



# BILLET D'ÉTAT

WEDNESDAY, 26th JANUARY 2011

I  
2011

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# ***B I L L E T D ' É T A T***

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## **TO THE MEMBERS OF THE STATES OF THE ISLAND OF GUERNSEY**

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I have the honour to inform you that a Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE**, on **WEDNESDAY**, the **26<sup>th</sup> JANUARY 2011** at 9.30am, to consider the items contained in this Billet d'État which have been submitted for debate.

G. R. ROWLAND  
Bailiff and Presiding Officer

The Royal Court House  
Guernsey  
17 December 2010

**PROJET DE LOI**

entitled

**THE SEXUAL OFFENCES (BAILIWICK OF GUERNSEY)  
(AMENDMENT) LAW, 2011**

The States are asked to decide:-

I.- Whether they are of the opinion to approve the Projet de Loi entitled “The Sexual Offences (Bailiwick of Guernsey) (Amendment) Law, 2011” and to authorise the Bailiff to present a most humble petition to Her Majesty in Council praying for Her Royal Sanction thereto.

**THE INCOME TAX (GUERNSEY) (APPROVAL OF AGREEMENTS WITH  
SAN MARINO, GREECE AND CHINA) ORDINANCE, 2011**

The States are asked to decide:-

II.- Whether they are of the opinion to approve the draft Ordinance entitled “The Income Tax (Guernsey) (Approval of Agreements with San Marino, Greece and China) Ordinance, 2011” and to direct that the same shall have effect as an Ordinance of the States.

## **POLICY COUNCIL**

### **APPOINTMENT OF CHAIRMAN AND ORDINARY MEMBER OF THE GUERNSEY FINANCIAL SERVICES COMMISSION**

#### **Executive Summary**

This report proposes the re-election of Advocate Peter Andrew Harwood as Chairman of the Guernsey Financial Services Commission for one year and the re-election of Mr Alexander Ferguson (known as Alex) Rogers as an ordinary member of the Commission for three years.

#### **Report**

1. In accordance with the provisions of sub-paragraph 3(1) of Schedule 1 of the Financial Services Commission (Bailiwick of Guernsey) Law 1987, as amended, Mr Alex Rogers retires as an ordinary member of the Commission on 1<sup>st</sup> February 2011. The Policy Council is pleased to re-nominate Mr Alex Rogers as an ordinary member of the Commission for a three year period to run from 2<sup>nd</sup> February 2010 until 1<sup>st</sup> February 2013.
2. The Chairman of the Commission must be elected annually by the States, from amongst the ordinary members having been nominated by the Policy Council. The Council is pleased to re-nominate Advocate Peter Harwood as Chairman of the Commission for a further year from 2<sup>nd</sup> February 2011 until 1<sup>st</sup> February 2012. Advocate Harwood has been an ordinary member of the Commission since 2004 and Chairman since February 2006.

#### **Recommendation**

The Policy Council recommends the States to:

- (a) re-elect Mr Alex Rogers as an ordinary member of the Guernsey Financial Services Commission for three years with effect from 2<sup>nd</sup> February, 2011.
- (b) re-elect Advocate Peter Harwood as Chairman of the Guernsey Financial Services Commission for one year with effect from 2<sup>nd</sup> February, 2011.

L S Trott  
Chief Minister

22<sup>nd</sup> November 2010

The States are asked to decide:-

III.- Whether, after consideration of the Report dated 22<sup>nd</sup> November, 2010, of the Policy Council, they are of the opinion:-

1. To re-elect Mr Alex Rogers as an ordinary member of the Guernsey Financial Services Commission for three years with effect from 2<sup>nd</sup> February, 2011.
2. To re-elect Advocate Peter Andrew Harwood as Chairman of the Guernsey Financial Services Commission for one year with effect from 2<sup>nd</sup> February, 2011.

## HOME DEPARTMENT

### THE FORFEITURE OF MONEY ETC IN CIVIL PROCEEDINGS (BAILIWICK OF GUERNSEY) LAW 2007 - PROPOSALS FOR AMENDMENT RELATING TO DESIGNATION AND OTHER PROVISIONS

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port

28<sup>th</sup> September 2010

Dear Sir

#### 1. Executive Summary

This Report sets out proposals to amend the Forfeiture of Money, etc. in Civil Proceedings (Bailiwick of Guernsey) Law 2007 ('FOM') in order to ensure that the legal powers available through it can be used more effectively and efficiently in providing assistance to other jurisdictions who share our common aim of depriving those who profit from crime of the opportunity to enjoy the fruits of those crimes.

The FOM law came into force on 24<sup>th</sup> September 2008 and provides a framework for the civil forfeiture of cash and money which is the proceeds of crime ("unlawful conduct"), or is intended for use in unlawful conduct.

#### 2. Proposals from Her Majesty's Procureur

Her Majesty's Procureur has written to the Department in the following terms:

##### ***"Designation under section 53***

*Section 53(1) of FOM, provides that 'The Home Department may by regulations made after consultation with the Policy and Finance Committee of the States of Alderney and the General Purposes and Advisory Committee of the Chief Pleas of Sark designate any country for the purposes of this Law if it appears to the Home Department to have legislation or law in force corresponding to the provisions of Part III of this Law relating to the forfeiture in civil proceedings of monies which are the proceeds of unlawful conduct or intended for use in unlawful conduct' (emphasis added).*

*Designation confers under the Law the power to make certain applications on behalf of the designated country. For example, under section 49(1) the Royal*

*Court shall, on the application of Her Majesty's Procureur, register an overseas forfeiture order. Section 49(2) provides that 'An overseas forfeiture order is an order of a court exercising civil jurisdiction in a country designated under section 53 for the forfeiture of monies found by that court to be the proceeds of unlawful conduct or intended for use in unlawful conduct, being an order corresponding to an order of the Royal Court for the forfeiture of monies made under Part III of this Law'. Once it is registered the overseas forfeiture order becomes enforceable just as if it were a domestic forfeiture order.*

*Investigatory powers under Part IV of the Law may also be exercised on behalf of a designated country which is undertaking a civil forfeiture investigation, and freezing orders may be obtained pending the outcome of a designated country's own civil forfeiture proceedings.*

### ***'Correspondence'***

*Section 53 provides a test for suitability for designation by requiring that it must appear to the Home Department that a country has law in force which corresponds to the provisions of FOM.*

*The term "corresponding" is not defined in FOM, and so the approach that has been adopted is that a corresponding regime is one that reflects the essential characteristics of Part III of FOM. In order to satisfy the Home Department that a country's civil forfeiture regime corresponds with FOM, an analysis of the foreign regime must be performed and a comparative exercise undertaken. Civil asset recovery of the proceeds of crime is a relatively new and still evolving concept in most countries. Each jurisdiction that has adopted some form of civil asset recovery has done so in whichever way accords most appropriately with its own legal system. As such, although the fundamental aim is common to all - the reduction of crime by way of non-conviction based recovery of the proceeds of crime - no two jurisdictions have identical civil asset recovery regimes.*

*To date, only the UK and the USA have been designated under FOM. The practical application of the designation process has proved to be more complicated and time consuming than had, or could have, been anticipated. The complexity of the process is largely governed by the complexity of the legislative regime in the jurisdiction to be designated. The USA for example, has a highly complex scheme which involves a number of co-existent regimes which are not codified into any single piece of legislation.*

*Whilst there is no concern in relation to those jurisdictions which have already been designated, there has been a growing recognition that the concept of 'correspondence' could give rise to additional and more involved legal issues in relation to designation in future. A party who has been subject to an overseas forfeiture order and who faces the prospect of money held in Guernsey bank accounts being subject to forfeiture if that order were to be registered in the Bailiwick would have strong motivation for challenging the designation of the*

country making the original order. In the circumstances the view has been taken that the designation mechanism ought to be amended to bring greater clarity and simplicity to the process thereby reducing the resource issues involved in determining correspondence and also reducing the risk of incidental and avoidable satellite litigation.

### **Proposals for Amendment**

#### **1. Free Designation**

It is proposed that the requirement for ‘correspondence’ in designation of a country under section 53 be removed. Any country might therefore be designated if it has in place legislation in force relating to non-conviction based forfeiture of the proceeds of unlawful conduct. This would remove the opportunity for challenge on the basis of non-correspondence.

#### **2. Removal of correspondence from other parts of the Law**

In place of a ‘correspondence’ requirement, I recommend that it should be specified that the provisions of the Law apply to ‘proceedings under legislation in force relating to the forfeiture of cash or other property by a court in non-conviction based proceedings in a country designated under section 53’. This phrasing has been carefully constructed to act as a filter mechanism. It prevents the use of FOM powers in criminal confiscation cases and cases of administrative forfeiture, as these are not appropriately dealt with under the provisions of FOM.

#### **3. Definition of ‘Money’**

As a matter of drafting practicality, the definition of ‘money’ at section 12 should be removed in order to clarify that we are able to make an application for forfeiture under the Law against money which has not first been frozen under section 10 or detained under section 7. This is necessary because there may be cases where it is preferable not to seek a freezing order before proceeding- (for example, such as where the money is already protected from dissipation by some other method.). The meaning of ‘money’ would remain clear from the context in the legislation.

#### **4. Civil Proceedings**

Whilst it has always been understood that FOM proceedings are civil in nature, for the avoidance of doubt this should be made explicit within the Law in order to negate any possibility of challenge once the provisions of the new civil evidence law come into force.

#### **5. Other minor changes**

The proposals set out above will entail a small number of minor consequential drafting modifications to FOM (for example, a change to the meaning of the



*expression "cash" so that it is no longer restricted to cash found within the Bailiwick).*"

### **3. Resources**

It is not envisaged that there will be any cost or further resource implication if these proposals are granted. On the contrary, if approved they will greatly reduce the amount of time, work and therefore cost, which is currently necessary in designating each jurisdiction.

### **4. Consultation**

The States of Alderney and Chief Pleas of Sark are content with the amendments to legislation proposed in this Report.

The Law Officers support the legislative amendments proposed in this States Report.

### **5. Recommendation**

The Department recommends the States to direct the Law Officers to prepare the necessary legislation as outlined above.

Yours faithfully

G H Mahy  
Minister

**(NB The Policy Council has no comment on the proposal.)**

**(NB The Treasury and Resources Department has no comment on the proposal.)**

The States are asked to decide:-

IV.- Whether, after consideration of the Report dated 28<sup>th</sup> September, 2010, of the Home Department, they are of the opinion:-

To direct the preparation of legislation as set out in Her Majesty's Procureur's letter quoted in section 2 of that Report

## **HOME DEPARTMENT**

### **GUERNSEY PRISON – PROVISION OF A LEARNING AND SKILLS FACILITY**

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port

8<sup>th</sup> November 2010

Dear Sir

#### **1. Executive Summary**

The purpose of this report is to seek approval for the Home Department to use routine capital funds to provide a Learning and Skills Facility at the Guernsey Prison. The Home Department has set aside funds within its capital allocation for this project.

This project falls outside the Capital Prioritisation process as it is a minor project utilising the Department's existing capital allocation. However, under the States Financial Procedures, as the total cost of the works are over £250,000, it is necessary for the matter to be referred to the States of Guernsey for approval.

The major part of the works has already been out to tender but the exact sum required will not be known until all tender processes are complete. In order to avoid delay in the commencement of the project the Home Department is requesting States approval in principle for the works, with the Treasury and Resources Department being given delegated authority to approve the necessary capital vote and acceptance of tenders.

The Department proposes that a single storey pre-fabricated building be erected at the site in order to improve the delivery of education and training at the Guernsey Prison. It has been a recurring theme in a number of independent reports that the Prison should extend its current educational provision in order to assist the rehabilitation of offenders.

#### **2. Background**

In November 2007, the Probation Service and Prison Service, with the support of the Home Department, embarked upon a joint review of the process of managing offenders both in custody and in the community. An Offender Management Strategy was developed which sets out a model of good multi-agency practice for managing offenders both in the community and in custody. It develops the concept of 'end to end' offender

management<sup>1</sup> and establishes a set of fundamental principles for effective practice in this area.

This Strategy identified the need to provide learning and skills programmes to help offenders to enter employment, training, or education to facilitate legitimate earning capacity and self-support in order to reduce re-offending.

The notion that an offender should leave prison in a better state than he or she entered it is enshrined in the Guernsey Prison Service Statement of Purpose: *‘Our duty is to look after them with humanity and to help them lead law-abiding and useful lives in custody and after release’*. The main objectives are to:-

- Protect the public by holding those committed by the courts in a safe, decent, and healthy environment, and to
- Reduce crime by providing constructive regimes which address offending behaviour, improve educational and work skills and promote law-abiding behaviour in custody and after release.

The facilities to offer the necessary skills courses are required in order for the Prison to achieve these objectives. The Department believes that without the new learning and skills facility specifically designed to provide space for vocational work experience and educational classes the Prison will not be fulfilling its mandate.

### 3. Reports

Guernsey Prison is subject to independent review by Her Majesty’s Chief Inspector of Prisons (HMCIP). In 2005 the HMCIP inspection explained that *“The range of work and accredited vocational training opportunities should be increased to provide more meaningful and better quality work opportunities in the Prison and links with external agencies developed to improve employment after release”*.

The report also stated that *‘There was insufficient work to meet the needs of the population and unequal access for women, Rule 34<sup>2</sup> prisoners, young adults and remanded prisoners. There was no training attached to work and no accreditation to national standards or qualification.’*

The Department is confident that with more space to accommodate vocational work experience and educational classes the establishment will be able to target specific recommendations with regards to prison work and education, segregation of prisoners and improved employment after release.

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<sup>1</sup> ‘end to end’ offender management is the process of managing offenders once a sentence has been decided upon by the courts. The aim of offender management is to provide a consistent approach to help reduce re-offending – whether the offender is being managed in the community or in prison

<sup>2</sup> Prisoners held under Rule 34 are removed from association with other prisoners either in order that the Prison remains in good order or in the prisoners own interests. Prison Administration (Guernsey) Ordinance, 1998

In 2009 the Home Department engaged an experienced UK Prison Service Governor to undertake a comprehensive review of Guernsey Prison. Amongst the final recommendations, the Review identified the need for a purpose-built learning and skills facility which would enable offenders to learn new vocational skills, gain valuable work experience and accreditation. Along with the 2005 Report the 2009 Review found that:

- too many prisoners were engaged in little regular and meaningful activity;
- prisoners remained on their wings during activity periods with little constructive activity other than cleaning;
- education classes were small, so few prisoners were involved;
- opportunities for women, young prisoners and those on remand were particularly poor;
- around 60% of prisoners were employed but most jobs did not occupy them for long and were mainly domestic tasks such as cleaning, horticulture and catering;
- there was little opportunity for prisoners to gain vocational accreditation; and
- some work opportunities were under-utilised, such as horticulture.

#### **4. Current Situation**

Due to its diverse population Guernsey Prison faces many challenges in the management of offenders within its care. It has to hold males and females both convicted and on remand; it also has to hold a number of young and juvenile prisoners (both male and female) and those being held for immigration purposes. Meeting the needs of such a diverse group is complex. Without additional space prisoners are unable to be properly segregated whilst having equal opportunity to access activities.

In the Social Policy Strategy which forms part of the States Strategic Plan it is noted that initiatives aimed at diversifying the economy, helping more people into the workforce and/or assisting them to improve their skills are likely to have positive outcomes, not only in terms of providing employers with a skilled and trained workforce but by instilling in the population a work ethic. The plan for constructing a Learning and Skills Facility within the Prison is aimed at enabling prisoners to gain qualifications and experience which they would not necessarily gain in the community and enable them to compete more effectively within the job market.

#### **5. Learning and Skills Provision**

At its best, prison education can open up opportunities, enlighten and broaden horizons. Prison education enables those leaving Prison to compete in the job market with confidence. Skills which need developing in the majority of prisoners include team working, social and communication skills as well as self motivation and self esteem.

The overall plan for prison education is to implement, in conjunction with sentence planning, a working and learning program. The program will involve all prisoners attending part-time educational classes in conjunction with part-time work. At present opportunities within the Prison are few and are not shared amongst the population, meaning that while the minority of prisoners have opportunities to develop skills, short term prisoners rarely have the opportunity to attend; this is why short modularised courses are planned.

Art is the most popular form of learning taken up by prisoners initially and is the hook which gets offenders thinking about participating in learning activities. The art room is small with only six students able to participate at any one time; four hours of teaching per week are made available which provides only twenty four prisoners from an average population of eighty five with the possibility of joining in. The new learning and skills facility would double the capacity allowing forty eight prisoners to attend an art class each week.

At present a vocational qualification in catering is available, delivered in the Prison kitchen facility with space for seven students. The kitchen facility is not appropriate for delivering further classes as it is used daily for providing meals to prisoners. The plans for the Learning and Skills Facility include provision for an 'Independent Living Space'. This space will provide a place for modular courses such as Health and Safety at home, health and hygiene, food and nutrition and meals on a budget along with other budgeting skills and money management courses. This will provide offenders with tuition in basic living skills which will help them to manage their lives more effectively once in the community.

## **6. Information and Communication Technology**

As with learning in the community much information can be resourced online, using computers and other technologies. The Prison's provision for online learning and free learning and resources is not fit for purpose. The IT facilities are out of date, the system uses Windows 2000 and runs with floppy discs and is not compatible with industry standard. There is no internet link in order to access online learning services and prisoners are unable to access the European Computer Driving Licence, the industry standard accreditation for the use of ICT. It is intended that up to date equipment and technology will be provided for educational purposes within the prepared facility. Two classrooms will be set up to allow the introduction of interactive learning enabling nationally recognised accreditation to be available.

## **7. Work Provision**

The UK Prison Service Order No.4205 states: *'The purpose of education within prison is to address the offending behaviour of inmates by improving employability and thus reduce the likelihood of re-offending upon release'*. This stresses a strictly work-related criterion for prison education.

Statistics suggest that fewer than 20% of offenders enter the Prison with a job. Many of those with short term sentences who are employed will generally return to the same job once they are released. The remaining 80% have few prospects to improve their

capability to gain employment on release. The current education facilities at the Prison are limited to classroom based subjects; the lack of workshop space does not lend itself to facilitate further vocational learning.

At present prisoners are given the opportunity to be supervised by the Probation Service on work parties through the Offender Management Strategy. Supervised Work Parties help prisoners to prepare for Release on Temporary Licence (ROTL) and plan for release back into the community. Places on this scheme are limited, they take place on three days during the working week and are supported by two days learning and skills training, which enables a seamless transition from custody back into employment in the community.

The Prison has found it difficult to establish links with employers in Guernsey. At present the Prison is limited in its capability to supply and certificate skills training which is increasingly what employers seek. Evidence that offenders have been committed to courses, carried out work and learned skills is invaluable. A purpose-built Learning and Skills Facility would give a greater capacity for the Prison to provide this to the appropriate standard.

## **8. The Need for Building**

The purpose of part of the building will be to hold modularised vocational skills classes. A number of areas have been identified including plumbing, electrical, wet trowel and service industries, which the Prison would be able to deliver if the appropriate space was available.

Senior Managers at the College of Further Education have been consulted and support the view that the Guernsey Prison needs a purpose built workshop to support skilled trades training. Consultation with employers has identified that the key to employment is transferable skills such as numeracy, literacy, and I.T. along with developing a work ethic.

The Library is a key resource in supporting all learning within the Prison. This year the Prison has refreshed the Prison Service Level Agreement with the Guille-Allès Library Service which enables prisoners to access a wider variety of books including reference material and fiction.

The Learning and Skills Facility will enable the Offender Management Unit (OMU) to move into the area which is currently utilised by Education within the main prison building. The relocation of the OMU will lessen the need for Prison Officers to be required to escort prisoners to and from the OMU. This area will provide a designated base within the establishment in which to hold sentence planning meetings and offending behaviour programmes. The Prison Probation Officer, offender supervisors, prison psychotherapist, admin staff and visiting probation officers will be based there along with other outside agencies, for example the Drug and Alcohol Worker. This will provide both continuity and promote multi-agency working.

### **Benefits of developing a working/learning Prison**

- Increased purposeful activity (HMCIP recommendation)
- Increased time out of cell (HMCIP recommendation)
- Equality of access to work and training for all within the Prison (HMCIP recommendation)
- Engage offenders in activity that will ultimately address their own offending behaviour
- Achievement and accreditation including functional skills will improve an offenders ability to:
  - obtain and sustain employment,
  - go onto further learning or training
  - gain confidence in their ability, and
  - reduce re-offending.
- Modularised vocational courses would increase participation for short term offenders
- Work and training allocation would be linked to sentence planning
- Existing education area would be used to situate the OMU
- The library will become a resource centre to support all learning needs

## **9. Staffing and Resources**

In an effort to improve staff development within the Guernsey Prison Service there is the opportunity to identify staff that have skills to facilitate learning opportunities. It should be noted that there is the opportunity for staff to be trained as assessors and internal verification moderation would be set up.

This proposal ties directly to the recent reorganisation of Officer shift patterns within the Prison which commenced on 7<sup>th</sup> November 2010. This re-profiling has enabled a redistribution of Officers during the core working day in order that they can provide more supervision of activities. It is intended that Prison Officers will be able to facilitate classes.

Recently three Prison Officers have been accredited to deliver sports activities. These Physical Training Instructors enable the gym to be accessed throughout the week during both the core working hours and at evenings and weekends. This permits equal opportunity for all prisoners allowing for segregation of males and females, young

people and vulnerable prisoners. This model of working will be adopted in other areas such as catering and horticulture in the future.

