



BILLET D'ÉTAT

TUESDAY, 29th SEPTEMBER, 2015

XVI
2015

Volume 2

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HOME DEPARTMENT

INDEPENDENT MONITORING PANEL

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

13th July 2015

Dear Sir

1. EXECUTIVE SUMMARY

1.1 The purpose of this Policy Letter is threefold:-

- To formally appoint additional members to the Independent Monitoring Panel (“the Panel ”);
- To recommend amendment to the Prison (Guernsey) Ordinance, 2013 in relation to the appointment process of Panel members and eligibility to serve on the Panel;
- To present to the States of Deliberation the Prison Governor’s Annual Report for 2014 along with the Panel’s Annual Report for the corresponding period.

1.2 The Department would like to take this opportunity to put on record its thanks and appreciation to Panel Members for their work and dedication to their roles.

2. BACKGROUND

2.1 The Panel is an independent body made up of members of the public who make unannounced visits to Guernsey Prison. Members provide independent oversight of the day-to-day operations of the Prison and prison conditions, monitor the administration of the prison, the treatment of prisoners and whether the statutory objectives of the prison system are being met, and serve to protect the well-being of prisoners.

2.2 At its meeting on 28th January 2015 the States resolved, (Billet d’Etat I, Article IX p.137) to amend the Prison (Guernsey) Ordinance, 2013 to remove the upper limit (eight) on the number of Independent Panel Members, leaving the Department to determine the appropriate number of members at any given time.

- 2.3 The Prison (Guernsey) (Amendment) Ordinance, 2015 (“the Ordinance”) removing the number limitation on Members appeared in Billet d’Etat XIV, volume 1, p1393.
- 2.4 In consultation with the existing Panel, of which there are six members, the Department proposes to increase the membership to 11 at this time. The Department considers that the appointment of additional members to the Panel will ensure essential resilience to this voluntary group and allow the Panel to fulfil its statutory obligations to a high standard without placing unsustainable demands on what has previously been a small group.

3. APPOINTMENT OF NEW MEMBERS TO THE PANEL

- 3.1 The Ordinance states that Panel members must be appointed by the States, following nomination by the Department, for a period of four years or less. In recommending individuals to the States, pursuant to paragraph 1(3) of Schedule 3 to the Ordinance, the Department must have particular regard to the need to “ensure that Panel members have a strong commitment to human rights, have a strong sense of integrity, are able to maintain confidentiality, and have effective communication and listening skills.”
- 3.2 The advertising campaign for the recruitment of panel members was designed to reach as many areas of the population as possible and involved a radio and newspaper campaign.
- 3.3 No formal qualifications are required for membership to the Panel, but the advertisements looked to attract individuals who were fair, objective and non-judgemental. It was expected that potential members would have experience of working with confidential material and the ability to deal with a wide variety of people from different backgrounds.
- 3.4 Following an open and transparent recruitment process, interviews were held and the Department was impressed with the number, quality, experience and enthusiasm of all candidates. The Department is pleased to recommend the appointment of the following individuals to the Panel.

4. ORDINARY MEMBERS – 4 YEAR APPOINTMENT

- 4.1 The Department considers that the below applicants greatly exceed the criteria in paragraph 1(3) of Schedule 3 to the Ordinance (detailed in paragraph 3.1 above), and that, collectively, they will form an efficient and effective Panel.
- 4.2 Mrs. Shona Sarre is employed full-time in the IT sector and has proven experience in dealing with confidential and sensitive information. She has demonstrated excellent written and verbal skills, with experience in communicating effectively with all areas of the community and recognised the importance of being non-judgemental. Mrs Sarre has demonstrated a strong commitment in supporting community fundraising initiatives and is confident

that she will be able to fully contribute to the work of the Panel alongside her other commitments.

- 4.3 Mrs. Gillian Lindsey Darling works full time as an administrator and demonstrated strong interpersonal skills and awareness of the need to respect the rights of all sections of the community. Mrs Darling presented as approachable and honest and the Department is confident that she has the necessary skills to remain objective and present information clearly and without bias and that she will be a fully committed member of the Panel and an asset to the group.
- 4.4 Ms Glen Ford has recently retired from a full time position in the finance sector where she has experience in working with sensitive information and the importance of maintaining confidentiality. Ms Ford demonstrated excellent listening and communication skills and is confident in dealing with people from all backgrounds. Ms Ford feels strongly that everybody has a right to be heard and is equally aware of the need for Panel members to be impartial and act without judgement.
- 4.5 Mrs Heather Mauger is now retired and has a varied working background, most recently she was employed within the finance sector where she gained experience working in accordance with statutory guidelines. Mrs Mauger has a keen interest in community matters and has been involved in a variety of voluntary roles. She demonstrated effective communication skills and is comfortable interacting and dealing with people of all ages and abilities.
- 4.6 Mr James Edward Duncan has had a varied career in social work. After moving to the Island in 1999 he became a social worker with the Children Board and later the Probation Service where he was required to present information efficiently and without bias. Mr Duncan demonstrated good communication skills and an awareness of the diverse needs of the prison population along with the importance of treating all individuals with respect and dignity. Now retired, Mr Duncan plays an active role in the local community.
- 4.7 All of the individuals were able to identify the challenges facing the prison locally and demonstrated a strong commitment to supporting the role of the IMP. The Department also considers that the above applicants greatly exceed the criteria in paragraph 1(3) of Schedule 3 to the Ordinance, and it is believed that they will effectively supplement the skills of existing Panel Members to form a cohesive and resilient and professional panel.

5. ELIGIBILITY FOR APPOINTMENT ON THE PANEL

- 5.1 Schedule 3, section 6(b) prevents a “person employed, whether on a full-time or part time basis, by the States” from serving on the Panel. The Panel have raised concerns in relation to this universal prohibition, as detailed in the appended Annual Report, noting that many States’ employees would have readily

transferable skills which would be of significant value to the operation of the Panel.

- 5.2 The Department has considered the matter carefully and on balance has concluded that there would be merit in removing the current restriction and instead considering applications on a case by case basis. This would reflect practice in the UK whereby appointments to Independent Monitoring Boards are considered on their individual merits. As such an employee of a Probation Trust would be perceived as having a conflict of interest whereas in comparison a teacher or healthcare professional also in government employment would not be disbarred by virtue of their employment alone. The Department believes that such a pragmatic and responsive approach is appropriate locally and given the number of individuals employed by the States of Guernsey removing the restriction will considering enlarge the pool of individuals able to apply.
- 5.3 The Department recognises that there could be a perception that States' employees may be less able to be impartial or independent when reviewing or considering the actions taken by the States. The Department has considered this potential risk at some length and has concluded that there is no evidence that this will be the case. Indeed, one of the other Panels supported by the Department currently, the extra statutory Independent Custody Visitors, consists of seven members, four of whom are within the employment of the States of Guernsey and no difficulties have been encountered in this regard. Rather the Scheme has been able to benefit from ability to draw upon as diverse as possible a recruitment pool.
- 5.4 The Department therefore recommends that the current restriction on States' employees serving on the Panel be removed and in future applications be considered on their independent merits.

6. APPOINTMENT PROCESS TO THE PANEL

- 6.1 At the moment, the recruitment process for new Panel members is undertaken by the Department who nominate individuals for appointment to the States as in section 4 of this Report. There is not the option for the States' Members to nominate alternative candidates from the floor of the Assembly on the day of the election.
- 6.2 The requirement that formal appointment must be made by the States has increased the time taken to appoint new recruits from the Panel. From the date that the Department would be satisfied to nominate an individual, that is following successful interview, receipt of positive references and a satisfactory police disclosure, it now takes an additional three months for the required Policy Letter to be debated and the new Members officially appointed. This delay impacts on the Department's ability to provide the necessary introductory training to new recruits and in turn on their ability to gain sufficient experience and familiarity in their role to assume the full duties associated with the role. As

such, the Panel invariably will find itself in a depleted state for a longer period of time, placing greater demands on existing volunteers.

- 6.3 Additionally, the requirement that individuals be appointed by the States means that Panel members' names are in the public domain along with a brief resume of their experiences and skillset. The Department is concerned that publishing such details may inadvertently create the impression that individuals are required to have a particular background or experience and this could impact on the Department's ability to attract interest from across the community. The Department is mindful of the need to ensure diversity and cross representation on the Panel.
- 6.4 After careful consideration, the Department assesses there to be four options
 - a. the process for appointing Members could revert back to that in place prior to the enactment of the Prison (Guernsey) Ordinance, 2013, with the final decision resting within the Department. The Department is mindful of the possible concerns in relation to the independence and impartiality of such an approach however the Department notes that such a practice operated for decades with no concerns.
 - b. the appointment process could be undertaken by the Department with any changes in Members, as a result of casual vacancies during the course of the year or an identified need to increase volunteer numbers, requiring formal reappointment by the States as soon as possible at the end of the calendar year at the same time as the Prison Governor and Panel's Annual Reports are presented to the States. This would provide the States with opportunity to reappoint the Department's appointments during the reporting period, providing the necessary transparency whilst also enabling the more expedient initial appointment.
 - c. the appointment process could in the future be undertaken by the Department, with the Policy and Resources Committee required to approve the Department's nominations prior to them taking office. The Department considers that the involvement of the Policy and Resources Committee could provide the necessary independence to the process without prolonged delay.
 - d. the current arrangements could be retained requiring the Department to bring forward a Policy Letter each time there is a change to the volunteers which comprise the Independent Monitoring Panel.
- 6.5 On balance, and having considered the advice of HM Procureur, the Department considers that it may be a regressive step in terms of transparency and good governance to revert back to the Home Department appointing Members without some form of separate oversight. HM Procureur has highlighted to the Department, a 2006 paper produced by the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment ("the

CPT”) which clearly sets out the importance of demonstrable independence in respect of visiting bodies. At the same time however, the Department is also conscious that when the CPT last visited Guernsey in 2010, their inspection team did not highlight any concerns in relation to the appointment process which at that time was the sole responsibility of the Department.

- 6.6 In light of the above, the Department recommends that, as set out in option b above, there should be the option for the Department to appoint Panel members during the course of the year with the understanding that such appointments will require formal reappoint by the States as soon as possible at the end of the calendar year. The Department considers that this is a pragmatic balance which provides an appropriate level of scrutiny and accountability to the appointment process whilst at the same time facilitating the initial recruitment process.

7. ANNUAL REPORTS

- 7.1 Both the Prison Governor and the Panel have a statutory requirement to produce Annual Reports at the end of each calendar year. A copy of their reports for 2014 is appended to this Policy Letter.

8. CONSULTATION

- 8.1 The Home Department has consulted with the Law Officers during the drafting of this Report and, as outlined in paragraph 6.5 above, has carefully considered this advice in its deliberations and the production of this Policy Letter.

8. RECOMMENDATIONS

- 8.1 The Home Department recommends the States of Deliberation to:
- (a) Approve the appointment of Mrs. Shona Sarre as a member of the Independent Monitoring Panel for a period of four years with effect from October 2015.
 - (b) Approve the appointment of Mrs. Gillian Lindsey Darling as a member of the Independent Monitoring Panel for a period of four years with effect from October 2015;
 - (c) Approve the appointment of Ms. Glen Ford as a member of the Independent Monitoring Panel for a period of four years with effect from October 2015;
 - (d) Approve the appointment of Mrs. Heather Mauger as a member of the Independent Monitoring Panel for a period of four years with effect from October 2015;

- (e) Approve the appointment of Mr. James Edward Duncan as a member of the Independent Monitoring Panel for a period of four years with effect from October 2015;
- (f) Amend the Prison (Guernsey) Ordinance, 2013 to remove the restriction on States' employees serving on the Independent Monitoring Panel;
- (g) Amend the Prison (Guernsey) Ordinance, 2013 to enable the Home Department to make appointments to the Independent Monitoring Panel in the first instance with the requirement that such appointments would require reappointment by the States of Deliberation as soon as possible at the end of the calendar year;
- (h) Note the 2014 Annual Report of the Independent Monitoring Panel;
- (i) Note the 2014 Annual Report of the Prison Governor.

Yours faithfully

Deputy P L Gillson
Minister

Deputy F W Quin
Deputy Minister

Deputy M J Fallaize
Deputy M M Lowe
Deputy A M Wilkie

Mr A L Ozanne
Non-States Member

INDEPENDENT MONITORING PANEL- ANNUAL REPORT 2014



MARCH 2015

CHAIR'S FOREWORD

In starting this foreword in my first Annual Report as Chairperson to the Independent Monitoring Panel ("the Panel"), I must first reflect on the sad passing of Mr Jim Neill, the Panel's previous Chair, in June 2014. Jim had served on the Panel for eight years, four of these years as Chairperson, and had fulfilled his duties with commitment and enthusiasm, coupled with an empathetic understanding of the challenges of the custodial setting. His loss has been sorely felt by the Panel and has left a challenging void to fulfil.

The standards of professionalism and responsibility demonstrated by Jim during his time on the Panel set a high bar for potential new recruits and I am delighted by the calibre of the individuals who applied for a position on the Panel during the first quarter of 2015. Following the States of Deliberation's approval of a Report by the Home Department in January 2015, the Panel now has a complement of six members from a range of backgrounds, bringing with them a breadth of experience. At the time of writing, a recruitment campaign is ongoing to attract additional members with the hope that it will be possible to appoint a further four individuals.

Panel members are appointed for a period of four years with the option for reappointment. The Panel was delighted to note that the Home Department recognised in their annual awards ceremony, Mr Paul Fairclough, who served as a member of the Panel for over twenty three years before his resignation in January 2014.

For the Prison, the Panel considers 2014 to be a positive year and is pleased to witness the continued improvement of working practices. The Panel was pleased to note that the efforts of the Prison were recognised within a generally positive review by Her Majesty's Inspectorate of Prisons. Within the Report, the Chief Inspector of Prisons said "*what we saw provided an exemplar of what can be achieved by well-coordinated services and is a powerful reminder of how good a small prison can be*" and the Panel would concur the areas of good practice noted within the Report such as staff-prisoner relationships, reception and court custody arrangements and resettlement work.

The Panel would though equally share the concerns raised within the Report in respect to the holding of young people within custody, believing that the custody facilities available at that time to hold young, vulnerable offenders were not appropriate. The Panel is therefore pleased to note that the Department has reviewed this area of service delivery to ensure that lessons are learnt.

The Panel firmly believes that the Prison Service fulfils a difficult and challenging role with a commitment to ongoing improvement and service development.

I would like to thank the existing members of the IMP for their patience and their support over the initial start of my chairmanship. During this time Panel members were asked to volunteer their time and effort far beyond that ordinarily required, with the appointment of additional members we can look forward to a more manageable workload in 2015.

Wendy Meade

INTRODUCTION

The Guernsey Prison Service serves the public by keeping in custody those legally committed to its care. Its duty is to look after them with decency and to help them lead law-abiding lives in custody and after release. The Prison holds a diverse population, including those sentenced and on remand, men and women, young offenders and juvenile and vulnerable prisoners.

The Independent Monitoring Panel is constituted under the Prison (Guernsey) Ordinance 2013 (“the Ordinance”) as an independent body made up of members of the public to make unannounced visits to Guernsey Prison. Members provide independent oversight of the day-to-day operations of the Prison and prison conditions, monitor the administration of the prison, the treatment of prisoners and whether the statutory objectives of the prison system are being met, and serve to protect the well-being of prisoners.

The Ordinance requires the Panel to prepare an annual report at the end of each calendar year, which must include the following:-

- (a) a summary of the Panel’s activities, including the number of –
 - (i) Complaints or requests received from prisoners, and
 - (ii) Inquiries conducted by Panel members,
 broken down by the topics to which they relate (e.g. food, temporary release licence, privileges, use of force) and compared to statistics from previous years,
- (b) Anonymous examples of prisoner’s complaints and results of the Panel’s inquiries into those, including recommendations made and responses received from the Governor or the Department,
- (c) the Panel’s observations in relation to:-
 - i) the state of the prison premises,
 - ii) the administration of the prison,
 - iii) its observations on the treatment of prisoners
- (d) any advice or recommendations the Panel sees fit to make.

SUMMARY OF THE PANEL'S OBSERVATIONS/ COMMENTS

Over the course of 2014, the Panel has generally been satisfied with the state of prison premises during their visits. The Panel has been particularly pleased with the ongoing refurbishment process of prison wings. The Panel has however had reason to note within their reports:-

- Dissatisfaction with the cleanliness of wings on a number of occasions. Such matters are generally addressed at the time, with the escorting officer requesting that the wing cleaner address the matter. Equally however, the Panel has been pleased to note the efforts made by individual prisoners to maintain high levels of cleanliness within their particular area of responsibility;
- Concern in relation to the temperature of the Prison- complaints have, at various points in the year surrounded the Prison being too hot and too cold, with particular concerns expressed in relation to the temperature of the kitchen. It has been noted that some of these problems resulted from the requirement for maintenance within the Prison, for example vents. These matters have been addressed by the works department. The Panel is pleased to note that a new boiler subsystem is due for installation during 2015.

The Panel has been pleased to note how the Prison is administered, and is grateful to Senior Management for their time taken in briefing the Panel on Prison initiatives and developments. The Panel has witnessed positive developments in the Prison regime over recent years, with a greater emphasis on ensuring a working prison. The Panel believes that such an approach has had a significant impact on the wellbeing of prisoners and the operation of the Prison as a whole. The use of volunteers across the Prison, for example has brought a wealth of expertise to the education and well being of prisoners. The Family Cabin has shown itself to be a most valuable asset to further better relationships between prisoners and their families.

The Panel has been pleased to witness positive interactions between staff and prisoners during the course of visits. Escorting officers have been helpful and courteous, and the Panel has been happy to note the time taken by officers to explain the reasons behind the decisions made to prisoners.

CONCLUSION/ RECOMMENDATIONS

Appointment of new IMP members

The Panel is concerned that the current prohibition on individuals employed by the States serving on the Panel is too restrictive and is unnecessarily disbaring a number of individuals who by virtue of their employment, for example within the healthcare or education arenas, would have skills readily transferable to the Panel. The Panel believes that rather than a blanket ban on all States' employees, it would be more appropriate and pragmatic to assess individuals on a case by case basis based on their individual role, and the possible implications of their employment in making impartial observations. The Panel would urge the Department to consider a legislative change.

The Panel is also conscious that as appointments have, since 2013, required approval by the States of Deliberation rather than just the Home Department, the recruitment process is significantly longer. The Panel believes that the length of the process runs the risk of being detrimental to the training programme to new members and therefore the Panel would therefore seek a firm commitment from the Department that the practice adopted for the last intake of volunteers whereby individuals could shadow existing members after they have been police checked but prior to formal appointment by the States be formalised.

Although the role of the Panel is included in a new prisoner's induction process, the Panel is very mindful that the information can be overlooked given the prisoner's more immediate concerns relating to their incarceration. The Panel therefore recommends that increased effort is made to continue and improve prisoners' knowledge and awareness of the Panel and the role that it fulfils. The Panel would be happy to work with the Prison in relation to any initiatives to fulfil this aim.

Please write to the Chairperson of Independent Monitoring Panel c/o Sir Charles Frossard House if further information is required in relation to any matter contained within the Report.

APPENDIX 1- STATISTICAL ANALYSIS

Monthly Visits- Number of complaints/ comments by theme

Theme	Number of complaints	Number of comments
Staffing	1	
Personal information held	1	
Probation services	1	3
No response following complaint		1
Wages		2
Temperature		4
Release Plan / Deportation	1	2
Missing property		1
Healthcare	1	1
Prison shop	9	
Food	2	1
Phone calls	1	1
Laundry facilities	1	3
Adjudication process		5
Exercise time		1
Privileges		1
Parole	1	
Cleaning materials	1	
State Pension/ pensioners in prison		2
Transfer to UK prison		1
Prison website	1	
Integration		1
Familial concerns		4
Maintenance of shower facilities/ paper towel dispensers		4
Employment opportunities	1	

Requested Visits by theme

Theme	Number
Allegation re named officer	3
Detention in SCAPU	2
Healthcare	1
Parole	1

Quality of cleaning	1
Privileges system	1
Notification of phone call	1

Breakdown of Visits by day of week

Day	Number
Monday	3
Tuesday	7
Wednesday	6
Thursday	0
Friday	3
Saturday	2
Sunday	0

Breakdown by time of day at start of visit (where known)

Day	Number
8am – 12 noon	2
12 noon – 5pm	13
5pm – 9pm	2

Length of visit (where known)

Day	Number
Less than an hour	5
Between 1 and 2 hours	6
Over 2 hours	7

APPENDIX 2- ANONYMOUS

In providing anonymous examples of the queries received by the Panel, the Panel has mindful of the difficulties within a small prison population such as Guernsey in ensuring that confidentiality really is maintained. Conscious that it may be possible to identify individual prisoners by virtue of the circumstances even in the absence of names, the examples below have purposively been written in such a way so to preserve the confidentiality of those seeking the Panel's assistance, but providing an illustration of the themes addressed in prisoners' concerns.

Integration

The size of the Prison population means that on occasion the Prison seek to integrate vulnerable prisoners with the main population in order to enable equal access to activities. Whilst the Panel have been reassured by the Prison that comprehensive risk assessments take place and staff are deployed accordingly, prisoner have expressed their reservations regarding the practice.

Family Pressures

The Panel are conscious that custodial sentences can place increased strain on the relationship between the prisoner and their family, causing significant concerns for the individuals involved. Where such pressures are compounded by additional complications such as the break-up of relationships, contact issues with children or family bereavements, the impact on the Prisoners can be significant. The Panel has been pleased to note the pragmatic and sensitive approach adopted by Prison in addressing these issues.



2014

Guernsey Prison Annual Report

STATEMENT OF PURPOSE

Guernsey Prison serves the public by keeping in custody those committed by lawful authority. Our duty is to look after them with decency and to help them live law abiding lives in custody and after release.

VISION

To provide a working prison that enables prisoners to gain learning skills, work skills, qualifications to help reduce re-offending and provide a secure environment to protect the public, ensuring value for money whilst treating people decently and fairly.



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GOVERNOR'S FOREWORD

The year ending December 2014 was a very busy year for the prison. There has been a lot of change for the establishment's staff and prisoners. The need for change came about because of the move to a 'working prison' model which had to be slightly adapted to suit the needs of the island. The main difference was the requirement that the prison could not compete for work done in the community.

Despite this the prison has moved forward. We currently have three partnerships with private companies who run businesses on the island and early in 2015 we will have a fourth. These partnerships are essential to the working prison model; they bring real work and experience into the prison which aids resettlement.

I am very proud of the work done by staff in the work areas which was a very new concept for the prison. We now have 91 full time prisoner work places plus education, art and creativity classes.

Providing work and activity is only a part of the working prison concept. The idea that prison actually works needs to be explored as part of the model. This means that prisoners adopt a better life and learn from the experience of offending behaviour work, education classes and work experience. Some prisoners will be assessed as suitable for voluntary work and eventual paid work release in the community as part of individualised resettlement packages.

Central to the model is the Offender Management Unit which I see as the coordinator of all of this work through the sentence planning process. All staff have a role to play in the working prison and I applaud the efforts being made in all areas; in particular OMU, Education and Regimes which includes the Kitchen, Horticulture and Gymnasium. The Works Department and Residential staff have improved the living areas through decoration, essential maintenance, provision of notice boards and improved application/complaints processes. I am also fully aware of the contribution made by prisoners in these initiatives.

In May 2014 Her Majesty's Inspectorate of Prisons (HMIP) carried out a full inspection of the prison. HMIP is an independent organisation which reports on the treatment and conditions of those detained in prisons. All reports carry a summary of the conditions and treatment of prisoners based on the four tests of a 'healthy prison', the tests are:

Safety : prisoners, particularly the most vulnerable, are held safely

Respect : prisoners are treated with respect for their human dignity

Purposeful activity : prisoners are able, and expected, to engage in activity that is likely to benefit them

Resettlement : prisoners are prepared for their release into the community and effectively helped to reduce the likelihood of reoffending

Under each test inspectors make an assessment of outcomes for prisoners and the establishment's overall performance against the test.

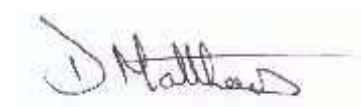
The prison had a very good inspection, scoring very highly against outcomes for adult prisoners.

As we expected the inspectorate also found that arrangements for holding children in the prison were unacceptable and breached expected standards.

During 2015 the prison intends to work alongside Criminal Justice Strategy stakeholders and others to develop an appropriate long-term solution for the detention of children either pre or post sentence by both Guernsey Prison and Law Enforcement agencies.

We intend to review and implement measures to ensure that Guernsey Prison is a suitable place to detain children in the extreme case that under-18s are sentenced to custody.

The other area of concern identified in 2014 was the need to upgrade security. This is required to keep pace with the evolving nature of the prison population. Pending approval of relevant business cases by the States of Deliberation, the prison intends to build a secondary perimeter fence to enhance Guernsey Prison's physical security to comply with specifications to hold Category B prisoners.

A handwritten signature in dark ink, appearing to read 'D Matthews', is written over a light blue horizontal line.

D Matthews
Governor

PROGRESS AGAINST PRIORITIES SET FOR 2014

Review of Physical Security

Over the past two years the Prison Governor has commenced an ongoing review of prison facilities. This has identified various issues with the current security arrangements which mean the establishment does not fit the industry specification for housing Category B prisoners. Category B prisoners are defined as *“those who do not require maximum security, but for whom escape needs to be made very difficult”*.

The prison has been involved in the States Capital Investment Programme (SCIP) to secure funding to improve current physical security arrangements, specifically the prison perimeter which is no longer fit for purpose and requires investment.

Guernsey Prison was originally designed as a Category C establishment. Category C prisons normally have a single perimeter although increasingly some have double perimeters. The UK National Offender Management Service (NOMS) specification for prisons holding Category B prisoners and serving a remand function requires a double perimeter with a sterile 7.5 metre width in-between the two fences.

In 1999 / 2000 the policy of moving prisoners to the UK changed and Guernsey started looking after all prisoners of any sentence length with the exception of those serving life sentences. In May 2014 Guernsey obtained permission from The Secretary of State for Justice to permit two Guernsey prisoners serving life sentences in the UK to extend their restricted transfer time in Guernsey on a non time limit basis but until such a time as a move back to the National Offender Management Service (NOMS) estate is appropriate.

Control Room Upgrade

The control room and gate complex is one of the most important areas in the prison as it maintains the operational security of the establishment and provides the central communications hub for the prison. The capital required for the control room upgrade was to support important improvements in technology employed within a wide range of areas within the prison. The upgrade included prison cameras and associated visual monitoring equipment. The work undertaken also considered support to any future developments of the prison with regards to its current perimeter fence and is sympathetic to further security related plans.

During the process of an equipment survey it became apparent that there were two defined work streams in the CCTV upgrade; the upgrade of existing equipment and the replacement of aged or malfunctioning cameras and cabling.

The prison is satisfied that the CCTV upgrades and control room area refurbishment met not only Prison Service strategic objectives but also contributed towards Home

Department corporate outcomes for efficient service delivery. This upgrade has improved the security and safety of the prison.

Her Majesty's Inspectorate of Prisons May 2014 Inspection

The Home Department invited HM Inspectorate of Prisons (HMIP) to inspect the prison, police, border agency and court custody areas which provided an opportunity for inspectors to see the whole system in operation.

The Chief Inspector of Prisons reported:

In many respects, what we saw provided an exemplar of what can be achieved by well-coordinated services and is a powerful reminder of how good a small prison can be. Of course, the small size of the island assisted with this, but that should not detract from giving credit to those responsible for these services.

Prison staff manage the court custody area, conducting reception arrangements at the court to aid the transition into prison. Inspectors found that there were good strategic relationships between senior managers at the prison and the police as well as strong links between the prison offender management unit and the island probation services which were resulting in very good outcomes. However, five children were held alongside adults in the prison which breached international standards.

At Guernsey Prison, inspectors were pleased to find that:

- very good relationships between staff and prisoners meant that prisoners' individual circumstances could usually be addressed;
- reception processes were effective and first night arrangements were good;
- most prisoners felt safe and there were few problematic incidents;
- security was well managed, as was the use of force, and segregation was used only as a last resort;
- living conditions were generally decent and health provision was generally good;
- time out of cell was better than inspectors usually see;
- there was some outstanding teaching and volunteers from the community played a very useful role;
- resettlement work benefited from excellent joint working between the prison and external probation services.

However, inspectors were concerned to find that:

- whilst the two 15-year-old boys were treated kindly and kept away from other prisoners, their accommodation was cramped and they received inadequate support from their school and the States of Guernsey Educational Department;
- although specific policies for women were being developed, their needs were not always adequately considered and they were disadvantaged compared with men;

- managers were seeking to address challenges in finding sustainable accommodation on release but this reflected wider issues with housing stock and affordability.

In addition to children, the prison holds a wide variety of individuals. The 98 prisoners the prison held at the time of the inspection included 79 men, 6 women, 7 young men and 1 young woman aged between 18 and 20 and the 5 children already mentioned. The prisoners were held for a wide variety of offences and were serving sentences ranging from a few weeks to life. Prisoners ranged in age from 15 to 69.

Inspectors reported the mix of prisoners held was a considerable challenge but very good relationships between staff and prisoners in a small establishment meant that prisoners' individual circumstances could usually be addressed, which mitigated some of the difficulties.

Guernsey Prison was much improved from the last full inspection in 2005 and the short follow-up inspection that was carried out in 2009. Managers and staff were to be congratulated on the progress they had made. Those areas of most concern, particularly the detention of children in the prison, are not under their direct control and local managers have responded sensitively and thoughtfully to the challenges that this creates.

The inspection has resulted in an action plan with 46 actions which is being implemented by the Senior Management Team throughout 2014 and into 2015.

As a result of the criticisms around education provision, the Prison, Youth Justice and the Education Department have signed a Memorandum of Understanding (MoU) which will ensure that if a child of school age is sentenced to a term of imprisonment then appropriate provisions would be put in place including the level of funding and services required.

Data Protection Protocols

With the introduction of a Business Manager in 2014, one of the first priorities was to ensure that the prison was compliant with Data Protection (Bailiwick of Guernsey) Law, 2001. All States Departments have a need to share certain personal data in order to carry out their functions effectively and efficiently. Such sharing requires the disclosure of data by one department to another department. The terms of disclosure of personal data should be governed by protocols. This was successfully implemented and will continue to be reviewed on an annual basis.

CONTINUED UPGRADE OF THE FABRIC OF THE BUILDING

Replacement of Cell Furniture

In 2014 the prison embarked on a rolling program to refurbish the cells and wing areas throughout the prison. The first area to undergo refurbishment was J wing which accommodates up to 44 prisoners. Prisoners had to be relocated to other wings during the process as the schedule involved the replacement of all cell furniture including beds. The cells were also completely redecorated prior to the prisoners moving back into their previous accommodation. This is a programme that will be continuing into 2015 at which time it is envisaged the smaller accommodation wings will be completed.

Staff Facilities

The staff facilities were in need of a complete remodel as the existing layout was considered inadequate for the needs of uniformed staff. The “tea room” was extended and a practical kitchen installed creating a bright, clean, comfortable area for staff to take meal breaks and refreshments.

The staff locker rooms were redecorated and rationalised to ensure there was sufficient facilities for male and female officers. This provides for the needs of the staff and ensures they have modern up to date facilities.

Prisoner Reception Refurbishment

The prisons reception area was changed to create a far more user friendly area. The holding cells were removed and an open plan scheme was introduced. These changes have created a more relaxed atmosphere for new receptions entering the establishment.

Healthcare Centre

An area that was to be utilised as an association area on K wing was being used as a Wellness room by the Healthcare Department. The decision was made to move this working area from a residential wing and relocate it within the Healthcare department. With the relocation of the Healthcare manager’s and the Healthcare administrative office, this substantial section of work ensured all the requirements of the establishment and healthcare were met. The results have been mutually beneficial as a far more efficient use of the limited space has been created and a much improved working environment.

Prison Library

The prison library was refurbished to support the professional library stock from the Guille Allez public library of over 250 books, periodicals and journals.

New shelving was installed together with décor, flooring and furniture. At the same time new stock was added to the meet the needs of foreign national prisoners and reluctant/emergent readers.



The HMIP inspection identified that not enough legal books were available for prisoners. The stock of legal books has now been widened together with the lending facility for DVD's and non-fiction books.

The library continues to be the focus for supporting future learning and skills programmes and it provides a wide range of resources and materials for prisoners during their time spent in custody to help prepare for release and resettlement.

Extension to Prison workshop

The Workshop Staff and prisoners with assistance from the Works Department have created a new workshop to accommodate a new work stream which is scheduled to start in early 2015. This workshop will in turn create increased employment within the establishment.

OTHER HIGHLIGHTS OF THE YEAR

The “CLIP” Community Projects Workshop

In June 2014 the Chairman of Floral Guernsey contacted the prison regarding a boat which the College of Further Education was refurbishing for the parish of St Peter Port as part of Guernsey's entry into the Royal Horticultural Society “Britain in Bloom” competition in the ‘Large Coastal’ Category.

The college was unable to complete the task due to their summer break and the fast approaching deadline for entry. The Recycling Workshop staff were asked to survey the boat and see they would be able to complete the task on time. It was quite a challenge, but one that the team grabbed to showcase existing skills, but more importantly, an opportunity for the prisoners to give something back to the community.

The boat was named ‘*Liberaire*’ by the prisoners.



The completed 'Liberaire'



and being lifted into place at Salerie Corner

St Peter Port parish won a gold medal and was the overall winner of the class.

After this initial success Parish Constables were invited for a tour of the prison, including the Recycling Workshop.

This was an ideal opportunity to promote the idea of community projects, using the boat as a bench mark.



Since then projects have started coming in steadily including a cart for St Martin's parish as illustrated in the picture above.

The workshop has also made planters for St Andrew's Primary School, Wellington boot holders and planters for St Martin's Primary School and raised beds and planters for La Rondin School.

They are currently working on another boat to be displayed at Jerbourg Point and are discussing with Vauvert, La Houquette and Forest Schools of their requirements for future projects.

This initiative started in a corner of the existing Recycling Workshop, but the team now has a heated portacabin, up-cycled from the Horticulture department of the prison. The customer provides the materials and the prison provides the enthusiastic prisoners to complete the project. When the article is complete the customer is requested to make a donation to the prison registered charity "Creative Learning in Prison" (CLIP).

Mental Health Awareness Week

During what was termed as "Elephant week", Guernsey Prison supported a number of workshops for all prisoners which included:

- Geese Theatre Workshop
- Exercise and Mental Health from MIND
- 5 Ways of Wellbeing from the Health Promotion Unit
- Post-Traumatic Stress from Beryl Stannard

These activities served to increase awareness amongst prisoners surrounding mental health issues on Guernsey.

DEPARTMENT OVERVIEWS

OFFENDER MANAGEMENT UNIT

2014 saw the departure and replacement of 3 members of staff in the unit:

- Substance Misuse Worker in February
- Resettlement Officer in June
- Prison Probation Officer in October

A significant event for the OMU was the announced inspection of the prison by HM Inspectorate of Prisons (HMIP) in May. Of the four tests of a healthy prison, the OMU was the predominant focus of the Resettlement test (*“prisoners are prepared for their release into the community and effectively helped to reduce the likelihood of reoffending”* - HM Inspectorate of Prisons). The OMU were pleased to achieve high scores against the expectation in relation to both adult prisoners and children held in custody at the time of inspection.

Sentence Planning

The core business of the unit has remained largely unchanged during this year and the focus of intervention continues to emanate from the individual sentence planning process. A total of 304 sentence planning meetings took place throughout the year (this being a significant increase from the previous year when 216 were held):



**“Prisoners had a regularly reviewed, high-quality custody or sentence plan.”
(HM Inspectorate of Prisons, May 2014)**

Offending Behaviour Programme Delivery

The primary objective of sentence planning is to identify areas of criminogenic need, agree appropriate targets to address these needs and subsequently reduce likelihood of reoffending and risk of harm to others. A total of 88 prisoners participated in offending behaviour group work programmes in 2014 as per their sentence planning targets. Others will have been assessed as requiring individual interventions and these have been undertaken with the prisoner’s allocated Offender Managers or other members of their Offender Management Teams (e.g. Substance Misuse Worker, psychotherapist or Offender Supervisor).

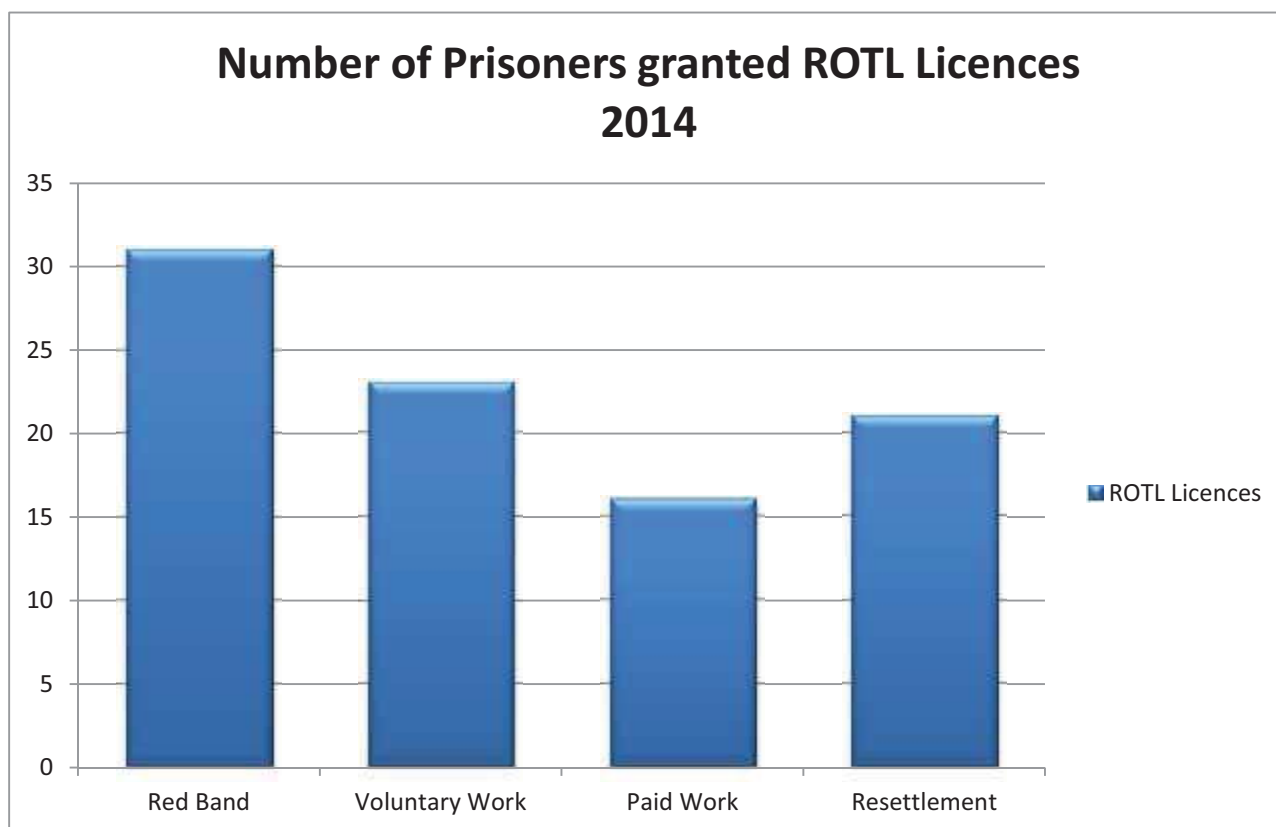
Two significant areas of development throughout 2014 was the effective management of the vast majority of convicted sex offenders on island. Historically, there has been a system whereby this population of offenders were generally transferred to UK prisons in order to complete a Sex Offender Treatment Programme (at considerable expense). The Guernsey Probation Service is now in a position where a significant number of staff are trained to deliver specialist interventions for those who are convicted of sexual offences (some Offender Supervisors are also trained to co-work cases). In conjunction with a UK Forensic psychologist, sex offenders are assessed and “triaged”, an agreed plan of work implemented and regularly reviewed.

The other area of development is the managing of the Lifer population in Guernsey Prison. Again, historically those sentenced to a life term in prison have been transferred to the UK to serve their sentence. Following negotiation with the Home Office and personnel from the UK Prison Service, it has now been agreed that Guernsey Prison is assessed as an appropriate environment to manage life sentenced prisoners and we currently hold two individuals with the expectation of receiving a further one early in 2015.

Towards the end of the year, preparations commenced for implementing two new group work programmes in 2015.

The MPACT (Moving Parents and Children Together) programme is an established Drug Concern initiative in the community which will be piloted in the prison environment in the New Year. The aim is for facilitators to work with children and their parents to reduce the harmful impact that parental substance misuse and addiction can have on the whole family.

The Decider Programme is a ‘Life Skills’ group work programme which aims to teach participants 12 key skills to become more resilient, robust, reflective, resourceful and responsible. This programme will be delivered to the female population in the first instance and is scheduled for January 2015.



Release on Temporary Licence (ROTL)

“A” Wing continues to be the dedicated Resettlement Wing and a number of prisoners have been afforded the opportunity to engage with the ROTL progression system or have been risk assessed as appropriate for a Resettlement Licence. This permitted them to be accompanied on appointments/visits in the community in relation to their individual resettlement needs e.g. job interviews or appointments with prospective landlords, etc.

Some of our population struggle with social phobias and anxiety issues and we have been able to offer them the opportunity of community reintegration sessions e.g. familiarising themselves with using public transport, being surrounded by members of the public in everyday scenarios such as in the supermarket or a café. Although not always without its difficulties and associated risks, the ROTL system in Guernsey Prison offers a bespoke approach to meeting individual need and if successful gives prisoners every chance of positive reintegration into the community on release from custody.

“Resettlement and offender management work was influenced by existing strong criminal justice arrangements, and was well managed and integrated. Volunteer mentors provided a ‘through the gate’ service to prisoners and release on temporary licence was used to help suitable prisoners resettle back into the community”

(HM Inspectorate of Prisons, May 2014)

Family and Social Support Initiatives



The Cabin (purpose built unit for use as a contact centre, parenting skills and family therapy initiatives) was officially opened in March. This has already proved to be an invaluable resource and afforded us the opportunity to expand service provision and the building has been used on a regular basis since opening for:

- Contact between a primary carer and pre-school age child
- Additional visits between a prisoner and terminally ill parent
- Supervised contact with looked after children
- Family therapy sessions
- Multi agency training initiatives in relation to family support issues

Throughout 2014 members of the Family Support team have run four programmes of the “Hidden Sentence”. This is a one day training course for professionals who work with prisoners’ and offenders’ families, including prison officers, children and young people services, school staff and health visitors. This course gives a clear overview of the issues facing prisoners’ families and provides a range of strategies and resources to help support them. This training has been very well received by other statutory agencies and the voluntary sector and it is anticipated that further dates for the training will be provided in 2015.

The prison already had advanced family and social support initiatives when in September a partnership with Barnados saw the launch of the Barnados Children Affected by Parental Imprisonment (CAPI) initiative. This partnership has enhanced the service already available at the prison through a close working relationship with the CAPI worker from the project. During the latter stages of 2014 work was well underway to provide support for a small number of prisoners’ children.

The OMU continue to develop a strong working partnership with the Caring for Ex-Offenders team in supporting those prisoners who aren’t fortunate enough to have family or appropriate social support in the community. The services available through this initiative include “through the gate support”, mentoring on release and/or allocation of a Prison Visitor whilst still in custody. Members of the OMU staff team have provided training and a support group for the volunteer mentors on a regular basis throughout 2014.

Restorative Justice (RJ)

2014 saw the OMU continue to develop a restorative ethos within the prison culture. The RJ Prison Group met quarterly to discuss how the strategic planning and leading of restorative approaches (ongoing, mid and long-term work) in the prison should be implemented.

Appropriate training continues to be key for the proper development of restorative justice and two Prison Officers were selected to attend a new inclusive and nuanced 'rough guide' practitioner training to complement the traditional Criminal Justice Service based training already undertaken by all OMU staff.

Consideration and exploration of RJ continues to be a compulsory element of the sentence planning process. All OMU staff continues to consider ways to develop the use of restorative language and approaches into everyday running of the prison and develop consistent practice with staff disputes, officer/prisoner and prisoner/prisoner disputes.

We also continued with restorative approach wing meetings in instances where disharmony was identified (during 2014 this was predominantly with the vulnerable prisoner population due to them having less opportunity to spend time away from each other). Discussions took place about what had been happening on the wing, how prisoners were feeling, how they had been affected by what had been happening, how they felt collectively without resorting to incidents being reported and resolving conflict together.

During 2014 the Island Restorative Development Co-coordinator continued to advise and provide new material for the Prison Psychotherapist and OMU Officers who facilitate the Choices & Challenges offending behaviour programme, but also delivered the RJ sessions around victim awareness during week two of the programme (this also gave the opportunity to pro-actively explore where appropriate Victim/Offender RJ conferences could be considered).

Substance Misuse Service

The Prison Substance Misuse Worker (PSMW) plays an important role within the wider offender management team. This team concentrates on individual cases within the prison specifically prisoners needs whilst in custody and ensuring these needs are adequately met.

A new appointment to this post was made in February 2014, which has initiated a number of **new developments**:

- Two staff training sessions have taken place relevant to substance use locally and in the UK; four of these sessions are planned for 2015.
- PSMW co-facilitated a motivational interviewing taster session to the Offender Management Unit.

- The provision of take home naloxone, a programme initiated by CDAT and supported by Drug Concern / PSMW, has already trained its first prisoner in the administration of the prenoxad medication to prevent death from overdose.
- The implementation of a female only substance misuse group was delivered, with plans to continue this in 2015.

The PSMW will undergo training in 2015 to co-facilitate 'The Decider' programme. This is a locally developed, but nationally recognised, programme aimed to promote better decision making amongst client groups.

The PSMW will be a co-facilitator of the Drug Concern Moving Parents and Children Together programme. This will be the fourth MPACT programme delivered locally, but the first to be delivered in the prison.

Existing contributions to the prison framework:

Risk Management meetings: weekly contribution to discussions of recent/predictable incidents which may endanger the running of the prison or contribute to risk to prisoners.

Safer Custody meetings: quarterly contribution highlighting potential risk to safety to those working in or residing in the prison, including the presentation of reports detailing statistics of prisoners seen by PSMW in addition to recent trends in substance use.

Prison Therapeutics meetings: quarterly contribution to issues relating to prescribing practice in the prison.

Commendations

The Prison Substance Misuse Worker received a performance recognition award during 2014 for her work contributing towards the safety of the prison.

Statistics

A total of 110 structured interventions were offered in 2014 between January to mid-December

Three substance awareness groups were delivered during 2014:

- 29% of participants reported an increased need to make changes in their lives.
- 24% reported an increased understanding relating to the specific changes they need to make.
- 24% reported to be feeling more motivated towards changing behaviour.
- 18% reported to accept more responsibility for the changes they need to make.

- 29% reported to be more open to receiving help than when they started the programme.

Harm reduction awareness: prisoners are required to complete pre and post session questionnaires to determine whether knowledge relating to harm reduction has increased. This is significant because research suggests that by increasing an individual's knowledge and awareness, particularly those individuals who are ambivalent about change, there is a higher probability that behaviour change will occur.

Pre-test average score was 72%

Post-test average score was 88%

An average increase in awareness of 16%

HEALTHCARE DEPARTMENT

The philosophy of Prison Healthcare remains one of providing services to the prison population that is, where possible, equitable to the general populous of Guernsey given the security considerations as outlined in Prison Ordinance and under the laws that govern the Island.

Service Provision and Development

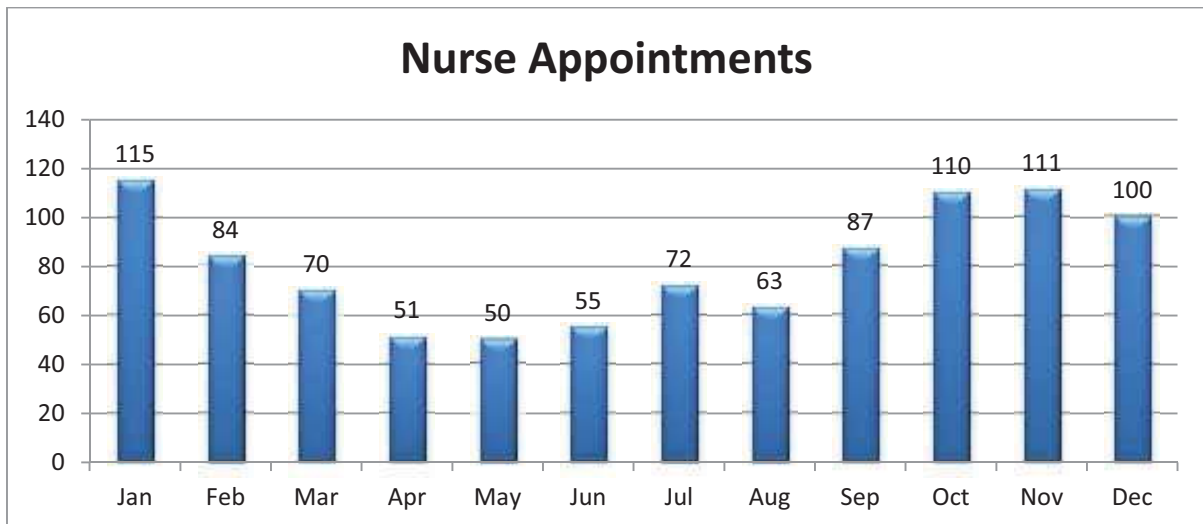
2014 continued to be a challenge to meet all prisoner expectations of Healthcare delivery. The smoke free prison initiative which commenced 1 January 2013 continues to be a success with prisoners and staff.

Many policies and procedures were completed along with a comprehensive Health Needs Analysis and subsequent Action Plan conducted by HSSD Public Health Specialist. These were well received by HMIP inspectors in May 2014.

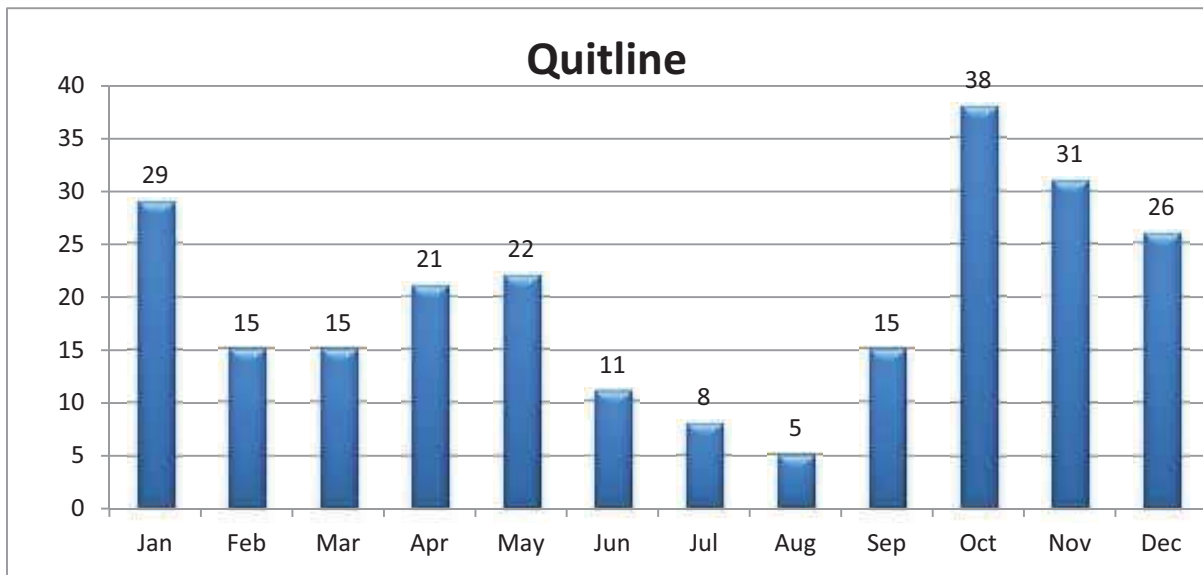
Where it was possible, the recommendations following this inspection were rectified by September 2014. It is worth mentioning that HMIP inspectors noted two examples of good practice for Health Services.

The nursing team continues to provide services equitable to those in the community, providing nurse led clinics every morning and afternoon which include; immunisation provision, well man/well women; stop smoking; sexual health screening; nurse 'triage'; chronic disease management; detoxification; mental health; admission and pre-release assessments.

In 2014 a new initiative commenced to ensure that all newly sentenced prisoners returning from court are immediately risk assessed by nursing staff.



Nurses hold a weekly 'Quitline' service for those who wish to stop using e/cigarettes.



Prison Drugs and Therapeutics meetings continued bi-monthly. The prisoner in-possession medication list was extended and more prisoners were risk assessed and prescribed medication in this way. This continues to be well received by the prisoners who appreciate the additional responsibility.

All nurses received training to allow nurse prescribing of three additional medications under a patient group directive (PGD). These items are kept as stock medication which improves delivery of pharmaceutical care.

Throughout 2014, paramedical services continued with the following services provided in the prison.

The Prison Dentist retired in October. There was a seamless transition to a new dentist who is now employed on a SLA and continues to hold one session per week.



Staffing, Recruitment and Training

Staff resignations early in the year allowed for a review of nursing skill mix in conjunction with the Health Needs Analysis.

By the end of 2014 the team consisted of a band 7 Healthcare Manager, x1 band 6 RGN senior staff nurse and x1 band 5 RGN staff nurse. Two further band 5 RGN posts are currently vacant and awaiting appointment.

A new administrative assistant was recruited and joined the team in April.

During 2014, 10 days of training were offered to each staff member. Some nurses exceeded this and took advantage of additional HSSD funded training in their own time. All nurses attended adult and paediatric resuscitation training, along with HSSD mandatory clinical updates.

Senior Staff Nurse Smith achieved a BA Hons (Nursing) in July 2014.

Nurses received additional training in administering and teaching the use of Prenoxad in conjunction with CDAT and the prison Substance Misuse Worker. It is hoped that this will commence being prescribed to 'at risk' prisoners on release during 2015.

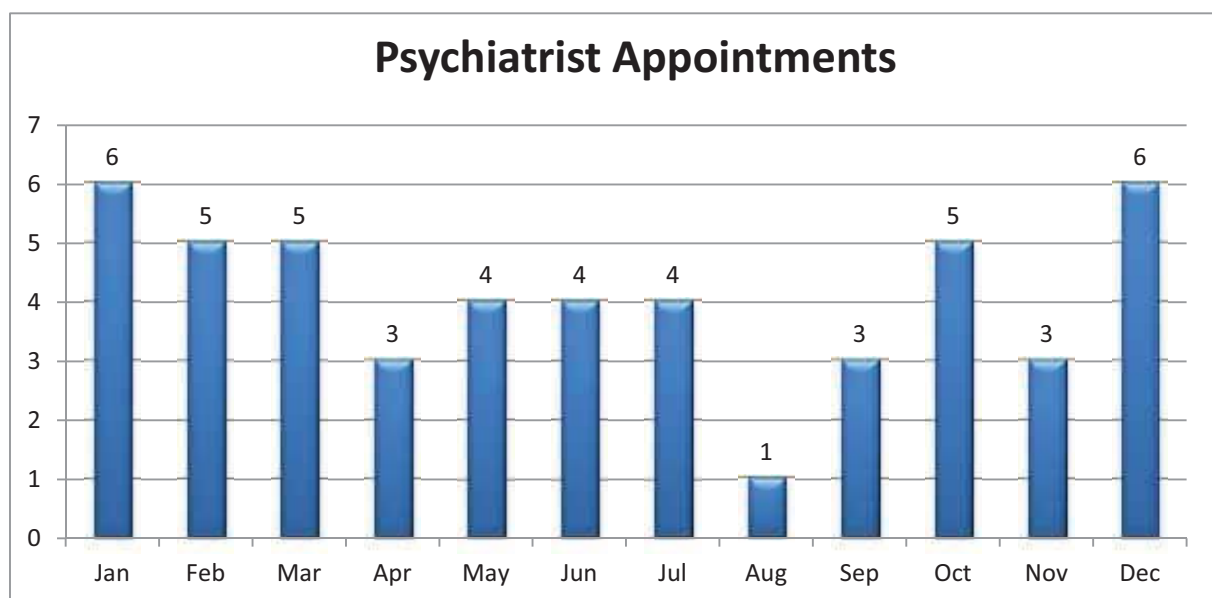
Nurses received intermittent external joint supervision in the prison. Formal peer supervision will commence in 2015. External telephone peer supervision was taken up by the Healthcare Manager during 2014 and it is hoped this will continue throughout 2015.

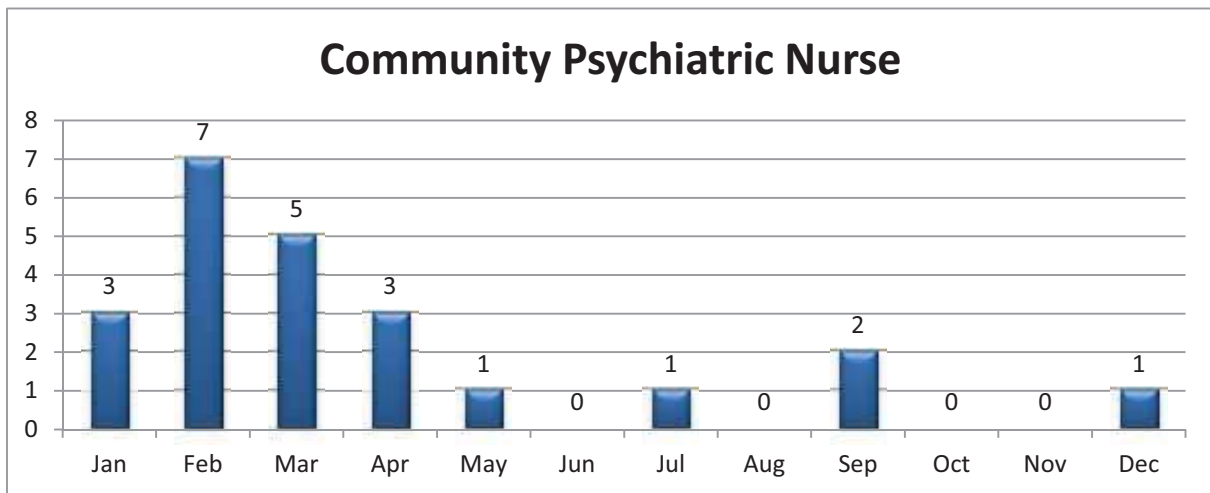
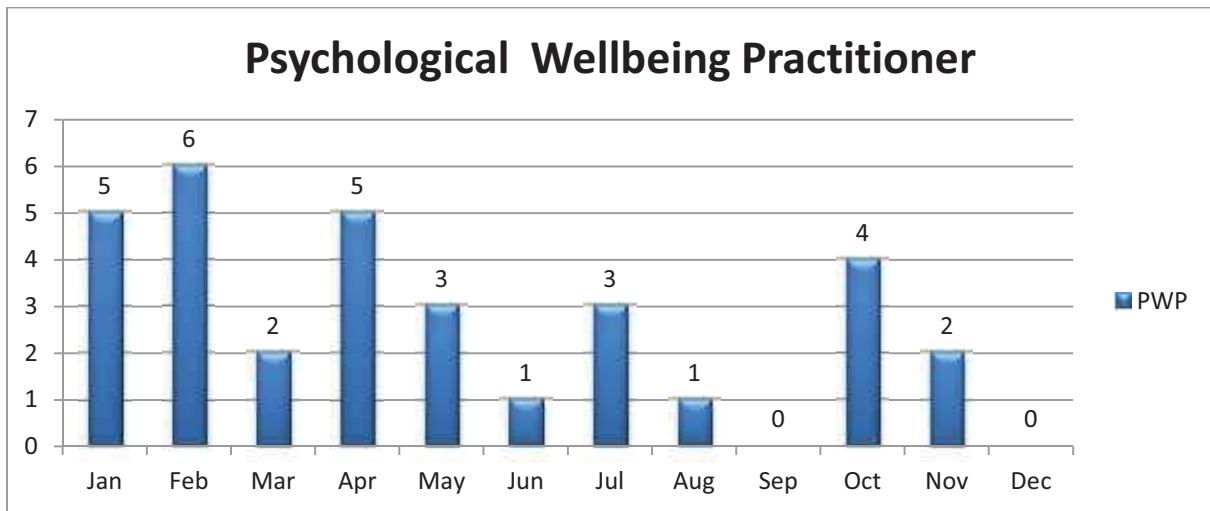
GP services

The Prison GP contract continued successfully into its fourth year with Dr Mark Earley, providing two clinics per week along with an on-call service Monday until Saturday midday. This service continued to be viewed highly by both prisoners and staff. Dr Earley continued to provide a dedicated, caring service over and above the requirements of the contract. He attended several clinical and strategy meetings surrounding the development of Healthcare provision and the prescribing of opiates in prison.

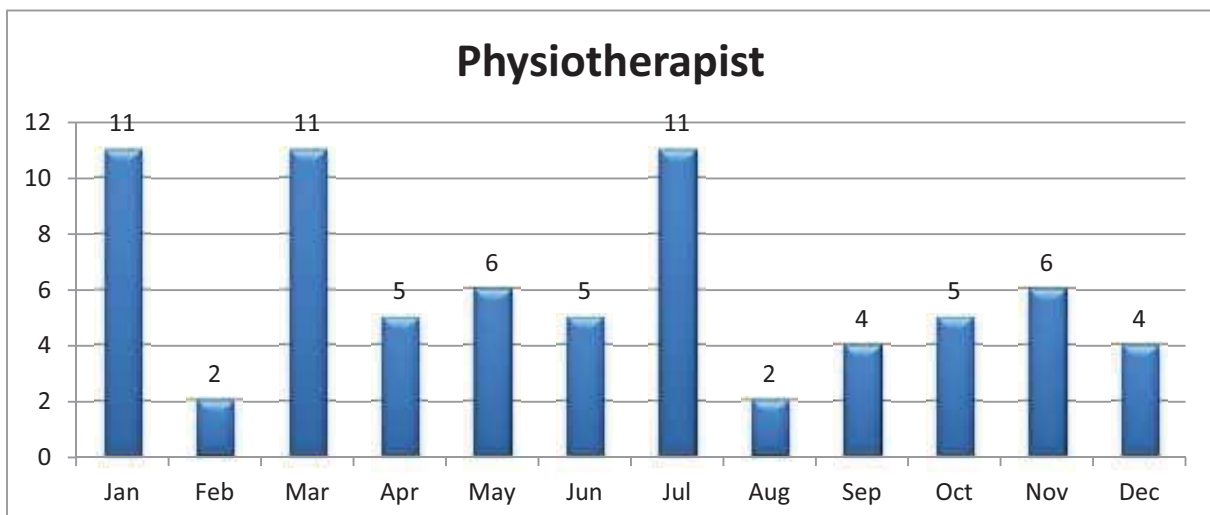


Regular medical consultations were provided by a dedicated HSSD Consultant Psychiatrist and in-reach services were provided by HSSD community mental health nurses, psychologists, psychotherapists and a psychological wellbeing practitioner as required.

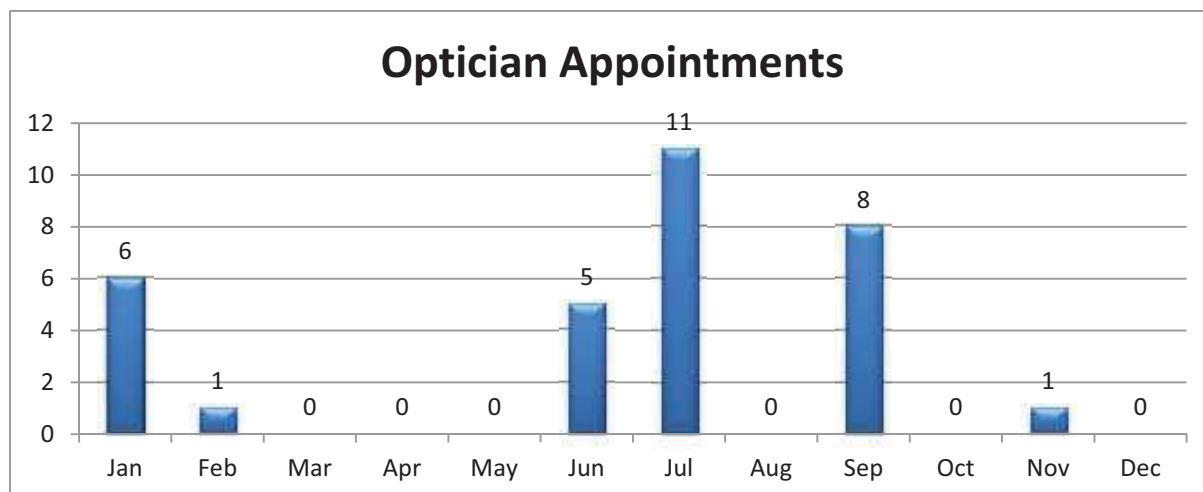




Other HSSD in-reaching community based services were provided as required. The Community Midwife and the Health Visitor were again beneficial providing considerable pre and post natal services for a female prisoner.



Optician appointments have been re-evaluated and prisoners in 2015 will not have to wait more than six weeks for an appointment if required.



Quality assurance

Ten complaints in relation to healthcare delivery were raised by prisoners during 2014 and were resolved. A formal written response went to each prisoner. Only one of the complaints was upheld.

Prison specific policies and protocols continue to be developed and introduced within the Healthcare department.

The Island Prescribing Advisor continued to visit the prison for 3 hours most weeks to support nursing and medical staff, audit prison prescribing and move forward with policies. In addition, three randomly chosen drug administration charts were audited each month and the results fed back through the Prison Therapeutic Committee Meeting and weekly to all nurses and the GP. Medical and nursing staff were proud to achieve 100% on every audit throughout the year

A clinical notes audit tool completed development, based on Healthcare Accreditation and Quality Unit (HAQU) standards. It is aimed for regular audits to commence early 2015.

Communication

The multi-disciplinary Prison Therapeutics Forum continued to meet regularly during 2014.

Meetings between the prison Deputy Governor and the HSSD Senior Manager of Adult Mental Health Services to discuss SLA were inconsistent. It is hoped these will commence again in 2015.

The nursing team has been actively involved in attending regular meetings with the Offender Management Unit and continues to be an integral part of the sentence planning processes. This involved attending initial, continuing and pre-release meetings on all sentenced offenders and attending a weekly initial assessment meeting involving all new receptions into prison.

Prison nurses continue to be actively involved in the weekly Risk Management Meeting which incorporates a part of the ACCT process for all prisoners at risk of suicide and/or self-harm. Nurses also attend regular reviews on all prisoners commenced on an ACCT document.

The Healthcare Manager/nurse in her absence attended the Governor's daily operational meeting along with regular attendances at HSSD Adult Mental Health Services, Prison Performance Review, Planning and Development, Finance and Safer Custody Meetings.

In addition, there has been nursing representation at the Prisoner Consultation Committee Meetings and the newly formed monthly Diversity Meetings

The Healthcare Manager attended HSSD Senior Nurses Forum meetings.

Information Management

HSSD took over the IT systems and hardware in Prison Healthcare in 2014. Integration with the Prison Information Management System (PIMS) was enabled; however access to some HSSD systems cannot be accessed. Staff can access some of HSSD electronic patient records but are still unable to directly access primary health records.

The systems supporting the delivery of prison healthcare remained very much underdeveloped again this year which continued to impact on service delivery.

Prison Healthcare is seeking to connect to HSSD's EHSCR. This will enable the collection of data to analyse the prison healthcare needs.

LEARNING AND SKILLS

This report highlights the achievements and developments for learning, skills and regimes throughout the prison, covering the academic years for 2013/14 and wholly for the calendar year 2014.

The learning and skills curriculum entitlement is available for all categories of prisoner i.e. adult male, females, young persons, juveniles and vulnerable prisoners (VPs), ensuring equality of access and opportunity for all prisoners. The adult and young person's learning curriculum is focused to address literacy, numeracy and ICT needs of the current prison population.

The learning programme is supported by different learning providers from across the Island. Guernsey College of Further Education delivers the majority of the provision through the Service Level Agreement (SLA). Guernsey Adult Literacy Project (GALP) continues to support learners with specific learning needs including dyslexia and the Citizens Advice Bureau (CAB) provides financial literacy skills.

The key priorities for 2014:

- To prepare for teaching and learning inspection by OFSTED.
- To develop further teaching and learning through the use of volunteer staff and to engage with voluntary agencies to expand the curriculum maximising the use of the facilities and providing enrichment to the learners.
- Develop and promote the prison charity (CLIP) for creative arts and complete the projects outlined in the charities aims and objectives.
- Develop vocational learning in line with the working prison initiative to include the qualifications for recycling (WAMITAB), Sport, Catering and Horticulture.

Teaching and Learning

The College of Further Education delivered a total of **2354** teaching hours, a 31% increase on last year. Agencies and other learning providers delivered **542** hours of additional curriculum activities and **250** teaching hours was delivered by volunteers. Prison Officers delivered approximately **120** guided learning hours for vocational courses including WAMITAB, Focus Gym Instructor, Health and Safety and Food Hygiene.

During 2014 there were two major areas of concern for the teaching and learning at the prison. These were the incarceration of children and the decrease in the teaching and learning budget. Both have impacted on the delivery and accessibility for the prisoners.

The outcomes from the OFSTED inspection stated that the educational and training provision provided by the prison was good and managers had high aspirations for all groups of prisoners and there was some outstanding teaching delivered by the College tutors. Volunteers had played a useful role.

Literacy and Numeracy

Prisoners receive an Initial Assessment for their basic literacy and numeracy skills. The key performance target (KPT) records prisoners serving a sentence longer than 28 days and who have not returned to Guernsey prison within a year. During 2014 this target was reached for all but one month.

This initial assessment highlights the learning needs of the prisoner population. Additionally the data from the basic skills assessment provides informed basic needs analysis for learning resources. Figures at the mid-year point indicated of all those assessed **72.5%** were below Level 1 for literacy and **67%** below Level 1 for numeracy.

Throughout 2014 there were **9** prisoners supported for specific learning difficulties (adult males, VP's and YP's, no females identified). This support has been provided by GALP on a one to one basis. These learners have a range of learning needs and varying degrees of difficulties. Continued support is offered to those remaining in Guernsey at The Guernsey Adult Literacy Project Centre.

Functional literacy and numeracy skills are embedded throughout the curriculum. English support for foreign national prisoners is provided through the ESOL class (beginners and an advanced class). Foreign national prisoners receive an induction and assessment through the English for Speakers of Other Languages (ESOL) tutor.

Vocational Skills

Vocational skills were introduced into two of the vocational skills areas during 2014. The recycling work area developed the award for waste and recycling at Level 1 (WAMITAB). Two courses were successfully delivered with all those prisoners achieving the required standard.

The sports department delivered the Level 2 Gym Instructors Award. It is anticipated that catering and horticulture will be able to deliver skills qualifications in 2015 when prison officers have completed their training as assessors.

Retention and Achievement

The average prisoner numbers weekly attendance to the Learning and Skills Centre was **89**. The majority of learning is offered on a "roll on / roll off" basis. This allows for short term prisoners to engage with learning and meets the needs of those learners who need longer to achieve. During 2014 short one day accredited courses offered were: First Aid at Level 2; Manual Handling; and Health and Safety at Level 2.

There were **11 Entry 3** awards, **46 Level 1** awards and **53 Level 2** awards across curriculum areas such as information and learning technology, financial skills training and book keeping.

Curriculum Enrichment

The prison has had continued support by several agencies throughout 2014 these include: Guernsey Arts Commission, Citizens Advice Bureau, Duke of Edinburgh Scheme, Delta Training, Quitline and the Samaritans. They have provided funding and tutors for the following programmes:

- Financial Skills/ Money Management Course – Citizens Advice Bureau, three courses a year with 6 prisoners attending each course.
- Delta Training – First Aid - 8 prisoners achieved awards; Manual handling - 6 prisoners achieved; Health and safety - 11 passes completed.
- Twelve Koestler entries across a range of categories. Three successful awards. Four pieces were displayed at the Royal Festival Hall exhibition.
- Female prisoners attended a mindfulness course.
- Yoga taster classes offered by the Prison Phoenix Trust – classes for staff and all categories of prisoner.

Volunteers

During 2014 our team of volunteers continued to provide valuable support for the learning and skills centre together with enrichment for the curriculum. Currently there are ten volunteer staff who attend the centre throughout the week. Their skills range from supporting lecturers in the classroom to delivering a particular craft or skill and supporting the library.

The CARITAS charity has continued to support the department by enabling prisoners to work alongside the charity to provide cooked and prepared food for a local farmers market. The charity has now opened a local café in St Peter Port and provides placements for learners to progress to voluntary work experience.

The volunteers play an important role in supporting the department. Without their effort and enthusiasm we would not be able to provide enrichment and added value to the curriculum offered to prisoners.

Prison Charity CLIP (Creative Learning in Prison)

The prison charity continued to develop throughout 2014. This year the focus was to set up and develop a prison magazine. The first two editions of 'Bang-Up' were delivered before the year end with much success. This project has been driven by the editor/tutor. It is hoped that for 2015 this will be entered for the Koestler competition.

Two further projects were funded this year from the charity:

Performance poetry – this was a project jointly delivered and funded with the Guernsey Literary Festival. It allowed for performing poets to work within a workshop setting with 18 prisoners. This was extremely successful and we have been asked to be part of the 2015 festival.

Geese Theatre Company was asked to deliver a programme with the prisoners to support Guernsey's Mental Health Awareness Week during October. This was another successful project delivered using a drama workshop. Twelve prisoners attended and benefitted from the programme.

CLIP is a Guernsey registered charity with non-profit organisation (NPO) status.

The aims and objectives for the charity are on target and generating income. This charity will support future creative learning projects in the prison.

WORKS DEPARTMENT

Along with a number of projects and initiatives the prison Works Department carried out approximately 600 minor repairs reported by staff on the Prison Information Management System (PIMS). These covered a multitude of jobs from changing light bulbs to blocked sinks, etc.

As well as the general maintenance of the establishment, the Works Department undertook a number of large projects to improve the working and living conditions within the prison estate and to improve safety and control.

New Policies and initiatives

During the early part of the year the Fire Policy and procedures were reviewed in concurrence with Guernsey Fire and Rescue Service.

As a result of this consultation the prison now conducts weekly fire alarm checks, access doors and fire hose reel flushing and smoke extractor checks. All checks are logged and produce an auditable trail. A complete new Fire Policy has been produced and forms part of the ongoing strategy to improve fire safety for the establishment. This includes the introduction of fire risk assessments throughout the prison.

Another aspect of this work is that inundation points have now been fitted to every cell which allows the use of the hydramist machines throughout the prison and has created a far safer environment for staff, visitors and prisoners.

Throughout the year the fire officers undertook fire training with all levels of staff with the hydramist machines and fire hoses. Fire extinguisher training is scheduled for early 2015.

Legionella and asbestos

During 2014 all members of the works department received training for both legionella and asbestos. This allowed the annual risk assessments to be carried out in-house which has been a significant cost saving for the establishment. This work carries on from the previous year to ensure that we maintain an efficient system of monitoring to reduce the likelihood of an indication to a minimum.

Overall the Works team continues to evolve with each year and provides a cost effective way of managing routine maintenance and working projects.

Building Management System (BMS)

During the course of the year a number a number of BMS tasks were completed.

