



BILLET D'ÉTAT

XXIII
2000

Wednesday, 29th November, 2000

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BILLET D'ÉTAT

TO THE MEMBERS OF THE STATES OF THE ISLAND OF GUERNSEY

I have the honour to inform you that a Meeting of the States of Deliberation will be held at the **ROYAL COURT HOUSE**, on **Wednesday, the 29th November, 2000**, immediately after the Meeting already convened for that day.

STATES ADVISORY AND FINANCE COMMITTEE**REGULATION OF FIDUCIARIES, ADMINISTRATION BUSINESSES AND COMPANY DIRECTORS**

The President,
States of Guernsey,
Royal Court House,
St. Peter Port,
Guernsey.

27th October, 2000.

Sir

REGULATION OF FIDUCIARIES, ADMINISTRATION BUSINESSES AND COMPANY DIRECTORS**Background and Consultation**

1. I refer to the Committee's previous policy letter on this subject dated 26 April 2000, which was approved by the States on 1 June 2000. Consultation on the draft *Projet de Loi* took place during August and early September 2000. Many valuable points were made by the fiduciary sector, advocates and others and discussions continued with the relevant committees in Alderney and Sark. Inevitably those points touched on matters of policy as well as legislative drafting, and the present policy letter deals with those policy questions, including some arising from the potential effect of the incorporation of the European Convention for the Protection of Human Rights and Fundamental Freedoms into Bailiwick law.

Proposal

2. The Committee considers, after discussions with the Law Officers of the Crown and the Guernsey Financial Services Commission ("the Commission"), that the *Projet de Loi* should deal with the additional matters of policy set out below (using the numbering of the relevant paragraphs from the policy letter dated 26 April 2000):

Regulated activities and categories of licence:

- 2.2 The regulated activities should specifically include the provision of advice on the formation, management and administration of trusts and companies as well as the formation, management and administration themselves.

This may have been implicit in the original policy letter but the *Projet de Loi* needs to make the point explicit. That will avoid the possibility of fiduciaries seeking to avoid the need for a licence by arguing, for example, that advice on the formation of a trust or company is unregulated so long as the fiduciary is not involved in the actual formation of the trust or company. That would be a major loophole in the proposed regulatory system. This point now appears in draft clause 2(1)(a) of the *Projet de Loi*.

- 2.4 It was originally intended that the power to add to or restrict exempted categories should be exercised by the Committee in relation to the Bailiwick as a whole. However, it has become clear from discussions with Sark's General Purposes and Advisory Committee that it would not be acceptable to Chief Pleas for a Guernsey committee effectively to be able to legislate for Sark in such an important civil area. Therefore, the Committee has agreed that such regulations should be made by the Committee but with the agreement of the Alderney Policy and Finance Committee and the Sark General Purposes and Advisory Committee. The Committee has also agreed that it should not be necessary to lay such regulations before the three legislatures of the Bailiwick, thus avoiding the risk that regulations which had come into force in one Island might be annulled by one or both of the other Islands. The same procedure should apply to the power in draft clause 2(2) to amend the description of regulated activities.

The Committee believes that in this form the relevant committees in Alderney and Sark should recommend the legislation for approval to their respective legislatures.

- 2.6(ii) The holder of a personal fiduciary licence should be permitted to act as personal representative of a deceased person's estate as well as acting as a trustee. It would be illogical for the legislation to have the effect that a personal fiduciary licensee could not administer a deceased person's estate but could act as trustee of the whole of the property in the estate. Draft clause 4(3)(b) of the *Projet de Loi* allows the personal licensee to act as personal representative.

Exemptions from regulation:

- 2.3 The Commission considers that the result of the exemptions in the original policy letter would be to cast the regulatory net unnecessarily widely in relation to individual company directors. Any individual who acts as company director by way of business will need to obtain a fiduciary licence, irrespective of the number of directorships held, unless an exemption applies to each directorship. Whilst it is necessary, and the States have decided, to regulate the provision of directorship services by

way of business, the Commission has concluded that there are many individuals who have a small number of directorships and whose activities pose no real risk to Guernsey's reputation as a finance centre.

In particular, it is common for business and professional people to continue to act as director of a few companies after retirement from their principal businesses. Such people generally have the experience and time to provide directorship services in a thorough and responsible manner and, in the view of the Commission and the Committee, it is unnecessary for individuals acting as director of no more than six companies to have to obtain a fiduciary licence or a discretionary exemption and pay the related fees in both cases.

The Committee has considered with the Commission whether an exemption for individuals holding up to six directorships which are not otherwise the subject of an exemption can be introduced in a way which would not create a significant regulatory loophole. After due consideration, it is believed that such a provision would not undermine effective fiduciary regulation so long as the Commission is able to disapply it in appropriate cases where it considers that the individual is not fit and proper. That condition is necessary because there would be a serious loophole if individuals who are unfit to act as a company director were automatically entitled to do so by way of business in relation to up to six companies without the Commission having the opportunity to refuse to grant a licence. Any individual in relation to whom the Commission disapplies the proposed exemption should however have a right of appeal to the Court.

The proposal for an exemption coupled with a power for the Commission to disapply it would allow the Commission to prevent the abuse of the exemption. At the same time, it would avoid the need for all individuals with small numbers of directorships to apply either for a fiduciary licence or for a discretionary exemption under paragraph 2.5 of the earlier policy letter. This provision now appears in draft clause 3(1)(g) of the *Projet de Loi*.

- 2.3(x) The exemptions for personal representatives or trustees of "local" estates need to be restricted to lawyers. The exemptions were originally included because this work forms part of mainstream legal practice and, if they were to apply to non-lawyers, there would be no regulation of executorship and trusteeship services provided by way of business in relation to "local" estates. That would leave a significant lacuna in the proposed system. Draft clauses 3(1)(o) and (p) therefore restrict these exemptions to lawyers.
- 2.3(xi) As well as lawyers and accountants, actuaries carry on as part of their professional work activities which would, without an exemption, be

regulated fiduciary activities. For example, actuaries give advice on the formation of pension schemes and are well placed to do so as a result of their training and qualifications without the need for regulation by the Commission. The Committee therefore proposes that the exemption now in draft clause 3(1)(q) and (r) be extended to actuaries who are members of the Institute or Faculty of Actuaries.

2.3(xii) The original policy letter proposed an exemption for activities incidental to other activities regulated by the Commission. Following consultation, the Committee and the Commission consider that this exemption should be widened to achieve consistency with the parallel provision in The Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended (Note B to Schedule 2 to that Law). The effect of this amendment is that, where fiduciary activity A is incidental to non-fiduciary activity B, then activity A is exempt from fiduciary regulation irrespective of whether activity B is regulated by the Commission, so long as there is no separate or additional remuneration for activity A. This wider exemption is necessary in case activities which are genuinely incidental to a non-fiduciary business are caught by the definition of fiduciary activities. A provision to this effect now appears in draft clause 3(1)(t) of the *Projet de Loi*.