## **10. Development**

### **10.1 Brief**

The building will provide accommodation for the following:

- 1 wet trade workshop approx 5.4m x 6.3m;
- 1 independent living space approx 5.4m x 6.3m;
- 2 classrooms approx 5.4m x 6.9m;
- 3 toilets; male, female and disabled;
- 1 storage room; and
- 1 small staff room.

Prison staff have identified that the design of the building does not need to meet the requirements for secure accommodation because:

- it is not to be used for overnight accommodation;
- it is not to be used for detaining prisoners; and
- it is located within a secure area.

One of the key criteria of the development phase is the need to maintain security. This requires the development of a solution that:

- minimises the amount of on-site construction time; and
- reduces the number of tradesmen on the site.

These parameters have led to a solution that features the extensive use of prefabricated components.

A design life of in excess of 25 years is expected, subject to the undertaking of appropriate maintenance, which will be included in the Prison's routine maintenance programme.

States Property Services (SPS) have completed design work to support the tender process and to make an application for planning permission.

Planning permission for this development has been granted by the Environment Department.



Further design work will be conducted by both SPS and the appointed building supplier.

A site plan is attached to the Report in Appendix 1.

## **10.2 Procurement**

Recognising that there is limited experience of the manufacture and supply of prefabricated buildings on the Island, a two part procurement route has been adopted.

The first part will feature the construction of foundations. The configuration of these will be dependent on the arrangement of the upper parts of the building. It is anticipated that this will be constructed by an island based contractor subject to a competitive tendering in accordance with States Rules.

The second stage will feature the offsite fabrication, delivery to site and assembly of the building. A tender process run in accordance with the relevant procurement rules has already been undertaken for this part of the development.

The provision of various alarms and related security features will be added by the Home Department preferred supplier. Any other fixtures, fitting and equipment elements that cannot be delivered using existing framework arrangements will be procured using the appropriate procurement rules.

## **10.3 Timescales**

Approximately twenty weeks will be needed to complete design, construct foundations, manufacture and deliver the building and complete any fitting out. Activities on site will consist of about 6 weeks of this overall period.

# **11. Cost**

## **11.1 Budget Cost**

The development budget for this project is £405,000. This is broken down as below;

<b>ITEM</b>	<b>COST £</b>
Foundations, drainage and enabling works	71,500
Accommodation building	237,500
Fixtures, fittings and equipment	31,000
Fees, prison supervision etc	30,000
Contingency inc inflation	35,000
<b>TOTAL DEVELOPMENT BUDGET</b>	<b>405,000</b>

## **11.2 Revenue Cost**

No additional staff cost is incurred from this project.

The estimated annual costs of services for the building are £7,000, which will be met by a reprioritisation within the Home Departments revenue budget allocation.

There are no effects on the States Fiscal and Economic Plan resulting from this project.

## **12. Project Management**

This project will be managed in accordance with current States Project Management procedures.

## **13. Consultation**

Consultation at senior staff level has taken place with:

- Treasury and Resources Department
- Commerce and Employment Department
- Education Department

The Lifelong Learning Advisory Council (LLAC) which comprises of members of both Education and Commerce and Employment Departments is supportive of this proposal.

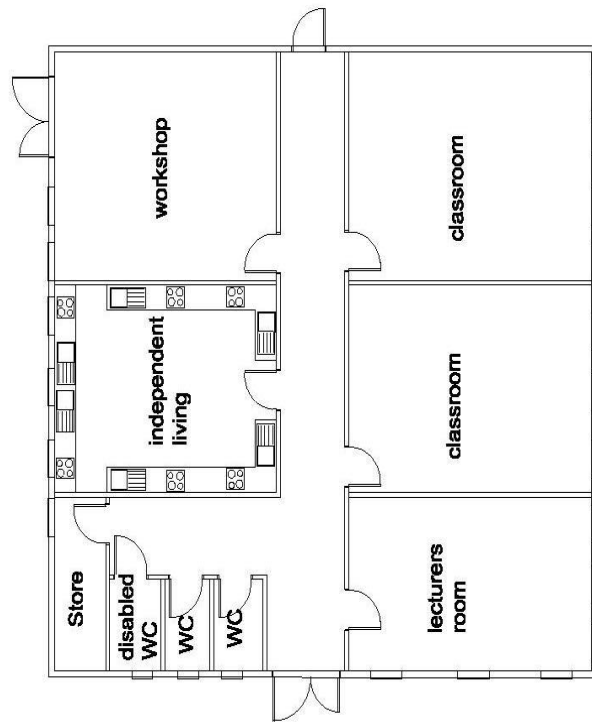
## **14. Recommendations**

The States are asked to:-

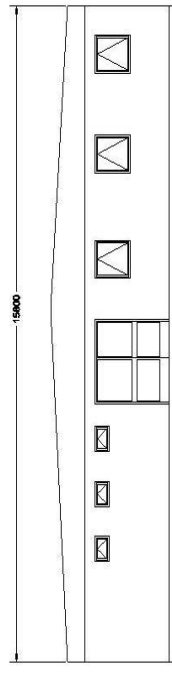
1. To approve the construction of a Learning and Skills Facility at the Guernsey Prison as set out in this report.
2. To authorise the Treasury and Resources Department to approve the acceptance of all tenders in connection with these works.
3. To delegate authority to the Treasury and Resources Department to approve a capital vote in connection with these works, charged to the routine capital allocation of the Home Department.

Yours faithfully

G H Mahy  
Minister

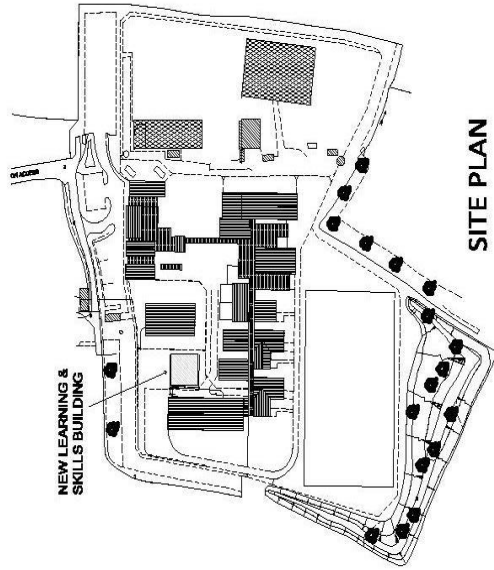


PROPOSED INTERNAL  
ARRANGEMENT



WEST ELEVATION

# APPENDIX 1



SITE PLAN

## OUTLINE CONSTRUCTION NOTES - external features

General - building constructed from modular components, produced off site and site assembled

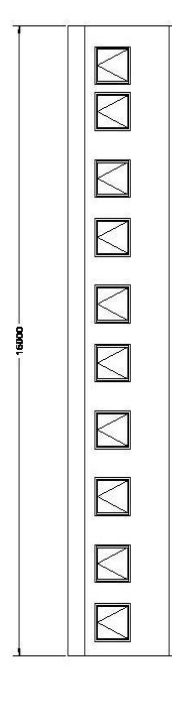
Walls - Plastisol coated ply panels, insulation and plasterboard internal lining.

Plastisol plinth around base

Roof - Plastisol coated roof panels forming warm roof deck

Windows- upvc framed double glazed fully opening vents with background ventilation

External doors - aluminium framed doors with escape furniture as necessary



SOUTH ELEVATION

LEARNING AND SKILLS FACILITY GUERNSEY PRISON  
OUTLINE SCHEME DRAWING not to scale

(NB The Policy Council has no comment on the proposals.)

(NB The Treasury and Resources Department comments as follows:-

**The States are being asked to delegate authority to the Treasury and Resources Department to approve the acceptance of tenders in connection with these works and to approve a capital vote. In advance of doing so, the Department will require a more detailed financial case setting out firm tender prices for the capital element and listing the revenue costs of running the new facility and how these will be managed.**

**The Department believes that, although the Home Department is complying with current States Financial Procedures, these no longer fit with the processes adopted for the scoring and ranking of revenue and capital projects within the States Strategic Plan and Capital Prioritisation. Therefore the Department intends to review the process for routine capital allocations and report back in the 2012 Budget Report.)**

The States are asked to decide:-

V.- Whether, after consideration of the Report dated 8<sup>th</sup> November, 2010, of the Home Department, they are of the opinion:-

1. To approve the construction of a Learning and Skills Facility at the Guernsey Prison as set out in that Report.
2. To authorise the Treasury and Resources Department to approve the acceptance of all tenders in connection with these works.
3. To delegate authority to the Treasury and Resources Department to approve a capital vote in connection with these works, charged to the routine capital allocation of the Home Department.

## **PUBLIC SERVICES DEPARTMENT**

### **STATES TRADING ENTITIES – A NEW BUSINESS ENVIRONMENT**

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port

22<sup>nd</sup> October 2010

Dear Sir

#### **Executive Summary**

1. This report outlines the review currently being undertaken by the Public Services Department into the options for changes to the ownership and corporate oversight of the various businesses currently within its mandate. These businesses include Guernsey Airport, Guernsey Harbours, Guernsey Water, Guernsey Wastewater, Solid Waste Services and States Works.
2. In a small community such as Guernsey, government has a key role of ensuring that services are delivered but, as recognised in a number of independent reports, including the Fundamental Spending Review, this does not mean that government is necessarily the most capable body to run certain activities.
3. This is not something new, as prior to the Machinery of Government changes, which came into effect in May 2004, the Advisory and Finance Committee identified a number of the States trading entities, including the Water Board, States Works, Airport and Harbours which “*might in future be areas that the States determine should be delivered differently*”. The views were specific in some areas, such as recommending careful consideration of the options for consolidating water-cycle related activities.
4. The Fundamental Spending Review also identifies the merits of changing the current business structures with Summary Opportunity Report PSD009:-

#### ***“Opportunity***

*Consider the extent to which each of the PSD business units could benefit from formal commercialisation or privatisation.*

### ***Benefit***

- *Increased efficiency of operations that release funds to deliver greater value or reduce the liability of PSD.*
  - *Increased income generating capacity of the activities of the business units.”*
5. The Public Services Department has been considering all the various issues and options and, to assist it in this process, sought the views of the Director General of the Office of Utility Regulation (OUR) on the benefits and disbenefits of the current business structures.
  6. The resultant advice, which is appended, concludes that benefits could accrue from changes to the businesses.
  7. This report therefore seeks to inform States Members of the work that has been undertaken to date. It also creates the opportunity for open debate on the Department’s plans to investigate further the merits of changing the ownership and corporate oversight of the various businesses.

### **Background**

8. Prior to the Machinery of Government changes which came into effect in May 2004, the Advisory and Finance Committee identified a number of the States trading entities, including the Water Board, States Works, Airport and Harbours which “*might in future be areas that the States determine should be delivered differently*”.
9. In 2008, the Board of the Public Services Department took a critical look at all of its activities and contemplated whether efficiencies for the Island community could be delivered if things were done differently.
10. It decided to obtain an independent view from the OUR. This was not driven by any perceived inefficiency in the operations but rather a three-fold recognition that:
  - (a) Government needs to ensure essential services are provided, but not necessarily be the provider.
  - (b) Government structures (not just in Guernsey) are usually stable but can be cumbersome. The culture focuses on public accountability where at States, Board and managerial levels business direction can occasionally be influenced by the wish to avoid adverse public opinion or political comment more than focussing on productivity.
  - (c) Government-run businesses can often prove frustrating to commercial trading partners who struggle with the governance constraints placed on

managers and political Boards which mean business decisions may not always be made in a timely manner.

11. The above therefore raised the question of whether doing things differently would deliver better value for the community.
12. To answer such a question the Board decided it needed an objective assessment of the benefits and disbenefits of moving the businesses currently within its mandate into a new business environment. The Board therefore, with the agreement of the Commerce and Employment Department, requested the assistance of the Director General of the Office of Utility Regulation (OUR) to carry out a review.

### **OUR - Review**

13. The OUR was asked:-

To assess the scope for commercialising certain services currently provided by the Department through a number of discrete organisations. These are:

- Guernsey Airport
- Guernsey Harbours
- Guernsey Water
- States Works
- Guernsey Wastewater
- Solid Waste Services

14. In so doing it was asked to assess the appropriateness of the Guernsey model of commercialisation for each of these business areas and identify the potential benefits and disbenefits of doing so and assess whether there were alternative models that might be considered as part of any subsequent review.
15. In addition it was asked to comment on the broad outline of the regulatory arrangements that could apply to those business functions, where commercialisation was considered appropriate.
16. The OUR report is appended (Appendix 1) and the recommendations made are as follows-
  - *The adoption of the Guernsey commercialisation model to a merged business of the existing water and liquid waste businesses;*
  - *Guernsey Harbours' status as a Revocable Trust is pursued further which would include it taking sole responsibility for managing its surpluses;*

- *States Works remains in its current form;*
- *A further review of the Solid Waste Business is conducted when further clarity on the approach to waste disposal for the Island is available;*
- *A detailed accounting and business review of Guernsey Airport is conducted to assess the potential commercialisation of part of that business; and*
- *That the surpluses generated by the Ports is [sic] exclusively designated to meet the capital expenditure needs of that business, since any further agglomeration of surpluses into a general fund is likely to weaken the Harbours' capability as a strategic asset.*

*In the case of Guernsey Water and Waste Water Services, such a merger should be fully completed prior to actual commercialisation as a quasi independent business entity that is commercially stable, with appropriate charging systems in place with integrated billing systems.*

*In the case of Guernsey Harbours as a prerequisite to moving to a Trust Port status, there is a need for the development of a long term Port Master Plan, with extensive consultation with stakeholders informing that Plan. Once the priorities for a Harbours Trust are clarified, the appointment of Board membership as trustees should reflect the outcomes sought.*

17. The Board accepted the Report and broadly concurred with the main conclusions, but recognised that much more work, research and consultation would be required before the Department or the States of Deliberation would be in a position to make fully informed decisions of the best way forward.
18. It has subsequently taken a number of steps down this path. In moving forward in respect of the Harbours and Airport the Department is conscious of the States Resolution from 26 June 2009, following consideration of the report on capital prioritisation, which reads:

*“That the Ports Holding Account shall not be collapsed in advance of the consideration by the States of a report from the Public Services Department in December 2009 on the options for moving the trading entities of Guernsey Harbours and Guernsey Airport into a different business environment, BUT THAT, in any event, the operating surplus before depreciation shall be transferred to the Capital reserve from the Ports Holding Account from 2010 until such time as the Ports Holding Account may be discontinued.” [Billet d’État IX, 2009 refers.]*

19. The Department acknowledges that, at this time, neither it nor the States are in a position to determine the long-term shape of the Port finances. This will have to remain a live issue to be addressed when specific proposals in respect of the future structure of the trading entities are presented for debate.



20. It had been the intention to report to the States in December 2009, but at the time there were calls for a reassessment of the role and function of the OUR. As a consequence the Board judged it prudent to allow the wider discussion about regulation to take place, before opening the debate on the possibility of more businesses that could be subject to regulation.

### **The Trading Entities and Future Options**

21. Having considered the advice of the OUR, and from the Board's own detailed knowledge of the business operations, the conclusion reached is that they are being properly run but without some of the commercial focus that is more prevalent outside of the States environment.
22. In respect of each of the Business Units, the main conclusions reached are as follows:-

### **States Works**

23. States Works provides general contracting and maintenance services to the States of Guernsey and private clients. It has a predominantly manual workforce with specialist vehicles and equipment. States Works aims to provide a quality public service including an emergency response capability with a workforce which is regularly trained, equipped and experienced for dealing with island-wide incidents 24 hours a day 365 days a year.
24. It is run as an independent business within the States and has to bid competitively for most of the contracts it carries out. It receives no direct funding from the States general revenue, although the majority of its clients are States departments. With over 200 staff it has the broad range of skills and disciplines required for building projects, parks and gardens maintenance, road construction and drainage, pump station maintenance, waste management, refuse collection, beach cleaning and vehicle fleet maintenance.
25. The current assessment by the OUR and the Department is that States Works delivers the full range of services required and the operation should continue to be run as at present. Furthermore, it has the prospect of offering further efficiencies to the States by expanding its client base by taking over responsibility, on a contract basis, for activities such as vehicle fleet maintenance which is currently provided in-house by some Departments (Fundamental Spending Review, Summary Opportunity Report PSD006 - "Establish single Fleet Management Function, including repair and maintenance for whole of States of Guernsey").
26. The Board supports this view and is encouraging States Works to explore with other Departments how it might beneficially take over from them non-core activities such as general maintenance.

### **Solid Waste Services** (refuse disposal)

27. At present the Department's Central Services unit manages a number of waste handling sites, principally, Mont Cuet (landfill), Chouet (horticultural), Longue Hougue (land reclamation and waste recycling facility) and Fontaine Vinery (waste segregation). In addition it manages and monitors landfill gas emissions from former waste sites/quarries including Bordeaux, Dysons, St Germain and Creve Coeur.
28. The business is currently managed by engineers and civil servants, but with day to day operational control dealt with by States Works on a contract basis.
29. The States' decision in 2010 not to proceed with the proposed Residual Waste Treatment Plant, but to task the Department to return to the States with a new waste strategy for the Island means it is not possible at this stage to predict with any degree of accuracy the long term requirements and approach to be adopted for solid waste management.
30. At the time that a waste treatment plant was proposed, the OUR's view was that it would not be appropriate to seek to change the business structure of Solid Waste Management while in such a transition period. As a result of the decision to agree a new waste strategy the future shape of the waste business is currently even less predictable. Nonetheless, Solid Waste Management could be a candidate for change in three to five years' time.
31. The Board does nonetheless recognise that the solid waste management, which could be called Guernsey Waste Services, is effectively a trading operation where there is an income stream from the users of the service. As such, every effort will continue to be made to run the operation on a business-like footing. The hope is to move toward the position where the financial statements of the waste business can be structured and presented in a manner that best reflects the trading nature of the operation.

### **Guernsey Water and Guernsey Wastewater** (surface water and foul water/sewage)

32. Guernsey Water is the Island's only water 'company', and oversees the collection, storage, treatment and distribution of potable (drinkable) water to over 24,000 customers. Its principal objective is "To deliver to customers a reliable supply of high quality drinking water in sufficient quantities that satisfy normal daily demand at the lowest cost, consistent with meeting a high level of customer service and confidence."
33. Guernsey Wastewater is a division of the general revenue arm of the Public Services Department and is responsible for the collection, transportation and disposal of foul water (sewage) from the same customers as use Guernsey Water. It also ensures that surface water is collected and general run off is managed to minimise the risk of flooding.

34. Although, in terms of administrative and legal process, Guernsey Water would be the easiest to move to a fully commercial environment, neither the Department nor the OUR is persuaded that this would be appropriate at this time.
35. This is because there are a number of synergies between the two operations of potable and waste water. These synergies are currently being evaluated with the technical and senior managers of each business being brought together within the Department. Interestingly this accords with the view of the Advisory and Finance Committee in its States report prior to the Machinery of Government changes in 2004.
36. The success of this joint working will be reviewed to assist the Board in its future advice to the States on whether any longer term restructuring or movement of both Guernsey Water and Wastewater Services to a different business environment would be appropriate. The early indications are that this joint working is leading to efficiencies and it is proposed to deliver a 10 year business plan for the wastewater operations which will offer clear direction.
37. With the introduction of wastewater charging, all customers will now be charged on something closer to a 'user-pays' service. This therefore provides scope for commercialisation (but not privatisation) of both Guernsey Water and Guernsey Wastewater in the next few years.

### **Guernsey Harbours**

38. St Sampson and St Peter Port Harbours form an essential part of this Island's strategic infrastructure with 98% of all goods and materials arriving through them.
39. As currently structured, Guernsey Harbours provides Port facilities for leisure and commercial freight, which are straightforward business activities and could be managed and charged as such. Guernsey Harbours also provides oversight of maritime matters ranging from coastal buoys, coordination of a coastguard service and advising on vessel certification issues, etc. This combination of service means that the operation is something of a business hybrid.
40. In recognition of this tension between the commercial and public interest elements of the Harbours, the Director General of the OUR has recommended that consideration be given to the establishment of a 'Trust' to run the operations, as happens in many UK Ports.
41. Whether such an arrangement would be feasible or appropriate for Guernsey is being researched further. Clearly, trust ports can and do work, as can other business models.

42. Any change to the business environment for the Harbours will have to deliver ongoing security and reliability of service in the medium to long term and economic benefit for the Island, but all at an economic cost. The Department is therefore assessing whether an alternative business structure would improve the overall efficiency and effectiveness without compromising the wider economic and social needs of the local community.

### **Guernsey Airport**

43. Guernsey Airport is the main gateway for people to the Bailiwick, handling just under half a million outgoing passengers each year and providing essential links to key regions in the UK along with Jersey, Alderney and France. Its stated objective is to ensure the safe, reliable, and efficient transport of passengers and freight, both into and out of the Island. The management at Guernsey Airport also has responsibility for the daily operations of Alderney Airport.
44. When considering the options for future restructuring, there was an initial concern that if as a commercial entity the 'owner' (the Airport) had to be responsible for meeting the capital repayment costs of the soon to be carried out Airport Pavements refurbishment it would simply not be a viable business. However, as the States is meeting the costs of these major works on the basis that the Airport is of critical strategic importance to the Island, then the Department is of the view that even if a different business model was implemented, the runway and the other main 'airside' infrastructure, could remain in States' ownership and be leased back to an operating company running all the activities.
45. Over the past year the Board has had to deal with a number of relevant external issues, including adjustments in the management of Channel Island Airspace. These changes have involved the Island working with Jersey to harmonise airspace management in accordance with European requirements. This harmonisation of standards offers opportunities in the longer term to revisit the option of combining Air Traffic Control functions with Jersey.
46. The Department does not believe it would be appropriate for there to be any contemplation of the States relinquishing overall ownership of the Airport. It is nonetheless committed to ensuring the service is delivered in the most cost effective manner.
47. In this regard the Department is seeking to assess the extent to which the current Airport operational structure delivers value for money. This will provide an essential benchmark against which to measure whether any different business environment would be better. In terms of different structures the two main ones are:-
- (a) Outsource as many of the component parts of the Airport operations as practical, in the same way as security services and cleaning are currently,

but continuing to report to management, albeit through contract terms, and

- (b) Commercialise with a wholly owned States company, as per Guernsey Post and Guernsey Electricity.