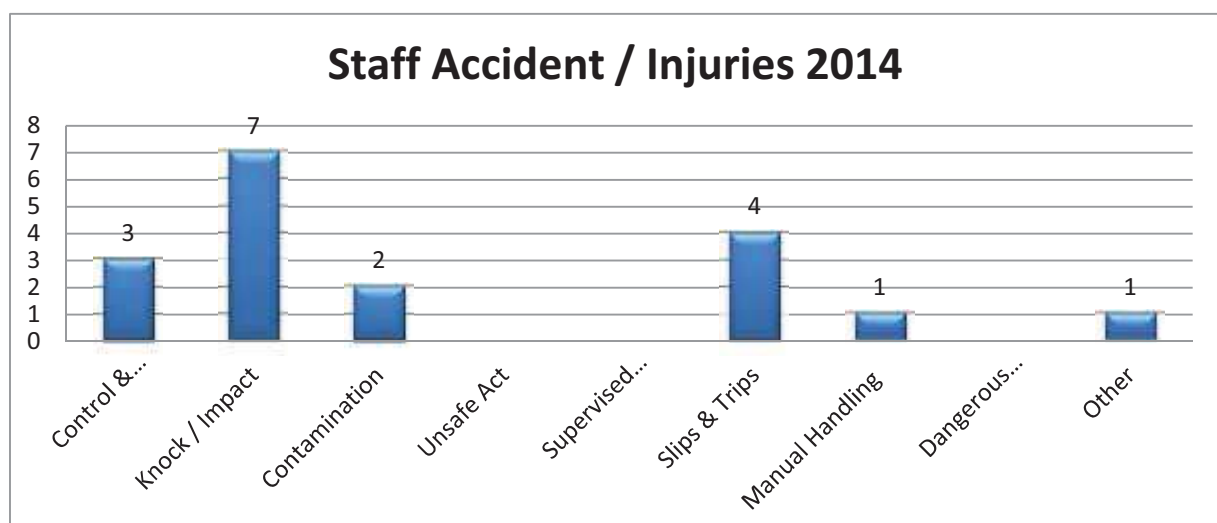
With the installation of an improved and more efficient heating control system there was a period of integration into the new mechanics. This also highlighted areas that needed further attention which included changing a number of valves, motors and pumps. A survey was required as part of the ongoing improvements to increase efficiency and ease of use. Once this survey was completed a capital bid was secured for the replacement of some of the obsolete equipment. The work will commence in 2015.

HEALTH & SAFETY

The prison has continued this year to be very proactive with health & safety initiatives especially in the area of prisoner working. Raising the level of individual prisoner safe working practices through a training induction system along with an understanding of how the work they are undertaking may affect others around them or passing through their areas has reduced working accidents to a minimum and any injuries to a minor level.

Supervised Recreation prisoner access has been increased with new types of sports now available which in turn increased minor injuries in this area. It is important to note that all injuries/accidents, however minor, must be reported via the Accident/Injury Forms.

The graphs below details the accidents / injuries reported in 2014.





SECURITY DEPARTMENT

The Prison Security and Operations Departments have continued to work closely in collaboration with other law enforcement agencies, both providing and acting upon security intelligence. This past year has seen the positive results of joint intelligence initiatives, with a number of successfully conducted operations.

The Security and Operations team has played an important role in a number of important projects within the prison this year. A recent inspection by HMIP recognised the Court arrangements currently conducted by Guernsey Prison and managed by Security as “best practice” which has rarely been awarded in recent times. The new CCTV upgrades has proved a major success in improving the physical security of the establishment and making the prison a safer place for prisoners and staff as a whole.

The team has also been instrumental in reviewing the policies surrounding drug testing with the launch of a more robust approach to identifying those who attempt to use or supply drugs within the prison. This includes the design and implementation of a new illicit drug strategy that identifies drug users, limits supply, punishes those who continue to use illicit drugs and provides appropriate support through the substance misuse worker. Various programs will continue to monitor the success of these initiatives in the coming year.

The Security and Operations team is currently reviewing and implementing a new Guernsey Security Framework of policies as the prison moves towards Category B status to support the changing profile of offenders in our custody.

Continuing improvements across all aspects of prison security have been made throughout 2014, in particular through the emphasis of the proactive development of

professionalising the role of the Prison Officer, through the implementation of the Scottish Vocational Qualification (SVQ) in Custodial Care. All of the last cohorts were successful in passing the qualification well within time.

RESIDENTIAL DEPARTMENT

Anti-Bullying

Guernsey Prison will contribute to, and benefit from, a safe, non-threatening environment for those who live and work in prisons. Prisoners are able to confidentially submit a form with any concerns they have regarding bullying to the anti-bullying team. Following an initial investigation, the prisoner alleged to be bullying can be placed on one of three stages depending on evidence and severity.

The prison received a good report from the recent HMIP inspection regarding Anti Bullying. 2014 saw a drop from 2013 in Anti Bullying Disclosure forms being submitted and processed. 15 reports were received and only 7 needed further action after initial investigation.

Use of Force

There were five incidents where prisoners were physically restrained during 2014. Of these incidents all five were spontaneous.

One planned intervention was resolved without the use of force after a prisoner had barricaded himself in his cell. All of the incidents involved male prisoners.

Assaults

During 2014 there were four reported assaults, which were recorded as violence against prisoners and staff. These were four isolated incidents and dealt with by way of adjudications or referral to the Police. Two were against staff. All cases were referred to the Incentives and Earned Privileges (IEP) Board and anti-bullying procedures.

Deliberate Self-Harm

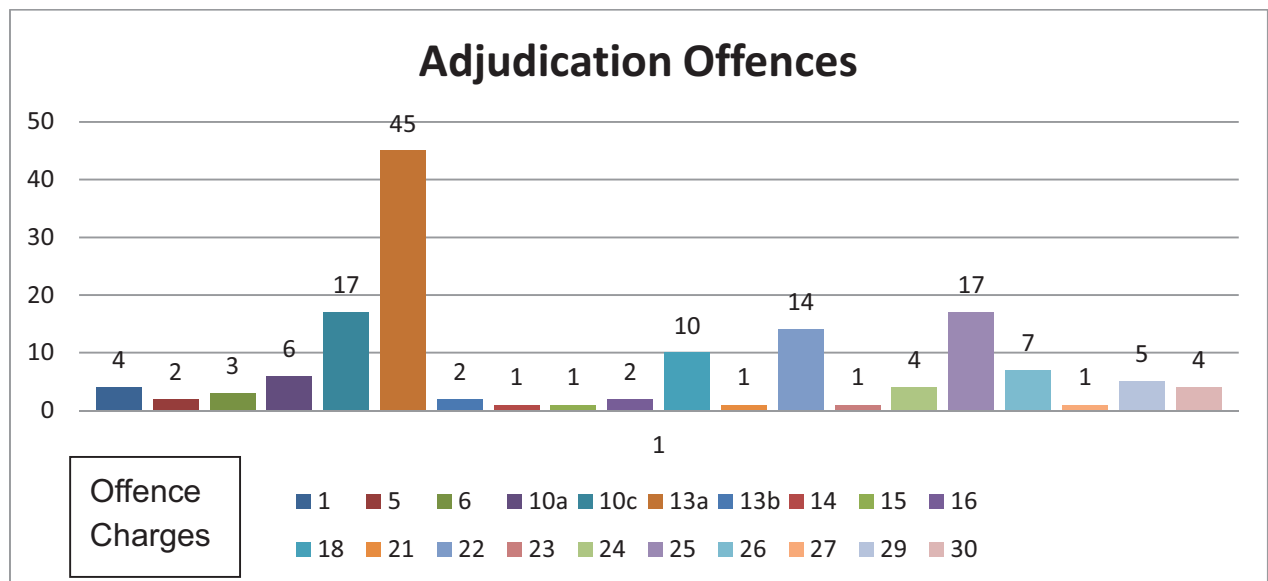
Prisoners at risk of self-harming are managed through a process known as Assessment Care in Custody and Teamwork (ACCT), which is an individualised care plan for prisoners. ACCT Assessors are trained to carry out a thorough assessment of the level of risk that a prisoner presents.

Prisoners are supported by the Samaritans who have close involvement with training, and support the provision of the Prisoner Listener Scheme. All prisoners are seen on first night reception by the duty listeners who introduce themselves and the role they play. This includes a 24-7 on call system, which allows listeners to attend

those prisoners in need. Also this year, with the introduction of in-cell telephony, prisoners have better contact with family and friends, also contacting The Samaritans if needed.

In 2014, 45 ACCT documents were opened for prisoners for various reasons on reception or during their time in custody. These events were due to a wide range of reasons and are unique to the individual.

Awards for offences against discipline



Please see appendix A for a complete breakdown of offence charges.

In 2014 there were a total of 179 offences against discipline committed by a total of 67 prisoners. Two prisoners received an award of 4 days cellular confinement; one of these was suspended and not activated. There were no appeals against adjudication awards.

The most regular offences were:

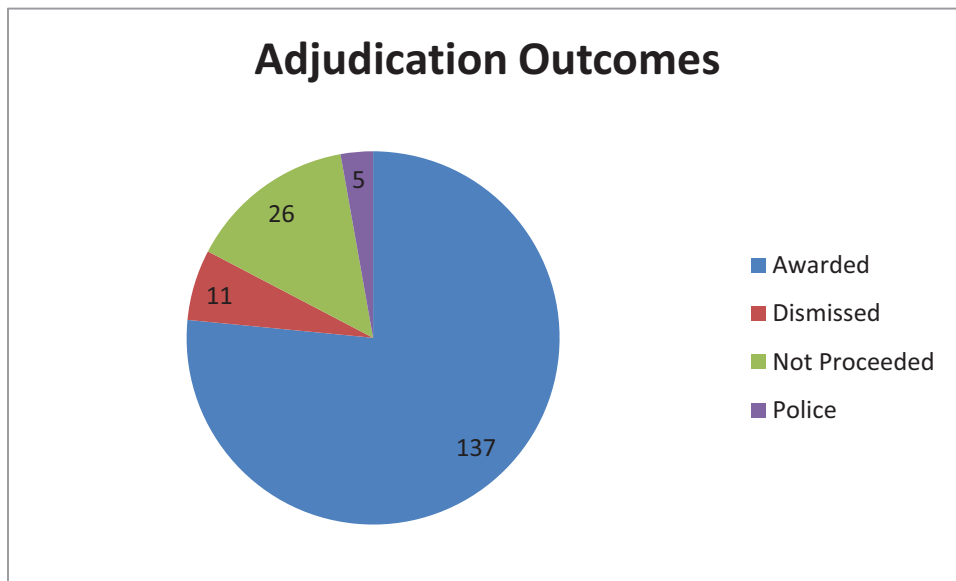
(13a) has in the prisoner's possession - anything the prisoner is not lawfully required or authorised to possess, (45 charges)

Offence

Charges) that the prisoner has smoked a tobacco product or any other thing at any time whilst in prison (17 charges)

(25) Disobeys any lawful order (17 charges)

Of these 179 adjudications the outcomes were:



TRAINING INITIATIVES

SVQ: Scottish Vocational Qualification (SVQ) in Custodial Care training for Prison Officers

The SVQ in Custodial Care at Level 3 is a nationally recognised award accredited by the Scottish Qualifications Authority (SQA) and is designed for operational staff working in prisons and young offender institutions.

During 2013 & 2014 five candidates enrolled, and successfully completed, the SVQ in Custodial Care Training. Three Senior Officers and the Training Officer also obtained qualifications as Assessors. There will now follow another enrolment of ten officers & three further Senior Officer on the Assessor's course in 2015.

All new officers are required to complete the Scottish Vocational Qualification in Custodial Care.

MDP

The Management Development Programme commenced in 2014 and was designed for potential Senior Officers to replace the outdated exam. The programme gives officers the opportunity to evidence understanding and participation in the crucial management tasks across all functions of the prison. Three Officers were selected to undergo a number of modules based on operational management and these will take up to 18 months to complete.

Fire Training

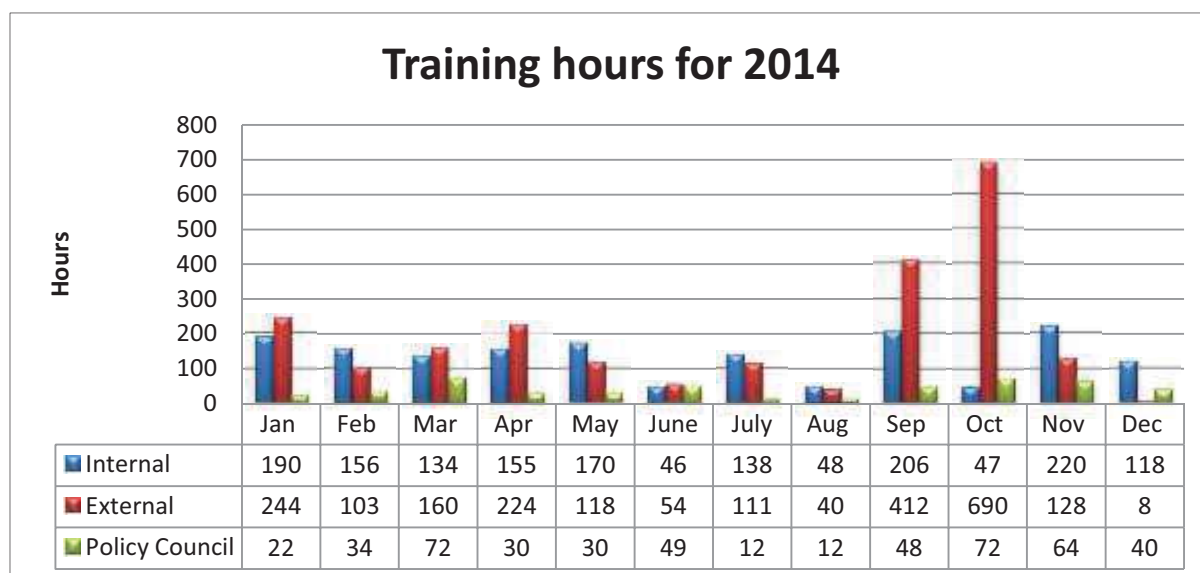
During 2014 two Officers were trained by the Fire and Rescue Service to a level that enables them to undertake the training of Prison Officers. Further training was undertaken in England on specialist prison cell firefighting equipment which Guernsey Prison purchased. Officers receive full training on this equipment using mock cell setups and are trained in the safe fire systems to be used. They also undertake further training in the safe use of fire hose reels. The training is ongoing increasing in-depth knowledge with plans to include fire extinguishers, evacuation procedures and prison wing smoke extraction systems. Closer co-operation with the Fire Service has also been undertaken all of which will lead to a full all services scenario based exercise during 2015.

Hidden sentence training

Hidden sentence training was developed in conjunction with Barnados UKUK to heighten awareness of the children affected by parents in prison and aims to support the family pathway. There were 5 training multi agency sessions delivered to prison staff and a number of external agencies.

Diversity training

Over 60% of staff at the prison received diversity training in 2014 an initiative taken forward from the diversity team the previous year. The training supports the respect element of Her Majesty's Inspectorate of Prisons (HMIP).



ADMINISTRATION DEPARTMENT

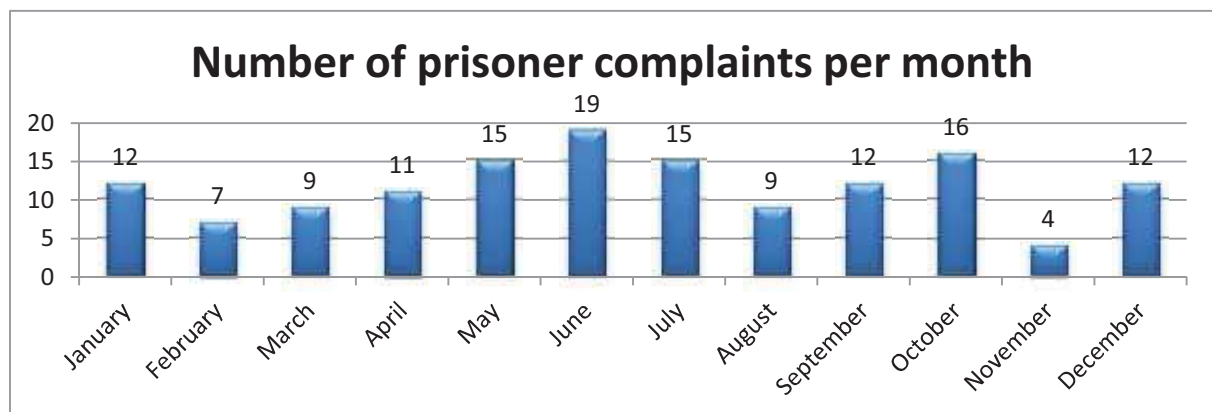
The main function of the Administration Department is to deliver efficient administrative services to support the overall effectiveness of the prison and its contribution to other partner agencies.

Essentially, the team supports all departmental functions within the prison as well as dealing with all external agency appointments, queries and phone calls. The Department also handles all prisoner applications, finance and accounts, complaints, internal and external correspondence, adjudications and all prisoner and official filing.

Prisoner complaints

During 2014 there were a total of 141 complaints made to the administration department from prisoners. One complaint was from a member of the public. The aim is to respond to all complaints in writing within five working days. The complaints are analysed monthly by the Senior Management Team.

The graph below shows the breakdown of prisoner complaints each month:



From the various complaints made; 48 out of the 141 were upheld; 2 withdrawn; 3 unknown as they were confidential access complaints and 88 were dismissed.

During 2014 there was a restructure of the staff within the administration department as a result of two successful internal promotions. The department welcomed a new Governor's Personal Assistant and a new Administration Officer.

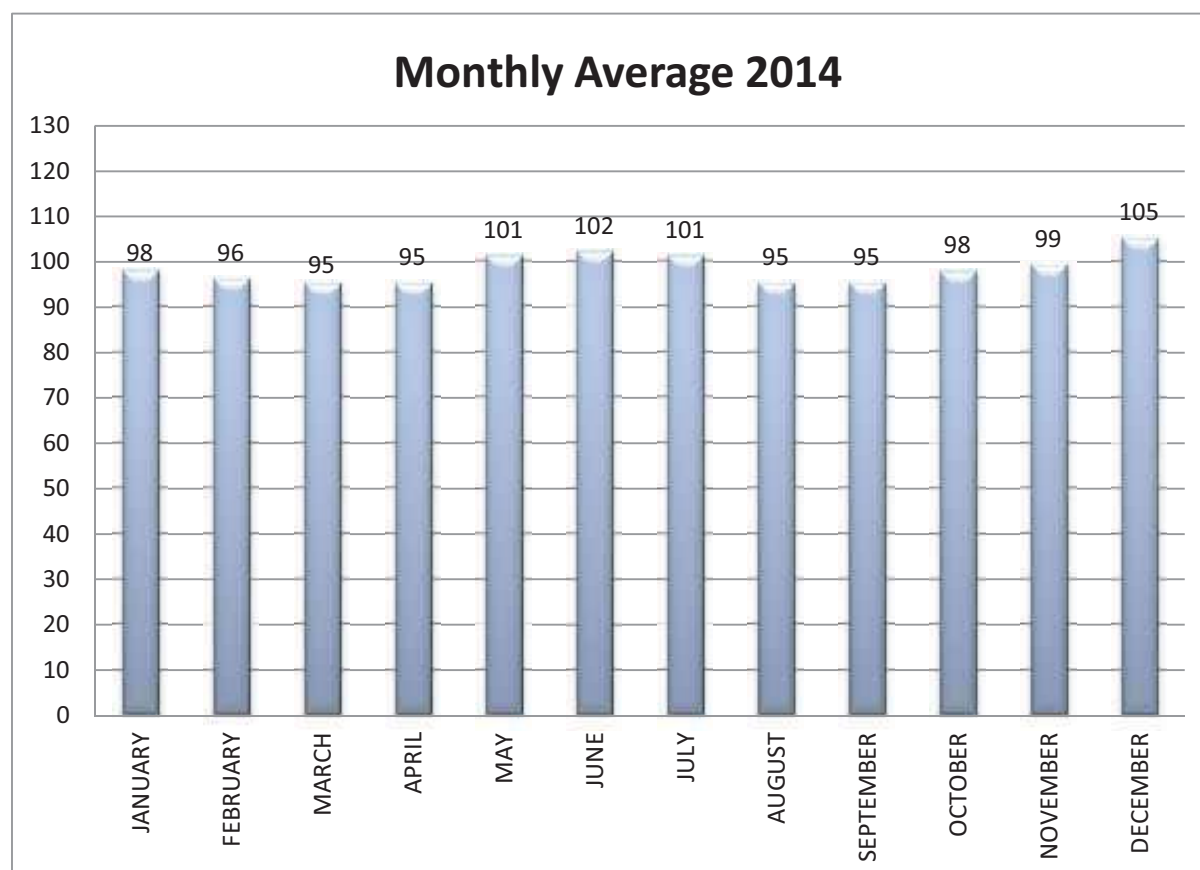
The administration department also took over the management responsibility of the stores and prisoner shop. A graduate officer was also placed at the prison to assist in the updating all the Guernsey Prison Orders so they were in line with the Prison Ordinance (Guernsey) 2013 and the Prison Regulations (Guernsey) 2013 which were published late in 2013.

Achieved in 2014

- Prison Orders brought into line with the ordinance
- Complete restructure of the Prison Intranet and internet Gov.gg page
- Organisation of two staff events (Summer BBQ & Staff Awards night)
- Amalgamation of stores & shop

PRISON POPULATION

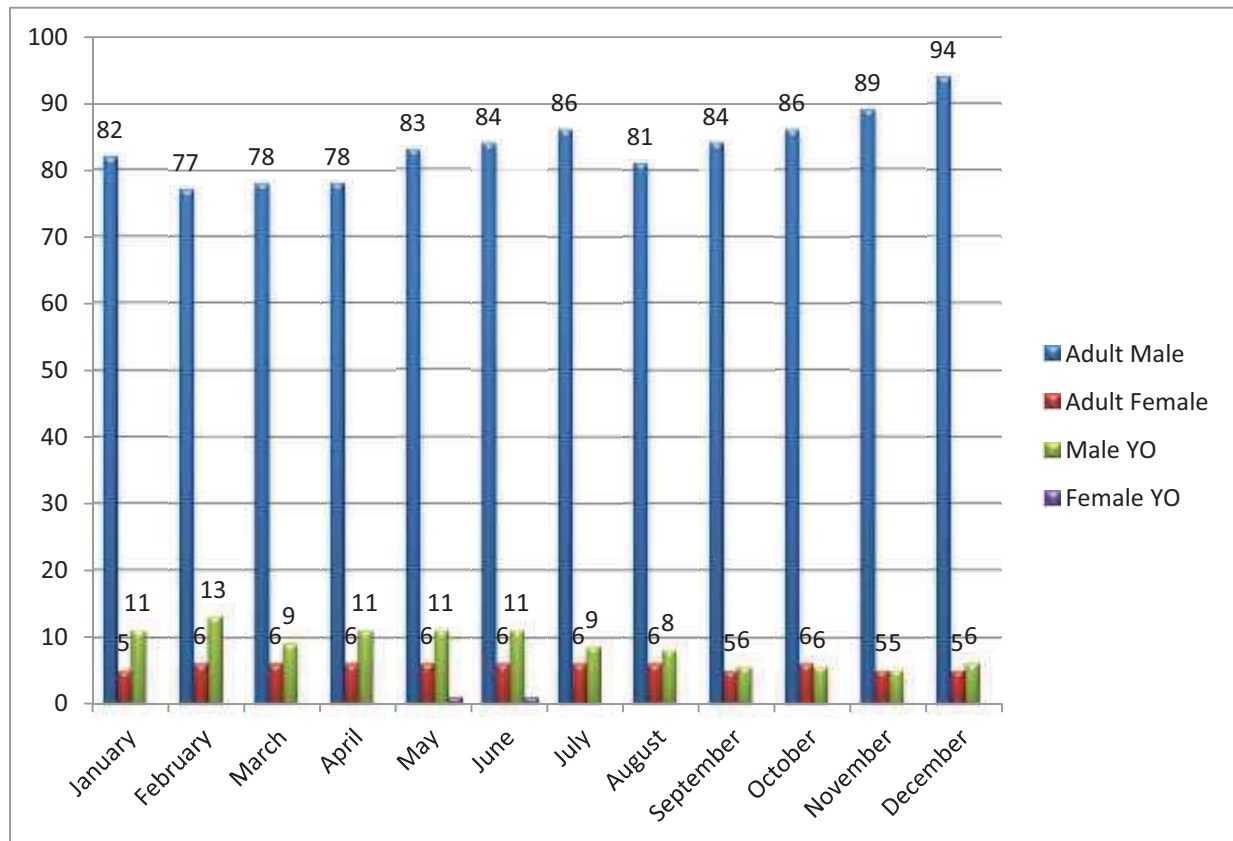
The Prison's Certified Normal Accommodation (CNA) capacity is for 130 prisoners; however the Prison's operational capacity is 139. The prison population has remained relatively static throughout 2014 with it climbing slightly at the end of the year. The annual average figure for 2014 was 98 with the highest number reaching 108 and the lowest being 90.



The table below shows the population breakdown throughout the year. The adult male population has also been quite consistent ranging from 77 to 89 however the large rise at the end of the year also represents the increase of the total average in the data above.

At the beginning of 2014 there was higher numbers of young offenders which dropped off in the second half of the year. The number of female offenders has been consistently low throughout the year.

BREAKDOWN OF PRISON POPULATION



KEY PERFORMANCE TARGETS AND BUSINESS OBJECTIVES

The Guernsey Prison Service is fully committed to monitoring its performance and ensuring that its managers have access to the information they require to judge effectiveness and make informed decisions.

The prison is monitored against Key Performance Targets (KPTs) under the following objectives:

Secure: Provide a secure environment for those committed to custody.

Develop: Provide offenders the opportunity to acquire the skills to support their personal development and achieve qualifications so as to reduce the likelihood of them reoffending in the future.

Pathways: Provide offending behaviour programmes where appropriate, and in conjunction with appropriate partners, so as to tackle the causes of offending behaviour.

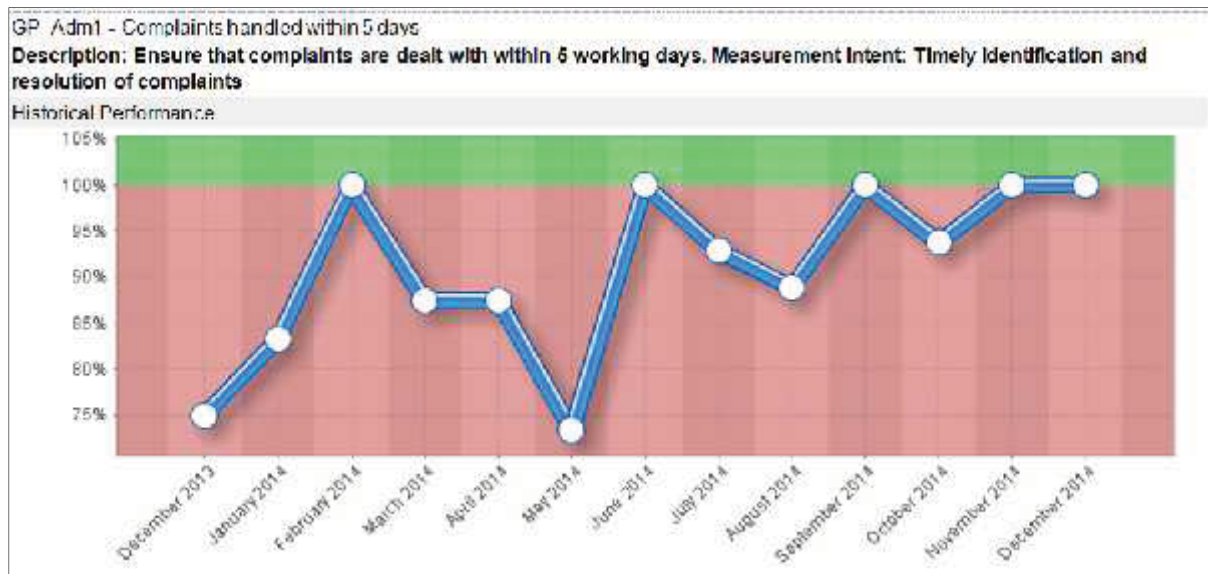
Respect: Maintain high standards of care and treat people decently and fairly.

Administer: Deliver efficient administrative services to support the overall effectiveness of the prison and its contribution to other partner agencies. Performance over 2013 was very good, with the majority of the KPTs being achieved.

The following charts show the results from a direct lift of the live “Scoreboard” Spider Strategy Performance Management System:

ADMINISTRATION

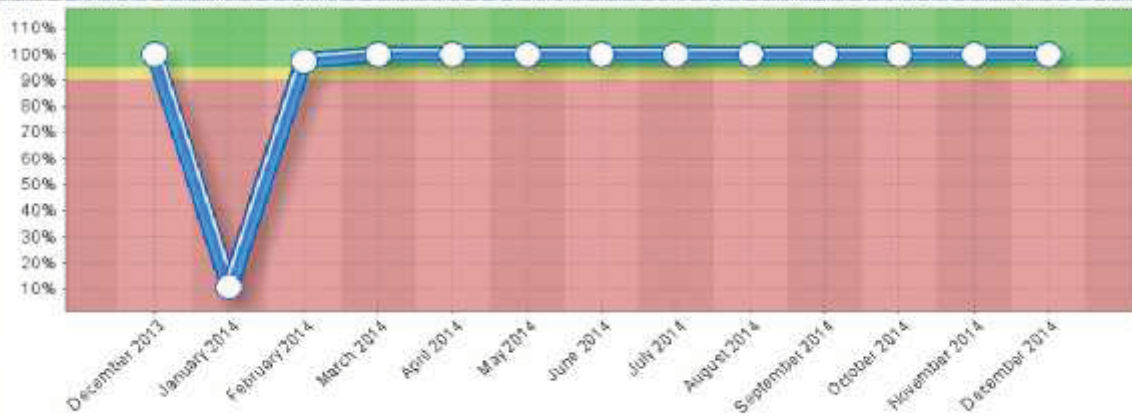
Deliver efficient administrative services to support the overall effectiveness of the prison and its contribution to other partner agencies.



GP_Adm2- Opened SPAD

Description: To ensure that 100% of SPAD's are opened on time

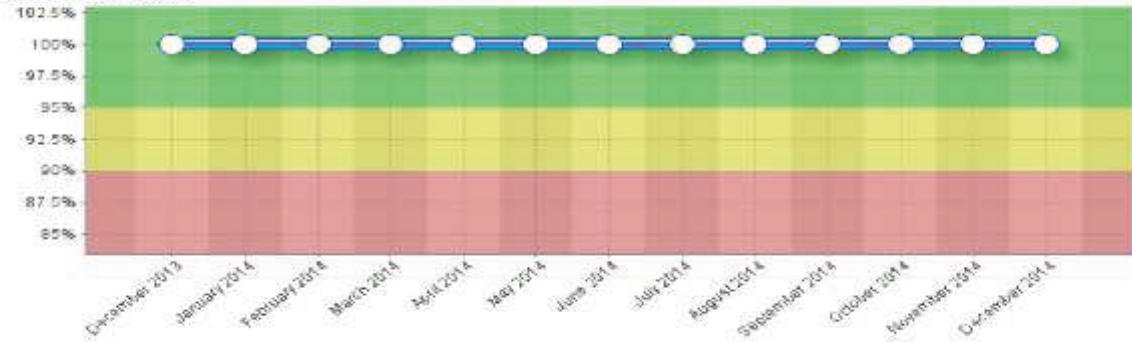
Historical Performance



GP_Adm3 - Closed SPAD

Description: To ensure that 100% of SPAD's are closed on time

Historical Performance



GP_Adm4 - Public correspondence handled within 15 days

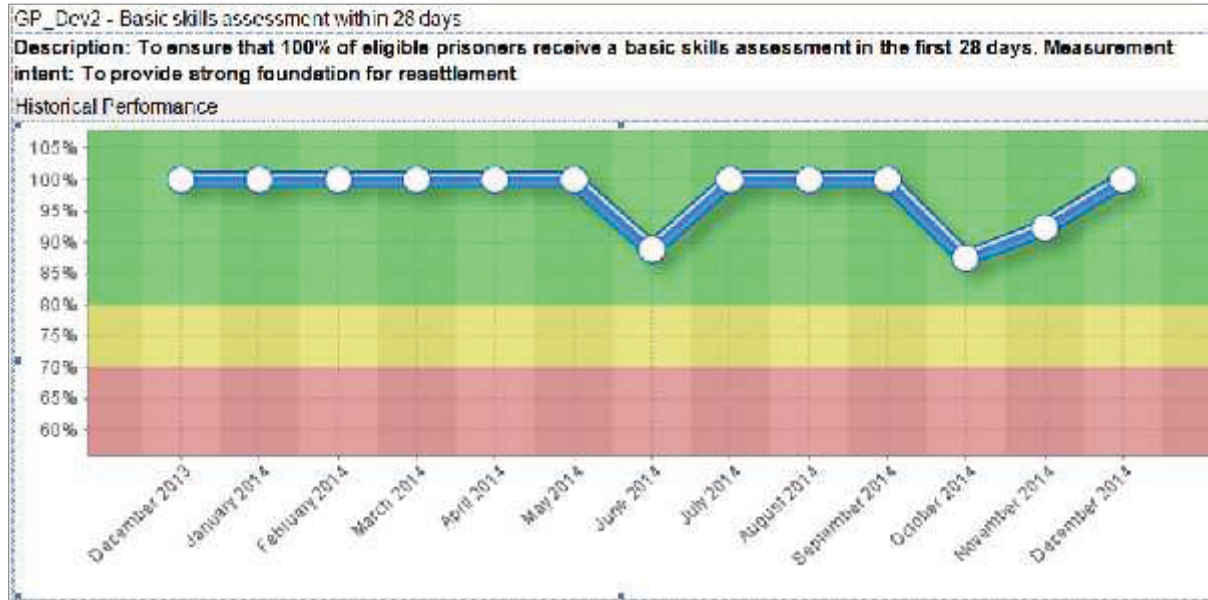
Description: Ensure that 100% of public correspondence receives a reply within 7 working days. Measurement intent: Ensures timely reply to public correspondence

Historical Performance



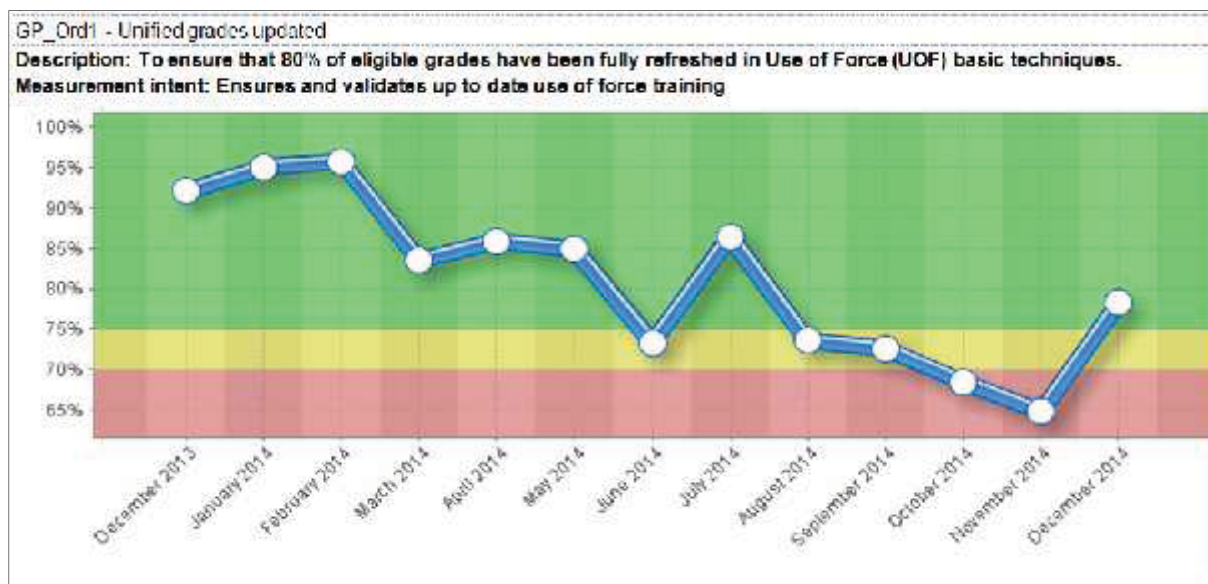
DEVELOP

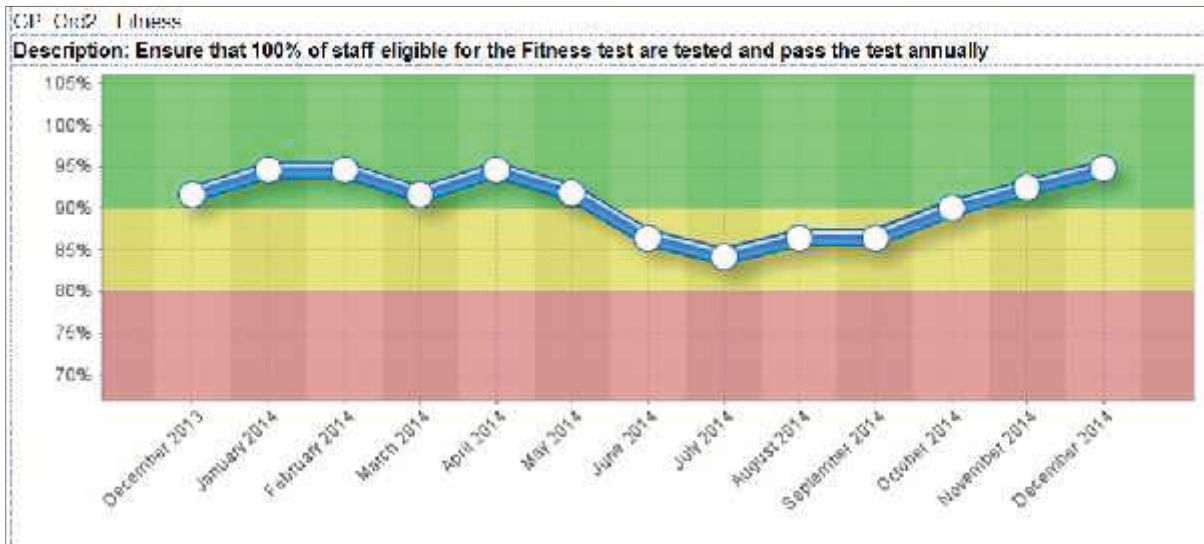
Provide offenders the opportunity to acquire the practical skills to support their personal development and achieve qualifications so as to reduce the likelihood of them reoffending in the future.



ORDER & CONTROL

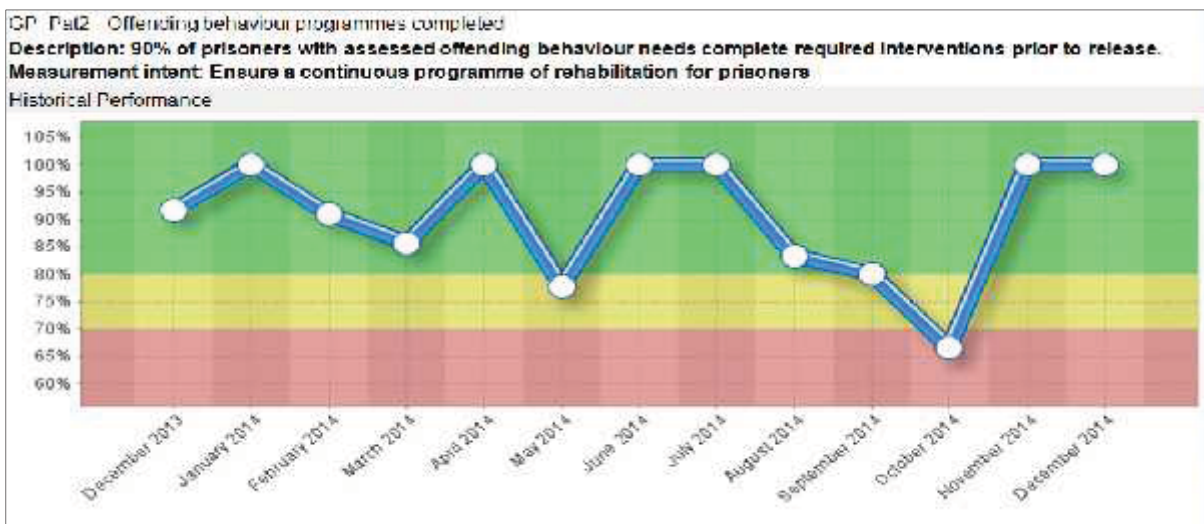
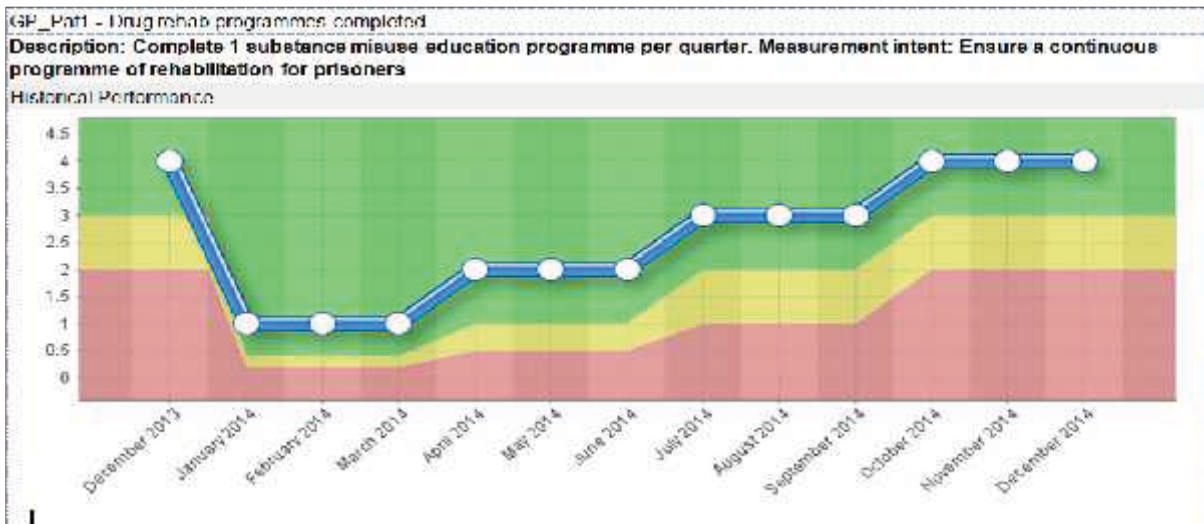
Have appropriately trained and qualified staff in positions so as to maintain order and control when administering prison regimes.





PATHWAYS

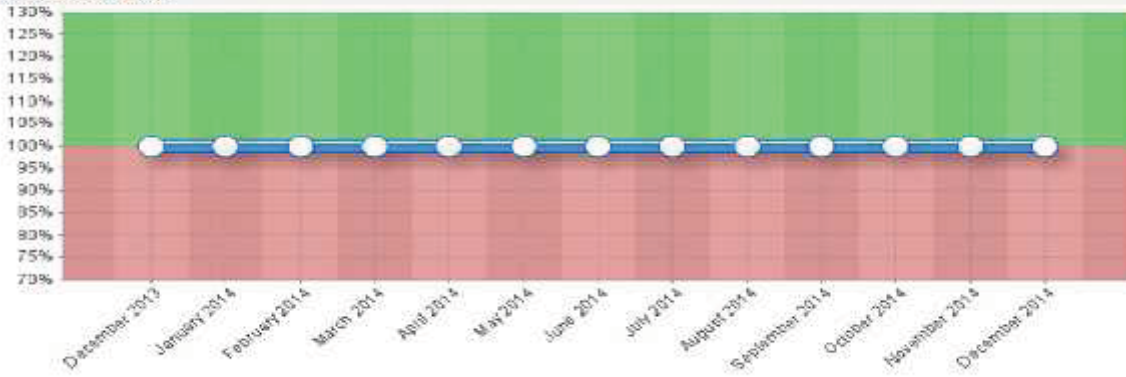
Provide offending behaviour programmes where appropriate and in conjunction with appropriate partners so as to tackle the causes of offending behaviour



GP_Pat3 - Accommodation

Description: To ensure that 100% of prisoners without secure accommodation on release receive support from the Resettlement team in seeking accommodation.

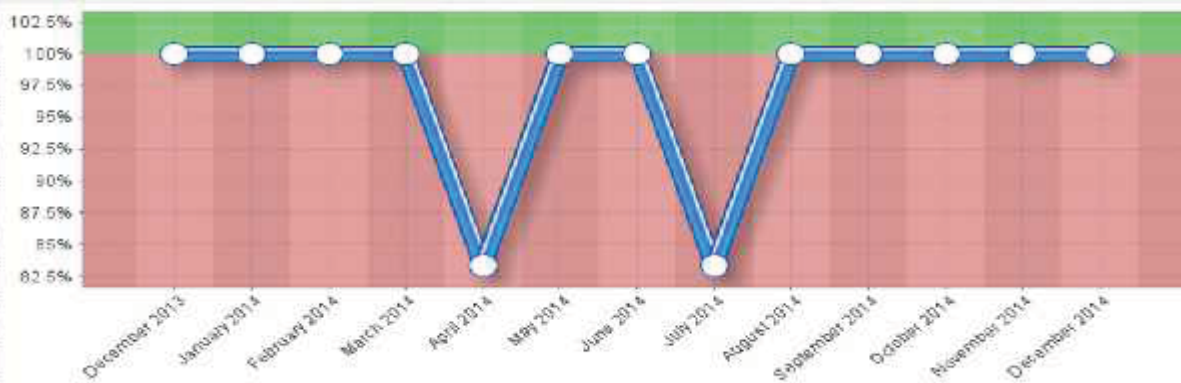
Historical Performance



GP_Pat4 - Employed on discharge

Description: To ensure that 100% of prisoners without identified employment on release receive support from the Resettlement Team in seeking work. Measurement intent: To provide strong foundation for resettlement

Historical Performance

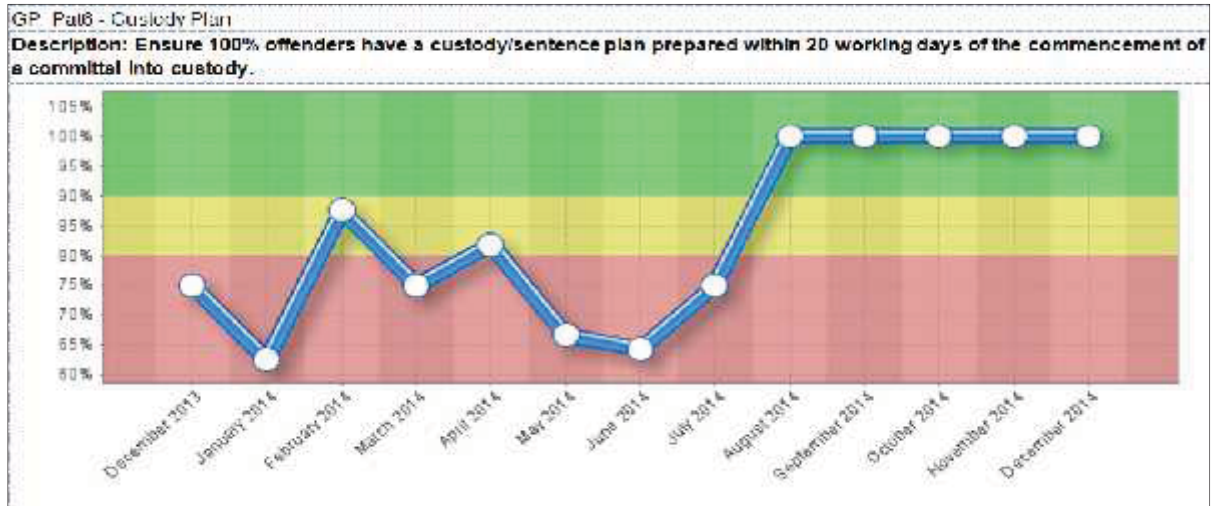


GP_Pat5 - Public Protection

Description: Ensure that Public Protection checks are carried out on 100% of prisoners within 3 working days of reception and the relevant restrictions on contact are put in place.

Historical Performance





RESPECT

Maintain high standards of care and treat people decently and fairly.



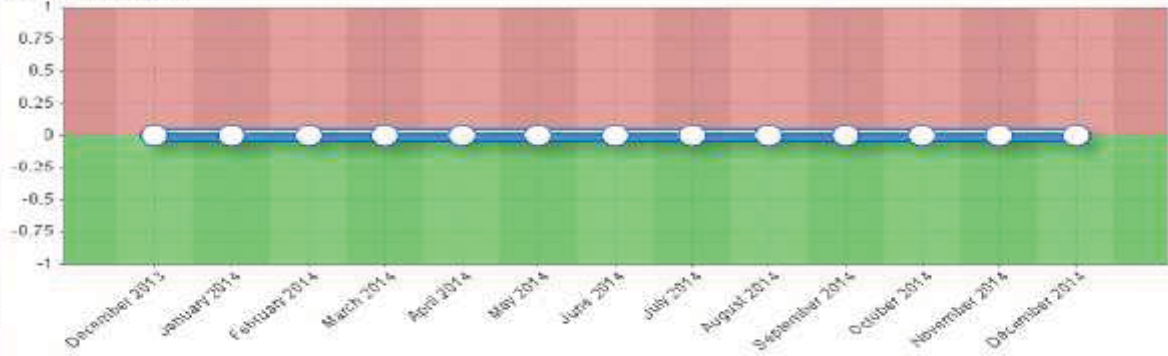
SECURE ENVIRONMENT

Provide a secure environment for those committed to custody by the Courts.

GP_Sec1 - Escapes

Description: Ensure no escapes from prison, courts or prison escorts. **Measurement intent:** The existing SIR mechanism will be used to measure SIRs classified as actual escape

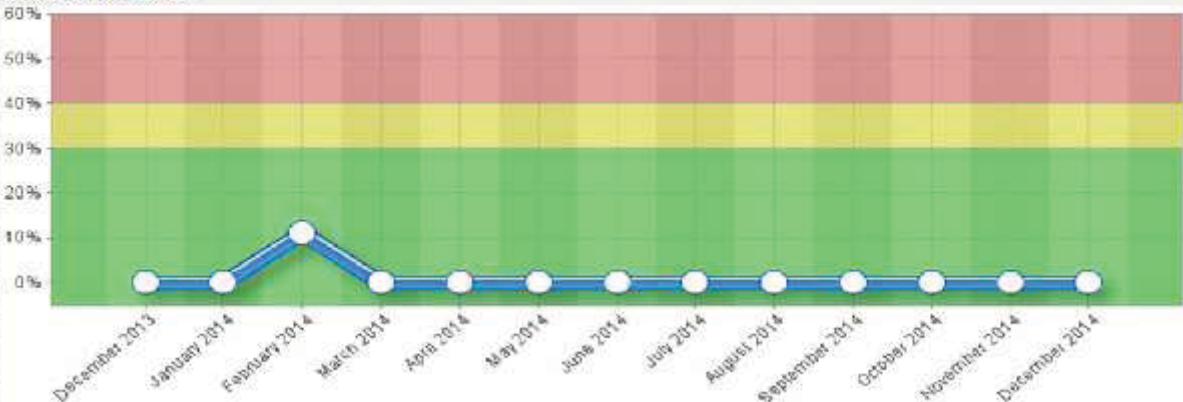
Historical Performance:



GP_Sec2 - Drug tests

Description: To have no more than 20% of those tested (approx 10% of population) proving positive in random mandatory drug tests. **Measurement intent:** Measures drug use at a random point during each month (no fixed point) across a randomly selected % of the prison population to limited the use of drugs

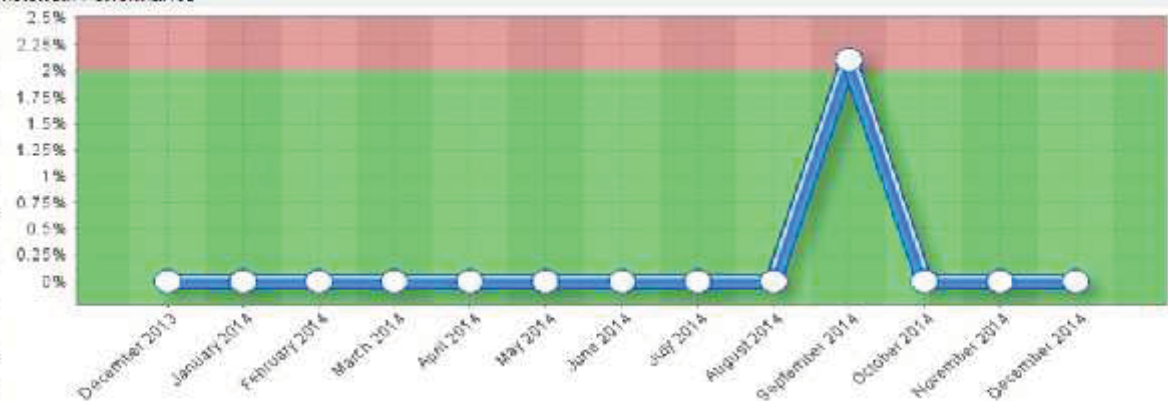
Historical Performance:



GP_Sec3 - Assault rates

Description: The rate of assaults is less than 2% of the prison population. **Measurement intent:** Manages and reduces the effects of assaults

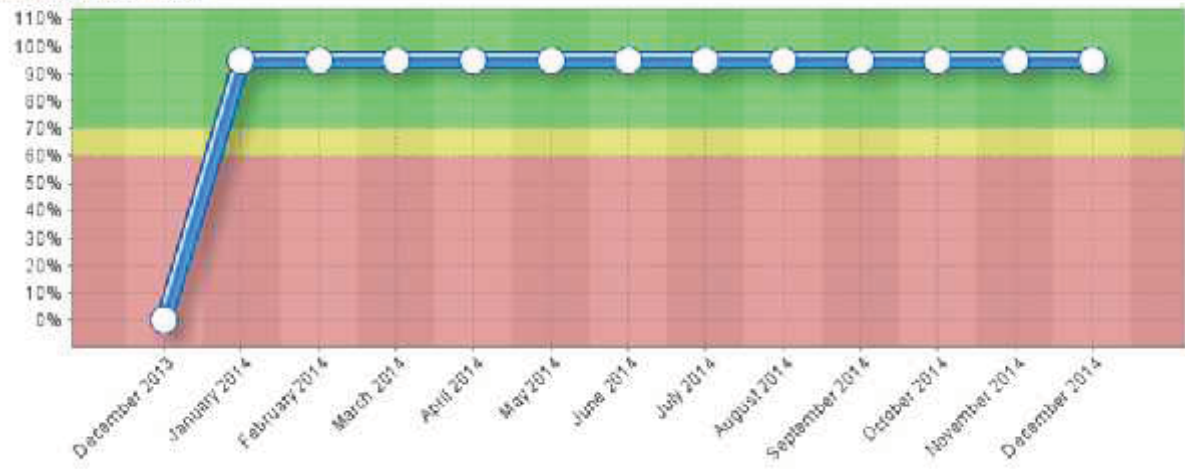
Historical Performance:



GP_Sec5 Accounting and control

Description: To achieve a 90% or better compliance rate in the "Accounting and supervision" audit. **Measurement Intent:** Measures security controls against best practice

Historical Performance



Appendix A**Offences against discipline**

- (1) commits any assault,
- (2) commits any racially aggravated assault,
- (3) detains any person against the person's will,
- (4) denies access to any part of the prison to any authorised person or visitor,
- (5) fights with any person,
- (6) intentionally endangers the health or personal safety of others or, by the prisoner's conduct, is reckless as to whether such health or personal safety is endangered,
- (7) intentionally obstructs any authorised person in the execution of the person's duty or the performance of the person's work,
- (8) escapes or absconds from prison or from the legal custody of the Governor,
- (9) fails to comply with any condition of a temporary release licence upon which the prisoner is or was temporarily released,
- (10) is found with any substance in the prisoner's urine or breath, or other bodily matter or substance taken as a sample from the prisoner, which demonstrates that –
 - (a) a controlled drug has been administered to the prisoner by that prisoner or by another person, whether in the prison or outside whilst that prisoner is on a temporary release licence (but subject to paragraph 2),
 - (b) a medicinal product has been administered to the prisoner by that prisoner or by another person, in the prison (but subject to paragraph 2), or
 - (c) the prisoner has smoked a tobacco product or any other thing at any time whilst in the prison,
- (11) is intoxicated as a consequence of consuming any intoxicating liquor (but subject to paragraph 3),
- (12) consumes any intoxicating liquor, whether or not provided to the prisoner by another person (but subject to paragraph 3),
- (13) has in the prisoner's possession –
 - (a) any thing which the prisoner is not lawfully required or authorised to possess, or
 - (b) a quantity of any thing that is greater than the quantity that that prisoner is lawfully required or authorised to possess,
- (14) supplies to any person any prohibited thing,

- (15) supplies to any person any thing which the prisoner is lawfully required or authorised to have for that prisoner's own use, unless that supply is lawfully required or authorised,
- (16) takes improperly any thing belonging to another person, the prison or the Department,
- (17) intentionally or recklessly sets fire to any part of the prison or any other property, whether or not the prisoner's own,
- (18) destroys or damages any part of the prison or any property (other than the prisoner's own),
- (19) causes racially aggravated damage to, or destruction of, any part of the prison or any other property, other than the prisoner's own,
- (20) absents the prisoner's self from any place where the prisoner is required to be, or is present at any place where the prisoner is not lawfully required or authorised to be,
- (21) is disrespectful to any authorised person or any visitor (other than a prisoner),
- (22) uses threatening, abusive or insulting words or behaviour,
- (23) uses threatening, abusive or insulting racist words or behaviour,
- (24) intentionally fails to work properly or, being required to work, refuses to do so,
- (25) disobeys any lawful order,
- (26) disobeys or fails to comply with any provision of this Ordinance, the Prison Regulations or the Prison Orders that applies to the prisoner,
- (27) receives any controlled drug, or, without the consent of an authorised officer, any other thing, during the course of a visit,
- (28) displays, attaches or draws on any part of a prison, or on any other property, threatening, abusive or insulting racist words, drawings, symbols or other material,
- (29) smokes a tobacco product or any other thing, or
- (30) (a) attempts to commit, (b) incites another prisoner to commit, or (c) assists another prisoner to commit or to attempt to commit, any of the foregoing disciplinary offences.

(N.B. As there are no resource implications in this report, the Treasury and Resources Department has no comments to make.)

(N.B. The Policy Council considered whether the proposals set out in this policy letter were consistent with the principles of good governance in relation to States' employees serving on the Panel and the Home Department making appointments for subsequent re-appointment by the States. Despite its initial reservations, the Policy Council was persuaded that, as the Independent Monitoring Panel was an operational as opposed to decision-making body, the proposals were pragmatic and appropriate. However, it reminds the States that the second policy letter from the States Review Committee identified that, in the next States' term, there should be an investigation into how arm's length bodies discharging public functions can best operate with genuine independence from the States.)

The States are asked to decide:-

XIX.- Whether, after consideration of the Policy Letter dated 13th July, 2015, of the Home Department, they are of the opinion:-

1. To approve the appointment of Mrs. Shona Sarre as a member of the Independent Monitoring Panel for a period of four years with effect from October 2015.
2. To approve the appointment of Mrs. Gillian Lindsey Darling as a member of the Independent Monitoring Panel for a period of four years with effect from October 2015.
3. To approve the appointment of Ms. Glen Ford as a member of the Independent Monitoring Panel for a period of four years with effect from October 2015.
4. To approve the appointment of Mrs. Heather Mauger as a member of the Independent Monitoring Panel for a period of four years with effect from October 2015.
5. To approve the appointment of Mr. James Edward Duncan as a member of the Independent Monitoring Panel for a period of four years with effect from October 2015.
6. To amend the Prison (Guernsey) Ordinance, 2013 to remove the restriction on States' employees serving on the Independent Monitoring Panel.
7. To amend the Prison (Guernsey) Ordinance, 2013 to enable the Home Department to make appointments to the Independent Monitoring Panel in the first instance with the requirement that such appointments would require reappointment by the States of Deliberation as soon as possible at the end of the calendar year.
8. To note the 2014 Annual Report of the Independent Monitoring Panel.
9. To note the 2014 Annual Report of the Prison Governor.

COMMERCE AND EMPLOYMENT DEPARTMENT

DAIRY INDUSTRY – OPTIMUM ARRANGEMENTS FOR THE DISTRIBUTION AND RETAILING OF MILK AND MILK PRODUCTS

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

2nd July 2015

Dear Sir

1. Executive Summary

- 1.1 In September 2014 (Billet d'État XX) the States directed the Department to submit a report on the optimum (in its opinion) arrangements for the distribution and retailing of milk and milk products.
- 1.2 The Department has identified that such optimum arrangements are those in which the Dairy has complete commercial freedom to engage with its customers (those who buy in commercial quantities).
- 1.3 As directed by the States, it recommends a mechanism by which to bring the optimum arrangements into effect at the earliest opportunity and, as a consequence of identifying those optimum arrangements, it also recommends that milk distributors' licences are no longer necessary. Instead, distributors of milk and milk products will be registered by the Dairy and the relationship between the Dairy and all of its distributors will be by means of written, commercial, Distribution Agreements.
- 1.4 The Department was also directed to examine any likely adverse effects of implementing the optimum arrangements and whether it would be appropriate to put in place any mitigation measures.
- 1.5 The Department considers that it is clear from legal advice that those arrangements effectively represent the status quo and as a result, it believes that there will be no adverse consequences of implementing them and therefore that no mitigation measures are necessary.
- 1.6 The Department also asks the States to agree a number of matters of detail in relation to a new Milk Ordinance in order that the drafting of such an Ordinance can be concluded.

2. Background

- 2.1 At their meeting on 25th September 2014, the States approved a number of recommendations on the future of the dairy industry and made the following Resolution in relation to distribution and retailing:

“2. To direct the Commerce & Employment Department to submit to the States as expeditiously as possible, but in any event no later than July, 2015, a report on the distribution and retailing of milk and milk products which shall: set out what in the opinion of the Department are the optimum distribution and retailing arrangements for the long-term sustainability and success of the island’s dairy industry; make recommendations for the adoption of such arrangements at the earliest possible opportunity; examine and make recommendations upon whether it would be appropriate to put in place measures, financial or otherwise, to mitigate any likely adverse consequences upon existing milk distributors of moving to such arrangements.” (Billet d’État XX 2014 article IX)

NB: The Department regrets that it was not able to complete the review in time to present this report to the States by the date specified in the Resolution. The Department apologises to the Assembly for this short delay.

- 2.2 The Department formed a working group to carry out necessary research, to undertake consultation with interested parties, to reach conclusions and make recommendations to the Board of the Department. The full report of the working group is set out in Appendix 1.
- 2.3 Background research was undertaken in the latter part of 2014 and the review and consultation work began in January 2015 and ended in April 2015. More detailed information on the consultation process is set out in section 3.
- 2.4 The options considered by the Department and its conclusions as to the optimum arrangements are set out in section 4, recommendations for implementing those arrangements are set out in section 5, an examination of any potential adverse effects of implementation of those arrangements is set out in section 6 and its views on mitigation are set out in section 7.

3. Consultation and Meetings with Interested Parties

- 3.1 The Minister had a preliminary meeting with representatives of the Guernsey Milk Retailers Association (GMRA) on 3rd December 2014 prior to the start of the review and consultation process. There was a further meeting between the working group and GMRA representatives on 5th March 2015. In the interim period there were also two informal meetings between Department staff and GMRA representatives.
- 3.2 On 30th March 2015, the Department’s Working Group issued a consultation paper setting out a number of options for future distribution and retailing arrangements

and inviting comment from stakeholders. This document was sent to every milk distributor, the GMRA, the Guernsey Farmers' Association and a number of retail suppliers.

- 3.3 The working group also set aside 13th April 2015 for meetings with any consultees that wished to have a face to face discussion on the future arrangements for distribution and retailing. None took up the offer of such a meeting.
- 3.4 The closing date for written responses to the consultation was 23rd April 2015, and only one was received, from the GMRA dated 12th April 2015.
- 3.5 There was a subsequent exchange of correspondence between the Department (17th April 2015) and the GMRA (4th May 2015).
- 3.6 The Department is disappointed that there was only limited engagement from interested parties and although the GMRA contributed to the review, as a general position, it appeared to prefer to await the conclusions of the Department rather than express its own views on what the optimum distribution and retailing arrangements might be.

4. Assessment of the Optimum Distribution and Retailing Arrangements

- 4.1 The Department has considered a number of alternative distribution and retailing arrangements and identified one that, in its opinion, is the optimum. The different arrangements are set out and discussed below (Option F was added as the result of consultations with representatives of the GMRA and all options were included in the consultation documents issued by the Department in March 2015).
- 4.2 In the report of 25th September 2014 (Billet d'État XX 2014 article IX), the Department presented its vision for a successful and sustainable long-term future for the dairy industry. Part of that vision, and a key element of achieving such a future, was ensuring that the Dairy could operate as efficiently and economically as possible in order that:
 - a) it could continue to pay a fair price to farmers for their milk (a price that meant that farming not only remained a viable commercial prospect, but also enabled dairy farmers to maintain a reasonable standard of living), and
 - b) the wholesale (gate) price of milk sold by the Dairy could be kept as low as possible (in order to minimise any upward pressure on the retail price of milk – which would benefit the consumer).
- 4.3 In the report of 25th September 2014 (Billet d'État XX 2014 article IX), the Department also recommended that the Dairy (whilst remaining under States control) should be allowed greater independence to operate in a commercial manner as it believed that greater commercial flexibility would be an important

means by which the Dairy could achieve the efficiencies and economies described above.

- 4.4 The Department therefore considers that a successful and efficient Dairy is fundamentally important for the long-term sustainability and success of the island's dairy industry and as a consequence, it has analysed the optimum arrangements for distribution and retailing from the point of view of what is optimum for the Dairy.
- 4.5 Against this background, the Department considered that the optimum distribution and retailing arrangements should be:

(a) Low Cost; Any arrangement should have a low operating cost for the Dairy, as well as a low start up / investment cost for the Dairy (and the States). The Department is strongly of the view that minimising the distribution and retailing costs of by the Dairy is essential to achieve the efficiencies and economies envisioned in 2014.

(b) Simple

The optimum system should be straightforward and quick to implement, having low administrative complexity (for the Dairy and its customers), and be capable of being operated by the current distribution network.

The Department believes that complexity can reduce efficiency and incur costs and could also lead to a lower standard of service to both commercial customers and the public.

(c) Commercially Flexible

A system that is intrinsically commercially adaptable is preferable to one constrained by rules and, as with aspects of the current arrangements requiring States' intervention to bring about change. This will give greater opportunity to respond to customers' requirements and the Dairy's needs and to do so with a minimum of disruption to the existing routes to market. The system adopted should not create or perpetuate communication barriers between the Guernsey Dairy and large shops. This commercial flexibility is considered to be an important factor in enabling the Dairy to operate in an efficient and economic manner.

(d) Maintain Sales

Any reduction in sales has an impact on Dairy income and, ultimately this would have to be addressed by raising the wholesale (gate) price of milk and other products. In the light of this, the system for distribution of its products should be one that does not interfere with the maintenance of total sales by the Guernsey Dairy. Those businesses engaged in the distribution of Guernsey Dairy products should be able to do so in a commercially viable manner. Any system adopted should be no less reliable than the current arrangements and should not preclude the continuation of doorstep sales.

- 4.6 In general, the Department considers that optimum distribution and retailing arrangements are those that do not add anything to Dairy operating costs (either directly, or by adding to its workload), are simple to operate and administer, allow the Dairy to operate in a commercial manner and do not adversely affect existing sales of milk and dairy products or the way in which they reach the consumer.
- 4.7 The specific options as evaluated against the criteria set out in paragraph 4.5 above, were considered by the Department and are set out below:

Option A:

Private Milk Distributors - Appointed / Zoned / Exclusive

The Dairy only deals with a set of milk distribution businesses that it licences or appoints and imposes exclusive zoning that it controls completely. The distributors are expected to be, at the outset, the current milk distributors, but the Dairy is not bound to limit itself to a particular group or number of distributors.

Low cost	no
Simple	no
Commercial flexibility	no
Maintains sales	yes

The Department considers that this option will add indirectly to Dairy costs as it will have to undertake the role of regulator of the distribution system. Furthermore, regulation involves an element of complexity and therefore this option is not the simplest to administer. The Department strongly believes that such a monolithic arrangement will constrain the ability of the Dairy to act commercially and it will tend to suppress the incentive to provide a quality service. This option does not, however, have an obvious adverse impact on overall Dairy sales.

In conclusion, the Department does not consider this to be the optimum arrangement.

Option B:

Private Milk Distributors Appointed (not zoned or exclusive)

Milk distributors are licensed or appointed, but the Dairy plays no part in the decisions about which distributor sells in what areas and to which commercial outlets. Distributors do not have exclusivity. Dairy would not trade directly with shops etc. and would not take on milk deliveries.

Low cost	yes
Simple	yes
Commercial flexibility	no
Maintains sales	yes

This option has a much more limited impact on Dairy costs as it only has to undertake the role of a licensing authority and it is not involved in the organisation of distribution. It is simple to administer and does not have an obvious adverse impact on overall Dairy sales. However, the restriction on whom the Dairy can trade with is a constraint on its commercial options and for this reason the Department does not consider this to be the optimum arrangement.

Option C:

Dairy sells to any Commercial Customer

The Dairy is open to do business with any commercial customer (commercial quantity restrictions are put in place) seeking to buy its products “from the cold store”. Terms of trading are specified in a ‘Terms and Conditions’ document. The Dairy plays no role at all in the control or management of the distribution of its products once collected (leaving control in the hands of the Environmental Health Department and food hygiene regulations, and commercial requirements from the final customers).

Low cost	yes
Simple	yes
Commercial flexibility	yes
Maintains sales	yes

This option incurs no additional costs on the Dairy as it simply sells milk in commercial quantities (i.e. it does not sell to the public) to private individuals and businesses who undertake distribution and retailing as the market requires. It is therefore a simple option and allows the Dairy considerable commercial flexibility to maximise operational efficiency.

It is the opinion of the Department that this option is the optimum distribution and retailing arrangement for the long-term sustainability and success of the Island’s dairy industry.

Option D:

Commercial Gate Sales / Approved Product Handling

As Option C, but the Dairy explicitly reserves the right to impose conditions on those distributing its products through an Approved Distributor system, if it felt there was a commercial value in so doing.

Low cost	no
Simple	yes
Commercial flexibility	yes
Maintains sales	yes

The considerations in respect of this option are the same as option C, save that the Dairy has to set up, administer and police an approved distributor system. This does have the advantage of allowing the Dairy to have control over the way in

which its products are handled whilst they are delivered to customers, but this would be achieved at the cost of additional administrative work at the Dairy.

In the opinion of the Department, this is almost the optimum arrangement, but fails to be so because it will add to Dairy costs.

Option E:

Commercial Gate Sales/ Contracted Distribution (Multiple Routes)

The Dairy is open to do business with commercial customers seeking to buy its products as above. It takes complete responsibility for the distribution of its products placing contracts with numerous distributors – possibly via a tendering process. A charge is factored in the Gate Price for this service.

Low cost	no
Simple	no
Commercial flexibility	yes
Maintains sales	yes

This option allows the Dairy commercial flexibility, but it incurs additional costs as it has to administer and police distribution contracts and there is a direct impact on the wholesale or gate price of its products. This arrangement is not simple but it does not have an obvious adverse impact on overall Dairy sales.

The Department does not consider this to be the optimum arrangement.

Option F:

Commercial Gate Sales/ Contracted Distribution (Few Routes)

As Option E but the Dairy establishes distribution contracts with one (or two) major distributors.

Low cost	no
Simple	no
Commercial flexibility	no
Maintains sales	yes

This option will also add to Dairy costs and furthermore, it could place a lot of power in the hands of one or two distributors and put the Dairy at a commercial disadvantage. The Department does not, therefore, consider this to be the optimum arrangement.

Option G:***Commercial Gate Sales/ Dairy Does its Own Direct Distribution***

As Option E, but the Dairy has its own drivers and (refrigerated) vehicles to do all distribution. The Dairy does not offer a doorstep service, but would sell products to those operating such a service.

Low cost	no
Simple	no
Commercial flexibility	yes
Maintains sales	yes

Notwithstanding any other considerations, the Department rejected this option solely on the basis of the considerable additional capital and revenue costs that would be incurred at the Dairy and it would have difficulty accommodating a fleet of delivery vehicles on the current Dairy site.

Option H:***Commercial Gate Sales/ Dairy Assists with Distribution (=Hybrid)***

This is as Options C and D, but the Dairy will take on the responsibility of arranging the distribution of its products if asked to do so. An appropriate delivery charge would be raised.

Low cost	no
Simple	no
Commercial flexibility	yes
Maintains sales	yes

Whilst this option is similar to options C and D, it would add to Dairy costs if it has to organise and regulate the distribution of some of its products and a hybrid system will be more complex. The Department does not consider this to be the optimum arrangement.

5. Implementation of the Optimum Arrangements

- 5.1 As directed by the States, it is the opinion of the Department that Option C is the optimum arrangement for distribution and retailing and it believes that it could be implemented with immediate effect. However, on 30th October 2008 (Article IV of Billet d'État XIII), the States directed that the Department should give a temporary period of limited exclusivity over the distribution of milk (and of milk products to doorsteps) to licensed distributors until the end of 2015 as follows:

“1. That the Commerce and Employment Department (acting through Guernsey Dairy) should grant exclusive rights to licensed milk distributors to deliver:

- a) *Guernsey Dairy Milk to doorstep customers, and commercial customers within specified rounds; and*
- b) *Guernsey Dairy branded Milk Products to doorstep customers in those rounds.*

*2. That the Commerce and Employment Department (acting through Guernsey Dairy) should **not** grant exclusive rights to licensed milk distributors to deliver Guernsey Dairy Milk Products to commercial customers.*

3. That the Commerce and Employment Department (acting through Guernsey Dairy) should grant non-exclusive rights to licensed milk distributors to deliver Guernsey Dairy Milk Products to commercial customers and not limited to specified rounds.

4. That the above Resolutions, and all rights granted pursuant to them, shall have effect until the end of 2015.... ”

5.2 The Resolutions of 25th September 2014 direct the Department to:

“... make recommendations for the adoption of such (optimum) arrangements at the earliest possible opportunity.... ” (Billet d’État XX 2014 article IX)

In accordance with that direction, it therefore recommends that the resolutions of the States of 30th October 2008 on Article IV of Billet d’État XIII of 2008, as set out in paragraph 5.1 are rescinded in order that the optimum distribution and retailing arrangement can be adopted at the earliest opportunity.

6. Likely adverse consequences upon existing Milk Distributors of adopting the Optimum Arrangements - Option C

6.1 The Department has received consistent and firm legal advice that distributors do not have exclusive rights in relation to:

- a) the distribution of milk and other products produced by the Dairy; or
- b) a territory (delivery zone) within which only a single distributor can sell milk and other Dairy products.

6.2 The GMRA has always maintained that, historically, there has been a system of exclusive distribution agreements between the Dairy and distributors over the distribution of milk and other products. This is not the case. For such an exclusive arrangement to exist, the Dairy would have had to have accepted an obligation itself not to sell directly into any territory or to have agreed not to appoint another distributor to sell into such a territory. The Dairy has never accepted either of those two restrictions.