2.3 A further exemption is needed for anyone providing an address for service under a contract. Commercial contracts often state that the addresses of, for example, the parties' professional advisers may be used for the service of any document under the contract. A contractual address for service could in some circumstances amount to an accommodation address, but it is not necessary to regulate the provision of addresses for service. Draft clause 3(1)(v)(ii) therefore exempts that activity.

2.3 An exemption is also needed for activities which are already regulated by the Commission under existing regulatory legislation. It would be unfair to expect financial services businesses to obtain two licences from the Commission for the same activity. This exemption now appears in draft clause 3(1)(w).

2.3 A further exemption is necessary for independent financial advisers who are regulated by the Commission as insurance intermediaries. They commonly form, and provide advice on the formation of, occupational pension schemes, retirement annuity trusts and trusts of life policies. The Committee and the Commission do not consider it necessary for them to have fiduciary licences in addition to being registered as insurance intermediaries, where their fiduciary activities are limited to forming and giving advice on the formation of these types of trust.

The making of regulations

- 3.3 The discussions with Sark's General Purposes and Advisory Committee referred to in relation to paragraph 2.4 have also resulted in a change to the powers to make regulations on administrative matters such as fees and annual returns. Again, it would be unacceptable to Chief Pleas for the Committee to make regulations which would bind Sark fiduciaries on these matters. Instead, the Committee with the agreement of the General Purposes and Advisory Committee proposes that these regulations should be made by the Commission after consultation with the relevant committees of the three jurisdictions. This point also applies to paragraph 4.10 of the original policy letter.

Reasons for and Court oversight of the Commission's decisions:

- 3.7 The original policy letter proposed that there should be rights of appeal against the Commission's licensing decisions. Since then, however, further consideration has been given to additional rights of appeal in view of the potential effect of the incorporation of the European Convention on the Protection of Human Rights and Fundamental Freedoms into Bailiwick law. The Commission has agreed that the rights of appeal against its decisions should extend not only to licensing decisions such as the refusal or revocation of a fiduciary licence but also to other decisions such as the service of a notice requiring information or documents and the appointment of an inspector. The Commission has also agreed that, irrespective of whether an appeal is made against its decisions, it should on request give written reasons for decisions against which there is a right of appeal. Draft clause 18 of the *Projet de Loi* provides for the Commission to give statements of reasons for decisions, and draft clause 19(1) contains widened rights of appeal.
- 4.4 The original policy letter stated that the Commission should be entitled to recover the costs of appointing an inspector over a licensed fiduciary's business, without any condition as to the reasonableness of those costs. Draft clause 24(12) now provides that the Commission cannot recover those costs where they are not reasonable in amount or were not reasonably incurred. The Court would ultimately determine any dispute over these points. The Commission also needs to be able to appoint an inspector to report on the business of an associated company of a fiduciary licensee because, for example, the business of a licensee's subsidiary could threaten the stability of the fiduciary business itself. Draft clause 19(1)(h) gives an associated company, as well as a fiduciary licensee, a right of appeal against any decision to appoint an inspector to report on its business.

- 4.7 The proposed regulatory system necessarily includes a power to enter premises, for example where someone is suspected of carrying on a fiduciary business without a licence. The Commission has agreed that, before any such powers of entry are exercised, a warrant should be obtained from the Bailiff, the Chairman or a Jurat of the Court of Alderney, or the S eneschal or his deputy as appropriate. This requirement now appears in draft clause 26 of the Projet de Loi.

Recommendation

3. The Committee recommends the States to approve:

- (i) the proposals set out in paragraph 2 above, and
- (ii) the draft Projet de Loi entitled The Regulation of Fiduciaries, Administration Businesses and Company Directors etc. (Bailiwick of Guernsey) Law, 2000.

I have the honour to request that you be so good as to lay this matter before the States with appropriate propositions. I am grateful to you, Sir, for allowing this policy letter and the draft Projet de Loi to be laid before the same States meeting.

I am, Sir,
Your obedient Servant,
J. E. LANGLOIS,
Vice President,
Advisory and Finance Committee.

The States are asked to decide:—

- I.— Whether, after consideration of the Report dated the 27th October, 2000, of the States Advisory and Finance Committee, they are of opinion:-
- 1. To approve the proposals set out in paragraph 2 of that Report concerning the regulation of fiduciaries, administration businesses and company directors.
 - 2. To approve the Projet de Loi entitled “The Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000”, and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

PROJET DE LOI

ENTITLED

THE VIDEO RECORDINGS (GUERNSEY) LAW, 2000

The States are asked to decide:

II.— Whether they are of opinion to approve the Projet de Loi entitled “The Video Recordings (Guernsey) Law, 2000”, and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

THE VEHICULAR TRAFFIC (CONTROL OF PARKING ON CERTAIN STATES LAND) (AMENDMENT) ORDINANCE, 2000

The States are asked to decide:

III.— Whether they are of opinion to approve the draft Ordinance entitled “The Vehicular Traffic (Control of Parking on Certain States Land) (Amendment) Ordinance, 2000”, and to direct that the same shall have effect as an Ordinance of the States.

THE SUPPLEMENTARY BENEFIT (DUTIES OF APPOINTEES) ORDINANCE, 2000

The States are asked to decide:

IV.— Whether they are of opinion to approve the draft Ordinance entitled “The Supplementary Benefit (Duties of Appointees) Ordinance, 2000”, and to direct that the same shall have effect as an Ordinance of the States.

THE FAMILY ALLOWANCES ORDINANCE, 2000

The States are asked to decide:

V.– Whether they are of opinion to approve the draft Ordinance entitled “The Family Allowances Ordinance, 2000”, and to direct that the same shall have effect as an Ordinance of the States.

THE HEALTH SERVICE (BENEFIT) (AMENDMENT) ORDINANCE, 2000

The States are asked to decide:

VI.– Whether they are of opinion to approve the draft Ordinance entitled “The Health Service (Benefit) (Amendment) Ordinance, 2000”, and to direct that the same shall have effect as an Ordinance of the States.

THE ATTENDANCE AND INVALID CARE ALLOWANCES ORDINANCE, 2000

The States are asked to decide:

VII.– Whether they are of opinion to approve the draft Ordinance entitled “The Attendance and Invalid Care Allowances Ordinance, 2000”, and to direct that the same shall have effect as an Ordinance of the States.