At this stage options continue to be explored.

### **Cost of Change**

- 48. Undoubtedly there will be a cost to effect major structural changes to any of the businesses, and this will only therefore happen where there is a clear business case.
- 49. At this time the Public Services Department is investigating the options for change, a task which is taking time, effort and consultation. Most of this activity is being conducted in-house, but where any expenditure is found to be necessary such as obtaining specialist legal advice on a technical issue, this will be charged to the trading account of the relevant business unit.
- 50. It is anticipated that any such expenditure would be of modest value, however the Department undertakes that any expenditure in excess of £50,000 in respect of any business unit will only be incurred with the agreement of the Treasury and Resources Department. Any such expenditure charged to General Revenue business units will be met from the Department's existing budget

### **Staff**

- 51. The success of any business and of any change programme is dependent on the participation and commitment of the employees. The Department is very conscious of this fact and intends to consult with the employee groups throughout this period of investigation and evaluation of the options for the future.

### **Summary**

- 52. Government needs to ensure key services and facilities are available. However, as recognised in the past by parties such as the Advisory and Finance Committee and in the present by the OUR and the Fundamental Spending Review, government does not necessarily have to be the provider.
- 53. Good progress has been made in assessing the options and implications of moving the trading entities of the Public Services Department into a different business environment.
- 54. The timeframe for any change proposed is not fixed. Subject to what is learnt over the coming months it would seem likely that changes to the business environments of one or more of the operations could be presented to the States for consideration in 2011 or early 2012.

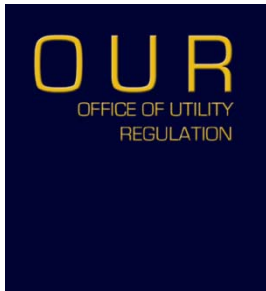
**Recommendation**

55. The States are asked to note the Public Services Department's ongoing evaluation of the options for changing the business environments of Guernsey Water, Guernsey Wastewater, Waste Services, Guernsey Harbours and Guernsey Airport and its intention to report to the States of Deliberation with its recommendations in due course.

Yours faithfully

B M Flouquet  
Minister

**Appendix 1**



# Office of Utility Regulation

## **Commercialisation Review of Public Service Departments**

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Report to the Public Services Department

October 2009

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Undertaken at the request of the Public Services Department

**Office of Utility Regulation**  
Suites B1 & B2, Hirzel Court, St Peter Port, Guernsey, GY1 2NH  
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## 1. INTRODUCTION

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The OUR has been asked by the Public Services Department to assess the scope for commercialising certain services currently provided by the Department through a number of discrete organisations. These are:

- Guernsey Airport
- Guernsey Harbours
- Guernsey Water
- States Works
- Waste Water Services
- Solid Waste Division

In undertaking this exercise, the OUR is asked to assess the appropriateness of the Guernsey model of commercialisation for each of these business areas and identify the potential benefits and disbenefits of doing so and whether there are alternative models that may be considered as part of any subsequent review.

In addition the OUR has been asked to comment on the broad outline of the regulatory arrangements that could apply to those business functions, where commercialisation is considered appropriate.

This report sets out the OUR's key conclusions with respect to the six business units and comments briefly on the next steps PSD may wish to consider should it wish to take forward the proposals.

The OUR would like to record its thanks to the staff of the business units for their time and assistance in preparing this report and to PSD for their assistance and input.

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## **2. CORPORATISATION, COMMERCIALISATION AND PRIVATISATION**

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In this section, a distinction between three concepts of transformation of state-owned enterprises is made. This is intended to illustrate the range of options available and, in particular, where the Guernsey model of commercialisation falls within that spectrum.

‘Corporatisation’ generally refers to a new separate legal entity created by converting a State department into a company all of whose shares are held by the States Treasury. ‘Commercialisation’ involves a further extension of this, where a ‘corporatised’ business is run as a profit-seeking business. ‘Privatisation’, entails divestiture by government, in part or whole, of the shares of a business by one or a combination of various methods. Guernsey has opted to ‘privatise’ the States owned telecoms business. The approach taken for the States owned electricity and postal businesses is in the OUR’s view on balance closest to the ‘corporatisation’ model. References to the ‘Guernsey model of commercialization’ should therefore be understood in this context.

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### 3. PROFILE OF BUSINESS UNITS

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The current governance arrangement for these business units is a committee based system, with the existing businesses responsible to the political members of the Public Services Department (PSD). This arrangement seeks to ensure there is political accountability for the policy and service delivery issues associated with these businesses and that they work effectively. The Members of the PSD Board determine how they will account for each area.

#### GUERNSEY HARBOURS

Guernsey Harbours comprise St Peter Port Harbour and St Sampson's Harbour and complies with the Aviation and Maritime Security Act. It fulfils the dual roles of both a Competent Harbour Authority<sup>1</sup> and a Local Government Marine Agency. These roles combine what are essentially central government and local government functions in larger jurisdictions. In Guernsey therefore, all maritime functions except Fisheries and Environmental protection are collectively delivered by Guernsey Harbours. Guernsey Harbours' principal business as a Competent Harbour Authority includes that of marina operator, landlord, pilotage, crane hire operator, maintenance and harbour operations. As a Local Government Marine Agency its role covers that of marine advisor to the States, provision of a coastal radio station, search and rescue centre (coastguard)<sup>2</sup>, registrar of ships, receiver of Wrecks, licensing authority, minor surveys authority, provision of local water lights and navigational aids authority.

Guernsey Harbours receive vessels that trade on international routes and therefore are required to operate to standards set by the international maritime community. External audits are carried out in respect of the Port Marine Safety Code and the International Ship and Port Facilities Security Code amongst others. The Search and Rescue standard follows UK training and competence standards, but the working practice and processes are locally appropriate.

In fulfilling these roles, some 77 full-time equivalent staff are employed by the Guernsey Harbours. Public Sector Remuneration Committee sets the pay scales and terms and conditions of staff, while project and capital expenditure approval is required from T&R. Budgets and income are determined annually and approved by PSD Board which sets a target return of 5% on turnover. Crown Officers support this business unit in the provision of legal advice from time to time, while the UK Maritime & Coastguard Agency provide advice in the areas of maritime licensing and survey advice. Recruitment of certain functions may require specialised advice and for this PSD's human resource function will provide support when the need arises.

Guernsey Harbours delivers a mix of commercial services through charges such as the Harbour Dues and Facilities Charges. It also provides what are essentially wider public good services which are invariably non-commercial in nature, including Search and Rescue, provision of lighthouses and other navigational support. The main sources of income include facilities charges (£2.9m), marina and mooring fees (£1.7m), pilotage dues (£0.5m), rents (£0.6m) and shipping dues (£0.9m).

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<sup>1</sup> *Competent Harbour Authority, means a Harbour Authority which controls fully its Pilotage, Approaches and Traffic Control.*

<sup>2</sup> *This includes operational support to the RNLI*

Over the period 1998-2007, Guernsey Harbours earned a surplus of around £19m, and expenditure on its capital assets was a little under £15m. The annual surpluses were earned on an average income of £6.1m per annum (in 2007 £7.1m) and expenditure of £4.2m (in 2007 £4.9m). From these accounts Guernsey Harbours appears in financial terms to be a self-standing business unit. The balance sheet reports fixed assets valued at £127m.

St. Peter Port Harbour, St. Sampson's Harbour and the Airport have operated under the Ports Holding Account since 1962. This provides a central reserve generated by the amalgamation of each port's annual surplus or deficit. The reserve then funds capital projects as and when required by any of the ports.

#### GUERNSEY AIRPORT<sup>3</sup>

Guernsey Airport functions include provision of terminal facilities, Air Traffic Control, Airport fire service, Meteorological services, Airfield Services, Facilities maintenance as well as Airport administration. As a port, Customs and Police services are provided by those agencies through Home Department to fulfil legislative requirements.

The business is subject to annual external audits by the Civil Aviation Authority in respect of Aerodrome standards, air traffic control and air traffic control engineering, as well as fire service provision.

In providing these services it has 116 FTE employees. Public Sector Remuneration Committee sets the pay scales and terms and conditions of staff, while project and capital expenditure approval is required from T&R. The assets held by the business include the runway aprons, taxiway, cargo sheds, hangar, terminal building, radar navigational aids, vehicles, groundkeeping equipment, air traffic control systems, baggage conveyor belts, rescue equipment and training simulators.

PSD provide senior management support, including finance and HR, with the PSD Board undertaking Board level decision making and oversight. Some architectural and property management support is provided to the Airport by Treasury and Resources as part of its mandate to undertake such matters on behalf of Government Departments.

In terms of income, various income streams are received - the 2009 budget estimates traffic receipts (£6.1m), Advertising revenue (£0.125m), aircraft parking (£0.135m) and car park fees (£1.7m) Guernsey Airport also receives contributions towards the meteorological service provided by the Airport from the Environment Department, and from Alderney Airport to cover the management and airport operational services delivered through Guernsey. A contribution is also received to pay the costs of the tourist information desk staff, which is paid by Commerce and Employment Department. Expenditure by the Airport is around £7.7m per annum, with 74% of that accounted for by staff pay costs.

Budgets and income are determined annually and approved by PSD Board which sets a target return of 5% on turnover for the Airport. All capital expenditure is subject to standard tendering requirements where considered appropriate and must be approved by PSD in the first instance, then confirmed by T&R.

To-date all capital expenditure has been funded by the Ports Holding Account, established from the operating surpluses of the Harbours and the Airport. Over the period 1997-2002, Guernsey Airport generated a surplus of £19.6m, with capital expenditure of £36m.

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<sup>3</sup> *Alderney Airport is not included in this review.*

## GUERNSEY WATER

Guernsey Water manages the delivery of water to premises, while Waste Water Services manages the business of moving used water away from premises, processing and/or disposing of it. The business of capturing water and then utilizing infrastructure consisting of pipes, filtration systems and pumps which deliver the water from source to the taps broadly captures the essential elements of a water business. Guernsey Water is also tasked with catchment protection and aspects of pollution control relevant to the water business. Supporting operations of water testing (water), billing, emergency services etc are of course all also key to the successful functioning of the business.

Whilst not under any legislative control for water quality, the business unit has adopted water quality standards set by the UK as targets.

Guernsey Water's investments were close to £30m over the past 10 years, with income for 2007 of £8.6m and expenditure of £4.0m. Its tangible assets are valued at £33.7m on an historic basis. It has traditionally functioned as a separate unit and while it does utilize private contractors for various work from time to time, it largely relies on a core in-house resource for repair and maintenance functions, as well as emergency support services. Its emergency support services can be categorized as water quality emergencies, and physical repair and maintenance work. Given the high pressure pipes involved in delivering fresh water, the complexity and extent of repair and maintenance work is different to Waste Water Services.

With surpluses generated over the past 10 years of £31m, and annual turnover in the order of £9m (2008). Guernsey Water, in our view, is financially and operationally self-sufficient.

## STATES WORKS

States Works operates as a trading organisation which contracts with mainly States clients to deliver a wide range of services. Those services demand the effort of a predominantly manual labour force utilising specialist plant and equipment to maintain the public services of the island. A key rationale for its existence as a State entity is the need for an in-house resource of tangible assets and technical and manual skills that can be rapidly deployed to deal with emergencies.

The existence of such an in-house resource with the necessary equipment to perform this role necessarily implies those resources would otherwise be idle for large periods of time if they were not redeployed elsewhere. The business has therefore developed into one where the people and assets it holds are utilised in a wide range of work. These cover Building work, Highways and Drainage, Fleet maintenance work, Cleansing and Waste Collection, Landfill and Recycling, Sewage collection, Electrical and Maintenance work, Signs and Lines and Grounds Maintenance. While the business unit supports the Waste Water unit by providing a maintenance resource, the only function now carried out by States Works in this area is in clearing pipelines, with pipe repair and maintenance work carried out by the private sector.

This business unit comprises several business units and in operational terms is run as an independent unit. It tends to utilise the assets of other business units for which it provides many of its services and controls staff, operation and fleet under SLAs. For example, it delivers services to the Waste Water business under such an agreement.

States Works employs 228 FTEs. La Hure Mare Depot has facilities for all support staff, with stores used by all business units and various States Departments. It also has

workshops for Building Section, Fleet and Garage section, Playing Fields and Electrical Maintenance. The desalination site at La Hure Mare is currently leased out to Geomarine.

It receives no direct income from General Revenue, but controls staff, operations and fleet under a Service Level Agreement. All charges for its services are made directly through central services (for example refuse tip charges, sewage tanker collection and recycling initiatives). Income earned for 2007 was £9.9m, with expenditure of £9.8m and tangible assets valued at £4.5m. The largest cost category is labour and direct materials (£7.6m), with staff costs in the order of £6.1m. Remaining operational costs are split between transport, plant and buildings and administration.

#### WASTE WATER SERVICES

The Waste Water business unit follows the quality standard of UK practice, which is achieved by a Service Level Agreement with States Works. The Bathing Water Quality Indicator is set by the Environmental Health Officer, who requires compliance with EC Directives and UK legislation and Guidelines.

Waste Water has invested around £23m over 2002-2009. Given its history as part of Central Services, unlike Guernsey Water, it has relied largely on General Revenue to both fund its operations and for its capex requirements. In these circumstances, certain aspects of its business are not directly comparable. For example, the question as to whether potential surpluses might have been sufficient to fund historic capex is largely academic given its charging system is undeveloped. While the cost of some services are met by its customers through sewerage charges, they are either subsidised or largely met through tax revenues.

In terms of operations, the reverse process to that in water is involved. Waste Water uses infrastructure consisting of pipes, filtration systems and pumps which processes the waste water and ensures its safe disposal when moving waste water away from premises and other points of usage.

The Accounts of the States for 2007 shows the cost of elements of Waste Water Services, including pumping stations (£0.835m), sewage tankers (£1.6m), sewers and outfalls (£1.4m) and surface water outfalls and streams (£0.252m), much of which is contracted out to States Works. Unlike Guernsey Water, Waste Water Services outsources a large number of operational functions. This includes the waste collection service, pumping station and rising main maintenance, sewer network and stream maintenance, highway cleansing and ancillary services and emergency support services.

#### SOLID WASTE

The objective of this business unit is to safely dispose of all solid waste from Guernsey. The unit is subject to its Waste Management Licence conditions and monitoring frequencies are set by the Waste Disposal Authority. The PSD acts as the Waste Disposal Authority and is responsible for implementing the Waste Disposal Plan and providing various waste services and facilities.

The Solid Waste business unit operates as a separate business entity, its activities include the provision of a putrescible waste landfill site at Mont Cuét, the inert waste site at Longue Hougue, waste segregation and recycling facilities at Fontaine Vinery, provision of recycling facilities across the Island, and monitoring current and closed waste disposal sites. This unit is also closely involved in investigating a permanent waste segregation and recycling site and procuring a long-term waste management solution.

Nine FTEs are directly involved in the operations of this unit, while the linkage with States Works is strong given it runs all the solid waste operations as an in-house contractor. At present no service level agreements exist between the Solid Waste unit and States Works. The Solid Waste business unit functions as any other department within PSD. It relies on the Policy Council HR unit to provide support in certain HR matters and various ad hoc advice. Central Service Finance Team assist with billing, purchasing and other financial matters. Central Services Administrative staff also provide support particularly when major projects arise.

States accounts for 2007 shows the cost centre of 'refuse disposal and land reclamation' incurred around £1m in outgoings. Other cost centres include bulk refuse (£0.346m), paper savers scheme (£0.151m), recycling waste (£0.275m), waste segregation site (£0.386m) and waste strategy (£0.257m). The unit earns some income from refuse disposal and land reclamation (£2.9m), a small sum from recycling of waste, with waste segregation (£0.38m) also providing an income stream.

**Table 1. Business Units 2007 Accounts -**

<b>States Business Units</b>	<b>Income</b>	<b>Expenditure</b>	<b>Capex</b>	<b>Staff numbers</b>	<b>Surplus</b>
Guernsey Water	£8,628,339	£4,041,666	£3,751,919	75	£4,371,934
States Works	£9,962,389	£9,854,942	£1,207,707	228	£226,836
Guernsey Harbours	£7,141,911	£4,994,228	£1,507,850	77	£1,189,994
Guernsey Airport	£8,919,310	£6,799,000	£657,495	116	£423,083
Solid Waste	£3,299,712	£3,314,509	-	9	(£14,797)
Waste Water	£1,551,683	£3,313,523	£2,925,926	6	£1,761,840

Source: B'illet D'Etat IX 2008 and Public Services Department

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#### 4. CRITERIA FOR COMMERCIALISATION

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Assessment of academic literature and the OUR's own experience of regulation in Guernsey since 2001, suggests several criteria should be met if any of the six departments are to be recommended as suitable for the Guernsey model of commercialisation. The criteria are:

- Prospects for 'hard budget constraints';
- Whether the outcomes sought can be clearly enunciated;
- Whether market prices exist for inputs and outputs of the business;
- Feasibility of oversight or competitive restraints; and
- Feasibility of adequate oversight by the shareholder.

##### HARD BUDGET CONSTRAINTS

Leading economists have expressed the view that nationalised industries in the UK were inefficient on a scale that was only fully appreciated after they had been privatised. Strong unions captured the statutory monopoly, investment was misdirected into prestige projects and there was ineffective use of existing assets. Hard budget constraints were absent and there were few political incentives to create or enforce them. Commentators have also noted there was inadequate information, both for industry managers and for government officials, on costs, performance and financial accounting.

As public sector owners, politicians are obliged to act as bankers, and to control the finance available to the supplier. They have to juggle conflicting demands for cash, which means that money will not always be available. They are also inevitably drawn into the application of public sector pay policies. In carrying out these tasks, the scope for ensuring hard budget constraints and for creating the right incentives, without being pulled into micromanagement is diminished. History has shown that the existence of a hard budget constraint is essential to proper delivery and to efficiency of services. Without explicit hard budget constraints, there is always a risk that a publicly owned supplier will engage in behaviour that is not fully cost effective, as was the experience with nationalised industries in the UK.

Incentives to compete and to behave efficiently will be stronger when the owners have their own money on the line. The extent to which any competitive restraint is possible will depend on the existence of a level playing field that implies that firms do not benefit from taxpayer subsidies but face budget constraints as hard as that of private companies.

##### CLARITY ON OUTCOMES SOUGHT

The term 'Outcomes' refers to the high level objectives delivered to customers, such as safe drinking water, effective removal and disposal of sewage or waste, clean parks, good quality roads etc. 'Outputs', on the other hand, are the means of delivering those outcomes, involving the provision and operation of effective systems of pipes, treatment works, airport and harbour facilities etc. Inputs are the resources, financial and other, that go into the enhancement, maintenance and operation of the systems.



The scope for setting outcomes that are well-specified and can be delivered effectively, which take account of the tensions faced by those businesses in delivering those outcomes is considered an important criteria when assessing whether a department can function as a self-contained business unit.

It is generally acknowledged that where the delivery of market services is concerned, the specification, measurement and monitoring of the outputs that will achieve the desired outcomes for individuals and society are best left to competitive forces, whether actual or artificial. The management of inputs is considered as best left to the suppliers of the service. If they are to be fully effective, they must have incentives to do their job efficiently and economically. Subject of course to appropriate diligence obligations and oversight, they need to be free to assemble the resources that they need to do the job, not to be constrained by restrictions on what they can pay their staff or how much they can borrow for capital investment.

The clarity of these parameters within which government owned enterprises can function contributes to a system where political influence is not exercised in the day to day operations of the business, or in nature of outputs delivered by that business entity. It is instead manifest in clear outcomes which guide the business decisions, where the benefits of the commercialised model are best realised.

#### EXISTENCE OF MARKET PRICES FOR INPUTS AND OUTPUTS

There are several related elements to this criterion, namely, identifiable inputs and outputs, a means of establishing their market value, and a linkage between price and associated outputs which offers the means to assess whether a price is fair.

In order to function as a self-standing commercial entity, there is a need to have a clearly defined set of inputs with an associated cost, as well as outputs in the form of goods or services, which have a market value. There should be a clear link between input and outputs since without them the benefits from commercialisation are less likely to be realized. One can think of a number of government activities, usually with social, environmental or perhaps educational objectives where the linkage between the standard of inputs and outputs is more difficult to establish. A criterion in identifying candidates for commercialisation should therefore take account of the ability to link input resources at a reliable market price, to a definable output, which also has a reliable market value.

A direct link is also required between the end good or service and the price paid by the consumer. This is an important element in the consumer's ability to choose to consume the good or service. The more indirect the link, the less effective the demand and supply signals will be and the less efficient the consumption choices as a consequence. Estimation of the fair price for the end product is a key aspect of the commercialisation model, both for the business, the end consumer and the regulator. It is this essential feedback which puts pressure on costs and efficient allocation of resources in the economy, where appropriate - which is what commercialisation also seeks to achieve.

If Guernsey consumers are not able to gauge the cost they are incurring for their consumption there appears little to be gained by a move to a commercialization model<sup>4</sup>.

