to produce in excess of 60,000t of capping material. This has been broken down into the following:

BORROW PIT	PROJECT	TONNAGE
Salinas Beach	North Arm Road Rebuild	15,000
Port Harriet	Beckside Farm Road	1,500
Bush Rincon	MPA Road Capping	25,000
Port Harriet	Green Patch Rebuild capping	15,000
Bush Rincon	Hard shoulder: MPA Road & Airport Road	8,000
TOTAL TONNAGE		64,5000

- 4.4 Currently, the existing crusher will produce between 100-120t/ph. The proposed new crusher will produce 250t/ph of capping material.
- 4.5 The proposed new crusher is a choice between the following models, both made by the same company:

Option 1:

Metso Lokotrack LT1315 - £REDACTED approx.
 Tracked stockpile conveyor - £REDACTED approx.
 Estimated freight - £REDACTED
APPROX TOTAL COST - £REDACTED.

Option 2:

Metso Lokotrack LT1213S - £REDACTED approx.
 Tracked stockpile conveyor - £REDACTED approx.
 Estimated freight - £REDACTED
APPROX TOTAL COST - £REDACTED

	WEIGHT	ENGINE	LENGTH	HEIGHT	OUTPUT (t/ph)
Option 1	60t	CAT 403Kw	18m	3.8m	380
Option 2	51t	CAT 310Kw	19.5m	3.6m	250
Tesab	47t		18m	3.6m	100-120

- 4.6 As we are now starting to crush the capping material for our tendered road rehabilitation projects and the amount of material that we will use 'in-house', the **Option 2** crusher would be an ideal replacement for the Tesab. It is envisaged that in the next couple of years the Goose Green road will need to be re-capped. The material for this project will be crushed from both Salinas Beach and Canada Ronde borrow pits.

- 4.7 The proposed new crusher would also be able to crush the excavated asphalt and concrete. This material would then be recycled for use as fill and for temporary crossings.

Viability of Proposal

- 4.8 A primary reason to purchase a new crusher is to ensure that the crushing and capping demands for both in-house and contracted projects are met. And with the quantities constantly on the increase, pushing the Tesab could and possibly would jeopardise this; mainly through breakdowns.

Appraisal of Specific Plant

- 4.9 Following preliminary research, of which information was sourced from several companies given by the PWD Materials Manager: Metso, Powerscreen & McCloskey. However, Metso should be considered for the following reasons:

Level of Response/Service.

- 4.10 Metso have been quick to respond to the needs and wants that have been / are requested by the PWD Materials Section.
- 4.11 Powerscreen have proved to be slow to respond and difficult to get information from.
- 4.12 McCloskey has also been slow off the mark and difficult to get hold of.
- 4.13 Both of these later companies raise concern with their aftersales service, which is/would be critical in order to continue and sustain production operations.
- 4.14 Metso have previously supplied a jaw crusher to the PWD Materials Section, so there already is an established link and a good working relationship with them.

Ease of movement, maintenance and use.

- 4.15 The Power Screen unit requires the removal and refitting of heavy parts to allow movement between and around sites.
- 4.16 The Metso crusher is of a suitable size and weight that it can be transported between Megabid and various borrow pits, without having to remove large sections. It will also be manoeuvrable in and around the borrow pits that we have.
- 4.17 As the Materials Section already have a Metso crusher, some of the spare parts will be interchangeable, therefore delays due to breakdowns and downtime, should in theory, be reduced.

Conclusions

- 4.18 The current Tesab crusher that the PWD Highways Section currently has does manage to keep up with production, when it is fully operational. But, when breakdowns occur it then struggles to catch up and other works need to be done while stockpiles are produced.
- 4.19 As projections for capping material requirements are going to increase, the lost time from breakdowns will result in production demands not being met and projects left incomplete.
- 4.20 Therefore a new crusher would reduce breakdowns, increase productivity resulting in projects being completed and stockpiles being produced for the 'in-case of emergency' scenarios.

5. Options and Reasons for Recommending Relevant Option

- 5.1 Option 1 – Do nothing - Carry on with the existing plant accepting the increased risk of failure leading to reduced road capping.
- 5.2 Option 2 – Purchase a new impact crusher to provide security in the production of capping material. The old crusher may have some value to the private sector.

6. Resource Implications

6.1 Financial Implications

The comparative costs for the different makes of crusher are shown in the table below.

	Metso LT1213S	Powerscreen 500SR	McCloskey I44Rv3
Tonnes Per Hour	250	Up to 500	380
Height (m)	3.8	3.8	3.4
Width (m)	3	3.2	3.3
Length (m)	16	19	16
Weight (Kg)	51,000	67,000	50,000 (Est.)
Engine	CAT C13	Cat c9	Volvo D11 T4
Cost (£GBP)	REDACTED	REDACTED	REDACTED
Screen deck (£GBP)	REDACTED	REDACTED	REDACTED
Est. Freight (£GBP)*	REDACTED	REDACTED	REDACTED
Est. total (£GBP)	REDACTED	REDACTED	REDACTED

* Estimated costs

6.2 Human Resource Implications

This plant could be operated by the current foreman and plant operator handyman team. However additional training may be required although it is assumed this will be included in the cost of the plant.

6.3 Other Resource Implications

None

7. Legal Implications

7.1 None

8. Environmental & Sustainability Implications

8.1 None

9. Significant Risks

9.1 If the crusher is not replaced further failures are inevitable. This will need to significant downtime to effect repairs and a continuing increase in the operational costs to cover replacement parts. Both of the above will lead to a decrease in the level of service delivered.

BUDGET SELECT COMMITTEE -BACKGROUND REPORT – 4.10

Title: Water Supply Improvements

Date: 19 April 2018

Responsible Director: Director of Public Works

Report Author: Director of Public Works

1. Recommendations

Honourable Members are recommended to approve:

- (a) **Option 2 (para 5.2):** The improvements as detailed in the attached water supply development plan, and allocation of additional capital budgets as detailed in section 2.

2. Additional Budgetary Implications

If Option 2 is approved:

	2018/19	2019/20	2020/21	2021/22	2022/23
Capital budget	REDACTED				

3. Executive Summary

- 3.1 The existing water filtration plant and storage tanks were designed to provide for a daily water demand of approximately 700m³ (700,000 litres) per day.
- 3.2 Current water usage in Stanley is approximately 1,000m³ per day (1,000,000 litres). This includes water used at the abattoir and vessels taking water at FIPASS and the TDF.
- 3.3 There is existing Capital provision of REDACTED in 2018/19 and REDACTED each year thereafter for Improvements to the Water Supply.
- 3.4 The water usage of Stanley continues to grow at approximately 2% per year. This increased demand has reached a point where the treatment and storage of treated water is starting to reach its limits.
- 3.5 The filtration plant can meet the 1,000m³ per day currently required, however the infrastructure of the filtration plant and associated infrastructure at Sappers Hill and

Murray Heights tank farms requires investment in order to maintain this as the demand continues to rise.

- 3.6 Proposed investment is focussed on storage improvements to allow the storage of potable water to exceed the 2 day usage minimum standard for Stanley, and control improvements to allow greater automation of the plant and better control of the quality of water.
- 3.7 This increase in storage will allow the Water Section to periodically take storage tanks offline for cleaning and maintenance, which is not currently possible.
- 3.8 Other areas for investment are the replacement of water mains that are known to cause problems with regard to flow and propensity for leakage.
- 3.9 Further developments are aimed at improving the efficiency and capacity of the filtration plant, to further meet the increasing demands of the town as it continues to grow.
- 3.10 At some stage it will be necessary to move from 2-shift operation (17 hours per day) of the filtration plant to 3-shift operation (24 hours per day) in order to meet the anticipated demand. At this point it is necessary to consider the provision of a larger filtration plant. It is anticipated that this point will be reached in approximately 4 – 6 years.

4. Background

- 4.1 None.

5. Options and Reasons for Recommending Relevant Option

- 5.1 **Option 1:** Do nothing.

The existing water filtration plant can provide 1,000m³ per day, despite the various items of defective equipment, and the existing storage tanks, despite not having had any maintenance carried out to them for a number of years, can store just over 3 days supply.

- 5.2 **Option 2:**

Undertake a programme of repairs, upgrades and improvements, broadly as detailed in the attached Water Supply Improvement Plan, over the next 5 years. These improvements will allow correct, more automatic operation of the filtration plant (freeing up operator time to carry out further maintenance etc.), enhanced automatic change-over between the two water sources (preventing “down time” in the event of a

supply problem), better control of distribution pumping (currently the pumps are switched on and off manually a number of times during each shift) and enhanced storage capacity (to secure supply in the event of any unforeseen events).

It is estimated that the existing plant will approach its technical maximum output in 4 – 6 years. At this point consideration should be given to either a substantial upgrade or complete replacement of the filtration plant and the associated storage.

5.3 Option 3:

Immediately begin a project to significantly upgrade the existing water supply infrastructure; design and install a replacement raw water reservoir, dual-stream filtration plant and treated water storage facilities, with a view to completing this project within 3 to 4 years. The estimated cost would be in the region of £REDACTED.

Option 2 is recommended.

This option allows for the repair, upgrade and improvement of the existing plant, in order to maintain the necessary resilience to provide water supplies for the next 6 – 10 years. Acceleration of the replacement of the existing plant is not recommended, as demand may not continue to grow as anticipated, and the existing plant still has a considerable amount of useful life available.

6. Resource Implications

6.1 Financial Implications

	One-Off Cost	Recurring CostYears	Total Cost
Option 1:	REDACTED		
Option 2:	REDACTED		
Option 3:	REDACTED ^{*1}		

^{*1}: this option has not been fully costed at this stage

6.2 Human Resource Implications

None at this stage.

Changing the operation of the filtration plant to 3-shift (24 hour) working will require the addition of 3 posts.

6.3 Other Resource Implications

None

7. Legal Implications

7.1 None

8. Environmental & Sustainability Implications

8.1 Abstraction of water clearly has a notable environmental impact, however the proposed changes and increased demand noted in this paper are not significant. Further consideration would need to be given to this aspect if the existing filtration plant was to be replaced or upgrade in future.

9. Significant Risks

9.1 There is a significant risk to Option 1.

Current operation of the filtration plant is fairly “manual” due to defective equipment, broken controls and lack of automation. It is producing water at a point close to the current maximum capacity. This is acceptable, until something causes an interruption to output. Without repairs and targeted upgrades it would be extremely difficult to recover from even a short period of lost production time.

The inability to take any storage tanks “off-line” for maintenance will become serious in the short term, and the growth in demand, coupled with the approach of “maximum throughput” from the filtration plant greatly increases the risk that water supplies could not be maintained successfully in the event of an unforeseen event.

10. Consultation

10.1 None

BUDGET SELECT COMMITTEE - BACKGROUND REPORT 4.11

Title: Falkland College, Community Library and FICS Capacity

Date: 19 April 2018

Responsible Director: Director of Education

Report Author: Director of Education

1. Recommendations

Honourable Members are recommended to approve:

- (a) An increase to the capital budget for the proposed Falkland College new-build to accommodate a new library and free up needed educational space at FICS, as set out in option 5.3 below.

2. Additional Budgetary Implications

	2017/18	Total Project
Capital Budget	REDACTED	REDACTED
Library addition		
Increased building costs		

3. Executive Summary

- 3.1 The Falkland Islands Community School was designed to provide appropriate classroom and laboratory facilities for two cohorts per year group and currently has two science labs. However, the existing lab and classroom space will be insufficient for the cohort of children currently in year 4 at IJS&CE once they move up to year 7. The Education department have identified that there will be a requirement for one extra science lab and one extra classroom as of academic year 20/21.
- 3.2 Various options have been explored and discounted as solutions to this issue. The proposal being put forward in this paper is to move the library to be co-located within the new, purpose built Falkland College (presently known as the Training Centre) which is currently in the final design stages. This would free up the necessary space at FICS and would provide flexibility if needs change again in the future.

3.3 This move will require a budgetary increase of £REDACTED as detailed in appendix 1; £REDACTED for the library and £REDACTED increased building costs.

3.4 A solution to the upcoming facilities shortage needs to be found and fully implemented by 1st September 2020, twenty eight months from now.

4. Background and Links to Islands Plan and Directorate Business Plan/s

4.1 In January 2018, the Executive Council approved funding to commission a feasibility study to review the medium and long term education requirements for Stanley based students. It is anticipated that this work will result in a long term solution to our educational needs.

4.2 Issues identified as drivers for this piece of work are numerous and varied, however the most significant and pressing issue is the size of the roll at IJS&CE. The year four cohort currently stands at 55 children. In September 2020 this cohort will move up to year 7 at FICS and will represent a year group consisting of three classes.

4.3 The Islands plan, 2018 – 2022 affirms that this Assembly has a commitment to providing a high standard of education, not only in the education section, but also the infrastructure section. The Community and Culture section describes how the community will be enriched by artistic and cultural experiences; prioritises the preservation of our heritage and improve opportunities for everyone to learn about our history. Accessibility is given importance, as is the fair distribution of resources. All these priorities have a bearing on the movement of the library and the solution proposed supports these priorities.

4.4 The Population and Workforce section places emphasis on investment in education and skills post 16, and encouragement of a culture of continued learning and professional development. This too, supports the location of the library as an ideal extension to ensure Falkland College becomes a community focussed resource.

4.5 *Considerations Surrounding the Library*

The library is a valued and well used community resource, and any relocation needs to be sensitive to the needs of the whole community.

- One school of thought is that the library needs to be moved further back into town, in order to be more accessible to the wider population of Stanley and those that are less mobile.
- The library is very well used by FICS students, so any relocation will need to be sufficiently nearby to maintain these levels of usage.
- Regular visitors to the library expect the library service to be provided in full, so any relocation needs to be in fit for purpose accommodation.
- The library's comprehensive resource base of local and historical information is very valuable for visitors to Stanley to access, so any relocation needs to be in accommodation that is of sufficient size to enable this resource to be accessed.

5. Options and Reasons for Recommending Relevant Option

5.1 **Option 1:** (not recommended)

Import temporary accommodation and place on the school field. This was disregarded for several reasons:

- Temporary accommodation is often adapted into a permanent solution, which would not provide a long term environment conducive to learning
- This would restrict the use of the field, not only for the students' sporting use but also because it is the current landing place of the helicopter transferring patients to and from KEMH; a significant distraction in terms of noise at the least.
- The location, the only option because of timetabling restrictions, is one which contravenes planning regulations, possibly admissible if an absolute need could be demonstrated, but aesthetically problematic.
- A very expensive option for something that is intended to be temporary. It is anticipated that to source and transport a portacabin of sufficient size, this would cost in the region of £REDACTED. This would be more usefully spent on a more permanent solution.

5.2 **Option 2:** (not recommended)

Build a small extension to the front of the building. This would have to be located on the existing area of hard-standing currently housing bike racks.

- The accommodation would be very cramped and not fit for purpose. It would not fully solve the issue due to size restrictions
- The extension would block pedestrian access to the main front door of FICS
- A costly option considering it does not provide the full solution. This is estimated to cost approximately £REDACTED.
- A possible outcome of the feasibility study could be to repurpose the FICS building. This solution could therefore be counter-productive and we may have to demolish in order to move forwards with the existing building.

5.3 **Option 3: (recommended option)**

Relocate the library to provide two, adequate, fit for purpose classrooms.

- 5.3.1 One solution that was explored was the possibility of renting accommodation in the centre of town. This would provide a short term solution which would be in place until the results of the feasibility study were known, with the library's needs incorporated into the long term plans. However, when looking at the various locations that were available (or that might become available) there were restrictions in terms of size, quality of accommodation, car parking and accessibility. Consequently any one of these restrictions would limit the usability of the library, for what could be a significant amount of time. At the very least a significant amount of the library's stock would have to be boxed up and remain inaccessible until the permanent solution could be found.

5.3.2 **RECOMMENDED SOLUTION**

It is proposed that the library will be relocated into newly built, bespoke premises and co-located with the new-build Falkland College. The advantages of this solution are as follows:

- The space will be fit for purpose and will have sufficient room to enable the library to develop as a community resource. Opportunities exist to develop this further. Its co-location with Falkland College will not only benefit students attending classes there, but also the location will have adequate parking and be built to be fully accessible for all patrons. The Islands Plan identifies the need to strengthen and develop vocational education, both in terms of what is on offer, and in terms of reputational status in the community. This solution supports this aim.
- It is not too far away from FICS and therefore will not disadvantage FICS students. A zebra crossing with street lighting can easily be installed at the existing crossing place.
- The move to Falkland College does not preclude any recommendations that may arise from the feasibility study on a future education campus. As part of a wider education vision, the library could eventually move into premises vacated by either school, or into the possible new campus, leaving Falkland College with a further two classrooms and thus supporting its ambitions to develop into a Community College.
- Mitigations to the disadvantages exist in the form of a community bus for the less mobile and the possibility of a mobile library.
- Whether it stays at Falkland College or relocates in several years' time, this solution will reduce resources spent on temporary solutions that will not adequately address the community's needs. Rather, it provides a flexible solution that will service the community for years to come, but that can be adapted to other uses in the future.