THE SOCIAL INSURANCE (RATES OF CONTRIBUTIONS AND BENEFITS, ETC) ORDINANCE, 2000

The States are asked to decide:

VIII.– Whether they are of opinion to approve the draft Ordinance entitled “The Social Insurance (Rates of Contributions and Benefits, etc.) Ordinance, 2000”, and to direct that the same shall have effect as an Ordinance of the States.

THE SUPPLEMENTARY BENEFIT (IMPLEMENTATION) (AMENDMENT) (NO.2) ORDINANCE, 2000

The States are asked to decide:

IX.– Whether they are of opinion to approve the draft Ordinance entitled “The Supplementary Benefit (Implementation) (Amendment) (No. 2) Ordinance, 2000”, and to direct that the same shall have effect as an Ordinance of the States.

**THE CENTRAL OUTDOOR ASSISTANCE BOARD REGULATIONS
(AMENDMENT) ORDINANCE, 2000**

The States are asked to decide:

X.– Whether they are of opinion to approve the draft Ordinance entitled “The Central Outdoor Assistance Board Regulations (Amendment) Ordinance, 2000”, and to direct that the same shall have effect as an Ordinance of the States.

THE CENSUS ORDINANCE, 2000

The States are asked to decide:

XI.– Whether they are of opinion to approve the draft Ordinance entitled “The Census Ordinance, 2000”, and to direct that the same shall have effect as an Ordinance of the States.

**THE ELECTRONIC TRANSACTIONS (GUERNSEY) LAW, 2000
(COMMENCEMENT) (NO. 2) ORDINANCE, 2000**

The States are asked to decide:

XII.– Whether they are of opinion to approve the draft Ordinance entitled “The Electronic Transactions (Guernsey) Law, 2000 (Commencement) (No. 2) Ordinance, 2000”, and to direct that the same shall have effect as an Ordinance of the States.

ISLAND DEVELOPMENT COMMITTEE

NEW MEMBER

The States are asked:—

- XIII.— To elect a sitting member of the States as a member of the Island Development Committee to complete the unexpired portion of the term of office of Deputy Mrs. A. L. Robilliard, who has resigned as a member of that Committee, namely, to the 31st May 2001.

STATES LEGISLATION COMMITTEE

NEW MEMBER

The States are asked:—

- XIV.— To elect a member of the States Legislation Committee, who need not be a sitting member of the States, to complete the unexpired portion of the term of office of Jurat L. O. Ozanne, who has resigned as a member of that Committee, namely, to the 31st May, 2003.

ELIZABETH COLLEGE BOARD OF DIRECTORS

NEW MEMBER

The States are asked:—

- XV.— To elect a member of the Board of Directors of Elizabeth College to fill the vacancy which will arise on the 6th January, 2001, by reason of the expiration of the term of office of Mrs. W. Morgan, who is not eligible for re-election.

STATES BOARD OF ADMINISTRATION**MOORING CHARGES AND STANDING CHARGES 2001 AND 2002**

The President,
States of Guernsey,
Royal Court House,
St. Peter Port,
Guernsey.

15th September, 2000

Sir

MOORING CHARGES AND STANDING CHARGES 2001 AND 2002

1. The Board of Administration reviews the charges for use of moorings within the Harbours of St Peter Port and St Sampson's and certain other related charges annually and presents its recommendations to the States in time for the revised rates to take effect from 1st April next following.
2. Staff wages and salaries are expected to represent 43% of Harbour expenditure in 2001. The terms, conditions and level of these costs are negotiated outside the control of the Board. Between 1st July 1999 and 30th June 2000 there has been an increase of 4.4% in the Guernsey Retail Price Index.
3. The Board, in order to improve security in the marinas, has installed CCTV cameras in the Queen Elizabeth II Marina and is due to install cameras in the Albert Marina and Fish Quay area during the winter of 2000/2001.

In addition to ongoing maintenance, there is a continual replacement programme for all pontoons and fittings. The Board will be extending the pontoons and electricity supplies in the Albert Marina, and has recently started to install a computerised electricity control system, for the benefit of mooring holders.

4. Mooring Charges for Visiting Yachts

Increased competition from other marina developments in the Bay of St Malo and from yacht charter companies abroad have led to a steady decline in visiting yacht numbers. In order to stem this decline and become more competitive, the Board introduced a number of special offers and wishes to keep visiting yacht charges equal to, or below other ports in this area. This policy has been effective in encouraging yachtsmen to extend their stay and the number of yacht nights has started to increase along with revenues. It is worth noting that although there is only a minimal profit from the visiting yacht fees the overall contribution to Guernsey is very significant and recent surveys have estimated the direct spending by visiting yachtsmen to be in the order of £8m per year.

The Board has carried out a survey of marina charges (using the RYA Marina Guide for 1999) within the Bay of St Malo and the comparisons are shown in the table below. The exchange rate of 10 French francs/£1 sterling has been used in converting the RYA's rates (quoted in francs) to sterling.

Table of Visitor Marina Charges 1999 for 30ft vessel			
PORT	Cost per night 30ft boat	Difference to Guernsey	Percentage Diff.
Guernsey	£14.00	£0.00	0%
Jersey	£13.00	-£1.00	-8%
St Malo (Vauban)	£12.50	-£1.50	-12%
St Malo (Sablon)	£12.00	-£2.00	-17%
St Quay Portrieux	£11.80	-£2.20	-19%
Dielette	£11.20	-£2.80	-25%
Cherbourg	£11.00	-£3.00	-27%
Carteret	£11.00	-£3.00	-27%
Paimpol	£10.60	-£3.40	-32%
Granville	£10.50	-£3.50	-33%
Lezardrieux	£10.10	-£3.90	-39%

The Board therefore recommends that the charge for visitors should be held for one more year, which will then bring Guernsey more in line with the charges of the majority of other Ports in our vicinity.

The Board would wish to express its regret that as the proposed Royal Channel Islands Yacht Club's new club house (which incorporated new Marina and Customs Offices) is no longer to be built the opportunity to upgrade these facilities has been lost.

5. **Local Mooring Standing Charges and Other Miscellaneous Matters**

For all of the above charges, the Board recommends that these be increased by 3.9%, which is 0.5% below the GRPI for the period July 1999 to June 2000.

In order to save the time of the States, the Board wishes to propose that in future the Mooring Charges and Standing Charges may be set with the agreement of the Advisory & Finance Committee and without reference to the States of Deliberation, providing no changes to the interpretation are made, and the increases do not exceed the annual GRPI of June of the preceding year to that in which the charges will apply.