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<sup>4</sup> *Social support programmes and other welfare schemes designed to protect the more vulnerable members of society excepted.*

### FEASIBILITY OF COMPETITIVE RESTRAINTS

Competition in one form or another is considered crucial, particularly where the commercialised business is a monopoly provider. Where feasible, natural monopolies must be disentangled from statutory monopolies and exposed to all potentially competitive areas. Where the option of real competition is available, competent States owned companies should be given the chance to compete on an equal footing with private companies rather than be sheltered from competition.

Where competition is difficult or impossible to achieve, an alternate form of competitive restraint is through regulatory oversight. The extent to which this is needed is proportionate to the risks of inefficiencies. In order to carry out such a function, identification of fair market prices for inputs and outputs for delivery of the goods or services by the business, are a critical fallback in the absence of real competition.

The feasibility of either form of competitive restraint is therefore generally regarded as a key priority with regards to commercialising functions carried out within government.

### SHAREHOLDER COMMITMENT TO OVERSIGHT

When a business is government-owned the shareholders are the taxpayers. Taxpayers do not receive dividends and hardly exercise any control over the business. Instead the control is exercised by people in government, who do not have their own money at stake and who often have weak incentives to improve the management of a business.

Added to this is the level of skill needed to understand the business over which oversight is required. The information asymmetries are generally substantial and without the necessary expertise in understanding the business, the ability of States officials to properly supervise the commercialised firm's management is limited.

The oversight roles required are:

- a) the selection of suitably qualified people;
- b) the ability to specify demanding but attainable targets for the management team;
- c) provision of suitable incentives for good performance; and
- d) the ability to penalize and even remove poorly performing managers.

The above are all necessary to ensuring a commercialised entity serves Guernsey consumers and taxpayers well. It is therefore critical that a system is created where the decision makers bear the risk and rewards for their own decisions, that these are not diluted by a system with poorly defined targets and rewards, or a lack of willingness to act when a commercialised business fails to perform to standard.

In the absence of any commitment to a form of commercialisation at this stage, this final criterion is not assessed in this review. A decision to pursue any form of commercialisation is expected to include an assessment of this final criterion but at this stage it appears premature to conduct such an analysis.

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## 5. ASSESSMENT OF BUSINESS UNITS

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While the nature and strength of issues raised with the OUR during the course of this review have varied to some extent between the business units, they have in most cases been relevant to each of the areas. For this reason the assessment of the first business unit below, namely Guernsey Harbours, contains a more extensive assessment of the issues which is not repeated for following business units. In cases where the issues have not been found to be relevant to a particular business unit, this is noted within the relevant discussion on that business.

The main features that have been highlighted during the course of this review are:

- a) the range and complexity of issues faced in running the six business units is vast. The ability of any political Board, which has a range of other important responsibilities in its portfolio, to manage these businesses in terms of value added in the decision process at any serious detail is constrained.
- b) the decision making capacity of the PSD Board whether operational, technical or financial has been a major aspect on which the business units have raised concerns given the political board is engaged in many instances with what are essentially diverse business decisions.
- c) a related issue is the limited time the PSD Board (or for that matter any Board) can give to each of these business units, given the range of other matters the Board must deal with and the frequency it meets. This will materially reduce the capacity of the PSD Board to fully consider and debate the issues involved in many decisions relating to the business.
- d) the presentation of business papers to the PSD Board can involve substantive proposals, particularly capital investment programmes, which reflect the engineering, marine and general technical background of senior managers in the business units. In many cases this may not be suitable for PSD Board members and can contribute to an uninformative environment in which it is hard to challenge the content of proposals put to the Board and to reconcile the commercial merit of proposals with the technical/operational merit.
- e) the ability to more fully engage with employees in negotiating terms and conditions is another area where strong views were expressed, in particular, in circumstances where the operations of the business unit don't lend itself to a standard working day, or human resources were employed to respond to unpredictable events.

The above issues would appear to manifest themselves in a variety of ways, with the main areas for each business unit identified in the OUR's review set out below.

### GUERNSEY HARBOURS

#### GOVERNANCE ARRANGEMENTS

The challenges faced by the States and PSD Board with responsibility for the Harbours are likely to grow further in future given the inevitable complexity of meeting the various and growing demands placed on a Harbour Authority such as Guernsey's. The ability to meet these challenges is made more difficult by a political decision making forum for the Harbours without a clear articulation of the outcomes it seeks from this business unit.

The responsibility for prescribing the outcomes sought from a government body such as the Harbour lies appropriately in the hands of the PSD Board which is itself accountable to the States. However, at present there is a lack of certainty as to the outcomes sought from PSD Board, and a desire on the part of Guernsey Harbour for greater autonomy in making business decisions to cope with the various conflicting demands on the business.

As the demands from users become more sophisticated, the trend toward larger boats continues and the demands on harbour resources grows, the need for a defined set of outcomes that inform the business unit's priorities and give certainty to the management decisions around assets and operations, is considered critical.

A clear distinction between the role of the Board in setting strategic direction, and the role of the business unit to deliver, with sufficient autonomy to make the trade-offs in inputs and outputs, is a further key element in ensuring the Harbours can meet the challenges referred to. It seems to the OUR, these roles can complement each other. As noted by a regarded political economist,

*"It is essential that the practical supremacy should reside in the representatives of the people [but] there is a radical distinction between controlling the business of government and actually doing it". – John Stuart Mills (1806-1873).*

If the business decisions of the Harbours are subject to short-term changes due to a subjective goals that are not clearly set out in advance, the implications of this are likely to hinder rather than help the business unit.

There is a further point, noted by a report to the Jersey States on progress towards the Trust Port, namely that commercial and professional maritime matters must be seen to be administered and decided upon by a Harbours Authority that is free from operational influence.

#### OPERATIONAL AUTONOMY

The setting of clear outcomes sought is however not a panacea for all the issues raised. The ability of the Harbours to weigh up and proactively address conflicting and increasing demands on its facilities and other resources in a marketplace, and then make decisive decisions in response, can be hampered in circumstances where input and output decisions remain under the control of a political board. The Harbour Authority is of the view that greater control is required over input and output decisions by the people running the business in order to deliver those outcomes. Even with clearly defined outcomes, in the form of a clear strategic plan, it is inevitable that short term political priorities will be brought to bear when issues are contentious. This is particularly so when choices have to be made between the interests of various interest groups.

#### REVENUE AND RELATED CAPEX UNCERTAINTY

The Harbours Authority takes the view that over the long term the decision making process for price setting, subsequent surpluses generated, and their linkage with capital expenditure requirements creates significant uncertainty in the business decisions and charging principles of the Harbours. This in turn has, in its view, led to under investment in the asset base and a basket of prices not well matched to the demands on the assets of the Harbours.

The degree of uncertainty created by the current system for capital investment decisions is also highlighted as a significant concern by the business unit. As can be

seen by the comparison between the surpluses and capital expenditure by the Harbours, the fees it has received from users have been adequate to meet the commitments to date. However, a report by the Public Accounts Committee into the accounting structure of the Ports Holding Account (PHA) states;

*“...the PHA is unlikely to be able to support any substantial capital expenditure in the near future unless the ports can achieve reasonable operating surpluses or loans are raised.”*

The OUR understands the depletion in the PHA is why the Harbours is presently effectively in competition with numerous calls on General Revenue funds to sustain its assets. In the 1970s and 1980s, capital expenditure at the Harbours, in respect of the Queen Elizabeth II Marina development and the construction of Roll-on/Roll-off (Ro-Ro) ramps, was funded from General Revenue. To acquire the necessary capital for the jetty and crane work in the order of £10m, in the current capital debate, the Harbours presently competes with calls on funds for projects such as new school builds, T&R IT system investment, emergency service radio systems and Homes for Adults with Learning Disability.

This raises the question as to whether the level and mix of prices has maximised the utility value of the Harbours, and whether it has been able to invest effectively in its asset base. Certainly the view of that business unit is that the current price mix is not optimal and that there has been underinvestment in the Harbours. In part, this is attributed by the Harbours to the PHA, to which the harbour believes it has contributed a large amount of revenue through its surpluses, which have then benefitted capital expenditure in the Airport rather than only the Harbours. The same Public Accounts Committee report gives support to this view, stating that:

*“In short, surpluses from St Peter Port Harbour have subsidised the operations and developments at the Airport and St Sampson’s Harbour.”<sup>5</sup>*

A significant challenge of the commercialisation process for utilities in various jurisdictions, including Guernsey, has been the removal of cross subsidies that were well intentioned but not economically driven. Price setting in this context does not tend to reflect the underlying costs of service provision. The implication for investment incentives can be material as services bearing the cost of such cross subsidisation become underutilised given they are subject to market prices not reflecting their fair price. Conversely, those which are subsidised are inevitably over used creating further distortions to the ability of a commercial business to invest appropriately.

An in-depth assessment of price and quality comparisons and user price elasticities has not been conducted, but indications that the current pricing system has had distortionary effects on the demand for berths, for example, is suggested by comparing marina charges across the UK, France and Jersey. Figures 2 and Figure 3 illustrate this comparison.

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<sup>5</sup> The Public Accounts Committee ‘The Accounting Structure of the Ports Holding Account’ DRAFT 2007

Figure 2

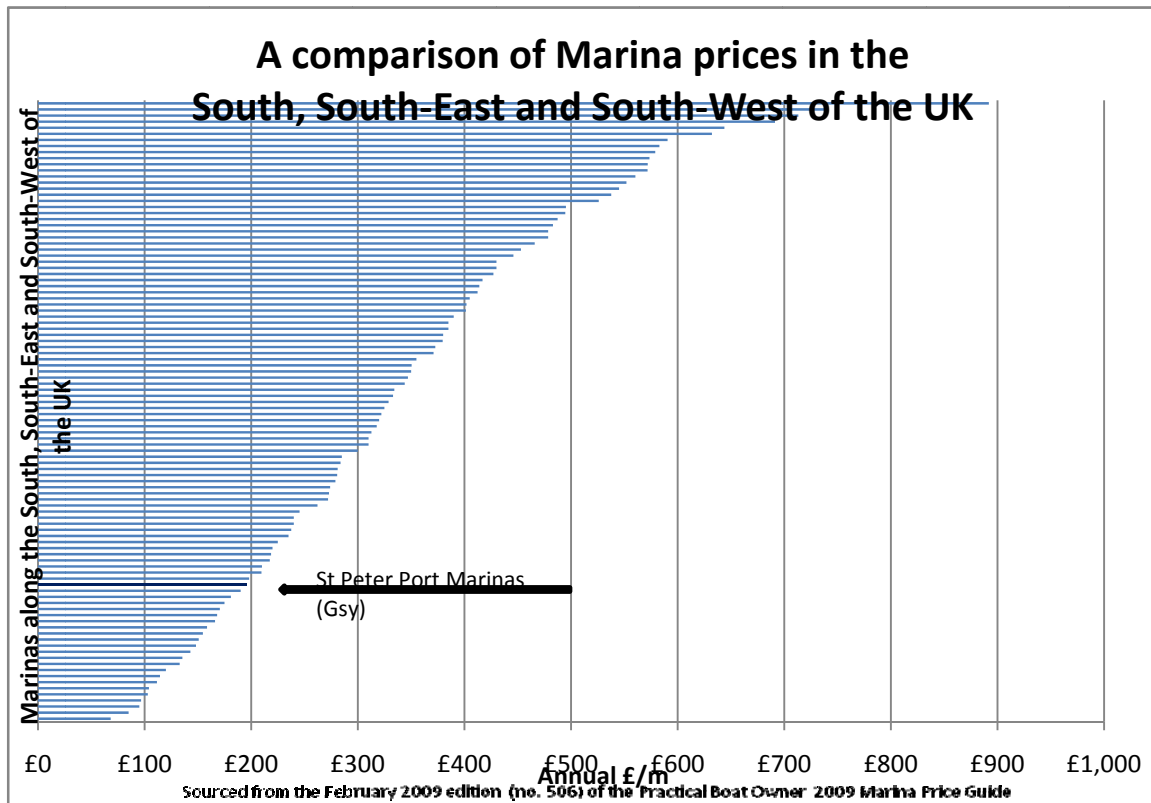
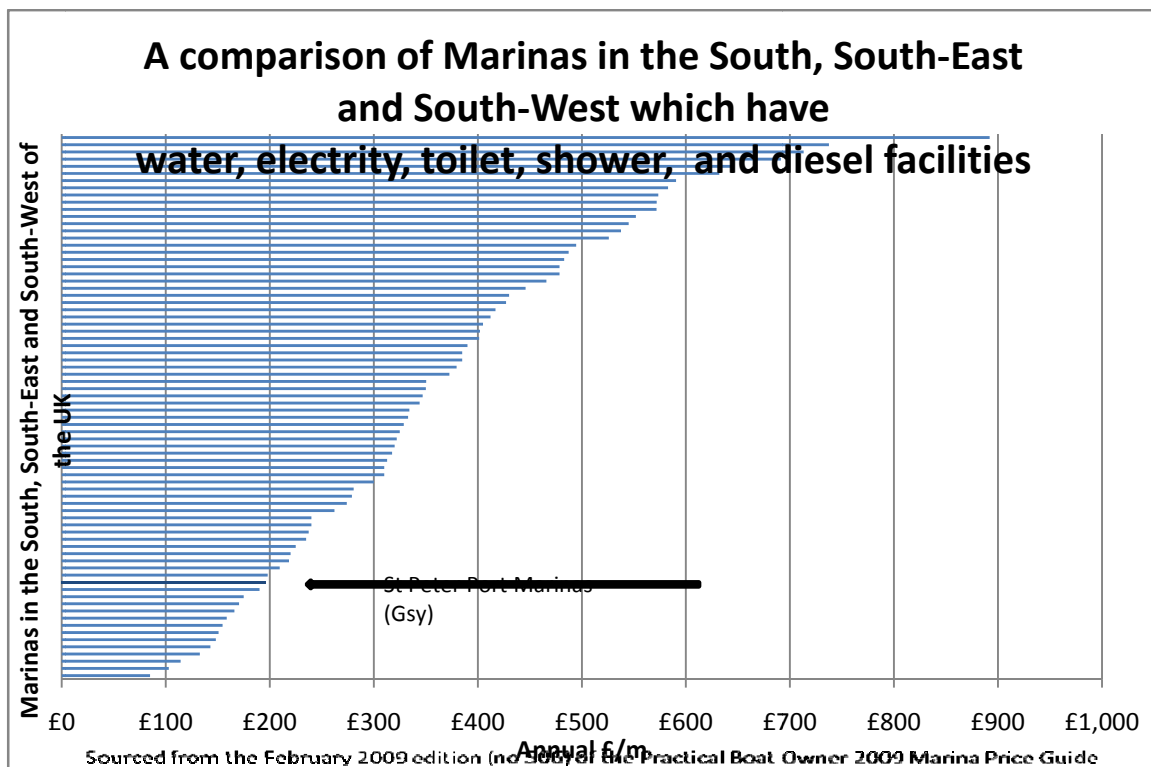


Figure 3



## HUMAN RESOURCE MANAGEMENT

A further issue raised by most business units is in the area of human resources. The Harbours facility is to all intents and purposes a 24/7 365 operation. The work patterns of its staff must by definition be flexible for management to efficiently adapt to the activities of such a port, which receives and dispatches overnight ferries and other cargo vessels subject to tidal and weather conditions. Applying the same terms and conditions, including pay arrangements, that apply whether staff are office workers or operations staff at the Harbours, is viewed as taking little or no account of the quite different demands of an operation faced with the demands of a port. This issue is particularly relevant to Guernsey Airport, but also for some staff in each of the other business units.

A one size fits all approach to human resources across these six business units within wider civil service arrangements appears outdated. The inability of management to apply terms and conditions that better suit the demands of the environment a business unit, such as the Harbours, operates in is prone to high cost, staff/management friction and risks to the quality of service provision. The counter issue as to whether the Harbours will be exposed to other problems if it could negotiate within its own business unit context must however also be a consideration. In dealing with the issue at hand by advocating some form of delegation, the OUR is mindful of the risks going the other way. The key argument however is that the Harbours should have a means to reflect the circumstances of its operations and the demands placed on its business. How this is achieved is a matter of implementation and certainly private businesses in general are able to manage their businesses on this basis.

## GUERNSEY AIRPORT

In terms of the feasibility of commercialising the Airport, a review of its annual accounts over the last ten years suggests the business as a whole is not self-funding. Guernsey Airport generated a surplus in the order of £19.6m over that period, contrasted with capital expenditure of just over £36m. This amounts to an annual shortfall of £1.6m over the period, without taking account of the current demand of £84.5m for the Airport Pavement project. The business has therefore not earned a sufficient return to replenish and develop its assets but has had to rely on funding from elsewhere. This is a long term situation, as a review of surpluses from 1962 suggests that the airport hasn't been able to generate sufficient surpluses over even longer historic periods.

In order to have matched income and expenditure to generate surpluses to meet its capital expenditure in its current structure since 1997, income at levels 30% higher than actuals would have had to be earned. Alternatively it would have needed to reduce expenditure by 38%. While identifying efficiencies is one of the objectives of commercialising business units, the scale of the expenditure reductions required to bridge this gap at Guernsey Airport appears unrealistic. This is equally true of the increase in fees that would be required.

There is therefore a fundamental element of commercialisation of the Airport in its entirety that is problematic, namely its ability to function as a self-standing business entity.

A consideration of an alternative business model has been considered by the OUR, and a discussion of that option is included in Section 6.

## GUERNSEY WATER

Consideration of the commercialisation of Guernsey Water has been carried out previously for the Public Accounts Committee by the Welsh Audit Office (WAO). It published its report in November 2006. This review highlighted several issues which the OUR would concur with given its own discussions with the relevant parties. The WAO's recommendations from that review are reproduced below for convenience:

### WELSH AUDIT OFFICE REVIEW

- a) The challenge to GW provided by the PSD Board needs to be strengthened to appropriately reflect the mitigation of the risks identified.*
- b) The States and the PSD Board need to clarify arrangements for the future regulation of GW. If PSD or another body is to undertake this role, it needs to strike an appropriate balance between governance and regulation.*
- c) The performance management of GW by the PSD needs to focus on key issues of strategic importance and value. Jointly developing and agreeing a set of balanced (financial, operational, customer focused and corporate health) indicators alongside a reporting and monitoring framework, will help to focus on key issues.*
- d) The centralisation of GW support services should be supported by clearly communicated business cases which demonstrate the benefits of the proposals.*
- e) The States needs to clearly articulate its long-term aspirations for water in Guernsey to ensure the PSD and GW are able to develop coherent business plans and strategies.*
- f) The financial and organisational arrangements for waste-water activities need to be clearly understood to establish if any additional value for money could be delivered.*

The OUR also notes that the WAO commented that a merger of the GW activities with waste-water activities could bring value for money gains and other benefits to the States. However, it noted that this needs to be carefully reviewed to ensure the financial arrangements (funding/billing/cost recovery) for waste water are clarified, and risks and benefits are fully understood before any potential merger is considered. The WAO further commented that commercialisation of GW (in line with existing Guernsey models) is unlikely to provide any additional value for money that cannot be delivered via improvements to the existing structural and procedural arrangements. Guernsey Water has indicated that, in its view, the issues identified above remain of concern.

### HUMAN RESOURCE MANAGEMENT

In addition, an aspect not covered by the WAO review is the area of human resource management. In common with other business units, it has expressed a need for it to have greater control of its own workforce, to allow it to bring about an improved performance ethos and the ability for reward and recognition. This is consistent with the issues raised by other business units with centrally contracted staff agreements.

### STATES WORKS

This business unit faces particular difficulty with the timing of budgets which must be set by May for the following year. This is argued to place the business in a commercial strait-jacket in that it must commit to a budget well in advance of time and is therefore vulnerable when outturn varies from these projections. Changes can for example arise



in the nature and volume of work successfully tendered for, income earned and staffing costs.

Centralised wage rate negotiations in particular present risks to its ability to match prices with costs since the unit must commit to prices in submitting for tendered work, of which a significant proportion comprises staff costs given the nature of the work. These prices must therefore be submitted in order to win work without knowing what PSRC's pay award will be. It appears unlikely that PSRC is able to take direct account of the implications for States Works of its wage agreements in terms of their timing and the commercial implications this may have.

The issues around centrally agreed pay and conditions for this business unit is probably most clearly set out by drawing on the role of States Works in bidding for road works contracts in competition with Ronez Guernsey. States Works must bid for these contracts when requests for bids are sent out usually in May of each year, for work in the next year. As with other work areas, a high element of the cost of providing the service is in the cost of people. The OUR understands the central wage negotiations by PSRC only commence in January of the following year. States Works is however required to submit bids before the end of the prior year in a competitive environment in advance of the conclusion of those central negotiations. When it is considered that some 90% of the tenders it submits for the following year require assumptions about labour costs the concerns around timing and cost uncertainty are apparent.

For States Works the issue of governance does not feature in the same way as other business units. States Works does not approach the Board for a budget seeking funds, but rather sets out what work has been received together with the costs and receipts expected from that. In general, the competitive nature of many projects in which States Works is involved suggest oversight by PSD is not as critical as other business units. Also, many of the major capital expenditure items are in any event the accountability of other business units, even though States Works will employ the assets. Oversight of those businesses rather than States Works appears more relevant in the circumstances.

#### WASTE WATER SERVICES

Waste Water charges do not currently cover operating costs which leaves the business reliant on General Revenue Funding. Because charges have not been set at realistic levels in the past, apparently due to political rather than commercial reasons, these do not reflect the true costs incurred in using these facilities.