5.4 Costs

Option	Cost	Note
Portacabin	REDACTED	Temporary; unsightly; damages teaching and learning
Extension	REDACTED	Unsightly; possibly not big enough; inconvenient
Do nothing	REDACTED	No solution to the accommodation of current year 4
Co-locate library	REDACTED	Could be temporary or permanent; is further out of town

6. Resource Implications

6.1 Financial Implications

The additional building costs on top of the existing cost of building the Falkland College employs economies of scale and efficiencies. The estimation put forward by PWD is an additional £REDACTED. This will be a permanent building that will not need to be re-worked once the results of the feasibility study are known.

Appendix 1 shows a fully costed estimate, provided by PWD.

6.2 Human Resource Implications

None, for the purposes of this paper.

6.3 Other Resource Implications

7. Legal Implications

7.1 none

8. Environmental & Sustainability Implications

8.1 The new build will be built to PWD standards for energy efficiency.

9. Significant Risks

- 9.1 The most significant risk of doing nothing is the fact that, in 28 months' time, there will be no physical accommodation capable of housing a significant portion of FICS's new intake.
- 9.2 The quality of teaching and learning has been demonstrated to be negatively impacted upon by sub-standard accommodation. An ad hoc solution could damage the education provided for the time it was in place.
- 9.3 Reputational risks include the decisions made by parents around whether to place their children in the school. This then impacts on the wider operational and economic development of the country as a whole.

10. Consultation

- 10.1 Consultation has been carried out within the Education directorate, MLA Stacy Bragger, MLA Leona Roberts, members of the Education Board and PWD.
- 10.2 It is proposed to carry out a public consultation on the long term plans for the library and developments and opportunity for increased community engagement.

11. Communication

- 11.1 Once plans are finalised they will be shared with the community.
- 11.2 A progress report will be made to Executive Council at quarterly stages of the project (every 7 months) to ensure the plans remain on track and that any risk of late completion is ameliorated. That is December 2018, July 2019 (half way stage), and February 2020, by which time the build should have been completed and work underway to refurbish the classrooms.

Falkland College and Library

MFL have provided a detailed cost estimate for the original Falkland College excluding the Library. The cost they have provided is £REDACTED. This is a full cost estimate based on the information they were provided. It does include some estimation but also contains sufficient contingency. The estimate excludes the following:-

- There are no furniture and fixings included
- There is no upgrade of the external infrastructure and only includes a simply concrete footpath from the existing unsurfaced road into the building
- It does not allow for any landscaping of the surrounding area
- It does not include the required refurbishment to the existing building to provide the required workshop spaces

The total area of the original proposal was 500 m².

Therefore the m² rate was £REDACTED

With the addition of the Library the building is increased by 230 m² to a total footprint of 730 m². The specification for the library space will differ slightly from the main building, with strengthen concrete floors and increased roof/ceiling spans. It is there for assumed that the m² rate for the library space needs to be increased by approx. 25%. Therefore for the new proposal the library space is calculated using a m² rate of £REDACTED.

Therefore the Library space is estimated at £REDACTED Total cost = £REDACTED

The works required for the refurbishment of the existing building are estimated to be approx. £REDACTED. We have not received a full cost estimate from the contractor at this stage as the design has only recently been completed.

It is also advised that a budget of £REDACTED should be included for furniture and fixings. It is assumed that IT equipment will be dealt with separately. Dado rail installations are included but the cost of providing network cables and installation are not included.

Specifications

A philosophy of energy efficiency and spend to save have been adopted for the design of the main building. This includes addition levels of wall insulation, double glazed window systems and a solar thermal heating system with underfloor heating. This high specification does come at a higher capital cost but should provide lower operating costs. This has been demonstrated for the fisheries building.

The specification for the refurbishment of the exiting building for the required workshops has been kept basic. It does assume replacement of wiring and heating system and some insulation improvements. However it does not include for the replacement of the windows or existing external cladding system. There will be a new fume extraction and ventilation system as required to meet the accreditation standards.

The external works are limited to the levelling of the site once works are completed and the placement of grass seed. A concrete footpath is included to the front entrance from the main unsurfaced road access and carpark. No allowance has been made for any external drainage other than that from the new structure and there is no allowance for upgrading or surfacing the access road and carpark area. It may be necessary at some point to consider the expansion and/or relocation of the carpark as the existing facility can only accommodate approx. 10 vehicles.

Conclusion

The total costs assuming all of the above are required would be as follows:-

New build including Library **£REDACTED**

Refurbishment of existing £**REDACTED**

Basic Furniture and fixings £REDACTED

Project Total **£REDACTED**

The expected carryover with the 956 200 Falkland College budget is £REDACTED therefore to complete the project an additional £REDACTED is required. Assuming there will be some additional design, landscaping and internal fitting requirements it is advised that an additional £REDACTED is requested.

BUDGET SELECT COMMITTEE - BACKGROUND REPORT

4.12

Title: Replacement for Dennis Fire Appliance

Date: 19 April 2018

Responsible Director: Director of Emergency Services & Islands Security

Report Author: Chief Fire Officer & Acting DESIS and DPW

1. Recommendations

Honourable Members are recommended to approve:

- (a) It is recommended that Executive Council agree the replacement of the current domestic Dennis Fire Appliance F1635 with a domestic appliance based on the proven Scania fire service chassis & cab.
- (b) Having approved the recommendation refer the matter to Budget Select Committee.

2. Additional Budgetary Implications

	2018/19	2019/20	Recurring
REDACTED			

3. Executive Summary

- 3.1 The current vehicle is 22 years old, 7 years past normal expected standards. However with our maintenance and high standard of care I would normally expect 15-20 years of service, which has been achieved. However the vehicle has not been manufactured for many years and is now obsolete.
- 3.2 The vehicle will not be disposed of but kept in storage and used for training purposes, as well as to support and help maintain the remaining Dennis appliance F1736 as a donor vehicles for parts as long as possible.
- 3.3 A new Fire appliance consists of two main components: a cab and chassis provided by one manufacturer and a conversion consisting of all the technical body work and firefighting equipment provided by another company.
- 3.4 Due to the complexity of the technical specification, it is considered as previously that the tendering process should be in the form of detailed technical quotes to be obtained from known and reputable conversion

companies. The Financial Secretary will be consulted before this process is initiated to ensure that there is compliance with Financial Instructions.

- 3.5 Procurement will then be achieved by the Director of Commercial Services (normal chair of Tender Board) chairing a board consisting of the Financial Secretary, Attorney General, Director of Emergency Services, Chief Fire Officer, Plant & Vehicle Manager and Tender Board Secretary at which the quotes will be considered to select the preferred supplier based on their ability to fully meet the specification at the lowest cost.

4. Background

- 4.1 In 2012, this appliance was identified for replacement in 2017/18 (ExCo paper 139/12 refers). The current Dennis appliance and the fire pump on the vehicle are now obsolete items and no longer supported.
- 4.2 This vehicle was discussed with MLAs at the general purposes meeting held on the 1st of May 2012, where a general discussion took place with the consensus reached that the fleet would be replaced with the Scania chassis.
- 4.3 There are two dedicated domestic Type B fire appliance for Stanley and immediate environs with the back up from the Scania 4x4 which provides a multi role function as Type B fire appliance should one of the Dennis be unserviceable. The vehicle also provides for helicopter\light industrial firefighting and rescue capabilities and reserve cover to enable rescue capacity on the MPA or camp roads.
- 4.4 The Scania chassis meets our requirements, while in addition a Euro three engine can still be supplied as standard thus reducing fuel issues.
- 4.5 Business plan and fire department KPIs:
- 4.5.1 the department must have 2 serviceable appliances available at all times within Stanley boundaries
 - 4.5.2 we will provide a Fire and Rescue Service to save Life & Property
 - 4.5.3 we will improve skills and capabilities within the islands to ensure appropriate plans and contingencies are in place to deal with any possible major emergency
- 4.6 Corporate & Economic Objectives
- 4.6.1 Provides effective security and safety services to support corporate infrastructure development and to provide the private sector with a sense of security.

5. Options and Reasons for Recommending Relevant Option

Option One

Do nothing and replace the appliance only upon complete failure. This is a frontline appliance and if it fails, the Fire Service will fall below minimum agreed standards for response times. There will also be a major reduction in emergency response outside of Stanley. Should a major failure happen a replacement vehicle could take up to 18 months to arrive in the Islands.

Option Two

Purchase a new Scania fire service chassis and cab and begin the procurement process early in the 2018/19 budget year, to bring the new appliance into operation within the next 18 months.

Option two is the recommended option.

6. Resource Implications

6.1 Financial Implications

2018/19	2019/20	Recurring
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REDACTED

6.2 Human Resource Implications

None

7. Legal Implications

There are no specific legal issues resulting from this report. However, there may be other liabilities if the Fire Service were unable to respond effectively.

8. Environmental & Sustainability Implications

8.1 None.

9. Significant Risks

9.1 The current Dennis Chassis and Cab has not been manufactured for over a decade, nor has the pump on the appliance. Current models of fire pumps are not technically compatible with the obsolete Dennis Chassis.

10. Consultation

10.1 Through the approved 2018/19 budget procedures.

11. Communication

11.1 There are no additional communication requirements created as a result of the report. Given the content of this report it is considered financially confidential.

Annex 1

Basic Technical Information

A new Fire appliance consists of two main components, a cab and chassis provided by one manufacture and a conversion consisting of all the technical firefighting equipment provided by another company.

The Scania Fire Service cab and chassis is the most popular and proven base used by the UK and overseas Fire Services. This cab and chassis is the preferred choice for replacing the existing Bedford and Dennis appliances which are no longer manufactured. The Scania Fire Service cab and chassis satisfies our requirements in relation to:-

- Engine
- Gearbox
- Performance
- Cab (including)
- Capacity
- Crew safety
- Access
- Controls
- Visibility
- Seating
- Operation
- Breathing Apparatus storage

There are several companies that provide the conversion work and exceed the performance requirements of standard EN / BS 1846. This European Standard specifies the common requirements for safety and the (minimum) common performance requirements of firefighting and rescue service vehicles. This European Standard deals with all significant hazards, hazardous situations and events relevant to fire fighting and rescue service vehicles, In addition the quality control must meet ISO 9001:2008 the standard for design and quality assurance.

The replacement for the domestic Dennis fire appliance will have similar domestic firefighting media specifications & equipment as the current existing domestic appliances used by the Falkland Islands Fire & Rescue Service. This will or may include:-

- Water tank capacity of 3,000 litres (subject to final design)
- Foam tank capacity of 400 litres (subject to final design)
- Fire pump
- Control panels
- Connections
- Foam proportioning system (subject to final design)
- Hose reels
- Monitors (subject to final design)
- Lockers
- Electrical equipment
- Loose equipment

The new appliance will be specifically designed and equipped for domestic\industrial capabilities and not civil aviation as it has been found that hybrid models weaken overall capabilities.

**Appendix 5 – Summary of 5 Year Plan for 2018/19 to 2022/23
(including reserves to Departmental expenditure ratio)**

£m	2018/19	2019/20	2020/21	2021/22	2022/23
Operating Revenue					
Corporation Tax	20.5	12.0	12.0	12.0	12.0
Fishing Licence Fees	19.3	19.3	19.3	19.3	19.3
Investment Revenue	8.5	8.5	8.6	8.7	8.8
Other Dept. Revenue	33.9	33.4	33.1	32.9	32.9
Oil Revenue	0.2	0.5	0.5	0.5	0.5
Total Operating Revenue	82.4	73.7	73.5	73.3	73.4
Operating Expenditure					
Departmental Expenditure	60.9	60.5	60.2	59.9	60.0
Island Plan Investments	7.0	6.7	6.7	6.7	6.7
Pensions - FIG Contribution	3.0	3.0	3.0	3.0	3.0
Oil Expenditure	0.8	0.8	0.8	0.8	0.8
Total Expenditure (excl depn)	71.7	71.0	70.7	70.4	70.5
Operating Surplus/(Deficit)	10.8	2.7	2.8	2.9	3.0
The Annual Operating Surplus / Deficit affects the level of Uncommitted Reserves					
Opening Consolidated Fund Balance	234.2	245.0	247.7	250.5	253.4
Operating Surplus/(Deficit) added to Consolidated Fund	10.8	2.7	2.8	2.9	3.0
Closing Consolidated Fund Balance	245.0	247.7	250.5	253.4	256.4
Review the cover of Consolidated Fund over Departmental Expenditure:					
Departmental expenditure:	60.9	60.5	60.2	59.9	60.0
Adjust for MoD Flight payments	(4.4)	(4.4)	(4.4)	(4.4)	(4.4)
Revised departmental expenditure	56.5	56.1	55.8	55.6	55.6
Ratio of Uncommitted Reserves to adjusted Departmental Expenditure	4.3	4.4	4.5	4.6	4.6
Available funding (maintaining 2.5 ratio)	103.8	107.4	111.0	114.5	117.4
Summary of Capital (Project) Budgets					
Capital Income	0.2	0.3	0.3	0.2	0.1
Capital	46.9	26.0	16.3	10.7	10.5
Net Capital Expenditure	46.7	25.7	16.1	10.5	10.4

Capital Expenditure is funded by the Capital Equalisation Fund ("CEF")

a transfer will be made to the CEF each financial year to put aside money for planned spend.

Transfers from the Consolidated Fund to the CEF reduce the uncommitted reserves in the Consolidated Fund

The ratio of Uncommitted Reserves to adjusted departmental expenditure needs to be revised after transfers to the CEF

Opening Consolidated Fund Balance	234.2	198.3	175.3	162.0	154.4
Operating Surplus/(Deficit) added to Consolidated Fund	10.8	2.7	2.8	2.9	3.0
Transfer to Capital Equalisation Fund	(46.7)	(25.7)	(16.1)	(10.5)	(10.4)
Closing Consolidated Fund Balance	198.3	175.3	162.0	154.4	147.0

Revised Ratio of Uncommitted Reserves to adjusted Departmental Expenditure	3.5	3.1	2.9	2.8	2.6
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Opening Consolidated Fund Balance of £234.2m represents estimated net liquid assets as at 30.6.18 taking into account Operating Surplus and Capital Expenditure estimates for FY 17/18, and transfers to Capital Equalisation Fund of £22.9m to ensure an estimated £10m balance on that fund at 30.6.18

APPENDIX 6.1 – SUMMARY OF STAFFING BIDS (NB Figures in brackets reflect overseas costing)

NEW POSTS - REQUIRING FUNDING

DEPARTMENT/ SECTION	POST	FTE INCREASE ON 2017/18 ESTABLISHMENT	SUMMARY OF JUSTIFICATION GIVEN BY DEP'T	GRADE/PROPOSED GRADE	PROPOSED DURATION OF POST	ADDITIONAL HOUSING REQUIRED	ADDITIONAL 'PER ANNUM' COST PROVIDED BY DEPARTMENTS FOR 2018/19 PLUS RECURRING COSTS FROM 2019/20 ONWARDS	
HEALTH AND SOCIAL SERVICES								
Health Administration	Data Analyst / Project Officer	1.0	To facilitate the replacement of the EMIS database	E2	2 years initially	No	£31,135	
Pathology	Biomedical Scientist	1.0	To facilitate ISO accreditation	D1	2 years initially	Potentially	£37,060 (£47,645)	
Pharmacy	Pharmacy Trainee	1.0	To allow succession planning	H1/G1	Indefinite	No	£9,700	
TOTAL INCREASE TO CURRENT DEPARTMENTAL BASE LINE ESTABLISHMENT COSTS							2018/19	£77,895 (£88,480)
							2019/20 Onwards	£77,895 (£85,980)
EDUCATION								
IJS	Teacher (Year 3)	1.0	To ensure capacity at IJS	C	Indefinite	Yes	(£55,665)	
FICS/IJS	PE Teacher	1.0	To ensure capacity at IJS & FICS	C	Indefinite	Yes	(£55,665)	
Administration	Quality & Performance Manager	1.0	To enable effective operations	C (Anticipated)	2 year Fixed Term in first instance	Potentially Yes	£44,125 (£55,665)	
FICS/IJS	Cover Supervisor	1.0	To assure cover provision	F (Anticipated)	Indefinite	No	£25,940	
Training Centre	LSA(ASW)	0.5	To support post 16 person with SEN	F	2 year Fixed Term in first instance	No	£12,970	
TOTAL INCREASE TO CURRENT DEPARTMENTAL BASE LINE ESTABLISHMENT COSTS							2018/19	£194,365 (£205,905)
							2019/20 Onwards	£189,365 (£198,405)