6. **RECOMMENDATIONS**

The Board of Administration recommends the States:

- (a) to approve the definitions and exemptions set out in Appendices 1 and 2 of this report;
- (b) to approve the mooring charges as set out in Appendix 3 to this report with effect from 1st April, 2001;
- (c) to approve the miscellaneous charges and matters set out in Appendix 4 to this report with effect from 1st April, 2001;
- (d) to approve that the Board may alter the charges annually without reference to the States of Deliberation providing that no changes are made to the interpretations as set out in the definitions and exemptions, mooring and miscellaneous charges and that if charges are raised the increase does not exceed the annual GRPI of June of the preceding year, provided that the approval of the Advisory & Finance Committee has been obtained.

I have the honour to request that you will be good enough to lay this matter before the States with appropriate propositions.

I am, Sir,
 Your obedient Servant,
 R. C. BERRY
 President,
 States Board of Administration.

APPENDIX ONE

In this Report, except where the context otherwise requires:-

"boat" means anything made for the conveyance by water of human beings or of property

"casual use" means use by a boat whose owner has been allocated a temporary mooring in circumstances appearing to the Board to be of an adhoc nature, or for over-wintering

"length overall" and "overall length" includes the boat and anything fixed to it

"overall beam" means the greatest breadth of the boat including anything fixed to it but excluding portable fenders

"registered boat" means a boat for the time being registered under the provisions of the Boats and Vessels (Registration, Speed Limits and Abatement of Noise) Ordinance, 1970

"fishing boat" means a boat of which the owner has satisfied the Board -

- (a) that the boat is used wholly or principally for catching fish for profit as a business, and
- (b) that his income is derived wholly or mainly from such business

"registered fishing boat" means a fishing boat which is a registered boat

"house boat" means a registered boat which is used for the purpose of human habitation (including persons sleeping on board) for any continuous period greater than a period of twenty-eight days or periods which, in the aggregate, amount to a period greater than a period of twenty-eight days during any calendar year

"mooring charges year" means the period commencing on the first day of April in any year and ending on the thirty first day of March in the year next following

"moorings map" means either the St. Peter Port moorings map or the St. Sampson's moorings map, as the case may be, and reference to the "areas of the mooring map" shall be construed accordingly

"the St. Peter Port moorings map" means the map signed by the Bailiff on 31st December, 1991 and lodged at the Greffe

"the St. Sampson's moorings map" means the map signed by the Bailiff on 8th February, 1991 and lodged at the Greffe

"the square footage" of a boat is calculated by multiplying the overall length of the boat by its overall beam, and

- (i) any part of the overall length of the boat which is less than one foot shall be deemed to be one foot
- (ii) any part of the overall beam of the boat which is less than six inches shall be disregarded and any part of the overall beam of the boat which is more than six inches but less than one foot shall be deemed to be six inches.

APPENDIX TWO

Owners of the following classes of boats, shall be exempted from mooring fees:-

- (a) Boats used exclusively for life-saving or rescue operations or both.
- (b) Boats used exclusively by the Sea Scouts and Sea Rangers.
- (c) Boats which in the opinion of the Board are used exclusively as guard-boats.
- (d) Boats of a length overall not exceeding twelve feet used in conjunction with an in/out haul mooring by a boat owners with an allocated mooring.
- (e) Boats owned by the Harbour Authority.
- (f) Boats used exclusively by the Sea Cadet Corps.

APPENDIX THREEMOORING CHARGESSECTION 1

Registered boats (other than registered fishing boats) at moorings in the Harbour of St. Peter Port:-

AREA As defined and marked on the moorings map	RATE Per foot (or part thereof of the length overall of the boat per mooring charges year)	
	YEAR 2000/1	YEAR 2001/2
AREA A	£10.88	£11.30
AREA B	£ 5.26	£ 5.47
AREA C	£ 3.07	£ 3.19

SECTION 2

Registered boats (other than registered fishing boats) at moorings in the Harbour of St. Sampson:-

AREA As defined and marked on the moorings map	RATE Per foot (or part thereof of the length overall of the boat per mooring charges year)	
	YEAR 2000/1	YEAR 2001/2
AREA B	£ 5.26	£ 5.47
AREA C	£ 3.07	£ 3.19
AREA D	£ 2.20	£ 2.29

SECTION 3

Registered boats (other than registered fishing boats) moored at a pontoon in either the Harbour of St. Peter Port or the Harbour of St. Sampson:-

RATE	
Per square foot (or part thereof) of the boat per mooring charges year	
YEAR 2000/1	YEAR 2001/2
£ 3.07	£ 3.19

SECTION 4

Registered fishing boats in the Harbour of St. Peter Port:-

1. Albert Dock.

LOCATION	RATE	
	Per square foot (or part thereof) of the boat per mooring charges year	
	YEAR 2000/1	YEAR 2001/2
A. Pontoon Mooring	£ 3.53	£ 3.67
B. Wall Mooring	£ 2.34	£ 2.43
C. Mud Mooring	£ 1.17	£ 1.22

2. Pool (Area A):-

RATE	
Per foot (or part thereof) of the length overall of the boat per mooring charges year	
YEAR 2000/1	YEAR 2001/2
£ 10.88	£ 11.30

SECTION 5

Registered fishing boats in the Harbour of St. Sampson:-

AREA	RATE	
As defined and marked on the moorings map	Per foot (or part thereof) of the length overall of the boat per mooring charges year.	
	YEAR 2000/1	YEAR 2001/2
AREA B	£ 5.26	£ 5.47
AREA C	£ 3.07	£ 3.19
AREA D	£ 2.20	£ 2.29

SECTION 6

Boats other than registered boats or registered fishing boats charge for each period of 24 hours or part thereof.