In many respects, much of the discussion in the context of Guernsey Harbour around imbalances in pricing and the consequences of such are applicable to Waste Water Services. What people pay for services informs the degree of demand they place on that service and informs how efficiently they utilise such services. To the extent that these prices are subsidised or the relationship between usage and prices is opaque (for example through taxes which everyone bears rather than direct charges), unnecessary usage is likely to take place which then drives up the costs of providing the service, placing greater demands on General Revenue.

The above context is a standard text case for inefficiency, particularly when in Waste Water's case, its ability to challenge the operating costs of its business are limited since many of these are said to be out of its control. However, it is not possible to quantify the extent of these inefficient costs since there are no available means of measuring how individual consumption decisions would have changed if charges had reflected costs.

Several of the areas of concern covered in the discussion of Guernsey Harbours, such as governance, operational autonomy and human resource management, do not explicitly arise in discussions with Waste Water's management as the business unit is at present expressly reliant, even for its operating costs, on General Revenue. In these circumstances Waste Water Services is essentially run as a cost centre rather than a business unit and such issues are less likely to arise in this context as the business unit is not sufficiently developed as a self-standing entity.

#### SOLID WASTE

In many respects a consideration of current arrangements is dwarfed by the issue of waste disposal technology choice. Whether or not this business unit lends itself to being commercialised will depend on the priorities that inform the choice and scale of the technology. The nature of charges for waste disposal, if any, the allowance of a reasonable return to replenish the assets, and whether or not additional revenue streams from a waste-to-energy plant will be realized, will all have implications for whether this business unit is feasibly a financially self-standing business unit, or instead require ongoing subsidies.

The timing of when this decision is made and the extent to which existing facilities will need to be continued in parallel is also an unknown variable at this stage. It is feasible the existing waste disposal resources in the form of staffing and equipment will remain operational until the technology is established before downscaling the existing waste facilities. The extent of any parallel running in terms of the capacity maintained and resources taken up in providing that, as well as how long that takes, will have a significant bearing on the cost of the future solid waste facility as a whole.

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## 6. COMMERCIALIZATION MODELS

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The OUR is asked to assess the appropriateness of the Guernsey model of commercialization for each of these business areas and identify the potential benefits and disbenefits of doing so. This section deals with this aspect of the review.

### NO CHANGE

#### STATES WORKS

In the OUR's view, the logic of a States in-house resource that is multi-skilled with the capacity to provide a rapid deployment resource is convincing. The question as to how those resources, both tangible assets and people, are utilized given the spare capacity that is the nature of such a response operation raises several challenges for the business. Given the staff bill for this unit is in the order of £6m the materiality of this cost element is significant and the issues arising around wage agreements and timing are important issues for the business.

However, commercialisation of States Works justified only by the concerns around the PSRC role and risks it poses to this business' finances would in the OUR's view be a disproportionate response to the problem. A separate review of such centralized arrangements and exploration of the alternatives is likely to be more appropriate than attempting to address a specific issue through commercialisation.

#### SOLID WASTE

Given the discussion in the previous section, there is little in the way of an established business over the medium term on which the benefits of commercialisation can be meaningfully assessed. The OUR has therefore not investigated further the viability of commercializing the Solid Waste business unit. Should a technology be employed, and the States deem it appropriate for this business unit to be self-funding this would alter the parameters the business unit operates under. When clarity on these key aspects is available, the OUR's recommendation is that consideration of the viability of commercialization is appropriate at that stage.

### GUERNSEY MODEL OF COMMERCIALISATION

#### GUERNSEY WATER AND WASTE WATER

In assessing suitability for commercialization of Guernsey Water and Waste Water Services respectively, the similarities between the businesses suggests a joint analysis is considered appropriate.

#### *Hard Budget constraints*

In the case of Guernsey Water there already exists a clear demarcation of the business, including inputs and outputs provided by the business. While not of itself providing a hard budget constraint, this arrangement provides a clear boundary for the operations and financing of the business unit to which such a constraint can be applied.

We note the comments by the Welsh Audit Office that the commercialization of Guernsey Water (in line with existing Guernsey models) is unlikely to provide any additional value for money that cannot be delivered via improvements to the existing structural and procedural arrangements. Until a detailed review of the business is

carried out in a systematic way to provide a third part critique by experts in the area, it is an open question as to whether additional value for money could be delivered by Guernsey Water and therefore whether a more demanding hard budget constraint is realistic. Certainly, in the UK the extent to which utilities could be operated more efficiently was not apparent until after commercialization, and in some cases privatization, took place.

A comparative study by Europe Economics<sup>6</sup> provides a basis on which to assess the potential for efficiencies in sectors such as rail, water, waste water, electricity transmission and distribution, and gas transportation. A number of features of Guernsey Water and Waste Water Services business are similar to those of other infrastructure network businesses that operate in market environments with relatively few or no competing providers. The scope of efficiency savings imposed by UK regulators for these businesses shows a range between 1.5% and 5% in cost reductions. Efficiency savings by privatized network businesses in fact exceeded this, ranging between 3.7% and 9.1% annual real reductions. These insights provides a useful context in terms of regulatory precedent and the actual efficiencies achievable by businesses operating in those industries that in many important respects share common features with both Guernsey Water and Waste Water Services.

The combined efficiency saving achieved by Guernsey utilities since commercialisation in 2001 of the three utilities was assessed in 2007 and the savings to consumers for all three sectors is estimated at over £40m.

It has not been feasible to assess Guernsey Water's efficiency given the scope and scale of this review. However, the OUR notes that the building of business premises at St Andrews reservoir (as opposed to office relocation) was not part of the original 2003-2013 business plan, and is expected to cost in the region of £5m. If funding for this project is not from higher charges but from the surpluses generated by the business (surplus of £35.6m over the period 2003-2007) it is assumed a surplus of only £30.6m to date was in fact needed to fund the original business plan serving the core business.

Obviously enterprise and innovation are positive developments. However, the extent to which water charge increases of 30%+RPI over that period will be drawn upon to fund this development raises the question as to whether the extent of the original increases was justified to fund the original business plan, since these did not include the development of business premises costing £5m. If this project is largely funded from existing water charges, it implies that over the period 2003-2007 annual charges by Guernsey Water could have been on average 14% lower. The question as to whether sufficient scrutiny of the business plan had been applied to ensure it was constrained is therefore an issue based on this initial assessment.

In conclusion, it appears feasible to impose hard budget constraints on Guernsey Water in a commercialised environment, and this is obviously achieved in other jurisdictions. At the present time it is unclear to what extent savings are realizable by the business but history and a preliminary assessment suggest the scope for this exists and is material.

For Waste Water, given it has historically not been self-funded, the question arises as to whether it will continue to place demands on General Revenue or whether it can sustain its own capital expenditure needs. The OUR understands there is no major

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<sup>6</sup> *Europe Economics: A report for the Office of the Rail Regulator - 1999*

capital investment programme currently needed to sustain the existing waste water business and there is therefore no major demand on funds required to support the assets of the business to deliver existing services. The relevance of this is that if a commercialization option were pursued the business should be capable of funding itself - assuming appropriate services charges are developed.

The Sewer Network Extension Plan (£20m) and the Belle Greve Wastewater Disposal Facility (£15.5m) are capital programmes under Waste Water's responsibilities. At present funding is sought from General Revenue for these projects. This raises the question as to whether the business can sustain its capital needs, contrary to the view above. This is relevant to the applicability of the commercialisation model to this business, and therefore dealt with here.

The OUR's understanding is that both these projects are proposed on non-commercial grounds, in that they are intended for wider societal benefit rather than initiatives that of themselves will be self-funding. On this basis, General Revenue funding seems entirely appropriate. If, on the other hand, such projects were considered core to the delivery of a waste water service and the PSD Board were to decide that outcomes sought from the business included the goals of these two projects, this is not at odds with commercialisation. However, it does imply that rather than recovering the costs for such investment projects through tax revenue, they should be recoverable from waste water charges under a commercialisation model. The disciplines that go with commercialisation in terms of the oversight and scrutiny from a Board and regulation, would then provide the hard budget constraint required in delivering those outcomes.

A further issue is that given the business has historically not run as a self-contained entity but relied to a large extent on General Revenue, it is unclear whether the business is easily separated from the PSD Department generally, or from the Solid Waste business. This is a practical matter but nevertheless pertinent to hard budget constraint issues since material allocation of personnel can create problems in cost accountability.

Waste Water has however adopted a business model where it contracts out much of its operations. The wastewater collection service, pumping station and rising main maintenance, sewer network and stream maintenance, highway cleansing and ancillary services as well as emergency support are all contracted out through SLAs to States Works. To this extent these operations of the business are clearly distinct, with identifiable budgets allocated to those operations. Staff allocated to the Waste Water unit are also identifiable, although some staff cover both Waste Water and Solid Waste.

In conclusion, the OUR sees no obstacles to hard budget constraints on the waste water business, but a clearer separation of the business and the ability to fully recover costs from users is a prerequisite prior to commercialisation.

#### *Clarity on Outcomes sought*

As noted earlier Guernsey Water has adopted water quality standards set by the UK as targets. On this basis, the delivery of safe drinking water to Guernsey certainly lends itself to technical standards on outcomes sought applied to the business unit. This conclusion is equally applicable to the effective removal and disposal of sewerage or waste water.

It is worth highlighting that the OUR understands that in the case of Waste Water there is an absence of an outfall standard at present in Guernsey. The absence of such a standard is certainly a factor that would need to be addressed should

commercialization be considered an option<sup>7</sup>. A commercialisation model would, however, need to go beyond only technical standards and set a specific objective in terms of either a profit objective or some wider set of objectives that capture other interests, but are nevertheless verifiable and unambiguous.

In conclusion, the ability to stipulate clear outcomes sought from either Guernsey Water or Waste Water Services does not appear to present insurmountable difficulties. This is achieved in other jurisdictions, and the OUR has no reason to believe this would be different in Guernsey.

#### *Existence of Market Prices for Inputs and Outputs*

The need for market prices for inputs and outputs sought has been discussed to some extent already above. The provision of water as well as waste water services, while an essential service for any society, are essentially distinct products/services, with identifiable market prices for their inputs and through appropriate costing, attribution of the cost of their provision is feasible.

#### *Feasibility of oversight or competitive restraints*

Both Guernsey Water and Waste Water Services are monopoly businesses and likely to remain so given an Island the size of Guernsey. In this context, the nature of oversight of a commercialised, or part commercialised, entity is an issue that would need to be considered before a commercialization model is considered appropriate.

The OUR concurs with the Welsh Audit Office view that the existing model of commercialisation presents problems when attempting to apply it to Guernsey Water alone. The same is true of the Waste Water business. A key issue is that the small scale of these businesses is such that the fixed costs of regulation of these separate businesses may impose disproportionate costs. These costs include dealing with efficiency reviews, legal advice, other staff time engaged in regulation.

The cost of developing improved information systems is however more closely associated with the changes needed to move to a regime where cost accounting is more demanding to allow for adequate information to manage the business on a commercial footing. In most respects this is a cost of moving a business to one with better information on how customers are using the services and the cost of servicing those customers. Such costs are needed to run a business more efficiently and effectively. It is therefore arguable that these costs are overheads attributable to more effective and efficient business decision making rather than oversight alone.

The OUR's recommendation therefore is that if commercialisation was considered an appropriate response to the issues identified by this review, separate commercialisation of Guernsey Water and Waste Water is not a feasible route on the basis of scale issues alone. This issue can however be overcome, given the obvious synergies between Water and Waste Water, by a merger between these two business units.

The main advantages from such a merger are expected to be:

- A clear set of outcomes on which the business can focus and adapt a business model to achieve those objectives

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<sup>7</sup> This will almost certainly form part of the Belle Greve investment decision for pumping of sewerage out to sea.

- Improved relationship between cost causality and price of the services, with better informed judgment on capital programmes as a result
- Priorities in terms of systems, pricing, staffing and staff motivation are more likely to identify such waste
- The priorities that tend to inform decisions of State owned businesses are often engineering led, since commercial trade-offs can become less of a priority under political governance arrangements. Under the commercial model these tradeoffs are more likely to be confronted and improved decision making as a result
- A dedicated Board will be better equipped to challenge the business managers in their input and output decisions
- System of remuneration packages better suited to a commercial environment with related improved incentives to eliminate waste
- Terms and conditions that reflect the interests of customers and what they require from the service
- A regulatory oversight that provides expert and independent critique of the business

The disadvantages of commercialising Guernsey Water and Waste Water Services are:

- The business models of in-house v outsourcing between Guernsey Water and Waste Water respectively are clearly different. A choice would almost certainly need to be made between these approaches to running operations and the inherent changes associated with that.
- The separation of staff currently within Waste Water into a distinct commercialized business entity will also present challenges given the change this represents to staff.
- A further challenge will be the development of a clear charging method for waste water services. Given the capital investment in the networks was previously funded from General Revenues, current charging does not reflect the cost of the depreciation of these assets to allow for their replenishment. Development of a pricing regime and billing system are all necessary to allow this business to function as a separate business entity albeit as a merged business<sup>8</sup>.

On balance the OUR believes a strong case exists for the merger and subsequent commercialisation of the Water and Waste Water businesses.

#### GUERNSEY HARBOURS

The option of commercialization of the Harbour is an alternative that may be feasible. The commercialisation of Guernsey Harbours certainly provides a simpler objective for the legal entity in terms of outcomes sought, if it is tasked with achieving a certain profit target. The OUR has also been in discussions with those involved in a review of the Jersey Harbours in that jurisdiction. The history of that review stretches from 1998 and

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<sup>8</sup> This latter issue is already being addressed to some extent through using Guernsey Water's billing system to manage waste water collection charges.

the preference has been for a Trust or a Commercialised model, with one or the other being the preferred choice at different stages during the course of that review. Our current understanding is that the recommendation will be for a Commercial Model. .

The OUR has reservations about the incorporation model applied to Guernsey Harbours for two main reasons. The first is due to combination of public good services the Harbours Authority must deliver in combination with commercial services. Outcomes that combine such public good priorities with the provision of commercially based services could create sizable tensions in the community with a service such as the harbours. The challenges in balancing the tradeoffs needed may not be best entrusted to a business operating under the incorporation model since the nature of outcomes sought from the business may distort rather than improve its ability to find an appropriate balancing of priorities in this context. Also, as an Island Harbour Authority, the scale of this business appears to the OUR such that the 'Guernsey commercialisation model', which reflects the need for checks and balances to address an incorporated business' monopoly position, probably means the tipping point to move to this model is not met. This is however a matter of judgment not science and we would suggest the option of a commercialization model should not be dismissed entirely but that it should be approached with caution.

Alternative opinions may cite numerous examples of commercialized businesses that provide a mixture of universal service obligations together with commercial services. For reasons stated above this would not be our first recommendation but the OUR acknowledges the argument may be finely balanced and certainly other ports have been able to function effectively under this model. An alternative model is proposed for the Guernsey Harbours below which we believe better meets the specific needs of Guernsey Harbour and of harbour users but given the right circumstances consideration of a commercialized model may be seen as a viable way forward.

#### TRUSTS

There are over 100 trust ports in the UK, including Dover, Milford Haven, Tyne and the Port of London Authority.

A trust port is an independent statutory body, run by an independent board for the benefit of the stakeholder. Similar to a legal trust, a trust port is owned and managed by one party for the benefit of another. Trust ports do not therefore have shareholders and in the UK each trust port is governed by its own local legislation. The stakeholders are those using the port, employees of the port and individuals and organisations that have an interest in the operation of the port. Serving the objectives of the Trust remains the ultimate responsibility of the board, and future generations remain the ultimate stakeholder.

While trust ports are managed in a commercial way, they may not necessarily be guided by maximising their profit margins, as a private equity port would. In a trust port there may be non-financial objectives that benefit the port long-term, or are beneficial to the stakeholders of the port. Although trust ports may not be profit driven, they need to facilitate investment so they can compete with other ports (therefore they do still need to be profitable).

One of the defining aspects of the trust port is the board. The board may have some government appointees on it, however the port will be financially and strategically independent from political interference. The board plays an important role due to the lack of formal shareholders who would stand to gain from an increase in profit which provides the motivation to scrutinise the efficiency and the types of investment that the



port chooses to make. Instead this is down to the members of the board responding to the stakeholders' interests and demands.

The emphasis on public duties and the commitment to re-investment whilst maintaining a commercial focus is essentially the reason why trust port status is seen as a suitable compromise between commercialisation and a State run enterprise.

#### GUERNSEY HARBOURS

As noted earlier in this paper, the Harbours provides a combination of what are deemed public good services which are not commercial services nor would they be in any future business model. Search and Rescue services and the facility of a harbour generally to an Island community relying on this vital link to the outside world are not amenable to standard commercial prerogatives. However, the Harbours does have substantial income streams through the provision of various commercial services.

In evaluating the merits of some form of commercialization of the Harbours, an assessment of the criteria discussed in Section 4 is necessary.

##### *Hard Budget constraints*

The services and facilities provided by the Harbours are identifiable. There is a question whether the provision of public good services within the operations of the Harbours limits the ability of the business to be subject to hard budget constraints. In the OUR's view, the delivery of Universal Service Obligations, which are effectively services which support societal priorities rather than commercial interests, is common even in fast developing and highly competitive markets such as those seen in telecoms as well as in postal markets. This aspect does not therefore raise material concerns in the context of trust port status.

##### *Clarity on Outcomes sought*

In the context of a Trust Port, given there would appear to be several priorities and interest groups whose needs would have to be met in the Guernsey context, this does suggest a degree of imprecision is likely in setting outcomes sought from this business. Certainly reviews of Trust Ports have identified this aspect as a weakness. However, in the OUR's view this places a greater onus on the formulation process and the strength of the Trust's Board to deliver and does not justify a commercial model for Guernsey Harbours.

##### *Existence of Market Prices for Inputs and Outputs*

There is a history of drawing on an incorporated model or some other form of commercialization such the trust port concept. Such Ports appear to have functioned well using such a business model and the existence of market prices for inputs and outputs delivered by these Ports is available on a comparator basis. By creating a Trust Port, with very clear responsibilities to the community, a port can be prevented from either falling into decay or profiteering through excessive prices and losing sight of its primary purpose.

*Feasibility of oversight or competitive restraints*

Some trust ports, such as Lerwick and Stornaway are in effect monopoly ports for their island communities and the need for accountability is strong. The feasibility of oversight and the structure of such oversight is therefore directly related to the outcomes sought from the business unit. Given the fairly unique challenges of meeting the demands of an Island port, there is a case that the concept of stakeholder dividend as applied to a Trust Port is an appropriate approach to setting out the objectives and priorities of such a business, as opposed to a standard commercial business. In order to achieve appropriate oversight in this context, the make-up of its Board would need to reflect this. This appears feasible for Guernsey Harbours and relates to the issue of clarity on outcomes sought.

In conclusion therefore, the OUR's recommendation is that consideration should be given to moving Guernsey Harbours' status to that of a Trust Port. The preferred option is to set up the trust as a '*Revocable Trust*<sup>9</sup>'. A Trust with such a status presents the States with greater means to intervene in circumstances where it believes the interests to which the Trust was assigned to serve, are not being met.

Should the OUR's recommendation be seen to have merit, as a prerequisite there is a need for the development of a long term Port Master Plan, with extensive consultation with stakeholders informing that Plan. Once the priorities for a Harbours Trust are clarified, the appointment of Board membership as trustees should reflect the outcomes sought. Under this model there would not be any function envisaged for direct regulation in terms of licensing such a business entity, which would instead come from the Law presented and agreed by the States, with the Harbours functions kept as a single entity. The OUR sees no merit in any break-up of the Harbours functions or any separate licensing regime for the various responsibilities currently entrusted to Guernsey Harbours.

#### COMMERCIALISATION WITH EXPLICIT SUBSIDIES

##### GUERNSEY AIRPORT

The discussion in Section 5 concluded that the commercialisation of the Airport in its entirety raised fundamental problems, as historically its surpluses have not met the capital expenditure needs of the business. Going forward, this seems likely to remain the case

An alternative is the separation of the business unit into two component parts, namely commercial and non-commercial units. This approach essentially regards the Airport assets of the runway, pavement and other airside capital assets as non-commercial investments, whose benefits go more widely than the income accruing to the Airport directly but to the wider economy. The strategic nature of the runway and related assets as a lifeline to the outside world for the residents of Guernsey and an essential element in the functioning of its economy are factors that might support the classification of this part of the business as a separate entity requiring different treatment. There is no measure of this benefit available but it is anticipated it would be material.

The separation of this aspect of the current business would effectively involve it receiving explicit subsidies to fund the upkeep of the airside assets, while the

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<sup>9</sup> The OUR has consulted trust experts in this area who have advised its views in this paper.

remainder of the business would be run on a purely commercial basis. An initial assessment has been made in separately accounting for such a split between the commercial and non-commercial areas of the Airport. On the basis of the Airport's 2009 budget, that part of the business potentially regarded as commercial is forecast to make a surplus of £1.9m for this year. There is therefore at least on a provisional basis, a suggestion that this model may allow for the commercialisation of Airport operations, but this must be caveated with the need for a more detailed accounting separation exercise and assessment of the practicalities of such an option before definitive views can be formed.

As a reference point, the above model has parallels with the situation in the railway industry in the 1990's, with the separation of the management of railway operation and infrastructure from the provision of railway transport services. Unfortunately this has a troubled history in the context of Network Rail, with the scale of subsidies involved in the network business causing public disquiet, worsened by the perception that the service element was earning profits at the expense of the taxpayer. With two businesses so heavily reliant on one another, with potentially different priorities and operating under different models, the risk associated with such an alternative require examination before pursuing this further and the OUR would recommend such a review as the next step.