- 6.3 In addition, the Department has previously advised the States that the fact that a distributor may hold a licence does not, of itself, confer any exclusive rights.
- 6.4 The Dairy has always retained the right to licence additional distributors and/or sell direct, it has simply never chosen to do so and the failure to exercise those rights does not give any form of exclusivity to existing distributors.
- 6.5 In the case of territories (delivery zones), for some time they have either changed hands or they have been restructured through commercial discussions and negotiations between distributors and between distributors and their customers. Therefore the best that can be said is that as the Dairy considered that such arrangements benefited its commercial operations, it has co-operated with them.
- 6.6 As long as such an arrangement benefits the Dairy in terms of the efficient distribution of its products there would be no reason for the Dairy not to co-operate with such an arrangement in the future, but it has never accepted any restrictions in relation to territories in respect of Dairy business and would not wish to fetter that discretion.
- 6.7 Indeed it has on occasions sold direct to customers and it has also appointed individual businesses as distributors for particular products, both of which have cut across territories. The Dairy has also regarded itself as free to intervene in any sales arrangement if it considered that there were problems between a distributor and his or her customers and it has not considered itself bound by any restrictions on that ability.
- 6.8 The Department remains of the strong view that the drawing up and allocation of territories is a mechanism that is, and must remain, a matter for distributors between themselves.
- 6.9 Notwithstanding these considerations, as described above, in 2008 the States directed the Department to give a temporary period of limited exclusivity to distributors as set out in paragraph 5.1.
- 6.10 As the Department reported in 2014, as long ago as 2003, it was informed by an adviser of the GMRA that the status of a milk retailer was:

“..... an independent trader who bears the risks and rewards of his/her business.” (Billet d’État XX 2014 article IX – paragraph 3.99)

and on the basis of that statement the Department remains of the opinion that distributors cannot justifiably expect to retain such exclusivity beyond the end of 2015 (as specified in the 2008 Resolution). Distributors have had a long period in which to adjust their businesses and the Department sees no reason why they should not continue to be able to develop those businesses by providing a good and valuable service to their customers as *“independent traders”*.

- 6.11 It therefore believes that the adoption of Option C effectively represents the status quo in relation to the arrangements for distribution and retailing as the Dairy has always been free to deal with commercial customers as it sees fit. Historically, for a variety of reasons, and sometimes as the result of political direction, it has not exercised all of the options available to it, but as indicated above, the failure to do so has not diminished its rights in any way.

7. Mitigation

- 7.1 The Department was directed to:

“... examine and make recommendations upon whether it would be appropriate to put in place measures, financial or otherwise, to mitigate any likely adverse consequences upon existing milk distributors of moving to such arrangements.” (Billet d’État XX 2014 article IX – resolutions of 25th September 2014).

- 7.2 As discussed above, distributors do not have, nor ever have had, exclusive rights to distribute the Dairy’s products or exclusive rights to particular territories. The Department therefore considers that the implementation of Option C in relation to the arrangements for distribution and retailing will restore the status quo that existed before the States Resolution of 30th October 2008.
- 7.3 That being the case, the Department does not believe that any mitigation measures are necessary.

8. Distributors’ Licences

- 8.1 In September 2014, the States agreed that a new Milk Ordinance should retain provision for the licensing of distributors of milk. It also stated that:

“It (the Department) also believes that the Dairy should have a more direct working relationship with distributors and that it should be able to negotiate distribution agreements with the distributors to ensure minimum standards for the delivery of its products.” (Billet d’État XX 2014 article IX – paragraph 3.108)

- 8.2 As a result of considering the optimum arrangement for distribution and retailing as well as relevant legal advice, the Department now considers that it is unnecessary for the Dairy to manage its relationship with milk distributors by means of both a licence and a distribution agreement.
- 8.3 It strongly believes that a system of milk distribution licences is bureaucratic and unnecessary and that distribution agreements are consistent not only with its 2014 vision for a closer working relationship between the Dairy and distributors, but they will also allow it to benefit from the commercial freedom identified in option C.

8.4 The Department acknowledges that it has traditionally been the view of distributors that the value of their businesses is encapsulated in their licences and that they can buy and sell those licences. They also strongly believe that if licences are removed, the value of their businesses will be significantly reduced, if not eliminated, and they will not be able to recover any initial investment they may have made in those businesses.

8.5 Notwithstanding the fact that the existing Milk Ordinance (Milk Control (Guernsey) Ordinance, 1958 as amended) provides that:

“Every document issued by or on behalf of the Committee (Department) for the purposes of this Ordinance, is and shall remain, the property of the Committee (Department).”

and despite the views of distributors, licences are not tradable and they **do not** form any part of the value of a distribution business. The actual value of that business, and therefore what can be bought and sold, is (other than, for example, the value of a distribution vehicle) the goodwill of that business.

8.6 The significant part of the true value of distributors businesses is therefore determined by the service they provide as “*independent traders*” and the customer base that they develop as a result of providing that service.

8.7 It therefore recommends that a new Milk Ordinance should not include any provisions for licensing and that the Dairy should manage its relationship with all distributors by means of distribution agreements alone. In order that a new Milk Ordinance reflects this amended relationship and that distributors can continue to be recognised as a distinct group that can purchase milk from the Dairy, the Department recommends that distributors with whom the Dairy has commercial distribution agreements should be known as “registered” milk distributors for the purposes of the legislation.

9. New Milk Ordinance

9.1 On 25th September 2014 (paragraph 1(j) of the resolutions on Article IX of Billet d’État XX of 2014), the States agreed that a new Milk Ordinance should be drafted. This work is in progress and it has highlighted a number of issues of detail that require further States approval, these are as follows:

- the existing Milk Ordinance (Milk Control (Guernsey) Ordinance, 1958 as amended) regulates the supply of milk to the Dairy, reflecting a time when farmers delivered their milk to the Dairy or to depots. It is the current practice that the Dairy collects farmers milk from bulk tanks on their premises and the new Ordinance will need to reflect this practice,

- the existing Milk Ordinance (Milk Control (Guernsey) Ordinance, 1958 as amended) also sets out the mechanism for payments to farmers. In 2014, the Department recommended that the price paid to farmers (producer price) should be determined jointly by the Dairy and farmers on the basis of detailed and open access to performance, sales and cost information. Ultimately, the terms and conditions under which the Dairy will obtain milk from farmers (including the price it will pay for that milk e.g. in the event of it failing standard industry tests etc.) will be the subject of commercial agreements between the parties. The Department therefore considers that provisions for setting the producer price in the Ordinance are not necessary;
- the new Milk Ordinance will need to set out clearly that only the Dairy can directly sell or supply milk that is produced on the Island or imported into the Island to commercial customers (such as registered milk distributors, shops, caterers and manufacturers) and that any such customer who wishes to buy or obtain milk in commercial quantities will have to obtain it from the Dairy. The Ordinance will also allow registered milk distributors to sell or supply milk to commercial and doorstep customers once it has been obtained from the Dairy; and
- in 2014 the Department recommended that the Milk Ordinance (Milk Control (Guernsey) Ordinance, 1958 as amended) needed to be “modernised”. Part of that modernisation will require a new Ordinance to include appropriate provision for appeals (against decisions relating to certain authorisations and approvals), enforcement, procedural issues (such as the service of documents) and updating of penalties,

and the Department recommends that the drafting of a new Milk Ordinance reflects these matters.

10. Other Consultation

- 10.1 In addition to the parties described in section 3, the Department can confirm that legal advice on the matters raised in this Policy Letter and the contents of the Policy Letter itself has been obtained from the Law Officers Chambers.

11. Resources

- 11.1 The Department does not anticipate that the recommendations in this Policy Letter will have any impact on the resource requirements of Guernsey Dairy or the Department.

12. Recommendations

12.1 The States are asked to:

- (i) endorse the opinion of the Department that Option C, as set out in paragraph 4.7, is the optimum distribution and retailing arrangement for the long-term sustainability and success of the island's dairy industry,
- (ii) rescind their Resolutions of 30th October 2008 in relation to Article IV of Billet d'État No. XIII (concerning exclusive rights to the distribution of Guernsey Dairy milk and milk products),
- (iii) rescind their Resolutions in relation to paragraphs 1(j) and 3 of 25th September 2014 in relation to Article IX of Billet d'État No. XX (Review of the Dairy Industry) to the extent to which they provide for the statutory licensing of milk distributors,
- (iv) agree that a new milk Ordinance should reflect the matters set out in paragraphs 8.7 (registered milk distributors) and 9.1 (collection of milk, producer prices, supply of milk and appeals, procedural matters and penalties) and
- (v) direct the preparation of any legislation necessary to give effect to their above decisions.

Yours faithfully

K A Stewart
Minister

A H Brouard
Deputy Minister

D de G De Lisle
G M Collins
L S Trott

Advocate T Carey
Non-States Member

APPENDIX

**REPORT OF THE
DISTRIBUTION & RETAILING REVIEW WORKING
GROUP (DRRWG)**

COMMISSIONED BY

THE COMMERCE & EMPLOYMENT DEPARTMENT



**OPTIMUM DISTRIBUTION
ARRANGEMENTS FOR THE LONG-TERM
SUSTAINABILITY AND SUCCESS OF THE
ISLAND'S DAIRY INDUSTRY**

MAY 2015

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1. 2015 DRRWG Consultation Paper
2. Consultees List
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EXECUTIVE SUMMARY

The Distribution and Retailing Working Group (DRRWG) has evaluated a range of options for the distribution of the Dairy's products (principally, retail packaged milk). It has used a targeted consultation process to seek the views of businesses directly involved in the distribution and retailing of its products.

The DRRWG recommends to the Board of the Commerce and Employment Department that the optimum arrangement for the future success and sustainability of the Island's Dairy industry will be achieved as follows:-

- The Dairy sells its products "at the dairy gate" and has no involvement in the physical delivery of its products.
- A diverse and privately operated distribution system, as exists at present, offers the best solution for the industry and Island consumers. This recognises the settled and successful distribution system that operates at the present time through such a mechanism, and will allow the most efficient operation of the Dairy. All existing delivery routes to customers will be able to continue.
- The Dairy should establish commercially focused Distribution Agreements with its distributors. These Agreements will specify the terms and conditions of trading with the Dairy and the handling of its products.
- The Dairy should be free, subject only to commercial considerations and the requirement to act in a reasonable manner, to introduce and amend terms and conditions of trading with its customers and for the distribution of its products.
- The Dairy should be free to trade directly with any commercial customer, purchases being subject to minimum quantities, pack sizes and whatever ordering schedules the Dairy puts in place to support its efficient operation.

- The wholesale distribution of the Dairy's products and matters such as territories and delivery zones should be based solely, as they are at the present time, on commercial agreements between distributors and their customers, as they think fit.

These arrangements do not introduce any fundamentally changed features into the relationship between the Dairy and those businesses that distribute milk (and other Dairy products) that are not available at the present time.

Despite running a consultation process, the DRRWG has not been provided with any information from existing distributors (represented by the GMRA) as to their view of the impacts of the various options on distribution businesses.

Similarly, retail and wholesale businesses contacted during the review have also chosen not to comment.

As regards the future, in the view of the DRRWG, and as in any commercial environment, some businesses will do better and others less well for many reasons. The optimum system suggested does not directly bring about such effects, which are a consequence of inevitable and normal risks intrinsic to commercial business relationships.

Distribution businesses will retain the commercial freedom to compete on service and price and it is entirely possible that, as has occurred in the past, some will lose ground while others will gain sales. Distributors will need to adapt and innovate to the challenges that will face their businesses in the future.

In the light of this, the DRRWG is of the view that no case exists to consider mitigation, financial or otherwise, as a result of pursuing the arrangements recommended in this paper.

The DRRWG considers that a straightforward transition to this system can take place from 1st January 2016 when the period of temporary and limited exclusivity provided to existing distributors as a result of a States Resolution in October 2008 comes to an end.

(A) Introduction

The Commerce and Employment Department directed that a working group should progress the review to determine the optimum distribution system for Guernsey Dairy products.

The Board of C&E directed that the working group, which should comprise officers of the Department and members of the Dairy Management Board, should report back to the Board with its findings and recommendations.

The basis of the review was the following resolution of the States made on 29th September 2014 following debate of the Department's Report entitled "Review of the Dairy Industry" (published in Billet D'Etat XX 2014).

"[The Department should]... submit to the States as expeditiously as possible, but in any event no later than July, 2015, a report on the distribution and retailing of milk and milk products which shall: set out what in the opinion of the Department are the optimum distribution and retailing arrangements for the long-term sustainability and success of the island's dairy industry; make recommendations for the adoption of such arrangements at the earliest possible opportunity; examine and make recommendations upon whether it would be appropriate to put in place measures, financial or otherwise, to mitigate any likely adverse consequences upon existing milk distributors of moving to such arrangements.

(B) The DRRWG

The DRRWG consisted of the following members:-

Alan Child	(Chair, Dairy Management Board)
Steve Hogg	(Non-States member Dairy Management Board)
Simon Keys	(Non-States member Dairy Management Board)
Andrew Tabel	(Guernsey Dairy General Manager)
Richard Nash	(Director of Client Services, C&E) S.R.O.
Mike Northmore	(Policy Officer, C&E)

(C) Terms of Reference

The DRRWG had the following mandate agreed by the C&E Board for a working group to examine this matter.

Terms of Reference

The group shall:-

- 1) *Establish a productive link to the GMRA at the earliest opportunity.*
- 2) *Establish a process to arrive at a useful description of the business value of existing milk distributors businesses.*
- 3) *Develop a short list of options for future distribution and retailing.*
- 4) *Consult on this short list and select one (or two) leading contenders for the title of Optimum System.*
- 5) *Consider the possible impact on existing distributors of the adoption of a changed system.*
- 6) *Consider and consult on approaches to, justification, of and costs associated with, any mitigation that may be considered justified in the light of the D&RRG's findings.*

Outputs

The Group:-

- 1) *Shall formulate proposals for presentation to the C&E Board in the form of a report and a draft States Report. In so doing, the Group shall propose whatever changes to the distribution system for Dairy products that it considers, on the evidence, to be needed to support a sustainable and successful dairy industry.*
- 2) *Must present in its report (best efforts) costed options for mitigation measures that might be applied if there are adverse impacts.*
- 3) *Must present a clear recommendation arising from its research and consultations.*

(D) Review Meetings

The DRRWG met on 6 occasions in 2015:-

- 27th January
- 26th February
- 5th March (pre-consultation discussions with GMRA representatives)
- 13th April
- 23rd April (with the Director of Commercial Law, St James Chambers)
- 21st May

There were a number of officer communications around these meetings, between members and with GMRA representatives and legal counsel.

(E) Consultation

Following a pre-publication discussion with representatives of the GMRA, the DRRWG finalised and published a consultation document on 1st April (see Appendix 1) and invited comment on the options presented, the assessment criteria and scoring, and the potential impact of the options on businesses in the future.

The consultation was closed/targeted (see Appendix 2), being restricted to current milk distributors, food service /wholesale companies, and major food retailers. All commercial companies were contacted by email. Milk distributors were contacted via the GMRA with printed copies of the consultation document and a covering letter distributed through the Guernsey Dairy.

Consultees were invited to submit any comments to the review SRO or the Dairy General Manager. All consultees were offered the opportunity to have a face to face discussion with the Working Group on the 23rd April - or at other times if this was not convenient.

A single response in the form of an acknowledgement was received from the commercial companies consulted. A written reply was received from the GMRA on 12th April. A reply was sent from the SRO on 17th April. A further letter was received from the GMRA on 4th May (Appendix 3). (Two other e mail requests were received from a GMRA member for clarification of detail in the discussion document and the covering letter.)

The DRRWG noted that the GMRA letter suggested that the GMRA considered that their contribution to a first stage of consultation had been given and that

they envisaged a second stage following consideration of the DRRWG report. The DRRWG's reading of the letter is that it seemed to imply a process of discussion between the GMRA and the C&E Board, possibly even after a States debate, although that is not clear.

(F) Distribution System Options and Analysis

(See also Appendix 1)

The DRRWG proposed that an optimum system would be the most likely to bring about long term success and sustainability for the dairy industry if it was the best for the efficient operation of the Guernsey Dairy.

The DRRWG further proposed that a list of the features of a distribution system to achieve '*... the long term sustainability and success of the Island's dairy industry*' would be that the system should...

- Have a low operating cost for the Dairy (to give least pressure on Gate Prices).
- Have a low start up/ investment cost for the Dairy (and the States).
- Be straightforward & quick to implement - e.g. no lengthy legal requirements to put in place.
- Be sustainable (that is, distributors in such a system will be able to deliver Dairy milk and milk products to commercial outlets in a commercially viable manner).
- Have low administrative complexity (for the Dairy and its customers).
- Be no less reliable (for the end customers) than the current systems.
- Be capable of being adopted with minimum of disruption to the existing distribution routes to market.
- Be one that does not interfere with the maintenance of total sales levels.
- Be commercially adaptable/flexible – not constrained by rules requiring States' intervention to bring about change thus capable of simple commercial evolution.
- Be commercially responsive – to Dairy and customer needs (e.g. handling / cool chain).

- Not create, or perpetuate, communication barriers between the Dairy and shops.
- Not preclude the continuation of doorstep sales.
- Be capable of being operated by the current distribution network.

The DRRWG presented 8 options, all of which were feasible and represented a range of options from strong central control (Option A) through a complete bringing in house of milk and product distribution (Option G), to a more conventional commercial approach (Options C & D).

The initial options analysis carried out by the DRRWG is presented in the discussion document at Appendix 1. This should be self-explanatory and is not reproduced in the main body of this report.

(G) DRRWG View of the Optimum Arrangements

In its consultation, the DRRWG was seeking views on the options analysis, but, as reported above, did not receive any. Following the close of the consultation period the Group reviewed the options and confirmed its view that Options C and D would be expected to be the optimum arrangements for the future success of the local dairy industry.

Options C & D

The only difference between these is that in Option D the Dairy retains greater control over commercial decision affecting the details of the way its products are distributed. This could offer some advantages and so this option scores marginally higher than Option C.

Under Option C the Dairy would simply accept/adopt specifications for product handling as laid down by the regulator (HSSD). To not retain that interest in the distribution of its products could leave the Dairy open to being unable to respond in an effective manner to a commercial threat to its business.

From the Dairy's perspective, the adoption of options C or D would mean that there would be no need for a system of distribution licensing, as those purchasing dairy products would simply enter into a commercial agreement with the Dairy as long as they agreed to its terms and conditions.

Under both of these scenarios, the existing structure of milk distribution would remain in place at the outset, without interference from the Dairy. Distributors may need to have commercial discussions with their customers as to the precise details of future milk and milk product distribution.

The Dairy would be open to approaches from potential commercial customers wishing to trade directly with it. Whether or not a new customer would wish to collect products from the Dairy themselves or use a distribution service would be a commercial matter for them taking into consideration cost, delivery, and service availability amongst other things.

The Dairy will not have any material involvement in the distribution of its products, which will be available 'ex-dairy gate'.

These options build on the successful arrangements in place at present and place no significant administrative or financial burdens on the Dairy. Unlike other options, they do not add any further pressure on the limited space at the Dairy.

Options H and B

These options scored next highest. The weakness of these options being, respectively, the likely costs that could result for the Dairy and the loss of commercial flexibility.

The DRRWG notes that the 2014 States Report contained the following words to describe what was, in effect, Option B.

3.102 This does not mean that the Dairy will sell milk to anybody. In the future, only

licensed milk distributors will be able to purchase milk from the Dairy and the

Dairy will be directed not to sell milk directly to shops or undertake milk deliveries of any sort, other than in exceptional circumstances when it is unavoidable to ensure continuity of supply. The Department will require the

Guernsey Dairy to adopt the above mentioned commercial trading policies to

protect the value and viability of milk rounds, while enabling commercial development that ensures that milk distribution rounds add value to the milk

supply chain.

Option B is essentially the proposal contained in the Department's 2014 review and States' Report and it gives additional protection to existing distributors

through the operational policy decision that the Dairy would not sell milk directly to shops.

This is an increase in explicit protection over current arrangements which will apply in full once the period of temporary exclusivity on milk distribution ends on 1st January 2016, but which do not preclude a food wholesale (food service) business from opening an account with the Dairy at the present time.

The DRRWG unanimously supports the recommendation that Options C or D represent the optimum distribution arrangement for the future success of the dairy industry.

(H) Impact

The DRRWG was not provided with any views from the GMRA regarding the possible impact of these leading options, which were identified in the analysis in its consultation paper. In the absence of this, its own view is that there is no reason, intrinsic to the arrangements themselves, that adopting option C or D will have a direct or inevitable impact on the current milk distributors who have established commercial relationships with consumers, commercial catering businesses and food retailers.

It is hard to predict in what way commercial pressures will affect the viability of distribution businesses in the coming years. That situation is not changed by adoption of either of these options. Furthermore, these options do not alter the arrangements that would be in place by default in 2016.

However, the limited, but additional, protection outlined in Option B (and in the Department's 2014 States' Report proposal) would not be put in place from 1st January 2016 to inhibit shops from trading directly with the Dairy. The degree to which that might happen is not known and neither is the degree to which other food wholesalers would want to become direct Dairy customers. Whilst either of these things might happen, it is not possible in advance to assess the impact on existing businesses.

The DRRWG consider that it is entirely possible that a general acceptance by existing milk distributors of the commercial flexibility available under Options C or D (and which would be good for the dairy industry) could increase the sales of existing businesses and leave others unaffected.

Options C and D, would on the face of it, be simple administratively and require less statutory controls affecting the relationship between the Dairy and its customers than is currently the case.

The DRRWG does not consider that it is likely that total milk sales will be affected whichever one of the leading distribution system options is put in place.

(I) Mitigation

The DRRWG noted the following in the 2014 States Report on the Dairy Industry ...

- 3.99 *As long ago as 2003, the Department was informed by an adviser to the Guernsey Milk Retailers' Association that the status of a milk retailer [sic] was:*
" an independent trader who bears the risks and rewards of his/her business."

The DRRWG does not consider that it is necessary to consider financial mitigation as Options C or D do not introduce a different legal basis for the operation of the current distribution businesses and have no direct impact on their ability to trade as commercial businesses.

To give re-assurance to existing milk distributors the DRRWG believes that they should be advised that they will automatically be transferred to new arrangements (Distribution Agreements) from the day of commencement. Thereafter, it will be a matter for them to operate their businesses effectively.

(J) The Conclusions of the DRRWG

J.1 Review and Consultation

The DRRWG has evaluated a range of options for the distribution of the Dairy's products (principally retail packaged milk) with the task of recommending to the Board of the Commerce and Employment Department what the working group considers to be the optimum arrangement for the future success and sustainability of the Island's Dairy industry.

The Group has published a detailed discussion document containing full details of these options as part of a targeted consultation process seeking comment from a number of island businesses involved in the food distribution and retailing sector. (Appendices 1 and 2)

The response to this targeted consultation process was minimal. (Appendix 3)

J.2 The Optimum System

The DRRWG considers that the optimum distribution arrangements should enhance the efficiency of the Guernsey Dairy and ensure that customers have access to the products, and the delivery services for those products, that they need and want. This is the best way to bring about success and sustainability for the dairy industry in the long term.

The DRRWG is firmly of the view that the Dairy should not take on the responsibility for the distribution of its products. This would decrease its operational efficiency, diverting it from its core milk processing and dairy product manufacturing tasks. It could also increase its costs to the detriment of its customers and potentially its suppliers.

Establishing its own fleet of delivery vehicles would not only be costly in terms of capital and revenue, but would be an enormous practical challenge for it to be accommodated and operated on the current cramped and fully used site at the Bailiff's Cross.

Such an approach cannot be expected to improve the distribution service for milk in comparison to the proven and adaptable arrangements provided by the operation of a diversity of private businesses responding to changing customer needs. In addition, there would be a high probability of a major disruption to the current doorstep delivery service.

The DRRWG considers that the dairy industry's future needs in respect of distribution are best served by arrangements little changed from those existing at the present time. In other words, a diverse distribution system operated by a range of private businesses handling and organising distribution in a commercial environment.

The DRRWG believes that there should be a clear recognition that full flexibility must exist for shops, wholesalers, and distributors to trade directly with the Guernsey Dairy if they so wish, each making their own arrangements for the movement of Guernsey Dairy products to their customers as they think fit.

Such flexibility will again exist from 1st January 2016 once the limited and temporary period of exclusivity provided by States resolution in October 2008 (Billet XIII) come to an end. The DRRWG supports this reversion to the pre-existing relationship between distributors, the Dairy and their customers.

J.3 Optimum Distribution System Arrangements

The DRRWG supports fully the States decision to direct that the Guernsey Dairy should maintain a common and fixed gate price for its retail packaged milk. (Billet XX 2014) This will provide valuable long term risk mitigation for the smaller businesses in the distribution and retail chain.

The Dairy should specify the terms of trading with its customers in the form of Distribution Agreements that can be changed when it considers it is necessary to reflect any changing needs and interests of the Guernsey Dairy, which operates, as it must, as a States' owned and pivotal element of the Island's dairy industry.

The wholesale distribution of the Dairy's products and matters such as territories and delivery zones should be based solely, as they are at the present time, on commercial agreements between distributors and their customers, as they think fit.

These arrangements should be brought in on 1st January 2016 or as soon as possible after that date.

J.4 Impact

The legal advice provided to the DRRWG confirms that the future arrangements considered to be the optimum (i.e. Option C or D) do not represent a change in the underlying legal framework for the distribution of Guernsey Dairy milk and products. They do not remove any actual rights that exist and cannot realistically be a challenge to the legitimate expectations of the current milk distributors.

The DRRWG was disappointed that, despite its engagement with the GMRA via its representatives in advance of the consultation period, it received only limited comment in respect of the options set out and the DRRWG's analysis in the consultation paper, or to assist in the assessment of the likely impact of possible future arrangements. (See Appendix 4)

The DRRWG believes that, as in the past, changes will happen in the market for Guernsey Dairy milk and products (witness the large and sustained move from doorstep sales to sales through large food retail outlets in the past decade).

Existing distributors will be free to continue to operate their businesses in the future. As has always been the case, the success or otherwise of these businesses will depend on the service and price offered, as it does for all commercial businesses.

The DRRWG does not believe that the proposed arrangements will, of themselves, impact on the businesses of the current distributors. There will be risks, but the system already provides mitigation in the form of a fixed Gate Price for milk and full commercial flexibility for the wholesale and retail businesses to operate.

J.5 Mitigation

The DRRWG believes that it is appropriate to provide an assurance to all existing distributors that they will be automatically approved as distributors (subject to the normal terms of trading) as soon as any new arrangements are confirmed.

The DRRWG supports the States decision to approve that the Dairy must maintain a fixed Gate Price for milk, but with a freed retail price. This is a factor that assists the current milk distributors ensuring that larger customers cannot seek to negotiate quantity discount arrangements. This mitigates operational risk.

It also helps ensure that doorstep sales can be priced in a commercial manner without the need to quote administration or delivery charges. Thus there can simply be a price for the product delivered to the customer reflecting the costs of providing that home delivery service. This should strengthen the doorstep delivery operations of milk distributors.

The DRRWG reviewed the possibilities for financial measures to mitigate the possible impact of changes. However, the DRRWG believes that there is no logical or legal case for any form of payment to the distributors for compensation or to agree an implied contractual change or a change in distributors' expectations of the relationship with the Dairy and the States.

Distribution and Retailing Review Working Group

Discussion Paper – 30th March 2015

Ver 4.2

**Appendix to
DRRWG
report**

The Purpose and Context of this (closed) Consultation

The review arises from the States' resolution of 24th September 2014 that approved the Commerce and Employment Department's States' Report – "Review of the Dairy Industry" (Billet XX September 2014) and the accompanying Report of the Dairy Industry Review Group. (See page2)

The main stages of this review require the Department to investigate the possible changes to current distribution arrangements for Guernsey Dairy products to achieve what would be the optimum for the future success of the Industry. The Department has also to consider the impact of proposals on the current distribution businesses and whether there is a case for measures to mitigate any impact. Finally, a States Report will need to be prepared to present proposals to the States later this year. The Department has established a Distribution and Retailing Review Working Group (DRRWG) to take this Review forward at the present time.

As a first stage in the process, this discussion paper considers options for the distribution of Guernsey Dairy milk and other Guernsey Dairy products. The ideas in this document have been considered and are supported by the Guernsey Dairy Management Board as representing possible arrangements for distribution in the future.

The DRRWG is now seeking the views of interested parties and will report back to the full Board of the Commerce and Employment Department in due course.

Distribution and Retailing Review Working Group

The working group has the following members:-

Alan Child	(Chair, Dairy Management Board)
Steve Hogg	(Non-States member Dairy Management Board)
Simon Keys	(Non-States member Dairy Management Board)
Andrew Tabel	(Guernsey Dairy General Manager)
Richard Nash	(Director of Client Services, C&E)
Mike Northmore	(Policy Officer, C&E)

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1. Background

1.1 2014 Dairy Industry Review Resolutions

1.1.1 The Fallaize/Perrot amended propositions to the Commerce and Employment Department's States Report directed the Department to:-

"... submit to the States as expeditiously as possible, but in any event no later than July, 2015, a report on the distribution and retailing of milk and milk products which shall:

set out what in the opinion of the Department are the optimum distribution and retailing arrangements for the long-term sustainability and success of the island's dairy industry; make recommendations for the adoption of such arrangements at the earliest possible opportunity; examine and make recommendations upon whether it would be appropriate to put in place measures, financial or otherwise, to mitigate any likely adverse consequences upon existing milk distributors of moving to such arrangements. "

1.1.2 The States approved the main body of the Department's 2014 Review Report and, in respect of the operation of the Guernsey Dairy, the States approved:-

- The end of Trade Counter restrictions from 1st Jan 2016
- The end of retail price control of milk from 1st January 2015
- That the Dairy shall have a non-negotiable Gate Price for milk from 1st January 2015

[NB: In addition to the 2014 resolutions noted above, the period of distributors' temporary exclusivity over the distribution of milk coming to a close on 1st January 2016 was not affected and so still stands. This limited period of protection was the result of the States' agreeing in October 2008 to the 'Le Lievre amendment' to a Report at the time.]

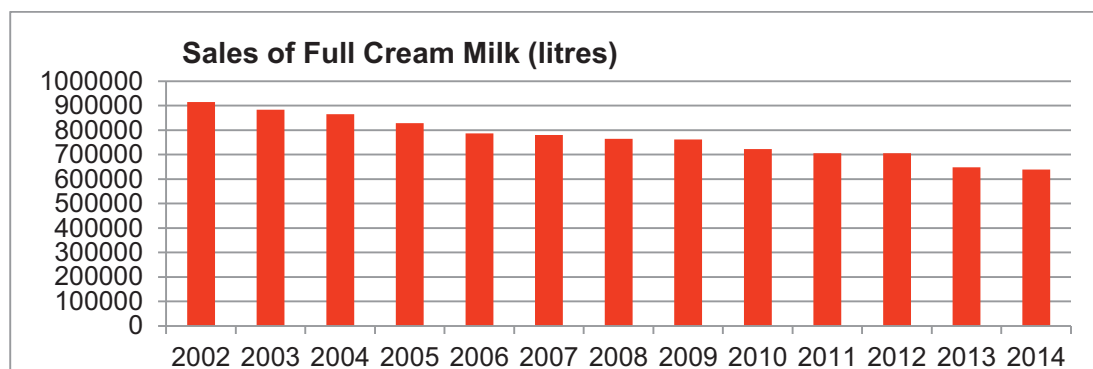
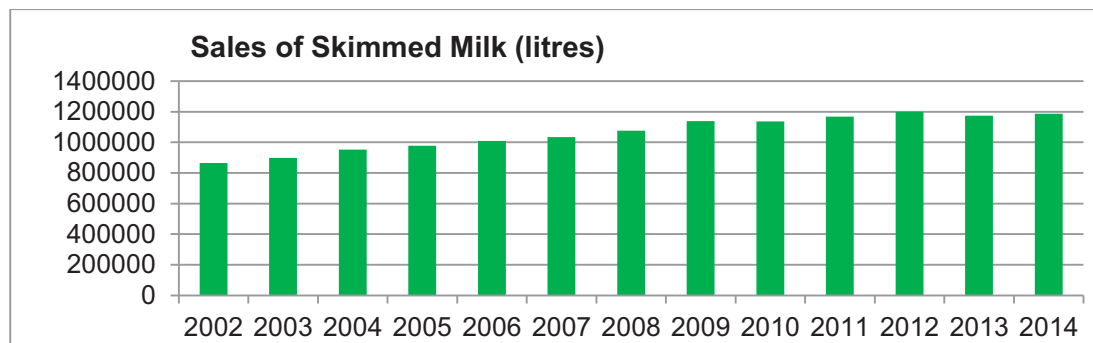
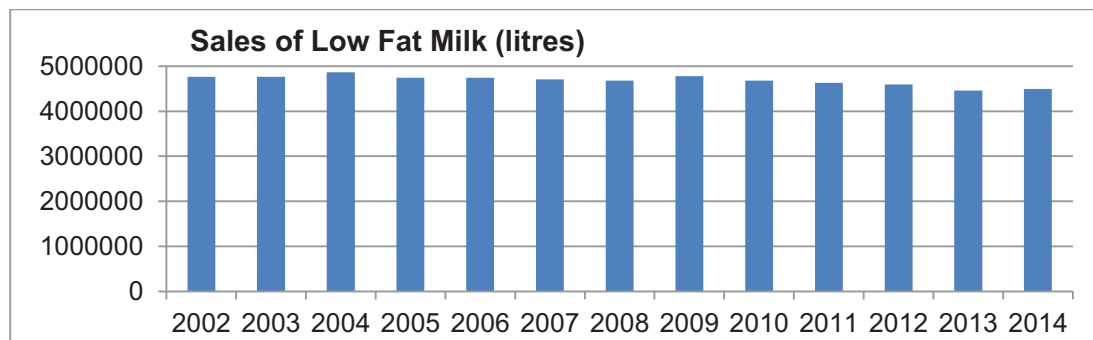
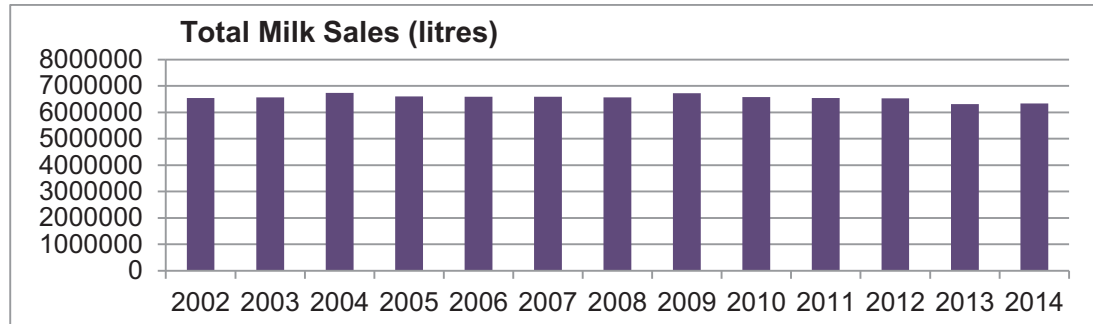
However, the States did **not** adopt the specific Review Report recommendations on "*Modernised arrangements for milk distribution and retailing*". These covered the licensing of milk distribution and the zoning of milk rounds, in other words, the particular details of the relationship between the Dairy and its distribution network.

In its Review Report, the Department had proposed that the Dairy should continue to distribute milk through a network of licensed milk distributors and that it would not deal directly with shops. It would not have any involvement in the zoning of rounds and all licences would be non-exclusive.

The effect of the 'Fallaize Amendment' approved by the States was to put on temporary hold any change to the way distribution is organized while the

Department considers what an optimum system might be and then reports on that to the States.

1.2 The Market for Milk



Compared to sales in the early 1990s, total annual sales are lower by some 500,000 litres. However, as can be seen in the graphs above, the total annual sale of Guernsey Dairy Milk has been largely unchanged over the past decade or more. Over the same period sales of low fat milk are little changed, while the change of greatest significance

has been the continuing reduction in sales of full cream milk and the increase in sales of skimmed milk.

1.3 The Route to Market for Milk

The DRRWG does not have firm data on the split of the total milk sales in terms of the route taken to the end consumers. The recent Dairy Review suggested that sales had continued to move from doorsteps to supermarkets and shops, citing an independent review in 2011 which estimated that had been 50% of the total in 2007 had increased to more than 60% in a five year period. The Dairy Industry Review estimated that sales in shops could now represent 65% or even 70 % of total sales.

It is often stated that milk sales on doorsteps maintain the total sales of milk above what would be purchased if milk was only available from shops. The logical consequence of this view is that any change to sales from shops (away from doorsteps) brings with it the risk of a reduction in total sales as per capita consumption falls.

Year	Total Milk sales (l)	Island Population	Per capita consumption Litres/yr/head	Estimated % of sales doorstep	Per capita sales reduction(l/yr) per % loss of doorstep
1996	6,913,000	58,681	117.8	80%	-
2007	6,593,000	61,175	107.8	50%	0.33
2013	6,344,000	62,732	101.1	30%	0.34

Taking the above at face value for the purposes of this consultation document, the effect of a total loss of doorstep sales might be calculated as:-

- Per Capita annual milk sales reduce by 10.2 litres to 90.9 litres per head per year
- For the existing population size, total sales reduce to 5,702,339 litres (a drop of 640,000 litres – roughly 10%)

If sales levels are aligned with production levels, and if the latter drop as a result of either more even year round production or a decline in output, then a change of that sort would have little or no impact on the industry's success. If it is not, then the Dairy could have excess raw product to process and sell which could have a negative impact on its operating surplus.

Note: These are simple calculations, based on recorded figures and estimates. They put aside the possibility that the drop in per capita consumption may be only partially caused by the change from doorstep to shop sales. It also ignores any other trends that might increase sales such as a population increase.

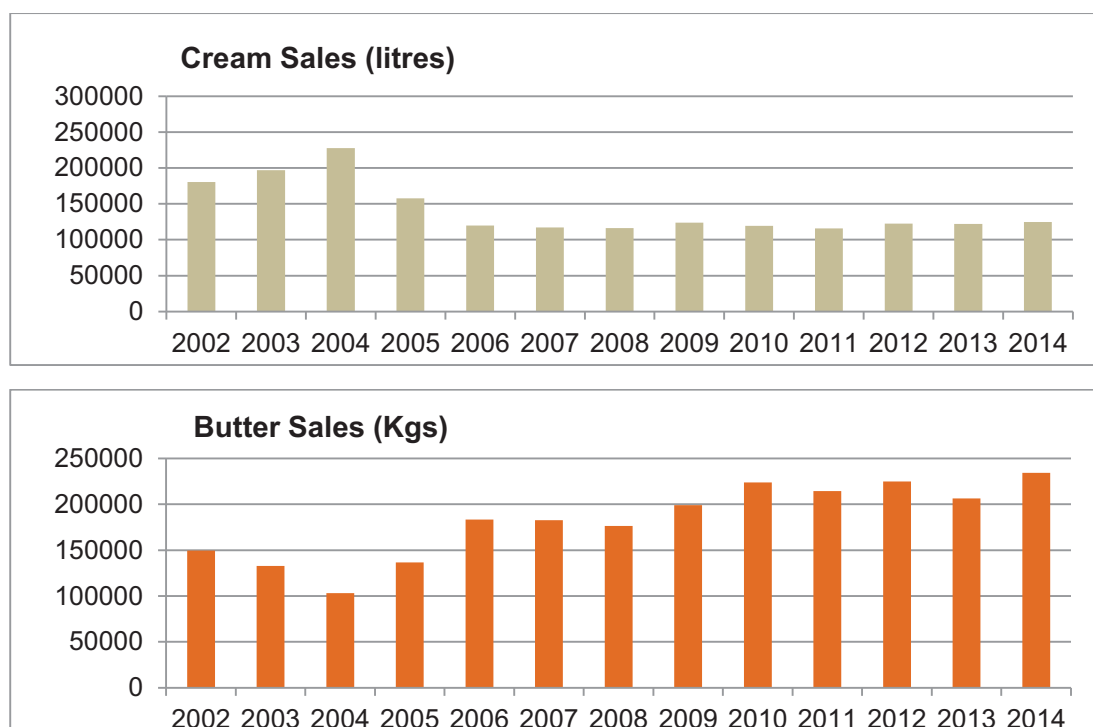
It is important to stress that, as can be seen from the analysis on the following pages of this document, the DRRWG considers that a future distribution system that eliminates doorstep sales or makes the current network of distribution businesses unviable would not be a welcome development. The Dairy does not seek to end doorstep sales and the DRRWG sees no value in such an outcome, which, at the very least, increases risk to the industry.

It remains the case that the information on the distribution of sales would give a useful view of this market trend and it can most reliably be obtained from the current milk distributors.

The DRRWG would like the GMRA to provide this data in a totally anonymous manner, to assist in the analysis of this market and to allow a better debate of the impact of change on doorstep deliveries.

1.4 Other Products

The Dairy produces a small range of high quality manufactured Dairy products. These are for the most part produced to use surplus cream (churned into butter) and surplus milk (made into cheese) that is available from the milk processing system.



Liquid cream sales were high between 1998 and 2004 when the Dairy was involved in the production of Channel Island Cream Liqueur (CICL) as part of collaboration with a locally based company. The drop in sales from 2005 was the result of the relocation of CICL to the UK. The Dairy turned its attention to butter (surplus cream being churned into butter) and by offering volume discounted sales for catering product lines through a trade counter.

In 2006 the Dairy secured a supply contract for retail Guernsey Dairy branded butter with Waitrose UK. This has been beneficial for the Dairy. The Dairy has maintained supply to both the local retail and export markets. Butter remains a valuable source of revenue for the Dairy that contributes financially and enhances awareness of the brand.

The States decision in September 2014 requires the Dairy to amend its Trade Counter arrangements so that all commercial customers will have access to its manufactured products from 1st January 2016. These sales will be subject to commercial minimum quantities, and necessary product handling stipulations.

In the light of this situation, the DRRWG considers that the sales of the Guernsey Dairy's manufactured products should simply be the subject of normal commercial arrangements, with the Dairy establishing trade accounts with commercial customers to purchase and collect.

2. An Optimum Distribution System for the Dairy

2.1 Optimum?

The DRRWP considers that the system to be put in place would be the most likely to bring about long term success and sustainability for the dairy industry if it is the best for the efficient operation of the Guernsey Dairy.

The reason for that view is the Guernsey Dairy's unique role as the central operational pivot of the dairy industry, processing all the milk produced on local farms and thereby linking the Island's milk producers with the purchasers and consumers of its products. In this context, the distribution system is not an end in itself and exists to serve, in the most effective manner, the supply chain from 'cow to consumer' and, for the reasons given at the foot of the previous page, the remainder of this discussion paper focuses on arrangements for milk distribution.

2.2 Success Criteria / Features of an Optimum Distribution System

The system proposed for adoption should be one that ensures that the level of sales of milk (which contributes some 78% of Dairy gross sales) is maintained; keeps Dairy costs as low as practical; benefits customers by encouraging competitive retail pricing.

The DRRWG proposes for discussion the following features of a distribution system to achieve '*... the long term sustainability and success of the Island's dairy industry*'.

The System should...

- Have a low operating cost for the Dairy (to give least pressure on Gate Prices)
- Have a low start up/ investment cost for the Dairy (and the States)
- Be straightforward & quick to implement - e.g. no lengthy legal requirements to put in place.
- Be sustainable (that is, distributors in such a system will be able to deliver dairy milk and products to commercial outlets in a commercially viable manner)
- Have low administrative complexity (for the Dairy and its customers)
- Be no less reliable (for the end customers) than the current systems

- Be capable of being adopted with minimum of disruption to the existing distribution routes to market.
- Be one that does not interfere with the maintenance of total sales levels
- Be commercially adaptable/flexible – not constrained by rules requiring States' intervention to bring about change thus capable of simple commercial evolution
- Be commercially responsive – to Dairy and customer needs (e.g. handling / cool chain)
- Not create or perpetuate communication barriers between Dairy and large shops.
- Not preclude the continuation of doorstep sales
- Be capable of being operated by the current distribution network

The DRRWG would like feedback on these criteria. Are they correct? Are there others to consider?

2.3 Some Options for Future Distribution Systems

A: Private Milk Distributors - Appointed / Zoned / Exclusive

The Dairy only deals with a set of milk distribution businesses that it licences or appoints and imposes exclusive zoning that it controls completely. The distributors are expected to be, at the outset, the current milk distributors, but the Dairy is not bound to limit itself to a particular group or number of distributors.

B: Private Milk Distributors Appointed (not zoned or exclusive)

Milk distributors are licensed or appointed, but the Dairy plays no part in the decisions about which distributor sells in what areas and to which commercial outlets. Distributors do not have exclusivity. Dairy would not trade directly with shops etc. and does not take on milk deliveries. (= 2014 proposal)

C: Dairy sells to any Commercial Customer i.e. Commercial Gate Sales

The Dairy is open to do business with any commercial customer (commercial quantity restrictions are put in place) seeking to buy its products “from the cold store”. Terms of trading are specified in a ‘Terms and Conditions’ document. The Dairy plays no role at all in the control or management of the distribution of its products once collected (leaving control in the hands of the EHOs and food handling regulations, and commercial requirements from the final customers).

D: Commercial Gate Sales / Approved Product Handling

As Option C, but the Dairy explicitly reserves the right to impose conditions on those distributing its products through an Approved Distributor system, if it felt there was a commercial value in so doing.

E: Commercial Gate Sales/ Contracted Distribution (Multiple Routes)

The Dairy is open to do business with commercial customers seeking to buy its products as above. It takes complete responsibility for the distribution of its products placing contracts with numerous distributors – possibly via a tendering process. A charge is factored in the Gate Price for this service.

F: Commercial Gate Sales/ Contracted Distribution (Few Routes)

As Option E but the Dairy establishes distribution contracts with one (or two) major distributors.

G: Commercial Gate Sales/ Dairy Does its Own Direct Distribution

As Option E, but the Dairy has its own drivers and (refrigerated) vehicles to do all distribution. The Dairy does not offer a doorstep service, but would sell products to those operating such a service.

H: Commercial Gate Sales/ Dairy Assists with Distribution (=Hybrid)

This is as Options C and D, but the Dairy will take on the responsibility of arranging the distribution of its products if asked to do so. An appropriate delivery charge would be raised.

The DRRWG has scored these options against the success criteria and the outcome is summarised for discussion on the following page:

	Options →	V		Assessment Criteria ↓					
		Option A: Licensed Distribution / Dairy controls zone & exclusivity	Option B: Licensed Distribution / No Zones or exclusivity	Option C: Commercial Gate Sales / control distribution	Option D: Commercial Gate Sales / Dairy may impose conditions	Option E: Commercial Gate Sales / Dairy manages multiple contracts	Option F: Commercial Gate Sales / Dairy manages 1 or 2 contracts	Option G: Commercial Gate Sales / Dairy runs its own delivery operation	Option H: As C or D, but Dairy will assist if asked. I.e. a hybrid system
Low operating cost	0	1	2	2	0	1	0	1	
Low initial investment	1	1	2	2	0	1	0	1	
Simple / quick to implement	1	2	2	2	0	0	0	1	
Sustainable / viable	1	1	2	2	1	1	1	1	
Low administration	0	1	2	2	0	1	0	1	
Reliable /proven	1	2	1	1	1	1	1	1	
Easy transition from existing	2	2	1	1	0	1	0	1	
Total Sales Maintained	1	2	2	2	2	1	2	2	
Commercially adaptable/flexible	0	1	1	2	2	1	1	2	
Commercially responsive	0	0	1	2	2	1	1	2	
Good shop communications	1	1	2	2	2	2	2	2	
Doorstep not precluded	2	2	2	2	2	2	1	2	
Could be operated by existing distributors	2	2	2	2	2	0	0	1	
SCORE	12	18	22	24	13	13	9	18	

NOTE : Scoring; 2 = Likely to achieve this criteria; 1=Some uncertainty or difficulty in achieving this criteria fully; 0 = unlikely to achieve this criteria

2.4 Short List

Options C and D score best in the above analysis and offer the most sustainable future for the industry's needs. The difference between the two is not great.

Under Option D the Dairy retains greater control over commercial decision affecting the details of the way its products are distributed. This could offer some advantages and so this option scores marginally higher than Option C.

In reality, this is not different to the decisions the Dairy takes at the present time over the conditions under which its ice cream is distributed to shops and other final users. To not retain that interest in the distribution of its products could leave the Dairy open to being unable to respond in an effective manner to a commercial threat to its business.

Under both of these scenarios, the existing structure of milk distribution remains in place at the outset, but without interference from the Dairy. However, distributors may need to have commercial discussions with their customers as to the precise details of future milk and milk product distribution. The Dairy would be open to approaches from potential commercial customers wishing to trade directly with the Dairy. However, whether or not new customer would wish to collect products from the Dairy themselves is a commercial matter for them taking into consideration cost, delivery and availability amongst others matters. The Dairy will not have any material involvement in the distribution of its products which will be available 'ex-Gate'.

Option H and **Option B** (the latter being, in effect, the Department's 2014 Review proposal) scored next highest. The weakness of these options being, respectively, the likely costs that could result for the Dairy and loss of commercial flexibility.

Note: In all options, the Dairy sells its products "at the Dairy Gate" at a fixed, non-negotiable Gate Price. The Dairy would establish straightforward minimum commercial order quantities for all of its products and might (for products other than milk) have bulk order discounts.

2.5 Implementation Timetable

Neither Option C nor D requires new statutory control, but do need the repeal of existing provisions. The DRRWG consider that these arrangements could be introduced on 1st January 2016 to coincide with the lifting of the existing distributors' temporary exclusivity over milk sales put in place in late 2008 by States decision. It would also coincide with the date of the removal of the existing Trade Counter arrangements as approved by the States in 2014.

2.6 The Impact of a New Distribution system on Existing Milk Distribution Businesses

The DRRWG wants to gain a good understanding from current distributors of their views on the options in this discussion paper and on the potential impacts on their businesses.

It is vital for the production of a balanced final Report (See States' resolution - page2), to the Commerce and Employment Board and ultimately to the States, that distributors' views on approaches to the mitigation of possible consequences are made available at

this consultation stage. Such considerations may be significant in the final assessment of an optimum system for adoption.

3. Summary

The DRRWG has considered a range of options for the distribution of its products in the future. It has scored these against a series of success factors that it believes would support a sustainable industry, focused through a commercially viable Guernsey Dairy.

Its initial finding is that a system with greatest promise is one whereby ...

- The Dairy has the commercial freedom to sell its products to any commercial customer (with suitable commercial references) willing to purchase in accordance with a set of terms and conditions that would encompass minimum order quantities or value.
- The Dairy should be able to impose commercially justified conditions, principally those affecting handling conditions (e.g. temperature) for its products if it feels there is a commercial need to do so.
- The Dairy would not discriminate either in favour or against doorstep deliveries of milk and will be pleased to see these continue in a commercial manner should the market allow. It would not involve itself in the regulation of this aspect of product sales.
- The Dairy should not take on the work of distribution either as an agent/organiser or by the direct employment of its own delivery operation.
- These arrangements could be introduced from 1st January 2016.

4. Feedback

The DRRWG is keen to receive feedback on these ideas and the initial analysis of options. It is open to consider other options and to see how these would score against its success criteria. It is particularly interested to hear from commercial customers to understand how these ideas would affect their businesses.

The DRRWG wants to get a clear understanding of the possible impact of change on the current distributors, whether impacts should be mitigated and how that might be done.

The DRRWG will be pleased to receive written or direct feedback to this consultation document and would be pleased to meet with interested parties to discuss the proposals and options. The DRRWG has arranged a meeting on **Monday 13th April (to be held at the Dairy from 9AM)** at which face to face consultation discussions can be arranged to explore the topic of this consultation.

Please Note: In view of the timetable for reporting to the Commerce and Employment Board, the deadline for responses to this consultation is 23rd April 2015.

Contact names and addresses are to be found on the front page of this document

APPENDIX 2

DRRWG Consultation List

All Milk distributors (GMRA) 23 individual businesses

Channel Islands Co-op

Forest Stores

Sandpiper CI

Alliance

Marks and Spencer (franchise at Creasey's)

Waitrose

Phoenix Foods Ltd.

Cimandis Ltd.

Sueco Ltd.

The Consultation Document was supplied to all Guernsey Dairy staff

The Consultation Document was supplied to the President of the Guernsey Farmers Association

APPENDIX 3 Communications with the GMRA

<<Milk Distributor Name>>

By Hand via the Guernsey Dairy

<<Address>>

30th March 2015

Dear <<Name>>

Dairy Distribution Review - Consultation with interested parties

Following the 2014 Dairy Industry Review, the Department was directed by the States to examine what would be the optimum arrangement for the distribution of Guernsey Dairy products. The Department was asked to consider what impact this would have on existing distributors. Having completed this review the Department will report back to the States with its conclusions.

A Distribution and Retailing Review Working Group (DRRWG) was formed and the enclosed Discussion Document has been prepared to set out some background and options for the future. The DRRWG would like as much feedback on the ideas presented as possible to assist it in producing its report of finding that will be considered by the Board of the Commerce and Employment Department. This document is being sent to a wide range of Dairy customers seeking comments.

An important aim is to get an understanding of the potential impact of the best options on existing distribution businesses and to be able to answer the question as set out in the States' resolution, as to "*... whether it would be appropriate to put in place measures, financial or otherwise, to mitigate any likely adverse consequences upon existing milk distributors of moving to such arrangements.*"

The DRRWG would like your view as to whether the favoured options are likely to have an impact that could be mitigated in some way. The DRRWG would also be very interested in alternative options that may be better for the future of the Dairy Industry. You will also notice in the document that the DRRWG again sets out its view and request for up to date information on the volume of milk sold through the various routes to customers; essentially, doorsteps, shop and commercial sales (anonymous and pooled data across the GMRA membership is all that is sought).

The DRRWG will be pleased to receive any feedback to this consultation from individuals or from a representative group such as the GMRA. Feedback can be given either in writing or verbally (contacts details are given on the front page of the enclosed document). The DRRWG will be pleased to meet individuals, groups, or representatives and has made arrangements for consultation meetings on the **morning of Monday 13th April at the Dairy**. If you (or your representative) wish to meet the DRRWG on this date please let either of the contacts know and a meeting time will be arranged.

Yours sincerely

Richard Nash,

Director of Client Services - on behalf of the DRRWG.

APPENDIX 3 contd

GMRA

Guernsey Milk Retailers Association

c/o Nada
Route Des Coutures
Vale
GY3 5QT

12th April 2015

BY HAND AND BY EMAIL

Mr R Nash

Director of Client Services, Commerce & Employment – on behalf of
the Distribution and Retailing Working Group
c/o Guernsey Dairy

Dear Richard

Thank you for your letter of 30 March, received 1st April regarding
“Dairy Distribution Review Consultation with interested parties”. I am
responding on behalf of the Guernsey Milk Retailers Association
(GMRA).

The attached Discussion Paper (ver 4.2), also referred to as a
Discussion Document in your letter, covers a number of areas. It is
however silent in the following:

- Written mandate from the Board of Commerce & Employment
to DRRWG
- Future timing and actions of the DRRWG

It also says some of what the State did not adopt – was there
anything else in the 2014 Report that was not approved that you
chose to exclude? And why choose to provide selective reporting in
this style ?

In Paragraph 2.2 you look to describe the attributes of an optimum
system, yet the Resolution requires that you provide the optimum –
there could well be a variance between these two stances.

Somewhat curiously, given the prescriptive nature of the Fallaize/Perrot Resolution your Discussion Paper seeks feedback on mitigation. Given that no decision has been made as to what comprises the Optimum by anyone, not DRRWG, nor C&E, not even the States of Deliberation, how realistic is your request for feedback? The nature of the Resolution must surely require you to first describe what constitutes Optimum before attempting to identify impact, much less mitigation.

Further, there are in the Paper a number of opinions and constructs which are expressed as facts: their inclusion without clarification may cause some people to take a view which is at best wobbly and at worse ill-informed. It would be appropriate for example to illustrate by way of reference to your source documents or Legal Opinions which might substantiate these constructs.

Can I suggest you reply by return to the points raised, and in any case no later than 20 April.

We look forward to the next stage of consultation, that is, when C&E have decided on what constitutes the Optimum Distribution System.

Yours sincerely

Brian Martel

GMRA Representative

APPENDIX 3 contd

Mr B Martel
GMRA
C/o Nada
Rue des Coutures
Vale
GY3 5QT

17th April 2015

Dear Brian

Distribution and Retailing Review

Thank you for your recent letter written on behalf of the GMRA.

The Distribution and Retailing Review Working Group ("DRRWG") was developed following a request of the C&E Board that staff carried out an investigation into the matters raised by proposition 2 of the Fallaize/Perrot amendment adopted by the States.

The following mandate was agreed by the C&E Board for a working group to examine this matter.

Terms of Reference

The D&RRG shall:-

- 1) *Establish a productive link to the GMRA at the earliest opportunity*
- 2) *Establish a process to arrive at a useful description of the business value of existing milk distributors businesses*
- 3) *Develop a short list of options for future distribution and retailing*
- 4) *Consult on this short list and select one (or two) leading contenders for the title of Optimum System*
- 5) *Consider the possible impact on existing distributors of the adoption of a changed system*
- 6) *Consider and consult on approaches to, justification, of and costs associated with, any mitigation that may be considered justified in the light of the D&RRG's findings.*

Outputs

- 1) *The D&RRG shall formulate proposals for presentation to the C&E Board in the form of a report and a draft States Report*
- 2) *In so doing, the DIRG shall propose whatever changes to the distribution system for Dairy products that it considers, on the evidence, to be needed to support a sustainable and successful dairy industry.*
- 3) *The D&RRG must present in its report (best efforts) costed options for mitigation measures that might be applied if there are adverse impacts.*
- 4) *The D&RRG must present a clear recommendations arising from its research and consultations.*

In terms of timing and actions the DRRWG believed that the wording contained in the revised Discussion Paper/Document was clear on this point. At the time the above

commissioning of the Working group, was agreed, the C&E Board noted the following tentative timescale:-

Key Dates for the Review (indicative)

Report to C&E	1 st May 2015
Latest Submission to Policy Council	11 th May 2015 (Monday)
Billet Publication	19 th June 2015
Latest States Debate	29 th July 2015

If there is more information that the GMRA are looking for, it would be helpful if you could be more specific.

I might add that I spoke to the Amendment Proposer - Deputy Fallaize - , after last year's States debate regarding this piece of work and he made it clear to me that the July 2015 date, although desirable was capable of being flexed if necessary without causing him great concern. You will appreciate that there were other matters taking our time and immediate attention in the fourth quarter of 2014, but we are working to deliver a timely report.

As regards the States resolutions, you may recall that the States adopted the full set of revised propositions as a consequence of the Fallaize/Perrot amendment. I attach a copy.

The resolution supported the adoption of "modernised arrangements for the distribution of milk", but, unlike all other elements of proposition 1, did not give any specific paragraph numbers in the States Report for cross reference.

In effect, the States were asked to support the intention, but reserved until a later date the specifics of this matter. So, the States did not agree to points made in paragraphs 3.92 to 3.113 of the Report. (NB: The reference to shops not requiring a licence not only appeared in that section of the report, also later under the heading 'A New Milk Ordinance'.)

The DRRWG's intention was to focus the information in this discussion document in a useful way on matters relevant to the review. If the GMRA has found some difficulty with the summary provided I would be grateful if you could point me to what is missing and which, by its absence, creates a significant issue with consideration of this consultation. The DRRWG does not believe that the document is misleading in this or any respect.

As a final point on this aspect of your letter, the wording of page 2 to which this refers, is unchanged from that in the draft document supplied to you prior to our late February meeting. I do not recall any comment at the time suggesting concerns of this nature.

Regarding paragraph 2.2, I appreciate that there is a difference between the definite (specific) and indefinite (unspecific) article, but in this case it is a question of style in a heading and an attempt trying to suggest a degree of uncertainty as to the final conclusion, an approach which seems appropriate in a consultation such as this. You will note that the DRRWG suggests (see paragraph 2.2) that the final analysis can be influenced by the choice and scoring of system features. It seemed an appropriate

style to adopt and to have little influence on the matter in hand, which is to ask for opinion on a range of possible distribution systems. The DRRWG will be more likely to say in its report “... we believe that this is the optimum ...” once it has completed the consultation process and considered the responses.

The DRRWG does not follow your comment regarding feedback or that the States’ Resolution is prescriptive in a way that should inhibit discussion of the impact of a limited number of options.

The document makes clear that an initial analysis by the DRRWG leads it to consider a small number of options and leading contenders, but also that the final recommendation can usefully be informed by input from those affected. Part of that final analysis could well be influenced by an understanding of the potential impact on distributors and, if appropriate, mitigation measures. As a consultative process, attempting to work with milk distributors seems a reasonable approach.

Naturally, taking part at this stage would not inhibit the GMRA from being free to disagree with a final DRRWG recommendation. Contributing at this stage might in fact be useful. The GMRA may not agree, but we have asked for input in a spirit of openness.

Turning to your paragraph that refers to “opinions and constructs” I am afraid that without greater clarity as to what you are referring to, the DRRWG has found itself at a loss as to how to respond. Opinions are stated as being just that. I do not recall at our earlier pre-release meeting that you expressed this concern on the approach being used to stimulate discussion. The DRRWG would be grateful for clearer guidance from the GMRA as to the matters on which you believe greater information from us would be of some value to the process.

I hope that the comments I have given assist the GMRA in considering its response to this consultation. The DRRWG are certainly keen to have that input at this stage and believe it would be of value to its work.

As regards the C&E Board, I cannot say what consultation programme they would wish to engage in in the future.

It goes without saying that I am willing a short notice to discuss this further and I am sure that the DRRWG would try to arrange a full meeting at relatively short notice if that was required.

Yours sincerely

Richard Nash

Director of Client Services on behalf of the DRRWG

**IN THE STATES OF THE ISLAND OF GUERNSEY
ON THE 25TH DAY OF SEPTEMBER, 2014**

Adjourned from 24th September, 2014

**The States resolved as follows concerning Billet d'État No XX
dated 15th August 2014**

COMMERCE AND EMPLOYMENT DEPARTMENT

REVIEW OF THE DAIRY INDUSTRY

IX.- After consideration of the Report dated 1st July, 2014, of the Commerce and Employment Department:-

1. To agree that the long-term future of the dairy industry is best secured through:
 - a) effective statutory control on the importation of milk along the lines set out in paragraphs 3.1 to 3.10 of that report;
 - b) a continuing commitment to the Guernsey breed along the lines set out in paragraphs 3.11 to 3.16 of that report;
 - c) an independent, but still States'-owned dairy along the lines set out in paragraphs 3.17 to 3.34 of that report;
 - d) a firm commitment from farmers to a year-round supply of milk for the island along the lines set out in paragraphs 3.35 to 3.47 of that report;
 - e) a simpler approach to milk pricing in the industry along the lines set out in paragraphs 3.48 to 3.64 of that report;
 - f) the continuation of dairy farm management contracts along the lines set out in paragraphs 3.65 to 3.81 of that report;
 - g) support for farm business development and new entrants along the lines set out in paragraphs 3.82 to 3.86 of that report;
 - h) protection for agricultural land and flexibility for ancillary uses along the lines set out in paragraphs 3.87 to 3.91 of that report;
 - i) modernised arrangements for milk distribution and retailing; and
 - j) a new Milk Ordinance along the lines set out in paragraphs 3.114 to 3.118 of that report.
2. To direct the Commerce & Employment Department to submit to the States as expeditiously as possible, but in any event no later than July, 2015, a report on the distribution and retailing of milk and milk products which shall: set out

what in the opinion of the Department are the optimum distribution and retailing arrangements for the long-term sustainability and success of the island's dairy industry; make recommendations for the adoption of such arrangements at the earliest possible opportunity; examine and make recommendations upon whether it would be appropriate to put in place measures, financial or otherwise, to mitigate any likely adverse consequences upon existing milk distributors of moving to such arrangements.

3. To direct the preparation of any legislation necessary to give effect to their above decisions, including the repeal of the Milk Control (Guernsey) Ordinance, 1958, as amended, and the making of a new Ordinance under the provisions of the Milk and Milk Products (Guernsey) Law, 1955 along the lines set out in paragraphs 3.114 to 3.118 of that report.

APPENDIX 3 contd

GMRA

Guernsey Milk Retailers Association

c/o Nada
Route Des Coutures
Vale
GY3 5QT

4th May 2015

BY HAND AND BY EMAIL

Mr R Nash
Director of Client Services, Commerce & Employment – on behalf of the
Distribution and Retailing Working Group
c/o Guernsey Dairy

Dear Richard

Your letter dated 17th April, received 21st April refers.

I was a little surprised to see that you felt unable to decide how to reply, but appreciate that you managed to fill five pages in telling me this.

If I may precis your letter, you have confirmed the following:

- 1) There is no written mandate from the Board of C&E to set out Terms of Reference to create the DWRG
- 2) There is no written record of any timescale attributed to the lifecycle of the DRWG
- 3) You cannot explain why there is no timescale but you know that C&E have been charged with reporting back to the Assembly “no later than July 2015”
- 4) The DRWG has set out criteria for the selection of the optimum Distribution System
- 5) The DRWG want to receive feedback on the impact of change when considering what is the optimum, despite this not being one of the criteria for selection

It will be for others to join up the dots here, but it would seem clear to me that C&E have placed themselves in a difficult position on several fronts, not least of which is to set up a group who appear to operate under the maxim of “Ready, Fire”. Quite how this Group can achieve anything without having an Aim is beyond me, and clearly has been beyond the capabilities of the DRWG.

I hope that my comments will provide you with some clarity in your task ahead.

We continue as always to be available for further discussions.

Yours sincerely

Brian Martel

GMRA Representative

Reply By email

From: Nash, Richard

Sent: 05 May 2015 15:32

To: 'Brian Martel'

Subject: RE: GMRA response to DRWG

Brian

Thank you for the letter.

(Paper copy also received today)

I have to say that I am perplexed by your reply, as you seem to have been with mine.

No matter, I will pass this on to the Commerce and Employment Board to accompany the DRRWG report.

Regards

Richard

(N.B. The Treasury and Resources Department notes that the recommended Option (C) “allows the Dairy considerable commercial flexibility to maximise operational efficiency” and this will have the potential to result in future reductions in resource requirements.)

(N.B. The Policy Council notes that the Commerce and Employment Department has given due consideration, as requested by the States, to what might be regarded as being the optimum distribution and retailing arrangements for milk and milk products. Based on the Department’s analysis of cost, simplicity, commercial flexibility and the maintenance of sales, the Policy Council notes that the Department favours an approach (Option C) that would result in minimal involvement of the States in the sale and distribution of milk. The Policy Council is supportive of such an approach and commends the States to support these proposals.

The Policy Council also notes that the Commerce and Employment Department has examined the need to introduce mitigation measures to offset any adverse consequences for milk retailers and has concluded that no such mitigation is required. In this respect, the Policy Council agrees with the Commerce and Employment Department that, while a decision to enable the dairy to sell to any commercial customer may impact upon the perceived value of a milk sales business, distributors have never had exclusive rights to distribute milk and therefore Option C maintains the status quo, with the independent trader continuing to bear the risks and rewards of owning a milk retail business.)

The States are asked to decide:-

XX.- Whether, after consideration of the Policy Letter dated 2nd July, 2015, of the Commerce and Employment Department, they are of the opinion:-

1. To endorse the opinion of the Department that Option C, as set out in paragraph 4.7 of that report, is the optimum distribution and retailing arrangement for the long-term sustainability and success of the island’s dairy industry.
2. To rescind their Resolutions of 30th October 2008 in relation to paragraphs 1(j) and 3 of Article IV of Billet d’État No. XIII (concerning exclusive rights to the distribution of Guernsey Dairy milk and milk products).
3. To rescind their Resolutions of 25th September 2014 in relation to Article IX of Billet d’État No. XX (Review of the Dairy Industry) to the extent to which they provide for the statutory licensing of milk distributors.
4. To agree that a new milk Ordinance should reflect the matters set out in paragraphs 8.7 (registered milk distributors) and 9.1 (collection of milk, producer prices, supply of milk and appeals, procedural matters and penalties) of that report.
5. To direct the preparation of such legislation as may be necessary to give effect to the above decisions.

ENVIRONMENT DEPARTMENT

STATES CAPITAL INVESTMENT PORTFOLIO – BUS FLEET REPLACEMENT

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

13th July 2015

Dear Sir

Executive Summary

1. The States is asked to consider the Environment Department's proposals for the phased replacement of the current bus fleet, to approve the Outline Business Case and approve proceeding to tender the first phase of the project at an estimated cost of £1.84m.
2. Phase one entails the purchase of 12 direct replacement buses, 2 minibuses and the refurbishment of up to 27 of the existing buses (the refurbishment costs being met from the existing operating contract with CT Plus). Phases two and three will entail the renewal of the remaining buses such that the full fleet will have been renewed by circa 2020.
3. The project has followed the States' approved approach for capital projects funded from the Capital Reserve as detailed in Appendix 1 and the Environment Department is submitting this Policy Letter seeking approval to proceed to the issuing of tenders for Phase One of the Bus Replacement Programme.

Background

4. In 2012, the Environment Department identified the need to allocate capital funds to renew the existing fleet of Dennis Dart narrow bodied buses built between 2002 and 2005. A bid was submitted in early 2013 as part of the Capital Prioritisation process. The project definition included in the appendix to the capital prioritization report submitted by the Treasury and Resources Department (Billet d'État XIX, 2013) stated:

“An effective and efficient public bus service which delivers the policies and directions of the States requires certainty over continuity and

reliability of service. Such certainty is dependent on provision of a reliable fleet that meets the needs of the required routes and service frequency. The current fleet is between 9 and 11 years old and major components are now failing on a regular basis. Engines are now 2 developments behind the latest European standards (CAT 5), the buses are considered too large for many of the routes that should be serviced including older peoples housing developments recently constructed, and are becoming substantially more expensive to service year on year (an increase in revenue costs of over 100% in the last 5 years). It is acceptable industry practice to manage the age of the fleet rather than simply renew the whole fleet. This is achieved by part renewal, part refurbishment and part maintenance on a rolling basis. This project seeks to provide an effective fleet and enable continuation and development of a public bus service through ensuring the essential key infrastructure is in place.”

5. The project has subsequently progressed through the Capital Prioritisation Process. A copy of the Outline Business Case is attached as Appendix 2 and a copy of the previous Strategic Outline Case will be made available for viewing in the States Members’ Room at Sir Charles Frossard House should States Members wish to review the previous submission.

Project overview

6. The OBC at Appendix 1 sets out all of the technical and financial analysis associated with the various fleet replacement options that were considered and hence this detail is not repeated within the body of this Policy Letter. The preferred option is to proceed with a phased replacement of the fleet and that Phase One will seek to replace 12 of the existing vehicles.
7. The Department has researched the vehicle supply market and its findings, confirmed by similar independent investigations, would indicate that there are very few suppliers currently manufacturing right hand drive, accessibility compliant, robust and proven with reliable parts supply, narrow bodied vehicles that meet Guernsey’s maximum legal width and length restrictions. The Department has identified a small number of potential suppliers with proven track records but this will be further tested at tender stage. The Department is aware of some potentially exciting developments on the horizon but the vehicles in question are not yet in full production. This reinforces the phased renewal approach as not only does the focus become that of managing the age of the fleet rather than wholesale replacement but in addition the door remains open to potential new innovations that may be realised and proven in the next 2 to 3 years.
8. In addition to the tender for 12 replacement vehicles Phase One of the project includes the purchase of two minibuses in order to extend the routes into Parish community areas. One of these vehicles has already been purchased (the cost of

which will be met from the Department's capital allocation if the SCIP project does not proceed) as it was already on the Island and available at discounted rates. Whilst the success of the route initially allocated to that vehicle has been less than overwhelming there are many other potential applications for such a vehicle and the vehicle enables the extension of routes into various community areas, in accordance with the States' approved Integrated Transport Strategy.

9. Phase One also entails the refurbishment of up to 27 of the existing buses thus ensuring the ability to continue their use during the delivery of Phases Two and Three. The refurbishment costs are to be met from the existing operating contract with CT Plus but are relevant when comparing the overall cost of all the options and have therefore been highlighted within the OBC which demonstrates that this is a cost effective approach to a phased replacement of the current fleet. Once Phase One has been completed, there will be an option to retain some of the non-refurbished fleet to provide additional capacity during 'peak' commuter times or to provide additional school bus services. The best of the refurbished vehicles will then, on completion of Phase Three, remain available as additional vehicles to provide school bus services thus enabling further expansion of the scheduled bus services should such expansion be proven to be necessary as the Integrated Transport Strategy is delivered. Surplus vehicles will be sold and these financial considerations are addressed in the OBC. At this stage the Department is only seeking to progress with Phase One of the project. Phases Two and Three have been scoped as suggested ways forward but these phases will be reviewed in light of the experience gained in Phase One and in light of industry advances during the intervening period.

Resources

10. The intention, as stated in the Treasury and Resources report to the States, is for all SCIP projects to be run by a Project Board with a Project Team and for the cost of the project to include any legal, procurement and other expert advice required. The project is comparatively straight forward and it has been agreed that for Phase One the legal and procurement advice will be provided in house using the services of the Commercial Law Team at St James' Chambers and the support and advice of the Corporate Procurement Director and his team. Subsequent phases are likely to be less resource intensive but resource requirements will be reviewed at the appropriate time. In accordance with recommendations made during the independent reviews the project costs have allowed for the purchase of such resources if necessary. Whilst the operator CT Plus will be closely involved in the project to ensure that the vehicles chosen are compatible with operations, the independent reviews recommended the appointment of an industry expert to assist in the tendering of the project and to advise on manufacturer stability, product reliability and suitability and warranty and service implications. Whilst the Department has no doubts that CT Plus can provide such advice and will welcome the operator's input, the independent reviewers considered that it was important to procure additional independent advice in order to ensure the States' interests are

protected. The full resourcing of the project is set out in the PEP which is incorporated at the back of the OBC.

Capital Costs

11. Detailed financial analysis is provided in the OBC. The full project including all 3 phases of fleet renewal, shipping, advice and support, and exchange rate risk and contingency amounts to an estimated £6.75m (in 2015 values) (£6.58m net of resale of current fleet). The costs of Phase One as set out above and detailed more fully in the OBC amounts to £1.84m.
12. This revised sum is some £380,000 higher than that approved as part of the initial Capital Prioritisation Programme (£6.2m in 2013 values) but includes a much higher contingency sum together with anticipated higher vehicle purchase costs, both of which may reduce as part of a subsequent Final Business Case. Once the Department has completed the tendering exercise for Phase One it will become much clearer as to the likely overall cost of replacing the existing bus fleet and subsequent budgetary requirements for Phases Two and Three can then be reviewed and reported to the States in light of experience.

Next Steps

13. Subject to States approval the Department will proceed to seek tenders for Phase One of the project. The Department will procure any necessary expert industry advice to assist in the tender process. Subject to advice received it is anticipated that the specification tendered will be as non-restrictive as possible in order to not, artificially, further restrict an already limited market place. The Department does not anticipate specifying the power plant, internal fit out, options pack etc but will specify key elements such as the maximum legal width, length and turning circle requirements, the preferred passenger boarding door position (wheel forward), minimum carrying capacity and accessibility requirements. It is intended that the tender will be an output based specification, thus providing the market with the maximum opportunity to tender smaller vehicles suitable for Guernsey's narrow roads. Tender evaluation will reward smaller vehicles that meet our specific requirements. The Department will seek to resource globally and not exclusively within Europe and will stress the importance of smaller vehicles. In that respect, the Department is already engaging with industry advisors with worldwide connections, with the sole objective of sourcing smaller buses, should they be available.
14. The outcome of the tender process along with any information and developments in the interim will inform the drafting of the Full Business Case (FBC). The FBC will, in accordance with the SCIP process, undergo a further independent gateway review and subject to the acceptability of the FBC and tenders received the Treasury and Resources Department will authorise the expenditure for Phase One and open the capital vote.

Legislation, Costs and Resources

15. There are no legislative requirements relating to this project. Other resource constraints and requirements have been fully documented in the OBC and associated PEP. There are no identified resource impacts on the revenue budget of the Department.

Compliance with States Strategic Policy

16. The Department believes that this Policy Letter conforms to the overarching strategies (fiscal and economic, social, environmental and infrastructure) set out in the States' Strategic Plan. Specifically the reliability and nature of the bus fleet is a key component of the States' approved Integrated Transport Strategy and the Department is satisfied that the project as set out in the OBC fully supports the strategy.