DEPARTMENT/ SECTION	POST	FTE INCREASE ON 2017/18 ESTABLISHMENT	SUMMARY OF JUSTIFICATION GIVEN BY DEP'T	PROPOSED GRADE	PROPOSED DURATION OF POST	ADDITIONAL HOUSING REQUIRED	ADDITIONAL 'PER ANNUM' COST PROVIDED BY DEPARTMENTS FOR 2018/19 PLUS RECURRING COSTS FROM 2019/20 ONWARDS	
Human Resources								
HR	H & S Advisor	1.0	Detailed in Appendix 6.2	C (Anticipated)	Indefinite	Potentially Yes	£44,185 (£55,665)	
TOTAL INCREASE TO CURRENT DEPARTMENTAL BASE LINE ESTABLISHMENT COSTS							2018/19	£44,185 (55,665)
							2019/20 Onwards	£44,185 (53,165)
DEVELOPMENT & COMMERCIAL SERVICES								
FIGAS	Licenced Aircraft Engineer	1.0	To enhance the delivery of the service	D2	Indefinite	No	£37,060 (£47,640)	
FIGAS	Fitter / Qualified Mechanic	1.0	To enhance delivery of the service	F	Indefinite	No	£25,940 (£35,005)	
Planning	Planning Officer	1.0	To enhance delivery of the service	C (Anticipated)	Indefinite	Yes	£44,125 (£55,665)	
TOTAL INCREASE TO CURRENT DEPARTMENTAL BASE LINE ESTABLISHMENT COSTS							2018/19	£107,125 (£138,310)
							2019/20 Onwards	£107,125 (£130,810)
EXECUTIVE MANAGEMENT								
FIG	Management Trainee	3.0	To facilitate the development of future leaders	E1 (Anticipated)	Indefinite	No	£90,235	
CEx Office	Administrative Assistant	1.0	To enhance the efficiency of the service	F	Indefinite	No	£25,940	
TOTAL INCREASE TO CURRENT DEPARTMENTAL BASE LINE ESTABLISHMENT COSTS							2018/19	£116,175
							2019/20 Onwards	£116,175

NEW POSTS - REQUIRING FUNDING							
DEPARTMENT/ SECTION	POST	FTE INCREASE ON 2017/18 ESTABLISHMENT	SUMMARY OF JUSTIFICATION GIVEN BY DEP'T	PROPOSED GRADE	PROPOSED DURATION OF POST	ADDITIONAL HOUSING REQUIRED	ADDITIONAL 'PER ANNUM' COST PROVIDED BY DEPARTMENTS FOR 2018/19 PLUS RECURRING COSTS FROM 2019/20 ONWARDS
PUBLIC WORKS DEPARTMENT							
Design Office	CAD Technician	1.0	See Appendix 6.2	Anticipated Grade F/D1	Indefinite	Potentially Yes	£37,060 (£47,640)
Housing	Plumber	1.0	See Appendix 6.2	F	Indefinite	No	£25,940
Property & Municipal	Painter/ Decorator	1.0	See Appendix 6.2	G1	Indefinite	No	£22,005
Property & Municipal	Plant Operator/ Handy Person	2.0	See Appendix 6.2	G1	Indefinite	No	£44,010
Housing	Senior Housing Officer	1.0	See Appendix 6.2	D2 (Anticipated)	Indefinite	No	£37,060
Highways	Seasonal Cook	0.5	See Appendix 6.2	G1	Indefinite	No	£11,015
TOTAL INCREASE TO CURRENT DEPARTMENTAL BASE LINE ESTABLISHMENT COSTS						2018/19	£177,090 (£187,670)
						2019/20 Onwards	£177,090 (£185,170)
EMERGENCY SERVICES & ISLAND SECURITY							
RFIP	Police Constable	2.0	See Appendix 6.2	G1/F/E1	Indefinite	No	£51,875
RFIP	Support Officer	1.0	See Appendix 6.2	G1	Indefinite	No	£22,305
RFIP	Detective Sergeant	1.0	See Appendix 6.2	D1	Indefinite	Yes	(£52,170)
RFIP	Detective Constable	2.0	See Appendix 6.2	E1	Indefinite	Yes	(£86,735)
RFIP	Detective Constable	2.0	See Appendix 6.2	E1	2 year Fixed Term	Yes	(£86,735)
TOTAL INCREASE TO CURRENT DEPARTMENTAL BASE LINE ESTABLISHMENT COSTS						2018/19	(£299,820)
						2019/20 Onwards	(£289,820)

DEPARTMENT/ SECTION	POST	FTE INCREASE ON 2017/18 ESTABLISHMENT	SUMMARY OF JUSTIFICATION GIVEN BY DEP'T	PROPOSED GRADE	PROPOSED DURATION OF POST	ADDITIONAL HOUSING REQUIRED	ADDITIONAL 'PER ANNUM' COST PROVIDED BY DEPARTMENTS FOR 2018/19 PLUS RECURRING COSTS FROM 2019/20 ONWARDS	
TREASURY								
Pensions	Accounting Assistant	1.0	To enhance service delivery	E1	Indefinite	No	£30,080	
Debtors	Accounting Assistant	1.0	To enhance service delivery	E1	Indefinite	No	£30,080	
TOTAL INCREASE TO CURRENT DEPARTMENTAL BASE LINE ESTABLISHMENT COSTS							2018/19	£60,160
							2019/20 Onwards	£60,160
POST DELETIONS								
DEPARTMENT/ SECTION	POST REF	POST TITLE	FTE REDUCTION ON 2017/18 ESTABLISHMENT	SUMMARY OF JUSTIFICATION GIVEN BY DEP'T		GRADE	SAVINGS PER ANNUM FROM 2018/19 ONWARDS	
Human Resources	TBC	HR Advisor	1.0	Post was transferred from FIGO in 2018/18 budget. Post to contribute to new H & S Post that is proposed		E2/D2	£30,315	
KEMH	201EM1	EMIS/IT Support	0.67	To fund the new post of Data Analyst / Project Officer		G2	£14,195	
KEMH	201PH1	Pharmacy Assistant	0.5	To contribute to the funding of the new post of Pharmacy Trainee		G1	£10,195	
Planning	616CL1	Clerk	0.5	Work transferred to PA to DDCS. Savings to contribute towards additional planning Officer Post		G1	£10,195	
Agriculture	400A002	Agriculture Advisor	1.0	Funding to be transferred to allow for support to be secured on contract as and when required to meet service demand. Post to be re-instated when required		D/C	£45,710	
TOTAL DECREASE TO CURRENT DEPARTMENTAL BASE LINE ESTABLISHMENT COSTS								£110,610

Appendix 6.2

RATIONALES GIVEN BY DEPARTMENTS FOR POSTS BEING REQUESTED

For planning purposes, unless otherwise stated the 'midpoint' of the pay grade for the proposed posts has been used.

HEALTH AND SOCIAL SERVICES

Introduction

The requests that are made in the current budget round have been recommended as a consequence of discussions within the KEMH Senior Management Team, giving due consideration the Directorate Business Plan, the FIG Islands Plan and assessment of Invest to Save opportunities.

Proposed staff changes

Post 1	x 1 FTE Data Analyst / Project Officer (2 year Fixed Term post initially)
Post 2	x 1 FTE Biomedical Scientist (2 year Fixed Term post initially)
Post 3	x 1 FTE Pharmacy Trainee

Post 1 - Data Analyst/Project Officer (Fixed Term initially)

Background

This post is key to transitioning effectively from current EMIS system to new system electronic records system. The postholder would be responsible for progressing the introduction of the new data management system project ie achieving milestones, data cleansing and staff training etc. The post also includes some of the duties of the previous EMIS Administrator (0.67 post to be deleted) – and as such would in effect be the nominated 'Super User' of the system. The aim is to complete the project within two years however during the life of the project the ongoing need for the post will be assessed and if no longer required the post will be revised or deleted as appropriate.

Benchmark

Information Governance requirements, robust clinical audit arrangements and effective management of patients.

Risks avoided/mitigated –

Most crucial issue is patient safety. Effective and reliable information systems support patient care and management.

Financial Implications (Local Recruitment)

Operating Budget - Data Analyst/Project Officer	2018/19	Recurring
1.0 FTE Increase		
Salary (Grade E2)	£27,560	£27,560
OPC	£2,756	£2,756
RPC	£821	£821
Additional Cost (Rounded to nearest £5)	£31,135	£31,135

Appendix 6.2

Post 2 - Biomedical Scientist (Fixed Term initially)

Background

Currently the EU recognise attainment of ISO 17025 as being proof that an organisation is accredited to the required EU standards. It is recognised internationally as an indication that, in this case, meat or fish has been tested to recognised standards using the correct methods and the result can be relied upon to be correct.

Accreditation is defined as a set of regulations, standards, processes that demonstrate that the testing processes performed in a Laboratory meet national and international standards. This means that exporters can export confident in the knowledge that the exported products have been tested to the highest current standards to exclude bacterial contamination of that product. This in turn provides confidence to importers about the quality of the imported products. Increasingly testing to ISO standards prior to export is a “must” in many countries both EU and non EU.

Accreditation however is not just about testing. It also requires the accredited Laboratory to have a robust and transparent quality management system in place, as well as a requirement for continuous improvement thereby ensuring that the tests performed in an accredited Laboratory are the most sensitive and specific tests available.

The staff performing those assays must be trained to the level of competency required by the accreditation body and their training records must reflect this. Update training is a feature of an accredited Laboratory – it is not a case of doing a bit of training one year and then never repeating it. There is a steady stream of “unknown” samples supplied by National Quality Standard organisations that test the methods, training and reporting of samples, referred to as external quality control. The instruments and equipment used must be maintained and calibrated against known standards, so there is a lot more to accreditation than passing a one off inspection. Once you are accredited you must at all times adhere to ISO standards and you will be subject to regular announced and unannounced visits to ensure standards are being maintained.

As with all ISO accreditations (there are over 22,000 of them) there are standards you must meet before you can even consider applying for accreditation and one of them refers to the level of academic knowledge required.

Current position regarding Accreditation

Over the last two years the Quality Manager & Deputy Laboratory Manager in particular, has worked extremely hard to bring us to the level we are currently at. Our Standard Operating Procedures have been examined, our test procedures have been examined, our quality management system has been examined and the way we issue results incorporating a measurement of uncertainty has been examined. This in ISO speak is referred to as “Pre-Assessment”. All have been accepted by the ISO Inspector as being compliant with ISO 17025. This is the closest this Laboratory has ever got to accreditation.

We are in fairly regular contact with our ISO Inspector as we work through a few remaining actions he feels we need to achieve before we move on to the ‘Assessment’ phase. At this stage an ISO Inspection team will physically inspect the Laboratory and recheck all the Pre-Assessment work. This, in a clinical laboratory normally takes a team of five inspectors at least a week as the inspection is exhaustive and detailed.

Appendix 6.2

If we have a successful inspection we will be accredited and be placed on the register of ISO accredited Laboratories. All paperwork associated with fish, meat and water testing performed in FIG's Laboratory can have an ISO logo included which immediately identifies the laboratory as accredited. If we fail that inspection we have an additional six months to fix the failures to the satisfaction of the Inspectors. If we fail at that six month point we have to start the process all over again.

If we want to drive through this process then we need to employ the correct skills and expertise to do so.

Rationale for request for additional staffing resources

The accreditation regulations stipulate the standard required. The current minimum standard is a Healthcare Professional Counsel Registered (HCPC) Biomedical Scientist (BMS) or a Registered Scientist with the Royal Society for Science (RSci).

To attain either standard the minimum acceptable academic qualification is a science degree. In the case of HCPC it is a Biomedical Science Honours degree with additional training in the relevant area as a post graduate course. In the case of RSci it is a science degree with additional qualification in the relevant field so for food and water testing, they will have undertaken post graduate qualifications in these areas.

A HCPC registered BMS, with appropriate post graduate qualifications, can work in Food and Water testing and the clinical laboratory. They can work unsupervised and therefore would be eligible for on call and weekend working.

What is not acceptable is for a RSci registered scientist to work in a clinical Laboratory. To do so they would have to be supervised by an HCPC registered biomedical scientist in all the work they do. They could not issue or validate results so no on call or weekend working. They would be in essence a very expensive Laboratory Technician.

Everyone in the KEMH Laboratory, including those who currently carry out the Food and Water testing are employed to work in the Clinical Laboratory. No one is employed to work in Food and Water testing alone; we do this as an additional task.

Currently the bulk of this testing is performed by the Biomedical Technician, REDACTED Due to staff skill mix she is most suited to committing her time in this area. Both the Quality Manager & Deputy Laboratory Manager and the Laboratory Assistant are also capable and competent in all aspects of FWE testing. Crucially the Biomedical Technician is one of the three members of staff that undertake on call clinical duties in the Laboratory the other two being the Quality Manager & Deputy Laboratory Manager and the Laboratory Manager. REDACTED can carry out the necessary testing and that is not sustainable.

Options going forward

There are two options FIG could pursue in light of REDACTED

Option 1

We could employ an HCPC Registered individual for a clinical role to replace the Biomedical Technician and that individual receives further training in food and water testing. This is the route that every member of staff who works in Food and Water testing in the KEMH Laboratory has taken to date.

Appendix 6.2

The additional training is undertaken at Porton Down by PHE scientists and lasts for one month. This leaves us open to continued pressures; accreditation working standards are extremely time consuming and our on-going struggle to attain accredited status will likely continue. There would be no change to the current status quo.

Option 2

We employ two suitably qualified Biomedical Scientists – **REDACTED** one who and one to work exclusively in Food and Water testing (who is HCPC Registered or RSci Registered).

The additional person working in the FWE laboratory would take on the bulk of the daily tasks and be responsible for maintaining the training and competency records of the other laboratory staff who would still participate in weekend work and cover for leave/sickness. This individual would be able to devote the overwhelming amount of their time to attaining and maintaining ISO standards, and may even be available for limited clinical work.

In simple terms, if we wish to gain a formal and internationally recognised accreditation we need someone in addition to a replacement for the current Biomedical Technician to work full time in that role.

This provides the Laboratory with not only someone to attain and maintain the ISO standards but who could also train other Laboratory members to the standard required and be eligible for weekend and on call work which would be absolutely invaluable in helping fulfil our clinical role.

It is also anticipated that by creating this role the cost of the additional post would in due course be offset by an increase in the revenue generated by the demand created by the local market to sell meat which is ISO accredited.

Benchmarks-

- Posts require recognised qualification to UK standards.
- Achievement of accreditation of the Public Health Lab to ISO standard.

Risks avoided/mitigated –

It is the belief of the Laboratory Manager that if the laboratory cannot gain the appropriate accreditation locally sourced meat and fish would have to be tested elsewhere if importers insisted on ISO standard testing prior to purchase. This would almost certainly be logistically impossible as initial testing must be completed within 24 hours on any food samples.

Fish and Meat exported from the Islands would also not be able to be marked as tested to ISO 17025 which may influence importers to look for product that has been tested to ISO standards. In the UK currently the overwhelming majority of exports are tested in ISO accredited Laboratories for export globally.

In addition many non-EU countries list accredited laboratory testing as a must. In summary the risks would therefore be:

- Gaps arising from untrained / unqualified staff.
- Loss of FIG income from exports of fish and meat to EU if accreditation is not achieved and maintained.

Appendix 6.2

Financial Implications (Local Recruitment)

Operating Budget - Biomedical Scientist	2018/19	Recurring
1.0 FTE Increase		
Salary (Grade D1)	£32,945	£32,945
OPC	£3,295	£3,295
RPC	£821	£821
Additional Cost (Rounded to nearest £5)	£37,060	£37,060

Financial Implications (Overseas Recruitment)

Operating Budget - Biomedical Scientist	2018/9	Recurring
1.0 FTE Increase		
Salary (Grade D1)	£32,945	£32,945
RPC	£821	£821
Gratuity	£8,236	£8,236
Flights	£3,140	£3,140
Contract Allowances	£2,500	
Additional Cost (Rounded to nearest £5)	£47,645	£45,145

Post 3 - Pharmacy Trainee (Indefinite post)

Background

The recommendation is to delete the part time Pharmacy Assistant post and create a full time Pharmacy Trainee post. This will allow us to provide a 2 year training programme for a local person to qualify as a Pharmacy Technician.