LENGTH OVERALL	01/04/2000 to 31/03/2001	01/04/2001 to 31/03/2002
Less than 7 metres	£11.00	£11.00
7 metres - 7.99 metres	£12.00	£12.00
8 " 8.99 "	£13.00	£13.00
9 " 9.99 "	£14.00	£14.00
10 " 10.99 "	£15.00	£15.00
11 " 11.99 "	£16.00	£16.00
12 " 12.99 "	£17.00	£17.00
13 " 13.99 "	£18.00	£18.00
14 " 14.99 "	£19.00	£19.00
15 " 15.99 "	£20.00	£20.00
16 " 16.99 "	£21.00	£21.00
17 " 17.99 "	£22.00	£22.00
18 " 18.99 "	£23.00	£23.00
19 " 19.99 "	£24.00	£24.00
20 " 20.99 "	£25.00	£25.00
21 " 21.99 "	£26.00	£26.00
22 " 22.99 "	£27.00	£27.00
23 " 23.99 "	£28.00	£28.00
24 " 24.99 "	£29.00	£29.00
25 " 25.99 "	£30.00	£30.00
and so on	and so on	and so on

APPENDIX FOURMISCELLANEOUS CHARGESSECTION 1

House boats moored in any location in the Harbour of St. Peter Port or the Harbour of St. Sampson:-

RATE	
Per square foot per month or part of a month	
YEAR 2000/1	YEAR 2001/2
£ 4.69	£ 4.87

SECTION 2

Vessels making casual use of berths, moorings, slipways, careening areas etc:-

- (i) Registered boats using facilities for a period of less than 1 month - **22p (23p)** per foot length overall per day for pontoon berths, or, **18p (19p)** per foot length overall per day in all other areas.
- (ii) Registered boats contracted to using facilities for a minimum period of 1 month - pro-rata, calculated on a daily basis, to the appropriate annual mooring charge.
- (iii) Boats other than registered boats during the period 15th September to 14th May inclusive - **22p (23p)** per foot length overall per day for periods of less than one month.
- (iv) Boats other than registered boats during the period 15th September to 14th May inclusive contracted to using facilities for a minimum of 1 month - pro-rata, calculated on a daily basis to the appropriate annual mooring charge .

SECTION 3

Monthly charges payable in respect of any vessel contracted for a minimum period of one month to be deposited or allowed to remain in a standing or careening area at either harbour:-

- (i) in respect of a registered boat for which a mooring is for the time being allocated

RATE	
YEAR 2000/1	YEAR 2001/2
5p per sq. ft.	5p per sq. ft.

- (ii) in respect of any other registered boat

RATE	
YEAR 2000/1	YEAR 2001/2
22p per sq. ft.	23p per sq. ft.

- (iii) in respect of any non-registered boat for which a mooring is for the time being allocated under the terms of an over wintering contract with the Board, provided the period of the lay-up is not less than one calendar month falling wholly within the period of the over wintering contract

RATE	
YEAR 2000/1	YEAR 2001/2
5p per sq. ft.	5p per sq. ft.

(iv) in respect of any other case

RATE	
YEAR 2000/1	YEAR 2001/2
55p per sq. ft.	58p per sq. ft.

SECTION 4

Vessels making casual use of any standing or careening area shall be charged as in Section 3 above modified as follows:-

Number of days in standing area	Percentage of monthly (30 day period) charge
1 to 10 inclusive	30%
11 to 20 inclusive	70%
21 to 30 inclusive	100%

PROVIDED that if the number of days in the standing area is 2 or less the charge is waived.

[N.B. The States Advisory and Finance Committee supports the proposals.]

The States are asked to decide:—

XVI.—Whether, after consideration of the Report dated the 15th September, 2000, of the States Board of Administration, they are of opinion:-

1. To approve the definitions and exemptions set out in Appendices 1 and 2 to that Report.
2. To approve the mooring charges as set out in Appendix 3 to that Report with effect from the 1st April, 2001.
3. To approve the miscellaneous charges and matters set out in Appendix 4 to that Report with effect from the 1st April, 2001.
4. That the States Board of Administration may alter the above charges annually without reference to the States of Deliberation providing that no changes are made to the interpretations as set out in the definitions and exemptions, moorings and miscellaneous charges and that if charges are raised the increase does not exceed the annual GRPI of June of the preceding year, provided that the approval of the States Advisory and Finance Committee has been obtained.

STATES HOUSING AUTHORITY

DEVELOPMENT AT ROUTE DE CARTERET, CASTEL

The President,
States of Guernsey,
Royal Court House,
St. Peter Port,
Guernsey.

27th September, 2000.

Sir

Development at Route de Carteret, Castel

I have the honour to refer to my letter dated 21 August 1997 which was published in Billet D'Etat XVIII of 1997.

That letter set out the Authority's plans for developing land at Route de Carteret and resulted in the States authorising the development of nine one-bedroomed flats for letting to States tenants as phase 1 of the development.

The letter indicated that a further area of land, which had road frontage, had approval for the construction of a single dwelling but the Authority proposed to review the use of that plot in the light of the shortage of housing sites.

Following the debate, consultations between the Authority, the States Architect's Department and the Island Development Committee have resulted in the proposals set out in this letter for the construction of five additional flats.

The Authority is grateful for the assistance it has received from the Island Development Committee in increasing the number of dwellings which can be constructed on this site.

Policy considerations

This project is a continuation of the Authority's policy of creating small dwellings in close proximity to existing housing estates so that tenants of existing family houses who no longer need that type of accommodation can be transferred to more suitable accommodation without having to move away from the area where they have lived for many years.

The Route de Carteret site is adjacent to, but separated from, Les Genats housing estate where there are a substantial number of family sized dwellings.

The design of the proposed building, which complements adjoining buildings, includes two one bedroomed flats on each of the ground and first floors, while the second floor flat has a second bedroom. The ground floor flats have been designed so that they can readily be made available to persons with a disability.

The first phase development has been successful and the Authority considers that the current proposals for phase 2 make good use of the remaining available land.

Copies of the plans have been deposited at the Greffe for the information of members.

Tenders

In response to an advertisement in the Guernsey Press, requesting expressions of interest in tendering for this project, six contractors were invited to tender and four tenders were received as follows:-

Contractor	Tender
W A Mosgrove Limited	£426,963.81
J W Rihoy & Son Ltd	£449,327.00
E Littlewood & Co Ltd	£486,848.74
R G Falla Limited	£499,585.00

The Authority recommends acceptance of the lowest tender submitted by W A Mosgrove Limited in the sum of £426,963.81.

Tenders are on a fixed price basis and no allowance will need to be made for increased costs during the contract period and no other allowances are added to the tender sum.

The maximum average cost per dwelling will therefore be just over £85,000. The tendering process indicates that the lowest tender represents good value in the present situation and the Authority therefore considers that it should be accepted.

Finance for the Project

In January 1996 in agreeing proposals for the sale of "Incompatible States Houses" the States resolved that the proceeds of such sales should "be credited to the Authority's Capital Allocation and set aside therein to assist with the financing of replacement housing stock".

Since that decision of the States the sale of properties has accumulated net receipts of a little under £3.1 millions.

£1,037,346 has already been allocated for the construction of 15 replacement dwellings and the Authority proposes that the cost of this project should be offset against the balance remaining from the sale of properties.

Recommendations

The Authority accordingly recommends the States as follows:-

1. To authorise the construction of 5 flats for letting at Route de Carteret, Castel at a total cost not exceeding £426,963.81;
2. To authorise the States Housing Authority to accept the tender submitted by W A Mosgrove Limited in the sum of £426,963.81;
3. To vote the States Housing Authority a credit of £426,963.81, to cover the cost of the project which sum shall be taken from the Authority's allocation for capital expenditure and charged specifically against the sum set aside therein to assist with financing the construction of replacement housing stock.