Consultation

17. The Department and its predecessors have previously consulted widely, frequently and extensively on the shape direction and delivery elements of a Transport Strategy. Such consultation included the importance and nature of the scheduled and integrated schools bus service. Meetings have previously been held with the Bus Users' Group and representatives of the Guernsey Disability Alliance and further discussions will be held as the project proceeds. The Department is satisfied that the project as proposed meets the needs of current and future bus users in Guernsey.

Conclusion

18. The current bus fleet is nearing the end of its useful life. A phased replacement managing the age of the overall fleet has been demonstrated to be the best way forward. The proposals have been subjected to independent review and have met all the requirements to proceed. The procurement of Phase One now needs to proceed at pace in order that the bus service can continue to play a key part in delivering social connectivity and further develop its role as a major and essential element of the island's transport infrastructure. Requirements relating to Phases Two and Three of the project will be subject to the same application processes applied to Phase One and will therefore be submitted the States for further consideration in the next few years.

Recommendation

19. The States are recommended to:
 - i) Resolve that tenders be sought for Phase One of the Bus Fleet

Replacement Project and direct the subsequent preparation of the Full Business Case; and

- ii) Delegate authority to the Treasury and Resources Department to approve the Full Business Case at a cost not exceeding £1.84 million to be funded by a capital vote charged to the Capital Reserve.

Yours faithfully

Deputy Y Burford
Minister

B L Brehaut, Deputy Minister
J A B Gollop
P A Harwood
E G Bebb

States Approved Process



Replacement Bus Fleet

Outline Business Case (OBC)



VERSION HISTORY			
Version	Date Issued	Brief Summary of Change	Owner's Title
2.1	2014	First Draft OBC	PM
2.2	29/03/15	Second Draft OBC (reviewed with Project Team)	PM
2.3	15/04/15	Third Draft OBC submitted to PAR 2 Review	PM
2.4	17/06/15	Fourth Draft OBC submitted to Env & T&R	PM
2.5	23/06/15	Final Version following initial feedback from T&R staff	PM

Version No. 2.5
Date: 23rd June 2015
Author: Project Manager

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2. Strategic Case
3. Economic Case
4. Commercial Case
5. Financial Case
6. Management Case

APPENDICES

1. Fleet Specification
2. CT Plus Scenario Specific Fleet Study
3. Benefits Realisation Register
4. Project Execution Plan
5. Project Risks Register [Separate 'live' document but summarised in above Project Execution Plan]
6. Bus Fleet Replacement Financial Appraisal (including whole-life cost projections)

1. Executive Summary

1.1 Introduction

This Outline Business Case (OBC) has been produced to demonstrate the need to replace the existing ageing fleet of 41 buses, the majority of which have been in service since 2003. It seeks approval to invest an estimated £6.75m undiscounted (£6.58m including resale of the current fleet) or £6.03m net present value (£5.88m including resale of the current fleet) based on a three phase replacement programme.

Phase 1 of the project, to replace 12 of the existing fleet and purchase two minibuses is estimated to cost £1.88m undiscounted (£1.84m including resale of part of the existing fleet) or £1.82m net present value (£1.78m including resale of part of the existing fleet).

1.2 The Strategic Case

1.2.1 The Strategic Context

The strategic drivers for this investment are:

- The Department's mandated responsibility to enable the safe and efficient movement of people and goods around the Island;
- The specific requirement within the Public Transport (Guernsey) Law, 1984 that requires the Department to ensure:

“that there are at all times available in this Island sufficient, efficient and safe systems of public transport to meet the requirements for the time being of the public”

which includes the provision of both scheduled and integrated school bus services, the latter of which is provided along with dedicated private hire services to meet the pupil travel requirements mandated by Section 44 of the Education (Guernsey) Law 1970;

- The requirement of the States, through the Environment Department's latest Integrated Transport Strategy, to improve the reliability, quality, frequency and accessibility of public bus service provision in the Island;
- The aims of various other Government policies including the States Strategic Environmental Plan, Fiscal & Economic Policy, States Energy Plan and Social Policy;

The provision of an adequate public bus service is, therefore, not only a requirement of law but also a means to deliver environmental, social and energy policy.

1.2.2 *The case for change*

Efficient and effective transport options are a key element towards facilitating a vibrant and diverse economy. The Department is responsible for ensuring that scheduled and integrated school bus services meet these aspirations. Since 2003 these services have been provided using a fleet of Dennis Dart narrow bodied buses built between 2002 and 2005.

The escalating cost of maintaining these vehicles, their general appearance and associated reliability issues means that they are now heading towards the end of their useful working lives. Annual maintenance costs for the fleet in 2014 was £547,300 (approximately £13,349 per vehicle). These vehicles have a typical lifespan of about twelve to fifteen years. For the purposes of this submission, a 15 year lifespan has been chosen on the basis that older vehicles could be used as back up vehicles or for integrated school services during their last few years of active service. Maintenance costs have been reduced under the recently signed contract with CT Plus in anticipation of a bus replacement programme being commenced within the first year of the new contract.

With a clear objective set by the States in May 2014 to improve the bus service by increasing the frequency and number of bus routes serving the Island, the Department intends to procure a mixed fleet of vehicles with the latest electronic ticketing machines and smart cards to improve monitoring and reporting of service reliability and punctuality. Real Time Information (RTI) for the bus website and mobile devices will also help to meet these expectations. These requirements were confirmed during the recent bus tendering exercise leading to the appointment of CT Plus on a new longer-term operational contract together with a suggested fleet replacement programme which although not binding is the basis upon which the financial elements of the contract have been priced.

Failure to commence a replacement programme for the fleet within the timescales anticipated in the aforementioned operational contract could lead to a claim for additional funding from general revenue to meet the cost of increased maintenance and fuel costs for the existing fleet. If the first phase of replacement was delayed by up to a year such a claim could amount to as much as £100,000 or if no replacement vehicles were introduced over the full 5.5 year period of the contract this could escalate as high as £500,000 or more.

In October 2014 the Department introduced three new bus routes and increased frequency over the previous winter period. In May these changes were carried forward into the summer timetable and another two routes were added, providing 31 more services per day (Mon – Fri) than last year. However, a number of proposals to enhance frequency on key corridor routes during 'peak' times were dropped owing to insufficient vehicle availability at these times. With our existing ageing fleet it is becoming increasingly difficult to maintain current levels of service.

This Outline Business Case accords with the aims of the Integrated Transport Strategy and will provide much needed fleet improvements to support the enhanced level of public bus services recently introduced and, crucially, enable increased service frequency to be provided at peak times on both scheduled and integrated school routes if some of the current fleet are also retained. For the purposes of this submission it is envisaged that up to seven of the existing fleet could be retained for this purpose.

Accordingly, the key investment objectives for this project are to provide a 'fit for purpose' fleet of buses that will provide:

- Improved quality and reliability of services;
- Enhanced network of socially inclusive and accessible services;
- Reduced operating costs - value for money;
- Environmental benefits including reduced levels of exhaust emissions;
- Improved future proofing - smaller more fuel efficient buses with a broader age profile across the fleet

Resolution 11 of the Department's Integrated Transport Strategy debated in May 2014 agreed to the construction of a bus depot but following difficulties experienced in obtaining the necessary funding streams for this proposal, the Department will shortly be recommending the States to rescind this resolution in favour of the proposals being re-submitted as part of the next phase of capital bids under the States Capital Investment programme.

1.3 Economic Case

1.3.1 The long list

The following service solution option scenarios were originally considered as part of the Strategic Outline Case SOC):

1. Do minimum;
2. Replace existing fleet with a new fleet on a 'like for like' basis;
3. Replace existing fleet with a new mixed fleet;
4. Purchase second hand fleet;
5. Refurbish existing fleet;
6. Taxi bus or other alternative transport solutions.

These options have been refined and revised during the OBC process as follows:

1.3.2 The short list

For the purposes of the OBC, options 1, 2 and 3 have been refined and explored in more detail as follows:

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 Author: Project Manager

- Option 1: **Deferred Replacement** (was Do Minimum) - This option is included largely for comparative purposes but proposes refurbishment of the current fleet followed by a deferred one-off replacement in 5 years, including 1/3 electric vehicles;
- Option 2: **Immediate Replacement** of the existing fleet on a 'like for like' basis with diesel vehicles;
- Option 3: **Phased Replacement** of existing fleet including consideration of alternative fuel options in phase 3;

Option 4 was not considered practicable as there simply isn't a fleet of suitable second hand narrow-bodied right hand drive vehicles of the right seating capacity on the market that could be used in Guernsey.

Option 5 has been dismissed on the basis that refurbishment alone would not address the more fundamental deterioration in the chassis and body of the fleet, merely defer the requirement to replace the fleet within the lifetime of this project, although a partial refurbishment is an option in conjunction with a phased or deferred replacement programme.

Option 6 provided an opportunity for tenderers to submit an alternative proposal for providing public transport solutions for the Island, such as the provision of a fleet of taxi buses, but this option was not considered by any of the tenders to represent a viable option and has therefore not been pursued.

The outcome of the recent exhaustive tendering exercise for the provision of public and school bus services, in which prospective tenderers were also invited to suggest a potential fleet replacement strategy, broadly followed the same conclusion path as that reached by the project team.

Accordingly, options 1, 2 and 3 have been pursued for the purposes of the OBC.

Whilst the option remains to retain some of the refurbished vehicles for additional school services under options 2 and 3 (representing a potential further benefit over option 1), for the purposes of this analysis no additional maintenance, fuel costs or other operating costs have been included for the purposes of this submission.

1.3.3 *Key findings*

The preferred and recommended way forward is Option 3. This solution is explored further in this OBC on the basis of a phased replacement of the current fleet commencing with the replacement of 12 existing vehicles, the purchase of two smaller minibuses (one of which has already been acquired) and the proposed refurbishment of up to 27 of the current bus fleet (the costs of which are to be met from the existing operating contract with CT Plus but are relevant when comparing the overall cost of all the options).

The main benefits of this preferred way forward are to deliver:

- Improved quality and reliability of service;
- Enhanced network of socially inclusive and accessible services;
- Reduced operating costs – value for money;
- Environmental benefits, including reduced levels of exhaust emissions;
- Improved future proofing (allowing considering of emerging technologies)

In terms of fleet procurement, it is the strong preference of the Environment Department that the fleet is purchased by the States and leased to the operator, thereby retaining firm control over these 'key assets' in the event that the contract was subsequently terminated for any reason at short notice. The recent tendering exercise for the scheduled bus service contract allowed for different procurement methods to be explored for the fleet and it was apparent from this process that best value would be achieved by the States negotiating procurement of a new fleet. Accordingly, this is the basis upon which the recent contract with CT Plus was let although this option could still be explored within the tender process and the choice of vehicles, fleet mix and the replacement programme timeframe remain entirely flexible.

The following economic appraisal of the shortlisted options incorporates anticipated fuel and maintenance savings to be achieved through the introduction of a phased fleet replacement programme:

	2016 – 2025 Undiscounted (£)	2016 – 2025 Net Present Value (£)	2016 – 2030 “Whole life” NPV (£)
Option 1: Deferred Replacement (continue to maintain existing fleet but allow for a one-off fleet replacement in 5 years).			
Capital	-£7,126,573	-£6,033,113	-£6,033,113
Less cash releasing benefits (reduced fuel and maintenance costs)	£3,275,497	£2,554,028	£4,192,143
Costs net cash savings	-£3,851,076	-£3,479,085	-£1,840,970
Non-cash releasing benefits	£1,877,284	£1,331,757	£367,554
Total	-£1,973,792	-£2,147,328	-£1,473,416
Option 2: Immediate replacement of existing fleet with diesel vehicles on a 'like for like' basis			
Capital	-£5,759,800	-£5,567,830	-£5,567,830
Less cash releasing benefits (reduced fuel and maintenance costs)	£3,241,926	£2,745,826	£3,203,190
Costs net cash savings	-£2,517,814	-£2,822,004	-£2,364,640
Non-cash releasing benefits	£1,112,123	£788,947	£300,068
Total	-£1,405,751	-£2,033,057	-£2,064,572

Option 3: Phased replacement of existing fleet including consideration of alternative fuel options (and refurbish 2/3 existing fleet)			
Capital	-£6,745,172	-£6,033,549	-£6,033,549
Less cash releasing benefits (reduced fuel and maintenance costs)	£3,992,622	£3,221,414	£4,486,905
Costs net cash savings	-£2,752,550	-£2,812,135	-£1,546,644
Non-cash releasing benefits	£2,036,117	£1,444,434	£502,091
Total	-£716,433	-£1,367,701	-£1,044,553

The aforementioned costs exclude refurbishment costs to the existing fleet or parts of the existing fleet as these costs are being met from the existing operational contract with CT Plus. However, for the purposes of analysing the overall cost of each option it should be noted that refurbishment costs would add £577,000 to Option 1, £0 for Option 2 and £400,000 for Option 3. This does not change the overall ranking of these options.

1.3.4 Overall findings: the preferred option

Summary of overall results

Evaluation Results	Option 1	Option 2	Option 3/5
Economic appraisal	3	2	1
Benefits appraisal	3	2	1
Risk appraisal	3	1	2
Overall Ranking	3	2	1

The preferred option – Option 3/5

The preferred and recommended way forward is to replace the existing fleet with a mixed fleet on a rolling programme commencing with the provision of 12 diesel buses and two minibuses (one of which has already been purchased) and the refurbishment of 27 existing vehicles (the costs of which are to be met from the existing operating contract with CT Plus but, as highlighted above, are relevant when comparing the overall cost of all the options) followed in phase 2 by the purchase of 13 diesel vehicles (in year 2/3 of the new bus contract) and then in phase 3 the purchase of 14 electric vehicles (in years 4/5 of the new bus contract).

1.4 Commercial Case

1.4.1 Procurement strategy

Invitations to tender for the replacement bus fleet are likely to be severely restricted owing to the difficulties in securing a suitable narrow-bodied fleet of vehicles that meets the Island's specific needs and complies with our strict construction and use requirements governing the permitted width, length and weight of public service vehicles to be licensed for use on Guernsey's constrained roads infrastructure.

Whilst expressions of interest have yet to be sought from potential bus suppliers, investigations by CT Plus (and ourselves) as part of the tender process for the recently awarded integrated schools and scheduled bus services contract had initially highlighted the following vehicle types as being potentially suitable for operation in Guernsey:

- **Wrightbus:** StreetVibe (Euro 6 Diesel);
- **TAM-Durabus:** Citybus VIVA –E (Electric or Euro 6 Diesel);
- **Optare:** Slimline Solo (Euro 6 Diesel);

The Wrightbus StreetVibe is a new narrow-bodied low floor diesel vehicle based on the proven StreetLite model built by one of the most respected bus builders in the Industry based in Northern Ireland. This newly designed vehicle is fully compliant with the Island's passenger carrying and construction and use requirements. At 9.05 metres long and 2.28 metres wide it is 0.62 metres shorter and 0.08 metres (80 mm) narrower than the current fleet. With a capacity of 33 seated and 14 standing it has a maximum capacity of 47 passengers as compared with 34 seated and 18 standing (capacity of 52 passengers) on the current Dart Myllenniums or 28 seated plus 13 standing (capacity of 41) on the slightly newer Dart Nimbus vehicles.

However, there is a potential concern regarding its wheelbase and subsequent turning circle which would require further investigation if it were to be considered for use in Guernsey which aptly highlights how difficult it is to find an ideal solution for the Island's roads.

The TAM Viva-E is an all-electric (or electric with range extender) super low floor solution shortly to be built in Slovenia that is also shorter and narrower than the existing fleet at 9.5 metres long and 2.30 metres wide. However, its seating capacity is lower at between 16 and 28 seated but it can carry up to 30 standing. This vehicle does have the potential to offer some significant benefits for Guernsey given its green credentials, purported lower whole life costs and "wow" factor but with a prototype vehicle only just going into production this is not likely to be a practical proposition at this stage, at least not for phase 1 of the replacement programme.

The Department has only recently been advised that TAM-Durabus is now also proposing to produce a diesel variant of its new VIVA bus which may potentially be of interest during the first phase of the replacement programme but it does still rely on a lot of exciting but as yet unproven technologies.

The Optare Slimline Solo is available in several configurations but with a slightly wider frame at 2.40 metres and given that it also has a longer wheelbase it is unlikely to be bested suited to operations in Guernsey, albeit this is the current vehicle type serving the fleet in Jersey.

It is unlikely that many other suitable vehicle types are currently in production but the Expressions of Interest (Pre-Qualification Questionnaire) process will confirm this one way or another.

1.4.2 Required services

The required products and services in relation to the preferred way forward are briefly as follows:

1. Design, build and delivery of required fleet to agreed specification(s);
2. Relevant Industry based warranties;
3. Ongoing support and after sales service, including parts at pre-agreed prices;
4. Stipulated delivery times;
5. Options for refurbishment of part of existing fleet.

1.4.3 Potential for risk transfer and potential payment mechanisms

The main operational risks associated with the scheme are as follows:

- Lack of compliant and viable design choices;
- Delivery within required timeframes;
- Access to parts at pre-agreed prices and expert engineering advice;
- Unreliable and unproven technologies;
- Fluctuations in exchange rates if dealing with an overseas supplier.

1.5 Financial case

1.5.1 Summary of financial appraisal

The indicative financial implications of the proposed investment are as follows:

	2015	2016	2017	2018	2019	2020	Total
	£	£	£	£	£	£	
	Cost of preferred way forward: Option 3 Replacement Phased Replacement of Existing Fleet						
Capital	-71,800	-1,808,000		-1,951,823		-2,913,549	-6,745,172
Revenue							
Total	-71,800	-1,808,000		-1,951,823		-2,913,549	-6,745,172
	Funded by: Capital Allocation and trade in of existing fleet						
Additional	-71,800	-1,808,000		-1,951,823		-2,913,549	-6,745,172
Trade-in		35,000		65,000		70,000	170,000
Total	-71,800	-1,773,000		-1,886,823		-2,843,549	-6,575,172

1.5.2 Project Funding Options

Since 2001 public bus services have been provided by a single operator and in 2002 the States of Guernsey took the decision to buy a fleet of new purpose built narrow-bodied buses (the current fleet) and to 'lease' them to the operator as part of the subsidy arrangements for the service provision within the agreed contract at the time.

Whilst the option of leasing buses from the operator was considered as part of the recently awarded bus contract tender process, at a cost of £261,914 per annum for just twelve buses excluding maintenance costs (£1,819 per vehicle per month or £120,044 per vehicle over the 5.5 years of the contract) it did not appear to represent value for money given that the buses would have cost approximately £130,000 to buy and they would be returned to the operator at the end of the lease period. A 10 year lease option (as sourced by CT Plus as part of their initial tender bid) reduced the monthly cost per vehicle to £1,347 but increased the overall lease cost to £161,640 per vehicle, excluding maintenance costs.

This supported the Environment Department's view that the States of Guernsey should retain ownership of the fleet as it would also maximise the ability for it to maintain continuity of service in the event that the current bus operator should cease to operate.

Given that the leasing option is not cost effective, outright purchase appears to represent the best and most viable solution for the States although this aspect can be revisited again at tender stage. With a proposed three phase replacement programme spanning a period of approximately five years, funding can be apportioned over this timeframe.

1.5.3 Overall affordability and balance sheet treatment

The replacing of the existing fleet through capital prioritisation is therefore considered to be the most practical solution open to the Department to address the current shortfalls in bus service provision.

Resultant operational (revenue) savings associated with any new fleet (including reduced maintenance and fuel savings) needs to be taken into consideration as part of the financial appraisal.

It should be noted that the expected reductions in maintenance and fuel costs associated with the purchase of any new vehicles (cash releasing benefits) have already been anticipated in the recently signed contract with CT Plus and hence no further revenue savings will be forthcoming in addition to those already identified within the new bus contract. If new vehicles are not purchased for any reason or the purchase is significantly delayed then it is also possible that CT Plus could request an increase in payments under the existing contract to cover higher than anticipated maintenance and fuel costs.

The potential sale of part of all of the existing bus fleet is also likely to realise about £170,000 (£5,000 per vehicle) assuming that we retain up to 7 vehicles for other purposes.

1.6 Management Case

1.6.1 Programme management arrangements

The Department intends to manage this project in accordance with the principles and methodologies of PRINCE 2 and has established a Project Team for this purpose which will, in turn, report to a Project Board.

The Project Board consists of:

Senior Responsible Officer – Chief Officer
Project Manager – Traffic and Transport Services Manager
Senior Finance Officer – Senior Finance Manager
Procurement Advisor
Legal Advisor

The Project Management Team consists of:

Project Manager – Traffic and Transport Services Manager
Project Assistant – Senior Passenger Transport Officer
Finance Support – Finance Manager
Project Support – Personal Assistant to the Chief Officer
Specialist Bus Advisor – To be appointed
Bus Operator Representative – CT Plus Guernsey

1.6.2 Benefits Realisation and Risk Management

Whilst maintained to a good standard, the existing fleet is showing its age and becoming increasingly unreliable and expensive to maintain. The vehicles are also perceived to be too large by the public and fuel emissions are higher than modern vehicles conforming to the latest EURO 5 or 6 emission standards.

Malfunctioning destination boards and the absence of the latest smart ticketing and real-time information systems has further added to faltering passenger confidence in the current product. A new and mixed fleet with the latest onboard technologies will present a variety of opportunities to promote the service in a more positive light and help to regain customer confidence in the public bus service.

1.6.3 Post project evaluation arrangements

The outline arrangements for Post Implementation Review (PIR) and Project Evaluation Review (PER) have been established in accordance with best

practice and will ascertain whether the anticipated benefits have been delivered and are timed to take place once the first phase of the fleet replacement programme has been delivered.

1.7 Recommendation

The Environment Department is recommending option 3 and is therefore asking that an initial capital sum of £1.88m (£1.84m less resale of vehicles) is authorised for the immediate provision of 12 new buses and two smaller minibuses as the first part of a phased fleet replacement programme at a total cost of up to £6.75m (£6.58m less resale of vehicles).

Signed:

Date: 23rd June 2015

**Traffic and Transport Services Manager
(Project Manager)**

2. The Strategic Case

2.0 Introduction

This OBC is intended to demonstrate the urgent requirement for the replacement of the existing ageing fleet of 41 Dennis Dart buses over a period of approximately five years with a modern, efficient and more diverse fleet of buses.

Following endorsement in May 2014 by the States of Guernsey, the Department's Integrated Transport Strategy proposes the introduction of a more reliable and frequent public bus service designed to provide a much more usable service, including smaller buses to serve more sparsely populated areas to make the service as inclusive as possible. Phase 1 of the replacement programme would see 12 of the existing vehicles replaced together with the provision of two smaller buses to provide community based services and the refurbishment of 27 of the existing fleet (the costs of which are to be met from the existing operating contract with CT Plus but are relevant when comparing the overall cost of all of the options).

A mixed fleet, including some electric or hybrid electric vehicles, could increase the overall cost of the replacing the vehicles to in the order of £6.58m (less sale of existing fleet).

Following a recent scenario based tendering exercise for the long-term provision of Scheduled and Integrated School Bus Services in which fleet options were considered, the restricted availability of suitable vehicles in the market place to meet the service level requirements in the Island was confirmed.

Now that a new contract has been signed with CT Plus it is the Department's aim to replace approximately one third of the current fleet between May and August 2016.

Structure and content of the document

This OBC uses the approval format of the Five Case Model, which comprises the following key components:

- the **strategic case** section. This sets out the strategic context and the case for change, together with the supporting investment objectives for the scheme;
- the **economic case** section. This demonstrates that the organisation has selected the choice for investment which best meets the existing and future needs of the service and optimises value for money (VFM);
- the **commercial case** section. This outlines the content and structure of the proposed deal;

- the **financial case** section. This confirms funding arrangements and affordability and explains any impact on the balance sheet of the organisation;
- the **management case** section. This demonstrates that the scheme is achievable and can be delivered successfully to cost, time and quality.

Part A: The Strategic Context

2.1 Organisational overview

The primary function of the Passenger Transport Section is to regulate and licence all public transport service providers in Guernsey. The principal law relating to passenger transport matters is 'The Public Transport (Guernsey) Law, 1984 which specifically requires the Environment Department to ensure ***“that there are at all times available in this Island sufficient, efficient and safe systems of public transport to meet the requirements for the time being of the public.”***

The current legislative requirements relating to the regulation of public transport providers are detailed in 'The Public Transport Ordinance, 1986' whereas the regulation of public service vehicle drivers is administered under 'The Road Traffic (Permits to Drive Public Service Vehicles) Ordinance, 1986.

In terms of public scheduled bus services, Section 19A of the Public Transport Ordinance, 1986 permits the Department to enter into and enforce contracts under which operators agree to operate specified road services in accordance with specified terms and conditions. In more recent times this has included provision of the bus fleet and subsidies in order to ensure that a specified level of services is maintained. The contract currently provides over 340 services per day, Monday – Friday, during school term time (including 40 integrated school bus services).

The provision of a subsidised public and schools bus service remains an essential aspect of Island life making a significant contribution to the economic and social wellbeing of the Island. Key to ensuring its success is the provision of a reliable, economic and fit for purpose fleet of buses and the purpose of the application is to address the failings of the current ageing bus fleet.

2.2 Business Strategies

A key element of all previous incarnations of the Department's Transport Strategies has been the provision of reliable, affordable and convenient public bus service.

This was reinforced in the latest Transport Strategy debated and approved by the States in April / May 2014 (paragraphs 83 – 94 of the 'Minority' Report

Integrated Transport strategy refers) whereupon it was subsequently agreed that the Department should:

1. Make bus travel free for a period of 18 months;
2. Improve network penetration and route frequencies;
3. Replace the existing bus fleet with a potentially mixed fleet;
4. Provide more school buses;

However, the revenue aspects of the above proposals are currently under review due to subsequent difficulties in obtaining the funding mechanisms required to provide these services and hence the likelihood of free bus fares being introduced for all passengers is currently being reviewed.

The requirements of the aforementioned Passenger Transport Law and Ordinance place certain requirements on the Department to ensure that sufficient public transport arrangements are in place to meet the business and social needs of the Island. Since 2002 the States of Guernsey has owned a fleet of buses to provide scheduled and integrated school bus services and has contracted with various operators to provide this service. These vehicles are maintained, repaired, insured and operated by the incumbent bus operator and the associated costs form part of the contractual arrangements with the States of Guernsey.

The current bus fleet comprises a total of 41 vehicles with the original fleet of 33 Dennis Dart (Slimline) Myllennium buses now supplemented by a further 8 Dennis Dart (Slimline) Nimbus buses which joined the fleet in 2008 as part of an expansion programme previously agreed by the States as part of the Department's 2006 Road Transport Strategy and further supported by the 2014 Integrated Transport Strategy.

In 2014 the scheduled bus services contract accounted for a total of 1,467,103 passenger movements plus a further 182,078 journeys on integrated school bus services. Since the Integrated Transport Strategy was approved by the States, the Department has introduced five new routes and increased the number of scheduled bus services operated (Mon-Fri) from 308 to 339 services per day. In addition to this a total of 40 school bus services are operated daily during term time.

This Outline Business Case accords with the aims of the Integrated Transport Strategy and will provide much needed fleet improvements to support the enhanced level of public bus services currently being provided. Whilst the operational cost of retaining some of the existing fleet specifically for school bus services is not included in this submission, it is an option that would allow for further expansion of both scheduled and school bus services during peak times. For the purposes of this submission it is proposed to retain seven of the existing vehicles on this basis.

2.3 Other organisational strategies

Government policy (principally the States Strategic Environmental Plan and States Energy Plan) all support reducing reliance on the private motor vehicle as a means of reducing energy consumption, reducing carbon footprint and increasing sustainability. The role of the public bus service as an alternative to private vehicle use has been set out in various transport strategies over the last 10 years, principally in 2003, 2006 and 2014 when they were endorsed by the States but also in 2011 when an updated bus strategy was submitted but ultimately not debated.

Another relevant policy is the Social Policy which calls for services which assist delivery of independent living, equality of access and healthy health lifestyles facilitating care in the community. Due to limited subsidy funding in recent years the Operator has tended to concentrate on the more lucrative “key corridor” routes in an attempt to increase revenue to offset losses incurred elsewhere.

Other policy initiatives to which this project applies include:

- The States will demonstrate delivery of its environmental priorities (Env Policy Plan outcome 2)
- Guernsey’s use of energy will be more sustainable (Env Policy Plan outcome 13)
- There will be a reduction in air pollution (Env Policy Plan outcome 22)
- Sustainable practices will lead to reduced carbon footprint. The largest gains can be made in terms of environmental improvements to energy production, energy efficiency, sustainable build, **and transport** (Env Policy Plan Section 5.2)
- We will continue to deliver actions and incentives to reduce traffic pollution both by encouraging cleaner emissions and by **supporting reduced use of motor vehicles**. (Env Policy Plan Section 9.2)

All of these policies require accessible transport and alternatives to the private motor vehicle. A Public bus service is, therefore, not only a requirement of transport law but a means to deliver environmental, social and energy policy.

The above policies essentially demand an effective public bus service providing a wide network of services on a frequent basis over an effective operating period. Such a service cannot exist without an effective and appropriate fleet. Existing services let alone enhanced services are unlikely to be sustainable over the long term with the existing fleet.

Part B: The Case for Change

2.4 Investment Objectives

With a new bus operator and contract now in place, the emphasis has turned to the urgent need to commence a replacement programme for the existing ageing bus fleet in order to provide an appropriate platform on which to build the new service around the visions of the aforementioned Strategy for the provision of a fleet of smaller buses to allow a better and more comprehensive route network and greater frequency on popular routes. The earliest date that the initial batch of replacement vehicles can be procured is estimated to be late spring / early summer 2016.

The Key Investment objectives for this project are:

- Improved quality and reliability of service;
- Enhanced network of socially inclusive and accessible services;
- Reduced operating costs – value for money;
- Environmental benefits, including reduced levels of exhaust emissions;
- Improved future proofing (allowing considering of emerging technologies)

2.5 Existing arrangements

The existing operator, CT Plus Guernsey Limited, was first appointed to operate scheduled and integrated school services with effect from 1st April 2012 and has recently been awarded a new 5.5 year contract to continue to provide services from 1st April 2015.

The existing fleet of 41 buses are now between 10 and 13 years old and are no longer considered fit for purpose with existing investment limited to routine and preventative maintenance designed to keep the fleet operational. As part of the recent tendering process CT Plus was invited to submit a proposed fleet strategy and this was taken into account as part of the tender review.

2.6 Business needs

2.6.1 Historical Position

Since 2001 services have been provided by a single operator with the latest incumbent being appointed to operate services from 1st April 2012 on the basis of a two year contract with a third, fourth and fifth year option. Given the relative economics it is inevitable that a subsidy is required to provide these services, particularly given the social desire to provide free transport for the elderly (189,868 movements last year) and school children (182,078 movements last year on the scheduled bus fleet).

The annual cost of revenue expenditure operations in providing scheduled and integrated school bus services in 2014 was in the order of £3.7m less £1.1m in fare receipts. The provision of dedicate private hire school buses (at no cost to the user) adds a further £320,000 per annum to the Department's annual spend.

It should be noted that the cost of private hire services is considerably more expensive than the cost of providing integrated services using the scheduled bus service fleet (excluding capital and any service inefficiency costs from resultant restrictions on the number of scheduled services that can be operated during school times). The 41 buses in the current fleet are fully utilised at peak times of the day and there is little opportunity to provide back-up services in the event of mechanical breakdown.

A new 5½ year contract has recently been agreed with CT Plus on the basis of a fleet requirement of 41 vehicles and the annual subsidy cost is now expected to be just shy of £4.8m per annum based on an initial ⅓ fleet replacement within the first twelve months of the new contract. The resulting £1.1m increase in costs represents the inflationary and underfunded aspects of the old contract amounting to approximately £700,000 (i.e. the increase in the cost of the contract just to stay still) and £400,000 for improvements to routes, frequencies and quality of service. The revised contract sum also assumes that one third of the existing fleet will be replaced with new more efficient diesel vehicles within the first twelve months of the new contract.

2.6.2 Changing markets

Historically our core client base has been commuters and shoppers with a seasonal increase in holiday makers visiting the Island during the summer months. The highest passenger loadings are currently experienced during peak 'commuter' times on the 'key' corridors (Town to Bridge, L'Aumone and St. Martin's).

The popularity of our integrated school bus services has also seen passenger numbers increase on dedicated school services (operated during the morning 'peak' and in the afternoons between 3.00 and 4.00pm). This often results in standing room only on buses and integrated school passenger numbers now total between 180,000 and 200,000 movements per year.

The single biggest challenge to face the bus service in recent years has resulted from a significant increase in cruise ships visiting the Island and the periodic intensive demand that the landing of up to 6,000 passengers in one day can place on the scheduled bus service, particularly for around Island services. Duplicate services on these days frequently leave the terminus full.

Disability access is also a key requirement and the latest low floor minibuses now provide the opportunity for disability compliant scheduled bus services to be operated to parts of the Island not previously accessible to larger buses.

Accordingly, any new fleet needs to be sufficiently flexible to accommodate the high demand for services at certain times of the day on certain routes but also to meet the needs of people living in less accessible parts of the Island and those with disabilities. In light of this the recent outcome of the tendering exercise for the new bus contract highlighted the need for a mixed fleet.

It should be noted that our current fleet has a maximum passenger carrying capacity of 34 seated and 18 standing (or 28 plus 13). The recently purchased low floor Mercedes Community Minibus has a seated capacity of 16 and 9 standing.

2.6.3 Asset Condition

The existing 41 buses (plus one nearly new Community Minibus) are currently parked up overnight in an open yard at the Bus Depot situated at Les Banques, St.Peter Port. They are cleaned and fuelled on site but all vehicles are currently transferred to a third party facility at Vale Castle for scheduled and ad-hoc maintenance works.

Vehicle mileage, given their age, is relatively modest in Industry terms at approximately 300,000 miles per vehicle but owing to the Island's inherent 'tight' roads infrastructure, busy road network and salty atmosphere they have been subjected to significant wear and tear over the years to the extent that annual vehicle maintenance, including labour, is now in the order of £530,000 (equivalent to about £13,349 per vehicle). By way of comparison, these costs were originally less than £100,000 per year, rising to about £250,000 per annum in 2007 and £522,000 in 2011. The vehicles are also showing physical signs of wear and tear including poor body work and paint work and corrosion around visible seals and edges to trim.

When the fleet was passed on to CT Plus in March 2012 a significant one-off expenditure of circa £200,000 was spent by the Operator to replace a number of engines, gearboxes, differentials, exhaust shields, compressors and wheelchair ramps not to mention replacement king-pins across the majority of the fleet to bring it up to a standard that the Operator felt comfortable with. In addition to all of this, none of the current fleet has working air conditioning units, the majority of the BrightTec display boards are faulty and some of the ticketing machines are becoming unreliable.

The following table highlights the significant increase in vehicle maintenance (including labour and parts) and fuel costs between 2007, 2011 and 2014.

Overhaul & Repair Costs	2007 £	2011 £	2014 £
Labour	187,966	283,415	530,335
Materials	61,206	239,337	
Total	249,172	522,752	530,335
Fuel	165,559	558,027	586,066

¹Prior to 2012/13 the maintenance was carried out by staff employed by the service provider. However, the current operator contracts out this service as there is insufficient room at the current Depot to facilitate its own maintenance operations and / or it was not cost effective to source alternative premises at the time.

Whilst it is possible that significant savings could be made on the maintenance / labour element of the contract if the Operator moved to a new purpose built Depot, it is unlikely that the overall costs of financing such a move could be justified at this time.

It has also recently been highlighted as part of the independent annual Police examination of public service vehicles that the bus chassis are beginning to show signs of corrosion and which could lead to more serious structural integrity concerns in the coming few years unless some modest form of reparation is carried out. This may not represent an economically viable option for the bus fleet in the longer-term.

Picture – Bus undergoing routine maintenance inspection at Rabey's Yard



The existing cost of maintaining these vehicles and the associated reliability and continuity risks that this represents in terms of being able to provide an efficient and effective public bus service cannot reasonably be sustained in the longer-term with annual maintenance costs currently exceeding £546,000 per annum.

Under the recently signed contract with CT Plus the Department is going to undertake corrosive repairs to the existing fleet at an estimated cost of £95,000 for the 27 vehicles that it is currently intended to retain beyond year 1 of the contract. The annual maintenance budget has also been reduced to about £470,000 per annum in anticipation of a fleet replacement programme being introduced, commencing with the replacement of 12 existing vehicles.

Our problems are compounded by the fact that the entire fleet is of a similar age (between 10 and 13 years old) and major components are beginning to fail on a regular basis. Ideally a phased replacement programme should have commenced several years ago as according to the bus industry public omnibuses have a typical life expectancy of between 12 and 15 years. Further research into this matter included the following advice received from advisors with many years' experience within the bus sector:

- Mr Kevin Hart, General Manager CT Plus (Channel; Islands) advised that Industry standard is that most operators depreciate their vehicles over 12 years, albeit that vehicles should last a few years beyond this, they normally get put on to much easier work at this time.
- Mr Phil Hodgson of Pelican Engineering Group advised that the Industry standard was 12 – 14 years based on an average daily mileage of between 140 and 170 miles.

For the purposes of this submission and in the knowledge that vehicles in Guernsey are unlikely to cover as much mileage as vehicles in the UK, a 15 year lifespan has been selected on the basis that the older vehicles would be retained as spare vehicles or used exclusively for school services in their twilight years.

2.7 Potential Business scope and key service requirements

Efficient and effective transport options are a key element to facilitate a vibrant and diverse economy. The ability to get from A to B with the minimum of delay and inconvenience will support the economy with any unnecessary time spent travelling or held up in traffic jams adding to the potential cost and profitability of operating a business.

There is therefore a clear need to minimise traffic congestion and delays and with little opportunity or desire to enhance existing road capacities and in the absence of alternative modes of transport that don't require use of the public roads, the only way to address the problem is to reduce the current levels of vehicle movements.

With much of the Island's core business and private transportation requirements leading into and out of the "Urban Area" an efficient and effective public transport system is a key factor in seeking to manage the number of vehicular movements at peak times. An effective **public** transport service is not selective. It benefits every member of the community and every business, even those who do not use the bus directly benefit from having fewer vehicles on the road as they benefit from the choice offered. They also benefit from the increased access it presents to their clients, employees, children etc. An effective bus service is also part of the tourism offer. Any change to the existing public transport offering will need to improve service provision for all, including commuters, students, those with mobility problems and those of limited means, thereby providing a viable alternative transport solution for the Island.

The level of service provided therefore needs to meet public expectations and be able to provide a realistic option for day to travel requirements whilst recognising that the service can never meet everyone's personal travel requirements. The recently agreed specification within the new bus contract accords with the recommendations of the latest Integrated Transport Strategy and has been moulded around customer requirements and feedback received during annual consultations over the published winter and summer bus timetables.

2.8 Main benefits criteria

This section describes the main outcomes and benefits associated with the implementation of the potential scope in relation to business needs. Satisfying the potential scope for this investment will deliver the following high-level strategic and operational benefits.

Table - Investment objectives and benefits

Investment objectives	Main benefits criteria by stakeholder group
Improved quality and reliability of service	<ul style="list-style-type: none"> • Less breakdowns, dropped services and unscheduled maintenance • More comfortable and aesthetically pleasing vehicles • Improved confidence in the service
Enhanced network of socially inclusive and accessible services	<ul style="list-style-type: none"> • Providing Commuters, shoppers, pensioners, students, disabled and social groups with improved routes and frequencies • Fully disability compliant vehicles meeting the latest standards • Greater penetration and community orientated services using mixed fleet • Improved 'peak' hour frequencies and additional integrated school services
Reduced operating costs – value for money	<ul style="list-style-type: none"> • Reduced annual maintenance • Reduced fuel costs • Less accidents / damage / repairs
Environmental benefits, including reduced levels of exhaust emissions	<ul style="list-style-type: none"> • Reduced vehicle exhaust emissions • Improved fuel efficiency • Reduced 'peak' time journey lengths as part of Integrated Transport Strategy
Improved future proofing	<ul style="list-style-type: none"> • Phasing of replacement programme allows considering of emerging technologies • Broadens age profile of fleet

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2.9 Main Risks

The main business and service risks associated with the potential scope for this project are shown below, together with their counter measures. See also the *Project Risks Register* attached as Appendix 3.

Main Risk	Counter Measures
Design - Limited number of proven narrow-body buses in production	Investigating all available build options, including working with manufacturers to explore low floor narrow-bodied solutions but need to be assured on reliability of product. Public expectation for smaller vehicles.
Development <ul style="list-style-type: none"> Co-ordinating with other related projects Supplier & Specification Timescale Change management and project management 	<p>Due to the complexity and differing timescales of several other related projects (namely bus contract renewal and road transport strategy States debate) it had initially been difficult to ensure that conflict did not arise between the projects and that each project could proceed within its own required timescales. Now that the States has approved the Integrated Transport Strategy and the Department has appointed a new bus contractor, this project can proceed in earnest.</p> <p>Core requirements to be specified. Supplier to be selected on the basis of experience and expertise in product development</p> <p>Realistic timeframes required to ensure deliverability</p> <p>Ensure sufficient resources available to keep the project focused and on time</p>
Implementation Risk <ul style="list-style-type: none"> Supplier & Specification Timescale 	<p>Supplier to be selected on the basis of experience and ability to meet the required specification</p> <p>Set realistic timescales and manage procurement process effectively</p>
Operational risks <ul style="list-style-type: none"> Supplier 	Supplier to be selected on the basis of access to ongoing engineering advice and availability of spare parts within realistic timeframes and at acceptable costs.

Termination Risks	Ensure contract requirements are clear and specific and that project is closely managed with expert support (potentially from HCT Group)
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2.10 Constraints / Dependencies

The programme was previously subject to the following constraints:

1. Awaiting the outcome of the States debate on the Department's Integrated On Island Transport Strategy;
2. The outcome of the Department's tendering project for the Scheduled and Integrated Schools Bus Contract.

Now that the above issues have been satisfactorily resolved the only remaining constraint is the potential lack of available vehicle options to meet the very specific needs of the Island.

Future fares policies and other initiatives aimed at influencing travel behaviour will also have an impact on the likely success or otherwise of introducing a new bus fleet.

3.0 The Economic Case

3.1 *Introduction*

The current position is unsustainable in the longer-term. The significant cost of maintaining the current fleet together with the desire of the Board and the public, through its consultations on the Road Transport Strategy, to replace the existing fleet is seen as an opportunity to address a number of other issues such as the inability of the current bus network to expand into areas where larger buses are deemed unsuitable.

Passenger numbers using the scheduled bus services has also been in overall decline since late 2010 (but has recently shown signs of improvement following a reduction in fares introduced in May 2014 and more recently introduced enhanced levels of service). In part the decline between 2010 and 2013 can be attributed to the increasing cost of bus travel which in percentage terms has increased fairly significantly in the past four years. However, this is just one of the factors affecting bus travel as complaints in recent years, both to the Company and directly to the Environment Department, have highlighted service reliability as a key issue.

The existing fleet has also been criticised publicly for many years in terms of its perceived size and there is now a general dislike and mistrust of these vehicles. As the vehicles have aged they have gradually become more tired

looking to the extent that they are now showing signs of cosmetic decay and deterioration. In terms of vehicle emissions and fuel efficiency, they are now some 10 – 13 years behind the latest Industry and regulatory standards.

The desire to replace the existing bus fleet was detailed in the Department's Integrated On-Island Transport Strategy debated by the States in May 2014 and in a previous report submitted to the States in 2011.

Alternative options such as "dial-a-ride" or "taxi-buses" were not considered to represent a viable option within the submissions previously received as part of the bus contract discussions but may still provide a viable addition to traditional bus services at some point in the future.

3.2 *Critical Success Factors*

The Critical Success Factors shown within the SOC were:

- To improve access to public and schools transport;
- To improve quality of service;
- Value for money;
- Environmental benefits
- To reduce congestion at peak times;

These were largely based on the Investment objectives and have been revisited in the context of the OBC. On reflection, the following adjusted list is considered to better reflect the Critical Success Factors for this project:

1. Continuity of service with improved reliability;
2. Greater network penetration and frequency of service;
3. Improved quality of service product;
4. Reduced operating costs;
5. Lower emissions and noise reduction;
6. Smaller buses;
7. Fully accessible fleet;
8. Phased introduction of new fleet commencing in 2016

3.3 *The long-listed options*

There were a multitude of potential options and solutions in relation to the future provision of bus services in Guernsey. These can be categorised into three main areas, namely: **service solutions** (modes, fleet & technology), **delivery mechanisms** (operations and fleet ownership) and **finance or funding methods** as detailed below:

Service solutions:		
Mode	Fleet	Technology
Bus	New	Diesel
Taxi	Refurbished	Hybrid
Taxibus	Second hand	Electric
A combination of the above	A combination of the above	A combination of the above
Delivery mechanisms:		
Operation	Fleet ownership	
Service operation	States owned	
In-house operation	Supplier owned	
Outsource	Strategic partnership owned	
Asset operation		
Strategic partnership		
Not for profit operation		
Funding methods		
Capital	Revenue	
1. States provides	States subsidy plus fare box	
2. Operator provides	States revenue to pay back private sector capital plus States subsidy plus fare box	
3. States loans capital	States revenue to pay back private sector capital loan charges plus States subsidy plus fare box	
4. Strategic partnership or not for profit organisation	As above	
5. Any of the above	Above as appropriate minus fare box with commensurate increase in subsidy	

For the purposes of the SOC submission and prior to the outcome of the Integrated Transport Strategy debate and bus tendering process it was agreed that the following potential service solutions would form the long list:

1. Do minimum (continue to service vehicles and replace on an ad hoc basis);
2. Replacing the existing fleet with a new fleet on a 'like for like' basis;
3. Replacing the existing fleet with a new mixed fleet, including electric options;
4. Purchase second hand fleet;
5. Refurbish existing fleet;
6. Taxi bus or other alternative transport solutions.

In addition, it was noted that in respect of options 1, 2 and 4 the delivery methods and funding mechanisms could vary.

The initial scoping exercise that was carried out was constrained by uncertainty surrounding the outcome of the States debate on the Department's Integrated Transport Strategy and subsequent 'interest' within the bus industry for operating our public and school bus services which concentrated on the more traditional methods outlined above. However, in light of more recent developments the scoping exercise has been updated on the basis of the revised options taken forward under the OBC process.

Overall Conclusion: revised scoping options

Critical Success Factors	1.Deferred Replacement	2.Immediate Replacement / Mixed Fleet	3.Phased Replacement / Mixed Fleet	4.Second hand fleet	5.Refurb existing fleet	6.Taxi Bus / other solution
Continuity of service with improved reliability	- -	+ +	+	+	-	o
Greater network penetration and frequency of service	-	+ +	+ +	o	-	o
Improved quality of service product	-	+ +	+	+	+	o
Reduced operating costs	-	+	+ +	+	-	o
Lower emissions and noise reduction	-	+	+ +	+	o	+
Smaller buses	-	+	+	o	o	+ +
Fully accessible fleet	o	o	o	o	o	o
Phased introduction of new fleet commencing in 2016	-	+	+	- -	- -	+
Match to success factors	-8	10	10	2	-4	4
Achievability	Moderate	High	High	Low	Low	Low
Conclusion	Compare costs	Possible Option	Preferred Option	Rejected	Rejected	Rejected

Key:

As compared to existing service levels

+	Moderate improvement	+ +	Significant improvement
o	No change		
-	Moderately worse	- -	Significantly worse

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3.4 *The short-listed options*

For the purposes of the OBC, the following options were explored in more detail:

1. Deferred Replacement (for comparative purposes only);
2. Immediate Replacement with Diesel Buses;
3. Phased replacement with Diesel/ Electric options.

In detail, the revised short-listed options were:

- **Option 1 – Deferred Replacement**

The existing vehicles are approaching the end of their useful economic life and the “deferred replacement” approach does not therefore appear to represent a realistic option given the current and deteriorating condition of the current fleet. Not only are the existing vehicles expensive to maintain (shorter service intervals, mechanical breakdowns and poor serviceability issues) in their current condition they are also jeopardising the ability of the existing fleet of 41 vehicles to maintain current service levels on the basis of a 34 vehicle rota.

Notwithstanding the above and the fact that the Department would be unlikely to be able to meet its obligations under the recently negotiated bus contract, it is possible that with a refurbishment programme and continued heightened maintenance levels the current fleet could remain in service for another 4 or 5 years.

For the purposes of this submission, all vehicles would need to be refurbished (with leased vehicles being brought in so that refurbishment could take place – although this is an extremely costly process and it is also unlikely that suitable lease vehicles of a similar size could be found) and then replaced after five years with a mixed fleet of diesel and electric vehicles.

Refurbishment costs have been calculated on the basis of prices submitted by CT Plus as part of the tender process and would equate to £13,702 per vehicle (inclusive of internal refurbishment, new livery, radios, display boards, telematics etc) - a total of £534,378 for all 39 larger vehicles on the current fleet. However, in the event that this option was pursued these costs would have been included within the operating contract for the bus service and hence have not been included in the financial projections for capital expenditure but should still be considered as an additional cost if this option was to be pursued.

The leasing of replacement vehicles while any such refurbishment was taking place, whether on the basis of a phased or one-off refurbishment

programme, has been included at an estimated cost of £156,000 as this would not ordinarily have been included in the operational contract for the provision of bus services.

Radios, display boards and telematics supplied to these vehicles would be transferable to the new fleet when it subsequently arrived (valued at approximately £4,852 per vehicle).

For the purposes of this submission, replacement vehicles would take the form of 24 diesel vehicles, 15 electric vehicles plus 2 minibuses and (with the exception of one of the minibuses which has already been acquired) would all be purchased in 2020. Based on likely specifications, industry advice and the previous cost of purchasing a fleet of new vehicles in 2002, it is estimated that the cost of purchasing brand new vehicles would be as follows; a fully equipped diesel midi vehicle in the order of £130,000 an electric vehicle in the order of £179,000 a minibus at £85,000 plus £1,000 delivery charge for each vehicle.

Annual maintenance costs for existing fleet vehicles has been based on 2014 actual expenditure of £13,349 per vehicle (reflated to £13,683 at 2015 values) whilst for replacement diesel or electric vehicles an average cost of £7,080 and £5,817 respectively has been included (this reflects the slightly higher than anticipated maintenance costs for new vehicles contained in the recently approved contract with CT Plus).

Fuel costs will continue along similar lines to current expenditure levels (excluding any potential rise in fuel pump prices) except for each replacement vehicle which will potentially save fuel in the order of £700 per annum for diesel vehicles due to efficiency improvements equivalent to about 5% (again this figure is lower than previously estimated due to the contract price subsequently submitted by CT Plus) and £0 for electric vehicles.

No allowance for any change in passenger carryings or fare income has been included for the purposes of this OBC assessment.

A contingency allowance has been added in the sum of £493,000. This reflects the risks detailed in section 4.3, excluding any allowance for exchange rate risk which has been provided separately. Exchange rate risk has been calculated at £523,651 (based on a risk likelihood of 33% and risk impact of 25% on the anticipated capital cost of replacing the fleet). A more detailed analysis of contingency sums will be included at FBC stage and it is possible that these sums may be reduced.

The projected 10 year undiscounted capital cost of this option is therefore estimated to be £7.13m undiscounted (£6.96m less resale of existing fleet) reducing to £1.97m inclusive of cash releasing and non-cash releasing benefits over 10 years. The anticipated whole life (net

present value) cost of this option based on a 15 year lifespan of the fleet is £1.47m (including a residual value for the fleet of £367,554).

However, this option clearly would not provide any enhancement over existing service levels or route options for the first five years.

- **Option 2 - Immediate Replacement**

If the Department was to look to replace the current diesel fleet on a "like for like" basis as a one-off immediate purchase then vehicles would most likely cost about £130,000 each at the specification levels suggested by CT Plus. The decision to purchase a couple of smaller buses could also be pursued under this option. However, the cost of refurbishing 27 vehicles in the current fleet would not be required.

In this eventuality maintenance costs would fall fairly dramatically with the existing fleet costing in the order of £13,349 to maintain per vehicle in 2014 (inflated to £13,683 in 2015) as compared to about £7,080 for new diesel vehicle aggregated over the 5.5 years of the new contract with CT Plus. For the purposes of this OBC submission, annual maintenance costs for existing fleet vehicles have been amended to reflect the position in the recent contract.

Fuel costs will reduce by about £700 per annum for new diesel vehicles due to efficiency improvements equivalent to about 5% (excluding any potential rise in fuel pump prices) (again this figure is lower than previously estimated due to the contract price subsequently submitted by CT Plus) It is understood that in meeting the various conditions for EURO 5 or 6 compliant engines, the efficiency of the engines are not as high as had previously been anticipated.

With a completely new fleet operating an improved level of service it is envisaged that passenger number would begin to rise but for the purposes of this submission no allowance for potential additional income has been included.

A contingency allowance has been added in the sum of £493,000. This reflects the risks detailed in section 4.3, excluding any allowance for exchange rate risk which does not apply to this particular option. A more detailed analysis of contingency sums will be included at FBC stage and it is possible that these sums will be reduced.

The projected 10 year undiscounted capital cost of this option is therefore estimated to be £5.76m undiscounted (£5.59m less resale of existing fleet) reducing to £1.41m inclusive of cash releasing and non-cash releasing benefits over 10 years. The anticipated whole life (net present value) cost of this option based on a 15 year lifespan of the fleet is £2.06m (including a residual value for the fleet of £300,068). This option would allow the Department to provide a more reliable and

enhanced service with the exception of extending network of services into parts of the Island where smaller buses would be required.

However, the immediate replacement of the entire fleet at this time would not allow the Department to take advantage of the anticipated new generation of electric vehicles and it would mean that the entire fleet would once again require replacing at the same time in the future, not good industry practice.

- **Option 3 - Phased Replacement**

Under this scenario the Department would replace the existing fleet with 25 new similar sized diesel buses (including two minibuses) plus 14 electric vehicles over a phased replacement programme.

As a result of the recent tender process with CT Plus and on the basis of a slightly longer phased replacement programme maintenance costs are not predicted to fall quite as much as was previously envisaged. However, the fixed annual sum over the next five and a half years will reduce from approximately £547,000 in 2014 to about £470,000 per annum for the next 5.5 years. In 2020 the inflated 2014 figure would have risen to £634,700 had the fleet not been replaced. For the purposes of this OBC submission, annual maintenance costs for the existing fleet have been based the 2014 rate of £13,349 and the rate of £7,080 for a new diesel vehicle.

Whilst the fuel efficiency of operating a fleet of new vehicles, incorporating some electric vehicles, would improve considerably under this option, the savings are not quite as high as originally envisaged. Fuel costs chargeable through the new bus contract are only predicted to decrease by about £50,000 in the first four years of the contract with the replacement of two thirds of the fleet with diesel vehicles and only in year 5 with the purchase of 15 electric vehicles would the savings over the five year period increase to around £250,000. It is understood that in meeting the various conditions for EURO 5 or 6 compliant engines, the efficiency of the new diesel engines are not as high as had previously been anticipated.

For the purposes of this option it would be necessary to refurbish 27 of the existing fleet of vehicles. At a cost of £13,702 per vehicle this would amount to £369,954 including the cost of new radios, display boards and telematics which would be transferable to the new fleet when purchased (valued at approximately £4,852 per vehicle). However, this sum has not been included for the purposes of this review as it has already been incorporated within the existing operational contract for the bus service but would nevertheless need to be considered as part of the overall cost of securing this particular fleet replacement option.

With an increasingly new fleet operating the same basic level of service it is envisaged that passenger number would begin to rise but again for the purposes of this submission no allowance has been made for potential additional fare income.

A contingency allowance has been added in the sum of £493,000. This reflects the risks detailed in section 4.3, excluding any allowance for exchange rate risk which has been allowed for separately. For this option, phase 1 has no exchange rate risk but for phases 2 and 3 provision of £299,372 has been provided. A more detailed analysis of contingency sums will be included at FBC stage and it is possible that these sums may be reduced.

The projected 10 year undiscounted capital cost of this option is therefore estimated to be £6.75m undiscounted (£6.58m less resale of existing fleet) reducing to £716,000 less cash releasing and non-cash releasing benefits over 10 years. The anticipated whole life (net present value) cost of this option based on a 15 year lifespan of the fleet is £1.04m (including a residual value for the fleet of £502,091).

With all of the above options it should be possible to obtain the latest enhancements in vehicle information systems such as provision of real time passenger information and vehicle tracking together with the latest mobile ticketing, smartcard and Wi-Fi technologies to improve reliability and customer service. It should be noted that new ticket machines are being provided as part of the new operational contract for the bus service with CT Plus.

Vehicles with higher specification high back cushioned seats with e-leather and wood effect flooring are understood to cost approximately £1,800 per vehicle above the cost of a more modest specification and these options will be explored further as part of the subsequent tendering process. Similarly, USB charging points can be added at a cost of £1,325 per vehicle.

In terms of environmental benefits the emission standards for trucks and buses are defined by engine [energy](#) output, g/[kWh](#). The following table contains a summary of the emission standards and their implementation dates.

EU Emission Standards for HD Diesel Engines, g/kWh (smoke in m⁻¹)

Tier	Date	Test cycle	CO	HC	NO _x	PM	Smoke
Euro I	1992, < 85 kW	ECE R-49	4.5	1.1	8.0	0.612	
	1992, > 85 kW		4.5	1.1	8.0	0.36	
Euro II	October 1996		4.0	1.1	7.0	0.25	
	October 1998		4.0	1.1	7.0	0.15	
Euro III	<i>October 1999 EEVs only</i>	<i>ESC & ELR</i>	<i>1.0</i>	<i>0.25</i>	<i>2.0</i>	<i>0.02</i>	<i>0.15</i>
	October 2000		2.1	0.66	5.0	0.10 0.13*	0.8
Euro IV	October 2005	ESC & ELR	1.5	0.46	3.5	0.02	0.5
Euro V	October 2008		1.5	0.46	2.0	0.02	0.5
Euro VI	31 December 2013^[17]		1.5	0.13	0.4	0.01	

* for engines of less than 0.75 dm³ swept volume per cylinder and a rated power speed of more than 3,000 per minute. EEV is "[Enhanced environmentally friendly vehicle](#)".

As can clearly be seen maximum permissible levels of CO (Carbon Monoxide), HC (Hydrocarbons), NO_x (Nitric Oxide) and PM (Particulate Matter) under current Euro V or VI requirements have reduced significantly since our current fleet of Euro III vehicles were produced, especially in relation to NO_x and PM outputs.

Emissions from hybrid buses are generally lower than those emitted by conventional internal combustion engine vehicles resulting in fewer emissions being generated. Modern hybrid vehicles can reduce air emissions of smog-forming pollutants by up to 90% and cut carbon dioxide emissions in half. Fully electric buses can travel 30–40 miles on a single charge, can be up to 600% more fuel-efficient than a typical diesel bus and produce 44% less carbon.

Other potential funding options which have not been priced for the purpose of this submission or were the subject of an unsuccessful application for capital prioritisation as part of a new Bus Depot include:

- **Own & Operate Contract** (States provide the premises and Operator provides the fleet – to match existing or mixed fleet as per above)
- **DBOOT Contract** (lets the Operator provide premises and fleet – to match existing or mixed fleet as per above)

As to whether a potential new Depot would help reduce contract costs, this is less clear. From an operational perspective, a dedicated and purpose built single site to cover all bus operations is the ideal and most efficient service solution but whether or not this would stack up in terms of the level of capital funding that would be required is an entirely different matter. Given that the recent capital prioritisation bid for a Bus Depot was unsuccessful and the

existing difficulties that the Department has been experiencing in relation to the funding of its Integrated Transport Strategy, this item is not currently being pursued further at this stage. This matter will be debated further by the States at its meeting to be held in July 2015.

Following the outcome of the recent exhaustive tendering exercise for the provision of public and school bus services in which tenderers were also invited to suggest a potential fleet replacement strategy; option 1 was effectively dismissed but option 2 was included as a possible solution and option 3 as the preferred solution. For the purposes of this submission these three options are explored further in this OBC, the preferred option on the basis of a three phased replacement of the current fleet commencing with the initial replacement of 12 existing vehicles, the purchase of two smaller minibuses and the refurbishment of 27 of the current fleet (the cost of which is to be met from general revenue as part of the new operational bus contract).

Whilst the option remains to retain some of the refurbished vehicles for school services once the entire fleet has been replaced, for the purposes of this analysis no additional maintenance or fuel costs have been included for any further 'extra' services so as to ensure that we are comparing a 'like for like' service in so far as is practicable.

3.5 Economic Appraisal

3.5.1 Introduction

The 'preferred' and 'possible' solutions identified in the short-list above have been carried forward for further evaluation and appraisal.

- **Option 1 – Deferred Replacement**

High Risk as the current fleet is extremely expensive to repair and it is unlikely that the Operator will be able to maintain contracted service levels without an increase in fleet numbers to reflect the high level of down time required for servicing and repairs. This option is also unable to meet any of the strategic aspirations of the Department as detailed in its Integrated Transport Strategy.

- **Option 2 – Immediate Replacement**

This is a potential solution and would meet the strategic aspirations of the Department as detailed in its Integrated Transport Strategy but is not necessarily the cheapest option in the longer-term as it would limit the fleet to diesel vehicles and would require significant levels of capital funding at an early stage. It would also not allow the Department to take advantage of the latest electric vehicles and would put the Department in the same position as it is now with an entire fleet replacement programme required in the future.

• Option 3 – Phased Replacement

This is our preferred option as it provides an ideal balance between meeting the aims and aspirations of the Department as detailed in its Integrated Transport Strategy and enabling the Department to learn from its experiences and take full advantage of emerging fuel technologies that may not have yet been proven to the bus industry. In addition, the fleet age profile would no longer be so closely matched.

	2016 – 2025 Undiscounted (£)	2016 – 2025 Net Present Value (£)	2016 – 2030 “Whole life” NPV (£)
Option 1: Deferred Replacement (continue to maintain existing fleet but allow for a one-off fleet replacement in 5 years).			
Capital	-£7,126,573	-£6,033,113	-£6,033,113
Less cash releasing benefits (reduced fuel and maintenance costs)	£3,275,497	£2,554,028	£4,192,143
Costs net cash savings	-£3,851,076	-£3,479,085	-£1,840,970
Non-cash releasing benefits	£1,877,284	£1,331,757	£367,554
Total	-£1,973,792	-£2,147,328	-£1,473,416
Option 2: Immediate replacement of existing fleet with diesel vehicles on a 'like for like' basis			
Capital	-£5,759,800	-£5,567,830	-£5,567,830
Less cash releasing benefits (reduced fuel and maintenance costs)	3,241,926	£2,745,826	£3,203,190
Costs net cash savings	-£2,517,814	-£2,822,004	-£2,364,640
Non-cash releasing benefits	£1,112,123	£788,947	£300,068
Total	-£1,405,751	-£2,033,057	-£2,064,572
Options 3 & 5: Phased replacement of existing fleet including consideration of alternative fuel options (and refurbish 2/3 existing fleet)			
Capital	-£6,745,172	-£6,033,549	-£6,033,549
Less cash releasing benefits (reduced fuel and maintenance costs)	£3,992,622	£3,221,414	£4,486,905
Costs net cash savings	-£2,752,550	-£2,812,135	-£1,546,644
Non-cash releasing benefits	£2,036,117	£1,444,434	£502,091
Total	-£716,433	-£1,367,701	-£1,044,553

3.5.2 *Estimating Benefits*

The benefits associated with each option are highlighted in sections 3.6.2 – 3.6.4 below.

In light of the rather complex nature of the processes surrounding the progression of this SCIP Project from its inception it has not proved possible to hold workshops to discuss the various permutations and options available to the Department with stakeholders and customers with regard to the replacement of the existing fleet. However, related discussions were held with a variety of interested parties and stakeholders throughout the formation of the Department's Integrated Transport Strategy of which the bus contract and the future provision of scheduled and school buses formed a significant and integral part of the plans. The following is a summary of the various consultations and discussions that took place:

- A personal interview and telephone survey of travel habits and general views of 545 people selected at random, conducted by students;
- 21 half-hour individual stakeholder interviews with various interest groups, transport organisations and commercial interests conducted by the Working Group;
- A Facebook student survey;
- A consultation of States Departments by letter;
- A general 6 week consultation entitled 'A Fresh Start' which resulted in 159 responses (some representing more than one person) which were analysed by the Working Group;
- A small survey of Town shop workers (83 responses)

The bus service was, unsurprisingly, a principal focus of the consultation responses. The main messages which came through strongly were that people wanted smaller buses, more frequent buses, a better route network and better reliability. There were also some calls for cheaper or free fares although support for 'free' fares is not necessarily widely supported elsewhere. Unlike in many places, the buses represent Guernsey's only mass-transit mode of public transport. The Energy Resource Plan requires the States to promote public transport and it is proposed that this is achieved by actively making the buses an attractive option for everyone rather than a default option for those with no other choice.

It is further proposed to increase both frequency and number of routes which will make for a much more useable service, including smaller buses to more sparsely populated areas to make the service as inclusive as possible. Many people surveyed who do not use the service now indicated they would do so if

the frequency and routes were improved. People are more likely to use buses if they are aware of the routes and timings serving their location, so comprehensive advertising campaigns will be undertaken.

As the Department was awaiting the outcome of the States debate of its Integrated Transport Strategy and the tendering of the scheduled and school bus service contract at SOC stage the submission was based on the outputs of the proposed Integrated Transport Strategy as described above.

Following approval by the States of the Integrated Transport Strategy, the Department had a clear direction in terms of the required future provision of scheduled and school bus services and urgently set about tendering a new contract in light of the fact that the existing contract with CT Plus was due to expire on 31st March 2015. The contract included an opportunity for the tenderers to give their expert opinion on the requirements of the bus fleet and the potential vehicles currently available in the market place that could meet the aspirations of the Integrated Transport Strategy.

The successful tenderer, CT Plus, outlined a number of fleet possibilities within its tender response and this will be tested by the imminent release of an Expressions of Interest Notice (Pre-Qualification Questionnaire) in the Official Journal of the European Union (OJEU). The option to retain some of the existing fleet as spares or for exclusive use on school services remains a possibility with two of the aforementioned short-listed options.

3.5.3 *Estimated costs*

The project costs are based largely on the capital cost of purchasing and maintaining a fleet of replacement vehicles as detailed in options 2 and 3 as compared with the cost of maintaining the existing fleet and a deferred replacement under option 1.

With option 1, service reliability and hence the ability of the contractor to meet the service obligations of the bus contract becomes an increasing issue and maintenance costs remain excessively high at in excess of £500,000 per annum.

Not only are options 2 and 3 less expensive in terms of overall capital investment they also greatly improve reliability and reduce ongoing revenue maintenance and fuel costs much quicker. However, it should be noted that these anticipated revenue savings have already been incorporated within CT Plus's successful tender bid and based on an expectation of a new fleet being delivered on a phased basis with the first phase being completed towards the end of the first year of the contract.

Accordingly, no additional savings will be realised over and above the current contract sums agreed for the period April 2015 to September 2020. Conversely, if for any reason a new fleet of vehicles is not purchased or the procurement of the first phase of replacement is significantly delayed, it is

likely that CT Plus will submit a request for an additional contract payment in lieu of lost benefits (i.e. anticipated reductions in maintenance and fuel costs) that would have accrued from operating new vehicles. It is estimated that any such eventuality could lead to a claim in the order of £100,000 if the first phase of the replacement programme was delayed by up to a year and as much as £500,000 if no new vehicles were purchased over the 5.5 year operational contract period.

3.5.4 Net Present Cost (NPC) findings

<u>Cost for the period</u> <u>2016-2025</u>	OPTION 1	OPTION 2	OPTION 3
	Deferred Replacement	Immediate Replacement	Phased Replacement
DISCOUNTED TOTAL COSTS	-£3,479,085	-£2,822,004	-£2,812,135
DISCOUNTED CAPITAL	-£6,033,113	-£5,567,830	-£6,033,549
DISCOUNTED MAINTENANCE	£2,554,028	£2,745,826	£3,221,414

<u>Whole life costs</u> <u>2016-2030</u>	OPTION 1	OPTION 2	OPTION 3
	Deferred Replacement	Immediate Replacement	Phased Replacement
DISCOUNTED TOTAL COSTS	-£1,840,970	-£2,364,640	-£1,546,644
DISCOUNTED CAPITAL	-£6,033,113	-£5,567,830	-£6,033,549
DISCOUNTED MAINTENANCE	£4,192,143	£3,203,190	£4,486,905

3.5.5 Option ranking

The results are summarised and shown in the following Table.

Ranking	Description	Ranking				
		NPC (£s)	Cash benefit	Non cash benefit	Cost net cash savings	Costs net all savings
1	3.Phased Replacement	-£6,033,549	£3,221,414	£1,444,434	-£2,812,135	-£1,367,701
2	2.Immediate Replacement	-£5,567,830	£2,745,826	£788,947	-£2,822,004	-£2,033,057
3	1.Deferred Replacement	-£6,033,113	£2,554,028	£1,331,757	-£3,479,085	-£2,147,328

3.5.6 Option appraisal conclusion

Option 1 – Deferred Replacement

This option ranks 3, is high risk and considered to be an unacceptable and unsatisfactory solution that cannot expect to meet the aspirations of the Integrated Transport Strategy.

Option 2 – Immediate Replacement

This option ranks 2 and does not allow the longer-term benefits of electric vehicles to be achieved.

Option 3 – Phased Replacement

This option ranks 1 as it achieves greatest overall cash benefits over the whole life scenario.

3.6 Qualitative benefits appraisal

3.6.1 Methodology

The appraisal of the qualitative benefits associated with each option was undertaken by:

- identifying the benefits criteria relating to each of the investment objectives;
- weighting the relative importance (in %s) of each benefit criterion in relation to each investment objective;
- scoring each of the short-listed options against the benefit criteria on a scale of 0 to 9;
- deriving a weighted benefits score for each option.

3.6.2 Qualitative benefits criteria

The benefits criteria we weighted as follows:

Investment Objectives	Qualitative benefit	Weight
1. Improved quality and reliability of service	Meeting expectations of transport strategy and improving customer confidence in product	40%
2. Enhanced network of socially inclusive and accessible services	Inclusive service for all	25%
3. Reduced operating costs - value for money	Greater productivity from vehicle fleet and reduced overall contract subsidy.	25%
4. Environmental benefits, including reduced levels of exhaust emissions	Improved fuel efficiency, reductions in vehicle emissions and noise pollution. Reduced journey times.	5%

5. Improved future proofing	More technologically enhanced fleet with a broader age profile	5%
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3.6.3 Qualitative benefits scoring

Benefits scores were allocated on a range of 0-9 for each option.

3.6.4 Analysis of key results

Benefit criteria and weight	Option 1		Option 2		Option 3	
Raw (R) and Weighted (W) scores	R	W	R	W	R	W
Improved quality and reliability of service	2	0.8	7	2.8	6	2.4
Enhanced network of socially inclusive and accessible services	2	0.5	5	1.25	5	1.25
Reduced operating costs - value for money	3	0.75	6	1.5	7	1.75
Environmental benefits, including reduced levels of exhaust emissions	2	0.1	6	0.3	8	0.4
Improved future proofing	5	0.25	3	0.15	8	0.4
Total	14	2.40	27	6.0	34	6.2
Rank	3		2		1	

The key considerations that influenced the scores achieved by the various options were as follows:

- **Option 1 – Deferred Replacement:**

This option ranks 3 as it does not address any of the current service level concerns in the short-term. Failure to replace the current fleet would lead to a further deterioration in passenger confidence.

- **Option 2 – Immediate Replacement (diesel only):**

This option ranks 2 as it will address most of the current service level concerns but does not allow the Department to take full advantage of emerging technologies.

- **Option 3 – Phased Replacement (diesel / electric)**

This option ranks 1 as it will still address most of the current service level concerns (if not immediately) and will allow the Department to take full advantage of emerging technologies.

3.7 Risk Appraisal - Unquantifiables

3.7.1 Methodology

Risk appraisal has been undertaken and involved the following distinct elements:

- Identifying all the possible business and service risks associated with each option;
- Assessing the impact and probability for each option;
- Calculating a risk score

3.7.2 Risk scores

Risk scores are shown in the following table.

The range of scales used to quantify risk was as follows:

- Low equals 2
- Medium equals 3
- High equals 5

Summary of the risk appraisal results

Summary of Risk Appraisal results: OBC (Pr = probability)	Impact	Option 1 – Deferred Replacement		Option 2 – Immediate Replacement		Option 3 – Phased Replacement	
		Pr	Total	Pr	Total	Pr	Total
Lost working hours for commuters / higher congestion levels	5	5	25	2	10	3	15
Social Inclusion and Accessibility	5	5	25	2	10	3	15
Less customer complaints	3	5	15	2	6	3	9
Public acceptance and desirability of service	3	5	15	2	6	2	6
Less accidents	2	3	6	2	4	3	6
Environmental impacts – less pollution	2	5	10	3	6	2	4
Total			96		42		55
Rank			3		1		2

The key considerations that influenced the scores achieved by the various options were as follows:

- Option 1 – Deferred Replacement:

This option ranks 3 as it provides no meaningful improvement in service deliverability, reliability or maintenance costs.

- Option 2 – Immediate Replacement

This option ranks 1 as an immediate replacement of existing fleet on a 'like for like' basis will improve service deliverability and reliability and reduce maintenance costs but not necessarily offer full accessibility / service penetration.

- Option 3 – Phased Replacement

This option ranks 2 as a phased replacement for a mixed fleet will improve service deliverability and reliability, reduce maintenance costs and offer greater opportunities for full accessibility / service penetration.

3.8 *The preferred option*

Summary of overall results

Evaluation Results	Option 1	Option 2	Option 3/5
Economic appraisal	3	2	1
Benefits appraisal	3	2	1
Risk appraisal	3	1	2
Overall Ranking	3	2	1

The preferred option – Option 3/5

The preferred and recommended way forward will provide:

- Continuity of service;
- The provision of a modern fleet replaced over a period of years spreading the age profile of the fleet to allow for further phased replacements in subsequent times;
- A mixed fleet to enable greater penetration across the Island;
- Improved reliability, accessibility and quality of service;
- Ability to consider emerging technologies such as fully electric or electric / hybrid smaller buses which have not yet been fully tested and proven in the Market;
- Reduced maintenance, fuelling and breakdown costs;
- Improved fuel efficiency and lower emissions.

4. Commercial Case

4.1 Introduction

This section of the OBC outlines the proposed arrangements in relation to the preferred option in the economic case.

4.2 Required services

The proposed solution (Option 3) is to replace the existing fleet with a mixed fleet on a rolling programme commencing with the provision of 12 diesel buses and two minibuses and the refurbishment of 27 of the existing fleet (to be met from the existing operational contract with CT Plus) followed by a mix of diesel / electric vehicle replacements in subsequent phases.

Following initial investigations at staff level and as a result of a fleet options exercise conducted as part of the recent bus contract tendering exercise it is acknowledged that the options for a replacement bus fleet are likely to be severely restricted owing to the difficulties in securing a suitable narrow-bodied fleet that meets the Island's specific needs and complies with our strict construction and use requirements governing the permitted width, length and weight of public service vehicles to be licensed for use on Guernsey's constrained roads infrastructure.

Whilst expressions of interest have yet to be sought from potential bus suppliers, it is expected that our options might be limited to the following vehicle types:

- **Wrightbus:** StreetVibe (Euro 6 Diesel);
- **TAM-Durabus:** Citybus VIVA –E (Electric or Euro 6 Diesel);
- **Optare:** Slimline Solo (Euro 6 Diesel only);

The Wrightbus StreetVibe narrow-bodied low floor diesel is produced in Northern Ireland and is a potential choice as it is designed specifically for the niche narrow-bodied bus market and it complies with the Island's passenger carrying and construction and use requirements. The vehicle fully complies with the National Small Series Type Approval Regulations, for the Education, Welfare and Social transport operations as well as being a niche product for PSV operators. The vehicle chassis has been developed by EN-Drive, part of the Wrights Group and shares technology developed for its StreetLite sibling.

