



The Presiding Officer
States of Guernsey
Royal Court House
St Peter Port

Edward T Wheadon House
Le Truchot
St Peter Port
GY1 3WH
+44 (0) 1481 220410
scrutiny@gov.gg
www.gov.gg

17 April 2026

Dear Sir

THE POLICY & RESOURCES COMMITTEE'S POLICY LETTER: MAJOR PROJECTS PORTFOLIO REPORT 2026

This Letter of Comment from the Scrutiny Management Committee (SMC) is submitted in accordance with Section 3(19) of the Rules of Procedure.

The Scrutiny Management Committee has considered the Policy Letter entitled Major Projects Portfolio Report 2026 ahead of its forthcoming debate.

The Committee welcomes the opportunity to comment at this stage and recognises the considerable work undertaken to respond to longstanding concerns regarding the States' capital allocation and delivery framework. In particular, the Committee notes positively the intention to introduce a clearer, staged approach to project development, the establishment of a defined Pipeline, and the commitment to improve transparency through regular public reporting.

In summary, while the Committee supports the general direction of travel set out in the Policy Letter, it considers that material risks remain in relation to affordability discipline, transparency, delivery accountability, and assurance at project level. These risks must be addressed if the revised framework is to deliver genuine improvement rather than procedural change alone.

On paper, the proposed arrangements represent a meaningful evolution from those previously reviewed by the Committee, particularly in addressing process clarity, early project definition, and the limitations of a fixed political-cycle approach to capital planning. However, the Committee also observes that the revised framework materially rebalances where control and discretion over the capital programme sit within the governance system. This has important implications for transparency, challenge, and accountability, which warrant careful consideration.

While the revised framework is therefore welcome in structural terms, the Committee considers that a number of material issues remain either unresolved or insufficiently developed. The Committee highlights the following areas for further consideration by the States:

Affordability and prioritisation

The Committee notes that affordability considerations are intended to be addressed primarily through the Medium-Term Financial Plan, rather than as an explicit criterion at earlier stages of project development. While the separation of project definition from funding decisions has merit, there is a risk that the Pipeline becomes overextended, with significant resource committed to the development of proposals that are unlikely to be deliverable within foreseeable fiscal constraints.

The Committee considers that stronger early-stage prioritisation and clearer linkage to affordability parameters would enhance discipline and ensure that effort is focused on the most critical and deliverable projects.

Financial transparency and comparability

The Committee observes that the Policy Letter does not present a fully reconciled and transparent view of total project costs, funding sources, and the basis of estimates across the portfolio.

While the Committee recognises that this may be an intentional consequence of changing how projects are identified and developed, it nonetheless leaves the Assembly with a reduced and less complete understanding of the overall capital picture for which it remains ultimately responsible. It also increases the likelihood that significant projects are identified and developed incrementally during the political term, rather than as part of a clearly articulated programme considered in the round by the Assembly.

The Committee further observes that the Policy Letter does not explicitly address the trade-offs inherent in this approach. In practice, it reduces visibility over expected capital requirements and places greater discretion over sequencing and progression within the Policy & Resources Committee in its effective gatekeeper role. This represents a substantive shift in how influence over the capital programme is exercised and warrants explicit acknowledgement and appropriate safeguards.

Improved financial clarity, including standardised presentation of total project costs, funding assumptions, and sensitivities, would materially strengthen scrutiny and decision-making. The Assembly should be given a clear and timely opportunity to scrutinise and challenge the evolving Portfolio, particularly where decisions on progression and prioritisation are taken incrementally.

Assessment criteria and decision framework

Whilst the proposed criteria for progression through the Pipeline and into Delivery are noted, the Committee considers that these would benefit from further development. In particular, there is limited explicit reference to comparative assessment of projects on the basis of value for money, whole-life cost, and, where appropriate, economic or social return.

A clearer framework for comparing and ranking projects, including differentiation between mandatory, strategic and discretionary schemes, would assist the States in making more transparent and robust prioritisation decisions.

Delivery capability and accountability

The Committee acknowledges the steps taken to strengthen governance, including the re-establishment of the Portfolio Board and the appointment of a Portfolio Delivery Director.

However, the Policy Letter provides limited evidence that the underlying issues of delivery capacity, capability, and accountability identified in previous scrutiny work have been fully resolved.

In particular, the Committee remains concerned that there is no clearly defined single point of political and executive accountability for the delivery of the overall capital programme, notwithstanding the increased practical influence that Policy & Resources will exercise over project progression and sequencing under the proposed arrangements.

Routine reporting is proposed to demonstrate project progress to completion. However, in the absence of detail on how progress will be captured and evidenced, the Committee cannot assess whether such reporting will provide effective accountability. Given the reduced direct role of the Assembly in shaping the Portfolio over time, such reporting will be a critical mechanism and must therefore be substantive, consistent and capable of meaningful challenge.

Scope of the Pipeline

The Committee notes the inclusion of a substantial number of projects within the Pipeline. While it is appropriate to maintain a forward-looking view of potential investment needs, there is a risk that an extensive Pipeline may dilute focus and create unrealistic expectations regarding delivery.

The Committee considers that the States would benefit from a more explicitly prioritised Pipeline aligned with realistic funding envelopes and delivery capacity.