I have the honour to request that you will be good enough to place this matter before the States with appropriate propositions.

I am, Sir,
Your obedient Servant,
J. E. LANGLOIS,
President,
States Housing Authority.

[N.B. The States Advisory and Finance Committee supports the proposals.]

The States are asked to decide:—

XVII.— Whether, after consideration of the Report dated the 27th September, 2000, of the States Housing Authority, they are of opinion:-

1. To authorise the construction of 5 flats for letting at Route de Carteret, Castel, at a total cost not exceeding £426,963.81.
2. To authorise the States Housing Authority to accept the tender in the sum of £426,963.81 submitted by W. A. Mosgrove Limited for the construction of those flats.
3. To vote the States Housing Authority a credit of £426,963.81 to cover the cost of the above project, which sum shall be taken from that Authority's allocation for capital expenditure and charged specifically against the sum set aside therein to assist with financing the construction of replacement housing stock.

STATES RECREATION COMMITTEE**THE FUTURE FUNDING OF BEAU SEJOUR CENTRE**

The President,
States of Guernsey,
Royal Court House,
St. Peter Port,
Guernsey.

29th September, 2000.

Sir,

THE FUTURE FUNDING OF BEAU SEJOUR CENTRE

1. At their meeting of 26 February 1998 the States considered a report from the Recreation Committee in respect of funding arrangements for Beau Sejour Centre. It had been anticipated that the report would set out proposals for the long term financing arrangements for the Centre. It was acknowledged however that there needed to be more time for the effects of new management and financial systems to become apparent and a proposed redevelopment scheme drawn up before long term funding arrangements could be agreed.
2. In view of this the States subsequently approved interim funding from General Revenue for the operating deficit and necessary capital expenditure for 1998 and 1999. It was also agreed to remove the link between Beau Sejour Centre's funding and the profits from the Channel Island Lottery insofar as the Centre now receives a guaranteed sum annually firstly from the lottery profits but made up to the agreed funding level by monies from General Revenue. The Gambling Control Committee has been directed to prepare a report to the States on the possible future uses for the Lottery proceeds. Until that time the lottery profits will continue to be offset against the revenue allocation.
3. It was agreed that the Recreation Committee would return to the States with firm proposals in respect of a redevelopment scheme and future funding for the Centre following a review of its method of operation in conjunction with the Advisory and Finance Committee.
4. This policy letter is an interim measure dealing with the future funding for Beau Sejour Centre prior to a return to the States with a separate report detailing proposals for its redevelopment.
5. Before addressing plans for redevelopment or proposals for the future funding of Beau Sejour Centre the Committee first took the opportunity to consult widely with appropriate organisations. It was then able to formulate a comprehensive

strategy for sporting and recreational activities that included rewriting its mandate and drawing up a business plan for the delivery of its main objective.

The Recreation Committee has agreed its main objective as being:

To promote and support the development of sport and recreation in the Island with the aim of increasing the number of those participating and improving the excellence and enjoyment of that participation

Recommendation

The States is recommended to note the relevant extracts from the Committee's Strategy for Sport and Recreation as shown in Appendix 1.

6. The Committee has defined its four main areas of responsibility for delivery of this objective. These are:-
 - **Beau Sejour Centre**
 - **Sports Development**
 - **Outdoor Sports Facilities**
 - **Policy Implementation and Administration**
7. By organising its responsibilities in this way the Committee has been able to establish action plans for each of these areas which both encourage a more proactive approach to management as well as allowing the opportunity to clearly measure individual performance.
8. Since establishing its business plan the Committee believes that the most encouraging aspects are the benefits which it has been able to achieve through the utilisation of its resources outside those of Beau Sejour. Whilst it is accepted that the Centre has a very important role to play in promoting sport and recreation, the Committee has been able to establish a number of successful joint initiatives with other bodies in pursuit of common objectives. Efforts have concentrated on supporting governing bodies for various local sports in the joint development of facilities and encouraging greater involvement in sports administration and coaching.
9. The Committee has been working closely with the Island Development Committee in respect of future land use policies and the Tourist Board with a view to encouraging more sports visitors to the Island. It has also been pursuing sports development initiatives with the Health Promotion Unit and liaison with the Education Council with the aim of coordinating greater dual-use of sporting facilities.
10. Greater financial and staff resources have been put into sports development over the last three years through improvements in performance in other areas. The Committee sees significant benefits in placing further resources into this important area and into motivating the provision of improved facilities as a method of promoting sport and recreation more effectively.

11. However the Committee accepts that, in keeping with good financial management practice, it should seek to generate any increased resources through the more efficient operation of the areas within its responsibility.
12. The Committee currently operates financially under two separate and distinct budget headings.

These are:-

- **Beau Sejour Centre Trading Account**
- **General Revenue Account** (Sports Development, Outdoor Sports Facilities and Policy Implementation and Administration)

13. While the Committee can transfer resources between the budget headings within its General Revenue Account in accordance with the States financial procedures it is unable to transfer between the Beau Sejour Trading Account and the General Revenue Account.
14. The Committee believes that in keeping with the arrangements for other States Committees - and good practice - it should be able to transfer monies between any of its budget headings if it believes its overall objective can be achieved more efficiently by doing so. It is proposing therefore that the annual revenue and capital funding for Beau Sejour Centre should become a normal part of the Recreation Committee's revenue budget.
15. It would continue to prepare separate accounts for the activities of Beau Sejour Centre in line with best accounting principles.

Recommendation

16. **As a general principle the Committee considers that it would be better able to achieve its objectives by having a single budget allocation for utilisation as it sees fit in its areas of responsibility.**

Beau Sejour Centre - Review of its method of operation

17. As part of the process of drawing up its strategy for sport and recreation in the island the Committee has carefully considered how Beau Sejour Centre contributes to the achievement of the Committee's objectives. A wide range of users and organisations were consulted as to the need for a centre such as Beau Sejour, and whether alternatives could be proposed for its future role. The opportunity was also taken to 'step back' from the Centre and consider its value to the island.
18. The Committee believes that, from the information gathered during this exercise, the Centre has an important social role to play, whether in its importance as a leisure facility or in encouraging participation and higher standards in sport. It has also recognised its value to the Island in providing a venue for theatre, exhibitions, conferences etc.