At 9.05 metres long and 2.28 metres wide it is 0.62 metres shorter and 0.08 metres (80 mm) narrower than the current fleet. With a capacity of 33 seated and 14 standing it has a maximum capacity of 47 passengers as compared with 34 seated and 18 standing on the current Dart Myllenniums.

However, there is a potential issue regarding the vehicle's wheelbase and subsequent turning circle that might make it difficult to use on certain parts of

the route network. This serves to highlight how difficult it is going to be to find a vehicle that meets all of our requirements.

The TAM Viva-E is an all-electric (or electric with range extender) super low floor solution shortly to be built in Slovenia that is also shorter and narrower than the existing fleet at 9.50 metres long and 2.30 metres wide. Its seating capacity is slightly lower at 28 seats but it can carry up to 30 standing. This vehicle has the potential to offer some significant benefits for Guernsey given its green credentials, purported lower whole life costs and “wow” factor but with a prototype vehicle only just going into production this is not likely to be a practical proposition at this stage, at least not for phase 1 of the replacement programme.

The Department has only recently been advised that TAM-Durabus is now also proposing to produce a diesel variant of its new Viva bus which may potentially be of interest in the first phase of the replacement programme.

The Optare Slimline Solo is available in several configurations but with a slightly wider frame at 2.40 metres and given that it also has a longer wheelbase it is unlikely to be suitable for operating in Guernsey, although it is the vehicle type used on the Jersey bus contract.

Analysis so far would suggest that the lowest risk and most reliable procurement route for phase 1 of the vehicle replacement programme is going to be to work with Wrightbus of Northern Ireland. Whilst TAM-Durabus may appear to represent a viable alternative if they have a diesel model in production by tender stage, productivity levels are currently unknown and many of the technologies would remain leading edge and thus potentially unproven.

It is unlikely that any other suitable vehicle types are currently in production but the Expressions of Interest process will confirm this one way or another.

4.2 Required products and services

On the basis of a perceived need to replace the existing fleet with new buses, the required products and services in relation to the way forward would be as follows:

1. Design, build and delivery of required fleet to agreed specification(s) including dimensions, low floor and kneeling capacities, seating and standing capacities, internal fittings, disability compliance, engines etc;
2. Relevant Industry based warranties;
3. Associated bus management and communications infrastructure, including display boards, ticketing machines (including mobile ticketing and smart card options), real-time passenger information, Wi-Fi and vehicle tracking;
4. Ongoing support and after sales service to include warranty issues;
5. Access to parts at pre-agreed prices and stipulated delivery times;

6. Options for refurbishment of part of existing fleet.

A draft technical specification for any new fleet of buses could include:

- Right-hand drive;
- Low floor with kneeling capabilities or super low floor;
- Single front passenger entry door (door forward or wheel forward options);
- Access for wheelchairs and pushchairs to a dedicated area or areas with the option to utilise fold-down chairs to maximise seating and/or additional wheelchair / pushchair capacity (fully compliant with DDA requirements);
- Maximum Dimensions:
 1. 9.75 metres long;
 2. 2.35 metres wide;
- Short wheel base – ideally no more than 5.0 metres (to enable turning circle of circa 15.00 metres);
- Seating capacity – minimum 24 seats (including folding seats to accommodate aforementioned requirements) plus standing room to give minimum overall capacity of 42 passengers;
- Power Unit – Euro 5 or 6 compliant Diesel or Electric / Electric-Hybrid Technology;
- Options list for other additional equipment such as:
 1. Air conditioning;
 2. Seat specifications and material, including option for high-backed cushioned e-leather seats;
 3. Safety features;
 4. General Lighting;
 5. Floor coverings, including option for wood-effect flooring;
 6. Stop bells;
 7. Illuminated steps;
 8. Ventilation;
 9. Digital Display Boards;
 10. Next stop information;

- 11. Wi-Fi;
- 12. Radio equipment

It should be noted that a higher internal specification would better promote quality and desirability of the service to existing and potentially new clients.

4.3 Risks and potential for risk transfer

The main operational risks associated with Option 3, are as follows:

Description of Risk	Management Actions	Risk Owner	Risk Cost £	Phase 1 only £
Design Risk				
Limited design options due to restrictions on length and width of public service vehicles in Gsy	Maximise options by advertising through the Official Journal of the EU	SOG	N/A	
Delays in building / delivering required fleet	Monitor build progress	SOG	£50,000	£16,500
Design does not meet final specification	Inspect build, possibly in conjunction with HCT engineers	Supplier	£50,000	£16,500
Legal / Procurement				
Potential delays to formalising contracts	Liaise with Contract Lawyer	SOG	£30,000	£10,000
Complications if appoint an EU supplier?	Liaise with Contract Lawyer (phases 2 & 3 only)	SOG	£20,000	£0
Financial				
Exchange rate variance	Agree rate at early stage of contract if favourable to do so (phases 2 & 3 only)	SOG	£299,400	£0
Insolvency of supplier	Due diligence checks and regular monitoring	Supplier / SOG	N/A	
Unforeseen expenses	Tight specification and regular monitoring	Supplier / SOG	£100,000	£33,000
Payment structure	Ensure States not unduly exposed	SOG	N/A	
Legal / Procurement Support	Provision for phases 2 and 3 only	SOG	£20,000	£0
Technical / Operational				

Build Specification Change	Ensure adequate change control procedures in place	SOG	£30,000	£10,000
Specialist advice	Appoint external advisor (also liaise with HCT Group)	SOG	£18,000	£6,000
Quality of work	Actively monitor project	Supplier	£15,000	£5,000
Technical problems post delivery	Ensure adequate safeguards within contract & quality aftercare package	SOG	£60,000	£20,000
Access to spares parts	Ensure availability and that cost of spare parts is contractualised.	SOG	£100,000	£33,000
Warranty	Standard manufacturer warranty applies. Ongoing maintenance and support between supplier and operator	Supplier / Operator	N/A	N/A
Insurance	A requirement of the Bus Contract	Operator	N/A	N/A
Total			£792,400	£150,000
Total (less Exchange rate risk)			£493,000	£150,000

Most of these risks have previously been identified and can be mitigated to varying degrees by making our specification and delivery requirements clear from the outset and ensuring that appropriate support arrangements are in place throughout the build, delivery and ongoing product support stages. Payment mechanisms will depend on build, delivery and inspection requirements together with any phased replacement programme to be agreed as part of any subsequent contract. A contingency allowance of £493,000 has currently been provided to cover these risks but a more detailed analysis will be included at FBC stage.

Exchange rate risk has been calculated on the basis of 'likelihood' (i.e. the chance of an EU contractor being used for any or all of the proposed phase(s) of the contract and 'impact' (i.e. the potential variation in exchange rate for any given period) and a sum of £299,400 included.

The likelihood factor is zero for 2016 as there is not currently known to be a suitable provider of narrow-bodied right hand drive vehicles in Europe but this percentage rises in 2018 and 2020 to reflect the possibility of suitable products being developed in places such as Slovenia where a narrow bodied vehicle has been in development for quite some while.

Having assessed historical exchange rate information at www.xe.com for a variety of one, three and five year periods between 2005 and 2015 a variation factor of up to 25% would not appear out of place in any of the proposed scenarios.

For the purposes of this submission the following percentages were applied:

Option	2016	2018	2020
1	N/A	N/A	L (33%), I (25%)
2	L (0%), I (25%)	N/A	N/A
3	L (0%), I (25%)	L (17%), I (25%)	L (33%), I (25%)

The remaining risks described above have been included within a general contingency provision of 8%

4.4 Proposed charging mechanisms

The Department intends to make payments in accordance with agreed payment strategies to be contained in the tender documentation.

4.5 Proposed contract lengths

To be determined as part of the contract documentation but expected to be between 3 and 6 months for phase 1 of the replacement programme.

4.6 Proposed key contractual clauses

To be considered as part of the tender documentation.

4.7 Personnel implications (including TUPE like transfers)

It is anticipated that TUPE like transfers – (as the Transfer of Undertakings (Protection of Employment) Regulations 1981 does not apply strictly in Guernsey) – will/ will not apply to this investment as outlined above.

4.8 Procurement strategy and implementation timescales

It is anticipated that the procurement strategy will follow a traditional fleet build contract format commencing with an Expressions of Interest (Pre-Qualification Questionnaire) followed by an Invitation to Tender detailing the fleet requirements as determined during the recent tender process with CT Plus.

Whilst the specifics of the bus type and design will have a degree of flexibility, the total number of vehicles required (over three phases) and the general seating capacities have already been broadly agreed. On-Island considerations such as length and width restrictions and turning circle limitations will also need to be taken into account. A draft base fleet specification has been produced for inclusion in the tender documents.

The tender timeframe is tight if phase 1 of the fleet replacement is to be completed before the end of summer next year and will require a tender evaluation and assessment period and sufficient time to comply with the various authorisation processes required as part of the SCIP process.

4.9 FRS 5 accountancy treatment

It is envisaged that the assets underpinning delivery of the service will not be on the balance sheet of the Department.

5.0 The Financial Case

5.1 Funding options

Since 2001 public bus services have been provided by a single operator and in 2002 the States of Guernsey took the decision to buy a fleet of new purpose built narrow-bodied buses (the current fleet) and to 'lease' them to the operator as part of the subsidy arrangements for the service provision within the agreed contract at the time.

The option of leasing buses from the operator was considered as part of the recently awarded bus contract with CT Plus. Under scenario 2.3 of the BAFO tender submission a leasing cost of £287,282 per annum was included for 12 StreetVibe buses and two Sprinter minibuses. This equated to a monthly leasing cost of £1,819 for each bus (or £120,044 over the course of the 5.5 year contract) and £1,057 per month for each minibus (or £69,762 over the course of the 5.5 year contract) with the vehicles being returned to the Operator at the end of the contract period. This excluded maintenance costs and did not represent an attractive option to the Department given that a new bus to the specification suggested by CT Plus would cost in the order of £130,000.

A further option for the Department to lease the vehicles over a 10 year period with a reduced monthly leasing cost on the basis that the States agreed to a step-in responsibility for the remainder of the leasing period if the contract with CT Plus was not extended was not pursued. An arrangement of this nature would have reduced the annual leasing costs by about 25% but would still have represented a total leasing cost in excess of the value of the buses over a 10 year period at circa £161,640 per vehicle (equivalent to £1,347 per month) again not including maintenance costs.

Accordingly, the Environment Department remains of the opinion that the States of Guernsey should retain ownership of the fleet in order to minimise the overall cost of acquiring the fleet and to maximise the ability for the States to maintain continuity of service in the event that the current bus operator should cease to operate.

Given that the Department is also unable to fund any potential leasing of a fleet from within its existing revenue budgets and that outright purchase is always likely to be the cheapest solution for the States, the option of funding the fleet from States capital resources is considered to be the most appropriate way forward at this time. With a proposed three phase replacement programme spanning a period of approximately five years, funding can be apportioned over this timeframe.

5.2 *Impact on the organisation's expenditure account*

Summary of financial appraisal (undiscounted)

	2015	2016	2017	2018	2019	2020	Total
	£	£	£	£	£	£	
	Cost of preferred way forward: Option 3 Replacement Phased Replacement of Existing Fleet						
Capital	-71,800	-1,808,000		-1,951,823		-2,913,549	-6,745,172
Revenue							
Total	-71,800	-1,808,000		-1,951,823		-2,913,549	-6,745,172
	Funded by: Capital Allocation and trade in of existing fleet						
Additional	-71,800	-1,808,000		-1,951,823		-2,913,549	-6,745,172
Trade-in		35,000		65,000		70,000	170,000
Total	-71,800	-1,773,000		-1,886,823		-2,843,549	-6,575,172

5.3 *Overall affordability and balance sheet treatment*

The replacing of the existing fleet through capital prioritisation is considered to be the only practical solution open to the Department to address the current shortfalls in bus service provision although the option will remain open during the tendering stage for any alternative funding options to be discussed.

Resultant operational (revenue) savings associated with any new fleet (including reduced maintenance and fuel savings) needs to be taken into consideration as part of the financial appraisal. However, it must be noted

that no further savings will be achieved in addition to those already factored into the maintenance element of the recent tender submission from CT Plus that has formed the basis of a new 5.5 year contract for the provision of scheduled and integrated school buses. This was based on 1/3 of the fleet being replaced with new diesel EURO 5 or 6 emission compliant vehicles within about a year of the new contract commencing and should this project not proceed for any reason or be unreasonably delayed then it is probable that the operator will seek an increase in budget to reflect the change in circumstances.

The potential sale of the existing ageing fleet is likely to realise a few hundred thousand pounds and so this could be used to partially offset the cost of new vehicles. However, the option does remain to retain some of these vehicles to be used as spares or exclusively for school services, potentially freeing up other vehicles to run enhanced scheduled or school bus services at peak times.

The most financially attractive option over the “whole-life” net present value scenario of the fleet is option 3 “phased replacement” at £1,044,553 net cash flow over 15 years but it has a higher capital funding requirement totalling £6,745,172 undiscounted (or £6,033,549 net present value). Option 2 “immediate replacement” is less attractive over the “whole-life” scenario at £2,064,572 but has the lowest initial capital requirement at £5,759,800 undiscounted (or £5,567,830 net present value) but replacing the entire fleet at one stage does not necessarily represent good industry practice as the Department would again find itself with an ageing fleet in need of wholesale replacement in another 15 years. Option 1 is the second most expensive option over the “whole-life” net present value scenario at £1,473,416 net cash flow over 15 years (although it should be noted that this sum excludes the high refurbishment costs of over £500,000 associated with this option) and in capital terms at £7,126,573 undiscounted (or £6,033,113 net present value). This is largely due to the cost of refurbishing the current fleet and bringing in replacement vehicles whilst this work is being undertaken.

Accordingly, option 3 “phased replacement” is the preferred option at a projected 10 year undiscounted capital cost of £6.75m (or £6.58m less sale of existing fleet).

The overall affordability of the scheme was previously dependent on the support of the States of Deliberation when debating the Department’s Integrated On-Island Transport Strategy in April 2014 and on the submission of the SOC for capital prioritisation funding. The alternative of funding the fleet as part of a longer-term contract arrangement with CT Plus was dismissed during the recent tendering negotiations.

A breakdown of the costs for **phase 1** of the preferred phased fleet replacement project is detailed below.

Project Element	Estimated Project Cost £	Notes
Build fleet of buses ¹	-1,716,800	
Extras	N/A	As per specification. Bus provider supplies certain equipment
Delivery	-13,000	To Guernsey
Project support	Included in contingencies	HCT & other professional consultancy
Contingencies	-150,000	Initial estimate
Exchange Risk	0	
Refurbish 27 vehicles	0	Revenue cost of £369,954
Total	-1,879,800	
Shipment costs	(included above)	Off / on Island
Less trade-in (7 of existing fleet)	35,000 ²	
Balance	-1,844,800	

¹12 buses and 2 minibuses, including the second hand minibus recently purchased.

²May subsequently decide to retain part of the first batch of spare vehicles for enhanced school services.

A breakdown of the full undiscounted cost of the **entire phased fleet replacement project** is detailed below.

Project Element	Estimated Project Cost £	Notes
Build fleet of buses ¹	-5,912,800	
Extras	N/A	As per specification. Bus provider supplies certain equipment
Delivery	-40,000	To Guernsey
Project support	Included in contingencies	HCT & other professional consultancy
Contingencies	-493,000	Initial estimate
Exchange Risk	-299,372	
Refurbish 27 vehicles	0	Revenue cost of £369,954
Total	-6,745,172	
Shipment costs	(included above)	Off / on Island
Less trade-in (part) existing fleet	170,000	
Balance	-6,575,172	

6 Management Case

6.1 Introduction

This section of the OBC addresses the ‘achievability’ of the scheme. Its purpose, therefore, is to build on the SOC by setting out in more detail the actions that will be required in order to ensure the successful delivery of the scheme in accordance with best practice.

6.2 Programme management arrangements

The scheme is an integral part of the States of Guernsey Capital Investment Portfolio (SCIP) which comprises a portfolio of projects for the delivery of investment projects for the States of Guernsey. These are set out in the Strategic Outline Programme for the Project, which was agreed by the States of Deliberation on 29th July 2014.

6.3 Project management arrangements

The Department intends to manage this project in accordance with the principles and methodologies of PRINCE 2 including:

- Focus on business justification;
- Defined organisational structure for the project management team;
- Regular team meetings;
- Product-based planning approach;
- Emphasis on dividing the project into manageable and controllable stages;
- Flexibility that can be applied at a level appropriate to the Project.

6.3.1 Project reporting Structure

A Project Board and a Project Management Team has been formed with the approval of the Environment Department.

The Project Board consists of:

Senior Responsible Officer – Chief Officer, Chair
Project Manager & Senior User Service – Traffic and Transport Services Manager
Senior User Finance
Procurement Advisor
Legal Advisor
Project Support

The scope of the Project Board is to:

- Sign off the business case for submission
- Sign off States report for submission
- Approvals to proceed to tender in accordance with States resolution.
- Approval to proceed to contract award in accordance with Environment Board and Treasury and Resources Board resolutions.
- Approves within its authority laid down by States resolution and corporate policies, any changes within the financial envelope, the design principles for the project, procurement process and timescales for delivery.
- Signs of requests for changes to be submitted to Treasury and Resources and/or the States in respect of the business case or the financial envelope.
- Resolve strategic and directional issues associated with the progress of the project which need input and agreement of stakeholders.
- Provide continued commitment and endorsement to the project.
- Authorise delivery and sign-off at the closure of the project.

The Project Management Team consists of:

Project Manager – Traffic and Transport Services Manager
 Finance Manager
 Project Assistant
 Project Support
 Specialist Bus Advisor
 Industry User – CT Plus Guernsey

The scope of the Project management Team is to:

- Sign off design and tender specification within business case and financial envelope
- Sign off delivery of sub projects
- Sign of Value for Money assessment
- Monitor and approve risk schedule
- Draft and implement communications strategy
- Resolve project level challenges and activities in order to deliver on time, within the budget and to the desired quality
- Escalate any strategic issues or other issues falling outside the authority of the Project Team.

6.3.2 Project roles and responsibilities

These are as follows:

- **Senior Responsible Officer (SRO)** is ultimately accountable for the capital investment, performance and project delivery. Is accountable

for the scope, budget and timescale commitment. The SRO is to be party to all key decisions and approvals and chairs the Project Board.

- **Project Manager** is responsible for developing the Business Case and managing the performance of the team and managing delivery of the project to meet the success criteria established. The PM works closely with the supplier and operator and is responsible for delivering documents for issue to the Project Board.
- **Senior Finance Officer / Finance Support** Accountable for the investment decision and the underwriting of the capital and revenue implications of the budget.
- **Legal Advisor:** Responsible for advising on legal compliance and delivering contract documentation.
- **Procurement Advisor;** Lead adviser to the project on the public sector procurement process and good governance within the projects tender and evaluation process.
- **Project Support;** Responsible for the timely issuing of board papers, Action sheets of board meetings, and circulating update reports to the wider project team.
- **Finance Manager;** Responsible for the routine accounting and financial reporting of project costs and for monitoring and advising on financial implications within the project or within other budget areas impacted by the project.
- **Project Assistant;** Responsible for preparing project schedules and documentation and for project delivery under the instructions of the Project Manager. Maintains risk management log, meetings log, issues and actions schedule.
- **Industry Advisor; TBA;** An external consultant. Their recruitment is to deliver specialist support through the project and specifically in respect of phase one vehicle purchase from PQQ stage through to contract award stage.
- **Industry User; CT Plus.** An external representative of the operations contract supplier HCT. Advises on operational suitability and issues relating to the product specification and is responsible for the seamless transition of the product into the operating environment.

6.3.3 Project Plan – Phase 1

Step	Milestone Activity	By
1	Complete OBC for review and sign off by Project Board	Delivered 15/04/15
2	Complete PAR 2	Delivered 30/04/15
3	SCIP Board & Environment to consider finds of the review	Mid June
4	SCIP Board & Environment to agree preferred way forward	End June
5	Environment to submit States report supported by completed OBC	By 03/08/15
6	T&R to submit letter of comment	
7	States Debate to approve issuing of tenders	September
8	Issuing of Tenders	October
9	Tender submission & evaluation	November
10	PAR 3 Review	November
11	Environment & T&R to consider tender evaluation and PAR 3 Review	December
12	Fleet Manufacture	Circa May – July 2016
13	Fleet delivery	Aug / Sept 2016
14	Refurbish 2/3 of existing fleet	Oct – Dec 2016
15	Delivery of refurbished fleet	Jan 2017

Phases 2 and 3 will follow a similar format in 2018 and 2020. A more detailed project plan is incorporated in the Project Evaluation Plan is included as Appendix 5.

6.4 Use of special advisors

In addition to provision for legal / procurement advice contained within the risk register for phases 2 & 3 of the Project, a further sum of £18,000 (£6,000 for each phase of the Project) has been allowed for the appointment of an external specialist advisor to assist with the procurement of the bus fleet.

A representative from the current bus operator, CT Plus, will also be invited to join the Project Management Team.

6.5 Outline arrangements for change and contract management

Fleet build will be subject to an agreed specification. Any changes to specification would need to be approved by the Project Team and subject to contractual adjustment.

6.6 *Outline arrangements for benefits realisation*

The Strategy, framework and plan for dealing with the management and delivery of benefits are detailed in the Projects Benefits Analysis as attached as Appendix 4.

6.7 *Outline arrangements for risk management*

The Strategy, framework and plan for dealing with the management of risks are detailed in the Project Risk Register as attached as Appendix 3.

6.8 *Outline arrangements for post project evaluation*

The outline arrangements for post implementation review (PIR) and project evaluation (PER) have been established in accordance with best practice and are as follows:

6.8.1 *Post implementation review (PIR)*

These reviews ascertain whether the anticipated benefits have been delivered and are timed to take place once the first third of the fleet have entered service and have bedded in to the service network – early Summer 2016.

6.8.2 *Project evaluation reviews (PERs)*

PERs apprise how well the project was managed and delivered compared with expectations and are timed to take place once the fleet has been delivered and entered service – estimated late Spring 2016.

6.9 *Project Assurance Review arrangements*

The impacts / risks associated with the project

6.10 *Contingency plans*

In the event that this project fails, the Department will continue to operate the existing fleet of vehicles until such time as a resolution to the matter can be found. In order to continue to provide existing service levels alternative interim solutions may need to be found.

Signed

Date: 23rd June 2015

**Traffic and Transport Services Manager
(Project Manager)**

Appendix 1

FLEET SPECIFICATION REQUIREMENTS

A draft technical specification for any new fleet of buses could include:

- Right-hand drive;
- Low floor with kneeling capabilities or super low floor;
- Single front passenger entry door (door front or wheel front);
- Access for wheelchairs and pushchairs to a dedicated area or areas with the option to utilise fold-down chairs to maximise seating and/or additional wheelchair / pushchair capacity (fully compliant with DDA requirements);
- Maximum Dimensions:
 - a) 9.75 metres long;
 - b) 2.35 metres wide;
- Short wheel base – ideally no more than 5.0 metres (to enable turning circle of circa 15.00 metres);
- Seating capacity – minimum 24 seats (including folding seats to accommodate aforementioned requirements) plus standing room to give minimum overall capacity of 42 passengers;
- Power Unit – Euro 5 or 6 compliant Diesel or Electric / Electric-Hybrid Technology;
- Options list for other additional equipment such as:
 1. Air conditioning;
 2. Seat specifications and material, including option for high-back cushioned e-leather seats;
 3. Safety features;
 4. General Lighting;
 5. Floor coverings, including option for wood-effect flooring;
 6. Stop bells;
 7. Illuminated steps;
 8. Ventilation;
 9. Display Boards;
 10. Next stop information;
 11. Wi-Fi
 12. Radio equipment

Appendix 2

CT Plus - Scenario Specific Fleet Strategy

Introduction

All our fleet proposals for scenarios 1.1, 1.2, 1.3, 1.4, 2.0, 2.1, 2.2, 2.3 and 2.4 uses at least some of the States' existing fleet, with the following assumptions:

- For scenarios 1.2 / 2.2 one third of the existing fleet will be replaced by the States during the first year of the new contract (circa 14 vehicles).
- As the new fleet is delivered, we will ship the vehicles that come off the contract (one third) to the UK for interior refurbishment. As the refurbishment is completed, the vehicles will be brought back to Guernsey and brought into the fleet, with a further third of the fleet not being required for the service, and so going off Island to be refurbished.
- When these vehicles are returned, all the vehicles required for the service will either be new or re-furbished. This will all happen in year one, the start being dependent on the timing of the States' new fleet arriving.
- We have annualised the vehicle refurbishment costs over the 5.5 years of the contract.
- In scenario 1.1 / 2.1 (no new vehicles) we are assuming all those vehicles will remain in service for 5.5 years.
- In scenario 1.2 / 2.2 (States acquire a third new vehicles) from year two onwards, a rolling fleet replacement of four new vehicles, purchased by the States, has been assumed. With a required fleet number being 41, this scenario assumes that the full fleet will not be replaced within the 5.5 years of the contract.
- In scenario 1.3 / 2.3 (CT Plus acquires a third new vehicles) we are assuming there will be no additional new vehicles from year 2 unless the States decides to acquire them.
- In scenario 1.4 / 2.4 (all new vehicles except for the standalone schools) we are assuming that those school buses will remain in service for 5.5 years.
- As the incumbent, we are aware that there is corrosion on the vehicles. However, we have **not** priced in for this repair work in our bid. This is as a result of discussion at the SCRUM that we should bid on the same basis for scenario 1 as other bidders, who do not have the same detailed knowledge of the fleet as we do. We have indicative general costs for dealing with the corrosion of the vehicles and are currently undertaking vehicle by vehicle inspections, and feel that, although operating some of the vehicles for a further 5.5 years could impact the service, we would ensure that the most reliable vehicles would be the ones that remain in the fleet.
- We have priced our maintenance costs for the fleet based on a third of the fleet being new, and on the older fleet that remains in service.
- As we do not know which vehicles the States will procure, we have made our pricing assumptions (fuel, maintenance etc.) based on diesel vehicles.
- If successful, we would welcome being a strong partner in the vehicle choice and specification, bringing our many years of experience of this to the table.

Vehicle refurbishment and branding

We propose new branding of the vehicles except for scenarios 1.1 / 2.1, which will retain the existing image of the fleet. Where we are using current vehicles with new vehicles the older buses will be refurbished internally:

- Re-spray vehicles
- Re-trim threadbare seats
- Remove and recoat hand poles
- Fit new top socket rubbers
- Remove and recoat seat legs
- Supply and fit new step edgings
- Carry out deep clean to front and rear bulkheads
- Carry out deep clean to centre roof, covings and pillar cappings
- Carry out full interior deep clean
- Repaint heater trunking cover
- Minor structural repairs

The annualised cost of refurbishment for the fleet will be £6,841 plus shipping per vehicle.

On-vehicle equipment

We have tendered in all scenarios for replacing the TGX 150 electronic ticket machines (ETM) with Ticketer machines. The reason for this has been detailed as part of schedule 18, data collection and analysis, as well as part of schedule 13, marketing and promotion. The key benefit of this is the ability to have accurate monitoring of and reporting on the service reliability and punctuality (schedule adherence), as well as provide Real Time Information (RTI) for the website and mobile site.

We will replace the ETMs on all the vehicles, both new and existing. We are able to do this in Guernsey and have planned to do this for the start of the contract. We will remove the new ETMs from the older vehicles and put them on the new fleet as it arrives.

We have also identified that all the smartcards would need to be replaced, as the existing smartcards cannot be read by the new ETMs. Currently as the States pays for the production of the smartcards, we have not priced in for card replacements. However, with the new service, we understand that the States are proposing to have the cost of a card met by the passengers wanting to use the free service. We feel that the cost of producing the card and the administration that would needed to be undertaken by us, would be circa £2.50 per card, and the proposed price by the States of between £4 and £8 would certainly more than cover the cost. In this case, we could produce the cards and on re-sale provide the difference between the cost and the price to the States.

The whole system can be ITSO compliant, but we have not priced this in, as we feel that there is no current need for this enhancement. However, the option is easily available with our proposed system for future inter-function operability, if required, but there is an additional cost for this (circa £5k per annum), which is not in this bid.

Where we are acquiring new vehicles for the service our procurement strategy for the vehicles is to:

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1. Support the States achieve the targets in the Integrated Transport Strategy, by specifying a fleet, in conjunction with the vehicle manufacturers and livery design company, to provide a vehicle look that exceeds expectations.
2. Share our experience and understanding of best practice to specify a fleet that will be reliable, with a very high quality interior specification, to encourage modal shift.
3. Ensure compliance with Guernsey legislation, especially in terms of width restrictions.
4. Reduce the cost of leasing with longer-term options, if acceptable to the States.
5. Minimise the harm to the environment by specifying Euro 6 engines.
6. Minimise exposure through effective assessment of risk of the vehicle suppliers and contract conditions imposed on the vehicle suppliers.

Where we are acquiring new vehicles (scenarios 1.3 /2.3, 1.4 / 2.4 and 2.0) our proposal is based on our understanding of the States' aspirations to encourage modal shift so we are specifying high quality vehicles, which comply as much as possible with residents' desire to see narrower vehicles, as well as some smaller vehicles, whilst still being able to accommodate passenger growth, and to achieve emission reduction. These vehicle specifications will further support service reliability because they are more appropriate for the roads. We have also used our experience as an operator of a large mixed fleet operating in different environments across the Group, as well as currently operating the service in Guernsey, to recommend the most suitable vehicles for Guernsey's environment, and for the provision of different routes.

In deciding which fleet to recommend, we have explored in depth with manufacturers, the following vehicle types:

- TAM Durabus – an all-electric solution
 - Wrightbus StreetVibe - Euro 6 engine
 - Optare Slimline Solo - Euro 6 engine
 - EVM Community Low Floor Sprinter – Euro 6 engine
 - We will place an order as soon as the contract has been awarded and the specification finalised with the States.
 - Delivery time is around 30 weeks, which means that the first vehicles will arrive in Guernsey around August 2015 if we place an order in January 2015.
 - We intend to introduce the new vehicles into service on a route by route basis, as they arrive.
 - We anticipate delivery of 3-4 vehicles a week.
 - In order for us to run the planned service from the start of the summer timetable, we will operate the enhanced service using the existing vehicles and have priced in hiring additional vehicles to meet the required PVR requirement until the new vehicles arrive.
- We have bid on starting the new community route only on delivery of the vehicles, which we are confident will be in time for the start of the summer timetable.

New Vehicles

StreetVibe single deck vehicles

Width - 2.28m

Length - 9.0m

Seating capacity - 33 (30 fixed seats + 3 tip-ups or 27 fixed seats + 6 tip-ups)

Seats - High back, cushioned seats with e-leather

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Flooring - Non-slip, wood-effect flooring
 CCTV - 5 cameras, with driver monitor
 Wheelchair Ramp - Manual
 Telematics - MiX
 Digital Displays - Mobitec. Exterior front, side and rear, plus internal dynamic passenger information displays.
 Delivery time - 30 weeks (subject to availability of slots at order time)



We will lease 56 Wrightbus StreetVibe single deck vehicles to run on all the routes other than the community route. This number includes six spare vehicles in Scenarios 2 and 5 spare vehicles in Scenario 2a to cover breakdowns, inspections or where additional capacity may be needed.

The overall length of the vehicle is nine metres, with a width of 2.28m. This is the slimmest vehicle we could source that meets the States' rules and the residents' desire to see narrower vehicles operating in Guernsey, and is considerably narrower than the current fleet which is 2.36m. It has been designed specifically for manoeuvrability. StreetVibe is a vehicle that meets large single deck capacity requirements, with a fuel efficient solution, due to its light weight design alongside optimised driveline technology. The StreetVibe is a new product and has been designed specifically to meet the requirements of a previously under explored market sector. The benefits of the Euro 6 engine is its compliance to strict exhaust emission limits.

The vehicles are low floor with a single flow entrance door, wheelchair bulkhead and handrails (fixed floor to roof stanchion). There are manual fold out wheelchair ramps to aid boarding when necessary. All vehicles will be fitted with Mobitec Electronic front, side and rear destination route signage, which allow us to determine the colour of the text displayed (ensuring compliance with guidance for those with visual impairments). The vehicles will also be fitted with interior passenger display for next stop and audio announcements.

The Wrightbus has a strong reputation for building vehicles that are reliable, with high quality body build, good after-market support, training and technical back-up. They will supply imprest stock to support the engineering function. Our Group Head of Engineering has a

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long history of operating a large Wrightbus fleet when employed previously by an international bus company.

Seating and flooring

The total carrying capacity of the vehicles is 47, with a seating capacity of 33 and 14 standees. This closely matches the seating capacity of the existing larger vehicles with 34 seats, and exceeds the seating capacity of the slightly smaller existing vehicles of 28 seats. We have the option of specifying the number of tip-up seats. The option is 30 fixed seats and three tip-up seats or 27 fixed seats and six tip-up seats. The advantage of the latter is that it will enable an area that could accommodate both a wheelchair user and passenger with a child in a buggy, removing an area of conflict that sometimes arises. In addition, when this area is free, the ability for standees to have more room is advantageous at busy commuter periods. It will also give a spacious feel to the vehicle at times when there are fewer passengers on board. The seats will be high back design, padded for extra comfort, covered with e-leather material. The floors will be covered with non-slip, wood-effect covering. The design of the interior will be aesthetically pleasing, distinctive and possess an interior ambience far superior to the existing bus fleet, with dynamic interior passenger information displays.

Added optional features

We have provided the option for on-board Wi-Fi and USB charging points on every new vehicle. We have also priced in the option of bike racks on the backs of a selection of vehicles. These are clearly indicated as separate priced options in our Schedule 4 Cost Model, and are **not** included in our total tender prices for each scenario.

Full electric availability

An option of a fully electric StreetVibe is not currently being developed by Wrightbus, however, they have manufactured eight Electric StreetLite vehicles for Milton Keynes. This vehicle, once fully integrated and optimised, could potentially provide a 60% saving over a standard diesel vehicle. For this reason they are keen to develop and continue to explore the option of potentially engineering projects for the benefit of our customers and have said that it would be possible to achieve this on the StreetVibe. This would include a plug-in charge option. We could not include this as a realistically priced option in our bid in time for submission, but we would be willing to explore this further with Wrightbus and the States.

Bus Design

As part of the fleet design we have put together two possible exterior liveries and one example of an interior design to give an indication of how we believe the buses could look and feel. We have described in schedule 13 how we would put the choice of livery design out to a public vote. The designs overleaf are indicative but are part of us thinking about the new service in aspirational terms, that is, it reflects a modern and dynamic service.

Our design approach to both the exterior and interior of the vehicles has been based on the following principles:

- Reflects the colours of Guernsey from the flag to sporting colours and the vibrant palette provided by the festivals.
- The service to be perceived as a premium product by its customers.

- The designs are intended to reflect the message that this service is for Guernsey men and women providing a sense of ownership.
- The designs can be replicated in all other forms of communications such as brochures, timetables, stop information etc.

1

The EVM Low Floor Sprinters

Width - 1.99m

Length - 7.34m

Height - 2.80m

Seating capacity - 16 (13 + 3 tip-ups)

Seats - High back, cushioned seats with e-leather

Flooring - Non slip, wood-effect flooring

CCTV - 4 cameras,

Engine - Cummins Euro 6 engine

Wheelchair Ramp - Manual

Telematics - MiX

Digital Displays - Mobitec. Exterior on front and rear, plus internal passenger information

Delivery time - 12 weeks (subject to availability of slots at order time)

We will lease two EVM vehicles to run on the community route. This number includes one spare vehicle to cover breakdowns, inspections or where additional capacity may be needed.

The overall length of the vehicle is 7.34m, with a width of 1.99m. The base model is a Mercedes Sprinter EXLWB, with a Euro 6 engine. The EVM Low Floor Community Sprinter is a new product in the low floor minibus market, enabling the minibus to be wheelchair accessible without the need for a passenger lift. The vehicles have a single electric plug entrance door, which is 1,200mm wide, capable of admitting the largest wheelchairs with ease. There is a luggage drop unit on the left of the door. There is a manual fold out wheelchair ramp to aid boarding when necessary, and can provide a shallow-angled boarding ramp where there is no pavement. All vehicles will be fitted with Mobitec Electronic front and rear destination route signage, which allow us to determine the colour of the text displayed (ensuring compliance with guidance for those with visual impairments). The vehicles will also be fitted with interior passenger display for next stop and audio announcements.

EVM has specialised in building Mercedes Benz Sprinter minibuses for the past 15 years. One of its strengths lies in its close working relationship with Mercedes Benz and their aftersales Dealer networks. In addition to this, another strong point in choosing this vehicle is that it is circa £20,000 lower than any competing product.

Seating and flooring

The vehicles have a seating capacity of 16. With 13 fixed seats and three tip-up seats. The seats will be high back design, padded for extra comfort, covered with e-leather material, and the floors covered with non-slip, wood-effect covering, matching the interiors of the large vehicles on the mainstream network. They will be fitted with dynamic interior passenger information displays.

EVM Low Floor Sprinter



On-vehicle equipment

We have tendered in all scenarios for replacing the TGX 150 electronic ticket machines (ETM) with Ticketer machines. The reason for this has been detailed as part of schedule 18, Data Collection and Analysis, as well as part of schedule 13, Marketing and Promotion. The key benefit of this is the ability to have accurate monitoring and reporting on the service reliability and punctuality (schedule adherence), as well as provide Real Time Information (RTI) on the website and mobile website.

We will replace the ETMs on all the vehicles, both new and existing. We are able to do this on Island and have planned to do this for the start of the contract. We will remove the new ETMs from the older vehicles and put them on the new fleet as it arrives.

Smartcards

We have also identified in our bid that all the smartcards would need to be replaced, as the existing smartcards cannot be read by the new ETMs. Currently as the States pays for the production of the smartcards, we have not priced in for card replacements. However, with the new service, we understand that the States are proposing to have the cost of a card met by the passengers wanting to use the free service. We feel that the cost of producing the

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card and the administration that would be needed to be undertaken by us, would be circa £2.50 per card, and the proposed price by the States of between £4 and £8 would certainly more than cover the cost. In this case, CT Plus could produce the cards and on re-sale provide the difference between the cost and the price to the States.

The whole system can be ITSO compliant, but we have not priced this in, as we feel that there is no current need for this enhancement. However, the option is easily available with our proposed system for future inter-function operability, if required, but there is an additional cost for this (circa £5k per annum), which is not currently in our bid.

Real Time Information (RTI), next stop audio and visual passenger displays and telematics equipment

We will achieve RTI information in all scenarios on the website and on mobile devices using a feed with the introduction of the new ticket machines. We have described how RTI will look on the website in schedule 13, providing live times for all the services, and providing a wide range of journey planning tools, stop based live times and timetable information. The mobile website functions are all adapted from the desktop site with each feature including the diversion warnings system used by desktop site. It will enable us to track and monitor the performance of our vehicles in real-time.

In scenarios 2.0, 2.1, 2.2, 2.3 and 2.4 we have priced in an external RTI system on new vehicles only which will enable us to offer on-board bus audio and visual next stop information to assist passengers, particularly visitors and those with visual and hearing impairments to identify their location on the journey.

All vehicles will be fitted with MiX Telematics equipment, to enhance safety around driver performance, fuel efficiency and environmental performance.

Premises

We are very keen to explore with the States the option of exploring finance to build a new bus depot, and would discuss how this could be achieved at the appropriate time. We are aware that the additional fleet that is required for Scenarios 2 and 2a will not fit into the existing depot.

We anticipate that we would need parking for circa 15 additional large vehicles for scenario 2 or seven additional large vehicles for Scenario 2a. We understand from the tender clarification responses that the States might be able to make additional parking sites, so we have **not** priced in our tender for additional depot space.

However, we have sourced a potential site which is circa £65,000 per annum, where we could park the additional vehicles. However, this seems very expensive and is larger than we need for the additional vehicles. Also other property might become available prior to the start of the new contract. We would explore this with the States if we were the preferred bidder.

Duplicate vehicles

We have made the assumption that duplicate vehicles, when needed, will be sourced from the existing fleet, and not from additional vehicles. This is how the service currently operates.

Additional services

We have not assumed any vehicle capital or lease costs in our Additional Services Price Card. We have assumed that any additional services that the States might require to expand the service provision will be from existing vehicles. If additional vehicles were required, the

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cost of the required vehicles would have to be priced on a case by case basis, depending on the vehicle requirement at the time. It has not been possible to obtain lease prices for the combination of vehicle type that might be required at any point in the contract period, nor whether the specification (mainly width) would be available on leased vehicles.

Handover

If we are successful with the tender, the service will be able to continue seamlessly, as we are the present incumbent and have been improving the reliability of vehicles that we inherited through our maintenance regime since winning the contract two and a half years ago.

If we are not the preferred supplier, we will support the States and the new contractor by enabling them to view all the maintenance documents on file, giving them full access to the engineering staff we employ to discuss the fleet, and liaising with Rabey's to facilitate fleet inspection as far as practicable without disrupting the service.

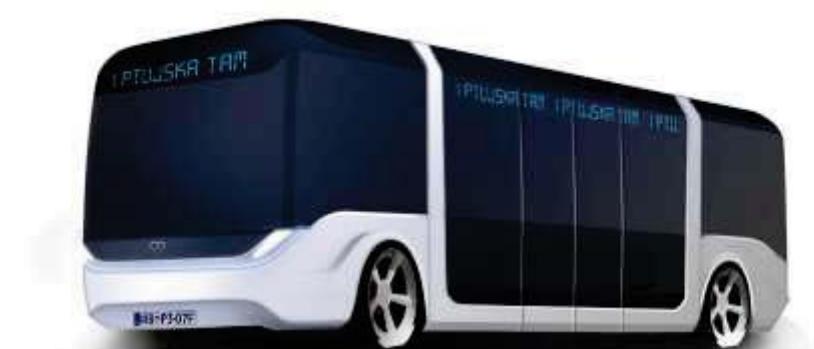
Other vehicles Considered

TAM VIVA-E

CT Plus has had and continues to have, significant dialogue in respect of the vehicles manufactured by TAM. We also understand that the States may also have had some initial dialogue with them. Our Group Engineering Manager and our Procurement Manager have spent a great deal of time evaluating the all-electric TAM VIVA-E option. This is one of the most exciting new products to be introduced to market, and is extremely appealing, as the environmental benefits of this vehicle, along with its width of 2.3m would be eminently suitable to meet many of the aspirations of the Transport Strategy.

We have visited the factory once and have subsequently had extensive dialogue with their representatives to build up our knowledge about the product and the company, followed up by emails requesting further details of the proposed vehicle, warranty, parts etc. to try to get a comprehensive proposal in a single document. The product does potentially offer some very significant benefits:

- TAM is confident that the vehicle's whole life costs will be either comparable to or lower than the more traditional products.
- The vehicle is 2.30m wide and has some particularly strong green credentials.
- It has something of a 'wow factor'.



In addition our discussions to date with TAM indicate that they would provide substantial

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support, including, for example, significant training, diagnostics and service support in addition to making imprest stock available and providing meaningful warranties. This type of support will help to ensure efficient and reliable operations.

However, despite detailed and ongoing discussions with TAM, it has not been practical for us to provide the States with a detailed proposal because, for example, a prototype vehicle will not be ready until November 2014 and, whilst TAM has been very cooperative in our various discussions, they are yet to confirm a number of key points including, for example, the final vehicle price, details around the physical operation of the vehicle, the costs of parts, and other technical information.

Although we are not recommending this vehicle in our fleet strategy for Scenarios 2 and 3, we are aware that this vehicle could be a serious contender, and if we were a preferred supplier, we would certainly wish to discuss with the States the option of this vehicle, if this were the States preferred solution. We are therefore visiting the factory again at the end of November, as they anticipate they will have the prototype ready to show all interested parties. We would recommend that two or three vehicles be put on trial in Guernsey over a couple of months to review their performance.

We have been unable to recommend this vehicle currently in our fleet strategy because currently the risks and risk mitigation are too severe or unknown for us to take on at this stage in the prototype development, for the following reasons:

- We have not been able to obtain a comprehensive offer in order to put a firm bid in place. We have been given a price of £193,600 for the vehicle. At this price, it is around 50% higher than our proposed vehicle. However, it does have the obvious benefit of being allelectric, with the diesel range-extender. As the prototype vehicle has not been built, fuel and operational efficiencies remain to be proved and this puts a significant risk on us as an operator, without sharing any of the risks with the States. We have not been able to clearly establish whether the actual fuel and operational costs broadly reflect what TAM has been suggesting, or whether they will be substantially higher. Nor have we been able to establish whether there are significant infrastructure set-up costs or not.
- Additionally, the seating capacity of the 9.25m VIVE-E bus we have currently been given is 28 seats (24 fixed seats and 4 tip-up seats) in order to allow for a wheelchair space, which may be a bit on the low end of the capacity required for the service as ridership growth. This differs from the previous seating figure we were given for the 9.25m vehicle of 31 seats (27 fixed seats and 4 tip-up seats).
- We have been unable to satisfy ourselves that the product will be built in a timely manner with all necessary support, including on-going parts supply, though this might become clearer later on when the prototype is built. TAM is a new company, and therefore at risk of not being around after the first vehicles are delivered, or over the term of the contract. The due diligence we have been able to undertake reassures us that the parent company who owns 100% of TAM, is a very strong company. Our process of due diligence in respect of TAM, however, is still ongoing.
- Commercially, the biggest risk we have identified is that if we recommend the TAM vehicles and they prove to be unreliable, in addition to the residents not having the reliable bus service they need, there would be a major financial impact on CT Plus in terms of penalties and possible early termination of the contract. If, after five years CT Plus ceases to operate the Guernsey services, we could be left with under-depreciated, poor quality vehicles that have little or no resale value, and which cannot be easily cascaded onto other of our operations. The residual value of relatively unknown and unproven vehicles is not known. This is not a risk that CT Plus is in a position to take.

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- There are options to mitigate some of these risks, such as TAM providing the agreement of a pre-agreed manufacturer buy-back after five years, if required, which would be real evidence of confidence in their own vehicles. These pre-agreed buy-back arrangements are rare in the UK, but are fairly prevalent in Spain. However, we are nowhere near getting to this level of detail yet with TAM. An agreed step-in responsibility could be agreed with the States, as we have proposed in our recommended fleet option. However, we would be reluctant to propose this option for these vehicles, as we are not in a position to say that the States would be getting excellent value, as we are able to say with the Wrightbus product. HCT would warmly welcome the opportunity to further discuss the TAM product with the States. In the event that the States considered the TAM product to be a realistic alternative, there would need to be further discussion and work undertaken and, in addition, because this is a new product from a relatively new company, it would be in the interests of all parties to ensure that contractual matters are properly addressed.

In summary the TAM product does potentially offer something very different and exciting that may help enhance the perception of bus operations across Guernsey, but further work needs to be completed, primarily by TAM, including issues such as parts, service support, warranties, diagnostic kit, and so on.

Medium sized vehicles

We have explored the option of specifying medium sized buses for certain routes to achieve a shorter vehicle, and reduce the contract price by doing so. The routes that might be suitable for these vehicles are routes 21 (that includes the section of this route that was numbered route 81), 31, 32, 61 and 71.

Optare Slimline Solo

The vehicle we considered was the Optare Slimline Solo, which has a length of 7.2m, with 21 fixed seats and 2 tip-up seats (23 seats). Indicative figures indicate that the savings on Scenario 2 would be in the region of £18.5k per annum, and on Scenario 3 in the region of £44k per annum.

We have not recommended this option as the Optare Slimline vehicles come in at a width of 2.4m which exceed the 2.36m of the current vehicles, which are considered to be too wide for the roads.

Wrightbus Slimline Euro 6 StreetLite Mini 7.5M

Wrightbus have indicated that it would be technically possible for them to produce a 7.5m bus, although, the shortening of the vehicle would involve a re-engineering and design team to calculate and approve the revised arrangements. For these reasons, Wrightbus have said they would be reluctant to offer this product unless a business case was approved and the volume would justify a re-development. Based on this response, the numbers needed for the Guernsey bid would, in our opinion, not be considered great enough for Wrights to consider this re-development and business case to be viable.

Premises

We are very keen to explore with the States the option of exploring finance to build a new bus depot, and would discuss how this could be achieved at the appropriate time. We have made the assumption in this scenario that the current premises will remain suitable for operating the vehicles at the current level of 41 vehicles.

Duplicate vehicles

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We have made the assumption that duplicate vehicles, when needed, will be sourced from the existing fleet, and not from additional vehicles which is how the service currently operates.

Additional Services

We have not assumed any vehicle capital or lease costs in our Additional Services Price Card. We have assumed that any additional services that the States might require to expand the service provision will be from existing vehicles. If additional vehicles were required, the cost of the required vehicles would have to be priced on a case by case basis, depending on the vehicle requirement at the time. It has not been possible to obtain lease prices for the combination of vehicle type that might be required at any point in the contract period, nor whether the specification (mainly width) would be available on leased vehicles.

Handover

If we are successful with the tender, the service will be able to continue seamlessly, as we are the incumbent and have been improving the reliability of vehicles that we inherited through our maintenance regime since winning the contract two and a half years ago.

If we are not the preferred supplier, we will support the States and the new contractor by enabling them to view all the maintenance documents on file, giving them full access to the engineering staff we employ to discuss the fleet, and liaising with Rabey's to facilitate a fleet inspection as far as practicable without disrupting the service.

Bus Specific Requirements – Preferred Option (2.2)

Bus Type	Seating Capacity	Number of Vehicles Required
Dart Myllennium	34	27 Existing States Fleet – all refurbished
Wrightbus StreetLite Mini	33	12 New – provided by States of Guernsey
EVM Community Low Floor Sprinter	16	2 New – provided by the States of Guernsey

Benefits Realisation Register

Benefit			Metrics		
Key Benefit	Description	Owner	Measure	Baseline	Target
Quality and reliability of services	<ul style="list-style-type: none"> Less breakdowns resulting in delays and cancellations to services 	Bus Operator / Project Assistant	<ul style="list-style-type: none"> Monitor service levels (to include vehicle breakdowns not necessarily resulting in cancelled services) 	<ul style="list-style-type: none"> 150 per annum (3 per week) 	<ul style="list-style-type: none"> 50% reduction breakdowns by 2020
	<ul style="list-style-type: none"> More comfortable, clean and appealing vehicles (both new & refurbished fleet) 		<ul style="list-style-type: none"> Monthly analysis of customer complaints registers and conducting customer satisfaction surveys on service standards 	<ul style="list-style-type: none"> Results of surveys to be conducted prior to delivery of new vehicles and set benchmark 	<ul style="list-style-type: none"> Set improvement targets based on benchmark figures by 2020
Enhanced network of social and accessible services	<ul style="list-style-type: none"> More public routes 	Project Manager / Bus Operator	<ul style="list-style-type: none"> Number of public routes operated 	<ul style="list-style-type: none"> Just increased to 19 Routes 	<ul style="list-style-type: none"> Sustain current route network
	<ul style="list-style-type: none"> Increased frequency of public services, especially at 'peak' times 		<ul style="list-style-type: none"> Frequency of public services operated, especially at 'peak' times 	<ul style="list-style-type: none"> Just increased from 308 to 339 services on weekday schools 	<ul style="list-style-type: none"> Sustain current levels and increase 'peak' journey provision
	<ul style="list-style-type: none"> Increased frequency of integrated school services 		<ul style="list-style-type: none"> Number of integrated school services operated 	<ul style="list-style-type: none"> 14 (am) and 26 (pm) services 	<ul style="list-style-type: none"> Increase service provision by 10% for 2016/17 school year
	<ul style="list-style-type: none"> Improved community service provision 		<ul style="list-style-type: none"> Availability of direct services to community facilities 	<ul style="list-style-type: none"> 1 Community service operating on a trial basis 	<ul style="list-style-type: none"> Expand community based services
	<ul style="list-style-type: none"> Fully disability / family compliant vehicles 		<ul style="list-style-type: none"> Disability / family accessibility 	<ul style="list-style-type: none"> Maximum load 2 buggies or 1 + 1 wheelchair per vehicle 	<ul style="list-style-type: none"> Retain existing capability and increase where possible
	<ul style="list-style-type: none"> Passenger numbers 		<ul style="list-style-type: none"> Monthly Passenger statistics 	<ul style="list-style-type: none"> 1,467,103 passengers carried in 2014 	<ul style="list-style-type: none"> 2.5% growth in 'peak' travel per annum

Benefit			Metrics		
Key Benefit	Description	Owner	Measure	Baseline	Target
Operating costs – value for money	<ul style="list-style-type: none"> Reduced annual maintenance costs 	Bus Operator / Project Assistant	<ul style="list-style-type: none"> As per contract. Monitor monthly expenditure reports 	<ul style="list-style-type: none"> Maintenance cost per mile 	<ul style="list-style-type: none"> Maintenance cost per mile for new diesel vehicles to reduce to x
	<ul style="list-style-type: none"> Reduced annual fuel costs 		<ul style="list-style-type: none"> As per contract. Monitor monthly expenditure reports 	<ul style="list-style-type: none"> Fuel cost per mile 	<ul style="list-style-type: none"> Fuel cost per mile on new diesel vehicles to reduce to y
	<ul style="list-style-type: none"> Less accidents 		<ul style="list-style-type: none"> Monitor monthly reports 	<ul style="list-style-type: none"> X accidents per year (y serious) 	<ul style="list-style-type: none"> Target x accidents (y) on new vehicles
Environmental benefits	<ul style="list-style-type: none"> Reduction in vehicle emissions 	Project Manager	<ul style="list-style-type: none"> Euro 6 emission standards on all new fleet 	<ul style="list-style-type: none"> Existing fleet is Euro 3 compliant: CO – 2.1; HC – 0.66; NOx – 5.0; PM – .1; 	<ul style="list-style-type: none"> New fleet Euro 6 compliant: CO – 1.5; HC – 0.13; NOx – 0.01; PM – 0.01; Target CO saving.
	<ul style="list-style-type: none"> Improved fuel efficiency 		<ul style="list-style-type: none"> As per bus contract monitoring 	<ul style="list-style-type: none"> Currently averages 10 mpg 	<ul style="list-style-type: none"> Estimated 10.5 – 11.00 mpg To be confirmed
	<ul style="list-style-type: none"> Reduced journey times in 'peak' periods 		<ul style="list-style-type: none"> Recorded journey time analysis on prescribed routes 	<ul style="list-style-type: none"> To be confirmed 	<ul style="list-style-type: none"> To be confirmed
Improved future proofing	<ul style="list-style-type: none"> Modern smaller fleet replaced over a period of years 	Project Manager	<ul style="list-style-type: none"> Specification of fleet vehicles 	<ul style="list-style-type: none"> Currently 9.67m x 2.36m or 8.95m x 2.36m 	<ul style="list-style-type: none"> Replacement fleet to be narrower than 2.36m
	<ul style="list-style-type: none"> spreading age profile to allow subsequent phased replacement 		<ul style="list-style-type: none"> Age profile of fleet 	<ul style="list-style-type: none"> Currently x33 (13yrs) x 8 (10yrs) x1 (1yr) 	<ul style="list-style-type: none"> Age profile to be spread over 5 years by end of phase 3
	<ul style="list-style-type: none"> Ability to consider emerging 		<ul style="list-style-type: none"> Vehicle Power train 	<ul style="list-style-type: none"> Currently Euro 3 compliant diesel fleet 	<ul style="list-style-type: none"> Mixed fleet including some hybrid of electric vehicles by 2020

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Appendix 4**Project Execution Plan****ENVIRONMENT DEPARTMENT**

**BUS FLEET REPLACEMENT
(CR.EN.000005)**

PROJECT EXECUTION PLAN

MAY 2015

SRO (Chief Officer)

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Author: Project Manager

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1. PURPOSE OF THE PLAN (PEP)

The Project Execution Plan (PEP) provides the detailed plan of the Bus Procurement project and how it is to be managed, organised and executed. The PEP demonstrates that the project team has:

- A clearly defined and properly understood strategy and plan for managing, co-ordinating and integrating the activities comprised in the project, its interfaces with the bus services provision operational contract and States approved Integrated Transport Strategy.
- Undertaken a high level risk assessment of the activities comprised within the project and have appropriate responses to manage those risks.
- Identified resource requirements

The PEP and appendices will be revised and updated by the Project Manager as necessary during the project lifecycle with any changes to be carried out and documented in accordance with the Change Control sections as specified in this PEP.

2. PROJECT DEFINITION

The Project

The project “Bus Fleet Procurement” is the phased renewal of the existing fleet of 41 buses over three phases including refurbishment of 27 buses as part of phase one. It seeks approval to invest an estimated £6.75m (less sale of existing fleet at £170,000) in a three phase replacement programme of which phase 1 is estimated to cost £1.88m (less £30,000 sale of six existing vehicles). The Chief Officer of the Department is the SRO.

Background

The Department is responsible for securing the provision of scheduled and integrated school bus services. Since 2003 the services have been provided using a fleet of Dennis Dart narrow bodied buses built between 2002 and 2005.

The escalating cost of maintaining these vehicles, their general appearance and associated reliability issues means that they are now heading towards the end of their useful working lives. The vehicles have a typical lifespan of about twelve to fifteen years although managing the age of the fleet through phased replacement and selective refurbishment is a recognised strategy which amongst other advantages set out in the Outline Business Case facilitates a smoothed transition rather than the “old to new step change” that would otherwise result. For the purposes of the OBC, 15 years has been selected as the lifespan of the Guernsey fleet.

In 2012 the Environment Department identified the need to allocate capital funds to renew the existing fleet of Dennis Dart narrow bodied buses built between 2002 and 2005. A bid was submitted in early 2013 as part of the Capital Prioritisation process.

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In May 2014 the States resolved, as part of the Integrated Transport Strategy to improve the bus service by increasing the frequency and number of bus routes serving the Island. The Department intends ultimately to move to a mixed fleet of vehicles with the latest electronic ticketing machines and smart cards to improve monitoring and reporting of service reliability and punctuality. Real Time Information (RTI) for the bus website and mobile devices will also help to meet these expectations. These requirements were confirmed during the recent tendering exercise leading to the appointment of CT Plus on a new longer-term contract together with a suggested fleet replacement programme which although not binding is the basis upon which the financial elements of the contract have been priced.

In July 2014 (Billet d'Etat XVI, 2014) the Treasury and Resources Department reported on all pipe line projects, including the Bus Fleet Replacement project following assessment of the submitted SOC's and recommended the projects progressing to the next stage.

Project Benefits

The project will through phased replacement deliver a new fleet of buses capable of delivering an enhanced scheduled and integrated schools bus service. The Project will deliver:

- Improved quality and reliability of service;
- Enhanced network of socially inclusive and accessible services using a mixed fleet to enable greater penetration across the Island;
- Improved future proofing, including ability to consider emerging technologies such as fully electric or electric / hybrid smaller buses which have not yet been fully tested and proven in the Market and the provision of a modern fleet replaced over a period of years will spread the age profile of the fleet to allow for further phased replacements in subsequent times;
- Reduced maintenance, fuelling and breakdown costs – improved value for money;
- Environmental benefits, including improved fuel efficiency and lower emissions.

Project Scope

In scope:

Replacement of the existing 41 buses through a phased programme of replacement, refurbishment and retention including parts of the fleet being: Like for like replacement; Replacement with cleaner power plants (electric, hybrid and/or range extender); Replacement with smaller vehicles; Retention and refurbishment or existing vehicles.

Included in scope is the essential facilities and equipment within the buses including destination display boards, access facilities for disabled passengers, and on board CCTV monitoring.

New vehicle delivery to the island, commissioning and vehicle warranty are in scope services as are replacement parts provision (note routine maintenance and repair elements outside of warranty is funded through the operation contract not through this fleet procurement project).

Selected refurbishment of part of the existing fleet is in scope but will be paid from the existing operating contract with CT Plus.

Out of Scope

Any expansion of the bus network is excluded from the scope of this project save that the project is an enabler of improved and expanded bus services, especially if a number of the existing vehicles are retained after the completion of any of the phases of this project.

Further replacement of replaced or refurbished vehicles is out of scope. This project concludes once all the existing vehicles have been renewed.

Authorisations

In September 2013 the States approved the prioritisation of the bus fleet procurement and resolved that the project should be a pipeline project under the States Capital Investment Portfolio.

In March 2014 the Strategic Outline Case was submitted for PAR1 review

In May 2014 the States approved the Transport Strategy

In July 2014 the States approved the Treasury and Resources Department's recommendation that the project move forward to Outline Business Case.

In December 2014 the operation contract was determined and let

In April 2015 the Outline Business Case was submitted for PAR2 review

The OBC with this PEP is now submitted to the Treasury and Resources Portfolio Team for review and onward transmission to the Treasury and Resources Board for approval to proceed to the States.

Once approval has been gained from the Treasury and Resources Department the Strategic Outline Case and the Outline Business Case will be submitted to the States as appendices to the States report for approval of funding and for approval to proceed to tender.

Prime Objective

The objective of the project is to deliver the phased renewal of the current fleet of 41 buses including intermediate refurbishment of selected elements of the existing fleet.

Constraints

Table 1

Resources	Availability of required resources including Finance, Corporate procurement, Legal and external industry advisor.
Cost	The overall budget will be set by States resolution. And will include the cost of the new buses, refurbishment of buses retained during phased 1 and 2, shipping and livery. Internal officer time will be from existing budgets. Phase 1 legal and Procurement will be in house. A project sum is provided for future phases of legal and procurement as well as external industry advisors.
Timescales	Phase one delivery should be between May and August 2016. Phases 2 and 3 will be delivered in 2018 and 2020 but timelines for phases 2 and 3 will be based on lessons learnt during phase 1.
Regulatory	All vehicles will comply with island construction and use regulations be fully accessible and meet required public service vehicle licensing standards.
Procurement	States procurement policies will be applied
Operations Contract	The operations contract assumes a phased replacement and managed refurbishment of the existing fleet and includes resources required to integrate the new vehicles into the fleet.

3. FINANCE

Cost Plan

	2015	2016	2017	2018	2019	2020	Total
	£	£	£	£	£	£	
Cost of preferred way forward: Option 3/5 Replacement Phased Replacement of Existing Fleet							
Capital	-71,800	-1,808,000		-1,951,823		-2,913,549	-6,745,172
Revenue							
Total	-71,800	-1,808,000		-1,951,823		-2,913,549	-6,745,172
Funded by: Capital Allocation and trade in of existing fleet							
Additional	-71,800	-1,808,000		-1,951,823		-2,913,549	-6,745,172
Trade-in		35,000		65,000		70,000	170,000
Total	-71,800	-1,773,000		-1,886,823		-2,843,549	-6,575,172

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Cost Management

Cost control is the responsibility of the entire project team, although a lead will be taken by the Finance Manager. The Finance Manager will be responsible for development of the cost control process detailed development of the cost plan and post contract cost reporting.

Pre-contract cost control will be undertaken by the Finance Manager through regular updates to the cost plan, as the design develops, to enable potential cost risks to be flagged and managed.

Post contract, cost control will be by the Finance Manager and with information supplied by the contractor. The Finance Manager will provide monthly updates on; forecast cost, implemented changes, forecast changes, contingency levels and forecast cash flow.

The project cost authorisations are as set out in table 3 below.

Table 3

Budget and Project authorisation	States of Guernsey
Replacement specification (each phase)	Project Board
Tender selection (each phase)	Environment Board
Tender value (each phase)	Treasury and Resources
Phase timing (each phase)	Project Board
Refurbishment specification (each phase)	Project Board
Refurbishment provider (each phase)	Environment Department
Refurbishment value (each phase)	Project Board provided within allocated phase costings otherwise Treasury and Resources
Trade in	Project Board

Accounting Procedures

A project structure will be created in SAP Project System and funding released to the project as required. Purchase orders will be raised for goods/services and goods receipted on a timely basis and payments made to vendors in accordance with the appropriate credit terms and conditions. The project will be financially managed in accordance with States Rules on budgetary control to ensure the approved project budget is not exceeded. Expenditure will be monitored regularly and deviations from the project budget will be raised to the project manager and Chief Officer at the earliest opportunity. A financial update report will be compiled and submitted to the Environment senior management team on a monthly basis. A quarterly update will also be submitted to the Environment Board.

4. PROCUREMENT

Market place

The order size of this project, especially with the phased approach, is extremely small compared to the overall capacity of the market. Major suppliers in the UK include Alexander Dennis, Wrightbus, Optare, Scania, Volvo and Mercedes with further suppliers in Europe. However, very few suppliers design a bus chassis that meets Guernsey's circulation width requirements whilst still offering the required carrying capacity and accessible loading. There is a recognised gap in supply in the small midi bus market with at least one Eastern Block provider seeking to enter the European market to fill this gap but a production vehicle is not yet available. It is currently believed that there are three suppliers that would enter into a competitive tender with a product suitable for Guernsey but further suppliers may be identified through the EOI and PQQ.

Route to market

Phase one is based on the replacement of 12 diesel vehicles and the procurement of two smaller minibuses (one of which has already been acquired) followed by the refurbishment of 27 of the existing vehicles. Suppliers able to provide right hand drive vehicles of sufficient carrying capacity but complying with Guernsey width requirements are believed to be limited. An EOI and PQQ will be issued followed by full tender pack to selected companies. Soft market testing may be explored subject to advice from the appointed industry advisor.

Companies will be selected to tender based on:

- Financial stability;
- Industry recognition/Market share;
- Build quality/reliability;
- Delivery availability;
- Product range;
- Warranties;
- Training capabilities;
- Insurances;
- Defect resolution.

Product Specification

It is intended that the tender documentation issued to selected companies will set out only the minimum essential vehicle specification requirements including:

- Vehicle dimensions;
- Carrying capacity;
- RHD;
- Construction and use designation;
- Accessibility compliant.

The intention is to attracting the widest interest from a known limited market. The specification will be drawn up with industry specialist advice. Companies will be asked to tender vehicles that comply with the minimum specification and delivery schedule and to set out the standard build platforms and optional extras. Vehicle warranty, fuel economy, service requirements, spare parts cost, logistics and optional extra pricing will all be evaluated in the value for money consideration.

There will be no commitment to buy phases 2 and 3 from the same supplier but guarantees of company discounts in respect of future orders will form part of the tender appraisal.

Tender award for phase one is anticipated for Autumn 2015 with delivery of vehicles around early summer 2016. Refurbishment will commence once spare capacity is generated through receipt of new vehicles.

Refurbishment

Refurbishment will be managed by the contractor HCT to ensure continuity of service. The vehicle refurbishment cost is estimated at £8500 per vehicle including shipping off island to industry outfitters (Circa £120,000 for phase one). Competitive quotes will be sought from on island and off island providers and the service supplier and refurbishment price approved by the Project Board. Refurbishment on island as an extension to the routine service is being examined and costed. Refurbishment as part of the new vehicles tender will be explored but will not be conditional. Costs will be compared against a vehicle refurbishment cost proposed by HCT during the operations contract tender.

Evaluation

Tenders for the new bus provision will be assessed using a value for money approach. The matrix below is indicative (not prescriptive) of the probable elements forming the value for money evaluation.

Base line vehicle cost (30%)		Options package and cost (20%)		Delivery schedule (20%)		Performance and Warranties (15%)		Replacement parts supply and cost (15%)	
Score	Comments	Score	Comments	Score	Comments	Score	Comments	Score	Comments

The pricing strategy set in the tender will be “fixed price” for the vehicles with schedule of rates for optional extras package as well as for spares and replacement parts. Volume discounts will be explored. Tenderers will be asked to detail any lease hire arrangements being offered as alternatives to fixed “sale” price.

5. PROJECT STRUCTURE

The key features of the controls are around roles and responsibilities, communication, programming, risks, time, cost, quality, change and reporting.

Project Organisation

The project organisation defines the roles and responsibilities.

PROJECT BOARD

S Smith	Senior Responsible Owner – Chair
K Guille	Project Manager and Senior User Service
P le Sauvage	Senior User Finance
I Beverley	Procurement Advisor
A Ellis	Legal Advisor
D Quevatre	Project support

SCOPE

- Sign off the business case for submission
- Sign off States report for submission
- Approvals to proceed to tender in accordance with States resolution.
- Approval to proceed to contract award in accordance with Environment Board and Treasury and Resources Board resolutions.
- Approves within its authority laid down by States resolution and corporate policies, any changes within the financial envelope, the design principles for the project, procurement process and timescales for delivery.
- Signs of requests for changes to be submitted to Treasury and Resources and/or the States in respect of the business case or the financial envelope.
- Resolve strategic and directional issues associated with the progress of the project which need input and agreement of stakeholders.
- Provide continued commitment and endorsement to the project.
- Authorise delivery and sign-off at the closure of the project.

QUORUM; 3 members including SRO, Senior User Finance and Project Manager.

FORM OF COMMUNICATION; Progress reports from the Project Team including status report, risk schedule. Documentation requiring sign off/approval.

MEETING FREQUENCY; Every 6 weeks; Email communication and conference call is acceptable to ensure effective timely and efficient progress.

AUTHORITY LEVELS (TOLERANCE); Fully accountable for the project within the resolutions and corporate policies of the States.

PROJECT TEAM

Project Manager and Senior User Service
 Finance Manager
 Project Assistant
 Industry Advisor
 User
 Project support

SCOPE

Sign off design and tender specification within business case and financial envelope

Sign off delivery of sub projects

Sign of Value for Money assessment

Monitor and approve risk schedule

Draft and implement communications strategy

Resolve project level challenges and activities in order to deliver on time, within the budget and to the desired quality

Escalate any strategic issues or other issues falling outside the authority of the Project Team.

FORM OF COMMUNICATION; Progress reports from the Project Manager including status report, risk schedule, issues log, exceptions report.

MEETING FREQUENCY; Every 6 weeks; Email communication and conference call is acceptable to ensure effective timely and efficient progress.

AUTHORITY LEVELS (TOLERANCE); The project team has the ability to manage the project within the agreed cost plan and/or agreed tender price. An allowance of 10% of the project contingency can be approved without sign off of the Project Board. Where the contingency spend is in excess of 10% of the contingency sum, prior approval is to be sought from the Project Board. Any change to the scope, financial envelope of the project (overall project budget) or increase to the project timescale must be escalated to the Project Board

Roles and Responsibilities

The various parties to the project, their roles, responsibilities and relationships are as follows

□ **SRO (Chair): Chief Officer;** Accountable for the capital investment, performance and project delivery. Has accountability for the scope, budget and timescale commitment. The SRO is to be party to all key decisions and approvals. Chairs the Project Board.

□ **Project Manager: Traffic and Transport Services Manager;** Responsible for the performance of the team and managing the delivery of the project to meet the success criteria established. The PM works closely with the supplier and operator and is responsible for delivering documents for issue to the project board.

□ **Senior User Finance:** Accountable for the investment decision and the underwriting of the capital and revenue implications of the project.

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☐ **Legal Advisor:** Responsible for advising on legal compliance and delivering contract documentation.

☐ **Procurement Adviosr;** Lead adviser to the project on the public sector procurement process and good governance within the projects tender and evaluation process.

☐ **Project Support;** Responsible for the timely issuing of board papers, Action sheets of board meetings, and circulating update reports to the wider project team.

☐ **Finance Manager;** Responsible for the routine accounting and financial reporting of project costs and for monitoring and advising on financial implications within the project or within other budget areas impacted by the project.

☐ **Project Assistant;** Responsible for preparing project schedules and documentation and for project delivery under the instructions of the Project Manager. Maintains risk management log, meetings log, issues and actions schedule.

☐ **Industry Advisor;** An external consultant. Their recruitment is to deliver specialist support through the project and specifically in respect of phase one vehicle

☐ **User;** An external representative of the operations contract supplier HCT. Advises on operational suitability and issues relating to the product specification and is responsible for the seamless transition of the product into the operating environment.

6. PROJECT COMMUNICATION STRATEGY

General Communication

Conversations either direct or by telephone between the parties involved will be encouraged to expedite progress of the projects. However, the Project Manager must be made aware, without delay, of the content of the conversation by telephone, and then by written communication or sketch, if such discussion has an impact on the projects (time, quality or cost).

No instructions should be progressed without formal written instruction or approval from the Project Manager.

General Reporting

The Project Manager shall provide a regular monthly flash report to Project Board and Environment Board in the format agreed. This will be supported by a formal monthly Project Managers Report. This reporting will be supplemented by the weekly conference calls held between PM and the project team to review progress and matters/issues of pressing concern.

Meeting log

A project calendar and meetings log will be maintained by the Project Assistant.

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Actions and Issues

An actions and issues log which should be updated following all meetings will be maintained by the Project Assistant. Requests for information will be included in this log.

7. STAKEHOLDER ENGAGEMENT STRATEGY

The stakeholder engagement strategy is designed to enable effective stakeholder engagement and communication.

Stakeholders

Board members
States members
Bus Operator and staff
Bus Users Group
Disability Alliance
General Public
School users
Other drivers
Media

ENGAGEMENT

Board members.

Interest: Ownership of the project; Political accountability.

Engagement Approach: Approval of States report; Approval of tender selection; Routine progress reports; Approval of media engagement; Joint announcement of livery; First riders;

Level of Influence: Highest

States members

Interest: Critical friend; Policy compliance; Value for Money; Operational efficiency.

Engagement Approach: States report; Advance media; Members briefings;

Level of Influence: High

Bus operator and staff

Interest: Vehicle specification, Delivery scheduling, Parts and Servicing compliance, Operational compatibility, Public acceptability.

Engagement Approach: Member of Project Team; Project reports (selected); Media partner; Joint advisor with industry expert;

Level of Influence: High

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Bus Users Group

Interest: Vehicle specification, Delivery date, Operational compatibility, Public acceptability.

Engagement Approach: Potential media partner; Closed meetings

Level of Influence: Moderate

Disability Alliance

Interest: Vehicle specification, Delivery date, Operational compatibility, Public acceptability.

Engagement Approach: Potential media partner; Closed meetings

Level of Influence: Moderate

General Public

Interest: Vehicle specification, Delivery date, Public acceptability.

Engagement Approach: Media, flyers, naming and livery competition, come and see day, free ridership week.

Level of Influence: Moderate

School Users

Interest: Vehicle specification, Delivery date, Public acceptability.

Engagement Approach: Media, flyers, naming and livery competition, come and see day, free ridership week.

Level of Influence: Moderate

Other Drivers

Interest: Vehicle specification.

Engagement Approach: Media, Flyers, Naming and livery competition, Come and see day, free ridership week.

Level of Influence: Moderate

Media

Interest: Vehicle specification, Delivery date, Public acceptability, Cost

Engagement Approach: Media release and briefings, Come and see

Level of influence: High

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8 RISK MANAGEMENT

Risk management shall feature as a standing item on all Project Team and Project Board meetings. The risk process will be

- Forward Scope and Identification using STEEPLE
- Assessment against agreed template
- Prioritise & Plan including assigning owner
- Mitigate through: Remove, Reduce, Avoid, Accept, or Transfer

A risk log will be maintained by the Project Assistant

The assessment template is attached as is the risk schedule as at the start of the project.

9 CHANGE CONTROL

Stage 1

Definition of the change proposal by the originator

Stage 2

An appraisal against time, cost, quality, health & safety, design and operational impacts by the Project Team and as appropriate, by the Contractor. All responses are managed by the change originator, collected and forwarded to the Project Manager for submission to the Project Board.

Stage 3

Recommendations by the Project Manager to the Senior Responsible Owner (SRO) for their acceptance followed by recommendation to the Project Board and or the Environment Board (if required). Note that these groups are authorised to reject any proposals as necessary.

Stage 4

Recommendation or rejection by the Programme Board or the Environment Board will be required for all changes. The delegated authority levels are stipulated in the organisation structure section of this report and must be implemented throughout the project.