If such an option were to be considered, it is suggested that initial discussions with airport operators be held to gain a better understanding of the degree to which more commercially focused operators believe such a proposition is viable.

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## 7. REGULATORY ARRANGEMENTS

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The Guernsey model of commercialisation is recommended by the OUR as appropriate for the merged entity of Guernsey Water and Waste Water Services. The recommendation for Guernsey Harbours is for the status to be altered to that of a Revocable Trust.

It is recommended that the regulatory arrangements for the merged water and waste water businesses be similar to the current system for Guernsey Post and Guernsey Electricity. The commercialization model for Guernsey Electricity and Guernsey Post is of a form where ownership of the two businesses remains under State control, with T&R acting as the shareholder on behalf of the States. The Boards of both Guernsey Electricity and Guernsey Post are appointed through a process where Board members are recommended by the Executive of the respective businesses, with the T&R having the right to either accept or reject. An explicit profit objective over the medium term is recommended with remuneration of senior management closely linked to the performance of the business in achieving this level of profit and other regulatory targets.

It is proposed that the business should be allowed to fund itself as any commercial business would rather than adopt the 'Save to Spend' approach to capita expenditure funding currently followed by Guernsey Electricity. Regulation of the merged entity would fall to the OUR, which would licence the business subject to the licence conditions for provision of the respective services. These conditions would essentially encompass price of the services, regulated through price caps, and quality of the services, through a range of performance targets. In addition, obligations by the States would be placed on the business through Directives issued by the States to support priorities in this sector.

The Harbours' status as a Trust Port would entail oversight from the Board of Trustees rather than any independent economic regulatory body such as the OUR. The stipulation of outcomes sought that inform the priorities of the Board are therefore a key element for the PSD Board in setting up such a body to ensure these drive the priorities of the Trust.

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## 8. CONCLUSIONS

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In conclusion the OUR recommends:

- The adoption of the Guernsey commercialisation model to a merged business of the existing water and waste businesses;
- Guernsey Harbours' status as a Revocable Trust is pursued further which would include it taking sole responsibility for managing its surpluses;
- States Works remains in its current form;
- A further review of the Solid Waste Business is conducted when further clarity on the approach to waste disposal for the Island is available;
- A detailed accounting and business review of Guernsey Airport is conducted to assess the potential commercialisation of part of that business; and
- That the surpluses generated by the Ports is exclusively designated to meet the capital expenditure needs of that business, since any further agglomeration of surpluses into a general fund is likely to weaken the Harbours' capability as a strategic asset

In the case of Guernsey Water and Waste Water Services, such a merger should be fully completed prior to actual commercialisation as a quasi independent business entity that is commercially stable, with appropriate charging systems in place with integrated billing systems.

In the case of Guernsey Harbours as a prerequisite to moving to a Trust Port status, there is a need for the development of a long term Port Master Plan, with extensive consultation with stakeholders informing that Plan. Once the priorities for a Harbours Trust are clarified, the appointment of Board membership as trustees should reflect the outcomes sought.

Finally, the OUR would once again like to record its appreciation to the business units and PSD for the assistance provided in preparing this report.

**(NB The Policy Council has no comment on the proposal.)**

**(NB The Treasury and Resources Department recognises the merits of continuing the evaluation of the options for changing the business environments of these States Trading Entities although this should not be interpreted as implying support for some or all of the recommendations made by the Office of Utility Regulation. Any changes to the ownership and corporate oversight of any of the trading entities could have significant financial implications for that entity and the States overall and therefore the Treasury and Resources Department looks forward to contributing to the review being carried out by the Public Services Department).**

The States are asked to decide:-

VI.- Whether, after consideration of the Report dated 22<sup>nd</sup> October, 2010, of the Public Services Department, they are of the opinion:-

To note the Public Services Department's ongoing evaluation of the options for changing the business environments of Guernsey Water, Guernsey Wastewater, Waste Services, Guernsey Harbours and Guernsey Airport and its intention to report to the States of Deliberation with its recommendations in due course.

## **PUBLIC SERVICES DEPARTMENT**

### **GUERNSEY AIRPORT – PAVEMENTS REHABILITATION PROJECT**

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port

16<sup>th</sup> November 2010

Dear Sir

#### **1. Executive Summary**

- 1.1. This report updates States Members on several specific elements of the Guernsey Airport Pavements Rehabilitation Project. It seeks a decision on the compulsory purchase of a field to complete the runway layout approved by the States of Deliberation at its meeting held in September 2009 (Option C).
- 1.2. The Public Services Department considers that Option C as previously agreed by the States of Deliberation still continues to be the optimum solution for the works required at Guernsey Airport. The Department will be arranging presentations for States Members on the research, analysis and work it has undertaken since Option C was approved to demonstrate why it remains the optimum solution. This will ensure Members are fully informed ahead of the debate of this report.
- 1.3. The report also asks the States to agree the permanent closure of La Mare Road, St Saviours/St Pierre du Bois.

#### **2. Introduction**

- 2.1. At its meeting in September 2009, the States of Deliberation considered a report from the Public Services Department entitled “Guernsey Airport - Pavements Rehabilitation” (Billet D’Etat XXIV, 2009).
- 2.2. As a result the States agreed to proceed with essential works at Guernsey Airport. This involves works to the runway, taxiways, apron (aircraft parking area), lighting, drainage and importantly, improving safety at each end of the runway in order to meet modern day aviation standards.
- 2.3. In reaching a decision the States were presented with a number of options. The decision was made to choose Option C. This was broadly similar to a number of the other options but varied in respect of the runway end safety areas (RESA).

- 2.4. The RESA is the area in which an aircraft can be brought to a safe stop in the rare event the pilot is, for whatever reason, unable to control and stop the aircraft on the hard surface of the runway.
- 2.5. The UK Civil Aviation Authority (CAA) guidelines on aerodrome safety recommend that airports provide at least 240 metres of safety area at the start and end of the runway strip<sup>1</sup>. If an airport cannot provide 240 metres of safety area it will in many circumstances be allowed to operate with a shorter safety area where it can present a sufficiently robust case, based upon risk assessment to show why a lower safety margin is acceptable. The design of Option C includes the provision of 240 metres at the western end (albeit ‘clipped’ – see paragraph 2.18) and 198 metres at the eastern end. The lower distance at the east is acceptable to the regulators based on the facts that the worst weather conditions tend to be when there are south west or westerly winds, and the overshoot incidents which have been experienced have occurred at the western end. In addition, part of the 198 metre RESA at the east end would consist of a paved runway surface which has a significantly improved braking efficiency for overshooting aircraft when compared to grass.
- 2.6. However in any situation where less than the recommended minimum of 240 metres is provided, the Bailiwick’s Director of Civil Aviation working in liaison with the CAA will review the situation with the Airport each year, as part of the annual audit process, and will seek to encourage a move to the full 240 metres at the earliest practical opportunity.
- 2.7. When the States decided Option C was the most appropriate, the key determining factors included that:
- it was the lowest of the cost options provided which were known to be acceptable to the CAA;
  - it ‘future proofed’ the runway, such that if the States in future decided to extend the runway to 1700 metres, no further works would be required at the western end
  - it incorporated UK conventional, tried and tested grass runway end safety areas within the airport design
- 2.8. Option C however requires the States to acquire agricultural land to the western end of the current airfield boundary in order to create the grassed safety stopping area, or RESA and also to incorporate essential safety infrastructure including navigational lights.

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<sup>1</sup> **Runway Strip** - A defined area including the runway (and stopway if provided) intended to reduce the risk of damage to aircraft running off a runway and to protect aircraft flying over it during take-off or landing operations



- 2.9. After the States debate in 2009 and approval of Option C, the Public Services Department, in conjunction with the Treasury and Resources Department, sought to acquire all the necessary land at the western end. Through a constructive dialogue and the co-operation of the landowners concerned, all but one parcel of the land required has been purchased by the States.
- 2.10. This one remaining parcel is a field, with a value of approximately £36,300, at the far western end (see plan in Appendix 1), which the landowners, Messrs. N J, P W and J F Le Messurier, are not willing to sell. If this field is not acquired this would have the effect of reducing the RESA or safety stopping distance from a 'clipped' 240 metres to approximately 200 metres and will not enable the placing of the navigational lights and emergency access. It would also not provide the necessary future proofing.
- 2.11. In order to implement Option C as approved by the Resolution of the States on 2<sup>nd</sup> October 2009, it is therefore expedient for the States to compulsorily acquire this field.
- 2.12. This report therefore asks the States to effect the compulsory purchase of the land as marked on the plan in Appendix 1. Further details of the land parcel (in this report called Land Parcel A) are set out in the following table:

<b>Land Parcel A</b>	
<b>Cadastre Number</b>	F001050000
<b>Address</b>	Ruette de la Tourelle
<b>Location</b>	Area within boundary of proposed western RESA
<b>Shaded on Plan</b>	Grey Area – See Appendix 1
<b>Size</b>	3.71 verges <sup>2</sup>
<b>Ownership</b>	NJ, PW and JF Le Messurier
<b>Value</b>	£36,265 <sup>3</sup>
<b>Relevant Section of Law</b>	Section 1 of the 1949 Law

- 2.13. The Public Services Department, for and on behalf of the States of Guernsey, wishes to acquire this land parcel in accordance with Section 1 of the Compulsory Acquisition of Land (Guernsey) Law, 1949, as amended ("the 1949 Law").
- 2.14. The Department believes, having taken advice, that the Department has complied with the requirements of the 1949 Law. The Department has also used its best endeavours to comply with, where possible, the further amendments approved by the States in April 2010 but which are not yet in force

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<sup>2</sup> 3.71 verges is 1.5 acres (approximately the area of a football pitch)

<sup>3</sup> This value includes a 15% compulsory acquisition premium

- 2.15. A detailed case as to why the acquisition is ‘expedient for the carrying out of any public purpose’ and therefore satisfies section 1 of the 1949 Law is set out in paragraphs 2.16 and following.
- 2.16. The primary reason for the acquisition of this Land Parcel A is improved safety. As previously discussed, Land Parcel A will be incorporated into an extended runway end safety area which is being provided at the western end of the runway. In addition, this land parcel is required to site the re-positioned Instrument Landing System (a critical element of the airport’s navigational aids) and for repositioned approach lighting. The land parcel will also accommodate a track to enable emergency vehicles to access the end of the RESA in the event of an aircraft incident.
- 2.17. The need to position the array of approach lights relates to the position of the point on the runway where the aircraft touch down and so even if an alternative arrangement had been proposed for the RESA, the lighting array would still be required in this field.
- 2.18. The Civil Aviation Authority (CAA) publication CAP168 outlines the standards against which aerodromes are audited and licensed. Safety areas are intended to minimise risks to aircraft and their occupants when an aeroplane overruns or undershoots a runway. The absolute minimum RESA length for Code 3 and Code 4 runways (Guernsey is Code 3) is 90 metres, although the CAA will recommend wherever practicable that RESA’s be 240 metres long. That RESA must remain free of any obstacles for the airport to be operational. This land parcel therefore enables the safety area from the end of the runway to be extended near to the recommended RESA length of 240 metres, (but with the south west corner of the standard RESA rectangle “clipped” slightly<sup>4</sup>), in accordance with ‘Option C’ proposals approved by the States of Deliberation at its meeting held in September 2009.

### **3. Compulsory Acquisition Legislation**

- 3.1. The legislation which currently applies to this proposal is the 1949 Law as amended in 1955. Further to the States Resolution in 2009 (Billet d’État XVI, June 2009), amendments to this law were recently approved by the States in April of this year (The Compulsory Acquisition of Land (Guernsey) (Amendment) Law, 2010, Billet d’État IX, April 2010) but the amended law is awaiting approval of the Privy Council and is therefore not yet in force.

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<sup>4</sup> A standard RESA is a rectangular box. The proposed RESA at the western end shows La Route de Plaisance clipping off the south western corner of this box which reduces the serviceable RESA area by less than 1%. Having consulted the regulators the Department is satisfied that this will have no material impact on safety, but avoids the disruption to a major arterial road with associated costs.

- 3.2. It is anticipated that the revised legislation will not be registered and come into effect until 2011 at the earliest. The approach adopted by the Department to the proposed acquisition of Land Parcel A has been to comply (and will be to continue to comply) with the provisions of the 1949 Law but also to, where possible, follow the 2010 Amendments, so as to incorporate additional safeguards provided by the Amendments.
- 3.3. In order for land to be acquired compulsorily by the States, Section 1 of the 1949 Law states that it “must be satisfied that it is expedient for the carrying out of any public purpose”, in this case the safe operation of the airport.
- 3.4. The Department considers that it is expedient for the carrying out of a public purpose namely to enable the provision for Guernsey Airport, which is undoubtedly a major transport link to the Island, of the required RESA, Instrument Landing System and Equipment, approach light masts and emergency access ways, that Land Parcel A should be vested in the States.
- 3.5. Although the 1949 Law only requires that the test for acquisition of the land is one of ‘expediency’ in this case the Department also considers that it is ‘essential’ to the carrying out of the works and to comply as far as possible with the CAA requirements.

#### **4. La Mare Road Closure**

- 4.1. In order to create the safety area at the west for Option C, it will be necessary for La Mare Road to be closed. This road does not serve any residential properties and will be filled by approximately 1.5 metres of earth and grassed over as it becomes part of the safety improvements. The position of La Mare Road is shown on Appendix 1 of this report.
- 4.2. After having consulted with relevant parties including the Environment Department’s Traffic Section, it was agreed that it would be appropriate to improve the junction layout at the western end of Route de Plaisance where it meets Route de la Tourelle and Rue des Brehauts. At present this is a difficult junction and the new layout will both improve road safety and ease the ability of large vehicles such as buses to turn into Route de la Tourelle from Route de Plaisance. It is anticipated that this junction improvement work will be ready to carry out early in 2011.
- 4.3. For La Mare Road to cease to be a public highway it needs to be closed to public use. There are two ways of achieving this:
  - the States can pass a Projet de Loi, or
  - the Department can ask Constables of the relevant parish(es) to convene a meeting(s) and then to make representations to the Royal Court requesting it agree the closure.

4.4. Having taken advice the Department has concluded that the most straightforward way is to ask the States to pass a *Projet de Loi*. The reasons for this are as follows:

- The closing of the road is an integral part of the Airport runway project. In the Department's view, it is therefore a decision which is more appropriately decided by the States as a whole in conjunction with the other key decisions relating to this project.
- It is of course recognised that it is essential that the views of the Parishes are taken into account in relation to the closure of the Road and also to the changes to the road layout. A meeting with the Constables of St Peters took place on 9<sup>th</sup> August 2010 at which the new road layout was discussed. The Constables were generally supportive of the revised junction layout and did not raise any objection to it. Further consultation over the closure of La Mare has also taken place by letter with the Constables of both St Saviours and St Peters, since the road is situated in both those Parishes, and the Constables have been invited to forward their comments. Those views will be made available to the States in the debate.
- A further and compelling reason for the decision to proceed by way of *Projet* rather than the Ordinance is that there is some doubt legally whether the procedure under the Ordinance will vest the land in the States following closure. The decision taken by way of *Projet* is able to remove any uncertainty in this respect.

## **5. Summary**

- 5.1. In order to move Option C forward in a timely manner, the Department needs the States to decide whether it is prepared to compulsorily acquire Land Parcel A at the western most end of the planned runway end safety area.
- 5.2. The necessary planning application for the entire Project needs to be submitted to the Environment Department in the early part of 2011 if works are to be able to commence on site in the summer/autumn. The planning application cannot be made until the acquisition has been completed since the current owners of Land Parcel A have refused to give the Department an owner's consent to the application which must be filed at the same time as the application.
- 5.3. The acquisition of the land would facilitate the appropriate size of the safety area at the western end of the airfield. It would also be a critical element in safeguarding and minimising future expenditure should circumstances change with the States deciding to proceed to a 1700 metre runway.
- 5.4. The Department is therefore asking the States:

- a) to proceed with the compulsory acquisition of Land Parcel A; and
- b) to agree to the closure of La Mare Road;

## **6. Recommendations**

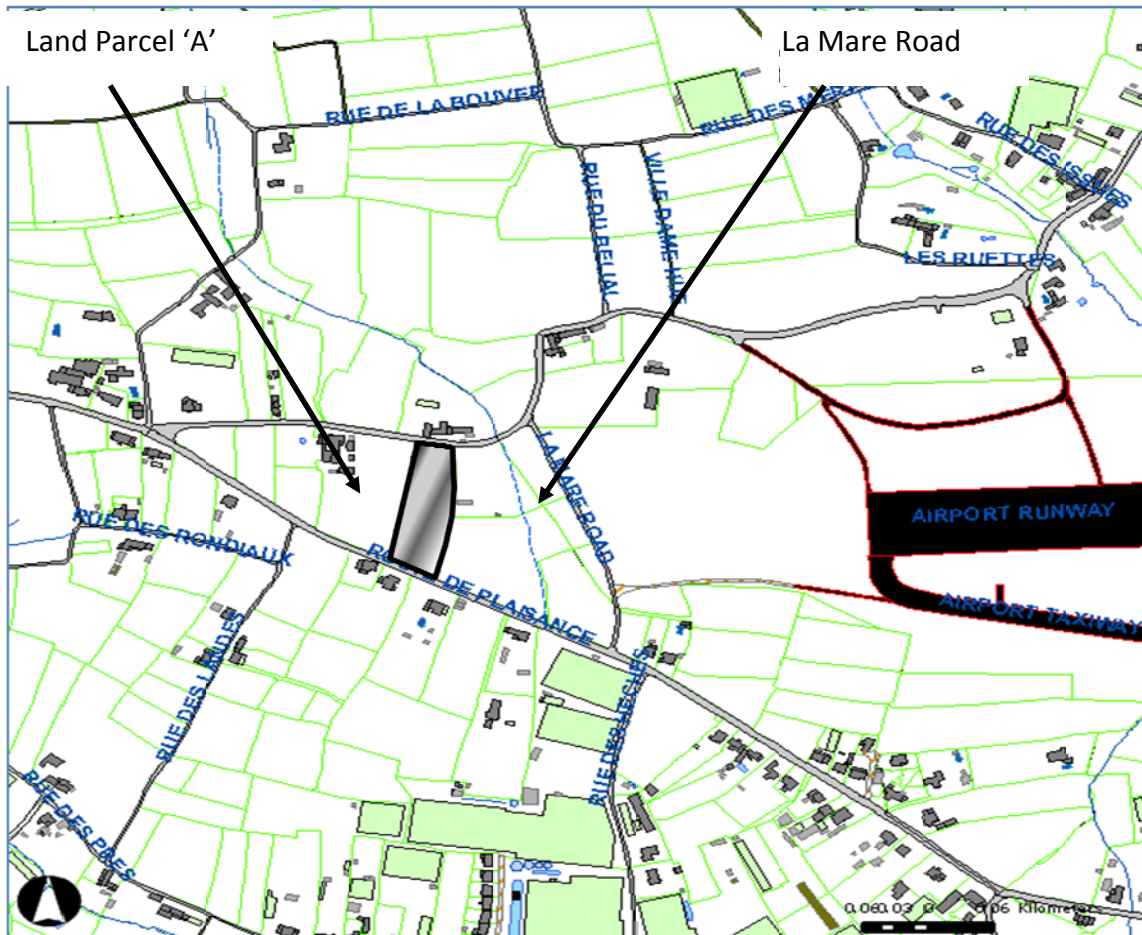
The States are therefore asked to resolve:

1. (1) That it is expedient for the carrying out of a public purpose, namely the provision for Guernsey Airport of improvements to the runway end safety areas, as described in the report dated 16<sup>th</sup> November, 2010, that there should be owned by the States an area of land measuring 3.71 verges at Ruelle de la Tourelle with Cadastre Reference F001050000, belonging to Messrs N J, P W, and J F Le Messurier and shown edged in red on a map dated 17<sup>th</sup> December, 2010 signed by the Bailiff and deposited at the Greffe and a copy of which has been exhibited in the vestibule of the Royal Court; and
- (2) In pursuance of the provisions of section 1 of the Compulsory Acquisition of Land (Guernsey) Law, 1949, as amended, to declare that land to be vested in the States by virtue of and in accordance with the provisions of that Law.
2. (1) That La Mare Road shall be closed and shall cease to be a public highway; and
- (2) To direct the preparation of such legislation as may be necessary to give effect to the foregoing.

Yours faithfully

B M Flouquet  
Minister

## Appendix 1 – Location of Land Parcel ‘A’ and La Mare Road



**(NB The Policy Council supports the proposals.)**

**(NB By a majority, the Treasury and Resources Department supports the proposals.)**

The States are asked to decide:-

VII.- Whether, after consideration of the Report dated 16<sup>th</sup> November, 2010, of the Public Services Department, they are of the opinion:-

1. (1) That it is expedient for the carrying out of a public purpose, namely the provision for Guernsey Airport of improvements to the runway end safety areas, as described in the Report dated 16<sup>th</sup> November, 2010, that there should be owned by the States an area of land measuring 3.71 verges at Ruelle de la Tourelle with Cadastre Reference F001050000, belonging to Messrs N J, P W, and J F Le Messurier and shown edged in red on a map dated 17<sup>th</sup> December, 2010 signed by the Bailiff and deposited at the Greffe and a copy of which has been exhibited in the vestibule of the Royal Court.
- (2) In pursuance of the provisions of section 1 of the Compulsory Acquisition of Land (Guernsey) Law, 1949, as amended, to declare that land to be vested in the States by virtue of and in accordance with the provisions of that Law.
2. (1) That La Mare Road shall be closed and shall cease to be a public highway.
- (2) To direct the preparation of such legislation as may be necessary to give effect to their above decision.