Pharmacy Technician posts are very difficult to fill and so FIG would normally require to go overseas to recruit such staff. Creating a training path for a local person will allow us to recruit locally in the future. If successful, we intend to perpetually have one person in training, with the aim of eventually being able to sustain the service from the local population. Training costs are anticipated to be c£8,500 and this is included in KEMH's training budget.

Benchmark

- Professional qualification to UK standards.
- Risks avoided/mitigated –

Training local staff makes service more sustainable in the long term.

Risks avoided/mitigated –

- Risks of not being able to recruit from overseas and engaging more expensive locums.

Appendix 6.2

Financial Implications (Local Recruitment)

Operating Budget – Pharmacy Trainee	2017/18	Recurring
1.0 FTE Increase		
Salary (Anticipated Grade H1/G1 – Grade G costings used here)	£19,259	£19,259
RPC	£821	£821
OPC	£1,926	£1,926
Additional Cost (Rounded to nearest £5)	*£22,005	£22,005

*KEMH are deleting the 0.5 FTE Pharmacy Assistant post to contribute to the funding of this position. KEMH are seeking an additional £9,700 per annum to fund the new post.

EDUCATION

Introduction

It is recommended that Honourable Members approve the proposed changes to the Education Directorate establishment to ensure each department maintains staffing that enable the continued development of education and learning and that the wider development needs of the service can be progressed in an efficient and effective manner.

Proposed staff changes

There are four requests in total:

Post 1	x1 FTE Teacher (Year 3)
Post 2	x1 FTE Teacher (Physical Education)
Post 3	x1 FTE Quality & Performance Manager (2 year Fixed Term post initially)
Post 4	x 0.5 FTE Learning Support Assistant (ASW) (2 year Fixed Term post initially)

Post 1 – (Years 3) Teacher IJS (Indefinite Post)

Background

The current admissions policy dictates a 30 student limit per class. With 34 students, Year 3 is the only year group that has not yet split into two classes.

Projections for next year are that IJS will have a minimum class number of 37 students. Having such a large class impacts on learning in that more Teacher time tends to be spent on behaviour management rather than on delivering actual teaching and learning. This additional post would allow the classes to be split into more manageable and therefore more effective classes for the students.

Financial Implications - (Anticipated Overseas Recruitment)

Operating Budget - Teacher IJS	2018/9	Recurring
1.0 FTE Increase		
Salary (Grade C)	£39,365	£39,365
RPC	£821	£821
Gratuity	£9,841	£9,841
Flights	£3,140	£3,140

Appendix 6.2

Contract Allowances	£2,500	
Additional Cost (Rounded to nearest £5)	£55,665	£53,165

Post 2 - Teacher (Physical Education) FICS / IJS (Indefinite Post)

Background

Across FICS and IJS the schools have in the past benefited from a member of staff that held additional skills and competencies that could be used in relation to Physical Education. This capacity is no longer available.

The current work demand exceeds that which can be reasonably managed with the current provision of only 1 PE Teacher. Therefore the proposal is to increase the staffing by 1 FTE PE Teacher post.

The post will be deployed across both IJS and FICS and will enable the delivery of the curriculum and the development of educational standards.

Financial Implications (Anticipated Overseas Recruitment)

Operating Budget - PE Teacher	2018/9	Recurring
1.0 FTE Increase		
Salary (Grade C)	£39,365	£39,365
RPC	£821	£821
Gratuity	£9,841	£9,841
Flights	£3,140	£3,140
Contract Allowances	£2,500	
Additional Cost (Rounded to nearest £5)	£55,665	£53,165

Post 3 - Quality & Performance Manager (Fixed Term post initially)

Background

A report by PricewaterhouseCoopers (PwC) that was commissioned by the National College in 2010 estimated that over the period 2002/03 to 2008/09 National College that posts with the same core purpose as that which is proposed have generated £306m in savings and income.

The findings of this research bring in to sharp relief the tangible benefits that a post with a clear purpose to focus on quality and performance improvement can ensure value for money is demonstrated across service delivery.

The main purpose of the role, to provide standardised quality support functions across the directorate, will enable absolute focus on efficient ways of working that will benefit the directorate financially and all students in terms of high quality, fit for purpose provision. It is anticipated that the proposed post will benefit the directorate in the following ways:

- Enabling a culture across the directorate of continuous quality improvement
- Improved project management, particularly important in reducing capital costs.

Appendix 6.2

- Releasing head teachers' and other senior leaders' time for increased capacity for leadership of teaching and learning within the school, and therefore improvements in educational outcomes for pupils and an overall raising of standards.
- Streamlining and assuring the systems in which all staff operate to high auditable standards

Establishing a baseline in teaching and learning which, in Ofsted terms, is always good or better. It is the core purpose of a Quality and Performance Manager to ensure that the resources going into a school are translated into good quality outcomes for the school's pupils.

The Department of Education also seeks to work within FIG budget principles and this proposal directly relates Principle 4: achieving an 'efficient and effective public service'. Over a number of years the Education Directorate's senior management team recognise that a focus on delivering efficiencies must work hand in hand with improvement in performance.

The Quality and Improvement Manager role would provide the Directorate with capacity to secure and analyse data and review systems, processes and service outcomes to better shape the delivery of Education, Learning (post 16 and Adult Learning) and Child Care for the future. Although these activities take place at the moment, their scope is limited due to the competing priorities. The impact of this is slower progress towards the Directorates aims of raising education and learning standards. The solution offered is informed by strong evidence from self-improving school systems.

It is the intention that the Quality and Performance Manager would work across all four units (IJS&CE, FICS, Stanley House and the Training Centre) within the Education Department achieving efficiencies for and across the department as a whole.

A review of the positive impact of the post will be undertaken in the 2020/21 budget year to inform future decision making about the post.

Financial Implications (Local Recruitment)

Operating Budget - Quality & Performance Manager	2018/19	Recurring
1.0 FTE Increase		
Salary (Anticipated Grade C)	£39,365	£39,365
OPC	£3,937	£3,937
RPC	£821	£821
Additional Cost (Rounded to nearest £5)	£44,125	£44,125

Financial Implications (Overseas Recruitment)

Operating Budget - Quality & Performance Manager	2018/9	Recurring
1.0 FTE Increase		
Salary (Anticipated Grade C)	£39,365	£39,365
RPC	£821	£821
Gratuity	£9,841	£9,841
Flights	£3,140	£3,140
Contract Allowances	£2,500	
Additional Cost (Rounded to nearest £5)	£55,665	£53,165

Appendix 6.2

Post 4 - Cover Supervisor (Indefinite Post)

Background

The Learning Support Assistants play a key role in delivering the educational curriculum. A key area where we have identified an opportunity to utilise a suitable competent individual is at a time when, due to sickness other reasons a Teacher is not available to cover a call. The role of a 'Cover Supervisor' will enable planned class work to be maintained, ensuring students are not disadvantaged at time when a qualified Teacher is not available.

This is not a replacement for a Teacher and the use of this post will not be for longer period of time. However, with the focus on the maintenance of teaching standards, this post is seen as key asset in that it enable the gap in teacher cover to be bridged at critical times. When not acting as cover the postholder will operate as a Learning Support Assistant

Financial Implications (Local Recruitment)

Operating Budget - Cover Supervisor	2018/19	Recurring
1.0 FTE Increase		
Salary (Grade F)	£22,834	£22,834
OPC	£2,283	£2,283
RPC	£821	£821
Additional Cost (Rounded to nearest £5)	£25,940	£25,940

Post 4 – x 0.5 FTE Learning Support Assistant (ASW) (Fixed Term post initially)

Background

REDACTED

Financial Implications (Local Recruitment)

Operating Budget - Learning Support Assistant (ASW)	2018/19	Recurring
0.5 FTE Increase		
Salary (Grade F)	£11,417	£11,417
OPC	£1,142	£1,142
RPC	£410	£410
Additional Cost (Rounded to nearest £5)	£12,970	£12,970

Appendix 6.2

HUMAN RESOURCES

Introduction

The Falkland Islands Government's Health and Safety (H & S) Policy has been in place since 2003, with limited reviews or audits having been conducted. A review by the Internal Audit team identified that there are significant gaps between the H & S arrangements in place across each directorate and those defined in the H & S Policy set out in the Management Code.

Proposed staff changes

Post 1	x 1 FTE Health and Safety Advisor
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Post 1 - Health and Safety Advisor (Indefinite Post)

Background

A governance framework has been developed in order to strengthen the management and reporting arrangements for health and safety and the management of risk across all Directorates. The aim being to ensure there is appropriate oversight, scrutiny and assurance. This will contribute more effectively to the management of risk across Government.

To aid the implementation of the new arrangements and ensure FIG has an appropriately competent person to provide guidance and support across each directorate it is proposed that a post of Health and safety Advisor is created.

The proposed Health and Safety Advisor will liaise with all relevant departments when developing, maintaining and monitoring the Government's Governance Framework, Policy and Health and Safety Management arrangements. In summary the post will:

1. Develop, implement, maintain and monitor the FIG Health and Safety Framework and Policy.
2. Promote compliance with policy and relevant legislation by providing clear and timely advice to the organisation on all Health and Safety matters.
3. Liaise with management on the co-ordination of Health and Safety related training in line with identified needs.
4. Proactively promote the ethos of continual improvement of Health and Safety performance.
5. Collect, analyse and react appropriately to accident/incident data.
6. Provide assistance and guidance on fire procedures and in the execution of fire drills.
7. Advise relevant managers on failings or improvement opportunities.
8. Provide assistance with health promotion/initiatives in support of workplace wellbeing.

The Health and Safety Advisor would also be responsible for staying abreast of any changes in legislation or developments in Health and Safety best practice by, where appropriate; membership of lead bodies etc.

Risk Management

The core responsibility for the management of Health and Safety resides with Departmental Directors and Managers. However, the creation of the H & S Advisor post will help ensure our management of risk and development H & S practice across Government is consistent and appropriate to our needs.

Appendix 6.2

Financial Implications (Local Recruitment)

Operating Budget – H & S Advisor	2018/19	Recurring
1.0 FTE Increase		
Salary (Anticipated Grade C)	£39,365	£39,365
OPC	£3,997	£3,997
RPC	£821	£821
Additional Cost (Rounded to nearest £5)	£44,185	£44,185

Financial Implications (Overseas Recruitment)

Operating Budget - H & S Advisor	2018/9	Recurring
1.0 FTE Increase		
Salary (Anticipated Grade C)	£39,365	£39,365
RPC	£821	£821
Gratuity	£9,841	£9,841
Flights	£3,140	£3,140
Contract Allowances	£2,500	
Additional Cost (Rounded to nearest £5):	£55,665	£53,165

DEVELOPMENT AND COMMERCIAL SERVICES

Introduction

It is recommended that Honourable Members approve the proposed changes to the Development and Commercial Services Directorate establishment to ensure key staffing issues are address in the delivery of FIGAS Operations and Sports and Leisure services.

Proposed staff changes:

There are three requests in total:

Post 1	x 1 FTE Licensed Aircraft Engineer
Post 2	x 1 FTE Fitter / Qualified Mechanic
Post 3	x 1 FTE Planning Officer

Post 1 - Licensed Aircraft Engineer (Indefinite Post)

Background

FIGAS has an aging aircraft fleet. Tied to this is the increase in airframe and engine hours. Assessment of air operations at FIGAS indicates that demand is not is expected to diminish.

A critical component in the delivery of an air service is the maintenance of the feet. The current engineering capacity has for some time been under pressure to maintain a level of service delivery on demand. Although this has been achieved by the General Manager returning to the hanger to cover short falls in capacity this is not appropriate.

Appendix 6.2

The two returning Trainee Licensed Aircraft Engineers will provide capacity. However it will be 12 months before they are sufficiently trained 'locally' to be considered fully operational. The additional LAE post will take the establishment from 3 posts to 4.

REDACTED. The additional Licensed Aircraft Engineer post will ensure that capacity is aligned to work demand. Given the additional cost of bringing in a locum/agency Licensed Aircraft Engineer's a locally or overseas contracted Licensed Aircraft Engineer represents a commercially viable option for the service delivery and mitigates the risk associated to lack of maintenance capacity.

Financial Implications (Local Recruitment)

Operating Budget - Licensed Aircraft Engineer	2018/9	Recurring
1.0 FTE Increase		
Salary (Grade D2)	£32,945	£32,945
RPC	£821	£821
OPC	£3,295	£3,295
Additional Cost (Rounded to nearest £5):	£37,060	£37,060

Financial Implications (Overseas Recruitment)

Operating Budget - Licensed Aircraft Engineer	2018/9	Recurring
1.0 FTE Increase		
Salary (Anticipated Grade D2)	£32,945	£32,945
RPC	£821	£821
Gratuity	£8,236	£8,236
Flights	£3,140	£3,140
Contract Allowances	£2,500	£2,500
Additional Cost (Rounded to nearest £5):	£47,640	£45,140

Post 2 - Fitter/Qualified Mechanic (Indefinite Post)

Background

The Fitter/Qualified Mechanic roles are a key element of the maintenance operation at FIGAS. As part of the day to day maintenance operation, the 'Fitters' work hand in hand with the Licensed Aircraft Engineers. It is inevitable with an aging fleet that maintenance schedules increase and as such the capacity we currently have at FIGAS (3 FTE Fitters) does not meet demand. To ensure we maintain operation readiness the additional 'Fitter' will augment the current staffing structure - (current staffing 3 x Fitters) providing the necessary capacity to plan day to day operational and maintenance support. These posts also represent a great opportunity for career development enabling a local/young person to pursue a career in aircraft engineering developing practical skills as a Fitter / Qualified Mechanic as potential forerunner to becoming a Licensed Aircraft Engineer.

Financial Implications (Local Recruitment)

Operating Budget – Fitters/Qualified Mechanics	2018/19	Recurring
1.0 FTE Increase		
Salary (Grade F)	£22,834	£22,834

Appendix 6.2

OPC	£2,283	£2,283
RPC	£821	£821
Additional Cost (Rounded to nearest £5)	£25,940	£25,940

Financial Implications (Overseas Recruitment)

Operating Budget - Fitter Qualified Mechanic	2018/9	Recurring
1.0 FTE Increase		
Salary (Grade F)	£22,834	£22,834
RPC	£821	£821
Gratuity	£5,709	£5,709
Flights	£3,140	£3,140
Contract Allowances	£2,500	
Additional Cost (Rounded to nearest £5):	£35,005	£32,505

Post 3 - Planning Officer (Indefinite Post)

Background

The Planning Department is modest in size and is faced with the continual challenge of balancing priorities.

The combination of day to day planning applications, enquires, major project consideration and policy and strategy development create conditions where it is difficult to see the current capacity will be able to maintain the high standards that have been set in the longer term.

The government is planning an ambitious capital programme, which will require a significant input from the Planning Department, placing the current limited resources under stress. The introduction of 1 FTE Planning Officer post will provide the much needed capacity to deal with the increase in demand which will come over the next few years.

For this additional role, even without the demand for the capital programme there is a significant body of work in the development of policy and strategy which the Head of Planning is unable to devote time to, given the competing demands to deliver day to day planning services.

Given the nature of the role it is anticipated that overseas recruitment will be required.

Financial Implications (Local Recruitment)

Operating Budget - Planning Officer	2018/9	Recurring
1.0 FTE Increase		
Salary (Anticipated Grade C)	£39,365	£39,365
RPC	£821	£821
OPC	£3,937	£3,937
Additional Cost (Rounded to nearest £5):	£44,125	£44,125

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Financial Implications (Overseas Recruitment)

Operating Budget - Planning Officer	2018/9	Recurring
1.0 FTE Increase		
Salary (Anticipated Grade C)	£39,365	£39,365
RPC	£821	£821
Gratuity	£9,841	£9,841
Flights	£3,140	£3,140
Contract Allowances	£2,500	
Additional Cost (Rounded to nearest £5):	£55,665	£53,165

EXECUTIVE MANAGEMENT

1.1 Proposed staff changes

Post 1/3	x 1 FTE Management Trainee
Post 2/3	x 1 FTE Management Trainee
Post 3/3	x 1 FTE Management Trainee
Post 2	x 1 FTE Administrative Assistant

Posts 1-3 – Management Trainees (Indefinite Posts)

Background

As part of the wider development of staffing across FIG it is proposed that a Management Development Programme is introduced. This initiative is in addition to core Management Training for operational Managers and will be geared to provide a development pathway for future line managers.