10 KEY MILESTONES

ITEM / DATE	2015												2016												2017											
Phase 1	J	J	A	S	O	N	D						J	F	M	A	M	A	M	J	J	A	S	O	N	D										
Business case to TR																																				
States report to Board																																				
States report to PC, T&R																																				
Prepare for debate																																				
States debate																																				
Approval to proceed																																				
Source industry expert																																				
Agree experts brief and outputs																																				
Engage industry expert																																				
Prepare PQQ and tender spec																																				
Draft contract																																				
Issue PQQ																																				
Assess PQQ																																				
Issue tender pack																																				
Assess tenders																																				
Par 3 Review																																				
Tender report to Board																																				
T&R approval of tenders																																				
Award contract																																				
ID buses for refurbishment																																				
New bus manufacture period																																				
Phase 1 buses arrive																																				
RefurbisH commences																																				
Last of refurb buses return																																				
Lessons Learnt exercise																																				
End Phase 1																																				

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Phase 2	2017												2018											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Review timescales (Prov as below)																								
Prepare PQQ and tender spec																								
Review Draft contract																								
Issue PQQ																								
Assess PQQ																								
Issue tender pack																								
Assess tenders																								
Tender report to Board																								
T&R approval of tenders																								
Award contract																								
New bus manufacture period																								
Phase 2 buses arrive																								
Lessons learnt exercise																								
End Phase 2																								
Phase 3	2019												2020											
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
Review timescales (Prov as below)																								
Prepare PQQ and tender spec																								
Review Draft contract																								
Issue PQQ																								
Assess PQQ																								
Issue tender pack																								
Assess tenders																								
Tender report to Board																								
T&R approval of tenders																								
Award contract																								
New bus manufacture period																								
Phase 2 buses arrive																								
Lessons learnt exercise																								
End Phase 3																								

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Abbreviated risk schedule at start of project for phase one.

Ref	Risk Category	Risk Owner	Risk Descriptions	Gross Impact (No Controls) (A)	Gross Likelihood (No Controls) (B)	Gross Risk Score (A*B)
1	BUS FLEET REPLACEMENT	SRO	The risk that the new fleet fails to gain social acceptance, leading to adverse publicity and reputational damage.	3	3	9
2	BUS FLEET REPLACEMENT	PM	The risk that the new vehicles do not deliver the required accessibility benefits, leading to adverse publicity and reputational damage.	3	2	6
3	BUS FLEET REPLACEMENT	PM	The risk of project delays impacting adversely on continuity of service.	4	2	8
4	BUS FLEET REPLACEMENT	Industry Advisor	The risk that the new vehicles are unfit for purpose (e.g. too wide) leading to problems ranging from driver difficulties to damage to walls/hedges and so on.	4	1	4
5	BUS FLEET REPLACEMENT	Industry Advisor	The risk that the vehicles prove unreliable, leading to dropped services and customer dissatisfaction, complaints and adverse media coverage.	3	2	6

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6	BUS FLEET REPLACEMENT	Supplier	The risk that the new vehicles have to be recalled due to industry-recognised manufacturing defects, leading to an insufficient number of vehicles available to provide the required service.	4	1	4
7	BUS FLEET REPLACEMENT	Supplier	The risk that the new vehicles are built with defective parts that results in additional maintenance costs and vehicles being out of service.	2	2	4
8	BUS FLEET REPLACEMENT	Operator	The risk that delays in the supply chain for new parts increases the amount of time vehicles are out of service, impacting adversely on service delivery.	2	1	2
9	BUS FLEET REPLACEMENT	Operator	The risk that delays in the supply chain for new vehicles leaves the service with an inadequate number of vehicles for lengthy periods, impacting adversely on service delivery.	4	3	12
10	BUS FLEET REPLACEMENT	PM	The risk that delays in getting the existing vehicles refurbished increases the amount of time vehicles are out of service, impacting adversely on service delivery.	2	2	4

11	BUS FLEET REPLACEMENT	PM	The risk that new vehicles are built to a poor standard, leading to disputes and service disruption as vehicles are taken out of service to have problems addressed.	2	2	4
12	BUS FLEET REPLACEMENT	PM	The risk that refurbishment works are to a poor standard, leading to supplier disputes and service disruption as vehicles are taken out of service to have problems addressed.	2	3	6
13	BUS FLEET REPLACEMENT	SRO	The risk that delays in project timetable lead to tender submissions exceeding original business case estimates lead to further project delays whilst extra funding is sought	3	2	6
14	BUS FLEET REPLACEMENT	SRO	The risk that delays in project timetable lead to tender submissions exceeding original business case estimates lead to further project delays whilst extra funding is sought	2	2	4
15	BUS FLEET REPLACEMENT	SFO	The risk that selection of a non-UK supplier of new vehicles increase the cost due to adverse movements in foreign exchange rates.	N/A	N/A	N/A

16	BUS FLEET REPLACEMENT	PM	The risk that the selected vendor ceases to operate on a going concern basis, thus leaving a transaction incomplete and leading to service disruption.	3	1	3
17	BUS FLEET REPLACEMENT	PM	The risk that delays in the project delivery schedule erode financial project benefits.	2	1	2
18	BUS FLEET REPLACEMENT	SRO	The risk that the new vehicles fail to meet public expectation in terms of environmental friendliness (i.e. reduction in carbon footprint).	3	1	3
19	BUS FLEET REPLACEMENT	SRO	The risk that realisation of one or more of the above risks jeopardises the overarching Integrated On-Island Transport Strategy, of which changes to the bus service is a key component.	3	1	3
20	BUS FLEET REPLACEMENT	SRO	The risk that failure to deliver the bus element of the Transport Strategy adversely impacts on the implementation of the Island's Disability Strategy objectives, leading to adverse media coverage and dissatisfaction of stakeholders.	3	1	3

21	BUS FLEET REPLACEMENT	SRO	The risk that failure to deliver the bus element of the Transport Strategy adversely impacts on the implementation of the Island's Social Policy objectives, leading to adverse media coverage and dissatisfaction of stakeholders.	3	1	3
22	BUS FLEET REPLACEMENT	PM	The risk that the political imperative to change the project specification post-tender leads to additional cost and/or project delays.	2	2	4
23	BUS FLEET REPLACEMENT	PM	The risk that project delays lead to poor service performance and contract disputes with the service provider.	3	2	6
24	BUS FLEET REPLACEMENT	Contract Lawyer	The risk that contract disputes identified against Risk 23 lead to financial penalties or other adverse financial implications.	2	3	6
25	BUS FLEET REPLACEMENT	Contract Lawyer	The risk of warranty defects leading to an inability to claim in areas of sub-standard contract performance.	2	2	4
26	BUS FLEET REPLACEMENT	Contract Lawyer/Industry advisor	The risk of an ineffective contract or service specification leading to additional cost to rectify relevant areas.	3	2	6

27	BUS FLEET REPLACEMENT	PM	The risk that ineffective project management leads to failure to deliver project elements on time and within budget.	4	2	8
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Risk Assessment Template

IMPACT					
Score	Financial	Reputation	Continuity	H&S	Regulatory
5 Catastrophic	Greater than £5million or over 20% of Budget	Sustained International adverse media attention	Complete and sustained disruption of the service	A fatality or serious disability or life threatening health effect	Breakdown in relationship with International Regulator
4 Major	£1million to £5million or 10% to 20% of Budget	One off International adverse press attention	Widespread problems in business operation	A serious disability o life threatening health effect	Breach of regulation or legislation with severe costs/ fine
3 Moderate	£100,000 to £1million or 5% to 10% of Budget	Sustained adverse local press attention	Significant problems in specific areas of service delivery	A lost time injury (>3 days) or serious injury (reportable) or irreversible health effect	Breach of legislation or code resulting in fine or rebuke by Court or Regulator
2 Minor	£10,000 to £100,000 or 1% to 5% of Budget	Internal Matter	Minor problems in specific areas of service delivery	A minor Injury (medical treatment <3 days lost time) or reversible health effect or restriction to Work Activity	Breach of legislation or code resulting in a compensation award
1 Insignificant	Less than £10,000 or 1% of Budget	Individual grievances	Minor departmental and / or systems problems	A slight Injury (first aid) or slight Health Effect	Breach of legislation or code resulting in no compensation or loss

LIKELIHOOD				
Almost Certain 5	Likely 4	Moderate 3	Unlikely 2	Rare 1
100% likely to happen or has happened on a regular basis over the last 12 months	75% likely to happen or has happened at least once or twice in the last 12 months	50% likely to happen or has happened once or twice in the last 24 months	25% likely to happen or has happened once or twice in the last 5 years	5% likely to happen or hasn't happened over the last 5 years

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Status Flash Report

Project Status for the Month of ...

Project Details

Project:
Project Sponsor:
Project Manager:
Start Date:
Completion Date:

Project Description

This section should include a brief project description.

Accomplishments

This section should include the accomplishments made during this reporting period.

Schedule Status

This section should include the status of the project schedule.

Upcoming Tasks

This section should include a list of upcoming tasks in the next reporting period.

Issues

This section should include all issues in this reporting period, affecting the project.

Appendix 5**Project Risk Register**

**(RETAINED AS A SEPARATE 'LIVE' DOCUMENT & SUMMARISED IN PROJECT
EXECUTION PLAN ABOVE)**

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Date: 23rd June 2015
Author: Project Manager

ENVIRONMENT DEPARTMENT
BUS FLEET REPLACEMENT FINANCIAL APPRAISAL
OPTION 1: REFURBISHMENT/DEFERRED REPLACEMENT

Cost of capital	3.375%
NPV factor	0.96625
Inflation	

UNDISCOUNTED

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	TOTALS
Purchase - Diesel vehicles						-3,250,000						-3,250,000
Purchase - Minibus	-71,800					-85,000						-156,800
Purchase - Electric vehicles						-2,506,000						-2,506,000
Contingency sum (excluding exchange risk)		0				-493,000						-493,000
Vehicle lease charge (during refurbishment)		-156,000										-156,000
Delivery charges						-39,000						-39,000
Exchange risk	0	0	0	0	0	-525,773	0	0	0	0	0	-525,773
CAPITAL COSTS	-71,800	-156,000	0	0	0	-6,898,773	0	0	0	0	0	-7,126,573
Reduction in fuel costs		15,851	15,851	15,851	15,851	262,526	262,526	262,526	262,526	262,526	262,526	1,638,556
Increase(-)/Reduction in maintenance costs		6,924	-68,076	-68,076	6,924	302,409	302,409	302,409	302,409	302,409	77,200	1,466,941
CASH EFFICIENCY SAVINGS	0	22,775	-52,225	-52,225	22,775	564,935	564,935	564,935	564,935	564,935	339,726	3,105,497
DISPOSAL PROCEEDS						170,000						170,000
RESIDUAL VALUE											1,877,284	1,877,284
Net Cash Flow	-71,800	-133,225	-52,225	-52,225	22,775	-6,163,838	564,935	564,935	564,935	564,935	2,217,010	-1,973,792

Excludes -£534,378 Refurbishment cost charged to General Revenue

NET PRESENT VALUE

NPV factors	1	0.96625	0.93363906	0.90212874	0.8716819	0.84226263	0.81383627	0.7863693	0.75982933	0.73418509	0.70940635	
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	TOTALS
Purchase - Diesel vehicles	0	0	0	0	0	-2,737,354	0	0	0	0	0	-2,737,354
Purchase - Minibus	-71,800	0	0	0	0	-71,592	0	0	0	0	0	-143,392
Purchase - Electric vehicles	0	0	0	0	0	-2,110,710	0	0	0	0	0	-2,110,710
Contingency sum (excluding exchange risk)	0	0	0	0	0	-415,235	0	0	0	0	0	-415,235
Vehicle lease charge (during refurbishment)	0	-150,735	0	0	0	0	0	0	0	0	0	-150,735
Delivery charges	0	0	0	0	0	-32,848	0	0	0	0	0	-32,848
Exchange risk	0	0	0	0	0	-442,839	0	0	0	0	0	-442,839
CAPITAL COSTS	-71,800	-150,735	0	0	0	-5,810,578	0	0	0	0	0	-6,033,113
Reduction in fuel costs	0	15,316	14,799	14,299	13,817	221,115	213,653	206,442	199,475	192,742	186,237	1,277,895
Increase(-)/Reduction in maintenance costs	0	6,690	-63,558	-61,413	6,036	254,708	246,111	237,805	229,779	222,024	54,766	1,132,948
CASH EFFICIENCY SAVINGS	0	22,006	-48,759	-47,114	19,853	475,823	459,764	444,247	429,254	414,766	241,003	2,410,843
DISPOSAL PROCEEDS	0	0	0	0	0	143,185	0	0	0	0	0	143,185
RESIDUAL VALUE											1,331,757	1,331,757

ENVIRONMENT DEPARTMENT
BUS FLEET REPLACEMENT FINANCIAL APPRAISAL
OPTION 2: REPLACE ALL VEHICLES IMMEDIATELY

Cost of capital	3.375%
NPV factor	0.96625
Inflation	

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	TOTALS
Purchase - Diesel vehicles		-5,070,000										-5,070,000
Purchase - Minibus	-71,800	-85,000										-156,800
Purchase - Electric vehicles												0
Contingency sum (excluding exchange risk)		-493,000										-493,000
Vehicle lease charge (during refurbishment)												0
Delivery charges		-40,000										-40,000
Exchange risk	0	0										0
CAPITAL COSTS	-71,800	-5,688,000	0	0	0	0	0	0	0	0	0	-5,759,800
Reduction in fuel costs		58,751	58,751	58,751	58,751	58,751	58,751	58,751	58,751	58,751	58,751	587,506
Reduction in maintenance costs		284,727	284,727	284,727	284,727	284,727	212,157	212,157	212,157	212,157	212,157	2,484,420
CASH EFFICIENCY SAVINGS	0	343,478	343,478	343,478	343,478	343,478	270,908	270,908	270,908	270,908	270,908	3,071,926
DISPOSAL PROCEEDS		170,000										170,000
RESIDUAL VALUE											1,112,123	1,112,123
Net Cash Flow	-71,800	-5,174,522	343,478	343,478	343,478	343,478	270,908	270,908	270,908	270,908	1,383,031	-1,405,751

NET PRESENT VALUE

NPV discount factor 1 0.96625 0.93363906 0.90212874 0.8716819 0.84226263 0.81383627 0.78663693 0.75982933 0.73418509 0.70940635

No refurbishment costs

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	TOTALS
Purchase - Diesel vehicles	0	-4,898,888	0	0	0	0	0	0	0	0	0	-4,898,888
Purchase - Minibus	-71,800	-82,131	0	0	0	0	0	0	0	0	0	-153,931
Purchase - Electric vehicles	0	0	0	0	0	0	0	0	0	0	0	0
Contingency sum (excluding exchange risk)	0	-476,361	0	0	0	0	0	0	0	0	0	-476,361
Vehicle lease charge (during refurbishment)	0	0	0	0	0	0	0	0	0	0	0	0
Delivery charges	0	-38,650	0	0	0	0	0	0	0	0	0	-38,650
Exchange risk	0	0	0	0	0	0	0	0	0	0	0	0
CAPITAL COSTS	-71,800	-5,496,030	0	0	0	0	0	0	0	0	0	-5,567,830
Increase(-)/Reduction in fuel costs	0	56,768	54,852	53,001	51,212	49,483	47,813	46,200	44,640	43,134	41,678	488,781
Reduction in maintenance costs	0	275,117	265,832	256,860	248,191	239,815	172,661	166,834	161,203	155,763	150,506	2,092,782
CASH EFFICIENCY SAVINGS	0	331,885	320,684	309,861	299,403	289,298	220,474	213,034	205,843	198,897	192,184	2,581,563
DISPOSAL PROCEEDS	0	164,263	0	0	0	0	0	0	0	0	0	164,263
RESIDUAL VALUE											788,947	788,947
Net Cash Flow	-71,800	-4,999,882	320,684	309,861	299,403	289,298	220,474	213,034	205,843	198,897	981,131	-2,033,057

ENVIRONMENT DEPARTMENT
BUS FLEET REPLACEMENT FINANCIAL APPRAISAL
OPTION 3: PHASED REPLACEMENT (RECOMMENDED OPTION)

Cost of capital	3.375%
NPV factor	0.96625
Inflation	

UNDISCOUNTED

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	TOTALS
Purchase - Diesel vehicles												
Purchase - Minibus	-71,800	-1,560,000		-1,690,000								-3,250,000
Purchase - Electric vehicles		-85,000										-156,800
Contingency sum (excluding exchange risk)		-150,000		-171,500		-2,506,000						-2,506,000
Delivery charges	0	-13,000		-13,000		-14,000						-493,000
Exchange risk	0	0		-77,323		-222,049						-40,000
CAPITAL COSTS	-71,800	-1,808,000	0	-1,951,823	0	-2,913,549	0	0	0	0	0	-6,745,172
Reduction in fuel costs		39,446	39,446	48,741	48,741	248,941	248,941	248,941	248,941	248,941	248,941	1,670,016
Reduction in maintenance costs		106,446	106,446	192,285	192,285	302,409	254,619	254,619	254,619	254,619	234,259	2,152,606
CASH EFFICIENCY SAVINGS	0	145,892	145,892	241,026	241,026	551,350	503,560	503,560	503,560	503,560	483,200	3,822,622
DISPOSAL PROCEEDS		35,000		65,000		70,000						170,000
RESIDUAL VALUE											2,036,117	2,036,117
Net Cash Flow	-71,800	-1,627,108	145,892	-1,645,798	241,026	-2,292,199	503,560	503,560	503,560	503,560	2,519,317	-716,433

Excludes -£369,954 Refurbishment cost charged to General Revenue

NET PRESENT VALUE

NPV discount factor 1 0.96625 0.93363906 0.90212874 0.8716819 0.84226263 0.81383627 0.78663693 0.75982933 0.73418509 0.70940635

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	TOTALS
Purchase - Diesel vehicles	0	-1,507,350	0	-1,524,598	0	0	0	0	0	0	0	-3,031,948
Purchase - Minibus	-71,800	-82,131	0	0	0	0	0	0	0	0	0	-153,931
Purchase - Electric vehicles	0	0	0	0	0	-2,110,710	0	0	0	0	0	-2,110,710
Contingency sum (excluding exchange risk)	0	-144,938	0	-154,715	0	-144,448	0	0	0	0	0	-444,101
Delivery charges	0	-12,561	0	-11,728	0	-11,792	0	0	0	0	0	-36,081
Exchange risk	0	0	0	-69,755	0	-187,023	0	0	0	0	0	-256,778
CAPITAL COSTS	-71,800	-1,746,980	0	-1,760,796	0	-2,453,973	0	0	0	0	0	-6,033,549
Reduction in fuel costs	0	38,114	36,828	43,970	42,486	209,673	202,597	195,759	189,152	182,768	176,600	1,317,947
Reduction in maintenance costs	0	102,853	99,382	173,466	167,611	254,708	207,218	200,225	193,467	186,937	166,185	1,752,052
CASH EFFICIENCY SAVINGS	0	140,967	136,210	217,436	210,097	464,381	409,815	395,984	382,619	369,705	342,785	3,069,999
DISPOSAL PROCEEDS	0	33,819	0	58,638	0	58,958	0	0	0	0	0	151,415
RESIDUAL VALUE											1,444,434	1,444,434
Net Cash Flow	-71,800	-1,572,194	136,210	-1,484,722	210,097	-1,930,634	409,815	395,984	382,619	369,705	1,787,219	-1,367,701

Excludes -£357,468 Refurbishment cost charged to General Revenue

Cost information		Inflated	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated
New Diesel Vehicles *		-130000	-130000	-130000	-130000	-130000	-130000	-130000	-130000	-130000	-130000
New Minibus		-85000	-85000	-85000	-85000	-85000	-85000	-85000	-85000	-85000	-85000
New Electric Vehicles **		-179000	-179000	-179000	-179000	-179000	-179000	-179000	-179000	-179000	-179000
Refurbishment (quoted by CT Plus)		-13702	-13702	-13702	-13702	-13702	-13702	-13702	-13702	-13702	-13702
Delivery		-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000	-1,000
Lease vehicles for three months + transport		-4,000	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000	-4,000

* £140,000 one-off purchase
** £189,000 one-off purchase

Number of vehicles	
Diesel	25
Minibus	2
Electric	14
TOTAL	41

Exchange Risk factors	
Likelihood	0% 0%
Impact	0% 25%

17%
25%

33%
25%

5000

Disposal proceeds per vehicle (£)

ENVIRONMENT DEPARTMENT
BUS FLEET REPLACEMENT FINANCIAL APPRAISAL
OPTION 1: REFURBISHMENT/DEFERRED REPLACEMENT

Cost of capital	3.375%
NPV factor	0.96625
Inflation	

UNDISCOUNTED

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	TOTALS
Purchase - Diesel vehicles						-3,250,000											-3,250,000
Purchase - Minibus	-71,800					-85,000											-156,800
Purchase - Electric vehicles						-2,506,000											-2,506,000
Contingency sum (excluding exchange risk)						-493,000											-493,000
Vehicle lease charge (during refurbishment)		-156,000															-156,000
Delivery charges						-39,000											-39,000
Exchange risk	0	0	0	0	0	-525,773	0	0	0	0	0	0	0	0	0	0	-525,773
CAPITAL COSTS	-71,800	-156,000	0	0	0	-6,898,773	0	0	0	0	0	0	0	0	0	0	-7,126,573
Increase(-)/Reduction in fuel costs		-13,831	-29,230	-45,015	-61,194	248,941	248,941	248,941	248,941	248,941	248,941	248,941	248,941	248,941	248,941	248,941	2,589,075
Increase(-)/Reduction in maintenance costs		6,924	81,924	81,924	6,924	302,409	302,409	302,409	302,409	302,409	234,259	234,259	234,259	234,259	234,259	166,110	3,027,146
CASH EFFICIENCY SAVINGS	0	-6,907	52,694	36,909	-54,270	551,350	551,350	551,350	551,350	551,350	483,200	483,200	483,200	483,200	483,200	415,051	5,616,221
DISPOSAL PROCEEDS						170,000											170,000
RESIDUAL VALUE																615,147	615,147

Net Cash Outflow/inflow(-) **-71,800** **-162,907** **52,694** **36,909** **-54,270** **-6,177,423** **551,350** **551,350** **551,350** **551,350** **483,200** **483,200** **483,200** **483,200** **483,200** **1,030,198** **-725,205**

Excludes - £534,378 Refurbishment cost and -£39,000 delivery charged to General Revenue

NET PRESENT VALUE

NPV factors	1	0.96625	0.93363906	0.90212874	0.8716819	0.84226263	0.81383627	0.7863693	0.75982933	0.73418509	0.70940635	0.68546388	0.66232948	0.63997586	0.61837667	0.59750646	
2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	TOTALS	
Purchase - Diesel vehicles	0	0	0	0	0	-2,737,354	0	0	0	0	0	0	0	0	0	0	-2,737,354
Purchase - Minibus	-71,800	0	0	0	0	-71,592	0	0	0	0	0	0	0	0	0	0	-143,392
Purchase - Electric vehicles	0	0	0	0	0	-2,110,710	0	0	0	0	0	0	0	0	0	0	-2,110,710
Contingency sum (excluding exchange risk)	0	0	0	0	0	-415,235	0	0	0	0	0	0	0	0	0	0	-415,235
Vehicle lease charge (during refurbishment)	0	-150,735	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-150,735
Delivery charges	0	0	0	0	0	-32,848	0	0	0	0	0	0	0	0	0	0	-32,848
Exchange risk	0	0	0	0	0	-442,839	0	0	0	0	0	0	0	0	0	0	-442,839
CAPITAL COSTS	-71,800	-150,735	0	0	0	-5,810,578	0	0	0	0	0	0	0	0	0	0	-6,093,113
Increase(-)/Reduction in fuel costs		-13,364	-27,291	-40,610	-53,342	209,673	202,597	195,759	189,152	182,768	176,600	170,640	164,881	159,316	153,939	148,744	1,819,462
Increase(-)/Reduction in maintenance costs		6,690	76,487	73,906	6,036	254,708	246,111	237,805	229,779	222,024	166,185	160,576	155,157	149,920	144,860	99,252	2,229,496
CASH EFFICIENCY SAVINGS	0	-6,674	49,196	33,296	-47,306	464,381	448,708	433,564	418,931	404,792	342,785	331,216	320,038	309,236	298,799	247,996	4,048,958
DISPOSAL PROCEEDS	0	0	0	0	0	143,185	0	0	0	0	0	0	0	0	0	0	143,185
RESIDUAL VALUE																367,554	367,554

Net Cash Flow **-71,800** **-157,409** **49,196** **33,296** **-47,306** **-5,203,012** **448,708** **433,564** **418,931** **404,792** **342,785** **331,216** **320,038** **309,236** **298,799** **615,550** **-1,473,416**

ENVIRONMENT DEPARTMENT
BUS FLEET REPLACEMENT FINANCIAL APPRAISAL
OPTION 2: REPLACE ALL VEHICLES IMMEDIATELY

Cost of capital	3.375%
NPV factor	0.96625
Inflation	

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	TOTALS
Purchase - Diesel vehicles		-5,070,000															-5,070,000
Purchase - Minibus	-71,800	-85,000															-156,800
Purchase - Electric vehicles																	0
Purchase Contingency at 8%		-493,000															-493,000
Vehicle lease charge (during refurbishment)																	0
Delivery charges		-40,000															-40,000
Exchange risk	0	0															0
CAPITAL COSTS	-71,800	-5,688,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-5,759,800
Increase(+)/Reduction in fuel costs		58,751	58,751	58,751	58,751	58,751	58,751	58,751	58,751	58,751	58,751	58,751	58,751	58,751	58,751	58,751	881,259
Reduction in maintenance costs		284,727	284,727	284,727	284,727	284,727	212,157	212,157	212,157	212,157	212,157	139,587	139,587	67,017	67,017	-5,553	2,892,075
CASH EFFICIENCY SAVINGS	0	343,478	343,478	343,478	343,478	343,478	270,908	270,908	270,908	270,908	270,908	198,338	198,338	125,768	125,768	53,198	3,773,334
DISPOSAL PROCEEDS	0	170,000															170,000
RESIDUAL VALUE																502,200	502,200

Net Cash Flow -71,800 -5,174,522 343,478 343,478 343,478 343,478 343,478 270,908 270,908 270,908 270,908 270,908 198,338 198,338 125,768 125,768 555,398 -1,314,266

NET PRESENT VALUE

NPV discount factor 1 0.96625 0.93363906 0.90212874 0.8716819 0.84226263 0.81383627 0.7863693 0.75982933 0.73418509 0.70940635 0.68546388 0.66232948 0.63997586 0.61837667 0.59750646

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	TOTALS
Purchase - Diesel vehicles	0	-4,898,888	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-4,898,888
Purchase - Minibus	-71,800	-82,131	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-153,931
Purchase - Electric vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Purchase Contingency at 8%	0	-476,361	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-476,361
Vehicle lease charge (during refurbishment)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Delivery charges	0	-38,650	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-38,650
Exchange risk	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
CAPITAL COSTS	-71,800	-5,496,030	0	0	0	0	0	0	0	0	0	0	0	0	0	0	-5,567,830
Increase(+)/Reduction in fuel costs	0	56,768	54,852	53,001	51,212	49,483	47,813	46,200	44,640	43,134	41,678	40,271	38,912	37,599	36,330	35,104	676,997
Reduction in maintenance costs	0	275,117	265,832	256,860	248,191	239,815	172,661	166,834	161,203	155,763	150,506	95,682	92,453	42,889	41,442	-3,318	2,361,930
CASH EFFICIENCY SAVINGS	0	331,885	320,684	309,861	299,403	289,298	220,474	213,034	205,843	198,897	192,184	135,953	131,365	80,488	77,772	31,786	3,038,927
DISPOSAL PROCEEDS	0	164,263	0	0	0	0	0	0	0	0	0	0	0	0	0	0	164,263
RESIDUAL VALUE																300,068	300,068

Net Cash Flow -71,800 -4,999,882 320,684 309,861 299,403 289,298 220,474 213,034 205,843 198,897 192,184 135,953 131,365 80,488 77,772 31,786 -2,064,572

(N.B. In September 2013 (Billet d'État XIX, 2013), the States agreed that the replacement of the Bus Fleet be classified as a pipeline project for funding from the Capital Reserve. The proposal submitted by the Environment Department at that time included an indicative cost (at 2013 values) of £6.20million, for a three phased approach to the replacement of the bus fleet.

In July 2015, the Treasury and Resources Department considered and endorsed the Outline Business Case submitted by the Environment Department for the purchase of a replacement bus fleet. The Outline Business Case is a robust and detailed document which clearly sets out the conclusions and recommendations of the work undertaken by the Environment Department in determining the preferred option to replace the bus fleet and defines the anticipated benefits of this proposed approach.

However, higher estimated vehicle purchase costs and an increased level of contingency have led to the total indicative funding for the full project being £6.58million which is £380,000 more in nominal terms (£150,000 more in real terms) than the cost indicated in 2013. This would very marginally increase the shortfall in the Capital Reserve to fund the portfolio from the current estimate of £24million (following the removal of the Bus Depot project). Therefore, it remains vital that either additional or alternative forms of funding are secured or lower project costs are achieved if all of the projects within the portfolio are to be delivered. The Treasury and Resources Department will include an update on the overall portfolio and its funding in the 2016 Budget Report.

The Treasury and Resources Department will continue to work closely with the Environment Department as this project progresses including to further develop the scope and costings of the other two phases of the bus replacement programme (in light of the experience gained in Phase One and any industry advances) prior to the submission of Policy Letters requesting approval for these phases to proceed to tender and subsequent preparation of Full Business Cases.)

(N.B. The Policy Council supports the proposals in this Policy Letter and confirms that it complies with the Principles of Good Governance as defined in Billet d'État IV of 2011.)

The States are asked to decide:-

XXI.- Whether, after consideration of the Policy Letter dated 13th July, 2015, of the Environment Department, they are of the opinion:-

1. To resolve that tenders be sought for Phase One of the Bus Fleet Replacement Project and direct the subsequent preparation of the Full Business Case.
2. To delegate authority to the Treasury and Resources Department to approve the Full Business Case at a cost not exceeding £1.84 million to be funded by a capital vote charged to the Capital Reserve.

STATES' ASSEMBLY & CONSTITUTION COMMITTEE**FACILITATING ELECTRONIC DISTRIBUTION
OF CANDIDATES' ELECTION MATERIAL**

The Presiding Officer,
The States of Deliberation,
The Royal Court House,
St. Peter Port

4th August 2015

Dear Sir,

EXECUTIVE SUMMARY

On the 25th June 2015 (Article X of Billet d'État XI of 2015) the States approved an amendment brought by Deputies Wilkie and Robert Jones that directed the States' Assembly & Constitution Committee to consider measures that would facilitate the electronic distribution of manifestos by candidates in the 2016 General Election and future elections and, if the Committee deems it appropriate, to implement any such measures in time for the General Election. This policy letter proposes that it would be much more appropriate for the Home Department, whose Chief Officer is the Deputy Registrar-General of Electors and whose staff assist in that task, to be given responsibility for the task.

REPORT

1. The States have resolved that the States' Assembly & Constitution Committee should consider measures that would facilitate the electronic distribution of manifestos by candidates in the General Election and future elections and, if the Committee deems it appropriate, to implement any such measures in time for the General Election in 2016.
2. The Committee's previous Chief Officer was, for many years, the Deputy Registrar-General of Electors and, as such, responsible for the administration of General Elections in Guernsey. However, following the 2004 Machinery of Government changes responsibility for the Electoral Roll was moved to the staff of the Home Department whose mandate includes that responsibility. In respect of the 2016 General Election, the Registrar-General of Electors (the States' Chief Executive) has, using The Public Functions (Transfer and Performance) (Bailiwick of Guernsey) Law, 1991, empowered the Chief Officer of the Home Department to exercise all powers and duties under the Reform Law on his behalf.

3. The Committee's mandate includes a requirement "*to exercise the powers and duties conferred on it by extant legislation including... the Reform (Guernsey) Law, 1948, as amended.*" In respect of the forthcoming General Election in April 2016 the Committee has or will be bringing certain items to the States but all other aspects will be the responsibility of the Chief Officer of the Home Department in his rôle as the Deputy Registrar-General of Electors.
4. The Committee, therefore, believes that it would be more appropriate for the Home Department to have responsibility for the implementation of the Resolution of the States.

CONSULTATION / RESOURCES / NEED FOR LEGISLATION

5. The Law Officers have not identified any reason in law why the proposals set out in this policy letter cannot be implemented.
6. The Committee has consulted with the Home Department which has confirmed that it is happy to assume responsibility for the amendment. However, given that this has arisen at this stage in the States' term, the Home Department has advised that it will not be possible to implement the measures necessary to facilitate the electronic distribution of manifestos in time for either the St Peter Port North by-election in December 2015 or the 2016 General Election. The Registrar-General of Electors will, however, progress this workstream in time for the 2020 General Election.
7. The approval of the recommendations would have no financial or other resource implications for the States and consequently the Treasury & Resources Department has not requested that a statement be appended setting out its views thereon pursuant to Rule 2(1)(b).

RECOMMENDATIONS

8. The States' Assembly & Constitution Committee recommends the States to resolve:

That responsibility for fulfilling the terms of Resolution 4A on Article X of Billet d'État XI of 2015 should be transferred from the States' Assembly & Constitution Committee to the Home Department.

Yours faithfully,

Deputy M J Fallaize
Chairman

The other Members of the States' Assembly & Constitution Committee are:

Deputy R Conder (Vice-Chairman) Deputy E G Bebb Deputy A H Adam
Deputy P A Harwood

(N.B. As there are no resource implications in this report, the Treasury and Resources Department has no comments to make.)

The States are asked to decide:-

XXII.- Whether, after consideration of the Policy Letter dated 4th August, 2015, of the States' Assembly & Constitution Committee, they are of the opinion to approve that responsibility for fulfilling the terms of Resolution 4A on Article X of Billet d'État XI of 2015 should be transferred from the States' Assembly & Constitution Committee to the Home Department.

STATES' ASSEMBLY & CONSTITUTION COMMITTEE

DISTRIBUTION OF DEPUTIES' SEATS AMONG THE ELECTORAL DISTRICTS

The Presiding Officer,
The States of Deliberation,
The Royal Court House,
St. Peter Port

5th August 2015

Dear Sir,

EXECUTIVE SUMMARY

On the 9th July 2015 (Billet d'État XII of 2015) the States resolved that with effect from the 1st May 2016 there would be 38 Deputies to represent the populations of Guernsey, Herm and Jethou in the States of Deliberation. This policy letter sets out how the States' Assembly & Constitution Committee proposes that number of People's Deputies should be allocated among the electoral districts to ensure as fair a distribution as possible.

REPORT

1. The States have resolved that the number of Deputies in the States will be 38 with effect from the 1st May 2016. The number of Deputies is prescribed by the Reform (Guernsey) Law, 1948, as amended, and will be amended by projet de loi to put that Resolution into effect.
2. Deputies sit for seven electoral districts. The number and boundaries of those districts and the number of Members per district are matters for the States to resolve, provided that the total of 38 is reached.
3. Article 26 of the Reform Law sets out the principles which must be followed in determining the allocation. In particular, sub-section (2) provides that "everywhere in Guernsey must be represented by at least one Deputy" and "the allocation of numbers of Deputies shall be in accordance with the respective populations of the Districts".
4. Since 2004, Guernsey has been divided into seven electoral districts. The districts are drawn along the lines of parish boundaries but were set to ensure that every person has similar political representation. Previously each parish on its own, regardless of population, had formed an electoral district and there was a wide variation in the numbers of votes per voter depending on where they lived. At present, each district elects either six or seven Members. The districts are configured to have similar populations and the three most populous elect seven to

reflect their larger populations. That has been the situation since 2004, based on the population figures in the 2001 census. Herm and Jethou are part of the St Peter Port South district for electoral purposes.

5. Although the populations of the districts relative to each other have now diverged to some extent the Committee does not believe that a complete review of the boundaries of the districts should be carried out at this time. A complete review would be far from straightforward, requiring, for example, consultation and detailed analysis of exactly where people live. The allocation of Deputies must be determined well in advance of the next General Election, which is to be held on 27th April 2016, in order that anyone contemplating standing for election is aware of how many seats are to be contested in each district. During the next States' term the Committee had proposed to carry out a complete review of how many districts there should be, where the district boundaries should be, and the allocation of seats between the districts. That intention has been superseded by the terms of the amendment placed by Deputies Green and Laurie Queripel at the 7th July States' Meeting (Billet d'État XII of 2015) which requires the Committee to consider and investigate, inter alia, the possibility of all Deputies being elected in fewer districts than at present. The majority of members of the Committee do not believe it would be wise to change any electoral boundaries in advance of that investigation in the next States.
6. In order to establish the fairest distribution, the Committee first considered how the present 45 Deputies' seats should be allocated in light of the latest population figures (which are for September 2014 and were published in July 2015). The figures show that in the years since the last census there have been movements of the population between districts such that the present allocation of Deputies to districts no longer fully reflects the relative populations of the districts. The latest electronic census figures revealed that, while the two most populous districts remain St Peter Port North and the Vale, the population of St Sampson is now greater than that of the Castel. Therefore, had the States decided that the number of Deputies should remain at 45, the allocation of those seats among the various districts should have changed in any event. One Castel seat would need to have been re-allocated to St Sampson. This is illustrated in the table below.

		A	B
Electoral district	Population	Deputies	Deputies
St Peter Port – South	8,556	6	6
St Peter Port – North	10,281	7	7
St Sampson	9,026	6	7
Vale	9,674	7	7
Castel	8,854	7	6
West	7,574	6	6
South-East	8,983	6	6
Total	62,948	45	45

Column A shows the present distribution of the 45 Deputies. Column B shows

the fairest allocation of Deputies if the States had decided to retain 45 Deputies. N.B. the population figures shown are the published figures for September 2014 with the 347 people who could not be allocated to a precise address, listed as “address unknown”, divided among the parishes and thence districts on a pro rata basis.

7. The Committee has identified three options for the allocation of seats to districts now that the States have resolved that there should be 38 Deputies. Option 1 is supported by a majority of the Committee: Deputies Conder, Fallaize and Harwood. Option 2 is supported by Deputy Bebb. Option 3 is supported by Deputy Adam.

Option 1

8. Option 1 – the Committee’s recommended option – is to carry out the re-allocation set out in the table above and then simply to reduce the overall number of seats by one for each of the seven districts. The proposed allocation is set out in the table below.

Electoral district	Population	Deputies	Population per Member	Variation (%)
St Peter Port – South	8,556	5	1,711	3.1
St Peter Port – North	10,281	6	1,713	3.2
St Sampson	9,026	6	1,504	- 9.4
Vale	9,674	6	1,612	- 2.9
Castel	8,854	5	1,771	6.7
West	7,574	5	1,515	- 8.7
South-East	8,983	5	1,797	8.3
<i>Total</i>	<i>62,948</i>	<i>38</i>		
<i>Average</i>	<i>8,993</i>	<i>5.4</i>	<i>1,660</i>	<i>6.0</i>
<i>Range</i>	<i>2,707</i>	<i>1</i>	<i>293</i>	<i>17.7</i>

9. As occurs at present, in order to divide 38 seats among seven districts there needs to be a slight variation in the number of Deputies per district. It is proposed that the three most populous districts, as shown in the electronic census, should have six Deputies each and the remaining four districts should have five Deputies each. This option is favoured by the majority of the Committee because it provides for the most equitable distribution of seats using the present electoral boundaries. This option would not lead to any additional costs.

Option 2

10. Option 2 is to redefine the boundary between the two St Peter Port districts in order that their populations are made more similar. For example, if the line were moved northwards in order that 850 people who are currently in St Peter Port North were moved to an enlarged St Peter Port South district, the populations of the two districts would both be about 9,400 people. Under this option the boundaries of the other electoral districts would remain the same. After such a reallocation the three districts with the largest populations would be the Vale and the two St Peter Port districts. The allocation would be as set out in the table below.

Electoral district	Population	Deputies	Population per Member	Variation (%)
St Peter Port – South	9,406	6	1,568	- 5.7
St Peter Port – North	9,431	6	1,572	- 5.4
St Sampson	9,026	5	1,805	8.6
Vale	9,674	6	1,612	- 2.9
Castel	8,854	5	1,771	3.1
West	7,574	5	1,515	- 8.9
South-East	8,983	5	1,797	8.1
Total	62,948	38		
Average	8,993	5.4	1,663	6.1
Range	2,100	1	290	17.5

11. This option would reduce the degree of variation in the number of people living in each district and also marginally reduce the range, i.e. the difference, of representation per Member.
12. At present, the dividing line between the two St Peter Port districts is a line which goes from the Weighbridge roundabout, up St Julian's Avenue, College Street, the Grange, les Gravees, de Beauvoir and les Rohais to the border with St Andrew. The new line would need to be drawn after detailed consideration of the information in the electronic census.
13. There is an Ordinance before the States for the holding of a by-election in the St Peter Port North electoral district on the 2nd December 2015 using a new Electoral Roll. If this option were approved then some people in that district would enrol and be put on the Electoral Roll for St Peter Port North for the by-election and then just weeks later when the Rolls were compiled for the 2016 General Election they would be put on the new Roll for St Peter Port South.
14. It is likely that this option would lead to additional costs as publicity would be needed to ensure that all St Peter Port residents knew which district they were in.

Option 3

15. Option 3 is simply to reduce the number of Deputies allocated to each district by one without taking into account the movements in population since the 2001 census and pending the full review of electoral districts and associated matters which the Committee is obliged to carry out in the next term. The allocation would be as set out in the table below.

Electoral district	Population	Deputies	Population per Member	Variation (%)
St Peter Port – South	8,556	5	1,711	3.0
St Peter Port – North	10,281	6	1,713	3.1
St Sampson	9,026	5	1,805	8.7
Vale	9,674	6	1,612	- 3.0
Castel	8,854	6	1,476	- 11.1
West	7,574	5	1,515	- 8.8
South-East	8,983	5	1,797	8.2
Total	62,948	38		
Average	8,993	5.4	1,661	6.6
Range	2,707	1	329	19.8

16. Option 3 results in the same population spread as option 1. However, it leads to the largest range of representation. The Castel would have more seats than either the South-East or St Sampson's districts despite having a smaller population than either of them. This option would not lead to any additional costs.
17. It should be noted that, as required by Article 26(2)(ii) of the Reform Law, the relevant population figure used is the total population of each district and not a sub-set. Deputies represent everyone in their district, not just: those people of voting age; those on the electoral roll; those entitled to be on the electoral roll; or those who voted.
18. The majority of the Committee believe that the allocation of seats shown in option 1 in the table at paragraph 8 is the fairest distribution among the present electoral districts and satisfies the requirements of the Reform Law. For the reasons set out in paragraph 5 the Committee does not believe that it would be appropriate to alter the boundary of two districts only at this time when a full review is required.

CONSULTATION / RESOURCES / NEED FOR LEGISLATION

19. The Law Officers have not identified any reason in law why the proposals set out in this policy letter cannot be implemented.
20. The approval of the recommendations (i.e. option 1) would have no financial or other resource implications for the States and consequently the Treasury &

Resources Department has not requested that a statement be appended setting out its views thereon pursuant to Rule 2(1)(b).

RECOMMENDATIONS

21. By a majority, the States' Assembly & Constitution Committee recommends the States to resolve:

That the present electoral districts continue with the same boundaries and that the number of seats in each district for the purpose of elections to the office of Deputy shall, with effect from the 2016 General Election, be as follows:

1.	St. Peter Port South (and Herm and Jethou)	5
2.	St. Peter Port North	6
3.	St. Sampson	6
4.	The Vale	6
5.	The Castel	5
6.	West (comprising the parishes of St. Saviour, St. Pierre du Bois, Torteval and The Forest)	5
7.	South-East (comprising the parishes of St. Martin and St. Andrew)	5

Yours faithfully,

Deputy M J Fallaize
Chairman

The other Members of the States' Assembly & Constitution Committee are:
Deputy R Conder (Vice-Chairman) Deputy E G Bebb Deputy A H Adam
Deputy P A Harwood

(N.B. As there are no resource implications in this report, the Treasury and Resources Department has no comments to make.)

The States are asked to decide:-

XXIII.- Whether, after consideration of the Policy Letter dated 5th August, 2015, of the States' Assembly & Constitution Committee, they are of the opinion to approve that the present electoral districts continue with the same boundaries and that the number of seats in each district for the purpose of elections to the office of Deputy shall, with effect from the 2016 General Election, be as follows:

1.	St. Peter Port South (and Herm and Jethou)	5
2.	St. Peter Port North	6
3.	St. Sampson	6
4.	The Vale	6
5.	The Castel	5
6.	West (comprising the parishes of St. Saviour, St. Pierre du Bois, Torteval and The Forest)	5
7.	South-East (comprising the parishes of St. Martin and St. Andrew)	5

APPENDIX 1

2016 GENERAL ELECTION

Members of the States:

1. It may assist you and other interested persons to have early notice of the likely timetable relating to the General Election and meetings of the States from January to May 2016.
2. The terms of office of the People's Deputies will expire on the 30th April 2016.
3. The following timetable will apply in respect of the General Election of People's Deputies:

▪ Nominations open	Monday 21 st March
▪ Nominations close	Thursday 31 st March
▪ Election	Wednesday 27 th April
▪ Recounts (if sought)	Friday 29 th April.
4. The successful candidates will take the oath or affirmation of allegiance and be sworn or affirmed as Members of the States at a special sitting of the Royal Court which will be held on Saturday, 30th April 2016.
5. It is considered inappropriate (other than in an emergency) for States Meetings to be held after nominations have opened. States' Meetings in the early part of 2016 will therefore be convened as follows:

▪ Wednesday 27 th January	normal date
▪ Wednesday 17 th February	advanced by one week
▪ Wednesday 9 th March	advanced by three weeks

It may be that one or more of those meetings may be convened for the previous day (i.e. the Tuesday) if the volume of business indicates that the meeting may take longer than three days.

The reserve dates should business not be completed at the January Meeting will be the 10th February and the following days.

The reserve dates should business not be completed at the February Meeting will be the 2nd March and the following days.

If business is not completed at the March Meeting it could continue on a day or days to be decided in the following week to ensure that it is complete before nominations open.

6. It is intended that Meetings of the States in May 2016 will be convened as follows:

- Wednesday 4th May: election of the President of the Policy & Resources Committee;
- Friday 6th May: election of Members of the Policy & Resources Committee;
- Wednesday 11th May: election of the Presidents of other Committees;
- Wednesday 18th May: election of Members of other Committees;
- Wednesday 25th May: normal States' Meeting.

22nd July 2015

R. J. COLLAS
Bailiff and Presiding Officer

STATES' ASSEMBLY & CONSTITUTION COMMITTEE

RECORD OF MEMBERS' ATTENDANCE AT MEETINGS OF THE STATES OF DELIBERATION, THE POLICY COUNCIL, DEPARTMENTS AND COMMITTEES

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

22nd July 2015

Dear Sir,

On the 29th October, 2010 the States resolved, inter alia:

1. ...
2. *That departments and committees shall maintain a record of their States Members' attendance at, and absence from meetings and that the reason for absence shall also be recorded.*
3. *That the records referred to in 2 above, together with a record of States Members' attendance at meetings of the States of Deliberation, shall be published from time to time as an appendix to a Billet d'État.*

In laying this report before the States, the Committee would draw attention to the fact that the tables in it record only the attendance by Members of the States at Departmental and Committee meetings. They do not show attendance at Departmental or Committee sub-committee meetings or presentations. Nor do they show the amount of work or time spent, for example, on dealing with issues raised by parishioners, correspondence and preparing for meetings.

I should be grateful if you would arrange for this report, in respect of statistics provided by Her Majesty's Greffier, Departments and Committees for the six months ending 30th April 2015, to be published as an appendix to a Billet d'État.

Yours faithfully,

Deputy M. J. Fallaize
Chairman
States' Assembly & Constitution Committee

Members of the Committee are:

Deputy R. Conder (Vice-Chairman) Deputy E. G. Bebb Deputy A. H. Adam
Deputy P. A. Harwood

PART I - REPORT BY DEPARTMENT/COMMITTEE

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States' business	Personal business/ holiday	Other

POLICY COUNCIL							
J. P. Le Tocq	15	14			1		
A. H. Langlois	15	13			1	1	
G. A. St. Pier	15	13			1	1	
K. A. Stewart	15	12	2	1			
M. G. O'Hara	15	15					
R. W. Sillars	15	13			1	1	
D. B. Jones	15	11	1	2		1	
P. A. Luxon	15	14			1		
Y. Burford	15	13		1		1	
P. L. Gillson	15	15					
S. J. Ogier	14	14					
S. A. James, MBE	1	1					
M. K. Le Clerc	1	1					
M. P. J. Hadley	2	2					
S. J. Ogier	1	1					
A. R. Le Lièvre	2	2					
A. H. Brouard	1	1					
H. J. R. Soulsby	1	1					
B. J. Brehaut	2	2					
J. Kuttelwascher	2	2					

COMMERCE AND EMPLOYMENT DEPARTMENT							
K. A. Stewart	13	11		1	1		
A. H. Brouard	13	12				1	
D. de G. De Lisle	13	13					
L. B. Queripel	1	0				1	
H. J. R. Soulsby	2	1			1		
G. M. Collins	12	12					
L. S. Trott	11	9				2	

CULTURE AND LEISURE DEPARTMENT							
M. G. O'Hara	8	8					
D. A. Inglis	8	8					
D. J. Duquemin	8	8					
P. R. Le Pelley	8	7		1			
F. W. Quin	8	6		1		1	

EDUCATION DEPARTMENT							
R. W. Sillars	19	19					
A. R. Le Lièvre	19	18			1		
R. Conder	19	17				2	
C. J. Green	19	19					
P. A. Sherbourne	19	18			1		

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States' business	Personal business/ holiday	Other

ENVIRONMENT DEPARTMENT

Y. Burford	19	18		1			
B. L. Brehaut	19	17		1		1	
P. A. Harwood	19	19					
A. R. Le Lièvre	17	12	1		2	2	
J. A. B. Gollop	19	19					

HEALTH AND SOCIAL SERVICES DEPARTMENT

P. A. Luxon	16	14				2	
H. J. R. Soulsby	16	16					
M. P. J. Hadley	16	15			1		
S. A. James, MBE	16	15				1	
M. K. Le Clerc	16	16					

HOME DEPARTMENT

P. L. Gillson	13	13					
F. W. Quin	13	12		1			
A. M. Wilkie	13	12				1	
M. M. Lowe	13	12				1	
M. K. Le Clerc	3	3					
M. J. Fallaize	10	9				1	

HOUSING DEPARTMENT

D. B. Jones	12	11				1	
M. P. J. Hadley	12	11				1	
P. R. Le Pelley	12	11				1	
B. J. E. Paint	12	11				1	
P. A. Sherbourne	12	10			2		

PUBLIC SERVICES DEPARTMENT

S. J. Ogier	11	11					
D. J. Duquemin	11	9				2	
R. A. Jones	11	10			1		
P. A. Harwood	11	9	1			1	
M. H. Dorey	8	7				1	

SOCIAL SECURITY DEPARTMENT

A. H. Langlois	12	11			1		
S. A. James, MBE	12	10			1	1	
J. A. B. Gollop	12	11			1		
M. K. Le Clerc	12	11	1				
D. A. Inglis	12	10			1	1	

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States' business	Personal business/ holiday	Other

TREASURY AND RESOURCES DEPARTMENT

G. A. St. Pier	27	26			1		
J. Kuttelwascher	27	25				2	
A. Spruce	27	22	1			4	
R. A. Perrot	27	23	3		1		
A. H. Adam	27	25	1			1	

LEGISLATION SELECT COMMITTEE

R. A. Jones	8	7				1	
J. A. B. Gollop	8	8					
E. G. Bebb	8	4	1	1	1	1	
L. B. Queripel	8	7			1		
D. de G. De Lisle	8	7				1	

PUBLIC ACCOUNTS COMMITTEE

H. J. R. Soulsby	6	6					
M. K. Le Clerc	1	1					
S. A. James, MBE	1	1					
P. A. Sherbourne	6	6					
P. A. Harwood	6	4	1			1	
R. A. Jones	5	4				1	
R. Domaille	5	3				2	

SCRUTINY COMMITTEE

R. A. Jones	6	6					
P. R. Le Pelley	6	6					
S. J. Ogier	1	1					
P. A. Sherbourne	6	5			1		
H. J. R. Soulsby	1	1					
Lester C. Queripel	6	6					
Laurie B. Queripel	6	6					
B. J. E. Paint	6	4				2	
A. M. Wilkie	6	5	1				
C. J. Green	5	5					
G. M. Collins	3	3					

STATES' ASSEMBLY & CONSTITUTION COMMITTEE

M. J. Fallaize	7	6	1				
R. Conder	7	6				1	
E. G. Bebb	7	3	2	2			
A. H. Adam	7	5		1		1	
P. A. Harwood	7	5	1		1		

PAROCHIAL ECCLESIASTICAL RATES REVIEW COMMITTEE

J. A. B. Gollop	2	2					
M. M. Lowe	2	2					
R. Conder	2	2					
C. J. Green	2	2					
D. de G. De Lisle	2	2					

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States' business	Personal business/ holiday	Other

STATES' REVIEW COMMITTEE

J. P. Le Tocq	7	7					
M. J. Fallaize	7	7					
G. A. St Pier	7	4				3	
R. Conder	7	6				1	
M. H. Dorey	7	7					

CONSTITUTIONAL INVESTIGATION COMMITTEE

J. P. Le Tocq	0	0					
R. A. Perrot	0	0					
L. S. Trott	0	0					
H. J. R. Soulsby	0	0					
R. A. Jones	0	0					
P. A. Harwood	0	0					

SOCIAL WELFARE BENEFITS INVESTIGATION COMMITTEE

A. R. Le Lièvre	8	8					
P. L. Gillson	8	7				1	
M. K. Le Clerc	8	7	1				
M. P. J. Hadley	8	5	1		2		
P. R. Le Pelley	8	6			2		
R. A. Perrot	8	7			1		
J. A. B. Gollop	8	8					

PART II - REPORT BY MEMBER / ELECTORAL DISTRICT**Summary of Attendances at Meetings of the Policy Council, Departments and Committees**

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States’ business	Personal business/ holiday	Other
ST PETER PORT SOUTH							
P. A. Harwood	43	37	3		1	2	
J. Kuttelwascher	29	27				2	
B. L. Brehaut	21	19		1		1	
R. Domaille	5	3				2	
A. H. Langlois	27	24			2	1	
R. A. Jones	30	27			1	2	
ST PETER PORT NORTH							
M. K. Le Clerc	41	39	2				
J. A. B. Gollop	49	48			1		
P. A. Sherbourne	43	39			4		
R. Conder	35	31				4	
M. J. Storey	0	0					
E. G. Bebb	15	7	3	3	1	1	
Lester C. Queripel	6	6					
ST. SAMPSON							
G. A. St. Pier	49	43			2	4	
K. A. Stewart	28	23	2	2	1		
P. L. Gillson	36	35				1	
P. R. Le Pelley	34	30		1	2	1	
S. J. Ogier	27	27					
L. S. Trott	11	9				2	
VALE							
M. J. Fallaize	24	22	1			1	
D. B. Jones	27	22	1	2		2	
Laurie B. Queripel	15	13			1	1	
M. M. Lowe	15	14				1	
A. R. Le Lièvre	46	40	1		3	2	
A. Spruce	27	22	1			4	
G. M. Collins	15	15					
CASTEL							
D. J. Duquemin	19	17				2	
C. J. Green	26	26					
M. H. Dorey	15	14				1	
B. J. E. Paint	18	15				3	
J. P. Le Tocq	22	21			1		
S. A. James, MBE	30	27			1	2	
A. H. Adam	34	30	2		1	1	

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States’ business	Personal business/ holiday	Other
WEST							
R. A. Perrot	35	30	3		2		
A. H. Brouard	14	13				1	
A. M. Wilkie	19	17		1		1	
D. de G. De Lisle	23	22				1	
Y. Burford	34	31		2		1	
D. A. Inglis	20	18			1	1	
SOUTH-EAST							
H. J. R. Soulsby	26	25			1		
R. W. Sillars	34	32			1	1	
P. A. Luxon	31	28			1	2	
M. G. O’Hara	23	23					
F. W. Quin	21	18		2		1	
M. P. J. Hadley	38	33	1		3	1	
ALDERNEY REPRESENTATIVES							
L. E. Jean	0	0					
R. N. Harvey	0	0					
S. D. G. McKinley, OBE	0	0					
TOTAL							
Number of meetings	1180	1062	20	14	31	53	
		90%	1.7%	1.2%	2.6%	4.5%	
AVERAGE PER MEMBER							
	25	22.5	> 1	> 1	> 1	1	

PART III – REPORT OF ATTENDANCE AND VOTING IN THE STATES OF DELIBERATION

NAME OF MEMBER	TOTAL NUMBER OF DAYS (or part)	DAYS ATTENDED (or part)	TOTAL NUMBER OF RECORDED VOTES	RECORDED VOTES ATTENDED
ST PETER PORT SOUTH				
P. A. Harwood	18	18	50	50
J. Kuttelwascher	18	18	50	49
B. L. Brehaut	18	18	50	49
R. Domaille	18	15	50	41
A. H. Langlois	18	18	50	49
R. A. Jones	18	18	50	50
ST PETER PORT NORTH				
M. K. Le Clerc	18	18	50	50
J. A. B. Gollop	18	18	50	50
P. A. Sherbourne	18	16	50	46
R. Conder	18	18	50	50
M. J. Storey	18	0	50	0
E. G. Bebb	18	16	50	48
L. C. Queripel	18	18	50	50
ST SAMPSON				
G. A. St. Pier	18	18	50	45
K. A. Stewart	18	18	50	47
P. L. Gillson	18	18	50	50
P. R. Le Pelley	18	16	50	45
S. J. Ogier	18	18	50	49
L. S. Trott	18	18	50	47
VALE				
M. J. Fallaize	18	15	50	37
D. B. Jones	18	18	50	50
L. B. Queripel	18	18	50	50
M. M. Lowe	18	18	50	50
A. R. Le Lièvre	18	18	50	46
A. Spruce	18	16	50	47
G. M. Collins	18	18	50	50
CASTEL				
D. J. Duquemin	18	16	50	46
C. J. Green	18	18	50	50
M. H. Dorey	18	18	50	50
B. J. E. Paint	18	18	50	50
J. P. Le Tocq	18	18	50	45
S. A. James, MBE	18	15	50	43
A. H. Adam	18	16	50	46

NAME OF MEMBER	TOTAL NUMBER OF DAYS (or part)	DAYS ATTENDED (or part)	TOTAL NUMBER OF RECORDED VOTES	RECORDED VOTES ATTENDED
WEST				
R. A. Perrot	18	18	50	47
A. H. Brouard	18	18	50	50
A. M. Wilkie	18	18	50	49
D. de G. De Lisle	18	18	50	50
Y. Burford	18	16	50	46
D. A. Inglis	18	17	50	46
SOUTH-EAST				
H. J. R. Soulsby	18	18	50	48
R. W. Sillars	18	18	50	47
P. A. Luxon	18	18	50	45
M. G. O'Hara	18	18	50	50
F. W. Quin	18	16	50	48
M. P. J. Hadley	18	16	50	46
ALDERNEY REPRESENTATIVES				
L. E. Jean	18	18	50	45
R. N. Harvey	5	5	8	6
S. D. G. McKinley, OBE	13	13	42	40

Note:

The only inference which can be drawn from the attendance statistics in this part of the report is that a Member was present for the roll call or was subsequently *relevé(e)*.

Some Members recorded as absent will have been absent for reasons such as illness.

The details of all recorded votes can be found on the States' website –
<http://www.gov.gg/article/80939/States-Members-Voting-Records>

STATES' ASSEMBLY & CONSTITUTION COMMITTEE

THE STATES OF DELIBERATION – STATISTICS 2014 and COMPARISONS

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

1st July 2015

Dear Sir,

I should be grateful if you would arrange for this report in respect of statistics relating to the States of Deliberation to be published as an appendix to a Billet d'État, for the information of the Members of the States.

In light of interest among Members about the number of days on which the States meet, the Committee has again included figures for a number of years on the volume of business of the States and the time spent dealing with it.

The statistics for 2014 are appended. In addition the yearly total figures for 2010 to 2014 inclusive are shown to enable comparisons to be made.

Yours faithfully,

M. J. FALLAIZE

Deputy M. J. Fallaize
Chairman
States' Assembly & Constitution Committee

Members of the Committee are:

Deputy R. Conder (Vice-Chairman) Deputy E. G. Bebb Deputy A. H. Adam
Deputy P. A. Harwood

STATES OF DELIBERATION - STATISTICS 2014													
	JAN	FEB	MAR	APR	MAY	JUN	JUL	SEPT	OCT	NOV	DEC	TOTAL	
Meeting Days	3.0	1.0	3.0	4.5	2.0	1.0	6.0	2.5	4.0	2.0	1.5	30.5	
Sitting hours	15:47	4:47	15:01	27:54	10:42	4:48	38:02	13:51	24:37	12:36	8:05	176:10	
Written Questions	48	15	8	0	0	1	2	8	0	1	0	83	
Oral Questions	2	3	1	2	1	1	1	8	1	2	1	23	
Oral Q's - individual	3	14	3	5	2	1	1	31	4	2	1	67	
Oral Q's - time	00:16	00:47	00:10	00:11	00:05:00	00:08:00	00:05:00	01:18:00	00:11:00	00:05:00	00:02:00	03:18	
Statements	1	1	2	0	3	4	1	3	4	1	1	21	
Statements - time	00:21	00:20	00:44	00:00	00:36	01:19	00:16	00:58	01:02	00:14	00:17	06:07	
Legislation - time	00:01	02:04	00:03	00:07	00:29	00:03	00:07	00:09	00:03	00:16	01:37	04:59	
Reports debated	5	3	6	5	6	4	13	11	6	5	7	71	
Appendices debated	0	0	0	0	0	0	0	0	0	0	0	0	
Arts adj. to next mtg	0	0	0	0	0	1	0	0	0	0	1	2	
Public busi - ex.Legn	15:09	01:36	14:04	27:36:00	09:32	03:18	37:34	11:26	23:21	12:01	06:09	161:46	
Projets de Loi	0	0	0	1	1	1	0	1	0	4	0	8	
Ordinances	2	2	1	4	6	1	5	3	2	11	4	41	
Elections/Appmnts	3	1	6	2	4	2	1	1	3	5	5	33	
PC & Dept Reports	5	3	5	5	6	3	11	11	5	5	7	66	
Cttee Reports	0	0	1	0	0	1	2	0	1	0	0	5	
Requetes	1	0	1	1	0	0	0	0	0	0	0	3	
No Confidence Motn	1	0	0	0	0	0	0	0	0	0	0	1	
Motn to annul S.I./Ord	0	0	0	0	0	0	0	0	0	0	0	0	
Total matters debated	12	6	14	13	17	8	19	16	11	25	16	157	
Ordinances - laid	3	1	2	0	3	0	0	7	1	0	0	17	
S.I.'s - laid	9	10	12	2	2	4	7	11	5	2	1	65	
Appendices not deb.	1	1	1	0	2	0	1	3	0	0	1	10	
Total not for debate	13	12	15	2	7	4	8	21	6	2	2	92	
TOTAL ALL	25	18	29	15	24	12	27	37	17	27	18	249	
RECORDED VOTES	6	2	6	16	3	0	24	3	14	2	4	80	

STATES OF DELIBERATION - ANNUAL STATISTICS 2010-2014						
	2010	2011	2012	2013	2014	TOTAL
Meeting Days	28.0	22.5	27.0	28.0	30.5	136.0
Sitting hours	148:20	127:09	149:36	168:06	176:10	769:21
Written Questions	15	28	9	83	83	218
Oral Questions	32	22	32	34	23	143
Oral Questions - individual	98	62	59	85	67	371
Oral Questions - time	04:57	03:14	04:25	07:23	03:18	23:17
Statements	12	16	11	20	21	80
Statements - time	00:42	00:59	02:46	04:01	06:07	14:35
Legislation - time	2:45	6:11	2:32	02:22	4:59	18:49
Reports debated	67	70	68	67	71	343
Arts adjourned to next meeting	?	2	0	12	2	16
Public business - excluding Legislation	139:56	116:45	139:53	154:20	161:46	712:40
Projets de Loi	15	10	13	7	8	53
Ordinances	39	31	44	30	41	185
Elections and Appointments	12	18	60	20	33	143
Policy Council & Department Reports	48	56	52	62	66	284
Committee Reports	14	13	12	5	5	49
Requêtes	5	1	4	2	3	15
No Confidence Motions	2	0	1	0	1	4
Motion to annul S.I.s & Ordinances	0	1	0	0	0	1
Total matters debated	135	130	186	126	157	734
Ordinances - laid	3	16	15	11	17	62
Statutory Instruments - laid	84	47	41	42	65	279
Appendices	15	21	14	13	10	73
Total not debated	102	84	70	66	92	414
TOTAL ALL	237	214	256	192	249	1148
RECORDED VOTES	52	65	104	69	80	370

APPENDIX 4**POLICY COUNCIL****PLANNING PANEL – ANNUAL REPORT 2014**

The Policy Council has received the Planning Panel's 2014 Annual Report which is attached for publication as an appendix to a Billet d'État.

J P Le Tocq
Chief Minister

27th July 2015

AH Langlois
Deputy Chief Minister

Y Burford
P L Gillson
S J Ogier

R W Sillars
M G O'Hara
K A Stewart

P A Luxon
D B Jones
G A St Pier



PLANNING APPEALS PANEL

Planning Appeals Panel
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Chief Minister
Policy Council
Sir Charles Frossard House
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13th July 2015

Dear Deputy Le Tocq

Planning Panel - Annual Report for 2014

It is with much pleasure that I enclose a copy of the Planning Panel's Annual Report for 2014.

I should be grateful if you could arrange for the enclosed report to be published as an appendix to a future Billet d'État as has been the practice since the Planning Panel was established.

In preparing the Report, I was very mindful of the continued professional and courteous approach of the Environment Department's staff when responding to any requests for reports and additional material to enable the Planning Tribunals to discharge their duties.

Yours sincerely

Patrick Russell LI.B (Hons.)
Chairman

Enc.

Annual Report

2014

Fifth Annual Report of the Guernsey Planning Panel

Chairman's Introduction

It is my pleasure to present the Planning Panel's fifth Annual Report.

During 2014, the number of appeal cases lodged with the Panel was similar to 2013. The first appeal lodged in 2014 was an appeal on the grounds of non-determination by the Environment Department, made under section 68 (2) of the Land Planning and Development (Guernsey) Law, 2005. This was the first time an appeal had been made on such grounds and, given the nature of the appeal, the Panel sought to hear the appeal within a short as possible timescale, without compromising the need for all parties, including the Planning Tribunal itself, to have time to prepare for the hearing.

The first two appeals lodged in 2014 (PAP/001/2014 – Manor Hotel, Les Houards, Forest and PAP/002/2014 – Greenacres Hotel, Les Hubits, St. Martin) raised very similar policy issues for the Tribunals. As a result of consideration of these cases, the Tribunal members identified a gap in their collective knowledge on development economics. To address this knowledge gap, the Panel arranged for a professional agency providing training for planners to give some general training on development economics. The training was aimed at equipping Panel members with the skill needed to be able to review, assess, and understand submissions and evidence from appellants and the Environment Department in such appeal cases.

An important landmark in the Island's planning history will be the publication of the Draft Island Development Plan in 2015 following a Public Inquiry to be held in September, 2015. This is referred to in paragraph 11, below. This Plan will be of great interest to all who are concerned with planning issues in the Island.

The Panel's membership has remained constant throughout the year. However, we hope during the course of 2015 to take steps to appoint reserve members to the Panel. At its inception the Panel consisted of six members with three reserve members. Those reserve members have now been appointed to the Panel or withdrawn and it is timely to consider further appointments. Given the often technical nature of the Panel's work having reserve members who attend training meetings and are associated with our work in an informal way has proved invaluable at the time of their formal appointment.

It is again my pleasure to record my thanks to my Deputy Chairman Mr. Stuart Fell and fellow colleagues on the Panel for their hard work, skill and dedication. We continue to hear complex and novel cases which have again required our professional members in particular to demonstrate their depth of knowledge which has been to the benefit of all of us.

The Secretary to the Panel, Miss Elizabeth Dene has despite her increasing workload continued to provide invaluable administrative support throughout this period and we are most grateful to her for this assistance.

Patrick Russell
Chairman
July 2014

1. **Background**

The Planning Panel was established in April 2009, under the Land Planning and Development (Guernsey) Law, 2005 (2005 Law) to determine appeals against planning decisions made by the Environment Department¹.

The Panel is an independent appeal body, with its own secretariat and administration. The Panel members are appointed by the States of Guernsey. To ensure the independence of the Panel, the following groups of people cannot serve on the Panel:

- (a) A Member of the States of Deliberation
- (b) An employee, member or anybody carrying out work or providing services for the Environment Department
- (c) A member of the Strategic Land Planning Group
- (d) Anybody holding judicial office in Guernsey
- (e) Anybody who has held any of the above posts within the preceding two years.²

2. **Planning Panel Membership**

The Panel's membership remained unchanged during 2014. The full membership of the Panel at the end of 2013 is set out at Appendix 1.

3. **Panel Staff**

During 2014 there were no staff changes and Miss Dene continues to act as the Panel's Secretary on a half-time basis.

4. **Operating Costs**

The Panel's expenditure in 2014 is set out in Table 1. The payments to the Panel members were some £10,000 less than in 2013. Although the number of appeals lodged in 2014 was similar to 2013, the number of cases which proceeded to a Tribunal hearing was less and hence the lower level of fees paid to Tribunal members.

The Panel has observed that most appellants continue to request a public hearing before a Tribunal. The Panel Secretariat is mindful that this is administratively the most costly mode of appeal to the Guernsey tax payer and appellants are reminded that an appeal can be determined on the basis of written representations or by a single professional member, although this has had only limited impact on the choice of hearing. However, it must always remain the appellant's right, within the framework of the legislation, to choose such mode of appeal as they consider appropriate.

¹ See section 86 of the Land Planning and Development (Guernsey) Law, 2005

² See section 4 of the Land Planning and Development (Appeals) Ordinance, 2007

Table 1**Panel's Expenditure and Income**

	2010	2011	2012	2013	2014
Recruitment and training	£0	£8,352	£8,000	£4,355	£3,250
General administration and stationery	£1,410	£1,038	£685	£254	£132
Payments to Panel Members	£48,070	£50,867	£79,076	£55,558	£47,534
Travel and accommodation costs	£1,870	£1,618	£4,749 ³	£5,480	£3,961
Operational costs	£4,050	£3,503	£4,259	£3,339	£2,709
Staff salaries	£31,150	£32,232	£33,355	£39,654	£39,810
Total Expenditure	£86,550	£97,610	£132,124	£110,653	£99,410
Income from Fees	--	£965⁴	£7,969	£13,422	£4,605

5. Appeal Fees

In 2014, the Panel's income for appeal fees decreased by nearly two thirds. The reason for this significant decrease is that in 2013 four appeals related to the refusal of planning permission where the planning application fee exceeded £1,000 and in one case the appeal fee was over £4,000, i.e. these four cases generated just over £10,000 of the appeal fee income. Further, during 2014, the number of household appeals (which are generally associated with a lower appeal fee) increased when compared with the 2013 figures.

The Panel did not deal with any appellants who indicated a wish to appeal a planning decision but were unable to do so because of financial hardship. Should such an enquiry be received the Panel would advise the person that the fee may be waived where the Panel's Chairman is satisfied that payment of the appeal fee will cause the appellant financial hardship.

6. Casework

In 2014 (2013), the Panel received 26 (22) appeals, i.e. 15 per cent increase when compared with 2013. Tables 2 and 3 provide a breakdown of the categories of appeals made and their disposal. In 2014 (2013), the Environment Department refused 7.5 (9) per cent of applications for planning permission and 12 (14) per cent of the refusals resulted in the applicant appealing the decision.

At the end of 2014, two appeals remained unheard having been received by the Panel in December 2014. The Panel continues to aim to determine appeals within twelve weeks of the appeal being lodged, subject to the availability of the parties and any witnesses.

In 2014, the Panel noted that 34 per cent of appeals related to commercial sites and 66 per cent were householder-based appeal (see Table 3).

³ The increase in costs reflects the additional travel and hotel accommodation following the appointment of two UK-based Professional Members

⁴ Appeals fees became payable with effect from 1 September 2011 (see Section 5 for further detail)

Table 2 Breakdown of Appeal Cases by Outcome	Number of Appeals		Outcome																								
			Allowed (i.e. where the Tribunal found in favour of the appellant)			Dismissed (i.e. where the Tribunal upheld the Department's decision)			Withdrawn by Appellant			Conceded or Withdrawn by Department			Other				Appeal out of time			Dismissed under s.69(4) of the 2005 Law					
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
Refusal of planning permission	16	17	30		5	1	10		9	10	14		2	--	3	--	--	1		1	1		--	--	--	--	--
Refusal of outline planning permission	--	1	--		--	1	--		--	--	--		--	--	--	--	--	--	--	--	--		--	--	--	--	--
Planning conditions	1	2	4		1	2	2		--	--	1		--	--	--	--	--	--	--	--	--		1	--	--	--	1
Non- determination	1	--	1		1	--	--		--	--	--		--	--	--	--	--	--	--	--	--		--	--	--	--	--
Compliance Notice	7	1	9		--	--	2		2	--	1		3	1	--	1	--	3		1	1		--	--	--	--	--
Completion Notice	--	1	--		--	--	--		--	1	--		--	--	--	--	--	--	--	--	--		--	--	--	--	--
Confirmation of a TPO	--	--	--		--	--	--		--	--	--		--	--	--	--	--	--	--	--	--		--	--	--	--	--
Add building to Protected Building List	1	--	--		--	--	--		--	--	--		--	--	--	--	--	--	--	1	--		--	--	--	--	--
TOTAL	26	22	44		7	14	13		11	16	20		5	1	3	1	--	4		3	1		--	--	1	--	1

Table 3

	Number of Appeals					
	2014		2013		2012	
	Householder	Commercial	Householder	Commercial	Householder	Commercial
Refusal of planning permission	10	6	7	9	19	13
Refusal of outline planning permission	--	--	1	--	--	--
Planning conditions	1	--	1	1	--	3
Non-determination	--	1	--	--	--	1
Compliance Notices	4	3	1	1	1	7
Completion Notices	--	--	1	--	--	--
Confirmation of a TPO	--	--	--	--	--	--
Add building to Protected Building List	1	--	--	--	--	--
TOTAL	16	10	11	11	20	24

7. Case Appraisal

During 2014, the Panel continued to publish quarterly synopses of planning appeal decisions (see Appendix 1). This document sets out brief details of the case, the issues identified at appeal, the planning policies involved and the Tribunal's decision. These are available on the Panel's website (www.gov.gg/planningpanel).

Table 4 provides an overview of the principal subject matter of planning appeals. In many appeal cases more than one issue was raised and therefore the totals do not automatically equate to the number of the appeals shown in Tables 2 and 3.

Table 4

Subject matter of Appeals⁵

		2014	2013	2012	2011
Change of Use	Horticultural to industrial	3	3	--	2
	Horticultural to residential	--	--	1	1
	Industrial to retail		1	2	1
	Tourist accommodation to residential	--	1	2	--
	Tourist accommodation to residential care	2			
Creation of parking	Private/domestic	6	3	5	4
	Commercial	1	--	2	1
Fencing and gates	Type	1	--	3	3
	Height	1	--	3	--
New housing developments		1		3	2
Removal or lowering of roadside walls		3		4	8
Construction or removal of earthbanks		1		2	2
Re-use of redundant buildings for other purposes		1		2	1
Sheds on agricultural or horticultural land		--	--	1	5
Signage		3	2	2	--

⁵ A single appeal case may have involved more than one of the subject areas listed.