***ORDINANCES LAID BEFORE THE STATES***

**THE IRAN (RESTRICTIVE MEASURES) (GUERNSEY) ORDINANCE, 2010**

In pursuance of the provisions of the proviso to Article 66 (3) of the Reform (Guernsey) Law, 1948, as amended, the Iran (Restrictive Measures) (Guernsey) Ordinance, 2010, made by the Legislation Select Committee on the 22<sup>nd</sup> November, 2010, is laid before the States.

**THE FOREIGN TAX (RETENTION ARRANGEMENTS)  
(GUERNSEY AND ALDERNEY) (AMENDMENT) ORDINANCE, 2010**

In pursuance of the provisions of the proviso to Article 66 (3) of the Reform (Guernsey) Law, 1948, as amended, the Foreign Tax (Retention Arrangements) (Guernsey and Alderney) (Amendment) Ordinance, 2010, made by the Legislation Select Committee on the 22<sup>nd</sup> November, 2010, is laid before the States.

**THE FEES, CHARGES AND PENALTIES (GUERNSEY)  
(AMENDMENT) ORDINANCE, 2010**

In pursuance of the provisions of the proviso to Article 66 (3) of the Reform (Guernsey) Law, 1948, as amended, the Fees, Charges and Penalties (Guernsey) (Amendment) Ordinance, 2010, made by the Legislation Select Committee on the 22<sup>nd</sup> November, 2010, is laid before the States.

***STATUTORY INSTRUMENTS LAID BEFORE THE STATES***

**THE TOMATOES (CONTROL OF IMPORTATION)  
(REVOCATION) ORDER, 2010**

In pursuance of Section 13 of the Import and Export (Plant Health) Ordinance 1982 as amended, the Tomatoes (Control of Importation) (Revocation) Order, 2010, made by the Commerce and Employment Department on 12<sup>th</sup> October, 2010, is laid before the States.

EXPLANATORY NOTE

This Order revokes the Tomatoes (Control of Importation) Order, 2010. This has the effect of removing the prohibition, set out in that Order, on the importation into Guernsey, Herm and Jethou of tomatoes, other than pre-packed tomatoes, that originate in Spain (including the Canary Islands) and Morocco.



**THE DRIVING LICENCES (GUERNSEY) THEORY TEST  
(AMENDMENT) REGULATIONS, 2010**

In pursuance of section 4A (6) of the Driving Licences (Guernsey) Ordinance, 1995, as amended, the Driving Licences (Guernsey) Theory Test (Amendment) Regulations, 2010, made by the Environment Department on 28<sup>th</sup> October, 2010, are laid before the States

EXPLANATORY NOTE

These Amendment Regulations increase the fee payable for a theory test to £30.00. The increase is necessary in order to cover the cost of the service which has exceeded the Guernsey Retail Price Index. The fee increase shall come into effect from 1<sup>st</sup> January 2011.

**THE HEALTH SERVICE (BENEFIT) (LIMITED LIST) (PHARMACEUTICAL  
BENEFIT) (AMENDMENT NO. 5) REGULATIONS, 2010**

In pursuance of Section 35 of the Health Service (Benefit) (Guernsey) Law, 1990, the Health Service (Benefit) (Limited List) (Pharmaceutical Benefit) (Amendment No. 5) Regulations, 2010, made by the Social Security Department on 3<sup>rd</sup> November, 2010, are laid before the States.

EXPLANATORY NOTE

These Regulations add to the limited list of drugs and medicines available as pharmaceutical benefit which may be ordered to be supplied by medical prescriptions issued by medical practitioners.

**THE BANKING DEPOSIT COMPENSATION SCHEME  
(LIABILITY OF PARTICIPANTS TO COMPENSATION LEVY)  
(BAILIWICK OF GUERNSEY) REGULATIONS, 2010**

In pursuance of Section 32 (1) (c) of the Banking Deposit Compensation Scheme (Bailiwick of Guernsey) Ordinance, 2008, the Banking Deposit Compensation Scheme (Liability of Participants to Compensation Levy) (Bailiwick of Guernsey) Regulations, 2010, made by the Commerce and Employment Department on 9<sup>th</sup> November, 2010, are laid before the States.

EXPLANATORY NOTE

These Regulations prescribe, for the purposes of the Banking Deposit Compensation Scheme (Bailiwick of Guernsey) Ordinance, 2008, the manner in which the individual liability of participants in the Guernsey Banking Deposit Compensation Scheme to a compensation levy and an insurance levy in respect of a default is to be calculated.

## **THE GUERNSEY FINANCE LBG (LEVY) (GUERNSEY) REGULATIONS, 2010**

In pursuance of Section 25(4) of the Guernsey Finance LBG (Levy) (Guernsey) Law, 2010, the Guernsey Finance LBG (Levy) (Guernsey) Regulations, 2010, made by the Commerce and Employment Department on 10<sup>th</sup> November, 2010, are laid before the States.

### **EXPLANATORY NOTE**

These Regulations make provision in respect of the Guernsey Finance LBG (Levy) (Guernsey) Law, 2010. The Regulations -

- (a) bring the Law into force on the 10<sup>th</sup> November, 2010,
- (b) specify the amount of the levy in respect of each full time employee of the licensed person in question (£150 in respect of the year 2010 and £75 in respect of subsequent years, with reductions for licensees who become subject to the levy in the course of the year),
- (c) specify the maximum amount payable by a licensed person by way of levy (£15,000 in respect of the year 2010 and £7,500 in respect of subsequent years),
- (d) specify the meaning of a "full time employee", and
- (e) specify a maximum levy for companies which are associated companies (the cap being the same as for individual licensees set out at (c) above).

# Guernsey Inflation

## Quarter 3 - 30th September 2010

Issue Date - 22nd October 2010



**POLICY COUNCIL**  
THE STATES OF GUERNSEY

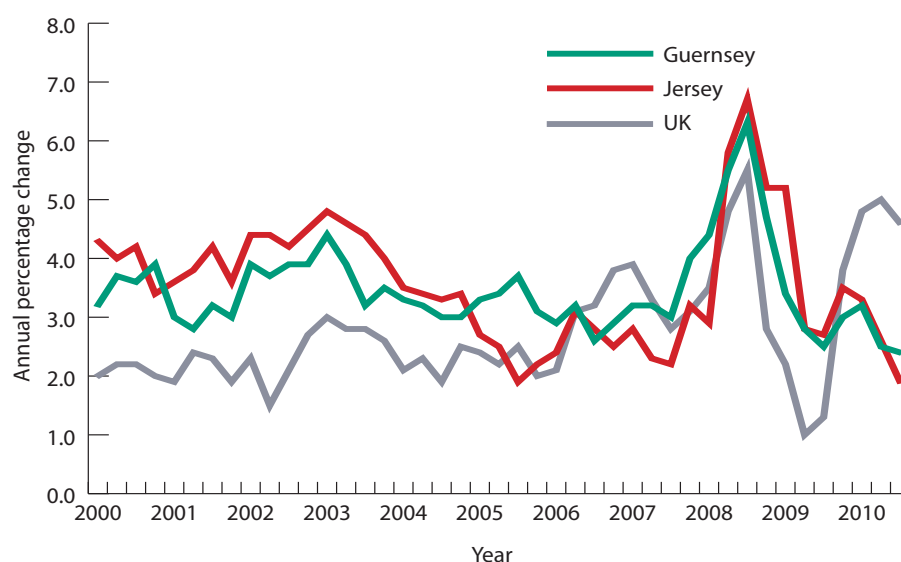
## Introduction

The Guernsey RPIX and RPI, are measures of inflation used in Guernsey. They measure the change in the prices of goods and services bought for the purpose of consumption or use by households in Guernsey. The indices are published quarterly by the States of Guernsey Policy and Research Unit. The calculation of the RPIX and RPI are based on the price change of items within a 'shopping basket'. Whilst some prices rise over time, others will fall or fluctuate and the indices represent the average change in these prices. More detailed information on the calculation of these indices can be found at the end of this handout.

## Headlines

- **Guernsey's annual inflation as measured by RPIX ("core" inflation excluding mortgage interest payments) was 2.3% in the year ending September 2010, compared to 2.4% in the years ending June 2010 and September 2009.**
- **In the UK and Jersey the equivalent RPIX figures for the year ending September 2010 were 4.6% and 1.9% respectively (see Figure 1).**
- **Eleven of the fourteen RPIX groups increased in the year ending September 2010.**
- **For the fourth successive quarter the fuel, light and power and motoring groups were the largest contributors to the annual increase in RPIX. However reductions in oil product prices during the third quarter of this year resulted in a reduce upward contribution compared to last quarter.**
- **The household services group made the largest negative contribution (-0.5 percentage points) to the annual change.**
- **The 'all items' RPI inflation rate was 1.6% in the year ending September 2010, compared to 2.3% in the year ending June 2010 and -1.2% in the year ending September 2009.**

**Figure 1: Annual changes in RPIX**



*APPENDIX II*

**EDUCATION DEPARTMENT**

ELIZABETH COLLEGE ANNUAL REPORT - 2009/2010

The Chief Minister  
Policy Council  
Sir Charles Frossard House  
La Charroterie  
St Peter Port

9<sup>th</sup> November 2010

Dear Sir

Please find enclosed a copy of the Elizabeth College Annual Report for 2009/10 which has been sent to the Education Department. I should be grateful if you would arrange for its inclusion as an appendix to the January 2011 Billet d'État.

Yours faithfully

C A Steere  
Minister

# Elizabeth College



The Principal's Annual Report of the general state of the College, the number of scholars and the course of education pursued in the academic year 2009/2010 addressed to the Board of Directors of Elizabeth College.

For onward transmission by them to His Excellency, the Lieutenant Governor and Commander-in-Chief, Vice Admiral Sir Fabian Malbon, KBE  
and to the Bailiff of Guernsey.

## Principal's Report

The Upper School's (Years 7 to 13) total roll rose to 493 boys last year, with 248 pupils at Beechwood and Acorn House (Years R to 5). With healthy, near-full year groups rising up from the lower years at the Upper School, numbers at the College are likely to increase over the next few years.

The College enjoyed another year of considerable success in public examinations. GCSE results were particularly pleasing, equalling the best ever results as indicated by the % of grades awarded at A\*/A grade (64%). On this basis, our GCSE results were the best of all schools in the Channel Islands by some distance. Furthermore, a 100% pass-rate (A\*-C) in core subjects was achieved for the fourth year running, meaning all pupils achieved passes in English, Mathematics and Core Science. At the top end, our results were outstanding, with a third of pupils achieving ten or more A\* or A grades and three pupils being awarded 12 straight A\* grades (Adam Goddard, Jack Heywood, Tony Paluch). Particularly impressive results were achieved in the Sciences, Mathematics, English and Religious Studies this year.

A level results were also very good, with an overall pass rate of 99.4%. A quarter of all candidates achieved three or more A or A\* grades, the latter grade being awarded for the first time to students who achieved 90% in their final A2 papers and an A grade overall. 11% of all our grades were at A\*, with most awarded in Mathematics, English, Art and Biology.

Callum McCutcheon won the Scholar of the Year Prize, having achieved two A\* grades and two A grades at A level. He is now at Robinson College, Cambridge University, studying Natural Sciences. James Jurkiewicz, last year's Senior Prefect, and Thomas Dorey also achieved their offers to read Engineering at Oxford University and Mathematics at Cambridge University respectively. Despite some rather pessimistic premonitions in the national press, nearly all our leavers secured the offers of their first choice universities with Durham, Plymouth, Bath and Exeter proving the most popular destinations. Geography, Mathematics, Biology, Engineering and Law were the most popular degree choices. A significant minority of leavers this year also decided to enter employment directly, with a number entering accountancy training schemes.

Stuart Morris, Vice-Principal (Pastoral), retired at the end of the Trinity term after 37 years of distinguished service to the College, including 24 years as Vice-Principal. He will be long remembered as one of the great College schoolmasters of recent times, most recently leading the pastoral life of the school to its 'outstanding' billing in the 2009 ISI Inspection report. Stuart also contributed very significantly to the teaching of Geography in the school and led a number of trips to upland areas of the UK with the Duke of Edinburgh scheme. Art teacher Liz Adams also retired after 21 years of teaching at the College, during which she inspired many young artists to attend Art College on the mainland and follow artistic careers thereafter. Anna Thibeault and Alan Jewell also left College having contributed a great deal to the Modern languages and English departments over 14 and 12 years respectively.

The College has witnessed the near-completion of the developments associated with the 2007 Foundation Appeal, with the magnificent Robin Roussel sports pavilion being opened at a ceremony at the Memorial Field in March. Unfortunately, planning permission has recently been turned down for the final Foundation project, the swimming pool cover, as well as for the conversion of the old Fire Station (previously staff accommodation) into a new, state-of-the-art Learning Support centre. Needless to say, planning appeals currently already underway!

Sporting highlights of last year include winning the National Public Schools Fencing Championship for the 3<sup>rd</sup> year running and Max Barber's (Lower 6<sup>th</sup>) remarkable feat of winning the Grand Aggregate (highest total score) during Cadet's Week at Bisley, as well as the Iveagh Cup (highest score over 300 yards) and the Foxquache Cup (highest score on Ashburton day). Elsewhere with shooting, Michael Creber and Jonathan Branch (both 2009 leavers) represented the Great Britain U18 VIII who enjoyed an undefeated tour of South Africa. Our small-bore shooting team also won the UK national league. Another successful season was enjoyed by the hockey 1<sup>st</sup> XI who were runners-up in the Island Menes' Cup Competition, with Adam Clark representing England U18 a year 'early'. The first competitive Elizabeth College Rowing Team also performed exceptionally well over the summer season, culminating in a magnificent performance in the Sark to Jersey race, for which they won four trophies. Other sporting successes included our senior and junior swimming teams reaching the UK national relay finals last Spring, our victorious Year 10 athletics team winning 8 out of the 11 events at the islands championships, our Year 7 & 8 cross country team winning the island cross country championships and our Year 8 football team winning the island league and six boys currently playing representative cricket for Sussex County Cricket Club.

Amongst the extensive range of other activities offered at College the CCF continued to flourish with 185 cadets. The CCF distinguished themselves in a number of island parades and ceremonies this year, whilst also enjoyed a busy programme of Adventure Training opportunities through the year. The Navy section has enjoyed a number of 'HMS' visits this year, with the highlight being their time aboard HMS Daring. Excellent productions of Macbeth in the Michaelmas term and the Wizard of Oz musical in the Lent term attracted sell-out audiences and involved over 100 boys in various roles. Music goes from strength to strength with 60 boys having made the annual trip to St. Malo in May and with a number of promising instrumentalists coming through, a Junior Orchestra now compliments the School Orchestra. Last year also involved the re-introduction of a number of extremely well-supported house competitions, including Junior and Senior Debating and House Music. The latter proved to be a particular source of fun and enjoyment, with every boy in the school having to perform, for better or worse, their 'House Shout' (song?) in College Hall.

Other successes in the course of the school year included senior pupils winning the Senior section of the Youth Speaks competition, the Collas Day Moot, the De Putron Quiz, the Channel Islands Senior Mathematics Challenge and the Institute of Directors Blog competition.

The school has also completely revamped and updated its website, which can now be found at [www.elizabethcollege.gg](http://www.elizabethcollege.gg). This much-improved site will keep people up-to-date with pupil news and successes, as well as providing an easy accessible source of information for members of the school community.

Finally, it has been my great pleasure to re-introduce blazer badges with the school shield for boys in Years 7 to 11, such badges having disappeared some 30 years ago. It is intended that the wearing of such badges will add the feeling of pride boys have in the College, as well as helping them to be better presented both in and out of school.

George Hartley  
Principal



### Senior School Numbers and Entry

Upper School	ENTRY		TOTAL	
	2009/2010	2010/11	2009/2010	2010/11
Year 07	87	78	87	78
Year 08	1	2	77	87
Year 09	1	2	84	78
Year 10	-	2	63	83
Year 11	-	1	73	64
L6 <sup>th</sup>	1	1	52	62
U6 <sup>th</sup>	-	1	59	51
<b>Total</b>	<b>91</b>	<b>87</b>	<b>495</b>	<b>503</b>

**Academic Achievements:** University places for 2010 were offered to the following pupils, note that the table includes some pupils who left College in 2009 and have been on a gap year.

NAME		READING	AT
Allen	William	Business and Economics	University of Exeter
Ashworth	Matthew	Mechanical & Electrical Engineering	University of Bath
Baines	Joseph	Art Foundation	University of Falmouth
Bodkin	William	Law	University of Surrey
Cherry	Jacob	English Literature	University of Durham
Cluett	Jamie	Foundation Diploma in Art & Design	London College of Communication
Craze	Guy	Computer & Information Security	University of Plymouth
Craze	Nicholas	Geography	University of Southampton
Dorey	Thomas	Mathematics	University of Cambridge
Friedlander	Alexander	Politics, Philosophy & Economics	University of Durham
Gill	Adam	Natural Sciences	University of Bath
Gonzalez	Fabian	Chemical Engineering with Business Management	University of Birmingham
Griffin	Jordan	Economics	University of Edinburgh
Guilbert	Harry	Geography	Bath Spa University
Hale	Matthew	Mechanical Engineering	University of Bath
Hamperl	Sam	Computer Science	Manchester Metropolitan University
Hargreaves	Oliver	Biological Sciences	University of Exeter
Hyde	David	Mathematics	University of Exeter
Jones	Alistair	Politics, Philosophy & Economics	University of York

Jurkiewicz	James	Engineering	University of Oxford
Le Page	Ben	Law	University of Bristol
Lepp	Oliver	Sports Performance	University of Bath
McCutcheon	Callum	Natural Sciences	University of Cambridge
McHugh	David	Physics	University of Bath
Plummer	Timothy	Physics	University College London
Rix	Clem	Philosophy & Politics	University of Greenwich
Robson	James	Law	University of College London
Rowe	Alex	Foundation Course in Art	Bournemouth Arts Institute
Rowe	Dominic	Events Management	University of Gloucestershire
Sinnerton	Robert	Medicine	University of Cardiff
Smith	James	Geography	University of Exeter
Steele-Moore	William	History	University of Durham
Thompson	Jamie	Mathematics	University of Stirling
Thompson	William	Politics, Philosophy & Economics	University of Durham
Warlow	Richard	Professional Musicianship in Songwriting & Performance	Brighton Institute of Modern Music
Watson	James	Sports & Exercise Psychology	University of Colchester
Wilkes-Green	Charlie	Geography	University of Newcastle
Wright	Richard	Geography	University of Plymouth

### **Leavers' Scholarships**

The following students left College from the Upper Sixth Form in 2009. Their performance in the A2 level examinations was outstanding and they have, therefore, been nominated by the Academic Board to receive scholarship awards at university during the academic year 2010/11.

#### **De Saumarez Exhibition**

Simon Morris reading Mathematics at the University of Cambridge

#### **Mainguy Scholarship**

Michael Jones reading Physics at the University of Southampton

#### **Mansell Exhibition**

Harry Miller reading Natural Sciences at the University of Cambridge

#### **Queen's Exhibition**

Mathew Hale reading Mechanical Engineering at the University of Bath

## **Upper School Staff Appointments**

### **From September 2010**

Mr Jonathan Shaw joined College as Vice Principal (Pastoral). Mr Shaw has a degree in History and a PGCE from the University of Nottingham. He joins us from Ardingly College in West Sussex where he was a Housemaster.

Mrs Charlie Buchanan joined us as a Teacher of Art. A graduate of the Falmouth College of Arts she completed her PGCE at the University of Exeter.

Mrs Amanda Brun joined College as a Teacher of English. A graduate of the University of Manchester, she gained her PGCE at the University of Worcestershire and joins us from the Guernsey Grammar School.

Mrs Emily Chamberlain joined us as a Teacher of Biology. She has a degree from the University of Newcastle-upon-Tyne. Mrs Chamberlain gained her PGCE from the University of Exeter and joins us from St Sampson's High School.

Mrs Caroline Gribbens joined us as a Teacher of Mathematics. Mrs Gribbens is a graduate of the University of the West of England, Bristol where she also gained her QTS. She previously taught at The Ladies' College.

Miss Carine H  lie joined College as a part-time teacher of French. Miss H  lie has a degree from the University of Caen. She also works part-time at Elizabeth College Junior School and previously taught French at the College of Further Education to Adult evening classes.

Mr David Herschel joined us as Head of Learning Support. A graduate of the University of Plymouth, he did his PGCE at the University of Southampton. Mr Herschel joins us from St Andrew's International School in Bangkok.

Mrs Katherine Shaw joined us as a part-time Teacher of English. Mrs Shaw has a degree and PGCE from the University of Nottingham.

**Staffing: Internal Posts**

<b>Senior Management Team</b>	
VICE PRINCIPAL (Pastoral)	J.M. Shaw
VICE PRINCIPAL (Academic)	R.J.W. James
HEAD OF SIXTH FORM	C.R.W. Cottam

<b>Year Heads</b>		<b>Faculty Heads</b>	
Year 07	T.C. Slann	Head of English	Miss J. Flood
Year 08	A.J. Good	Head of Mathematics	A. Hale
Year 09	T.R. de Putron	Head of Science	Dr D.F. Raines
Year 10	B.W. Allen	Head of Modern Languages	R.A. Morris
Year 11	B.E.H. Aplin	Head of Humanities	J.R. Hooker
Year 12 (L6 <sup>th</sup> )	C.R.W. Cottam	Head of Social Sciences	S.J. Huxtable
Year 13 (U6 <sup>th</sup> )	R.G. Le Sauvage	Head of Fine Arts & Craft	Mrs P.E. Cross
		Head of Physical Education	D. Wray

### GCSE Results Summary

<b>Year</b>	<b>No. of Candidates</b>	<b>Average Points per Candidate</b>
2010	73	67.45
2009	54	67.31
2008	65	66.23
2007	73	65.70
2006	58	63.14
2005	70	64.50
2004	68	56.90
2003	78	53.00
2002	70	54.70
2001	68	54.37
2000	66	52.62
1999	77	54.42
1998	80	53.94
1997	86	53.15

### A-Level Results Summary

To maintain comparability the old UCAS points system has been retained  
(A = 10 points, B = 8 points etc.)