19. It has also taken the opportunity to confirm its support for the main objectives of the Centre as :-

- **Beau Sejour Centre shall offer Islanders and visitors alike access to a range of sporting, recreational, cultural and entertainment activities to meet social and economic needs.**
- **It will continue to be operated by the Recreation Committee in an efficient, effective and economical manner within specific financial limits.**
- **It should maintain an image and level of quality consistent with the character of the Island.**

20. The Committee is mindful of the need to continue to examine opportunities for further improvements in efficiency and economy and, in particular, to fulfil the States resolution requiring it to undertake a review of possible methods of operation by drawing on the lessons learned in other communities.

21. A report was therefore commissioned from DC Leisure Management Ltd., one of the UK leisure industry's largest management contractors who manage over eighty leisure centres and entertainment venues on behalf of local authorities.

22. Their brief was to:-

- **Review the current operation and management**
- **Advise on possible future operation and management options**
- **Investigate development and refurbishment opportunities**
- **Prepare a financial projection for the operation of Beau Sejour.**

23. They carried out their review in December 1998 drawing on their experience of the UK leisure market. The Committee is pleased with the report highlighting as it does areas of good performance and also areas where performance was not up to the UK company's expected levels. The management of the Centre has addressed the majority of the concerns expressed during 1999. The one qualification that the Committee would make to the report is to note that certain Guernsey factors have since been accepted by the company as having a substantial influence on any meaningful comparison of standards. These factors include for example, full employment, higher rates of pay in this sector, lower returns on bar and catering activities in Guernsey and a wider range of facilities on a single site than those normally found in the UK. (Their report minus appendices is attached at **Appendix 2.**)

24. The main conclusion of the report was that change is necessary having regard for increasing pressures on States resources, the threat of further competition and

rising customer expectations. Against this background the company identified four feasible future management proposals.

25. The four options considered were :

1. **Maintain the current system of management which would involve retaining the administration of the Centre under the constraints of the Civil Service (in respect of staff appointments, salary rates and approval for expenditure etc.)**
2. **Consider the commercialisation of Beau Sejour Centre which would involve retaining the building in States ownership but allowing the management the flexibility to make commercial decisions in respect of investment and staffing matters as is currently being planned for three of the States trading boards.**
3. **Expose the Centre to competition through a tendering process which would give private companies the opportunity to run the various services provided.**
4. **Enter into an operational partnership with a leisure management contractor.**

26. The Recreation Committee has considered commercialisation at some length but prefers to evaluate the experience of the commercialisation of the States Trading Boards. It believes that there are substantial benefits to be gained by working closely with a commercial leisure company as proposed in Option 4 and has endorsed this approach as the way forward for the Centre in the short to medium term.

27. To this end a member of the DC Leisure Management Ltd. staff was seconded to Beau Sejour Centre for a six month period during 1999. As an experienced operational manager his expertise, knowledge and experience has proved very valuable to the Committee, management and staff of the Centre.

28. In this way the Committee have retained political control while working within a quasi client / contractor relationship. DC Leisure Management Ltd has had the opportunity to work closely with the Committee, management and staff to help achieve cultural change and financial targets, in effect copying the best practices of the private sector. In pursuing this course of action it has been possible to regularly measure the benefits against the cost involved of using the service thereby ensuring that value for money is always being received.

29. Following this intensive look at the operation of the Centre the Committee have agreed an extension of the arrangement for 2000 in order to progress a number of initiatives and to have access to the company's expertise and experience in formulating the Committees proposals for the redevelopment of the Centre. It is looking to deliver not only a 'new look' centre but a reorganised and more effective and economic operation which reflects what is considered to be best practice in the leisure industry.

Current Performance

30. Beau Sejour Centre receives a subsidy from the States in order to assist in meeting its operating costs with it being accepted that such public funding is justifiable because of the role which the Centre plays in the community.
31. The Committee's efforts have been focused on attempting to improve further the value for money which the Centre offers the community and minimising the level of its trading deficit. The following summary shows its recent financial performance.

	1996 Accounts £	1997 Accounts £	1998 Accounts £	1999 Accounts £	2000 Budget £
INCOME	2,401,068	2,225,653	2,254,625	2,444,335	2,513,800
EXPENDITURE	3,061,990	2,928,060	2,920,509	3,037,744	3,097,800
CASH OPERATING DEFICIT	660,922	702,407	665,884	593,409	584,000
Approved Revenue Funding	660,922	702,407	860,000	677,000	672,000

32. It should be noted that the 1999 and 2000 accounts reflect the reallocation of shared overheads of £108,000 and £113,000 respectively from Beau Sejour Centre to Recreation Committee General Revenue accounts. This is shown by a reduction in the approved revenue funding from £785,000 to £677,000 and thence to £672,000. This reallocation of funds provides a more accurate reflection of the Committee's activities.
33. The Committee is pleased to note from this that the Centre's operating deficit since 1996 has stabilised below the level of agreed funding with the deficit varying between the high of £702,407 in 1997 to the low of £593,409 in 1999 against a background of rising costs.
34. While this performance is encouraging it should not be seen as simply the result of a cost cutting exercise. The Centre is generally busy throughout the year with the wide range of facilities and activities that it provides with a number of improvements continuing to be made.

Redevelopment of Beau Sejour Centre

Redevelopment plans

35. Advice has been sought from DC Leisure Management Ltd. in respect of redevelopment options for the Centre. The company's recommendations were clear and concise and reinforced the views of the Committee as to the opportunities for a redeveloped Centre. (See **Appendix 2** for their report). These opportunities provide a number of benefits not only in the improved attractiveness of the Centre to its users but also in the operation and financial performance.
36. The recommendations were based on a number of assumptions regarding use of the Centre. These included the need to continue providing a venue for theatre, exhibition space, and a conference facility. It is accepted that these areas of the Centre's responsibilities are of great benefit to the island and must be continued. The Centre can never be considered as a true conference venue given its multi - purpose role and the specialisation of conference venues in the UK with which Beau Sejour is compared. Nevertheless it is proposed that an acceptable level of venue and infrastructure can be provided for conferences of up to four hundred delegates. Above this figure, dependent upon the level of service required, facilities can be provided although it should be accepted that the Centre, and by implication the island, will struggle to provide an adequate service.
37. With regard to the swimming pool, it is accepted that the current facility is inadequate to cope with the demands placed on it by clubs, schools, casual swimmers and competition organisers and that additional pool space is required. It will be recalled that the original plans for Beau Sejour in the seventies included two pools to cater for demand although this was reduced to one pool for cost reasons.
38. However it is believed that the best solution for the longer term is to construct a second swimming pool elsewhere, preferably on a school site to benefit from dual use arrangements, which would be used for training and competitive events. This would then allow the pool at Beau Sejour to be more easily available to casual swimmers. A joint working party from the Education Council and Recreation Committee is currently investigating this initiative. However until funding is available every effort will be made for the current pool to accommodate both types of swimming as conveniently as possible.
39. A building condition survey was commissioned in 1998 in order to ensure that any redevelopment of the Centre would take into account the limitations of the existing building and infrastructure.
40. The condition survey revealed that, whilst the Centre had been subject to regular maintenance, many elements of the building were approaching the end of their useful life. In order to maintain basic standards it would be necessary to commit a significant amount of expenditure, in the order of £4 million, over the course of a ten-year period. (The details from the survey are attached at **Appendix 3**.)