In order to attract the talent from the widest possible pool this is being promoted as a formal Development Programme. Entry in to the programme will be via an application and selection process. Lasting 18 months' to 2 years, this Programme aims to provide training on a core range of activities which combine practical operational management within service units with 'off the job' training.

The successful candidate will, for certain phases of the Programme, be deployed within Directorates, to work alongside operational Managers to undertake specific work, activities/projects as a means of developing their business and management knowledge, skills and competences. The Programme will be flexible, but also allow for specialisation with a specific Directorate if this is seen as a genuine corporate need.

The core development areas which will form a significant part of the first 8 months of the Programme will be:

- Models of Leadership Development
- Financial Management Training
- Government procurement and commissioning
- Project Management
- People Management
- Managing Change
- Community Engagement
- How to work in a political context

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- How to deliver results in Effective Performance Management
- Developing self

The candidates will also be supported by a coaching and mentoring structure.

The selection process could consider secondments from existing posts across government or direct entry from outside FIG; the guiding principle being that we aim to develop our future leaders.

As candidates will be receiving training alongside current operational Managers as part of the wider 'Management Essential' training workshops, peer support and collaborative learning will help foster a regime of cooperation and interdepartmental working.

On completion of the Programme candidates may return to their existing post or during the life of the Programme may be assigned to a Supervisor/Manager role within Government.

Although there is no guarantee that a Management role will be available at the end of the Programme, the aim is to have candidates that meet the demand for core competencies across government (e.g. project manager being a prime example).

Financial Implications (Local Recruitment)

Operating Budget – Management Trainee	2018/19	Recurring
3.0 FTE Increase		
Salary (Anticipated Grade E1)	£79,794	£79,794
OPC	£7,979	£7,979
RPC	£2,463	£2,463
Additional Cost (Rounded to nearest £5)	£90,235	£90,235

Post 4 – Administrative Assistant (Indefinite Post)

Background

The Office of the Chief Executive calls for the immediate action in relation to a number of competing proprieties and projects. Given the scope of the Chief Executive's role and the postholder's involvement in a number of internal and external initiatives, there is a significant burden placed on the PA to the Chief Executive post. This, tied to the requirement to support and service a number operational meetings, means that the capacity within the Chief Executive's Officer is not appropriate to the work demands.

To ensure there is sufficient capacity to meet the current and emerging work demands, it is proposed to create a post of Administrative Assistant to support the PA to the Chief Executive.

Financial Implications (Local Recruitment)

Operating Budget – Administrative Assistant	2018/19	Recurring
1.0 FTE Increase		
Salary (Grade F)	£22,834	£22,834
OPC	£2,283	£2,283
RPC	£821	£821
Additional Cost (Rounded to nearest £5)	£25,940	£25,940

Appendix 6.2

PUBLIC WORKS DEPARTMENT

Proposed staff changes:

There are seven requests in total:

Post 1	x1 FTE CAD Technician
Post 2	x1 FTE Plumber
Post 3	x1 FTE Painter / Decorator
Post 4	x1 FTE Plant Operator/ Handyperson (Waste)
Post 5	x1 FTE Plant Operator / Handyperson
Post 6	x1 FTE Senior Housing Officer
Post 7	x0.5 FTE Seasonal Cook

Post 1 - CAD Technician (Indefinite Post)

Background

The Design Office is modest in size, given the volume of work which has to be processed correctly, whilst meeting challenging target dates. Efficient workflow is the key to effective operation of the Design Team. Therefore to better meet the current and known future work demands, it is proposed that team is augmented with the addition of one CAD Technician post.

The CAD Technician will work with and under the guidance of the design office 'Draughtsman' and Engineers developing drawing against design specifications for future design and planning considerations and site operations. This additional post will enable the Design Team to process work far more efficiently than at present by releasing other team member to focus on key aspects of projects in a timely manner.

Financial Implications (Local Recruitment)

Operating Budget - CAD Technician	2018/19	Recurring
1.0 FTE Increase		
Salary (Anticipated Grade F-D1)	£32,945	£32,945
OPC	£3,295	£3,295
RPC	£821	£821
Additional Cost (Rounded to nearest £5)	£37,060	£37,060

Financial Implications (Overseas Recruitment)

Operating Budget - CAD Technician	2018/9	Recurring
1.0 FTE Increase		
Salary (Anticipated Grade F-D1)	£32,945	£32,945
RPC	£821	£821
Gratuity	£8,236	£8,236
Flights	£3,140	£3,140
Contract Allowances	£2,500	
Additional Cost (Rounded to nearest £5):	£47,640	£45,140

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Property & Municipal – Proposals (Posts 2 through 6 – all Indefinite posts)

Background

Property & Municipal Services have had a challenging last few financial years due to staff shortages and increasing demands on our services. Since 2012 FIG have seen an increase of more than 30% in new housing yet staffing levels have remained the same.

With our current Facilities Management Software in operation, historical information has indicated Municipal Services Personnel alone have conducted approximately 70% of their time on housing related maintenance and projects throughout the last financial year and are therefore neglecting critical maintenance repairs to public buildings. In essence, works had to be outsourced to private contractors to alleviate the pressure and at the same time provide efficient services to our customers and tenants. This said, Contractors in general are not always readily available on demand due to their own work commitments.

A greater emphasis for 2018/19 will be to reinstate the Planned Preventative Maintenance (PPM's) works to reduce ongoing reactive callouts which was previously removed from our operational objectives and aided in the dilapidation of the infrastructure, although some short term gains were achieved in terms of fewer objectives. However operating costs increased with a potential of service failure in the long term. Notwithstanding the above constraints, Property & Municipal Services will continue to improve the quality of services it provides to its customers and tenants.

Going forward we clearly do not have sufficient established employees to carry out the maintenance works at hand, be it general or projects, therefore it is recommended we employ additional operatives preferably a **Painter/Decorator** and 2 x **Plant Operator/Handyperson** (one of which will be assigned to waste management) where they would:

- Conduct cyclical Planned Preventative Maintenance (PPM) and become more proactive in the future maintenance works as part of a strategy in the reduction of reactive maintenance tasks
- Release existing operatives to focus on newly built infrastructures and equipment i.e. Bio-Disc Plants; Pump Station and Sewers that requires weekly and monthly maintenance
- Enable vacant houses that are untouched for months due to the lack of staff, turned around within a week of general maintenance and four to six weeks a full refurbishments/renovations
- Facilitate the requirements of HR in providing readily available houses for recruitment purposes
- Contribute to the increase of revenue
- Rotate with Waste Management Operatives at Eliza Cove Tip and Mary Hill Landfill
- Reinstate the external decorating programme (Houses, Public Buildings and Fences)
- Supplement the rest of our staff and become more effective, efficient and reliable with the increase of staff

Increasing the staffing levels within our Municipal Section will also enhance our capacity to carry out more tasks at any one time, whereas our current situation we can generally cope with 1-3 tasks at any one time depending on task and available manpower

The medium to long term aims and objectives will of course be to reduce our expenditure by employing contract staff less to carry out tasks our team can carry out but for the short to medium term, it is necessary to employ the contractors so we are in a good position to maintain properties which are in a fair to good condition rather than the current situation of having to refurbish/renovate properties which are in a poor state of repair.

Within Housing the work demand has increased significantly and it is evident, given the increased size of FIG's housing stock that this work demand will not diminish. In fact the planned build programme will only increase the work demand further.

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Having assessed the work activities of the Housing Officer it is evident that the Housing Function can no longer be performed by a single postholder. In fact evidence indicates that a more senior post is required to lead the housing activities and reduce the burden placed on other service managers who are drawn into day to day housing matters and decision making. It is therefore also proposed to create a Senior Housing Officer post with specific responsibility to oversee the day to day administration of Government Housing and ensure the housing service keep pace with the increasing demands which are being placed upon it.

Financial Implications (Local Recruitment)

Operating Budget - Plumber	2018/19	Recurring
1.0 FTE Increase		
Salary (Grade F)	£22,834	£22,834
OPC	£2,283	£2,283
RPC	£821	£821
Additional Cost (Rounded to nearest £5)	£25,940	£25,940

Operating Budget - Painter / Decorator	2018/19	Recurring
1.0 FTE Increase		
Salary (Grade G1)	£19,259	£19,259
OPC	£1,926	£1,926
RPC	£821	£821
Additional Cost (Rounded to nearest £5)	£22,005	£22,005

Operating Budget – 2 x Plant Operator/Handypersons (inc' 1 x Waste)	2018/19	Recurring
2.0 FTE increase		
Salary (Grade G1)	£38,518	£38,518
OPC	£3,852	£3,852
RPC	£1,642	£1,642
Additional Cost (Rounded to nearest £5)	£44,010	£44,010

Operating Budget - Senior Housing Officer	2018/9	Recurring
1.0 FTE Increase		
Salary (Anticipated Grade D2)	£32,945	£32,945
RPC	£821	£821
OPC	£3,295	£3,295
Additional Cost (Rounded to nearest £5):	£37,060	£37,060

Post 7 – x 0.5 FTE Seasonal Cook (Indefinite Post)

Background

The Highways team operates in remote locations and catering support is a challenge. In recent times catering has been provided as a paid service. However, the creation of a seasonal cook to support the

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operation of the highways team operating remotely is considered to be a more viable solution to address the service need.

Financial Implications (Local Recruitment)

Operating Budget - Seasonal Cook	2018/19	Recurring
0.5 FTE Increase		
Salary (G1)	£9,630	£9,630
OPC	£963	£963
RPC	£420	£420
Additional Cost (Rounded to nearest £5)	£11,015	£11,015

EMERGENCY SERVICES

Introduction

In 1982, Ronnie Lamb arrived in the Falklands as Chief of Police. He wrote a lengthy report to the Governor and the Chief Secretary. In relation to recruitment he said, 'Joining the police in the Falklands has become something one does until a better job becomes available, comparable to social security benefits in the UK. Little, if any status or prestige attaches to the job. Ambition – not much scope in a hierarchy which is 1 over 5 with no prescribed path to advance one's qualifications or widen one's experience'.

The Force did improve from 1982 and at one point had a credible training regime that provided an 8 week probationer course, modelled on the UK equivalent. Specialist training was also undertaken in the UK.

However, in recent times, under investment meant that the training platform fell away and a large number of local officers left the Force to take up one of the many other work opportunities the Islands offer. A key challenge facing RFIP is attracting local people to join as a genuine career opportunity within the public service. Currently the RFIP is predominately staffed by overseas contract officers.

The RFIP performance improvement plan is steering a drive for enhancement across a range of areas. These developments can serve as a catalyst for enticing more locals to consider RFIP as a career choice.

The advent of a permanent CID office provides additional career options for officers joining RFIP. Further job satisfaction and development can come through an increase in uniform staff too. Any increase in uniform staff offers an opportunity to police camp and MPC; thereby offering a greater variety of policing environments. These are great selling points that can be used to showcase RFIP as a great place to work. The biggest obstacle to enticing locals to think about a career in policing is the reward package that is on offer.

The current Job Descriptions for Police Officers and Senior Police Officers have been in place for some time and will be reviewed to ensure they are fit for purpose and provide clarity and accountability across the service. Initially these changes will seek to utilise the skills and knowledge of Officers currently within RFIP.

However, as highlighted above the principle behind the redesign is to ensure the RFIP structure has the right blend of knowledge and skills in sufficient depth to deliver an effective service, whilst also shining a light on a genuine career development path for all Officers across the service and individuals who are considering the RFIP as a career option. In the lead up to the redevelopment of the Police Officer roles it brings into sharp relief the complexities of the post when some of the key aspects of the Police Officers roles are considered. Police Officers:

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- Must submit to a plethora of regulations and orders;
- Are never 'off duty', (they would be expected to put themselves on duty if they see an incident warranting police intervention);
- Must be circumspect in choice of friends, associates and social activities;
- Bind themselves to confidentiality about his activities and those of his colleagues;
- Submit to unsocial hours and long periods of duty at night and on weekends and holidays;
- Are exposed to risk of assault and in extreme cases death or serious injury;
- Are exposed to the risk of civil suit for damages should an unlawful arrest be made.

All these conditions make joining the service a unique proposition and when there is so much employment here, there is a real challenge in convincing locals to join RFIP. Therefore, the career options and associated rewards must represent an attractive proposition for local people, if we are to redress the balance of contractor's verses locals. Although there are genuine social and economic benefits to have local police, there would also be a significant saving against the public purse.

Once the review of Police Officer roles is complete detailed roles and responsibilities will be developed in the form of Job Descriptions which will be submitted for formal job evaluation. It is envisaged that the changes being developed will impact positively on the job evaluation scores for Police Officers. However, at this stage it cannot be determined whether this will result in a change to pay grades. Once this body of work is complete the Chief Police Officer will report on the outcome and seek approval for any additional funding.

The following activity is planned in an effort to increase RFIP's profile in the community and improve efforts to recruit locally.

Proposed staff changes

Post 1	x1 FTE Police Constable
Post 2	x1 FTE Police Constable
Post 3	x1 FTE Support Officer

Additional Funding Request

Funding is being sought for the following post already established under ExCo paper 25/18 to allow recruitment to commence and maintain continuity of service.

x1 FTE Detective Sergeant
x4 FTE Detective Constables

Posts 1 and 2 - x2 FTE Police Constables (Indefinite Posts)

Background

The current RFIP Police staffing structure provide for a year round minimum police presence 24 hours a day (via a force structure of 1 Police Inspector; 2 Operations Sergeants and 12 x Police Officers). This structure has recently been augmented with the creation of a dedicated CID Unit comprising of 1 x Detective Sergeant and 4 x Detective Constables (two of which are 2 year FTC's). This CID function will play a key role in the investigation and management of cases developed under Operation Cinnamon whilst providing much need capacity to lead investigations, across a wider spectrum.

Beyond the current structure, pressure is placed on police capacity due to training, annual leave and at times sickness absence. These every day events which any employer is faced with are amplified when

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delivering a 24 hour service. Added to this, the Police Station must always have an officer/support officer present as this is the central communication point for all emergency communications (including Marine Channel 16).

Based on the current staffing levels policing outside of Stanley is limited, with much of the policing at Mount Pleasant (MPA) undertaken by the JSPSU, which under the MOD structure is becoming more limited in terms of capacity. As this capacity diminishes the need to fill that void will become more pressing.

Consideration has been given to what police capacity is needed in the Falkland Islands to meet the current and emerging needs of the community. Dovetailed into this is a genuine desire to attract local people into a career within the RFIP. A move away for such a 'contractor' dependent workforce within RFIP will take time and it must be recognised that we may always have a need for overseas contract officers, which can in itself bring additional benefits if experienced UK Officers are recruited as this could support Local Officer development.

Based on the Chief Police Officer's assessment of current capacity, and the needs for a wider police presence in and around Stanley, in Camp and at MPA it is proposed that 2 additional Police Constable posts are established.

In establishing these posts, the main priority would be to secure local people into the new posts, via a structured recruitment campaign, the main features being.

1. Bespoke RFIP website –showing structure and career opportunities;
2. Facebook page – active now and receiving more and more interest;
3. Careers fair linked to potential career development;
4. Other media opportunities to encourage local interest;
5. All posts structured to a career development job description and terms of employment correlated with clear increases in rewards;
6. Bespoke efforts to reach out to eligible minority groups to encourage applications.

If overseas recruitment is required, the focus would be on securing Officers who are suitably competent to contribute to the delivery of policing in the Falkland Islands following their induction. Although the Chief of Police is committed to having continuous professional development of Officers at the core of the Force development, this commitment is focused inwardly to ensure there is a return on the investment and a legacy in that the knowledge and skills stays in the islands.

Financial Implications (Local Recruitment)

Operating Budget - Police Constables	2018/9	Recurring
2.0 FTE Increase		
Salary (G1/F/E1)	£45,668	£45,668
RPC	£1,642	£1,642
OPC	£4,566	£4,566
Additional Cost (Rounded to nearest £5):	£51,875	£51,875

Note: The emphasis is on securing local people into these two additional Police Constable roles.

Post 3 - Support Officer (Indefinite Post)

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The RFIP currently has two front facing Officers in the form of the Licensing Clerk and the Station Enquiry Officer. Although these roles act as the first point of contact for people visiting or contacting the Police Station, this is only during normal business hours (Mon-Friday 08:00 to 16:30). Additionally, there is normally a Police Officer present in the Police Station. Outside these hours and at weekends (24 hours) front of house and emergency communication are covered by a Police Officer.