In 2014 (2013), 17(14) of the appeals which proceeded to an adjudication 16 (11) related to development within the Rural Area and only 1 (3) case related to the Urban Area. A full breakdown of the planning policies is set out in Appendix 2.

8. Case Administration

As noted above, there remains a strong preference for appellants to request an appeal be heard before a Planning Tribunal.

Table 5 provides a breakdown of the mode of appeal, including cases where the Panel's Chairman has, having reviewed an appeal application, decided that the case should be determined by a different mode of appeal from that indicated by the appellant, such as a request for determination by Written Representations or by a Single Professional Member, the latter also requiring the consent of the Policy Council.

Table 5 Mode of Appeal	Disposal as requested by Appellant		Actual disposal following review by Panel Chairman	
	Planning Decisions	Compliance and Completion Notices	Planning Decisions	Compliance and Completion Notices
	2014 (2013)	2014 (2013)	2014 (2013)	2014 (2013)
Public Hearing before a Planning Tribunal	11 (13)	1 (1)	13 (14)	1 (1)
Public Hearing before a Single Professional Member	1 (1)	1 (1)	1 (1)	-- (--)
Written Representations determined by a Planning Tribunal	3 (3)	2 (2)	2 (2)	-- (--)
Written Representations determined by a Single Professional Member	1 (2)	-- (--)	1 (2)	-- (--)

In the 2012 Annual Report, the Panel noted a sharp increase in the number of appellants choosing to be represented by a professional person. In 2014, just under three fifths of appellants were represented by an Advocate or Architect and two fifths of appellants represented themselves. The Panel continues to use its best endeavours to encourage appellants, where they wish, to be able to present their own appeals without needing to obtain professional representation. The Panel is very mindful that when established one of the main reasons for moving away from the Royal Court was to enable anybody who had been refused planning permission to be able to appeal the decision without having to incur substantial legal costs.

Table 6 below provides a more detailed breakdown of representation.

Table 6**Breakdown of Representation⁶**

		2014	2013	2012	2011
Unrepresented		6	9	15	16
Unrepresented but assisted by friend or family member		1	2	3	3
Represented	Architect	2	17	8	10
	Advocate	7	15	4	4
	Planning consultant	--	3	3	--
	Surveyor	--	--	2	--

9. Matters arising in cases determined in 2014**(a) *Appeal on the grounds of Non-Determination***

The first appeal lodged in 2014 was an appeal made under section 68(2) of the Land Planning and Development (Guernsey), 2015, namely an appeal against the non-determination of an application for a change of use from a hotel to a residential care home (PAP/001/2015 – Manor Hotel).

From its initial review of the appellants' appeal papers, i.e. the planning application and supporting evidence from the appellants before the Environment Department as on the date of the appeal, the Tribunal members were concerned that it may not have sufficient evidence to reach a decision. Their concerns were based on the limitation placed on all Tribunals, namely section 69(1) that an appeal under section 68 shall be determined by the Tribunal on the basis of the materials, evidence and facts which were before the Environment Department at the expiry of the period for the Environment Department to determine a planning application.

The Tribunal members were concerned that if there was insufficient evidence in the planning application to reach a properly informed decision, they would have little option but to dismiss the appeal as the provisions of section 69(1) prevented them from requesting further evidence from either party. Clearly such an outcome would be unhelpful to all parties and could potentially bring the appeal provisions on the grounds of non-determination into question.

The Panel has raised these concerns with the Environment Department and understands that the application to this class of appeals of section 69(1) will be reviewed as part of their on-going review of the Land Planning and Development (Guernsey) Law, 2015.

⁶ Numbers relate to appeals determined at a public hearing; in some cases the appellant was represented by an Advocate together with other professional parties

(b) Policy RE12 – Rationalisation of Visitor Accommodation

In both the above case and another appeal against refusal of planning permission for a change of use of another hotel to a dementia care home (PAP/002/2015 – Greenacres Hotel), the Tribunals encountered significant difficulties in weighing the evidence. Both appeals engaged Policy RE12 – Rationalisation of Visitor Accommodation.

In both cases, neither of the hotels had operated as visitor accommodation for several years. The Manor Hotel had operated as a lodging house for many years, although the authorised use remained under Use Class 11 – Visitor Economy, i.e. use in accordance with a boarding permit of an hotel for the supply of intoxicating liquor to non-residents. Greenacres Hotel had closed in October 2012.

The preamble to the policy states:

For a number of years the quality of accommodation offered by the Island's visitor sector has been in overall decline, relative to the market. This is probably due to a lack of investment resulting from low average occupancy figures. Individual establishments that find themselves in this position are often unable to generate sufficient funds to invest in the refurbishment and development of facilities that would enable them to compete in the evolving market.

In order to secure an adequate stock of visitor accommodation and to encourage the industry to invest in its improvement, the Commerce and Employment Department has set the following objective with regard to the minimum occupancy rates which, it considers, will be necessary to sustain a viable sector:

To achieve an average annual room occupancy level for the serviced accommodation sector of 65% (based on year-round occupancy) and for self-catering accommodation of 75% (based on seasonal occupancy).

Owing to the changing nature of the tourist economy, it is difficult to define exactly what an "adequate stock" of visitor accommodation is. Nonetheless, the Environment Department takes it to be that which would naturally sustain the above occupancy rates at any particular, given time.

Based on the current supply of accommodation and occupancy levels, for this objective to be achieved, there would need to be a structured reduction in the total supply of accommodation in the Island. This reduction, and indeed any new or extended accommodation (whether in the rural or urban area), needs to be carefully monitored in order to ensure that actual occupancy rates remain at, or sufficiently close to, the minimum level. To this end, the Board will have regard to the adequacy of stock of visitor accommodation when applying Policy RE12. However, while there is a clear need for an improvement in occupancy levels overall, it is also acknowledged that the demand for accommodation depends

not just on the quality of the establishment and level of facilities available but also on its location. Demand remains strong for accommodation within easy reach of the centre of St Peter Port and in attractive rural and coastal locations. It is evident that in such locations, investment in the refurbishment and redevelopment of accommodation and facilities, sometimes incorporating additional capacity, can generally be justified. In addition, there is a strong demand for self-catering visitor accommodation across the Island although this does not appear to be so dependent upon location.

It follows that the most practicable opportunity for reducing the overall supply of accommodation, is most likely to be found in respect of serviced accommodation situated in poor, or relatively indifferent, locations.

Therefore, in appropriate circumstances permission may be granted for the change of use of visitor accommodation to an alternative use. However, the applicant must demonstrate that the establishment is

- *Not of a satisfactory standard and is incapable of being upgraded or otherwise adapted; or,*
- *That the continuing use of the site as visitor accommodation is not viable, perhaps because of locational, immediate surroundings or size issues.*

In addition, it must be shown that there are no practicable opportunities at reasonable cost for conversion of the accommodation to meet a different sector of the tourist market, for example, good quality self-catering accommodation.

In determining whether the establishment currently offers, or is capable of attaining, a satisfactory standard of accommodation, the Department will take into account the following factors:

- *The location of the establishment, immediate surroundings and ease of access for visitors*
[Those locations regarded as of importance are:
 - (i) Within easy access of the Town Area*
 - (ii) On, or within easy access to the south and south-east coast cliffs*
 - (iii) On, or adjacent to, a good tourist beach, being a beach which has refreshment and toilet facilities and provides attractive bathing at all states of the tide*
 - (iv) Enjoying an attractive outlook or views*
 - (v) Adjacent, or within easy access, to special interest attractions, or important visitor facilities (including the Harbour and Airport)]*
- *The size of the establishment (whether too large or too small) and the size of the site on which it is located;*

- *The current standard of accommodation and amenities and the potential for upgrading or conversion to other tourist accommodation uses, including the cost of the works involved;*
- *The nature and level of available facilities.*
- *The current standard of accommodation and amenities and the potential for upgrading or conversion to other tourist accommodation uses, including the cost of the works involved;*
- *The nature and level of available facilities.*

In order to determine whether a visitor accommodation establishment is not viable, the views of the Commerce and Employment Department will be sought. To this end, the Commerce and Employment Department may reasonably request such information from an applicant as is necessary to make a sound assessment.

Policy RE12 states:

The change of use or redevelopment of visitor accommodation to other uses will only be permitted where it would not prejudice the retention of an adequate stock of visitor accommodation across the Island and where:

- a) The existing premises provide an unsatisfactory standard of accommodation and facilities and are incapable of being upgraded or otherwise adapted to a satisfactory standard or, changed to an alternative visitor accommodation use at reasonable expense, having regard to the location, immediate surroundings and size of the establishment; or*
- b) The premises are currently of an inappropriate size for a modern, viable operation and are not readily capable of being suitably adapted or re-sized.*

Where a residential use is proposed, a satisfactory living environment and standard of accommodation must be provided including satisfactory levels of amenity, servicing and parking provision appropriate to the type of accommodation being created and its location.

Proposals for the re-use or redevelopment of former visitor accommodation for housing purposes comprising sheltered accommodation, residential or nursing homes or staff hostels will generally be supported.

The Tribunals noted that where Policy RE12 is engaged, applicants are affectively being asked to prove a negative but neither the Environment Department nor the Commerce and Employment Department had issued any guidance on the evidence an applicant seeking to convert an hotel for another use would be required to provide to enable an assessment against the policy.

The Tribunals noted the particular difficulties of satisfying the policy requirements where the hotel had not operated as such for some considerable period and how the contribution of the hotel to the Island's visitor bed stock could be assessed in respect of the requirement within the policy for the applicant to demonstrate that a change of use *"... would not prejudice the retention of an adequate stock of visitor accommodation across the Island"*.

Further, the Tribunals were concerned that in both cases, neither the Environment Department nor the Commerce and Employment Department had requested any supporting evidence from the applicants necessary to enable them to make a sound assessment of the application. This was despite neither applicant having included any robust evidence as to the viability and suitability to demonstrate that the premises provided an unsatisfactory standard of accommodation and facilities and were incapable of being upgraded or otherwise adapted to a satisfactory standard or, changed to an alternative visitor accommodation use at reasonable expense, having regard to the location, immediate surroundings and size of the establishment. Indeed, the Tribunal considering the Greenacres appeal noted that the application had been both validated and determined by the Environment Department despite the applicant having failed to include any evidence to demonstrate viability or suitability for continuing to operate the premises as an hotel. The Tribunal concluded:

- "13. The Environment Department accepted without question the Commerce and Employment Department's conclusions with respect to the various elements of criterion (a) of the policy, despite the fact that the kind of evidence necessary to draw such conclusions on these very complex and sometimes technical issues was wholly or mainly lacking. The responsibility for providing that information, relating to such matters as the cost of refurbishment; the consideration of alternative strategies and viability, lay with the appellant company. When it was not supplied, the Environment Department should have sought it, either directly, or through the Commerce and Employment Department. But it did not, despite the fact that the supporting text to the policy says that such information may be necessary to make a sound assessment. The failure to obtain the necessary information prevented the Environment Department from reaching informed decisions, which had far-reaching consequences for the outcome of the application and ultimately this appeal. In the view of the Tribunal, it failed to engage fully with the appellant company or to carry out its decision-making functions adequately.*
- 20. The Tribunal's conclusion on this issue was that the material available to us at the Hearing was not sufficient, or not sufficiently reliable for us to reach a firm opinion as to whether the loss of visitor accommodation resulting from the proposed change of use of the hotel would be prejudicial to the retention of an adequate stock across the Island. This places the Tribunal in a difficult position with respect to the determination of the appeal, as we*

consider that drawing a conclusion on that important element of the policy is essential to reaching a properly informed and balanced decision.

41. *... the Tribunal would have wished to see additional and more detailed evidence from both parties in relation to the various complex matters addressed in Policy RE12. On the one hand, we have concluded that the Environment Department failed to show that the proposed change of use would be prejudicial to retaining an adequate stock of visitor accommodation across the Island. But, on the other hand, we can also reasonably conclude that the appellant company has failed to demonstrate compliance with the criteria of the policy. That does not mean that, had we been in possession of the appropriate level of evidence, other conclusions could not have been reached. But they are the only reasonable conclusions that may be drawn on what is available and admissible.*
42. *The policy allows for a change of use only where both prejudice to the stock of accommodation and compliance with either criteria (a) or (b) is demonstrated. The proposed development therefore fails the overall test."*
(see Decision Notice PAP/002/2015 – Greenacres)

In both these cases, the Tribunals accepted that the policy presented both an applicant and the Environment Department a number of challenges, particularly that applicants were effectively required to prove a negative but also the absence of robust published data on occupancy levels for the Island's stock of visitor accommodation. The Tribunals also noted that neither the Environment Department nor the Commerce and Employment Department had an in-house expertise in development economics and so, even if the applicants had submitted appropriate evidence to support the assertion that the hotel was no longer viable, the Departments' may not have had the technical knowledge necessary to assess the robustness of the evidence.

The Panel understands the Environment Department has given careful consideration to both Decision Notices and has taken steps to ameliorate the knowledge gaps and, more importantly, has now issued supplementary planning guidance for owners of hotels seeking permission for a change of use. The Panel welcomes both these outcomes from what were challenging appeal cases for the Tribunals and the respective parties.

(c) Abandonment of Use

In late 2014, a Tribunal considered an appeal where the question of abandonment of the authorised use of the site (PAP/018/2014 – Les Mares, Candie Road, St. Andrew) was an important issue. The appeal was against a refusal of planning permission to build a two-bedroomed house on a site where the previous residential unit had been destroyed by fire in 2004.

In its deliberations, the Tribunal noted that, under the Rural Area Plan, Policy RH1(a) allows for dwellings to be replaced on a one-for-one basis, but only where the dwelling to be replaced is “existing”. The Tribunal considered whether the structure on the site, which the appellants accepted was derelict, structurally unsound and uninhabitable, may reasonably be described as “existing” or whether the residential use of the land has been abandoned. The Tribunal concluded that, if the use has been abandoned, then the structure cannot be considered as an “existing dwelling”; and therefore the support of the policy for replacement cannot apply.

Further, the Tribunal noted that neither the Land Planning and Development (Guernsey) Law, 2005 nor the Rural Area Plan does provide any basis on which to determine whether a dwelling has been abandoned, though the concept of abandonment is implied by the Section 13(3)(b) of the 2005 Law that the resumption of a use which has been abandoned is development and that planning permission is required.

During the Hearing, a number of criteria were identified which may have a bearing on whether the use has been abandoned. Some have been referred to in UK cases (in particular *Secretary of State for the Environment, Transport and Rural Affairs v Hughes* [2000] 80 P&CR 397) where the concept was explored. Guernsey planning law is distinct from the English case law and the Royal Court has held that, while it may be proper to look at related systems of law, Guernsey’s courts should be slow to import English principles and authorities.

In *Hughes* [2000] the court identified a number of criteria, namely:

- Physical condition of the building
- Time elapsed
- Use for other purposes
- Intention of the land owner
- Other issues.

The Tribunal concluded that any assessment of abandonment should be on the basis of an objective test having regard to all the circumstances of the case; and that the weight to be placed on each criterion is a matter for the decision-maker. The Tribunal concluded that it was not bound by the criteria considered in *Hughes* [2000], but the criteria provided a useful starting point, while allowing for consideration of other criteria that may also be relevant in a particular case.

In this case, the Tribunal had to look outside of Guernsey law for guidance on the assessment of abandonment of use within a planning context, whilst remaining mindful of the Guernsey Courts’ directions regarding the application of UK planning case law in determining planning applications locally.

10. Update on Issues raised in the Planning Panel's previous Annual Reports

(a) *Third Party Representations*

In previous Annual Reports, the Panel has commented on the restrictions placed on third parties and indicated it agrees that some relaxation of the current restrictions placed on taking evidence from third parties.

The Panel has been advised by the Environment Department's that these concerns are to be addressed as part of its wider review of the Land Planning and Development (Guernsey) Law, 2005.

(b) *Appeal Periods*

The Panel has also raised concerns that in some cases where an individual is appealing a refusal of planning permission on a retrospective application and an associated Compliance Notice, the difference between the two appeal periods (six months from the date of the refusal of planning permission and 28 days from the Date of Issue of a Compliance Notice) may be used as a means to delay enforcement action.

Here again, the Panel understands that the Environment Department shares these concerns and will include recommendations to shorten the appeal period in the case of planning applications where enforcement action has been formally commenced in its forthcoming review of the Land Planning and Development (Guernsey) Law, 2005.

(c) *Use of Character Assessments and Statements of Significance for Conservation Areas and Protected Buildings*

The Panel remains concerned that the Environment Department has not published character assessments for the various Conservation Areas as designated under the Urban and Rural Area Plans. The Panel understands that such character assessments will form an integral part of the new Island Development Plan.

In relation to Statements of Significance for Protected Buildings, the Panel notes that in March 2014, the Environment Department published criteria for the selection of buildings for inclusion on the Protected Buildings Lists. The Panel understands that work is now progressing on reviewing the buildings already on the List to identify if any changes to the listing that may be appropriate in light of the new criteria. The Environment Department is also inspecting the buildings it has identified as potentially meriting the additional protection inclusion on the List affords Guernsey's built environment.

The Panel welcomes both these developments but recognises that character assessments and statements of significance for Conservation Areas and Protected Buildings will continue to be required by Tribunals until the new Island Development Plan has been adopted and the on-going review of Guernsey's Protected Buildings is being progressed.

11. Developments during 2014

(a) *Preparation of the Draft Island Development Plan*

During 2014, the Panel noted that the publication date for the Draft Island Development Plan was variously delayed and the Panel understands that it will be published in early 2015 and the likely date for adoption of the Island Development Plan is early 2016, following its review through an independent Planning Inquiry.

(b) *Planning Appeals in Jersey*

The Panel noted that although the Jersey's Environment Minister had anticipated that the new appeal system would be in place during 2014, the project has been delayed and appointments to the Jersey Planning Appeals Panel are likely to be made during 2015.

The Jersey Tribunal will replace the present appeal provisions in the Planning and Building (Jersey) Law, 2002 and should provide a means to determine appeals against decisions made under this law entirely on their merits, with the exception of deciding points of law arising from such appeals. Under the new system, an independent Inspector will consider the case, along with all the material evidence, and report his findings to the Minister for Planning and Environment who would then determine the appeal.

12. Conclusion

During 2014, the Panel continued to build on and develop its knowledge and understanding of development control and its understanding of the planning process.

The Panel continues to use its best endeavours to ensure that the members are kept up-to-date with relevant planning matters and to review its own policies and practices. This is undertaken through regular in-house training and regular reviews of its operational policies and procedures whilst monitoring any developments in local planning policy or other States policy which may have an impact on the cases it is asked to determine.

Appendices

APPENDIX 1 – PLANNING PANEL MEMBERSHIP

Name	Position on Panel	Date Appointed	Term of Office
Mr. Patrick Russell	Chairman	March 2009	Until March 2015
Mr. Stuart Fell	Vice Chairman Professional Member	March 2009	Until March 2015
Mr. Jonathan King	Professional Member	January 2012	Until March 2018
Mrs. Linda Wride	Professional Member	January 2012	Until March 2018
Mrs. Sheelagh Evans	Lay Member	January 2013 ⁷	Until March 2019
Mr. David Harry	Lay Member	September 2012 ⁸	Until March 2017
Mr. John Weir	Lay Member	January 2011 ⁹	Until March 2017
Ms. Julia White	Lay Member	January 2012 ¹⁰	Until March 2019

⁷ Mrs. Evans was first appointed as a lay member in March 2009 to serve for 4 years and was re-elected in 2013 for a further 6 year term

⁸ Mr. Harry was appointed to serve the unexpired term of Mr. Burnard's (who resigned from the Panel in August 2012) appointment

⁹ Mr. Weir was first appointed as a lay member in March 2009 to serve for 2 years and was re-elected in 2011 for a further 6 year term

¹⁰ Ms. White was first appointed in September 2011 to serve the unexpired term of Mr. Bowen's (who resigned from the Panel in May 2011) appointment and was re-elected in 2011 for a further 6 year term

APPENDIX 2 - SYNOPSIS OF APPEAL CASES DETERMINED DURING 2014

Number	Appeal Details	Principal Issues	Relevant Policies	Decision
001	Appeal under s.68(2) against the non-determination of a planning application for a change of use from an hotel to a residential care home at the Manor Hotel, Les Houards, Forest	<ul style="list-style-type: none"> - Whether given that the underlying aim of Policy RE12 is to safeguard the Island's stock of visitor accommodation at an appropriate level and standard, is whether the change of use of the appeal property from its authorised use as a hotel can be justified - Whether the proposed conversion and reuse of the building would comply with the requirements of Policy RCE14, resulting in a development which would be appropriate in this rural setting - Whether the proposed use of the appeal property as a residential care home will meet an acknowledged demand - Whether it can be regarded as a suitable site for such provision given its rural location - Whether it will make a significant contribution to the social well-being of the Island community, thereby satisfying the aims of Policy RS1 	RE12 – Rationalisation of visitor accommodation RCE14 – Conversion of buildings RS1 – Community services	Appeal allowed
002	Appeal under s.68(1)(a) against the refusal of planning permission for the change of use from a hotel to a care home at Green Acres Hotel, Les Hubits, St. Martin	<ul style="list-style-type: none"> - Whether the proposed development would prejudice the retention of an adequate stock of visitor accommodation across the Island - Whether the premises provide a satisfactory standard of accommodation and facilities - Whether the premises are incapable of being upgraded to or adapted to a satisfactory standard of alternative visitor accommodation at reasonable expense - Whether the premises are viable as an hotel, or could readily be made so - Whether there is a need for a home of this type 	RE12 – Rationalisation of visitor accommodation RCE14 – Conversion of buildings RS1 – Community services	Appeal dismissed

Number	Appeal Details	Principal Issues	Relevant Policies	Decision
003	Appeal under s.68(1)(a) against the refusal of planning permission to install a container lorry at Oatlands Vinery, Oatlands Lane, St. Sampson	<ul style="list-style-type: none"> - Whether the effect of retaining the container lorry on a permanent basis on the openness of the countryside and the visual quality and landscape value of the Area of High Landscape Quality having regard to the siting, design and scale of the structure 	<p>RCE1 – Protecting open land and avoiding unnecessary development</p> <p>RCE2 – Landscape character</p> <p>RCE3 – Areas of high landscape quality</p> <p>RE2 – Horticulture development</p>	Appeal dismissed
004	Appeal under s.68(1)(a) against the refusal of planning permission to extend display area and create a café at Stan Brouard Ltd, Landes du Marché, Vale	<ul style="list-style-type: none"> - Whether the proposed development would support the viability and vitality of a Rural Centre and be of a type and scale which would be consistent with the function and character of the Rural Centre 	<p>RE4 – Retail development</p> <p>RE10 – Home-based employment</p>	Appeal dismissed
005	Appeal under s.68(1)(a) against the refusal of planning permission to sub-divide existing outbuilding to create two dwellings with associated parking at Beechholme, La Biloterie Road, St. Saviour	<ul style="list-style-type: none"> - Whether the effect of the proposed development on the character and appearance of the setting of the building and the surrounding area - Whether the effect of the proposed development on the living conditions of adjoining occupiers 	<p>RH1 – New housing</p> <p>RCE14 – Conversion and re-use of buildings</p> <p>RCE6 – Creation or extension of curtilages</p> <p>RGEN5 – Character and amenity</p> <p>RGEN6 – Design</p> <p>RGEN7 – Safe and convenient access</p> <p>RGEN8 – Parking and open spaces</p> <p>RGEN11 – Effect on adjoining properties</p>	Appeal allowed

Number	Appeal Details	Principal Issues	Relevant Policies	Decision
006	Appeal under s.70 against a Compliance Notice served on 10 th February 2014 for an alleged unauthorised development, namely the use of pre-finished reconstituted external sandstone blocks as an external finishing to Olive Cottage, Rue des Grons, St. Martin	Appeal withdrawn after planning permission granted		
007	Appeal under s.68(1)(a) against the refusal of planning permission to demolish roadside wall and create car parking at Pefkari, Camps du Moulin, St. Martin	<ul style="list-style-type: none"> Whether the proposed development would preserve or enhance the character and appearance of the Conservation Area, having particular regard to the loss of the roadside wall and the provision of a parking space in the front garden 	RCE10 – Conservation areas RCE11 – Buildings of special interest RCE13 – Demolition of buildings and features RH6 – Extensions and alterations to dwellings RGEN4 – Built heritage RGEN7 – Safe and convenient access	Appeal dismissed
008	Appeal under s.70 against a Compliance Notice for an alleged unauthorised development, namely the use of horticultural land known as St. Clair Nursery, Rue des Pointues Rocques, St. Sampson for purposes other than the authorised use	<ul style="list-style-type: none"> Whether development comprising a material change of use requiring planning permission has taken place at the site, representing a breach of planning control 	RCE1 – Protecting open land and avoiding unnecessary development RCE2 – Landscape character RE2 – Horticulture development	Appeal dismissed

Number	Appeal Details	Principal Issues	Relevant Policies	Decision
009	Appeal under s.70 against a Compliance Notice for an alleged unauthorised development, namely the use of horticultural land at Rue des Reines, Forest for purposes other than the authorised use	Appeal withdrawn by appellants		
010	Appeal under s.18 of the Land Planning and Development (Special Provisions) Ordinance, 2007 against a decision to add Le Lorier Farm, Rue du Lorier, St. Saviour to the list of Protected Buildings	Appeal submitted after expiry of statutory appeal period		
011	Appeal under s.68(1)(a) against the refusal of planning permission to erect a sign at Stan Brouard Ltd, Landes du Marché, Vale	<ul style="list-style-type: none"> Whether by virtue of its size, design and content, the proposed sign would appear unacceptably out of place in its local surroundings, contrary to the underlying aim of Policy RGEN5 	RGEN5 – Character and amenity	Appeal allowed
012	Appeal under s.68(1)(a) of the Land Planning and Development (Guernsey) Law, 2005 against a the refusal of planning permission to remove a section of earthbank at front to erect wall at La Croix Nicolle, Les Beaucamps, Castel	Appeal submitted after expiry of statutory appeal period		

Number	Appeal Details	Principal Issues	Relevant Policies	Decision
013	Appeal under s.68(1)(a) against the refusal of planning permission to widen existing gateway and install new gate at La Clairere, Havilland Road, St. Peter Port	<ul style="list-style-type: none"> - Whether any loss of on-street public parking arising from the widening of the existing access would harm residential amenity and traffic management to the extent that it outweighs the presumption that proposals for extensions and alterations to dwellings (including development within the residential curtilage) will normally be permitted 	RGEN11 – Effect on adjoining buildings RCE10 – Conservation areas RCE12 – Design and local distinctiveness	Appeal allowed
014	Appeal under s.68(1)(a) against the refusal of planning permission to create vehicle access and parking area and remove hedge and alter boundary wall at Westwood, La Mares Pellées, Vale	<ul style="list-style-type: none"> - Whether the effect of the proposed development on the character and amenity of the rural environment, including on the quality of the built heritage, having regard to the provisions of RP Policies RGEN4, RGEN5, RGEN6 and RCE12 - Whether the development would produce substantial benefits for the community that would outweigh any loss arising from demolition of walls or other distinctive features, having regard to the provisions of RAP Policy RCE13 - Whether the proposed development would ensure safe and convenient vehicular and pedestrian access, having regard to Policy RGEN7 	RGEN4 – Built heritage RGEN5 – Character and amenity RGEN6 – Design RGEN7 – Safe and convenient access RCE12 – Design and local distinctiveness RCE13 – Demolition of buildings and features	Appeal allowed
015	Appeal under s.70 of the Land Planning and Development (Guernsey) Law, 2005 against a Compliance Notice served on 19 th May 2014 in respect of an alleged unauthorised development, namely the erection of a timber and green mesh fence at Eastview, Le Parcq Lane, Vale	Appeal withdrawn by appellant after the Environment Department withdrew the Compliance Notice		

Number	Appeal Details	Principal Issues	Relevant Policies	Decision
016	Appeal under s.68(1)(a) against the refusal of planning permission to erect an oak framed garage with external stairs at Le Douit Farm, Rue du Douit, Castel	Whether the effect of the development on the character, appearance and amenity of the area, having regard to siting, scale and design of the proposed building, and whether any harm identified is sufficient to justify setting aside the presumption that permission will normally be granted for development of this type which is embodied in Policy RH6	RCE1 – Protecting open land and avoiding unnecessary development RCE12 – Design and local distinctiveness	Appeal allowed
017	Appeal under s.68 of the Land Planning and Development (Guernsey) Law, 2005 against a refusal of planning permission to erect a fascia sign and a fascia and hanging sign to the rear and front of 9 Le Pollet, St. Peter Port	Appeal withdrawn after planning permission for alternative signage approved		

Number	Appeal Details	Principal Issues	Relevant Policies	Decision
018	Appeal under s.68(1)(a) of the Land Planning and Development (Guernsey) Law, 2005 against the refusal of planning permission to replace a fire damaged dwelling at Les Mares, Candie Road, St. Andrew	<ul style="list-style-type: none"> - Whether the existing structure should be regarded as derelict, structurally unsound or uninhabitable. - Whether the existing structure should be regarded as an “existing dwelling” - Whether in that connection the use of the site for residential purposes has been abandoned. - Whether, the development could be treated as a minor departure from the Plan under Section12(a)(1) of the Land Planning and Development (General Provisions) Ordinance 2007 - In the event that the proposed development is treated as a minor departure whether the site would be suitable having regard to its characteristics and its relationship with the surrounding area - Whether the development would be acceptable in terms of siting, design, scale, massing, amenity and the provision of a satisfactory living environment. - Whether the refusal of planning permission would breach the human rights of the landowner 	<p>RCE3 – Areas of high landscape quality</p> <p>RCE11 – Buildings of special interest</p> <p>RCE13 – Demolition of buildings and features</p> <p>RH1 – New housing</p>	Appeal dismissed

Number	Appeal Details	Principal Issues	Relevant Policies	Decision
019	Appeal under s.70 of the Land Planning and Development (Guernsey) Law, 2005 against a Compliance Notice served on 30 th June 2014 in respect of an alleged unauthorised development, namely the storing of a boat on land at the front of a dwelling house at Sea Meadows, La Moye Road, Vale without planning permission	Appeal submitted after expiry of statutory appeal period		
020	Appeal under s.68(1)(a) against the refusal of planning permission to erect window signage at Just Games, Church Square, St. Peter Port	Appeal withdrawn after planning permission for alternative signage approved		
021	Appeal under s.70 of the Land Planning and Development (Guernsey) Law, 2005 against a Compliance Notice served on 1 st August 2014 in respect of an alleged unauthorised development, namely that agricultural/horticultural land at Merton Vinery, Pointes Lane, St. Andrew is being used for the commercial parking and storage of vehicles	<ul style="list-style-type: none"> Whether the Compliance Notice had been issued after the expiry of the period within the time limitations under section 48(4) of the 2005 Law 	<p>RCE1 – Protecting open land and avoiding unnecessary development</p> <p>RCE2 – Landscape character</p> <p>RE2 – Horticulture development</p>	Appeal dismissed

Number	Appeal Details	Principal Issues	Relevant Policies	Decision
022	Appeal under s.68(1)(a) against the refusal of planning permission to vary Planning Condition 4 of FULL/2013/0274 to widen the vehicular access from 3m to 4m at La Petit Mi T'Aas, Hougue du Pommier, Castel	<ul style="list-style-type: none"> Whether Conditions 4 and 5 are reasonable and necessary having regard to the character and appearance of the area and highway safety and convenience Whether the effect of permitting an access up to 3.5m or 4m wide on the character and appearance of the area and highway safety and convenience 	RGEN4 – Built heritage RGEN7 – Safe and convenient access RCE10 – Conservation areas RCE13 – Demolition of buildings and features RH6 – Extensions and alterations to buildings	Appeal allowed
023	Appeal under s.68(1)(a) of the Land Planning and Development (Guernsey) Law, 2005 against the refusal of planning permission to demolish existing vine house on south dwelling at Les Marchez, Rue des Reines, St. Pierre du Bois	<ul style="list-style-type: none"> Whether the vine house is a distinctive feature whose loss would adversely affect the character and appearance of the Conservation Area 	RCE10 – Conservation areas RCE13 – Demolition of buildings and features	Appeal dismissed
024	Appeal under s.70 of the Land Planning and Development (Guernsey) Law, 2005 against a Compliance Notice served on 13 th October 2014 in respect of an alleged unauthorised development, namely that condition 2 of planning permission reference PAPP/2008/3755 at St. Louis, Rue du Catillon, St. Pierre du Bois has not been complied with	Appeal withdrawn by appellants after the Environment Department rescinded the planning condition		

Number	Appeal Details	Principal Issues	Relevant Policies	Decision
025	Appeal under s.68(1)(a) against the refusal of planning permission to install nine replacement PVCu double glazed sash windows at front of dwelling at La Houquette Route Des Paysans St. Pierre Du Bois	<ul style="list-style-type: none"> Whether the loss of the existing windows and their replacement with PVCu substitutes, would cause unacceptable harm to the special qualities or features of this protected building 	RCE11 – Buildings of special interest	Appeal dismissed
026	Appeal under s.68(1)(a) against the refusal of planning permission to remove section of roadside wall to enlarge vehicular access at Waverley, Doyle Road, St. Peter Port	<ul style="list-style-type: none"> Whether the proposed development would preserve or enhance the character and appearance of the Conservation Area, having particular regard to the loss of a section of roadside wall at the appeal site and the consequent effect of increasing the width of the opening on the street scene 	GEN6 – Character and amenity GEN9 – Safe and convenient access DBE1 – Design - general DBE7 – New development in conservation area DBE9 – demolition of buildings and features	Appeal dismissed

APPENDIX 3 - ANALYSIS OF PLANNING POLICIES

Rural Area Plan Policies

	2014	2013	2012	2011
General				
RGEN1 Sustainable development	--	--	--	2
RGEN2 Comprehensive development	--	1	--	--
RGEN3 Landscape, ecology and wildlife	--	--	2	--
RGEN4 Built heritage	3	--	1	2
RGEN5 Character and amenity	3	3	3	5
RGEN6 Design	2	1	2	1
RGEN7 Safe and convenient access	4	1	--	4
RGEN8 Parking and open space	1	1	--	--
RGEN9 Hazardous development, nuisance and pollution	--	--	--	--
RGEN10 Public enjoyment	--	--	--	--
RGEN11 Effect on adjoining properties	2	8	4	2
RGEN12 Flood risk	--	--	1	--
RGEN13 Airport safety	--	--	--	1
Conservation and Enhancement				
RCE1 Protecting open land and avoiding unnecessary development	4	2	5	7
RCE2 Landscape character	3	2	1	2
RCE3 Areas of High Landscape Quality	2	2	4	6
RCE4 Sites of Nature Conservation Importance	--	--	--	--
RCE5 Derelict land in the countryside	--	--	--	--
RCE6 Creation or extension of curtilages	1	--	--	2
RCE7 Public views	--	--	--	--
RCE8 Landscape design	--	--	--	--
RCE9 Archaeological remains	--	--	--	--
RCE10 Conservation Areas	4	--	1	1
RCE11 Buildings of special interest	3	1	--	--
RCE12 Design and local distinctiveness	3	2	1	--
RCE13 Demolition of buildings and features	5	2	1	2
RCE14 Conversion and re-use of buildings	3	4	1	4
Housing				
RH1 New housing	2	2	--	2
RH2 Social housing	--	--	--	--
RH3 Sub-division and conversion to provide housing	--	1	--	--
RH4 Protecting housing stock	--	--	--	--
RH5 Dower units	--	1	--	1
RH6 Extensions and alterations to dwellings	1	4	4	2

	2014	2013	2012	2011
Rural Economy				
RE1 Agricultural development	--	--	1	2
RE2 Horticultural development	3	2	1	2
RE3 Protecting key horticultural sites	--	1	--	1
RE4 Retail development	1	--	--	1
RE5 Garden centres	1	--	--	--
RE6 Coastal kiosks	--	--	--	--
RE7 Industrial development	--	2	2	3
RE8 Protecting industrial accommodation	--	--	--	1
RE9 Commerce related development	--	--	--	--
RE10 Home based employment	1	--	--	--
RE11 Visitor accommodation development	--	--	--	--
RE12 Rationalisation of visitor accommodation	2	1	--	--
RE13 Visitor facilities and attractions	--	--	--	--
RE14 Development requiring an airport location	--	--	1	--
RE15 Minerals	--	--	--	--
Social, Community and Recreational				
RS1 Community services	2	--	--	--
RS2 Protecting community facilities	--	--	--	--
RS3 Indoor recreational facilities	--	--	2	--
RS4 Outdoor recreational facilities	--	--	--	2
RS5 Golf course development	--	--	--	--
Essential Development and Infrastructure				
RD1 Essential development	--	--	--	--
RD2 Small-scale infrastructure	--	--	--	--

Urban Area Plan Policies

	2014	2013	2012	2011
General				
GEN1 Sustainable development	--	1	--	--
GEN2 Comprehensive development	--	--	--	--
GEN3 Landscape, ecology and wildlife	--	--	--	--
GEN4 Built heritage	--	2	--	--
GEN5 Design	--	2	1	4
GEN6 Character and amenity	1	3	7	7
GEN7 Roads and infrastructure	--	--	--	1
GEN8 Safe and convenient access	1	3	5	1
GEN9 Open space and parking	--	1	2	1
GEN10 Hazardous developments	--	--	--	--
GEN11 Public enjoyment	--	--	--	--
GEN12 Effect on adjoining properties	--	1	1	1
Design and the Built Environment				
DBE1 Design - General	1	2	7	7
DBE2 Developments with significant townscape impact	--	--	--	--
DBE3 High buildings	--	--	--	--
DBE4 Landscape design	--	--	--	--
DBE5 Open space	--	--	--	--
DBE6 Skyline and public views	--	--	1	--
DBE7 New development in Conservation Areas	1	3	6	1
DBE8 Buildings of special interest	--	--	4	1
DBE9 Demolition of buildings and features	1	2	--	1
DBE10 Archaeological remains	--	--	--	--
Housing				
HO1 Housing provision in the Urban Area Plan	--	1	--	1
HO2 New housing in Settlement Areas and on previously developed land	--	1	--	1
HO3 Mixed use development	--	--	--	--
HO4 Conversion and subdivision of existing buildings - General	--	--	2	--
HO5 Vacant and underused upper floors	--	--	--	--
HO6 Obsolete office space	--	--	1	--
HO7 Flats, houses in multiple occupation, and staff hostels	--	--	--	--
HO8 Housing Target Areas	--	--	--	1
HO9 Retention of the existing housing stock	--	--	--	--
HO10 Residential density and amenity	--	--	--	--
HO11 Housing for smaller households	--	--	--	--
HO12 Housing for people with mobility impairment	--	--	--	--
HO13 Accommodation for the elderly	--	--	--	--
HO14 Dower units	--	--	--	--

	2014	2013	2012	2011
Employment				
Office Accommodation				
EMP1 New office developments	--	--	--	--
EMP2 Small-scale professional and support services	--	--	--	--
EMP3 Upgrading the office stock	--	--	--	--
EMP4 Conversion of office sites for alternative uses	--	--	1	--
Industrial Development				
EMP5 Key Industrial Areas	--	--	--	1
EMP6 Industrial development outside Key Industrial Areas	--	--	--	--
EMP7 Small workshops and yards	--	--	--	--
EMP8 Development of the land reclamation site	--	--	--	--
EMP9 Protecting industrial sites	--	--	1	1
EMP10 Unneighbourly uses	--	--	--	--
EMP11 Home based employment	--	--	--	--
EMP12 Horticultural development	--	--	--	--
Tourism				
EMP13 New tourist accommodation	--	--	--	--
EMP14 Alteration, extension and redevelopment of existing tourist accommodation	--	--	--	--
EMP15 Rationalisation of visitor accommodation	--	--	2	--
EMP16 Visitor facilities and attractions	--	--	--	--
Centres				
CEN1 New shopping facilities in the Central Areas	--	--	1	--
CEN2 New retail development outside the Central Areas	--	--	1	--
CEN3 Mixed use development	--	--	--	--
CEN4 Complementing the retail function	--	--	--	--
CEN5 Maintaining the variety of shop units	--	--	--	--
CEN6 Public and commercial car parks	--	--	1	--
CEN7 Temporary car parks	--	--	1	--
CEN8 Pedestrians in the Central Areas	--	--	--	--
CEN9 Town centre management and environmental improvement	--	--	--	--
CEN10 Paving, street furniture and public art	--	--	--	--
CEN11 Shopfronts	--	--	1	--
CEN12 Signs	--	--	3	--
Social, Community and Recreational				
SCR1 Community services	--	--	--	--
SCR2 Education facilities	--	--	1	--
Recreation				
SCR3 Development of existing facilities	--	--	--	--
SCR4 Increased dual use of facilities	--	--	--	--
SCR5 The establishment of sports performance centres	--	--	--	--
SCR6 Indoor leisure facilities	--	--	--	--
SCR7 Equestrian related development	--	--	--	--

	2014	2013	2012	2011
Countryside				
CO1 New development outside the Settlement Areas	--	--	1	1
CO2 Re-use of buildings outside the Settlement Areas	--	--	--	1
CO3 Landscape character	--	--	--	--
CO4 Areas of Landscape Value	--	--	--	--
CO5 Wildlife and nature conservation	--	--	--	--
CO6 Derelict land in the countryside	--	--	--	--

APPENDIX 4 - THE PLANNING PANEL'S GENERAL POLICIES AND PROCEDURES

(a) Determination of an Appeal by a Single Professional Member

When deciding if an application should be made to the Policy Council to seek its approval that an appeal should be determined by a Single Professional Member the Panel Chairman will consider the following factors:

- Are the appeal papers complete and self-contained? In other words, can the Tribunal easily understand how the planning decision was reached, the appellants' reasons for appealing the decision and why the Environment Department is resisting the appeal?
- Are the relevant planning policies and issues clear? In other words, can the Tribunal clearly understand the issues by reading the appeal papers and visiting the site?
- Is there an over-riding public interest? Examples of appeals which may have an over-riding public interest will include large scale developments, developments in areas of particular environmental or historic sensitivity or where the policy issues are unclear. In other words, is there likely to be significant public interest in the development or have the policy issues linked to the appeal ones which are the subject of wider debate so that it is appropriate for a hearing to be held.
- Were any third party representations objecting to the development received by the Environment Department?
- Are there significant disputes as to the facts?
- Are there any novel legal issues?

(b) Determination on an Appeal by Written Representation by either a Single Professional Member or by a Full Tribunal

When deciding if an Appeal should be determined by Written Representations by a Single Professional Member the Panel Chairman will consider the factors referred to above in addition to those below relating to determination by a full Tribunal:

- Does the appeal involve a planning application of Island-wide significance or concern development where an environmental statement has or may be required, as specified under s.6(2)(a) and (b) of the Land Planning and Development (Appeals) Ordinance, 2007?
- Is the matter appealed fairly minor and uncomplicated?
- Is the evidence self explanatory and complete?

- Were there any third party representations received by the Environment Department; how many and from whom?

(c) General Procedure for Determining Compliance Notices and Confirmation of Tree Protection Order

When deciding whether an appeal against the issue of a Compliance Notice or the Confirmation of a Tree Protection Order should be determined by a Hearing or by Written Representations by either a Single Professional Member or by a full Tribunal, the Panel Chairman's general presumption is that the appeal should be heard by way of public hearing.

This general presumption is because these types of appeal are likely to be of wider public interest and, in some cases, the issues are likely to be more complex, and so require the Tribunal to hear evidence from a number of parties, other than the person making the appeal and the Environment Department.

(d) General Procedure for Site Visits

When determining an appeal the Tribunal or Single Professional Member will always visit the appeal site.

As a general rule, where an appeal is determined at a public hearing the site visit will take place at the end of the hearing. However, the Tribunal or Single Professional Member may direct that the site visit should take place at the start of a hearing or part way through a hearing. Such decisions will be determined on a case-by-case basis and the Tribunal or Single Professional Member will explain its decision.

These site visits will require the attendance of the appellants and/or his representative and the Environment Department's representative/s. All parties must be present throughout the site visit and should remain in close proximity to the Tribunal Members to ensure that they can hear any questions that Members may ask and the answers given.

Where an appeal is determined by Written Representations the site visit will generally be made privately, i.e. the attendance of the appellants and/or his representative and the Environment Department's representative/s will not be required. However, where the Tribunal Members need to gain access to a building or cannot view the appeal site without entering privately owned land the site visit will be conducted in the presence of the appellants and/or his representative and the Environment Department's representative/s.

For all accompanied site visits the appellant should ensure he brings any keys which may be needed to afford Tribunal Members access to any locked buildings, sheds, etc on the appeal site.

(e) General Procedure for Handling Post-Hearing Correspondence with the Parties

As a general rule, the Tribunal or Single Professional Member will not enter into any post-hearing correspondence with the parties. However, from time to time this may be necessary, e.g. to clarify a point made in evidence by either party or to seek both parties' comments on the wording of a non-standard planning condition.

Where it is necessary for a Tribunal or Single Professional Member to open such correspondence copies of any letters or email communications will be sent to all parties, together with the replies received from each party.

(f) General Procedure for Determining Linked Appeals against the Refusal of Planning Permission and against a Compliance Notice

As a general rule the Panel will endeavour to prioritise appeals against Compliance Notices.

This general rule will be modified where retrospective planning permission has been refused and the Environment Department has commenced enforcement measures before the appeal period for the refusal of planning permission has expired.

The Panel's general policy for dealing with appeals against both the refusal of planning permission and a Compliance Notice seeks to ensure that the party's rights under s.68 of the 2005 Law to appeal a decision refusing planning permission are not interfered with and that the Environment Department's endeavours to deal with any breaches of the Island's development controls are not frustrated.

APPENDIX 5**POLICY COUNCIL****GUERNSEY OVERSEAS AID COMMISSION – ANNUAL REPORT 2014**

The Policy Council has received the Guernsey Overseas Aid Commission's 2014 Annual Report which is attached for publication as an appendix to a Billet d'État.

J P Le Tocq
Chief Minister

27th July 2015

AH Langlois
Deputy Chief Minister

Y Burford
P L Gillson
S J Ogier

R W Sillars
M G O'Hara
K A Stewart

P A Luxon
D B Jones
G A St Pier



Guernsey Overseas Aid Commission

2014 Annual Report



“Helping the world’s least developed countries through a hand up rather than a handout”

Index to photographs on front cover	
Network for Africa - agricultural income-generating project in Patongo, northern Uganda, using hollowed out tree trunks to create bee-hives	Children in Crisis – savings and loans scheme in the Plateau of south Kivu, Eastern Democratic Republic of Congo
Farm Africa – food security project in Oromia region of Ethiopia	Advantage Africa – provision of accessible, safe water for the Katente Community, Uganda
ACORD – Supporting peri-urban and rural female dairy producers in Yagma, Koudougou and Léo, Burkina Faso	UNICEF – Supporting maternal and neonatal healthcare in South Sudan

Chairman's Introduction

I am pleased to present my third Annual Report as Chairman of the Guernsey Overseas Aid Commission.

The past year was again a challenging and demanding one for the Commission and I continue to be impressed at the hard work and commitment of the Commissioners. It must be remembered that the Commissioners are unpaid volunteers who are not only giving of their time, energy and professional experience to do give something back to the local community but are also ensuring that the funds the States of Guernsey provides the Commission for use on overseas aid projects brings the greatest benefit to some of the poorest and most vulnerable communities in the world.

During 2014, the Commissioners also meet with a number of representatives from the charities receiving grants for development projects. These meetings provide the Commissioners with an invaluable insight into both the particular project but also the charity's wider work in the developing world. It is also an opportunity for the Commissioners to gain a better insight into the challenges the charities face in delivering the projects in-country.

Throughout 2014, the Commission has continued to work on identifying and developing links with local businesses and charities in order to take forward the second part of its mandate to develop programmes relating to the collection and distribution of funds involving the private and voluntary sectors. Although during 2014, the Commission was unable to foster any funding partnerships, the work is progressing well. I am confident that in its 2015 Annual Report, the Commission will be able to report on some positive outcomes from this aspect of the Commission's work.

In closing, the Commission continues to firmly believe that the contribution of the States of Guernsey to overseas development work is an important aspect of Guernsey's international personality. The annual contribution of £2.6 million makes an important and lasting difference to the lives of the many communities across the world's poorest countries who receive money via the Commission. The Commission sincerely hopes that when the States of Guernsey reviews the level of its contribution to overseas development work in 2017, it will be possible to increase the annual budget and so bring Guernsey closer to the Millennium Goal for developed countries to contribute approximately 0.7 per cent of its gross domestic income to overseas development projects.

Deputy Mike O'Hara
Chairman
Guernsey Overseas Aid Commission

1. The Commissioners

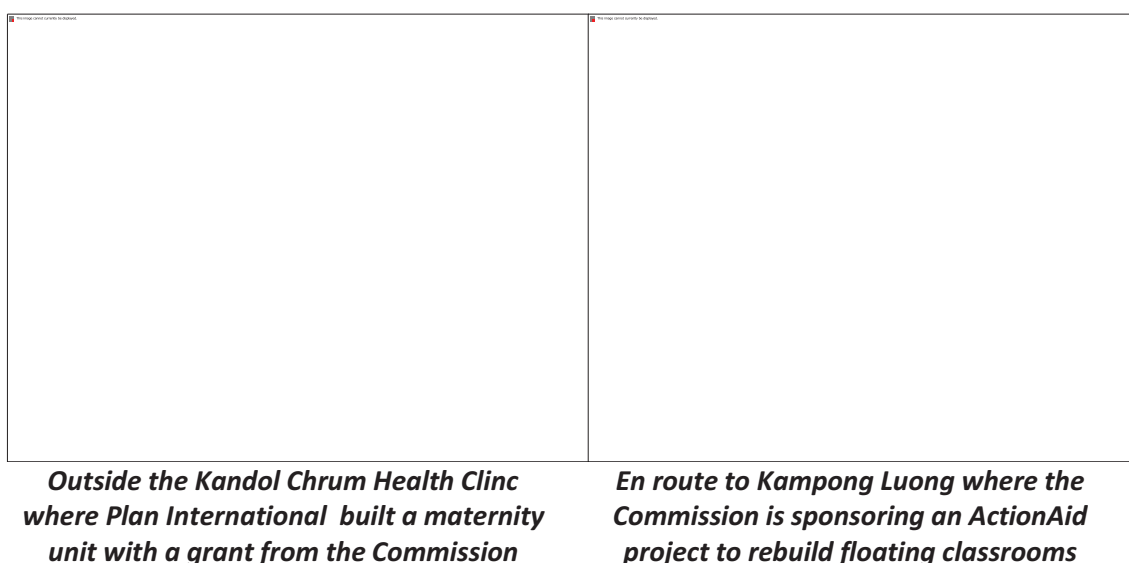
During 2014 there were no changes in the Commission's membership. Deputy Mike O'Hara remained as the Commission's Chairman and the Commissioners are:

Mr. Tim Peet.
Mr. Steve Mauger
Mr. Philip Bodman
Miss Judy Moore
Dr. Nick Paluch
Ms. Teresa de Nobrega

In addition to reviewing and assessing all applications for funding from the Commission's Grant Aid and Disaster Emergency Relief Funds several of the Commissioners undertook a number of fact finding visits in their own time and at their own expense.

In January 2014, whilst on a cycling holiday in Cambodia, Dr. Paluch took the opportunity to visit projects sponsored by the Commission. On his return he submitted the following report to his fellow Commissioners:

"At the floating villages of Kampong Luong and Kampong Kneas on Asia's largest freshwater lake, the Tonle Sap, I saw how funds from Guernsey are being used by Action Aid to renovate and improve five floating schools attended by the local children who have to make their way to school by boat each morning and in the eastern province of Kampong Cham I saw how a grant from Guernsey last year [2013] enabled Plan International to sink a borehole and build a new six bed maternity unit at Kandaol Chrum rural health centre so that women in the area can be delivered in safe, hygienic conditions by trained staff.



Arriving at the floating school in Kampong Luong



Inside one of the floating classrooms



For my first visit I was met by Sikeak the health project officer for Plan International and he drove me to the small town of Kandaol Chrum. With the nearest hospital several hours away most of the 500 deliveries a year in this area used to take place at home without qualified help and without any ante or post-natal care. Maternal and neonatal mortality rates were very high but are already coming down now that up to 75% of births take place in the new Guernsey sponsored unit which is covered around the clock by a dedicated team of trained midwives. The Commission's grant also paid for 34 Village Health Support Groups to be set up to ensure that the health education message can be more widely disseminated and that the unit is therefore well used.

A few days later I met up with Sokta, the local partnership officer for Action Aid, in the market town of Kraktor and we made our way to the floating village of Kampong Luong where we were ferried across the water by some of the children to visit their school. Having joined a class in the midst of their mathematics lesson I saw for myself where a GOAC grant will be spent improving and upgrading the facilities as well as providing a new library and some new boats. We travelled on by boat to visit one of the other four schools involved in the project in the more isolated village of Kampong Kneas which was badly damaged by a storm last year. Here the school will be almost entirely rebuilt with the funds from Guernsey and I was invited to join one of the families in their floating home for a meal of fish and rice. Surrounded as they are by water it was amazing to see that they shared their house with a dog, a cat and four pigs! I was not surprised to learn that children have to be able to swim before they are allowed to go to school!

My trip ended back in Phnom Penh where I was able to reflect on how friendly and resourceful the Cambodian people are and what a privilege it had been to gain an insight into the lives they lead and the difficulties they overcome on a daily basis. It was clear that all the projects supported by Guernsey in this part of the world make a huge and significant difference."

In June 2014, Deputy O'Hara and the Commissioner's Secretary were invited by the British Red Cross to attend a special garden party at Buckingham Palace which HM The Queen was giving to mark the 150th anniversary of the establishment of the organisation.

During the Garden Party and afterwards at a dinner at the Banqueting Hall in Whitehall, Deputy O'Hara and Ms Dene had an opportunity to speak at length with a number of the organisation's senior in-country officers, including the officers from the Philippines, Afghanistan and Ghana. From these conversations, it was clear that the various projects sponsored by the Commission have a positive and enduring impact for the communities which have benefited and there is a great appreciation of the funding which comes from the Commission. Both Deputy O'Hara and Ms Dene were particularly pleased to speak at some length with Mr. Richard Gordon, Chairman of the Philippine Red Cross, and hear first-hand how his country was recovering from the devastation caused by Typhoon Haiyan and the real difference that money the Red Cross received from the Disasters Emergency Committee appeal had made to the rebuilding of so many shattered communities.

Deputy O'Hara and Mr. Peet attended the Disasters Emergency Committee's annual meeting and found the event an invaluable insight into the organisation's work, including how it assesses whether an appeal should be launched following a particular disaster or emergency and how the money so raised is distributed across the DEC's member charities.

Deputy O'Hara also attended a UNICEF dinner hosted by the charity's UK patron, Lord Ashdown, at the House of Lords. This dinner was an opportunity for UNICEF to present to some of their principal donors an outline of UNICEF's priorities for 2014 and 2015 and update them on the outcomes of previous projects.

The feedback from these various visits and from talking at first hand with key players from the charities funded by the Commission is invaluable as it enables the Commissioners to gain a clearer insight into the work being undertaken, the challenges that have to be overcome and how the completed projects do make a lasting difference in improving the lives of some of the world's poorest and most vulnerable people.

2. Commission Budget

In January 2012, the States of Deliberation resolved,

"1. That the States of Guernsey maintain its current level of contribution (+RPIX) per annum.

2. That the States of Guernsey monitor the level of Overseas Aid expenditure with a view to reconsidering it once there is a higher degree of certainty over corporate

taxation and when the fiscal position improves, or within 5 years, whichever is sooner."

The Commission's Grant Aid Budget for 2014 was £2,600,000 and its Disaster Emergency Relief budget was £200,000.

3. 2014 Grant Aid Awards

In 2014, the Commission received 323 applications from over 100 different charities and humanitarian agencies.

In 2014, the Commission ran a pilot scheme inviting charities to apply for funding for larger projects (up to £100,000) over a three-year period.

Table 1 shows the split between charities who are applying for funding for single-year projects and those applying for multi-year projects over a maximum period of 3 years. During 2014, a single charity could apply for funding for up to four projects including one multi-year project.

<i>Table 1 – Breakdown of 2014 Funding Requests</i>	Number of Applications	Number of individual Charities	Total amount of Grant Aid requested
Single Year Applications	255	77	£7,989,608
Multi-Year Applications	69	69	£6,421,582
Total	323	148	£14,411,190

The total amount of funding requested is £14,411,190. In 2013, the Commission received 180 applications for Grant Aid totalling £6,013,808. In other words a 79 percent increase in the number of applications and a 140 percent increase in the amount of funding requested. This sharp increase in the number and amount of funding requested was, in part due to the pilot scheme for awards over three years, and the sharp increase in the level of funding requests meant that the Commission was only able to support about 20% of the requests for funding.

In rejecting applications, the Commission was very mindful that in many cases, the applications were worthwhile and would make a lasting difference to the lives of very impoverished communities but the level of funding available simply prevented the Commissioners from supporting every project they may wish to.

Table 2 provides a breakdown of the size of the various funding applications by continent/region.

<i>Table 2 – Breakdown of 2014 Funding Requests by amount requested and continent</i>	Under £10,000	£10,000 - £19,999	£20,000 - £29,999	£30,000 - £40,000	Multi-year applications
Africa	12	20	17	136	48
Asia and Pacific Islands	1	2	8	26	13
Eastern Europe	--	--	1	1	0
Indian Sub-Continent	1	3	--	16	6
Latin America	1	3	1	6	--
Middle East	--	--	--	1	--

Full details of all the successful funding applications are set out in Appendix 1 and the details of the unsuccessful applications are set out in Appendix 2. The over-subscription of applications for Grant Aid funding meant that the Commission again was faced with some very hard decisions as its budget did not allow it to fund many projects which would have merited support had more funds been available.

The Commission recognises that the high number of worthy applications it had no option but to refuse funding is disappointing for all concerned and especially for the communities that would have benefitted had it been possible to support more applications. Following consideration of the 2014 Grant Funding applications, the Commission did undertake a further review of its application policy and full details of this review are set out in Section 5 of the Annual Report.

Table 3 provides an overview of the Grant Aid awards by project category and region. The Commission uses the following award categories for funding:

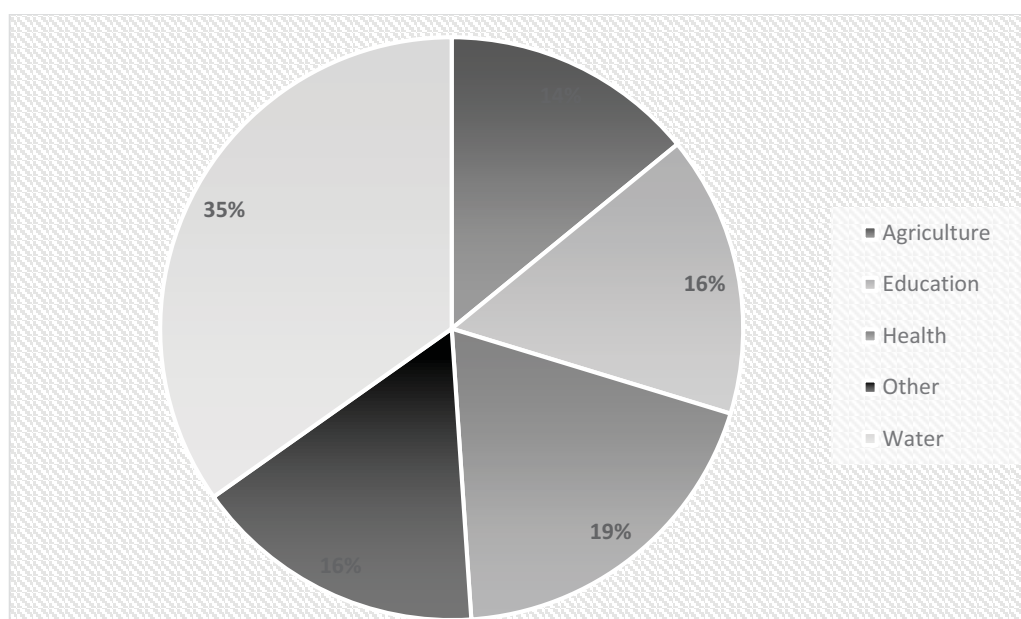
Agriculture	Includes projects focusing on agriculture, horticulture, forestry and fishing and food security projects
Education	Includes all education and training programmes and the construction of schools and education facilities
Health	Includes all health care, vaccination, disease prevention and public health projects and the construction of medical facilities
Other	Includes income generation programmes, micro-loans, outreach, disaster preparedness, landmine clearance and rehabilitation projects
Water	Includes projects to provide or improve water and sanitation services, the provision of wells and clean water supplies and the construction of latrine and washing facilities

Just over 80% of all awards were for projects in Africa. This was an increase of approximately 10% on 2012. The Commission only received two applications for projects within Latin America (both in Haiti) and there was also a drop in the number of

applications from the Indian Sub-Continent and Asia and the Pacific regions, especially for projects in India, Thailand and Pakistan. This change may reflect the improving economies in these countries.

Table 3 Breakdown of approved projects by type of project and continent	Africa	Latin America	Indian Sub-Continent	Asia and Pacific Regions	Total
Agriculture	7	2	0	1	10
Education	17	0	0	1	18
Health	17	0	3	6	26
Other	11	0	0	0	11
Water	13	0	1	2	16
TOTAL PROJECTS	65	2	4	10	81

Figure 1 - Percentage Distribution of 2014 Grant Aid by Project Category



When compared with the 2013 funding requests for funding, the percentage of water and sanitation projects increased from 18 per cent to 35 per cent and conversely health-related projects decreased from 36 per cent to 19 per cent and for education-focused projects from 23 per cent to 16 per cent.

The Commission believes these changes may, in part, be the various charities reviewing which projects to submit for funding having regard to the feedback provided by the Commission where projects are unsuccessful. As a general rule, projects that do focus on key basic needs, such as the provision of clean water and safe sanitation facilities, are more likely to attract funding (see section 5 for further details).

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Figure 2 - Distribution of 2014 Grant Aid by Region and Project Category

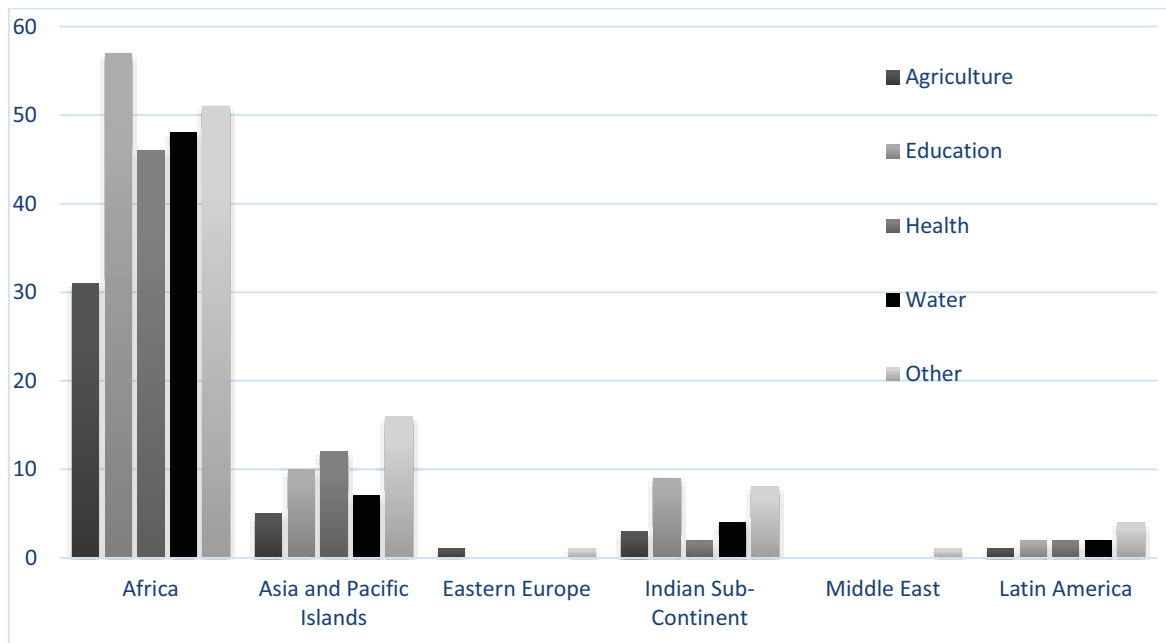
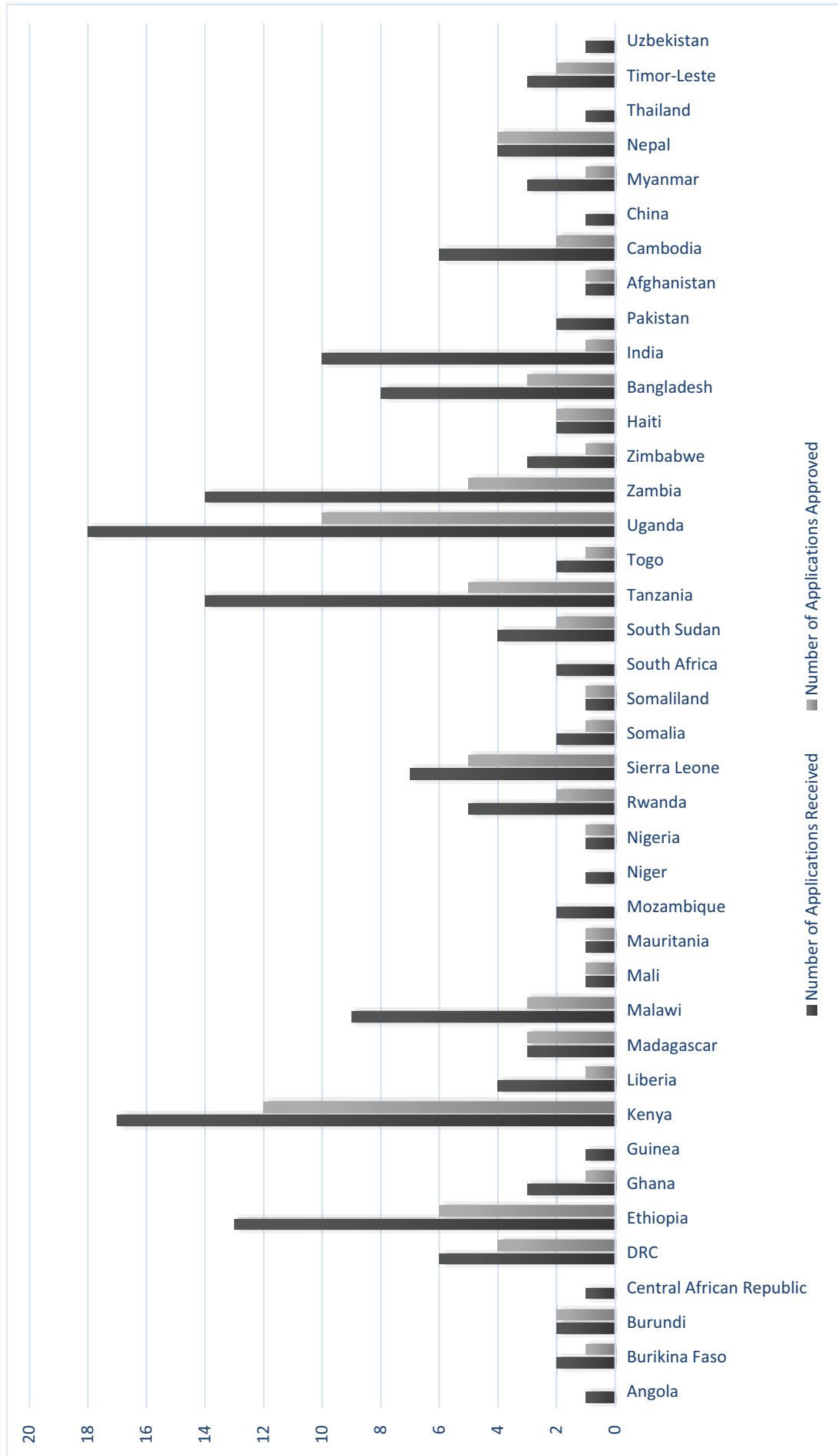


Figure 3 - Distribution of 2014 Grant Aid requests and awards by country



4. Updates on some of the projects funded in 2014

An integral aspect of all Grant Aid awards is a requirement for the charities to provide two reports. This is an obligatory requirement for every Grant Aid award and non-compliance with the reporting requirements will result in the Commission not accepting any further applications for funding from the charity until all outstanding reports have been submitted.

The first report must be submitted part way through the project. As most projects are delivered over a one year period, this report is generally submitted approximately six months after the commencement of the project.

The interim reports provide an overview of the progress of the project. The charity is required to indicate how work on delivering the project is progressing against the objectives set out in its application for funding and must include details of how and how much of the Grant Aid award has been spent. Where feasible, the Commission encourages a charity to include photographs of the project and also to address how the delivery of the project is benefiting the community. The Commission recognises that for construction projects such benefits may not be apparent during the construction stage.

The second report must be submitted on completion of the project. This report must include an overview of the full delivery of the project and how the overall objectives of the project have been achieved. The Commission also requires the charity to provide a budget showing the final costs against the approved budget.

The report must also address how the project has and will continue to benefit the community. This should include reference to both direct and indirect beneficiaries and these numbers should be referenced against the anticipated numbers of direct and indirect beneficiaries set out in the approved application. If the number of beneficiaries is different from the approved application, the report should explain why the differences have arisen.

The following case studies are drawn from some of the projects funded by the Commission in 2014, including two of the five applications awarded multi-year funding over three years.

Charity	Project Category	Country	Project Outline	Award
Single Year Awards				
Appropriate Technology Asia	Water	Nepal	Low Cost Sustainable Water Supply for Mountain Communities in the Humla District, Nepal	£29,084
Habitat for Humanity	Water	Kenya	Community and Leaders Action to Nurture Sanitation among poorest and vulnerable families in Pouk District, Cambodia	£40,000
Opportunity International	Other	Mozambique	Helping farmers and traders generate sustainable incomes in Gurue, rural Mozambique	£40,000

Charity	Project Category	Country	Project Outline	Award
Single Year Awards				
Send a Cow	Agriculture	Ethiopia	Spring Development and Kitchen Gardening in Kotoba, Ethiopia	£37,867
Signal	Education	Tanzania	Kitchen/dining facilities at Vocational Training Centre for the Deaf	£15,313
Multi-Year Awards				
Akamba Aid Fund	Water	Kenya	Earth dam improvement scheme, Kyuso District, Mwingi, Eastern Province, Kenya	£60,000
Ellen Jane Rihoy Trust	Other	Kenya	Conservation, Environmental Rehabilitation and Sustainable Income generation for Communities in Laikipia County	£100,000

Appropriate Technology Asia - sustainable water supply for mountain communities in the Humla District, Nepal

This project seeks to help over 8,000 people located in a remote area approximately five or six days away from the nearest road. In these locations, women have to walk for more than five hours each day to collect water from the nearest spring.

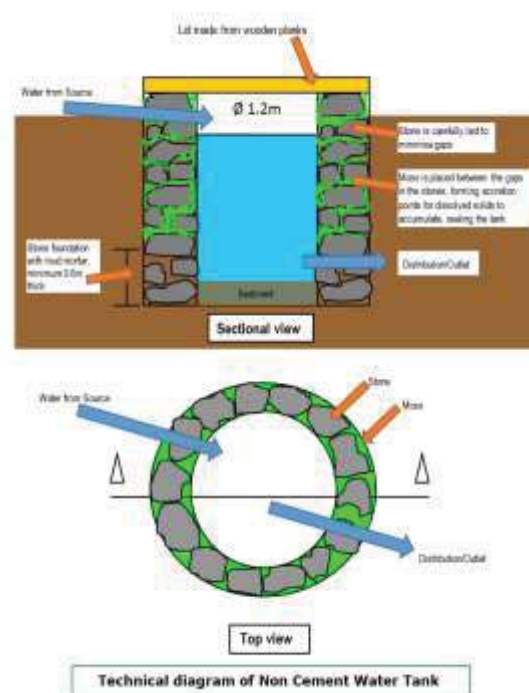
With water sources so far from villages, practical, low-cost alternatives were sought. Rainwater harvesting, water collection systems and the construction of non-cement water tanks were amongst the technologies used in progressing this project. The charity also believed that the project would reduce time spent collecting water and help to provide sufficient water for domestic and livestock purposes. The rainwater harvesting systems are designed to increase the amount of water available for agriculture in order to increase livestock, crop and vegetable production.

Home rainwater collection tank



Rainwater collection pond

The use of the non-cement water tank is an indigenous method and makes the tank very effective and strong, while using minimal materials. Local resources of stone and wood are used, along with a certain type of moss that is planted into the mud mortar of tank walls, rendering them leakproof. This has meant that systems can be constructed at 10% of the cost of conventional cement-built systems, and makes it easier for villagers to build and maintain the systems themselves. Wastewater from tap stands is directed towards areas needing irrigation such as kitchen gardens and nurseries. These factors make the technology more participatory, cost-effective and sustainable. The moss forms a hard mass when it comes into contact with water for a long period of time as the minerals found in water accrete around the moss fibres, gradually forming a solid cement-like mass.



This project has demonstrated that the use of simple low-cost technologies, which used local resources and provided significant benefits for minimum input, has ensured that they are attractive and adaptable and can spread from person to person. Demonstration has been a key element of the project, which will encourage the multiplier effect by empowering the communities to make decisions for themselves about their own development rather than having 'outsider' or governmental ideas of development thrust upon them.

Habitat for Humanity - Community and leaders' action to nurture sanitation among poorest and vulnerable families in Puok District, Cambodia

The purpose of this project is to improve the health and wellbeing of the most vulnerable community members in five villages and five primary schools of Puok District in Cambodia. Puok District is one of the poorest districts in Siem Reap province where only 59.9% of the community use safe water sources (Ministry of Planning's Statistics Department 2012). In addition, 73% of the population has no access to a toilet and open defecation is a very common practice. Health statistics show that 18% of the population is routinely affected by diarrhoea, and 2,305 students at five primary schools in Prey Chrouk and Sasar Sdam Commune, Puok District are using unsafe water and have limited access to toilets.

The project was successfully completed during 2014/2015 and the report submitted in February 2015. The key activities included providing safe water and sanitation to 285 families and 3,065 school children. In total 10 new wells were constructed, 5 existing wells rehabilitated, 300 household water filters purchased, 10 rain water harvest tanks installed, 11 pump wells constructed and a school toilet block serving 1,153 children constructed. In addition, training and educational programmes ran alongside the construction of the water and sanitation facilities to ensure the project is sustainable by informing the communities how to maintain their new services and ensure their water supply is clean and safe to drink.



Communal well repair with Rovai pump



Communal pump

Habitat for Humanity's report included the following case study:

GOAC Brings Clean Water to Prasat Primary School

Prasat Primary School is located in the isolated areas of Puok District about 45 kilometres from the Siem Reap town. The villagers, in the hope of providing education for their children built the school in 1981. The initial structure was a two--room building made with palm leaf walls, and no safe water source or proper toilet. In 2009, the village received support from the NGO SVA, and the school was expanded to kinder six, with thirteen classrooms in four buildings, including a library and eight toilets. Although there are now as many as five hundred students attending Prasat Primary School, and although the school now has twice as many toilets, it does not have a safe, steady water source. The only water near the school was a pond located on the corner of the school grounds. Students either brought unclean water from home, or drank directly from the pond. School deputy director Yi Kob said, *"This was the biggest challenge in our school in the 32 years it has been here. Many students get sick, and are then absent due to many illnesses like diarrhoea. Their absences have an impact on their education and health."* When Habitat for Humanity Cambodia learned of the situation at Prasat, the school was presented with worthwhile solutions. The building received a water filtration system (Aqua Tower) and digging one pump well for the school in July 2014 brought safe and easily accessible clean water to the students, and has had a direct impact on their health and absenteeism. As Yi Kob said, *"It allows the school to be free from worry about having access to clean water for the students, and our entire community is extremely grateful."*

Opportunity International – Humanitarian mine action support in the Democratic Republic of Congo

The aim of the project is to provide 30 farmer groups and 40 traders with training and access to financial services; giving them the means to sustain a living; helping them increase their incomes and build their assets; resulting in the ability to provide basic needs for their families. Gurue branch and mobile bank are pioneering agricultural financing in Zambezia, offering these farmers access to finance to improve their yields and incomes for the first time.