<b>Year</b>	<b>No. of Candidates</b>	<b>Average Points per Candidate</b>
2010	58	26.70
2009	56	27.74
2008	42	26.40
2007	58	28.11
2006	55	24.26
2005	55	22.50
2004	52	24.27
2003	57	21.05
2002	47	19.44
2001	38	16.53
2000	53	19.55
1999	72	17.44
1998	69	16.93
1997	58	20.97

### Year 11 GCSE Results 2010: Subject Grades

(Grades achieved by number of pupils)

Subject	Nº. of Entries	A*	A	B	C	D	E
Art	21	1	10	8	2	0	0
Business Studies	34	1	7	17	8	1	0
Biology	46	29	15	2	0	0	0
Chemistry	43	19	14	8	2	0	0
Classics	12	1	1	6	2	2	0
DT Graphics	6	0	0	1	5	0	0
DT Materials	17	4	3	6	4	0	0
Drama	12	2	1	7	1	1	0
English	73	14	33	20	6	0	0
English Literature	46	13	20	11	2	0	0
French	44	7	6	10	7	14	0
Geography	40	7	21	6	4	2	0
German	19	3	4	5	6	1	0
History	29	7	13	6	2	1	0
ICT	9	1	3	3	1	1	0
Latin	7	6	1	0	0	0	0
Maths	72	31	24	9	8	0	0
Statistics	25	18	7	0	0	0	0
Music	11	1	4	3	1	0	2
PE	7	3	3	0	1	0	0
Physics	43	24	14	5	0	0	0
RS	72	26	26	11	6	3	0
Science (Core)	30	1	14	14	1	0	0
Science (Additional)	30	2	8	11	5	4	0
Spanish	22	5	6	3	4	4	0
<b>Totals</b>	<b>770</b>	<b>226</b>	<b>258</b>	<b>172</b>	<b>78</b>	<b>34</b>	<b>2</b>

### Upper 6th (Yr 13) A2 Results 2010: Subject Grades

(Grades achieved by numbers of pupils)

Subject	N°. of Entries	A*	A	B	C	D	E
Ancient History	4	0	1	1	2	1	0
Art	11	3	2	3	2	1	0
Biology	10	2	2	4	1	1	1
Business Studies	3	0	1	0	1	0	1
Chemistry	9	1	3	2	2	1	0
Classical Civilisation	2	0	2	0	0	0	0
DT Graphics	9	0	1	5	3	0	0
DT Materials	8	0	1	2	3	2	0
Drama	1	0	1	0	0	0	0
Economics	14	0	8	1	4	1	0
English Literature	12	3	2	5	2	0	0
French	3	0	0	3	0	0	0
Geography	17	1	3	5	5	3	0
German	1	0	1	0	0	0	0
History	4	0	1	3	0	0	0
ICT	3	0	1	1	1	0	0
Mathematics	25	6	7	5	5	2	0
Further Mathematics	4	3	1	0	0	0	0
Music	2	0	1	0	0	1	0
PE	6	0	1	1	1	2	1
Photography	3	0	0	2	1	0	0
Physics	15	1	6	1	4	2	1
Psychology	2	0	0	0	1	0	1
Religious Studies	6	0	2	2	2	0	0
<b>Totals</b>	<b>174</b>	<b>20</b>	<b>48</b>	<b>46</b>	<b>39</b>	<b>16</b>	<b>5</b>

### Sporting Achievements during 2009 / 2010

GAME	PLAYED	WON	DRAWN	LOST
Cricket	12	7	1	5
Hockey	24	9	3	12
Soccer	13	3	3	7
Rugby	4	0	0	4

### Senior Matches against Victoria College

<b>Cricket</b>	<b>In Jersey Lost by 39 Runs. In Guernsey Won by 10 Runs</b>
<b>Golf</b>	<b>Lost</b>
<b>Hockey</b>	<b>Won 1 – 0</b>
<b>Athletics</b>	<b>Lost 90 - 71</b>
<b>Soccer</b>	<b>Lost 0 - 7 and 0 - 4</b>
<b>Shooting</b>	<b>Fullbore. Haines Shield `V` Victoria. Winners EC.</b>

### Other Pupil Achievements

#### Michealemas 2009

**Charlie Couture** (Yr 11) won a Silver medal in the National Field Archery Championships.

**Callum Trebert** (Yr 9, shot), **Christian Georcelin** (L6th, high jump), **Benjamin Fiore** (L6th, javelin), **Nicholas Roussell** (Yr 10, hammer & shot) won Gold medals in the Athletics Inter-Insulars.

**Elizabeth College Year 7 & 8 Cross Country A and B teams** came 1<sup>st</sup> and 2<sup>nd</sup> in the Island Schools Competition.

**Elizabeth College Year 7 Football team** are the Guernsey 5-a-side champions.

**Elizabeth College Year 8 Football team** are the Guernsey schools league winners.

**Elizabeth College Year 9 Football team** are in the final of the Skilla Cup (Guernsey Schools U14 cup).

**Elizabeth College 1st XI Football team** was the highest placed (3<sup>rd</sup>) Guernsey school in their league.

**Adam Clark** (L6th) has been selected for the England U18 hockey squad.

**Andrew Clark** (Yr 10) and **Callum Chapman-Page** (Yr 9) have been selected for England U15 Hockey High Performance Camps.



**Nicholas Robilliard** (Yr 11) represented the Wessex Leopards U16 in England Hockey's Futures Cup.

**Jonathan Branch** and **Michael Creber** (2009 leavers) have been selected in the Great Britain U19 Shooting VIII to tour South Africa at Easter.

**James Jurkiewicz** (Senior Prefect, U6th) and **Joshua Lewis** (L6th) reached the finals in the National Swimming Championships.

**Sam Crosby** (Yr 9) has been selected for the Great Britain Optimist Development Squad (sailing).

**Henry Wallis, James Cottam** and **Joseph Trenchard** won the Guernsey Schools' Team Foil Championships.

**Elizabeth College Senior Fencing A and B teams** won the Royal Navy Knockout Tournament.

**Harry Parfitt** (Yr 7) is the Guernsey U12 Surfing Champion.

**James Reilly, Myles Finnerty, Matthew Pentland, Ben Green, Tom Offen, Adam Garrard** and **Toby Wright** (all Yr 10) have received their Bronze Duke of Edinburgh Award.

**Ben Dewsnap** (L6th) has received his Silver Duke of Edinburgh Award.

**Max Barber** (L6th) won the Lieutenant-Governor's Cadet of the Year (CCF).

**Sam Frank** and **Henry Wallis** (both L6th) were joint winners of the Collas Day Moot Competition.

**Stewart Hume** (U6th) reached the final of the Institute of Directors Management Shadowing Scheme.

Our **Year 7 Library Group** won the Write Path (global short-story writing) Competition.

**Rob Sinnerton, Callum McCutcheon, Dominic Rowe** and **William Steele-Moore** (all U6th) won the De Putron Quiz Competition.

**Thomas Dorey** (U6th) and **Henry Wallis** (L6th), together with two Ladies' College girls, won the Channel Islands' Round of the UK Senior Mathematics Challenge.

**James Robson** (U6th) won the Institute of Directors Debate blog competition.

**Adrian Aplin** and **William Dovey** (both L6th) have been selected for British Schools Exploring Society Expeditions this summer to Spitzbergen and the Himalayas respectively.

### **Lent 2010**

The **Year 7 Football XI** reached the semi-final of the UK Southern Area Final Indoor 5-a-side competition.

The **U16 Football XI** were runners up in the Spillar Shield (Island Cup Competition).

**Elizabeth College U13 Hockey XI** won the Churchers School Hockey Tournament on their Hampshire Tour.

In hockey matches vs. Victoria College, Jersey, the **1<sup>st</sup> XI** won 1-0, the **2<sup>nd</sup> XI** won 3-2, the **U15 XI** drew 2-2 and the **U13 XI** won 8-3.

**Elizabeth College 1<sup>st</sup> Hockey XI** has reached the final of the Guernsey Mens Cup Competition.

**Adam Clark** (L6<sup>th</sup>) won the Lambourne Shield at the Guernsey Sports Commission Awards for the outstanding individual sporting achievement of the year (ages 11-18). Adam has also just been selected for the England U18 team to play in the Four Nations (England, Netherlands, Germany, Spain) tournament in Germany over Easter.

**James Jurkiewicz, Jacob Cherry, Stewart Hume** (all U6th), **Adrian Aplin, Joshua Lewis** (L6th) came 6<sup>th</sup> in the Senior Medley Final and 8<sup>th</sup> in the Senior Freestyle Final of the UK Schools Swimming Relay Finals.

**Luke Belton, Joe Ogier, David Hall** (all Yr 11) and **Ollie Nightingale** (Yr 10) came 7<sup>th</sup> in the Intermediate Medley Final and 10<sup>th</sup> in the Intermediate Freestyle Final of the UK Schools Swimming Relay Finals.

**Matthew Hudson, James Firth** (Yr 11), **Fraser Ward, Barney Williams and Harry Miller** (all 09 leavers) won the Beau Sejour Trophy at the Guernsey Sports Commission Awards for the outstanding team performance (U18) and the State Street Junior Team of the Year at the Sportingbet Channel Islands Sports Personality of the Year Awards as Guernsey's bronze medal winning Commonwealth Junior Sabre Team.

The **Elizabeth College Fencing Team** won the Graham Bartlett Public Schools' Fencing Trophy for the 3rd year in a row, with the **U16 and U14 teams** winning the year-group trophies and the foilists and épéeists winning the weapon trophies. **Jack Miller** (Yr 9) won a Bronze Medal in his épée class.

**Oliver Orton** (Yr 10) has received his Bronze and **Luke Belton** (Yr 11) his Silver Duke of Edinburgh Award.

Our **Elizabeth College B Shooting Team** is currently winning the Schools National League.

**Sam Frank, Hugo Meredith and Joshua Denoual** (all L6th) won the Senior Section of Guernsey's Youth Speaks Competition.

### **Trinity 2010**

The following pupils were winners of categories in the Eisteddfod:

FOREIGN LANGUAGES: **Adil Anees** (Yr 7), **Mishca Van Den Bossche** (Yr 8), **Oliver Yerby** (Yr 10), **Rafael Van Den Bossche, William Carter, Rafael Rito, Tony Paluch, Adam Goddard** (all Yr 11), **Joseph Baines** (U6th)

MUSIC: **Jack Colley** (Yr 7), **David Sidebottom** (Yr 9), **Hugo Ciotti** (Yr 9)

DRAMA: **Ben Munro, Pascal Dumont** (both Yr 8), **Padraig Teehan** (Yr 9), **Jack Heywood** (Yr 11)

**Barney Hudson** (Yr 9) has qualified for the Dance World Cup in Sardinia and has reached the semi-finals of the All England Dance Competition.

The **Elizabeth College Year 9 and Year 10 Athletics** teams won Guernsey Inter-School Athletics Shields.

In the Hampshire County Athletics, **Luke Bisson** (Yr 11) won a Gold medal in the U17 1500m steeplechase, **Michael Mann** (Yr 9) won Silver medals in the U15 discus and U15 javelin and a Bronze medal in the U15 hammer.

In the Athletics Inter-Insular competition: **Jordan Trebert** (Yr 8) Gold in the 800m, **Richard Sweeney** (Yr 9) Gold in the Shot, **Charlie Thompson** (Yr 8) Silver in the 200m, **Max Thornton** (Yr 8) Silver in the 1500m, **Michael Mann** (Yr 9) Silver in the discus.

**Toby Le Ray** (Yr 10) set a new College record at Sports Day for the high jump of 1.82m.

The undefeated **Elizabeth College 2<sup>nd</sup> XI** have won their group of the Guernsey Bowl competition and beat Victoria College, Jersey with **Charles Wilkes-Green** (U6th) scoring 135.

The **Elizabeth College 1<sup>st</sup> XI** won the recent home fixture versus Victoria College, Jersey and beat the Old Elizabethans in their annual match, scoring 264 in 20 overs with **Tim Ravenscroft** (U6th) scoring 37 in one over!

**Tim Ravenscroft** (U6th) has represented the Sussex 2<sup>nd</sup> XI twice this term. **Tom Nightingale, Will Fazakerley** (both Yr 7), **James Wilkes-Green** (Yr 9) and **Joshua Kirk** (Yr 10) will all represent Sussex CCC this summer in their age groups.

**Henry Wallis** (L6th) won the men's Foil Trophy at the Channel Islands Fencing Competition.

Our **Elizabeth College B Shooting Team** won the Drabble Cup as national champions of the Schools Small Bore Rifle League: **Sam Frank, William Dovey, Adrian Aplin** (all L6th), **Luke Guilbert, Tony Paluch, Edward Allen** (all Yr11).

**Max Barber** (L6th) won the Grand Aggregate Trophy at the Guernsey Easter Target Rifle Meet.

Our two CCF teams completed the 50th Anniversary Ten Tors challenge:

BRONZE (35 miles) **Oliver Yerby, Myles Finnerty, Samuel Hunt, William De La Mare** (all Yr 10), **Richard Bailey, Alexander Dick-Leland, Patrick Hanna, Matthew Hudson** (all Yr 11).

SILVER (45 miles) **Pierre Ozanne** (U6th), **Luke Belton, Pierre Le Page, Tony Paluch, Ben Inderwick, Harry Stephens, Daniel O'Brien, Michael Higgs** (all Yr 11).

**Stewart Hume** (U6th), **Joshua Lewis** (L6th), **Luke Belton, Tony Paluch** (both Yr 11) have been awarded their Silver Duke of Edinburgh Award.

**Daniel de Kock** (Yr 10) and **James Aldous-Granby** (Yr10) have been awarded their Bronze Duke of Edinburgh Award.

### **Review of the College Musical Year 2009-2010**

With the Town Church out of action at the start of the Michaelmas Term, the College Choir found itself at St Stephen's Church for the Service of Commemoration during the first week of the Academic Year. This is always a dangerous event for the Choir as voices seem to have a tendency to move downwards during the summer holidays. Fortunately, despite the somewhat cramped conditions, the service went off extremely well with a pleasing performance of John Rutter's "The Lord Bless You and Keep You".

As in previous years, the College Choir and the College Orchestra participated in open rehearsals for the College Open Day. An addition to the musical activities on display was the rock performances from three Year 9 musicians. Performing outside the Milnes Building this proved a novel way of tempting the visitors to College down to the lower levels of the campus (*pace scientiis!*).

Music of a very different nature was supplied for a meeting of the Dead Donkey Club in the College Hall in November by a Piano Quartet and a Brass Quintet. The gathering of the distinguished OEs appreciated these pre-luncheon offerings from some of College's senior musicians.

December started with the Winter Concert which allowed several of the A Level and GCSE musicians to have an opportunity to perform their pieces in front of an audience. This is always a valuable experience as the flow of adrenaline (and the consequently increased nerves) helps to allow weaknesses in technique to become obvious. The standard of performance on the night was extremely high and the evening was enjoyed by a capacity audience.

The Michaelmas term concluded with the two Carol Services – that in St James involving all of the College's many musicians and the Town Church service being the Choir's main focal point of the term where they coped admirably with the Czech carol "Hajej, Nynej, Ježíšku".

The highlight of the Lent Term is the Foundress's Concert in St James which this year involved 150 performers from College and from Beechwood. From the opening brass and drum fanfare (Purcell's Music for Queen Mary) to the powerful conclusion of Karl Jenkins' "The Armed Man" this was without doubt an excellent evening of music and drama.

Although by this stage of the year we were getting close to the dates when the senior students would be departing for study leave there were still several musical events to take place. Fifty four members of the College Choir made their annual visit to St Malo where they sang in St Vincent's Cathedral. Thirty five choristers took part (along with another thousand island singers) in Guernsey Sings.

In the Trinity Term the Junior Music Evening took place in the College Hall. In addition to the Junior Orchestra and Brass Group there were some distinguished solos

ranging from a powerful drum piece to the more anticipated string, wind and brass items. More solos were heard at the Creative Arts Display Evening in the final week of term.

One other musical event of the year must be singled out – that of the House Music Competition which was organised by members of the School Council. Three lunchtimes of tremendous energy and entertainment were provided – well done to all who participated (and that (allegedly) was the entire College)!

Peter Harris  
Head of Music

### Review of College Drama 2009- 2010

The year began, as usual with year 9 Drama students' presentation of improvised plays for the Life Skills alcohol awareness project. As there were two Drama groups, they presented two plays. One comprised a kind of *Sliding Doors* presentation, giving a scenario of alcohol abuse and its disastrous repercussions, then rewound the clock and repeated the scenario in which the under- age boy avoided the laddish temptation of alcohol. The other began with a boy sitting face to face with a social worker. The clock was rewound, and he was revealed to be from a socially deprived dysfunctional family. He was bullied at school. He resorted to alcohol in an attempt to solve his problems, again with disastrous consequences. Students presented their plays in assembly, and the following term to a Year 8 and 9 parents' evening warning parents of the dangers and signs of alcohol abuse in the young.

Towards the end of term Mrs Campbell directed the major school production, *Macbeth*. It comprised over 60 students from years 7 to 12. Set in an unnamed lawless state run by masters of the criminal underworld, most of the action took place inside a seedy nightclub. Witches as nightclub hostesses performed dance routines with a troupe of exotic creatures of the night. Using mobile phones to set up their hapless victims the witches lured them into the dark intimacy of the nightclub, then retreated behind steamy windows to watch as the action unfold. Jack Heywood played the role of Macbeth with intelligence, insight and passion as he leapt over obstacles on his march to power. With no way back after Duncan's murder, the Macbeths' descent into the nightmare hell and recrimination of guilt was powerful. Lady Macbeth's suicide hanging, framed in the smeary nightclub window was a dramatic shock. Once again Dan Gosselin produced an outstanding lighting design for the production. Deb Christopher and Jess Cobb's costumes were a huge compliment to the production; they managed over 150 changes without a hitch. Brian Allen produced a wonderfully sinister voyeuristic set with its Perspex windows looking out into audience. These were adorned by swooping birds of prey manufactured in the Art Dept.

Students from years 9 to 12 were entered for the Eisteddfod in the dramatic duologue, Shakespeare and poetry classes.

The big school musical, *Wizard of Oz*, held in College Hall in the Lent term was a joint production with Ladies' College. It was directed by Jo Flood. James Henderson, Head of Music at Ladies College, was the musical director; Sarah Thackeray, Head of Dance at Ladies College, was the choreographer and dance coach. There were equal numbers of girls and boys in the production. The production was staged in only 6 weeks. It involved boys from years 7 to 12 who all appeared to thoroughly enjoyed themselves if their journeys around the school humming, *the wicked witch is dead*, is any indication to go by.

The Foundress's Day Concert at the end of the Lent Term, was as usual peppered with review sketches presented by Drama students from years 10 and 11.

Towards the end of the Trinity Term Drama students from Year 10 went to London for their annual Theatre trip. They stayed at the Premier Lodge Hotel on the South Bank, 200yards from The Globe Theatre and Tate Modern. They walked everywhere and saw productions of *White Guard* at The National; *Woman in Black* and *War Horse* in Covent Garden; and *Macbeth* at The Globe. They did backstage tours of The National, and The Globe; a tour of St Paul's, climbing to the very top as far as the gold ball; as well as a guided tour of the nearby Clink Museum; and HMS Belfast. All of which was accomplished from Friday lunchtime until Sunday late afternoon.

Drama in College goes from strength to strength. Above all it is a real pleasure to see so many boys from all years being enthusiastic about Drama and enjoying themselves on the stage.



**IN THE STATES OF THE ISLAND OF GUERNSEY  
ON THE 23<sup>RD</sup> DAY OF FEBRUARY, 2011**

(Meeting adjourned from 26<sup>th</sup> January 2011)

**The States resolved as follows concerning Billet d'État No I  
dated 17th December 2010**

**PUBLIC SERVICES DEPARTMENT**

**GUERNSEY AIRPORT – PAVEMENTS REHABILITATION PROJECT**

VII.- After consideration of the Report dated 16<sup>th</sup> November, 2010, of the Public Services Department:-

1. (1) That it is expedient for the carrying out of a public purpose, namely the provision for Guernsey Airport of improvements to the runway end safety areas, as described in the Report dated 16<sup>th</sup> November, 2010, that there should be owned by the States an area of land measuring 3.71 verges at Ruelle de la Tourelle with Cadastre Reference F001050000, belonging to Messrs N J, P W, and J F Le Messurier and shown edged in red on a map dated 17<sup>th</sup> December, 2010 signed by the Bailiff and deposited at the Greffe and a copy of which has been exhibited in the vestibule of the Royal Court.
- (2) In pursuance of the provisions of section 1 of the Compulsory Acquisition of Land (Guernsey) Law, 1949, as amended, to declare that land to be vested in the States by virtue of and in accordance with the provisions of that Law.
2. (1) That La Mare Road shall be closed and shall cease to be a public highway;
- (2) To direct the preparation of such legislation as may be necessary to give effect to their above decision.

D J ROBILLIARD  
HER MAJESTY'S DEPUTY GREFFIER