To allow Police Officers to be deployed more effectively on core police work, it is proposed that a Support Officers is established to cover front of house operation and thus release Police Officers to be more effectivity deployed on core police work. The proposed post would be scheduled to work Monday to Sunday and at various times to avoid the need for Police Officers to be tied to more administrative duties

As the Contact Centre for all civil emergency communication on the islands (including civil Marne Radio), it is vital that we have sufficient staffing to ensure 24 hour cover, whilst enabling police to be deployed to deal with field police work.

Financial Implications (Local Recruitment)

Operating Budget - Support Officer	2018/19	Recurring
1.0 FTE Increase		
Salary (Anticipated Grade G1)	£19,529	£19,529
OPC	£1,952	£1,952
RPC	£821	£821
Additional Cost (Rounded to nearest £5)	£22,305	£22,305

The following posts have been approved by ExCo (see paper 25/18). The following additional funding is now being sought for the approved posts. The details of the costs are set out below.

1 x Detective Sergeant (Indefinite post)

As indicated above to take forward the Criminal investigations which have been developed under Operation Cinnamon and develop the wider brief of Criminal Investigation across the Falkland Islands, the post of Detective Sergeant has been pre-approved to enable recruitment to commence and service to be maintained in the transition out of Operation Cinnamon.

Financial Implications (Overseas Recruitment)

Operating Budget - Detective Sergeant	2018/9	Recurring
1.0 FTE Increase		
Salary (Grade D1)	£36,569	£36,569
RPC	£821	£821
Gratuity	£9,142	£9,142
Flights	£3,140	£3,140
Contract Allowances	£2,500	£2,500
Additional Cost (Rounded to nearest £5):	£52,170	£49,670

4 x Detective Constables (2 x Permanent & 2 x Two-Year FTC).

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As with the Detective Sergeant, the Detective Constable posts have been pre-approved to enable recruitment to commence and service to be maintained **REDACTED**. For planning purposes overseas cost have been used as no local applicants were received as part of the recruitment process.

Financial Implications (Overseas Recruitment anticipated initially)

Operating Budget - Detective Constables	2018/9	Recurring
2.0 FTE Increase		
Salary (Grade E1)	£59,048	£59,048
RPC	£1,642	£1,642
Gratuity	£14,762	£14,762
Flights	£6,280	£6,280
Contract Allowances	£5,000	
Additional Cost (Rounded to nearest £5):	£86,735	£81,735

Financial Implications – 2 year Fixed Term – (Overseas recruitment anticipated initially)

Operating Budget - Detective Constables	2018/9	2019/20
2.0 FTE Increase (Fixed term of two years)		
Salary (Grade E1)	£59,048	£59,048
RPC	£1,642	£1,642
Gratuity	£14,762	£14,762
Flights	£6,280	£6,280
Contract Allowances	£5,000	
Additional Cost (Rounded to nearest £5):	£86,735	£81,735

TREASURY

Proposed staff changes

Post 1	x1 FTE Accounting Assistant (Pensions)
Post 2	x1 FTE Accounting Assistant (Debtors)

Post 1 – Accounting Assistant - Pensions (Indefinite Post)

Background

The Pensions function is an important part of the Treasury team, and it is critical that the support is managed effectively. The Pensions team is currently a 2 person team and has been under resourced in recent years and will incur additional pressure due to for example the introduction of FIC employees into the FIPS pensions scheme. It is clear that additional resources are required in order to support the recording of pension contributions accurately, to ensure that pensions payments are timely and accurate, to develop the pensions database and improve pension systems, and to provide the necessary expertise and advice to Trustees, government officers and contributors.

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Financial Implications (Local Recruitment)

Operating Budget - Accounting Assistant (Pensions)	2018/19	Recurring
1.0 FTE Increase		
Salary (Grade G1/F/E1)	£26,598	£26,598
OPC	£2,660	£2,660
RPC	£821	£821
Additional Cost (Rounded to nearest £5)	£30,080	£30,080

Post 2 - Accounting Assistant - Debtors (Indefinite Post)

Background

It has become apparent that the process for debt recovery across FIG is not working effectively and requires significant improvement. Treasury would therefore like to make a request for a full time Accounting Assistant (Debtors) to work with departments to address this issue and to improve reporting.

The responsibility for debt recovery was previously handled centrally by Treasury, but several years ago this was transferred to Departments due to the volume of transactions becoming unmanageable for one person. For illustration - FIG in 2016/17 raised 12,191 invoices whereas in 2003/04 FIG raised 4,999 invoices. It was therefore decided that the first 2 steps of the process on debt recovery should be handled by departments before coming to Treasury as a point of escalation. However, actions to affect debt recovery are now not being done in many instances.

At least 1 FTE Accounting Assistant is required to help with this issue though a full re centralisation of debt recovery is not proposed at this stage – the intention would then be that that the current part time Accounting Assistant (Debtors and Insurance) would transfer her responsibilities to supporting the Cashiers office. The responsibilities of the new post would be:

- Working with departments to action debt recovery, including phoning individuals and companies to chase debts and / or agreeing repayment plans and issuing letters
- Issuing of monthly debtor reports and improvement of reporting
- Credit notes/cancellation of invoices at department request
- Accounting for deductions from payroll
- Checking and authorising rent rebate calculations
- Departmental training

Financial Implications (Local Recruitment)

Operating Budget - Accounting Assistant (Debtors)	2018/19	Recurring
1.0 FTE Increase		
Salary - Grade G1/F/E1 (Costs for Grade E post used)	£26,598	£26,598
OPC	£2,660	£2,660
RPC	£821	£821
Additional Cost (Rounded to nearest £5)	£30,080	£30,080

BUDGET SELECT COMMITTEE BACKGROUND REPORT

CONFIDENTIAL

Title: Review of Family Allowance

Date: 15 May 2018

Responsible Director: Financial Secretary

Report Author: Head of Tax

Portfolio Holder: MLA Roger Spink

Reason for paper: This paper is submitted to Executive Council:

For policy decision
For policy update/information

Publication: No – budget sensitive

Previous papers: **BSC minutes 11 April 2018**

List of Documents: None

1. Recommendations

Budget Select Committee (meeting held on 11 April) recommended:

- a) Making Family Allowance not taxable with effect from 1 January 2018 (the 2018 Tax Year).
- b) Increase the level of Family Allowance to £75 per child per calendar month to provide more help to claimant families. This is to be effective from 1 July 2018 (the FIG 2018/19 Financial Year).
- c) ExCo note that the cost of these two changes will be around £415,000¹ for 2018, rising to £450,000 in 2019² when the full year effect of the policy change will be in force. The current (post tax) cost of Family Allowance is around £340,000 per annum.

¹ Being the pre-tax cost of the current £68pcpcm for the first half for 2018 (January – June) of £380,000; and £75pcpcm for the second half of 2018 (July – December) of £450,000. Thereafter the £450,000 per annum will be the cost for 2019 and subsequent years.

² And subsequent years assuming flat demographic trends based on 2017 outturn figures.

The recommended option in the original paper considered by BSC was different – that the Allowance remains taxable but its rate was to be increased to £92 per child per calendar month. The original paper can be found at Appendix A.

BUDGET SELECT COMMITTEE BACKGROUND REPORT –

Appendix 7.2

Title: Review of Family Allowance

Date: 19 April 2018

Responsible Director: Financial Secretary

Report Author: Head of Tax

Portfolio Holder: MLA Roger Spink

Previous papers: Review of Family Allowance 74/10

2. Recommendations

Honourable Members are recommended to:

- d) Consider the Exchequer impact of making Family Allowance not taxable with effect from 1 January 2019 (the 2019 Tax Year); 1 January 2018 (the 2018 Tax Year) or 1 July 2018 (the FIG Financial Year 2018/19).
- e) Consider making changes to the level of Family Allowance to provide more help to claimant families (Option 3 – Recommended (para 5.10-5.19).
- f) Consider when any changes to Family Allowance will be effective from. The recommended option proposes changes take effect from 1 July 2018.

3. Additional Budgetary Implications

3.1. Matrix of options for Family Allowance amounts per child per calendar month (pcpcm) dependant on claimant's tax band. **Option 3 is recommended.**

Options	Tax band of claimant adult			Notes
	0% (0-£15k Personal Allowance)	21% (£15 – 27k)	26% (£27k+)	
1 – Status quo. Current rate; taxable	£68.00	£53.72	£50.32	
2- Current rate; non-taxable	£68.00	£68.00	£68.00	
3- Gross up;	£92.00	£72.68	£68.08	£68* (100/74) = £91.89;

taxable				rounded to £92
4 - Gross up; non-taxable	£92.00	£92.00	£92.00	Grossed up by 26% as above
5 - Budget set at £450,000; taxable	£75.00	£59.25	£55.50	FA per child based on child numbers of 500 (492 in 2017) = £75 pcpcm
6 – Budget set at £450,000; non-taxable	£75.00	£75.00	£75.00	

2.2 Matrix of costings of options (pre and post-tax)

Option	Pre Tax cost	Post tax cost	Amount returned to FIG Exchequer via income tax	Post tax variance compared to status quo
1 – status quo. £68pcm; taxable	£380,000	£340,000	£40,000	-
2- current rate; non-taxable	£380,000	£380,000	-	£40,000
3- gross up; taxable	£510,000	£454,000	£56,000	£114,000
4 - gross up; non-taxable	£510,000	£510,000	-	£170,000
5 - Budget set at £450,000; taxable	£450,000	£400,000	£50,000	£60,000
6 – Budget set at £450,000; non-taxable	£450,000	£450,000	-	£110,000

4. Executive Summary

- 4.1. Family Allowance is a form of income which is taxable to Income Tax at the 21% and 26% rates over and above an individual's Personal Allowance of £15,000 pa. This has been the case since 2011, prior to this the allowance was subject to a means test but was not taxable.
- 4.2. There is a policy decision to be made about whether Family Allowance ought to be taxed going forward, but issues of equity and proportionality need to be considered. The tax regime operates a quasi means test which results in recipients of Family Allowance receiving between £50 and £68 per child per calendar month ('pcpcm'), depending on the claimant's tax status. This progressivity would be lost if the allowance was to be made non-taxable.
- 4.3. If the policy decision is to make Family Allowance not taxable then a relatively minor change to the Taxes Ordinance can be included in the Finance Bill for 2018 which picks up some of the other Budget related changes.

- 4.4. In addition to the question of whether the allowance should be taxable or not, there is the related issue of the level of the allowance per month. Four of the potential options involve varying the amount of allowance available to target support to lower income households. This is in line with the new Islands Plan, and will support the ongoing wider review of Welfare, to be discussed in a separate ExCo paper later in 2018.
- 4.5. If the Assembly's main priority is to increase the financial support for lower income families with minor children, then options that keep the allowance taxable meet this objective without requiring a return to a complicated and administratively burdensome means test.

5. Background and Links to Islands Plan and Directorate Business Plan/s

- 5.1. Family Allowance is available to the parent or guardian of a child who is either below the age of 16 or still in full time secondary education as long as the claimant and the child holds FI Status.
- 5.2. Parents and guardians can plan between them which individual claims the allowance for each child, for example it being claimed by the parent with the lower individual income, regardless of which parent/guardian provides the majority of the childcare. If the allowance remains taxable we do not propose to restrict this flexibility. There are no restrictions on what the FA can be used to pay for and therefore little assurance can be sought that the allowance is actually spent on the child for whom the entitlement is based; rather, FA contributes to overall family income.
- 5.3. In the prior Exco paper on this subject (74/2010) Family Allowance was made a component of taxable income with effect from 2011 Tax Year.
- 5.4. At that time it was estimated that 15% of the Family Allowance would be returned to the Exchequer in tax receipts (£51,000 for 2011), based on the expectation that half of all families entitled to the allowance would be able to organise so that the lower earner would claim the allowance and therefore maximise their use of the Personal Allowance and lower tax rate band.
- 5.5. FIGTO can now estimate more accurately the amount of Family Allowance which is returned to the Exchequer through income tax and can confirm that a substantial proportion of families eligible to receive the allowance do appear to claim it through the lower income partner.
- 5.6. Of the total budget for Family Allowance in the 2016/17 financial year (£375,000), 11% was returned to the Exchequer through income tax (£41,000 for 2016 tax year)
- 5.7. **For half of all families eligible for the allowance (158 out of 313), the total income of one partner, including the FA, is still below the Personal Allowance, which in effect makes the FA tax free.** . The availability of a relatively generous Personal Allowance of £15,000 per individual per year helps to ensure that the system is progressive, leaving

lower income families with the whole allowance whereas higher income families lose a proportion of it, either 21% or 26% through the submission of their yearly tax return. This was one of the main reasons why the Assembly in 2010 moved away from a resource intensive means test.

- 5.8. One consequence of making the Family Allowance taxable is that a significant number of households now make payments through the year of Voluntary Tax to avoid having a large demand for the tax year after the event. This budgeting arrangement, which has always been available under the Taxes Ordinance does create some administrative burden on Treasury and FIGTO staff who need to correctly allocate the payments as they are made to ensure the taxpayer record is correct prior to issuing an assessment. FIGTO estimates that 50 individuals make monthly or quarterly voluntary tax payments solely to cover tax on family allowance, which have to be individually allocated to the individual's tax record by Treasury staff and checked against the tax return when received. Any option to remove the Allowance for tax will result in a small administrative saving for FIGTO and the Treasury.
- 5.9. The new Islands Plan 2018-2022 makes reference to supporting lower income households and a progressive approach to public spending. With so many of the claimants of FA not suffering any tax impact, by virtue of the Personal Allowance, the beneficial impact of a decision to make the Allowance not taxable will be felt exclusively by claimants already within the 21% or 26% bands. FIG doesn't recommend the reintroduction of an income means test given its administrative complexity.

6. Options and Reasons for Recommending Relevant Option

Option 1: Do nothing (Current rate; taxable)

- 6.1. Retain the current rate of Family Allowance at £68.00 per child with the relevant taxation rates of 0%/ 21%/ 26% depending on the claimant's level of taxable income.
- 6.2. No changes would be required to the Taxes Ordinance 1997 the Family Allowance Ordinance or the FIGTO template tax return.
- 6.3. The benefits of this option are that the means test through the tax system is maintained, and the regime remains unchanged for taxpayers. However, this option offers no financial improvement for families.
- 6.4. A proportion (11% in 2016) of the Family Allowance expenditure is returned to FIG through income tax, with higher amounts being paid by claimants who are in the 26% band, i.e. with taxable incomes of above £27,000 per annum.
- 6.5. There is no incremental financial impact of this change, with the cost of the measure estimated to be £380,000 pre-tax, and £340,000 post tax per annum. This is based on the 2017 demographic profile.

Option 2: Make the Family Allowance part of non-taxable income (Current rate; non-taxable)

- 6.6. Retain the current rate of Family Allowance at £68.00 per child, and make it non-taxable, so that the full amount of the allowance is available to all eligible families, regardless of their level of taxable income
- 6.7. A minor change will be required to s.8(1) of the Taxes Ordinance to remove Family Allowance from the list of income sources within the charge to income tax. A consequential (also minor) change will be required to the Tax Return template in the relevant year. A public information campaign would be required to inform claimants of the change.
- 6.8. The benefits of the measure will exclusively be felt by those claimants with taxable incomes above £15,000 per annum, and the beneficiaries receiving the greatest proportionate and absolute benefit of the measure will be those with taxable incomes over £27,000.
- 6.9. This option will 'cost' the FIG Exchequer approximately £41,000 of foregone tax receipts that are currently re-claimed through the tax regime. The post-tax cost of the option will be £380,000 per annum.

Option 3: 'Gross up' the rate of Family Allowance but keep it within taxable income

- 6.10. Increase the rate of Family Allowance to £92 per child with the relevant taxation rates of 0%/ 21%/ 26% depending on the claimant's level of taxable income.
- 6.11. This increase has been selected because it results in the post-tax value for the higher tax rate claimants is the same as Option 2 - £68 pccpm (grossing up the current level by 26%). The Allowance would remain taxable.
- 6.12. This option will increase the value of the allowance for all claimants, and reflect inflationary pressures on households across the Islands.
- 6.13. Whilst all claimants will benefit from the measure, more of the increase in the allowance rate will be retained by lower earning claimants, and the benefits of the increase will be more modest for higher earners.
- 6.14. Increasing the taxable Family Allowance in this way will result in those below the PA receiving the full allowance of £92, while those who pay tax at the 21% rate would receive approx. £72 and those in the 26% band would receive approx. £68, once income has been assessed.
- 6.15. Claimant parents and guardians with very low or zero other income sources subject to taxation 'use' more of the Personal Allowance under this option, meaning that the point at which they do pay tax on additional earnings will be sooner under this option

than any other alternative presented here. This could impact incentives to seek paid employment outside the home around their childcare and other commitments.