The following case studies from the project underline the significant and sustainable change this project has made for those who have received funding through the Commission's grant.

America Perreira is married with two children. He is a market trader in Ile market, his best seller is plastic buckets which are in high demand at harvest time. He employs two local people and travels to Malawi 1-3 times a month to purchase new stock.



America was able to open a savings account with another bank, however in order to deposit and access his money he had to travel into Gurué, leaving his business inactive and unable to trade. When the BOM 'Bank-on-Wheels' started coming to Ile he opened a savings account with Opportunity. Now he can deposit his earnings much more regularly without leaving his market stall for long periods of time meaning he saves more and has access to savings with a debit card. America now has plans to expand his business: "A dream I couldn't have had without Opportunity"



Felizina Farina and Tendai Mariamo are both married and have four children each. Both completed primary school but neither was able to continue their education further. They started out as petty stallholders selling beer and fish from a freezer. Problems accessing electricity however led them to switch to farming to support their families. Until 2012 they were growing maize but as a group of three female farmers they took a loan to expand into soya farming which is more profitable than maize. Next year they plan to put more of their land over to soya. Before taking the

loan they prepared all their land by hand themselves, now they are able to hire local labour to support with jobs such as weeding. This not only increases their production but also provides employment for members of their community. Thanks to the Bank-on-Wheels they took a loan from Opportunity International and increased their production from 30 sacks per ha to 90, making between £300 and £360 per hectare.

Send a Cow - Spring development and kitchen gardening in Kotoba, Ethiopia

The purpose of this project was to improve the access to safe drinking water and provide greater food security for the Kotoba Dheleta Woreda community in Ethiopia. The area is characterised by its lack of access to safe drinking water, its low farm productivity and its high level of food insecurity. In deciding to support this particular project, the Commission noted that Send a Cow was the only NGO working in the region.

The project aimed to, through spring development, enable 3,440 individuals to gain improved access to water for drinking, improved hygiene and sanitation and kitchen gardening. In

addition, 400 smallholder farmer families, organized in 20 farmer groups, were instructed how to better manage water from the spring and other productive inputs to develop kitchen gardens for vegetable production, both for personal consumption and sale and so providing both greater food security and a sustainable income stream.

The project commenced in January 2014 and the final report was received in early 2015 after the project had been fully delivered. The report stated:

“The development of the community spring was a challenge because it involved mobilizing farmer communities, local leaders, zonal and district government water offices and private contractors. It therefore took longer than expected to carry out the assessments, finalize the system design and get the water pipes and equipment in place. Ensuring the cooperation of all stakeholders was also a challenge at times. The system is now completed, but unfortunately one of the pipes was damaged by private road builders contracted by the government who did not take sufficient care when digging in the vicinity of the water pipe. As a result the pipe is damaged and leaking. We have therefore withheld the final payment from the contractor until the dispute between the government and contractors is finalized and the pipe is mended.”

The construction of the community spring water supply improved access to water meaning that women no longer have to walk long distances to collect water and the new water source is clean and potable and so does not carry the same risk from water borne diseases. The expansion of the Kotoba water distribution system involved developing two springs for on-spot and pipe distribution, laying out 5km pipeline system, constructing five public water fountains with 4 faucets each, fencing the public fountains, installing water meters, and related works. The spring capping for on-spot water distribution and one hand-dug well fitted with hand pump has provided water for 26 households (145 people) and 31 households (174 people) respectively.



In addition, the project provided kitchen garden developments for 466 smallholder farming families who now have vegetables for home consumption and sale. The kitchen gardens are constructed by piling up composted soil into a cone shape structure around a basket standing at the centre.

Vegetables are planted along the contour lines. The central basket is used to collect organic wastes from kitchen, animal manure and compost to recycle into compost as well as adding waste water for growing the vegetables planted on the kitchen gardens. Therefore, the kitchen gardens have important contributions to household and environmental hygiene and sanitation by converting waste into compost.

Further, 120 poor families received original placements of poultry, goats, sheep or donkeys. The receivers of the original animals were identified through a poverty ranking exercise undertaken by each farmer group at the start of the project. The receivers of the project animals will pass on the first offspring to another group member. Eight local '*Fogera*' breeding bulls were given to groups to be managed by selected farmers who have pasture lands and have been trained on bull scheme management.



The charity's report concluded by highlighting the following lessons that had been learnt from the project and which will be taken forward in Send a Cow's work in Ethiopia and elsewhere:

- The planned targets have been achieved demonstrating that the design was appropriate and realistic.
- Recognition that the two components are actually interdependent; as the spring development means that farmers have access to water for drinking, but also for watering their gardens.
- The identification of group members to receive animals based on poverty ranking at the start of the project has been helpful in avoiding any conflict that may have arisen regarding the placement of animals, managing expectations and ensuring it is the poorest without livestock who receive the gifts.
- To enhance quality of training we trained farmers in smaller groups which allowed for more active participation and direct engagement of trainees.
- It requires more time to bring about social transformation. People more easily adopt tangible elements such as the tip-taps and kitchen gardens, but gender and social changes require more time and the involvement of other people from the community.
- Community facilitators have strengthened the project capacity by facilitating smooth communication, gathering information, providing training on gender and family planning, and conducting close follow up for the project.

Signal - Kitchen/dining facilities at vocational training centre for the deaf in Tanzania

This project was for a relatively small sum of money to improve and extend vocational training for deaf students by building, clean, adequate, and sustainable food preparation and dining facilities at the only vocational training centre for the deaf in Tanzania.

The centre was established in 2010 and the students ate outside or in their classrooms and the kitchen was at best basic. The risk of food contamination was real, and sickness rates were high amongst students and staff, particularly the cook. This was hardly ideal, but the situation worsened during the rainy season with an increased risk of disease outbreaks such as dysentery and diarrhoea. The motivation for this project was to build clean, safe and sustainable food preparation and dining facilities to provide a hygienic alternative to the original kitchen, as well as increasing the social interaction of students by providing a communal area.

Before the construction supported by the Commission



The construction work commenced in May 2014 and was completed in October 2014. The centre was then furnished with items the students themselves built, thus incorporating practical carpentry and other skills for the centre's students.

Hygiene at the centre has significantly improved, with students' meals being prepared in a much healthier environment and the increased availability of hot water meaning that students can wash their hands before and after meals. As a result of the improved facilities stomach ache cases have reduced significantly. Furthermore, their plates had previously been served on the floor outside but now they have both tables and a serving hatch, which is a huge positive. It also means that the students are picking up table manners and mealtime etiquette too.

The charity's final report highlighted the following successes identified from the project:

- Students no longer have to eat outside. Instead they are now able to enjoy their meals together in a comfortable setting and there is plenty more room for growth.
- The old kitchen has been replaced with a more hygienic one, complete with lockable storage and window shutters designed to keep insects out and prevent illness. This is further enhanced by the increased availability of hot water for hand washing.

- The use of an energy saving stove has seen a 50% drop in the cost of firewood – and the firewood can now be stored in the old kitchen to keep it dry in the wet season.
- The carpentry students at the centre gained substantial experience of producing furniture to meet specific requirements, and did so well.
- The building can hold 150 people for an event, and proved effective when housing the graduation ceremony back in December.
- The cook has greater job satisfaction whilst the students enjoy the social element the space adds and are learning table manners, and even the taste of the food seems to have improved.
- The addition of water harvesting tanks is contributing to the longevity of the centre. Future plans include adding solar panels which will also increase the appeal as a venue.

The new dining room



Akamba Aid Fund - Earth dam improvement scheme, Kyuso District, Mwingi, Eastern Province, Kenya

The project is part of a three-year scheme to improve all the earth dams that Akamba Aid (and its former partner charity Wishing for a Well) have constructed since the mid-1990s in the Kyuso District, Mwingi, Eastern Province, Kenya. Many of the dams were built with previous Grant Aid awards from the Commission. The improvement work includes adding wells equipped with hand and solar pumps, drinking troughs for livestock, improved fencing and silt prevention.

During 2014, Akamba Aid Fund has worked on six separate sites. The Kiseli Earth Catchment Dam has been cleaned and two small coffer dams at the inlets created to reduce the amount of silt entering the dam itself. A hand pump has also been installed. Similar work has also been completed on the Kiamawa Dam, using gabion baskets to reduce silting and the construction of a well.



At the Manzuva Earth catchment Dam a 14 metre brick lined well has been constructed but scooping work was delayed as the rains arrived unseasonably early. This work was completed in 2015. At the Kwa Mala and Twinyua Dams solar pumps have been installed, in addition to the rehabilitation work to the main catchment dams.

The work for this project is already improving the quality and amount of water available to the remote communities in a very arid area of Northern Kenya and so reducing the periods of the year when previously these communities have had to walk many miles to find water. The improvement in the quality of water will have a wider benefit as the incidence of water borne diseases will also be reduced.



Ellen Jane Rihoy Trust - Conservation, environmental rehabilitation and sustainable income generation for communities in Laikipia County, Kenya

This project aims to improve the livelihoods and environment of the Endana community (14,770 people) as focal area, and Laikipia County in general (430,000 people), through enhanced food security and sustainable rangeland management. The project will be delivered through training, demonstration, institutional development and establishment of a marketing chain in the County and beyond for goods and services in a manner that uplifts the wellbeing of the pastoralist community by ensuring sufficient food supply and a marketing link to sell surplus and other products made locally.

The Commission awarded a grant of £100,000 payable over three years. In selecting this project for a multi-year award, the Commissioners noted that the project activities were building on and further developing the work the Trust has undertaken in the Endana region of Kenya, some of which has been funded by the Commission and so the Trust had demonstrated the sustainability of their work and had a detailed understanding of the challenges of working in the region and good partnerships with the beneficiary communities.

The project was commenced in May 2014 with initial land preparation to set up the training and demonstration plots for Conservation agriculture and tree nursery as well as setting the procurement process in motion.

The first interim report (received in late 2014) reported that the drip installation work began in early September and covered 4 acres of land in two plots – three acres at Endana School and one Acre at Segera Mission. The system is fitted using state of the art technology with quarter acre sections of low pressure drips to regulate water supply. Both plots are supported by elevated header tanks which once filled allow water to flow through the irrigation system using gravitational force thus reducing power costs that would be used in pumping the water.



Drip irrigation system

Tree nursery

Further, one tree nursery has been set up at the Segera Mission Training and demonstration site. Seeds were sourced from Kenya Forestry Research Institute (KEFRI) to ensure that they are free of disease and pests as part of the requirements for certification. The seeds were first raised in the nursery then transferred out for potting. To date, 9,700 seedlings have been potted where further management will continue until the seedlings are ready for first transplanting at the height of 12 inches or are pencil thick.

Crop establishment commenced in October in close collaboration of Zeitz Foundation, the two institutions in which the plots are located (Endana School and Segera Mission) and a local Community Based Organization. An additional one acre of land has been planted with crop under rain-fed agriculture and is expected to provide important data to compare performance of the drip irrigated vs the rain-fed agriculture with all other farming activities being performed similarly in the two sections.



Crop establishment plot



Community training in crop management

5. Assessment of Grant Aid Applications and the Administration of Awards

The Commission's procedures for assessing Grant Aid applications and how it administers awards are fully set out in its guidance notes. These notes are available from the Commission's website and are emailed to all the charities on the Commission's mailing list prior to the commencement of a new funding round.

Prior to the Commissioners reviewing and assessing each application for funding, a series of compliance checks are made on the charity seeking funding. These include checking that the charity is registered with one of the UK Charity Commissions and that there are no concerns recorded on the relevant Charity Commission's website concerning the operation and management of the charity. In particular, the Commission checks to ensure that the charity is fully complying with the relevant regulatory regime which covers the submission of audited accounts and compliance with Charities Act 2011. Further, the Commission also checks to ensure that the application falls within the charity's stated charitable purposes.

If an application does not satisfy these compliance checks the Commission will reject the application without further consideration.

The Commissioners review each application for funding and each Commissioner makes his or her own assessment about whether or not to support the application. The applications are then reviewed at a series of funding meetings where the Commissioners discuss each application and reach a consensus view regarding whether or not to support an application.

As already noted in the Annual Report, the requests for funding are significantly higher than the Commission's available budget. This means that in some cases projects which are assessed as meriting funding have to be refused because the Commission simply does not have the funds available to support every project the Commissioners may assess as satisfying its funding criteria.

Following each funding meeting charities are notified of the outcome and given a summary of the reasons why a particular application was supported or rejected. The Commissioners have noted that there are a number of recurring reasons why applications fail.

Following the 2014 funding round, the Commission's Secretary prepared a list of these reasons and this was circulated to all the charities on the Commission's mailing list. It was hoped that this approach would raise the overall quality of applications and assist the charities in understanding what the Commissioners are looking for when reviewing funding requests.

The reasons for applications not being successful include:

PROJECTS

- Projects that could not be classed as providing a basic need
- Whilst the Commission is happy to act as a co-funder, in many cases the percentage share of funding sought from the Commission was very small; where these projects failed was when the charity failed to indicate that the funding from the Commission was key to unlocking other larger funders
- Co-funding had not been secured
- Requests for funding for recurring costs, e.g. drugs, supplements and salaries
- Failure to address how the project would be sustained without an ongoing reliance on development aid from third parties.

APPLICATIONS

- Unnecessarily long and often repetitive
- The author had appeared to simply copy and paste text into the various sections without actually editing the text to address the specific questions clearly and concisely
- Over use of jargon and aspirational objectives; rather than focusing on the purpose of the project
- Application "littered" with acronyms making it difficult to read without constantly checking back to see what the acronym meant
- Absence of clear, well-defined and measurable outcomes
- Addressing the "symptoms" of an issue rather than the "cause"
- Unrealistic about the numbers of direct and indirect beneficiaries
- Number of beneficiaries related to the full project rather than representing the Commission's "share" of the project.

LOCATION OF PROJECT

- For projects outside the UN's classification of "least developed" countries – very few charities explained why their project should be funded by way of overseas development aid rather than by the local or national government of the country.

BUDGETS

- Thin budget and large items were not clearly broken down
- High administration costs for overseeing and monitoring the project, i.e. in excess of 10 per cent or more
- Inclusion of items that the Commission does not generally support (e.g. the purchase of vehicles, travel costs from UK to project area, staff costs associated with the applicant charity, etc.)
- The budget included a percentage to be paid towards the charity's core funding costs.

Where an application is successful, the charity is required to complete an agreement which sets out the terms on which the award is made, the Commission's compliance procedures. The

charity is also required to advise the Commission when it anticipates the project will commence. For example, in some cases a project may have to wait until the rainy or dry season before work commences.

The Grant Aid award is generally made in two equal instalments. The first instalment is made approximately two to three weeks before the project commencement date and the second instalment once the interim report (usually submitted six months after the project start date) has been received and reviewed by the Commission.

6. Compliance with Grant Aid Awards

As part of its review of policies and procedures the Commission fully reviewed the reporting requirements and prepared detailed guidance for all charities setting out how the Commission monitors the delivery of projects funded through its Grant Aid Awards and the sanctions it may impose should a charity fail to comply with the reporting requirements).

The Commission is pleased to report that all the charities either complied fully with the reporting requirements or immediately responded to an email chasing a report that had not been submitted within the specified reporting period.

In administering the compliance regime, the Commission recognises that there are very often genuine reasons for a report being delayed and this of itself is not a problem so long as the charity advises the Commission's Secretary as soon as it is aware their report will not be ready ahead of the reporting deadline. The commission is grateful to the charities for their positive approach in embracing this regime and both sides recognise that an early email can ensure that problems do not arise later in the process. When problems arise, which are unavoidable especially having regard for the remote and often difficult local circumstances linked to a particular project location, the Commission's Secretary will always work closely with the charity to agree a revised reporting timetable.

In 2014, it became clear that as the Ebola outbreak in Western Africa escalated into a major humanitarian crisis, a number of projects the Commission was sponsoring in the countries most directly affected and many of those with a land border were likely to be delayed. The Commission's Secretary emailed each charity that had a project which may have been affected and agreed new reporting timelines until the project was able to recommence once the outbreak was under control.

Following a review of the charities' compliance with the reporting requirements, the Commission now sends a copy of its compliance regime, including details of how and when sanctions may be applied for non-compliance, when notifying charities that a Grant Aid award has been made. It hopes that this pro-active approach will ensure that all charities will submit their reports within the specified timeframes.

7. 2013 Disaster Emergency Relief Awards

The Commission's Disaster Emergency Relief budget of £200,000 per annum does not allow it to approve each request under its exceptional policy.

In 2014, the Commission again received many requests for awards from its Disaster Emergency Relief budget. Further, in 2014, the UK's Disaster Emergency Committee launched two national appeals:

(a) August 2014 – Gaza Appeal

(b) November 2014 – West African Ebola Outbreak

The Commission made donations to both appeals.

Gaza Appeal – one donation of £35,000 in August 2014

In August 2014, the DEC launched an appeal following the escalation in the conflict between Israel and Hamas. The ensuing humanitarian crisis saw hundreds of thousands of people flee their homes and in desperate need of food, water, shelter and medical care. Over 200,000 people were estimated as being in need of food aid, plus 1.5 million people had no or very limited access to water or sanitation and over 65,000 people were made homeless after their houses were severely damaged or destroyed. There were 24 health facilities in Gaza damaged or destroyed and there was an acute shortages of medicines and medical supplies.

The appeal raised £19 million and this money was used to assist over 880,000 people across the following sectors:

Health/nutrition	151,430
Food security	231,145
Shelter	15,320
Water, Sanitation and Hygiene	403,830
House-hold items	63,880
Psycho-social support	18,543

Western Africa Ebola Outbreak – one donation of £50,000 in October 2014

The DEC appeal raised over £34 million in the first six months and this money has benefited over a million people across the three worst affected countries – Sierra Leone, Liberia and Guinea. Ebola is a disease that is known for its ability to strike swiftly and indiscriminately, and in the first month of it spreading, the mortality rate for those infected stood at an average 68.6%. the activities undertaken with DEC funding included;

- Training communities on how to keep safe, what symptoms to look for in their own and family members' health which in turn helps to stop the spread. Advice

on safe and dignified burial practices given. Our members reported 807,527 people reached with these awareness campaigns.

- Food and non-food aid packages were provided to 26,158 people, mainly to those placed under quarantine conditions. These isolation measures are very effective in preventing the spread of the virus but the 21 day period of confinement makes it difficult for families to access food and basic items for daily living - meaning these distribution programmes are absolutely vital.



- Cleaning and disinfection kits including bleach, soap, water dispensing buckets and spray bottles have been provided to families living in Ebola hit communities benefiting 49,808 people. Many townships have very dense populations and little in the way of public sanitation facilities, so this equipment is essential.
- Basic protective clothing such as gloves, masks, boots and gowns has helped volunteers and local relief workers stay safe when supporting those placed under quarantine measures. Similar equipment has assisted burial teams who have been working in very high risk conditions.

Non-DEC requests for Disaster Emergency Funding

In addition the Commission made two donations under its exceptional policy, namely:

CAFOD – To provide emergency supplies to refugees fleeing from the civil conflict in South Sudan

CAFOD requested an exceptional disaster emergency award to support its work responding to the needs of thousands internally displaced persons in South Sudan fleeing a resurgence of rebel hostilities.

The award was used to provide emergency health care and hygiene facilities, non-food item kits and small grants (approximately £15.00) to displaced families to purchase basic necessities for shelter, food and clothing. The non-food item kits included a bucket, large plastic sheet, jerry can, two sleeping mats and two blankets.

The project suffered some initial delays caused principally by the very high level of insecurity. Some logistical aspects of the project proved more complex than originally anticipated, also due to the increasing insecurity of the project area. CAFOD's in-country partner, Caritas Malakal, was particularly affected by the crisis during the critical first weeks of this project. The staff were displaced for a number of weeks and all their assets (including cars, computers, desks and boats) were looted when Malakal town changed hands repeatedly between Government and opposition forces.

CAFOD's post-award report included the following case study:

Name: Otieng Deng Deu (IDP Chief of Torkwach)

Marital status: Married with 3 wives and 14 children.

Location: Original village - Kaka, present location - Torkwach IDP camp.

Age: 68 years.

"It was in the morning of 23 December when the rebels attacked Kaka, the trading centre South of Melut town. They started to burn homes and loot the businesses, killing indiscriminately as they left. The only free route to escape was by water, so most of my community were forced to enter into the Nile. Many children, disabled people, village elders and some women drowned, and the few canoes did not have any space to carry belongings, so anyone demanding to load their possessions had to be left behind.

I arrived to Torkwach-Kachaba (present camp) with my walking stick, as women carried only their babies. My family and I lived a life of birds, covering our shelter using leaves, and no rainy day would end without hearing a child or a sick person had died during the night. We had nothing to fetch or even boil water, and asking for something from your neighbour was not an option since everybody was in the same situation.

I thought that no-one in the world knew where we were or knew the suffering that my people were going through. You can imagine how happy we were when Caritas Malakal arrived to tell us CAFOD and GOAC had bought us sleeping materials, cooking and water utensils and other items to my IDP community."

Current situation

"Life now feels somewhat normal, we no longer sit outside all night like before, we have all used the plastic sheets to make shelter and bedding. The level of sickness has reduced as people are able to fetch water. I can now sit with my children and wives together, rather than us going out every day to cut tree branches and grass to use as shelter when it rains.

I can now create a new home here with all your support; I don't want to imagine how life would be like without the kind donations. I thank God that someone saw our suffering and heard our cries."

Christian Aid – To provide humanitarian aid to children and families following an escalation of hostilities in Gaza.

In early August 2014, Christian Aid contacted the Commission to request a donation to its disaster relief appeal for Gaza. The request stated that since July 2014, at least 852 Palestinian civilians, including 249 children, had been killed. More than 245,000 people had been forced from their homes, fleeing in desperation from one place to another in one of the most densely populated spaces in the world. This violence was compounding an already dire humanitarian situation in Gaza as the number of casualties mounted. Our partners on the ground have described the destruction of agricultural land and homes, as well as severe shortage of medical supplies in hospitals treating the injured. There are reports that the health system is close to collapse.



Lama stands next to the rubble of her home, which was bombed while she and her family were inside. Lama now attends one of CFTA's centres and uses art as a way of lifting the heaviness from her heart.



Staff from PMRS' home-based care team treat 16-year-old Baha' who was hit with shrapnel in both legs during a shelling in his neighbourhood in Shejaiya.

Christian Aid had identified the following priorities for its humanitarian response:

- **Delivering emergency healthcare:** our partner The Palestinian Medical Relief Services is providing vital treatment for injured people at their mobile clinics.
- **Psychological and social support:** our partner The Culture and Free Thought Association is providing psychological and social support for more than 1,000 children who have suffered as a result of what they have seen and experienced in recent days.
- **Food and essential items:** our partner The Palestinian Agricultural Relief Committee are providing access to safe drinking water for over 20,000 people. In the medium to long term this will be supporting farmers and fishermen in land rehabilitation, irrigation and reconstruction work to address food insecurity.
- **Documenting human rights violations:** many of the situations described above are potential violations of international humanitarian law. Our partner the Palestinian Centre for Human Rights is already playing a key role in the documentation and reporting of these violations. They are carrying out international advocacy in order to cease the current conflict and prevent future hostilities.

Unsuccessful applications for Disaster Emergency Funding

In addition, during 2013 the Commission received the following requests for disaster and emergency relief funding under the Commission's exceptional policy:

ActionAid and Oxfam – To provide emergency medical aid to communities affected by the West African Ebola outbreak.

MapAction – To provide emergency assistance to meet costs of mapping the spread of the Ebola outbreak in West Africa.

ActionAid – To provide disaster relief to communities in the northern region of Afghanistan following exceptionally heavy rain which impacted on the livelihoods of some remote farming communities.

UNICEF – To provide emergency supplies to refugees fleeing from the civil conflict in South Sudan.

The Commission considered each of these applications against the criteria set out in its exceptional funding policy. However, although the Commission noted the impact that each event had had on the communities concerned the criteria for funding were not satisfied or a DEC-led appeal had been launched.

When refusing such requests for funding, the Commission is mindful that each year aid agencies across the world respond to many natural disasters and civil emergencies in some of the world's poorest and most vulnerable communities.

7. Looking Forward

In 2014, the Commission invited charities to make applications for multi-year funding over a three-year period. This was a pilot initiative and charities were advised that funding would be considered where it was shown that the certainty of funding over a longer period was needed to deliver a project that would otherwise be unlikely to proceed. The Commission anticipated that this pilot would prove popular, especially given the increasing challenges all charities are facing in securing funding.

The Commission received 69 such applications and this represented just over 20 per cent of all applications. However, the Commission was disappointed by the general quality of the multi-year applications. In most cases the Commissioners felt that the application failed to demonstrate a clear benefit from the availability of funding over a three-year period. Indeed, in many cases, the Commissioners' view was that applications were effectively three single-year projects combined to create a multi-year project and so did not demonstrate growth across the three year funding period that would not be achieved by making three separate single-year applications.

Following a full review of the multi-year funding applications the Commission decided not to continue with the pilot in its 2015 Grant Aid funding round and to return to its usual basis of

funding only single-year projects. Further, the Commission also reviewed its policy to allow individual charities to make up to four applications per funding round.

The Commission was mindful that as the number of charities making applications continued to increase the chances of securing funding was decreasing as the Commission's budget was unchanged. In 2014, the Commission was only able to support about 20 percent of applications but had charities only been able to make two applications, the success rate would have nearly doubled as the majority of charities made three or more funding applications. The Commission agreed to amend the number of applications a single charity may make per funding round, with effect from the 2015, to two rather than four applications.

Finally, the Commission remains grateful to the States of Guernsey for its commitment to continue to provide funding for overseas development programmes. It is grateful that, despite the constraints that have been placed on States funding and the disparities in the distribution of wealth across the community, this commitment to assisting some of the world's poorest and most vulnerable communities continues to be regarded as important. Guernsey remains a relatively wealthy community with a range of statutory and non-statutory agencies and organisations providing additional support. The Commission is very mindful that in the countries and regions receiving Grant Aid support there is no such safety net.

Appendix 1 - Applications where 2014 Grant Aid requests were supported by the Commission

Charity	Country	Project	Core objective of the project	Funding
Abesu	Zambia	Replacing the Women's Co-operative 4x4	To provide a replacement 4x4 to the Abesu Women's Housing Co-operative that self builds houses and community buildings and establishes sustainable livelihoods for its members and the wider community.	£6,700
AbleChildAfrica	Kenya	Provision of water, electricity and ICT for Little Rock School in Kibera, Nairobi	To provide a reliable supply of safe clean water and solar powered electricity, as well as computers for a computer lab, to an early childhood school serving children living in poverty and those with disabilities.	£28,440
ACORD	Burkina Faso	Supporting periurban and rural female dairy producers in Yagma, Koudougou and Léo, in Burkina Faso	The core objective of the project is to improve access to water for female dairy producers for better dairy production and increased livelihoods.	£38,350
ActionAid UK	Cambodia	Improving access to primary education for children in floating villages, Cambodia	To improve children's access to primary education in five floating villages around the Tonle Sap Lake, Pursat Province.	£38,173
ActionAid UK	Somaliland	Addressing environmental degradation of grasslands and protecting livelihoods	To protect the livelihoods of livestock farmers in Togdheer by reducing environmental degradation of grasslands.	£39,627
Advantage Africa	Uganda	Meeting basic needs and promoting self-reliance for single parent families in Katente, Uganda.	To meet the long-term, basic humanitarian needs of vulnerable single parent families through income-generation, improved health and safe water.	£27,568
African Initiatives	Tanzania	Improving the Retention & Performance of Girls	To improve the retention and performance of girls in secondary schools through the building of hostels and an accompanying training/advocacy programme	£32,035

Charity	Country	Project	Core objective of the project	Funding
AKAMBA AID FUND	Kenya	Earth dam improvement scheme	The proposed improvement of nine earth catchment dams implementing by enlarging and deepening each dam to give extra volume, digging of a well near each dam wall to provide safe, clean drinking water, the installation of a small hand/ solar pump to lift water from well and a safe fenced area to hold and water the animals	£60,000
An Vien Village Charitable Trust	Vietnam	Electricity supply project	To renew equipment and basic infrastructure in order to restore Village's electricity supply. The current supply is failing regularly due to the age (over 50 years since the village first had electricity)	£13,750
Appropriate Technology Asia (ATA)	Nepal	Education for Food Security of Mountain Communities	This project aims to provide innovative solutions to the food security issues in the high altitude areas of Humla District through the provision agricultural training, targeted literacy and in the longer term, through the provision of a sustainable means of food production enabling communities to reduce their dependency on food aid and other forms of short term aid allowing them to increase their self-sufficiency and the long term sustainability of their communities.	£22,518
Appropriate Technology Asia (ATA)	Nepal	Low Cost Sustainable Water Supply for Mountain Communities – Humla	This project aims to provide innovative solutions to the water, health and food security issues in the high altitude areas of Humla District through the provision of a sustainable supply of clean safe water and to provide water closer to settlements, provide cleaner water to reduce the likelihood of water-borne diseases or illness, as well as to provide a source of water for agricultural and livestock use.	£29,084

Charity	Country	Project	Core objective of the project	Funding
Azafady	Madagascar	Project Malio: a community-led approach to eliminating open defecation in Fort Dauphin Urban Commune, South-East Madagascar	To reduce the practice of open defecation through the provision of hygienic sanitation infrastructure and facilitation of sustained behaviour change with regard to latrine use and improved hygiene practices in Fort Dauphin Urban Commune.	£58,443 over three years
Book Aid International	Tanzania	Primary school library in a box project, Muleba district, Tanzania	to improve the quality of primary school education for children in poor and hard to reach rural areas in Tanzania.	£10,475
British Red Cross Society	Afghanistan	Improving access to safe water and improved sanitation in northern Afghanistan	To improve the health of 3,185 vulnerable people in the rural districts of Dawlatabad and Khulm in the northern Afghanistan province of Balkh, through the construction of wells and latrines and hygiene promotion through enabling technology and education of community members about safe hygiene practices.	£37,774
British Red Cross Society	Sierra Leone	Providing clean water, safe sanitation and improved hygiene in Sierra Leone	To improve health and quality of life by providing clean water, safe sanitation and education on good hygiene practices.	£38,855
CAFOD	Malawi	Improved Access to Water and Sanitation in Karonga District	To improve access to safe drinking water and sanitation facilities in two Traditional Authorities of Karonga District, northern Malawi.	£40,000
CAFOD	Uganda	Improving Access to Quality HIV Prevention, Care and Treatment	To improve access to quality and comprehensive HIV prevention, treatment and care for People Living with HIV and AIDS (PLHA) and cancer in 7 districts of Masaka, Uganda.	£40,000
Care and Relief for the Young (CRY)	Cambodia	Kanhchanh Kouk Health Centre, Stung Treng	To provide health centre facilities, in the remotest area of Stung Treng Province in North East Cambodia. To improve the health of men, women and children living in two isolated communes. To reduce ill health, the main cause of extreme poverty and malnutrition in this region.	£39,681

Charity	Country	Project	Core objective of the project	Funding
Cecily's Fund (The Cecily Eastwood Zambian Aids Orphans Appeal)	Zambia	New Dining Room for BISO Community School	To improve the health and wellbeing of orphans and vulnerable children (henceforth 'orphans') at Bwafwano Integrated Services Organisation (BISO) through the provision of a dedicated, hygienic catering and eating space in which they can be served a nutritious midday meal and a meeting space in which parent/teacher and other meetings can be held.	£20,138
Cerebral Palsy Africa	Malawi	Specialist training for teachers working with children with physical disabilities	To increase the access for disabled children, particularly those with Cerebral Palsy, to a quality, relevant education.	£9,423
Children in Crisis	Democratic Republic of Congo	Savings and Loans for Communities	The project will provide a stable source of access to loans and personal savings for 750 women (70%) and men (30%) in the remote Plateau Region of Uvira Territory, South Kivu, Eastern DRC, providing members with the means and support to save regularly and build capital, access useful credit, develop financial resilience and cope with emergencies.	£38,861
Christian Aid	South Sudan	Water and Sanitation in Schools in South Sudan	To provide safe drinking water and sanitation facilities in primary schools.	£40,000
Clinicare International	Cameroon	Babanki-Tungo Health Centre Improvement Project	To enhance the existing health centre facilities through the provision of a reliable electricity supply and improved operating theatre conditions to maximise the health and wellbeing of both staff and patients using the facilities.	£7,500
Concern Worldwide (UK)	Sierra Leone	Provision of solar powered water pump systems in two deprived maternal health units in Sierra Leone	To improve health care: To reduce maternal and child mortality through improved access to maternal and child health services in Tonkolili District in Sierra Leone by providing support to medical and health care facilities; sustainable supply of clean water; and basic sanitation.	£39,754

Charity	Country	Project	Core objective of the project	Funding
CYAN International	Chad	Addressing Chad's off-track MDG5 status by encouraging and implementing safe birthing practices	Improve maternal healthcare.	£99,402 over three years
Durrell Wildlife Conservation Trust	Madagascar	Enhancing water and hygiene for schools in rural Madagascar	Improve access to clean water and better hygiene for 28 primary schools as a means of improving schools attendance, education and wellbeing for families in rural Madagascar.	£37,553
Elim Foursquare Gospel Alliance	Zimbabwe	New Theatre Block at Elim Hospital	To equip a newly built theatre block in Elim Hospital to serve the needs of the 30,000 population in that area for general surgery, maternity and emergency surgical care.	£40,000
Ellen Jane Rihoy Trust	Kenya	Endana Secondary School Ablution block and boys dormitory extension, incorporating teaching staff quarters.	To enhance educational infrastructure, provide basic equipment and provide additional clean water for domestic and agricultural use at the Endana Secondary School through the provision of one ablutions block, extension to the existing boy's dormitory and construction of staff quarters to ensure supervision of students at night. The staff quarters will also be incorporated into the expansion.	£36,405
Ellen Jane Rihoy Trust	Kenya	Conservation, Environmental Rehabilitation and Sustainable Income generation for Communities in Laikipia County	To improve the livelihoods and environment of the Endana community (14,770 people) as focal area, and Laikipia County in general (430,000 people), through enhanced food security and sustainable rangeland management. This will be achieved by introducing conservation agriculture technologies, sustainable rangeland management and market linkages for food and non-food items.	£100,000 over 3 years

Charity	Country	Project	Core objective of the project	Funding
Emmanuel International UK Limited	Tanzania	Ihomasa Water Project	The aim of the project is to reduce poverty in Ihomasa village, a rural village in Southern Tanzania, by improving health, livelihoods, and education standards through provision of clean water, together with improved sanitation, hygiene and health education.	£34,000
Esther Benjamins Trust	Nepal	Preventing Child Trafficking: Improving Schools in Nepal	To improve access to education by improving and extending school buildings and providing safe water supplies and sanitation facilities to schools. This will encourage school attendance in a district of low educational attainment and high child trafficking.	£28,180
Excellent Development	Kenya	To provide food security	Improved food security for 6 communities in Makueni County, Kenya, through improved soil and water conservation and climate-smart agricultural techniques.	£36,318
Farm Africa	Ethiopia	Supporting Uptake of Time and Energy Saving Technologies, Ethiopia	To contribute towards long-term food security and increased household income of women farmers in Ethiopia	£40,000
Friends of Katete	Zambia	Tikondane Community Centre local village well repair and borehole installation programme	To provide safe and secure supplies of drinking water and irrigation for a transfer from one-crop maize culture to multi-crop permaculture.	£16,470
GOAL UK	Zimbabwe	Supporting Water Provision and Sanitation for Community Gardens in Nyanga District of Manicaland Province	The core objective of the project is to improve the provision of water and sanitation facilities for 300 vulnerable households in Nyanga District.	£40,000
Good News! Trust	Kenya	Kaditonge Secondary School	To improve education and provide sanitation	£39,844
Habitat for Humanity Great Britain	Cambodia	Community & Leaders Action to Nurture Sanitation (CLEANS) among poorest and vulnerable families	To improve the health and wellbeing of community members in 5 villages and primary schools of Puok District prioritising groups such as orphans, vulnerable children, people living with HIV/AIDS.	£40,000

Charity	Country	Project	Core objective of the project	Funding
Habitat for Humanity Great Britain	Malawi	Lilongwe Urban Slum Water and Sanitation Project	To improve the health and wellbeing of 6,250 slum dwellers in the Kauma slum in Lilongwe through equitable access to water and sanitation.	£40,000
Haiti Hospital Appeal	Haiti	Sustainable Solar Energy System for Maternity, Paediatric and Community Health Hospital in Northern Haiti.	To improve maternity, paediatric, rehabilitation, and community health care services at Hopital Convention Baptiste d'Haiti, through an improved sustainable solar electrical system.	£39,705
Hands Around The World	Kenya	Athi Disability Community Centre (DCC) - Orthopaedic Workshop	To develop and equip the basic Orthopaedic Workshop at the Disability Community Centre Athi (DCC) in order to enhance capacity and improve services to disabled children in the surrounding community and to support ongoing therapy for those children.	£15,000
Henry van Straubenzee Memorial Fund	Uganda	Muguluka Primary School	To improve access and educational attainment for children from the rural villages around Muguluka Primary School by funding the construction of appropriate buildings that will achieve this.	£35,750
Homeless International	Zimbabwe	Community-led water and sanitation delivery in Chinhoyi, Zimbabwe	To increase access to improved and sustainable water supply and sanitation facilities in two poor urban settlements of Chinhoyi, Zimbabwe.	£39,586
Hope for a Child	Uganda	Save Together Uganda	To enhance the livelihood security of around 15,000 individuals from low-income rural households in Uganda by providing 3,000 people with access to basic financial services. 120 Village Savings & Loan Associations (VSLAs) will be established over a 1-year period.	£37,497

Charity	Country	Project	Core objective of the project	Funding
Human Appeal International	Bangladesh	Community Based Irrigation Project	The core objective of the project is the provision of water facilities in the form of 45 water pumps and 45 shallow water wells as well as providing training and support to the project beneficiaries so that they may develop their farm produce potential. The project will help these farmers increase their production of food crops.	£39,997
Humanitarian Aid Relief Trust (HART)	Myanmar	Health and Hope Community Health and Education Centre Project	To increase local access to basic health services and education and thereby improve community, maternal and child health; to reduce the spread and impact of preventable diseases; and to encourage community engagement in civil society activities.	£35,608
IMPACT Foundation	Nepal	Enabling local medical staff to provide basic ear care to prevent and treat needless hearing loss	To provide local access to basic health services (ear care); to enable medical staff already working in the area to deliver basic health care services (ear care) to more people or across a wider geographic area; to extend existing health service facilities, including clinics and hospitals (by improving the audiology facility at our primary ear care centre).	£38,388
International Needs UK	Burkina Faso	Burkina Faso Medical Centre Infrastructure Development	To improve healthcare, especially maternal and infant health, reducing infant, child and maternal mortality rates.	£7,500
Just a Drop	Uganda	Kigogwa and Buwambo Safe Water and Sanitation Project	To provide safe drinking water and suitable sanitation facilities to these two communities.	£29,483
Leonard Cheshire Disability	Tanzania	Improving the social inclusion and employment opportunities for disabled people in Tanzania	The economic empowerment and social inclusion of people with disabilities through access to sustainable livelihoods.	£36,360

Charity	Country	Project	Core objective of the project	Funding
Leprosy Mission	Nepal	Improved Healthcare for Women in Nepal	To improve the quality of health care, safety and hygiene for female leprosy and maternity patients by building a new ward.	£39,972
Leprosy Mission	Ethiopia	Slum Development Project: Education and Livelihood Improvement for People Affected by Leprosy	To improve education in Woreda 1 for pre-school children, thus empowering over 300 women to participate in incoming generating activities and improve livelihood opportunities.	£39,999
MAG (Mines Advisory Group)	Angola	Humanitarian Mine Action in Moxico Province, Angola	The core objective of this project is to support MAG's landmine and unexploded ordnance (UXO) clearance activities in Moxico province, Angola in order to facilitate the safe access to land for conflict-affected communities and returnees.	£35,185
Mildmay International	Uganda	Sanitation & hygiene integrated project in remote health facilities	To improve water and sanitation facilities at public health care facilities in rural areas in three districts of central Uganda.	£35,489
Network for Africa	Uganda	Increasing income and food security for 120 beneficiaries and their families in northern Uganda.	To provide the means of sustaining a living through small-scale agricultural projects.	£39,577
Opportunity International UK	Mozambique	Helping farmers and traders generate sustainable incomes and provide their families with basic needs in Gurue, rural Mozambique.	To provide 30 farmer groups and 40 traders with training and access to financial services; giving them the means to sustain a living; helping them increase their incomes and build their assets; resulting in the ability to provide basic needs for their families.	£40,000
ORBIS	Ethiopia	Strengthening Cataract, Trachoma and Refractive Error Services in Kembata-Tembaro Zone, Southern Ethiopia	Strengthening health systems to reduce blindness-related poverty while saving the sight of 12,000 people and reducing the risk of blindness for 1.2 million others in Ethiopia's Kembata-Tembaro Zone.	£99,976 over 3 years

Charity	Country	Project	Core objective of the project	Funding
Out of Afrika	Kenya	Enabling self-sufficiency amongst women in Kenya	alleviation of rural poverty, amongst marginalized women and girls in and around the town of Thika in Central Province by equipping them with self-sufficiency skills to secure their access to food, and skills to improve their income.	£19,600
Oxfam	Niger	Improving education for children from poor rural communities in Niger	Improve education for children in poor rural areas of Niger through a comprehensive approach in eight schools including governance, quality of education, encouraging girls' attendance, and creating a healthy environment.	£39,999
Portsmouth Diocesan Bamenda Fund	Cameroon	Youth and Women's Empowerment Centre Esu	To complete the construction of a centre that will train, educate and empower vulnerable youths and women of Esu village (and surrounding villages) enabling them to develop skills for self-reliance and solidarity between different tribes and creeds.	£13,000
Pragya UK	Kenya	Water & Sanitation for pastoral communities in Kenyan Arid Lands	Improve access to safe water & sanitation and reduce morbidity from waterborne diseases.	£37,016
Promoting Equality in African Schools (PEAS)	Uganda	Development of infrastructure to support female learners at Green Shoots Secondary School, Hoima District, Western Uganda	Improve access to education for girls, enhance student safety and establish safe sanitation facilities.	£39,806
Salvation Army	Malawi	Salvo Cycles	Reduce the number of children trafficked to, from and through Mchinji District for exploitative labour on farms and in bars in Mchinji, Zambia and Mozambique.	£10,704
Salvation Army	Democratic Republic of Congo	Water and Sanitation in Kavwaya	To reduce the incidences of water borne disease in the target population through improved access to safe drinking water, more and better latrines and improved hygiene practice.	£13,864

Charity	Country	Project	Core objective of the project	Funding
Save the Children Fund	Chad	Improving access to drinking water and sanitation facilities and strengthening medical waste management in 4 health centres in Bokoro, Chad	Children under 5 years of age and pregnant and lactating women affected by the food crisis benefit from access to water and sanitation and better hygiene in 4 health centres.	£40,000
SCIAF – Scottish Catholic International Aid Fund	Uganda	Home based community care for people living with HIV and AIDS	The objective of the project is to improve the quality of life of people living with HIV and AIDS in Gulu, Amuru and Nwoya, by providing home based community care and livelihoods support.	£39,274
Send a Cow	Ethiopia	Spring development and kitchen gardening in Kotoba, Ethiopia	To improve access to safe drinking water and nutritious food.	£37,867
Sense International	Peru	Improving quality of education for deafblind & multiple disabled children in Peru	The project will provide appropriate and quality education for deafblind and multiple disabled children in Peru. The project will ensure that their education is delivered by trained, skilled teachers who are able to support improvements in the learning and social development of deafblind and multi-disabled children in Peru.	£19,153
Signal (formerly Woodford Foundation)	Tanzania	Kitchen/dining facilities at Vocational Training Centre for the Deaf	To improve and extend vocational training for deaf students by building, clean, adequate, and sustainable food preparation and dining facilities at the only vocational training centre for the deaf in Tanzania.	£15,313
Stepping Stones Nigeria	Nigeria	Better Schools, Brighter Futures	The objective project is to enable two well established low-cost private schools, providing quality education for vulnerable and disadvantaged children in the Niger Delta region of Nigeria, to reduce their dependence on donations from international donors and so increase the communities' self-sufficiency and the schools' long-term sustainability.	£42,625 over 3 years

Charity	Country	Project	Core objective of the project	Funding
Street Child	Sierra Leone	Improving access to education for 600 rural children in Sanda Magbolontor, Sierra Leone	To enrol and retain 600 children in primary level education in the remote chiefdom of Sanda Magbolontor through teacher training, school facility development and agricultural initiatives targeting school sustainability.	£29,634
Tearfund	Honduras	Water and sanitation for vulnerable communities in Eastern Honduras	To provide a safe and reliable source of water and to improve the sanitation facilities of vulnerable communities, thus improving their health.	£32,507
Tools for Self Reliance	Sierra Leone	Empowering Young People in Sierra Leone	To reduce poverty by empowering 125 young people (15-35 year olds) in Bo with the training, skills and tools needed to build sustainable livelihoods, thus reducing dependence on other forms of short term aid and increasing the community's self-sufficiency and long-term sustainability.	£15,059
Transfer of Appropriate Sustainable Technology and Expertise	Nigeria	Dalo Memorial High School	The core objective of the project is to meet the very basic needs of the surrounding population by providing: toilets and four hand pumps, two at the boys' hostel and the other two at the girls' hostel.	£23,500
Transform Africa	Uganda	Safe Drinking Water Supply for Mityana and Mubende Districts, Uganda	The core objective of the project is to provide safe drinking water and hygiene and environmental education to poor communities	£96,980 over 3 years
TREE AID	Mali	Mali: Regreening Segou 2014	The project will support communities to reverse degradation and restore forest cover across 70 communities in Segou region by planting trees, and fostering agreements at village and commune level to demarcate areas for protection and regulated access.	£21,518

Charity	Country	Project	Core objective of the project	Funding
Tumaini Fund	Tanzania	Funding shipment of container to Kagera, Tanzania	To improve health care and education by distributing medical goods and computers and other educational materials donated by the States, businesses and local people.	£4,700
Tumaini Fund	Tanzania	Solar power project	To improve the provision of social work from Tumaini's two offices by reducing number of power cuts and reducing ongoing costs of purchasing electricity.	£18,000
UNICEF UK	Tanzania	Improving access to water and sanitation in rural schools in Tanzania	This project aims to improve access to water, sanitation and hygiene facilities in one rural school in Tanzania. This low cost intervention will significantly reduce hygiene-related diseases, increase school attendance and learning achievements, and contribute to dignity and gender equality for between 700 and 1,000 primary school children.	£39,396
Village Water Ltd	Zambia	Water for Life	To provide hygiene education, sanitation facilities and a safe water point to improve health and livelihood opportunities in 15 villages in Western Province, Zambia.	£37,600
War Child UK	Democratic Republic of Congo	Rehabilitating and expanding facilities and providing a safe, child-friendly learning environment for children in conflict with the law in Kinshasa Juvenile Detention Centre	To provide vulnerable children in conflict with the law with a safe, learning environment, improved housing and sanitation facilities, and access to psychosocial care, education and vocational training.	£40,000
WaterAid	Niger	Providing a sustainable and alternative access and right to drinking water and sanitation in the isolated populations living in the Commune of Sinder	To provide inclusive access to water to 4,500 people Sinder and end the practice of open air defecation through the construction of household latrines and promoting best hygiene practices to people in the Commune of Sinder, while building the capacity of local state actors and electing community members to manage the the implementation of the Water and Sanitation Plan of the commune.	£39,737

Charity	Country	Project	Core objective of the project	Funding
Women for Women International (UK)	Rwanda	Improving income generation for socially-excluded women in Rwanda	Poverty reduction through improved livelihoods.	£36,377
World in Need International	Sierra Leone	construction of hand pump water well and sanitation system for Adullam preparatory school Makeni Sierra Leone	To provide a constant and free supply of water for drinking and washing purposes primarily for the 400 pupils of the new build school but also available under supervision for members of the local community.	£4,000
World Vision UK	Nepal	Reducing earthquake risks in schools through preparedness and retrofitting	To reduce vulnerability of children and communities to earthquake risk in 5 schools of Rupandehi district through preparedness and retrofitting measures.	£36,619
World Vision UK	Cambodia	Improved health facilities for communities in Rattanak Mondol, Cambodia	The project aims to improve health facilities of three Health Centres serving 32,059 residents in three communes in Rattanak Mondol district, Battambang Province.	£39,701

Appendix 2 - Applications for 2014 Grant Aid where the Commission was unable to provide funding

Charity	Country	Name of Project	Amount requested
ACE Africa	Kenya	Improving the food and economic security of 60 women's groups and their households through training in sustainable agricultural and nutrition practices and nutritional based enterprises in rural Siaya, Nyanza Province, Kenya	£90,271 over 3 years
ACORD	Ethiopia	Iddir led small enterprise development in urban slum areas of Addis Ababa	£38,568
ACORD	Tanzania	Supporting Small Horticultural Producers in Geita, North-West Tanzania	£ 96,189 over 3 years
Action Against Hunger	Guinea	Improving the treatment of acute malnutrition in the region of Labé, Guinea	£40,000
Action Against Hunger	Senegal	Support to the reduction of child malnutrition by the rehabilitation of water points in Matam's region in Senegal	£40,000
Action Against Hunger UK	Nepal	Capacity Building on Community Based Management of Acute Malnutrition	£39,653
Action Against Hunger UK	Nepal	Water Quality Monitoring in Saptari District, Nepal	£39,923
Action on Armed Violence	Burundi	Improving socio-economic security and mental health for survivors of armed violence in Burundi	£39,990
Action on Armed Violence	Western Sahara	Enhancing the Socio-Economic Status of Saharawi Landmine Survivors	£40,000
ActionAid UK	Afghanistan	Reducing vulnerability to disasters in Afghanistan	£38,373
ActionAid UK	Nepal	Transforming the lives of disadvantaged communities in Nepal by improving access to clean, safe water and sanitation facilities	£99,991 over 3 years
Afghanaid	Afghanistan	Improving Access to Education for Disadvantaged Children in Afghanistan	£39,386
Africa Educational Trust	Somalia	Education for Children with Disabilities in Somalia	£36,288
Afrikids	Ghana	The AfriKids Hospital	£39,410
AKAMBA AID FUND	Kenya	Kakoongo and Kalambani primary schools kitchens improvement	£14,000
Angellite	Chad	Literacy Campaign - Chad	£40,000
Appropriate Technology Asia	Nepal	Low Cost Sustainable Water Supply for Mountain Communities - Surkhet	£24,858
ASECONDCHANCE	Kenya	Lureko Better Sanitation, Hygiene and Livelihoods Project	£39,864
ASECONDCHANCE	Kenya	Construction of Young People Skills Development Centre	£39,912
ASECONDCHANCE	Kenya	Health and Child Survival Project	£99,955 over 3 years

ASHRAM International	Sri Lanka	Nugegoda Girls Home	£38,050
BasicNeeds UK	Kenya	Reducing the poverty of Kenyan pastoralist nomads, stabilised from mental illness, through sustainable livelihoods	£32,300
BasicNeeds UK	Tanzania	Bakery, Fruit Juice Processing and Beekeeping: Reducing Poverty for stabilised mentally ill people in Tanzania through Livelihoods Training and Opportunities	£39,925
BasicNeeds UK	Ghana	Access to livelihoods for people with mental illness in Ghana	£40,000
BMS World Mission	Uganda	Reducing deforestation, improving health and rural incomes in western Uganda	£9,816
Book Aid International	Uganda	Primary school libraries for Eastern Uganda	£20,465
Book Aid International	Uganda	Medical libraries for hospitals in Uganda	£53,515 over 2 years
BRAC UK	South Sudan	Increasing Access to Primary Education	£39,974
BRAC UK	Liberia	Community based approach to improving reproductive, maternal, new-born, and child health	£99,992 over 3 years
British Nepal Medical Trust	Nepal	Increasing access to childhood Tuberculosis services for 380 children and capacitating 196 health service providers	£39,932
British Nepal Medical Trust	Nepal	Mental Health and Social Protection of Women and Girls	£99,764 over 3 years
British Red Cross Society	Sierra Leone	Developing employable skills for war-affected young people, Sierra Leone	£37,706
British Red Cross Society	Lesotho	Gardens of hope in Lesotho	£39,555
Build Africa	Kenya	The Wasichana ('girls') Project	£94,320 over 3 years
Build It International	Zambia	Zambia Community Schools Programme	£37,976
CAFOD	Afghanistan	Fostering Small-scale Agriculture and Resource Management (FARM)	£40,000
CAFOD	Niger	Integrated food security project in Dogondoutchi, Niger	£100,000 over 3 years
Camara Learning Ltd	Kenya	Digital Literacy for Disadvantaged Children in Kenya	£55,130
Cambodia Action	Cambodia	Cross generation project	£98,457
Cambodia Trust	Cambodia	Transforming Lives through Education	£89,250
Care and Relief for the Young (CRY)	Cambodia	Fish Farm at Referral Hospital, Preah Vihear	£18,377
Care and Relief for the Young (CRY)	Myanmar	Community Centre, Mingalardon Township, Yangon	£38,348
Care and Relief for the Young (CRY)	South Sudan	Kuleu Lights Primary School, Kapoeta, East Equatoria	£38,691

CARE International UK	Bangladesh	Access to Land for the Rural Poor	£32,000
CARE International UK	Sierra Leone	Sustainable Healthcare in Sierra Leone	£39,233
CARE International UK	Ecuador	Women, Rights and Governance	£39,369
CARE International UK	Democratic Republic of Congo	"Preventing Violence Against Women"	£40,000
Cecily's Fund	Zambia	Teacher Training for Exceptional Orphans and Vulnerable Children	£19,911
Cecily's Fund	Zambia	Hands on Learning – increasing community participation in the delivery of quality education for Zambian orphans.	£26,138
Cecily's Fund	Zambia	Founding futures	£96,361 over 3 years
ChildHope UK	Sierra Leone	Improving the livelihoods of families to enable children's access to education in Sierra Leone	£39,371
ChildHope UK	Bangladesh	Protection and Hope for Child Waste-pickers in Dhaka	£9,936
Children in Crisis	Liberia	School Renovation	£39,947
Children in Crisis	Afghanistan	Community Based Education	£40,000
Children in Crisis	Afghanistan	Community Based Education	£40,000
Children in Crisis	Sierra Leone	Inclusive education	£100,000 over 3 years
Christian Aid	Sierra Leone	Improving rice harvesting and processing in Sierra Leone	£39,981
Christian Aid	Democratic Republic of Congo	Building a vocational training centre in the DRC	£40,000
Christian Aid	Zimbabwe	Elephant water pumps	£40,000
Citizens Foundation (UK)	Pakistan	Support of the Shah Faisal Sindh Police School Cluster	£100,000 over 3 years
Cobo Mission	Zambia	Chitokokoki-Meoiuac health care project	£15,000
Community Development Organisation	Uganda	Improving Education for Children with Special needs by providing solar electricity to Masaka School for Children with Special needs.	£15,070
Concern Universal	Brazil	Rural Women - Income and Voice	£15,859
Concern Universal	Bangladesh and India	Cross-Border Transfer of Rice and Fish Farming Technologies	£16,712
Concern Universal	Kenya	Improving Mother and Child Health	£21,104
Concern Universal	Guinea	Water, Sanitation and Hygiene Entrepreneur Development	£39,434
Concern Worldwide (UK)	Mozambique	Increasing Women Farmers' access to improved nutrition, income and resilience	£38,850

Concern Worldwide (UK)	Uganda	Small scale agriculture support Amuria, Northern Uganda	£40,000
Concern Worldwide (UK)	Brundi	Improving food security of extremely poor families without land	£100,000 over 3 years
CORD (Christian Outreach)	Brundi	Sustainable access to safe drinking water and basic sanitation in Bujumbura Rural Province.	£39,436
CORD (Christian Outreach)	Chad	Solar cooker support to host community population in eastern Chad	£39,983
CURE International UK	Uganda	Saving the lives of children at CURE Uganda	£40,000
Deaf Child Worldwide	Uganda	Deaf Youth Empowerment in Kampala and Masaka districts, Uganda	£50,829 over 2 years
Depaul International	Ukraine	Supporting vulnerable people in state-run institutions in Ukraine.	£24,924
Dhaka Ahsania Mission	Bangladesh	Arsenic and Saline-free Safe Drinking Water in Rural Bangladesh	£37,307
Ellen Jane Rihoy Trust	Kenya	Eleri School Waterbank classrooms development – 2014.	£40,000
Emmanuel International UK Limited	Tanzania	Mtiti Secondary School WaSH Project	£16,000
Esther Benjamins Trust	Nepal	Safe in School	£84,375 over 3 years
Eternal Word Ministries	India	Biogas Plant Project	£5,600
EveryChild	Nepal	Reintegrating Child Domestic Workers with their Families	£23,690
Excellent Development Ltd	Kenya	Access to water for 6 schools in Makueni County, Kenya	£34,648
Farm Africa	Kenya	Aqua Shops Phase II	£40,000
Feed the Minds	Uganda	Skills to Build a Future	£21,710
Find Your Feet	Nepal	Jeevan: to increase the incomes and food security of 2,500 women in Nepal.	£25,128
Find Your Feet	Zimbabwe	Farmer innovation to increase food security and incomes for 1,650 farming families in Chimanimani	£99,608 over 3 years
GardenAfrica	Zimbabwe	Increased livelihood security for impoverished smallholders	£30,656
Goal50	South Africa	Goal50	£40,000
Green Tara Trust	Nepal	Ensuring positive health in Nawalparasi	£90,192 over 3 years
Guernsey Against Sex Trafficking Foundation	South Africa	S-CAPE Home Security Project	£2,878
Guernsey Against Sex Trafficking Foundation	South Africa	Tembaletu School Hall Project	£40,000

Habitat for Humanity Great Britain	Nepal	Empowering freed bonded labourers through the transformation of camps into communities	£40,000
Habitat for Humanity Great Britain	Bangladesh	Enhanced community resilience through water, sanitation and disaster preparedness	£99,999 over 3 years
Haiti Hospital Appeal	Haiti	Community Based Rehabilitation and Resource Centre for children with disabilities	£39,941
Handicap International UK	South Sudan	Touching Minds, Raising Dignity: to stop the condemnation of people suffering from mental health	£100,000 over 3 years
Hands Around The World	Zambia	PIZZ School, Monze.	£6,195
Health Poverty Action	Sierra Leone	Saving Lives of Mothers and Infants in Sierra Leone	£39,022
Health Poverty Action	Myanmar	Reducing Child Malnutrition in Kokang, Myanmar	£39,865
HealthProm	Afghanistan	Reducing maternal, new-born and under 5 deaths in Charkent District	£66,321 over 3 years
HelpAge International	Mozambique	Advancing Health Communities – Access to Quality Eye Care in Mozambique	£39,228
HelpAge International	Bangladesh	Accelerated Livelihood of Left-behind Older Workforce: Health component	£40,000
HelpAge International	Uganda	Accountability and Fulfilment for Older People in Order to Raise their Dignity	£40,000
HelpAge International	Democratic Republic of Congo	Improving elderly IDPs, returnees, and/or host community members' income security and wellbeing with means of sustaining a living, and developing their own community support structure in North Kivu, DRC.	£100,000 over 3 years
Henry van Straubenzee Memorial Fund	Uganda	Bukyonza Primary School	£38,750
Homeless International	Pakistan	Supporting small schools in low-income peripheral settlements of Karachi, Pakistan	£32,450
Homeless International	Kenya	Community-led water provision in Kisumu, Kenya	£38,080
Homeless International	Tanzania	Community-led water and sanitation delivery in Tanzania	£98,064 over 3 years
Hope and Homes for Children	South Sudan	Training 40 midwives in five States of Sudan to enable vulnerable unwed mothers to keep their babies, improve maternal and infant mortality, and make long-term improvements to the local maternal and infant health care and referral system.	£37,700

Hope for a Child	Malawi	Save Together, Malawi	£97,637 over 3 years
Hope for Children	Uganda	Namuwongo Water and Sanitation Project	£30,066
Hope for Children	India	Realising Rights	£34,348
Hope for Children	Tanzania	Amani Young Persons semi-independent living centre	£99,110 over 3 years
Hope Foundation (UK) for Street Children	India	Life Skills Vocational Training Project for Disadvantage Young People in Kolkata, India	£16,996
Hope Foundation (UK) for Street Children	India	Responding to Hunger and Climate Change in the Birbhum district of West Bengal, India	£95,556 over 3 years
Human Appeal International	Pakistan	Promotion of clean drinking water, Sanitation and Hygiene in Union Council 1 of District Thatta, Province Sindh, Pakistan	£39,954
Human Appeal International	Pakistan	Building Disaster Resilient Communities through capacity building measures at community and school levels	£39,995
Human Appeal International	Bangladesh	Community Based Irrigation Project	£39,997
IMPACT Foundation	Bangladesh	Improving maternity/obstetric care plus Rubella vaccination to reduce maternal and infant mortality and disability in rural communities	£38,982
International Needs UK	Nepal	Lydia Vocational Training Centre, Nepal: Sustainable electricity supply	£7,500
International Childcare Trust	Kenya	Dream Catcher Mobile Education Project for Street children in Mombasa	£36,196
International Childcare Trust	Tanzania	School Health Education Project in Morogoro, Tanzania	£36,445
International Childcare Trust	Nepal	Reintegration of Street Children in Eastern Nepal through the Ladder Approach	£97,630 over 3 years
International Children's Trust	Ghana	To increase school provision and capacity, in BIHAR state India, to deliver meaningful education hard to reach vulnerable children.	£18,436
International Medical Corps UK	Ethiopia	Strengthening resilience and food security through integrated recovery support of vulnerable communities in Wolayita Zone of Southern Nations, Nationalities and Peoples Region	EUR 75,071 over 3 years
International Needs UK	Kenya	Kibera Slum Street Gangs Outreach Programme	£7,000
International Needs UK	Burkina Faso	La Bonne Nouvelle Secondary School IT/Classroom Project	£29,000
International Rescue Committee - UK	Chad	Prevention of Malnutrition at Community Level	£40,000

International Rescue Committee - UK	Rwanda	"Inclusive society: Together ending malnutrition (TEM)"	£40,000
International Rescue Committee - UK	Sierra Leone	Creating Opportunities & Expanding Choices for Women & Girls in Sierra Leone	£99,574 over 3 years
Karen Hilltribes Trust	Thailand	Transforming Health in the Community	£98,467 over 3 years
Kintampo Trust	Ghana	Providing better mental health care for patients, families and communities across Ghana, by building and maintaining an empowered and self-sufficient mental health workforce	£100,000 over 3 years
Lawrence Barham Memorial Trust	Rwanda	St Matthews School Hostel for Boys	£38,424
Leonard Cheshire Disability	Uganda	Improving the social inclusion and employment opportunities for disabled people in Uganda	£39,706
Leonard Cheshire Disability	Bangladesh	Inclusive education for children with disabilities; ensuring long-term sustainability	£39,903
LEPRA	Bangladesh	Empowering poor and marginalised people affected by disability to improve their economic status in Natore, Pabna and Sirajgonj districts Bangladesh	£82,736 over 3 years
Leprosy Mission	Myanmar	Mawlamyine Hospital Upgrade	£39,944
Leprosy Mission	South Sudan	Malek Leprosy Village Empowerment and Development Project	£93,679 over 3 years
MAG (Mines Advisory Group)	Myanmar	Reducing Community Vulnerabilities through Mine Risk Education in Myanmar	£31,361
MAG (Mines Advisory Group)	Democratic Republic of Congo	Humanitarian Mine Action in Katanga Province, Democratic Republic of Congo	£37,502
MAG (Mines Advisory Group)	South Sudan	Strengthening MAG's technical capacity to support land release for improved community access and socio-economic reconstruction in South Sudan	£39,433
MaterCare International (MCI)	Kenya	Project Isiolo, Support buildings (Kitchen and Laundry)	£40,000
Medair UK	Haiti	Disaster Resilient Homes & Safe Water, Sanitation & Hygiene in Haiti	£35,566
Medair UK	Afghanistan	Food Security & Resilience in Afghanistan	£100,000 over 3 years
Meningitis Research Foundation	Malawi	Action Meningitis Malawi	£26,780
Mercy Corps Scotland	Georgia	Rehabilitation of Windbreaks in Dedoplistskaro Municipality	£39,714

Merlin - Medical Emergency Relief International	Kenya	Improving the delivery of mother to child health and nutrition services in Turkana county (Kenya)	£39,780
Methodist Relief & Development Fund		Improving the health of poor, marginalised women from the Madhesi community	£20,049
MicroLoan Foundation	Zambia	Stimulating business development and income growth in Zambia	£28,758
MicroLoan Foundation	Malawi	Stimulating business development and income growth in Northern Malawi	£40,000
Mission Aviation Fellowship	Uganda	Flying for life in Uganda: Provision of critical avionics upgrade to Cessna C208 Caravan	£40,000
Mothers' Union	Uganda	CCMP - Community Mobilisation	£37,919
Mothers' Union	Democratic Republic of Congo	Awaken	£60,532 over 2 years
Network for Africa	Uganda	Increasing income and nutrition for 64 vulnerable people living with HIV and their families recovering from war and living in extreme poverty in northern Uganda.	£32,611
New Ways		Extension of rock catchment dam at Nangumatia, Turkana	£39,619
Nicaragua Education Culture and Arts Trust	Nicaragua	Access to Improved Quality Education for Rural Schoolchildren	£23,376
One World Foundation Africa	Uganda	Village Savings and Loan Project	£99,200 over 3 years
Order of the Hospital of St John of Jerusalem	Zambia	Mama na Mwana in Zambia	£57,519 over 2 years
Oxfam	Kenya	Sustainable Livelihoods for Small-Scale Fishermen in Turkana, Kenya	£39,069
Oxfam	South Sudan	Improving Food Security and Increasing Income of Vulnerable Women in Malakal County, South Sudan	£39,352
Oxfam	Zimbabwe	Solar Energy Transforming Lives in Rural Zimbabwe	£99,668 over 3 years
Peace Direct	Sri Lanka	Conflict prevention networks for disadvantaged communities in Sri Lanka	£35,000
Plan International UK	Senegal	To increase access to education and to promote the education of girls	£37,419
Plan International UK	Nepal	Creating livelihoods for vulnerable girls and young women	£38,809
Plan International UK	Uganda	Primary education for marginalised children in post-conflict Lira	£39,796
Plan International UK	Rwanda	Empowering youth through a cooperative movement	£66,000 over 2 years
Practical Action	Nepal	SAFER Nepal (Strengthening Actions for Fostering Resilience through Early Warning and Risk Sensitive Planning in Nepal)	£40,000

Pragya UK	India	Improving mother and child health in the Indian Himalayas	£98,000 over 3 years
Progressio	Haiti	Solutions to climate change and food security in Haiti	£14,994
Project Burma	Myanmar	Access to education for impoverished Burmese students	£100,000 over 3 years
Project Harar	Ethiopia	Community-based outreach for young people with cleft conditions	£99,860 over 3 years
Project Rhino	Kenya	Assistance with cost of shipping container	£7,668
READ FOUNDATION	Pakistan	Training of 162 teachers to help 17,370 students in 75 READ Foundation schools to get quality education	£39,967
READ FOUNDATION	Pakistan	Enhancing Learning Environment for Underprivileged Children in Pakistan: Provision of syllabi-based teaching-learning aids for 2,100 students at 10 READ Foundation Primary Schools	£40,000
Re-Cycle	Namibia	'Bicycle Enterprise Box': A community-based bike resource to improve life prospects & HIV support for the San Bushmen of Chetto, Namibia and the nearby San villages	£65,468 over 2 years
Reform Corporation	Nigeria	Ishienu Rural School Accessibility To Water and Sanitation Project for Girls	£38,290
Relief Education Development International	Bangladesh	Schools Assistance Project Bangladesh	£76,376 over 3 years
Retrak	Uganda	Reintegration of street children in Uganda	£39,993
Rider for Health	Gambia	Building skills for life – keeping health care moving across the Gambia	£67,672 over 3 years
Rwanda Restored	Rwanda	Ongoing building of Rwanda Restored Primary and Secondary Schools	£38,500
Samaritans Purse International	Uganda	WASH Project for Informal Settlements of Kampala District	£100,000 over 3 years
Scottish Catholic International Aid Fund	Zambia, Malawi and Burundi	Kulima* Programme (* meaning 'cultivation' in Swahili and other Bantu languages)	£40,000
Scottish Catholic International Aid Fund	Ethiopia	Community based Water Supply, Sanitation and Hygiene Education Project	£93,241 over 3 years
Send A Cow	Lesotho	Makatseng small-scale irrigation project	£34,333
Send a Cow	Rwanda	Reducing food insecurity and malnutrition in Rwanda	£39,760
Send A Cow	Kenya	Sustainable livelihoods and improved food security for vulnerable families in Western Kenya	£78,677 over 3 years
Sense International	Kenya	Improving quality of education for deafblind children in three special schools in Kenya	£15,883

Sense International	Uganda	Improving education quality for deafblind children in three special schools in Uganda	£16,933
Sense International	Tanzania	Piloting Community Based Education for deafblind children in Tanzania	£49,698 over 2 years
Sentebale	Lesotho	Mamohato Network Clubs	£34,845
Sightsavers	Uganda	Uganda Onchocerciasis (River Blindness) Elimination Project	£30,500
Sightsavers	Zambia	Poverty Reduction Through Trachoma Control in four districts in Zambia	£32,380
Sightsavers	Central Africa Republic	Initiating the National Trachoma Elimination program in the Central Africa Republic (CAR)	£38,500
Sightsavers	Pakistan	Empowering vulnerable communities through creating sustainable employment and income opportunities in district Jhelum Pakistan	£40,000
SignHealth	Uganda	Rights, health & education for vulnerable Deaf children/young people - Uganda	£100,000 over 3 years
Society for the Protection of African Children	Democratic Republic of Congo	City of Hope for Orphans Project	£100,000 over 3 years
Sound Seekers	Malawi	Provision of Digital Hearing Aids to Central Malawi	£33,104
Sound Seekers	Tanzania	Improving audiological outreach service, and making it self-sustaining, in the most populated city in Tanzania	£39,787
Sound Seekers	Sierra Leone	Increasing access to education for deaf children in Northern Province, Sierra Leone	£39,872
Sound Seekers	Cameroon	Improving community-based primary ear and hearing care in northwest region, Cameroon	£39,983
Street Child	Liberia	Project to support 200 street children in Monrovia, Liberia to access education	£37,200
Street Child	Sierra Leone	Improving access to secondary education for 200 urban street children in Sierra Leone	£38,903
Street Child	Sierra Leone	Improving access to education for 4000 rural children in Tambakha, Sierra Leone	£65,041 over 2 years
Sue Ryder	Malawi	Empowering Community Health Volunteers in Malawi	£23,958
Sue Ryder	Malawi	Bringing disabled people out of the shadows	£39,004
Sue Ryder	Malawi	Community Action on Health: increasing health awareness in Balaka and Ntcheu districts, Malawi	£21,842

SUNARMA UK	Ethiopia	Conservation Through the Market: Women's Resources, Enterprise and Development	£39,458
Target Tuberculosis	Uganda	Improving the basic health care of vulnerable people living in poverty in an urban slum by preventing and treating TB and HIV	£33,795
TB Alert	Zimbabwe	Buhera tuberculosis (TB) Programme	£19,000
Tearfund	Nepal	Strengthening Community resilience through Livelihoods Improvement (SECURE)	£39,998
Tearfund	Afghanistan	Renewable Energy sources for Afghanistan	£40,000
Tearfund	Afghanistan	Introducing Disaster Risk Reduction Education into Afghan Schools	£99,934 over 3 years
Temwa	Malawi	Farmer training and support	£97,373 over 3 years
Thai Children's Trust	Thailand	Teacher Preparation Centre	£34,843
Tools for Self Reliance	Zambia	Empowering Young People and Communities in Zambia	£33,200
Toybox Charity	Guatemala	Holistic support for children living in the 'rubbish hole' of Guatemala City	£7,000
Tree Aid	Burkina Faso	Burkina Faso: Women's Forest Livelihoods 2014	£22,858
Tree Aid	Ethiopia	Wof Washa Forest, Ethiopia: Enterprise Development 2014	£39,746
Tumaini Fund	Tanzania	Malaria protection	£4,160
Tumaini Fund	Tanzania	Transport provision for social workers, etc	£20,524
UNICEF UK	Papua New Guinea	Improving early childhood education in Papua New Guinea	£39,968
UNICEF UK	Togo	Creating open defecation free zones in Togo.	£40,000
UNICEF UK	Liberia	Preventing and treatment malnutrition in Liberia	£98,986 over 3 years
Village Water Ltd	Zambia	Lessons for life	£100,000 over 3 years
Voluntary Action for Development	Uganda	Promotion of household food security and increased incomes for the formerly displaced people of Amuria district	£93,768 over 3 years
Voluntary Action for Development	Uganda	Integrated Community Managed Water, Hygiene/sanitation improvement	£39,899
Voluntary Service Overseas – VSO	Cameroon	Enhancing Cameroon's Maternal Health Services	£40,000
Voluntary Service Overseas – VSO	Nepal	Sister to Sisters' Education	£93,453 over 3 years
VSO - Voluntary Service Overseas	Ethiopia	Improving early grade reading practices by establishing resource centres	£40,000
WASOT - UK	Kenya	Jigger eradication project in Western Kenya	£99,940 over 3 years
WaterAid	Sierra Leone	Rural Water supply, Sanitation and Hygiene (WASH) in the Bonthe district	£40,000

WaterAid	Tanzania	Integrated WASH in Nzega	£40,000
WaterAid	Zambia	Access to Integrated Rural Water, Sanitation and Hygiene	£100,000 over 3 years
Waterloo Schools Charity	Sierra Leone	Waterloo Teachers Personal Development Project	£17,400
Widows and Orphans International	Kenya	Education and Health Project for marginalised communities on Mageda Island	£93,356 over 3 years
Women and Children First	Malawi	Improving quality in healthcare facilities to save the lives of mothers and babies in Kasungu District, Malawi	£40,000
World Medical Fund for Children	Malawi	The GP on wheels project for children.	£39,063
World Vision UK	Sierra Leone	Improving the sanitation and hygiene situation of pupils and teachers across seven primary schools in Jong	£39,681
Y Care International	West Bank and Gaza Strip	Economic empowerment of disadvantaged young people in Jericho, OPT	£39,189
Y Care International	Liberia	Securing healthy lives and sustainable livelihoods for vulnerable youth in rural Liberia	£39,721
Y Care International	Haiti	Economic Empowerment of disadvantaged youth in Haiti	£39,847
Y Care International	Togo	Combating extreme poverty and providing access to justice for disadvantaged and marginalised young people in conflict with the law in Togo	£99,600 over 3 years
Zambia Orphans of AIDS UK	Zambia	Hope and Faith Community School Capital Appeal	£15,000



Emmanuel International
Ihomasa water project, Ruaha, Tanzania



Cecily's Fund
New dining facilities for Bwafwano Community School, Zambia



CRYUK
Construction of Kanhchanh Kouk Health centre, Stung Treng, Cambodia



PEAS
Construction of new secondary school in Hoima District, Western Uganda



The Salvation Army
Water and sanitation project in Kavwaya, Democratic Republic of the Congo



Opportunity International
Mobile bank used to deliver savings and loans schemes in Zambezia provine, Mozambique