Governance, scrutiny and systemic risk in individual projects

In addition to the above, the Committee wishes to draw the States' attention to matters arising from its ongoing review of the States Property Unit, including detailed examination of recent major property decisions, which the Committee considers provides a pertinent live case study.

As part of that work, the Committee has undertaken scrutiny of the acquisition and proposed development of the Leale's Yard site. In doing so, the Committee made structured requests for information covering the full decision-making process, including business case development, options appraisal, financial analysis, due diligence and governance arrangements.

Despite extensive engagement and repeated requests, the Committee has not been able to obtain a complete, coherent and auditable record demonstrating the basis on which the decision to acquire the site was evaluated, justified and approved. The Committee considers this to be a serious and material concern.

The Committee further notes that it has previously raised specific concerns regarding the governance arrangements for this project, including the proposed Political Oversight Group. Those concerns related to the absence of defined objectives, financial governance, clear decision-making authority, and the distinction between oversight and executive responsibility.

The Committee is concerned that these issues do not appear to have been substantively addressed. This raises a broader question as to the effectiveness of governance and challenge

mechanisms in practice, particularly where identified weaknesses are not demonstrably resolved before projects continue to progress.

The absence of clearly evidenced business case development, structured options appraisal, quantified financial exposure and defined governance processes represents a significant departure from the standards expected for major public sector capital decisions and is at odds with the representations made within the Policy Letter that projects will be assessed against clear and measurable criteria.

The Committee is bound to observe that these are not new issues. They reflect patterns previously identified in relation to major projects, where decisions have proceeded without sufficient definition, transparency or scrutiny, with consequential risks to delivery, cost control and value for money.

The Committee notes that the Leale's Yard project is included within the current Major Projects Portfolio. In this context, the Committee is concerned that the inclusion and progression of such a project risks embedding within the new portfolio framework the very weaknesses that the revised approach is intended to address.

Put more directly, the Committee considers that there is a clear read-across between the issues identified in this case and the causes of previous major project failures. In the absence of demonstrable improvement in governance, documentation and assurance, there is a real risk that those failures will be repeated.

More broadly, the Committee considers that the current position raises important questions as to whether the States is, in practice, being provided with sufficient information to exercise meaningful oversight of significant financial commitments before they are effectively committed, particularly within a framework where projects may advance incrementally prior to formal approval.

The Committee emphasises that this is not solely a matter relating to a single project. It goes to the credibility of the wider Portfolio framework. A revised process, however well designed, cannot in itself provide assurance if projects within that process are not supported by robust, transparent and auditable decision-making. This risk is amplified where the operation of that process places greater discretion in the hands of a single Committee without commensurate enhancement of transparency and external challenge.

The Committee therefore considers that it is essential that:

- all projects currently within the Portfolio are subject to rigorous and transparent assurance against defined business case and governance standards;
- the States Assembly is provided with sufficient, structured information to enable proper scrutiny prior to the progression of projects involving material financial exposure; and
- clear lines of accountability and decision-making authority are demonstrably established and evidenced.

Absent these conditions, there remains a material risk that the revised portfolio arrangements will give the appearance of improved governance without, in practice, preventing the recurrence of the weaknesses that have characterised previous major project outcomes.

The Committee would welcome the opportunity to scrutinise proposals from the Policy & Resources Committee relating to:

- project appraisal and approval criteria;
- project oversight arrangements; and
- reporting frameworks to be developed and published.

Outstanding areas from previous scrutiny

Finally, the Committee notes that certain areas highlighted in its earlier work¹ most notably the management of routine capital expenditure and maintenance backlogs are not substantively addressed within this Policy Letter. These issues remain of strategic importance and merit continued attention alongside major project delivery.

Conclusion

In conclusion, the Committee considers that the Policy Letter represents a constructive and necessary step in reforming the States' approach to major capital projects. The proposed framework has the potential to improve planning, transparency and strategic alignment.

However, the effectiveness of these reforms will ultimately depend on the extent to which they are underpinned by:

- appropriate mechanisms to preserve transparency and Assembly oversight as the framework is implemented;
- clear financial discipline;
- robust and transparent prioritisation;
- strengthened delivery capability; and
- demonstrable adherence to sound governance and decision-making practices at the level of individual projects.

A final observation concerns the compressed timetable for consideration of this Policy Letter. While the Committee notes that the Assembly agreed to a shortened timetable in this instance, as was the also the case for the Government Work Plan, it strongly cautions against the routine use of this approach, which risks constraining proper consideration and reducing the level of scrutiny and challenge applied to matters of significant financial importance. This is particularly relevant where consultation periods coincide with periods of reduced availability of Members or officers i.e. during seasonal holiday periods such as Christmas or, in this instance, Easter.

The Committee encourages the Policy & Resources Committee to give further consideration to these matters and looks forward to reviewing progress in due course.

¹ <https://parliament.gg/parliamentary-business/scrutiny-reports/review-of-the-capital-allocation-process-of-the-states-of-guernsey>

Yours sincerely

A handwritten signature in blue ink, consisting of a large, stylized initial 'A' followed by a long, horizontal stroke that tapers to the right.

Deputy Andy Sloan
President of the Scrutiny Management Committee