- 6.16. The only change required to action this option would be a change to guidance and forms related to family allowance and a Finance Bill amendment to the Family Allowance Ordinance.
- 6.17. This option is recommended as a way of helping lower income families with minor children, a group which arguably need more help than higher earning households. However the percentage increases in the Family Allowance are substantial for claimants within the Personal Allowance.
- 6.18. The estimated cost of the measure would be approx. £454,000 post-tax, and £510,000 on a pre-tax basis per annum. This is based on the 2017 demographic profile.
- 6.19. **This option is the recommended option as it delivers the greatest financial benefit to lower income claimants, continues to use the tax regime as a quasi means test in a way that claimants are used to, and makes best advantage of the very comprehensive tax return filing obligations of the Falkland Islands.**

Option 4: Increase the rate of Family Allowance and make it non-taxable

- 6.20. Increase the rate of Family Allowance to £92 per child and make it non-taxable, so that the full amount of the allowance is available to all eligible families, regardless of their level of taxable income.
- 6.21. This option will increase the value of the allowance for all claimants, and reflects inflationary pressures on households across the Islands.
- 6.22. The highest absolute and proportional beneficiaries of this option will be the claimants currently in the 26% tax band, who will receive over £41 per month per child more than the current regime, an 83% increase. This would be followed by those claimants currently in the 21% band who would be over £38 per month per child better off, a 53% increase.
- 6.23. The absolute and proportional benefits under this option are smallest for those claimants within the Personal Allowance who are £24 per month better off, a 35% increase.
- 6.24. To implement this option changes would be required to both the Family Allowance and Taxes Ordinances, plus changes in the guidance for both Family Allowance and Taxation. A public information campaign would also be required.
- 6.25. This option is not recommended, given the value for money and lack of targeting of the approach to families in need. Minor administrative savings would result from reducing the number of voluntary tax payments to be allocated by Treasury & FIGTO.

6.26. The estimated cost of the measure would be approx. £510,000 on a pre and post-tax basis.

Option 5: Increase the Family Allowance budget to £450,000³; equivalent to £75 per child per month and maintain its taxable status.

6.27. This option is a more modest percentage increase in the rate of Family Allowance based on an overall (pre-tax) Family Allowance budget of £450,000 per annum; an 18% increase compared to 2017 figures. The figure has been selected as it is the same as the post-tax cost of the Recommended Option #3.

6.28. A budget of £450,000 is equivalent to £75 per child per month based on the number of children eligible for the Allowance assumed to be nearly flat at 500 in future years (497 in 2017).

6.29. If the allowance remains taxable the greatest absolute beneficiaries will be those below the PA, who would receive an extra £7 per child per month; followed by those within the 21% band (£5.53); with claimants at the higher 26% rate being (only) £5.18 better off.

6.30. Using the assumed £75 per child per month and keeping the allowance taxable means that each claimant is proportionately better off by the same margin; 10% compared to their position before any changes.

6.31. Small legislative tweaks would be required to the Family Allowance Ordinance and associated guidance.

6.32. This option, or variants upon it, is recommended if the Assembly wants to set a budget ceiling on the amount of assistance available for families with children, and to focus any benefit increase on lower income families with minor children. However the percentage increases in the Family Allowance are still substantial and so careful consideration needs to be given to whether this increase is the top priority for the Assembly within the Budget 2018.

6.33. The estimated cost of the measure would be approx. £450,000 on a pre-tax basis, and £400,000 post tax.

Option 6: Increase the Family Allowance budget to £450,000⁴; equivalent to £75 per child per month and make it non-taxable.

³ This figure has been selected for illustrative purposes and could be varied depending on the spending priorities of the Assembly. If other figures are selected FIGTO can produce an updated costing for the subsequent ExCo or BSC meeting.

⁴ This figure has been selected for illustrative purposes and could be varied depending on the spending priorities of the Assembly. If other figures are selected FIGTO can produce an updated costing for the subsequent ExCo or BSC meeting.

- 6.34. This option is a more modest percentage increase in the rate of Family Allowance based on an overall (pre and post-tax) Family Allowance budget of £450,000 per annum; the same as the post-tax cost of the Recommended Option #3. However by making it non-taxable, there would be no revenues returned to the Exchequer through income tax.
- 6.35. An illustrative example of £75 per month per child has been used. This is based on the number of children eligible for the Allowance assumed to be nearly flat at 500 in future years (492 in 2017). If the allowance is made non-taxable all recipients receive £75 per child per month, the greatest absolute beneficiaries are in those in the 26% band (additional £25 pcpcm); followed by the 21% band payers (£21 extra pcpcm) and the smallest absolute beneficiaries are those currently within the Personal Allowance (£7 pcpcm).
- 6.36. Using the assumed £75 per child per month and making the allowance not taxable, the percentage benefits across the income spectrum are regressive – a 50% increase for higher rate taxpayers; a 40% increase for those within the lower rate band, and only a 10% increase for those covered by the Personal Allowance. For this reason, this option is not recommended as it would be inconsistent with the Assembly's stated objectives as set out in the Islands Plan.
- 6.37. Small legislative tweaks would be required to the Family Allowance and Taxes Ordinances and associated guidance; and a public information campaign would also be required.
- 6.38. The estimated cost of the measure would be approx. £450,000 both pre and post-tax.

7. Resource Implications

7.1. Financial Implications

- 6.1.1 As discussed above and summarised in Section 2.
- 6.1.2 The recommended option 3 will increase the cost of the Family Allowance, on a post tax basis, compared to the status quo, by £114,000 per annum. This could be effective from 1/7/2018 – the start of the 2018/19 FIG financial year.
- 6.1.3 If Honourable Members choose to make the Family Allowance non-taxable, the implementation date needs to be from the start of the Falkland Islands Tax Year, i.e. 01 January.
- 6.1.4 The changes could be brought in with effect from 1/1/2019, or alternatively with retrospective impact back to 1/1/2018 (via a 'top up' payment prior to the end of 2018).

- 6.1.5 If the rate of Family Allowance was to be amended but remain taxable, then this change could be effective from any date, including retroactively, with a top up payment granted within the year.

7.2. Human Resource Implications

- 6.2.1 No additional HR implications

7.3. Other Resource Implications

- 6.3.1 None

8. Legal Implications

- 8.1. Minor drafting amendments to Taxes Ordinance and/or Family Allowance Ordinance depending on option selected, as summarised in section 5.

9. Environmental & Sustainability Implications

- 8.1 None

10. Significant Risks

- 10.1. Presentational risks of favouring higher income claimants over lower income claimants if the allowance is made non-taxable, as this will result in higher percentage increases in support for 21% and 26% band taxpayers, rather than those with the lowest incomes. The new Islands Plan 2018-2022 lists as an objective to ensure the benefits arising from economic development are shared across the community.
- 10.2. Family Allowance not being available for non-FI Status Holders, particularly those with PRP, may raise concerns about discrimination and fairness.

11. Consultation

- 11.1. Some early consultation with the Portfolio Holder for Tax and Treasury has taken place in Mid-March.
- 11.2. The paper author has consulted colleagues administering Family Allowance (Treasury), the Financial Secretary and the Policy Unit.

12. Communication

- 12.1. Communication of the policy decision is intended to be via the Budget Highlights document and public information campaigns after the budget.

BUDGET SELECT COMMITTEE BACKGROUND REPORT –

Appendix 7.2

Title: Review of Family Allowance

Date: 19 April 2018

Responsible Director: Financial Secretary

Report Author: Head of Tax

Portfolio Holder: MLA Roger Spink

Previous papers: Review of Family Allowance 74/10

1. Recommendations

Honourable Members are recommended to:

- a) Consider the Exchequer impact of making Family Allowance not taxable with effect from 1 January 2019 (the 2019 Tax Year); 1 January 2018 (the 2018 Tax Year) or 1 July 2018 (the FIG Financial Year 2018/19).
- b) Consider making changes to the level of Family Allowance to provide more help to claimant families (Option 3 – Recommended (para 5.10-5.19)).
- c) Consider when any changes to Family Allowance will be effective from. The recommended option proposes changes take effect from 1 July 2018.

2. Additional Budgetary Implications

2.1. Matrix of options for Family Allowance amounts per child per calendar month (pcpcm) dependant on claimant's tax band. **Option 3 is recommended.**

Options	Tax band of claimant adult			Notes
	0% (0-£15k Personal Allowance)	21% (£15 – 27k)	26% (£27k+)	
1 – Status quo. Current rate; taxable	£68.00	£53.72	£50.32	
2- Current rate; non-taxable	£68.00	£68.00	£68.00	

3- Gross up; taxable	£92.00	£72.68	£68.08	£68* (100/74) = £91.89; rounded to £92
4 - Gross up; non-taxable	£92.00	£92.00	£92.00	Grossed up by 26% as above
5 - Budget set at £450,000; taxable	£75.00	£59.25	£55.50	FA per child based on child numbers of 500 (492 in 2017) = £75 pcpcm
6 – Budget set at £450,000; non-taxable	£75.00	£75.00	£75.00	

2.2 Matrix of costings of options (pre and post-tax)

Option	Pre Tax cost	Post tax cost	Amount returned to FIG Exchequer via income tax	Post tax variance compared to status quo
1 – status quo. £68pcm; taxable	£380,000	£340,000	£40,000	-
2- current rate; non-taxable	£380,000	£380,000	-	£40,000
3- gross up; taxable	£510,000	£454,000	£56,000	£114,000
4 - gross up; non- taxable	£510,000	£510,000	-	£170,000
5 - Budget set at £450,000; taxable	£450,000	£400,000	£50,000	£60,000
6 – Budget set at £450,000; non- taxable	£450,000	£450,000	-	£110,000

3. Executive Summary

- 3.1. Family Allowance is a form of income which is taxable to Income Tax at the 21% and 26% rates over and above an individual's Personal Allowance of £15,000 pa. This has been the case since 2011, prior to this the allowance was subject to a means test but was not taxable.
- 3.2. There is a policy decision to be made about whether Family Allowance ought to be taxed going forward, but issues of equity and proportionality need to be considered. The tax regime operates a quasi means test which results in recipients of Family Allowance receiving between £50 and £68 per child per calendar month ('pcpcm'), depending on the claimant's tax status. This progressivity would be lost if the allowance was to be made non-taxable.
- 3.3. If the policy decision is to make Family Allowance not taxable then a relatively minor change to the Taxes Ordinance can be included in the Finance Bill for 2018 which picks up some of the other Budget related changes.

- 3.4. In addition to the question of whether the allowance should be taxable or not, there is the related issue of the level of the allowance per month. Four of the potential options involve varying the amount of allowance available to target support to lower income households. This is in line with the new Islands Plan, and will support the ongoing wider review of Welfare, to be discussed in a separate ExCo paper later in 2018.
- 3.5. If the Assembly's main priority is to increase the financial support for lower income families with minor children, then options that keep the allowance taxable meet this objective without requiring a return to a complicated and administratively burdensome means test.

4. Background and Links to Islands Plan and Directorate Business Plan/s

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- 4.3. In the prior Exco paper on this subject (74/2010) Family Allowance was made a component of taxable income with effect from 2011 Tax Year.
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This was one of the main reasons why the Assembly in 2010 moved away from a resource intensive means test.

- 4.8. One consequence of making the Family Allowance taxable is that a significant number of households now make payments through the year of Voluntary Tax to avoid having a large demand for the tax year after the event. This budgeting arrangement, which has always been available under the Taxes Ordinance does create some administrative burden on Treasury and FIGTO staff who need to correctly allocate the payments as they are made to ensure the taxpayer record is correct prior to issuing an assessment. FIGTO estimates that 50 individuals make monthly or quarterly voluntary tax payments solely to cover tax on family allowance, which have to be individually allocated to the individual's tax record by Treasury staff and checked against the tax return when received. Any option to remove the Allowance for tax will result in a small administrative saving for FIGTO and the Treasury.
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5. Options and Reasons for Recommending Relevant Option

Option 1: Do nothing (Current rate; taxable)

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- 5.3. The benefits of this option are that the means test through the tax system is maintained, and the regime remains unchanged for taxpayers. However, this option offers no financial improvement for families.
- 5.4. A proportion (11% in 2016) of the Family Allowance expenditure is returned to FIG through income tax, with higher amounts being paid by claimants who are in the 26% band, i.e. with taxable incomes of above £27,000 per annum.
- 5.5. There is no incremental financial impact of this change, with the cost of the measure estimated to be £380,000 pre-tax, and £340,000 post tax per annum. This is based on the 2017 demographic profile.

Option 2: Make the Family Allowance part of non-taxable income (Current rate; non-taxable)

- 5.6. Retain the current rate of Family Allowance at £68.00 per child, and make it non-taxable, so that the full amount of the allowance is available to all eligible families, regardless of their level of taxable income

- 5.7. A minor change will be required to s.8(1) of the Taxes Ordinance to remove Family Allowance from the list of income sources within the charge to income tax. A consequential (also minor) change will be required to the Tax Return template in the relevant year. A public information campaign would be required to inform claimants of the change.
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- 5.16. The only change required to action this option would be a change to guidance and forms related to family allowance and a Finance Bill amendment to the Family Allowance Ordinance.
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However the percentage increases in the Family Allowance are substantial for claimants within the Personal Allowance.

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5.19. **This option is the recommended option as it delivers the greatest financial benefit to lower income claimants, continues to use the tax regime as a quasi means test in a way that claimants are used to, and makes best advantage of the very comprehensive tax return filing obligations of the Falkland Islands.**

Option 4: Increase the rate of Family Allowance and make it non-taxable

5.20. Increase the rate of Family Allowance to £92 per child and make it non-taxable, so that the full amount of the allowance is available to all eligible families, regardless of their level of taxable income.

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5.22. The highest absolute and proportional beneficiaries of this option will be the claimants currently in the 26% tax band, who will receive over £41 per month per child more than the current regime, an 83% increase. This would be followed by those claimants currently in the 21% band who would be over £38 per month per child better off, a 53% increase.

5.23. The absolute and proportional benefits under this option are smallest for those claimants within the Personal Allowance who are £24 per month better off, a 35% increase.

5.24. To implement this option changes would be required to both the Family Allowance and Taxes Ordinances, plus changes in the guidance for both Family Allowance and Taxation. A public information campaign would also be required.

5.25. This option is not recommended, given the value for money and lack of targeting of the approach to families in need. Minor administrative savings would result from reducing the number of voluntary tax payments to be allocated by Treasury & FIGTO.

5.26. The estimated cost of the measure would be approx. £510,000 on a pre and post-tax basis.

Option 5: Increase the Family Allowance budget to £450,000¹; equivalent to £75 per child per month and maintain its taxable status.

¹ This figure has been selected for illustrative purposes and could be varied depending on the spending priorities of the Assembly. If other figures are selected FIGTO can produce an updated costing for the subsequent ExCo or BSC meeting.

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Option 6: Increase the Family Allowance budget to £450,000²; equivalent to £75 per child per month and make it non-taxable.

- 5.34. This option is a more modest percentage increase in the rate of Family Allowance based on an overall (pre and post-tax) Family Allowance budget of £450,000 per annum; the same as the post-tax cost of the Recommended Option #3. However by making it non-taxable, there would be no revenues returned to the Exchequer through income tax.
- 5.35. An illustrative example of £75 per month per child has been used. This is based on the number of children eligible for the Allowance assumed to be nearly flat at 500 in future years (492 in 2017). If the allowance is made non-taxable all recipients receive £75 per child per month, the greatest absolute beneficiaries are in those in the 26% band (additional £25 ppcm); followed by the 21% band payers (£21 extra ppcm) and the

^{2 2} This figure has been selected for illustrative purposes and could be varied depending on the spending priorities of the Assembly. If other figures are selected FIGTO can produce an updated costing for the subsequent ExCo or BSC meeting.

smallest absolute beneficiaries are those currently within the Personal Allowance (£7 ppcm).

5.36. Using the assumed £75 per child per month and making the allowance not taxable, the percentage benefits across the income spectrum are regressive – a 50% increase for higher rate taxpayers; a 40% increase for those within the lower rate band, and only a 10% increase for those covered by the Personal Allowance. For this reason, this option is not recommended as it would be inconsistent with the Assembly’s stated objectives as set out in the Islands Plan.

5.37. Small legislative tweaks would be required to the Family Allowance and Taxes Ordinances and associated guidance; and a public information campaign would also be required.

5.38. The estimated cost of the measure would be approx. £450,000 both pre and post-tax.

6. Resource Implications

6.1. Financial Implications

6.1.1 As discussed above and summarised in Section 2.

6.1.2 The recommended option 3 will increase the cost of the Family Allowance, on a post tax basis, compared to the status quo, by £114,000 per annum. This could be effective from 1/7/2018 – the start of the 2018/19 FIG financial year.

6.1.3 If Honourable Members choose to make the Family Allowance non-taxable, the implementation date needs to be from the start of the Falkland Islands Tax Year, i.e. 01 January.

6.1.4 The changes could be brought in with effect from 1/1/2019, or alternatively with retrospective impact back to 1/1/2018 (via a ‘top up’ payment prior to the end of 2018).

6.1.5 If the rate of Family Allowance was to be amended but remain taxable, then this change could be effective from any date, including retroactively, with a top up payment granted within the year.

6.2. Human Resource Implications

6.2.1 No additional HR implications

6.3. Other Resource Implications

6.3.1 None

7. Legal Implications

- 7.1. Minor drafting amendments to Taxes Ordinance and/or Family Allowance Ordinance depending on option selected, as summarised in section 5.

8. Environmental & Sustainability Implications

- 8.1 None

9. Significant Risks

- 9.1. Presentational risks of favouring higher income claimants over lower income claimants if the allowance is made non-taxable, as this will result in higher percentage increases in support for 21% and 26% band taxpayers, rather than those with the lowest incomes. The new Islands Plan 2018-2022 lists as an objective to ensure the benefits arising from economic development are shared across the community.
- 9.2. Family Allowance not being available for non-FI Status Holders, particularly those with PRP, may raise concerns about discrimination and fairness.

10. Consultation

- 10.1. Some early consultation with the Portfolio Holder for Tax and Treasury has taken place in Mid-March.
- 10.2. The paper author has consulted colleagues administering Family Allowance (Treasury), the Financial Secretary and the Policy Unit.

11. Communication

- 11.1. Communication of the policy decision is intended to be via the Budget Highlights document and public information campaigns after the budget.

Appendix 8

Summary of Welfare Allowances and Social Payments

Allowance	Current Rates	Change made	18/19 Budget	Change (£)	Date (1.7.18 unless otherwise stated)
Winter Fuel Allowance	Variable – means tested (maximum £460 pa)	10% increase to £465 pa maximum (from £460 pa)	50,600	4,600	
OAP Christmas Bonus	Variable based on pension level (maximum £147 pa)	2% increase to £149 per annum (from £147 pa)	56,100	1,100	
Family Allowance	£68 per child per month	Increase to £75 per child per month and now treated as non - taxable	450,000	66,000	1.1.18 *
Employment Programme	Base rate £123 per week	2% increase to £125 per week (from £123 pw)	153,510	3,070	
Minimum Wage	Increase from £6.58 / hr	1.3% increase in line with RPI to £6.67 / hr (from	-	-	1.1.19 *
RPC assistance	Maximum £31.50 pw (Weekly Earnings Limit increase to £263.20 due to min wage)	Maximum amount increased to £33.50 per week from £31.50 per week (Weekly Earnings Limit increase to £266.80 / wk from £263.20 per week)	94,417	5,637	
Ex-Gratia Pensions		2% increase in line with pension payment increase	12,496	746	
Welfare Assistance	Variable, means tested (£152 / wk non working person 1 child)	1.3% increase in line with RPI to £154 / week for non working person plus 1 child (from £152 / week)	40,561	527	
Attendance Allowance	Level 1 - £34.60 per week Level 2 - £66.20 per week Level 3 - £99.90 per week	1.3% increase in line with RPI in allowances for different levels as follows: Level 1 - £35.00 per week (from £34.60 pw) Level 2 - £67.10 per week (from £66.20 pw) Level 3 - £101.20 per week (from £99.90 pw)	224,511	2,919	
Fostering Grant	All foster parents get £1,000 a year for being on the list. Per child < 4 years - £140 pw, 5-10 £172 pw, 11-15 £178 pw, 16-18 £231 pw Additional allowances eg. Christmas; Level 1 £108, Level 2 £137	1.3% increases in allowances in line with RPI as follows per week Per child child < 4 years - £142, 5-10 £174, 11-15 £180, 16-18 £234 Additional allowances eg. Christmas; Level 1 £109, Level 2 £139	89,954	1,169	
Student Grants (increase in line with UK inflation)	Higher Education: £7,212 Outside of London allowance £8,467 Inside London allowance	Increase to following amounts (in line with UK RPI): £7,392 Outside of London allowance £8,679 Inside London allowance	1,074,057	26,851	

* Requires Legislation

	Donations/Subventions	18/19 Budget (£)
1	Christ Church Cathedral	25,000
2	Tabernacle	5,000
3	FI Association	25,000
4	FI Guide Association	1,000
5	FI Scouts	2,000
6	The Shack	1,000
7	FI Overseas Games Association	25,000
8	SAMA (82)	15,000
9	FI Motorcycle Association	1,500
10	Jelly Tots	780
11	Seaman's Mission	18,000
12	Falkland Islands Football Club	5,000
13	Citizens Advice Bureau	250
14	Stanley Golf Club	20,000
15	Team Tranquil	25,000
	TOTAL	169,530

Appendix 10 – Details of Fees and Charges amendments

Fee or Charge	Department	Change proposed	Additional revenue (est) £
Freight charges	DCS	For Consolidated Cargo, an inflation (1.3%) based increase based on request from WB Services (affects them only)	NIL
Medical and Dental Charges	Health and Social Services	Proposals for fee increases have generally been made on the basis of cost recovery for non-entitled patients	152,100
Electricity prices	PWD	2p / unit rise (now 21p / unit) already effected 1.4.18	263,175
Customs Duty Increases	Emergency Services	In line with previous year's practice, a 3% alcohol duty increase and 5% tobacco product increase is proposed.	46,216*
Customs Services and Harbour Dues	Emergency Services	An Inflation based increase of 1.3% is proposed	21,342*
Visas/Permits/Passports	Emergency Services	Minor adjustments to fees have been requested, including: - All initial (first time) TWPs at £23.00 regardless of duration (up to 4 years) - TWP renewals – £0 - fee to be waived on a trial basis - PRP and FI Status applications – fee to be dropped to £100	(19,000)*
Banking Licence Fee	Treasury	Increase annual amount from £9,000 to £10,000	1,000*

* Requires Legislation

Workboat Services – Consolidated Cargo charges

Item	Unit price (current) £	Unit price (proposed) £
<u>Consolidated cargo</u>		
General Cargo per m ³ /tonne	£39.00	£40.00
Chilled Cargo per m ³ /tonne	£70.00	£71.00
Frozen Cargo per m ³ /tonne	£85.00	£86.00

Medical and Dental charges

Item	Unit price (current) £	Unit price £ (proposed)
Customs service charge	78.60	£78.60
Invoicing and payment processing	24.75	£40.56
Inpatient services		
Routine (per 24 hours or part of)	1,033.50	£1,085.18
Intensive Care (per 24 hours or part of)		£2,227.75
Isolation Nursing (per 24 hours or part of)		£2,227.75
Surgical services		
Time in Theatre:		
group 1 - < 30 minutes		£1,865.68
group 2 - 30 mins - < 1 hour		£3,731.35
group 3 - 1 hour - < 2 hours		£5,597.03
group 4 - 2 hours - < 4 hours		£7,462.71
group 5 - > 4 hours		£9,328.38
Outpatient Services		
Outpatient appointment < 15 mins	147.00	£176.68
outpatient appointment > 15 mins	192.00	£353.37
ECG	90.00	£141.75
X-rays	147.00	£222.94
Copy of X-rays (per copy)	13.00	£25.00
Ultrasound Scans	85.00	£222.94
Specialist X-rays and Scans in Theatre		£222.94
Physiotherapy (per 10 minute session)	76.50	£124.96
House Visit surcharge	33.00	£89.70
Drugs	Cost price + 37.5%	Cost price + 37.5%
	Minimum £37.50	Minimum £39.50
	Unit price (current) £	Unit price £ (proposed)
Emergency services		
A&E attendance	306.00	£431.79
Ambulance in the vicinity of Stanley (incl Driver and Nurse)	213.00	£234.83
Ambulance Stanley Airport to KEMH	315.00	£347.29
Ambulance KEMH to MPA	421.50	£464.70
(cost includes Driver and Nurse. Additional charge of £94.50 per hour for accompanying Doctor)		
Emergency Evacuation administration		£608.48
Emergency Evacuation international phone calls (actual cost)		various

Laboratory Charges		
Food, Water and Environmental	50.00	£310.00
Medical Laboratory Tests	43.50	£50.00
Public Health Inspection (Insurance Claim)	64.00	£100.00
Travel Vaccines		
Charge made up of two elements - (1) cost of vaccines and (2) Out Patient appointment		
(1) cost of vaccines		Cost price + 37.5%
		Minimum £39.50
(2) cost of Out Patient appointment		
Outpatient appointment < 15 mins	147.00	£176.68
Outpatient appointment > 15 mins	192.00	£353.37
Outpatient appointment FIG entitled person		£50.00
	Unit price (current) £	Unit price (proposed) £
Medicals		
Please note - An additional 25% of the fee below will be charged for any medical undertaken outside of normal working hours.		
ML5 examination	57.00	£80.00
ENG1 - pre set charge from UK	80.00	£80.00
CAA as per CAA Guidelines	varies	varies
Medical (excludes report)	69.00	£135.00
Medical Report	106.50	£67.50
Fitness to drive	94.00	£67.50
Food Handling	24.00	£33.75
Immigration	120.00	£224.00 plus the actual cost of scans required
Scan	99.00	£222.94
Veterinary Animal request	23.00	£33.75
FIG Occ Health ECG	23.00	£46.00
Miscellaneous services		
Mortuary charge	£630.00 + £43.50 per day	£725 +£50 per day
Certificate of Death	177.00	£203.55
Certificate of Repatriation of Remains	188.00	£216.20
Visits to Ships:		
- FIPASS	254.00	£306.71
- Port William/Stanley Harbour	351.00	£423.83
- Elsewhere in the territory	£158.00 per hour	£190.79
Walking Stick	25.00	£40.00
Crutches	26.00	£40.00
	Unit price (current) £	Unit price £

	£	(proposed)
Copy of medical records		
Photocopy of Medical Records, less than 50 pages	£0.23 per sheet + 10%	£32.50
Photocopy of Medical Records, additional pages over 50		30 p per page plus additional £20 admin
Copy of Electronic Medical Records onto memory stick	£0.16 per page + 10%	£30.00
Additional documents scanned, price each		£1.00
Copy of X-Ray		£5.00
Dental Charges		
Emergency appointment	112.30	130.89
Crowns	191.60	223.31
Bridges	331.80	386.71
Inlays - per tooth	191.60	223.31
Partial denture - each	191.60	223.31
Full denture	318.40	650.00
Repairs	14.20	16.55
Dental Fitness treatment	£112.30 + treatment at cost	130.89
Dental Fitness letter	112.30	130.89

Customs and Immigration charges

Item	Unit price (current) £	Unit price increases (proposed)
Cost per Passenger - Stanley	25	25.0
Cost per Passenger - Camp	7.5	7.5
Beer, per litre	0.35	0.36
Cider, Perry etc, per litre	0.35	0.36
Still & Sparkling Wines, per litre	0.85	0.88
Fortified Wines, per litre	1.03	1.06
Spiritous Beverages, per litre	6.99	7.2
Spirits, per litre	12.79	13.43
Tobacco, per kilogram	238.59	250.52
Cigarettes, per kilogram	390.85	410.39
Cigars, per kilogram	362.99	381.14
<u>Harbour Dues</u>		
Private Pleasure Yachts (under 50 tons)	68	69
Vessels:		
Under 15 tons	68	69
15 tons or more but under 30 tons	124	126
30 tons or more but under 50 tons	224	227
50 tons or more but under 800 tons	338	343
800 tons or more but under 1,000 tons	440	447
1,000 tons or more but under 1,500 tons	506	514
Item	Unit price (current) £	Unit price increases (proposed)
1,500 tons or more but under 2,000 tons	608	617
2,000 tons or more but under 5,000 tons	743	754
5,000 tons or more but under 7,000 tons	901	915
7,000 tons or more but under 10,000 tons	1,351	1,371
10,000 tons or more but under 15,000 tons	1,689	1,714
15,000 tons or more but under 20,000 tons	1,971	2,001
20,000 tons or more but under 25,000 tons	2,252	2,286
25,000 tons or more but under 30,000 tons	2,589	2,628
30,000 tons or more but under 35,000 tons	2,927	2,971
35,000 tons or more but under 40,000 tons	3,265	3,314
40,000 tons or more but under 45,000 tons	3,828	3,885
50,000 tons or more but under 60,000 tons	4,503	4,571
60,000 tons or more but under 70,000 tons	4,953	5,027
70,000 tons or more but under 80,000 tons	5,515	5,598
80,000 tons or more	6,080	6,171

<u>Customs Fees</u>		
Minimum fee during normal working hours	80.20	82.60
Hourly fee during normal working hours	40.10	41.30
Minimum fee outside normal working hours	120.30	123.90
Hourly fee outside normal working hours	60.15	61.95
<u>Customs Clearance Fees</u>		
<i>Declared Ports</i>		
Vessels not exceeding 50 tons	26.80	27.20
Vessels exceeding 50 tons	53.60	54.40
Item	Unit price (current) £	Unit price increases (proposed)
Undeclared Ports		
Vessels not exceeding 50 tons	132.90	134.90
Vessels exceeding 50 tons	265.80	269.80
Embarkation Tax - Cost per Passenger	25	25
A work permit	23	23
Renewal or extension of a work permit	23	Gratis
A residence permit / renewal or extension of a residence permit	23	Gratis
A Permanent Residence Permit	218	100
A visa for the Falkland Islands	23	23
A visa, for each child included on the application of an adult	1	1
Falkland Islands Status Application fee	218	100
Administering an application for a 34 page passport, including an application for replacing an expired passport, replacing a passport of restricted validity with a new passport of full validity, issuing a new passport with amended personal details or replacing a lost or stolen passport -	98	110.50
(i) where the applicant is 16 years of age or older but was born after 02 September 1929:	68	80.50
(ii) where the applicant is under 16 years of age:		

Item	Unit price (current) £	Unit price increases (proposed)
Administering an application for a 50 page passport, including an application for replacing an expired passport, replacing a passport of restricted validity with a new passport of full validity, issuing a new passport with amended personal details or replacing a lost or stolen passport - (i) where the applicant is 16 years of age or older but was born after 02 September 1929: (ii) where the applicant is under 16 years of age:	106 Not applicable	120.50 90.50
Issuing and where required, preparing an emergency passport or other document not otherwise provided for in lieu of a passport, or accepting a declaration of identity on which a visa is to be granted and issuing a certificate on such declaration describing the applicant:	75	75
Administering an application for a 34 page passport, including an application for replacing an expired passport, replacing a passport of restricted validity with a new passport of full validity, issuing a new passport with amended personal details or replacing a lost or stolen passport where the applicant was born on or before 02 September 1929 -	Gratis	Gratis

Item	Unit price (current) £	Unit price increases (proposed)
Fast Track Service by DHL both ways, per application*:	This is no longer of relevance – scrub it out altogether	This is no longer of relevance – scrub it out altogether
* Family multiple applications at same time pay one fee	ditto	ditto
1. Application for registration as a British Overseas Territories citizen		
(a) Application relating to one adult	866	910
(b) Application relating to one child	779	810

2. Application for naturalisation as a British Overseas Territories citizen under section 18 (1) or 18(2) of the Act		
the following extra-statutory 'user pays'/cost recovery charges are also applied:	962	1000
(a) Issue of Seaman's Record Book and Certificates of Discharge:	20	20
(b) Issue of Seaman's Certificate of Nationality and Identity, validity five years:	20	20
(c) Five year extension of Seamen's Certificate of Nationality and Identity:	10	10
(d) Photograph service, set of four photographs:	7.5	7.5
(e) Forwarding fee in respect of applications for United Kingdom visas or nationality:	70	70

Item	Unit price (current) £	Unit price increases (proposed)
3. Registration of a declaration of renunciation of British Overseas Territories citizenship under section 24 of the Act,		372
4. Supply a certified copy of a notice, certificate, order, declaration or entry given, granted or made under the Act or any of the former nationality Acts,		20
5. Administering the allegiance for the purpose of this act		5