41. Beau Sejour Centre is arguably the building most heavily used by the public with over five thousand members and six hundred thousand admissions a year. The demands made are wide ranging, from conferences to volleyball tournaments, dog shows to ballet performances with regular users from toddlers to grandparents.
42. In agreeing that the Centre would benefit from a substantial upgrading the Committee set itself the task of continuing to service these varied demands. It also agreed that any redevelopment should be of high quality and that reductions in the level of operating deficit required to run the Centre should be attempted. A redeveloped Centre should also address weaknesses in provision for certain activities improving its relevance to current and future needs.
43. A project team was set up constituting members of the Committee and its senior staff along with technical support from the Department of Architecture and operational advice from DC Leisure Management. A preliminary brief was drawn up and a large number of assumptions and options, often conflicting, were examined and decided before a viable scheme could be agreed.
44. The works identified in the building condition survey will need to be integrated into any redevelopment ensuring that the optimum financial benefit can be gained from the scheme.
45. Despite intending to approach the States during 1999 with its plans for redevelopment it has not been possible to progress the scheme as quickly as was first hoped. Following the initial input by the Department of Architecture it has now been agreed with the Capital Works Sub - Committee of Advisory and Finance Committee that the professional services required to complete the design can be provided by the private sector.
46. The Committee intends to return to the States as soon as possible with a full redevelopment scheme for Beau Sejour Centre that will satisfy the following objectives.

Objectives

- **Providing a high quality civic building that reflects its importance to the island** - the new Centre should be visually attractive with easy access and with its public areas offering a clean and safe environment suitable for the activities being held. The entrance should be distinctive in its design drawing on modern architectural thinking. The creation of a display area adjacent to the entrance would allow Guernsey's past and present sporting heroes to be honoured in a hall of fame for local sport as well as other temporary cultural and promotional displays.
- **Enabling more effective and economic operation** - it should 'mimic' the best practices of the private sector in its management. Efficiency, effectiveness and economy must be balanced to provide best value against agreed financial targets. The Centre should cost less to run while improving its levels of service and quality standards. Areas that are expected to provide increases in income will be more closely grouped together enabling more economical use of staff.

- **Retaining the original multi-use concept** - providing flexibility of use for the wide range of activities and events held at the Centre. It should continue with its sports development role as a venue for a number of those sports that are unable at present to have their own dedicated facilities. The Sarnia Hall will be upgraded to provide attractive and improved facilities for conferences, functions and exhibitions.
- The pool will continue to balance casual and competitive swimming until such time as a dedicated competition pool can be built. This would most probably be on a school site. Beau Sejour Centre would then be able to accommodate increased casual use. The viewing facilities will be substantially improved particularly at pool side for the training pool.
- The theatre will maintain its dual use capability as a cinema when not used for its primary role as a venue for drama, ballet, dance, music etc.
- **Improving the facilities available** - ensuring that current and future activity requirements are met and that areas maintain high standards.
- A major improvement will be made in the provision of Health and Fitness facilities including new changing rooms.
- The Bar and Catering and Shop facilities along with a large scale children's play area should be located as close to the main entrance as possible. An enlarged Creche facility to meet increasing demand for family use will also be provided.
- It is intended to create a changing village for pool users, with more provision for families whilst maintaining individual needs, relocating and upgrading dry sport changing rooms closer to their point of activity.

Future Funding Requirements

47. In researching the planned redevelopment the Committee has been greatly assisted by DC Leisure Management Ltd. whose staff have provided valuable expertise in current practices in the industry and how these can be applied to the best advantage of the Centre.
48. A wide range of initiatives aimed at providing higher standards of service and more efficient operation were examined and a cost benefit analysis carried out. As a result it is predicted that, through carrying out a redevelopment scheme capable of accommodating proposed changes in the operation of the Centre, it would be possible to reduce the operating cash deficit by approximately £250,000 per annum.

Revenue Funding - Operating Cash deficit

49. The States have approved funding for Beau Sejour of £672,000 for revenue and £150,000 for capital in 2000. Having regard for the above and other operating constraints, the Committee believes that it will be able to operate the Centre effectively during the year 2000 within the funding agreed.
50. Subject to the overall resources available the Recreation Committee believe that it is important to maintain this level of support in real terms by adjusting the Recreation Committee's annual cash limit having due regard for inflation, staff pay awards and States policies on cash limits.
51. In order to allow the Recreation Committee to manage all of its resources efficiently it is proposed that the Committee be authorised to make appropriate internal budgetary adjustments in accordance with the States financial procedures. If the States approve this proposal it will allow the Committee greater flexibility to achieve its objectives.
52. If approval is given for the redevelopment of the Centre it is envisaged that it may well require a lower annual subsidy as a result of improved financial performance. At that stage it is the intention to further review with the Advisory and Finance Committee the utilisation of the anticipated savings.

Conclusions

53. Since last reporting to the States in February 1998 the Recreation Committee has taken the opportunity to develop its Strategy for Sport and Recreation in order to clarify its objectives. It believes that these are consistent with the various objectives of the States as set out in the Strategic and Corporate Plan.
54. Within its strategy the Committee has agreed a number of clearly defined objectives for its areas of responsibility with the aim of achieving the most efficient utilisation of its various resources. However in keeping with other States committees, it wishes to have the flexibility to transfer resources between each of its areas of responsibility if it believes that it can be more effective in pursuing its overall objective by doing so.
55. The Committee recognises the role that Beau Sejour plays in the delivery of its objectives. In order for the Centre to be both effective and efficient in fulfilling its role, it will be necessary to both improve the operation of the Centre and also to carry out a major redevelopment scheme which would bring Beau Sejour up to modern standards for leisure facilities.

Recommendations

56. Against the above background the Recreation Committee recommends the States:-

- a) To note the relevant extracts from the Committee's Strategy for Sport and Recreation as contained in Appendix 1;
- b) To agree that funding for Beau Sejour Centre should be included within a single overall General Revenue Budget heading for the Recreation Committee with effect from 2001 as set out in this report.

I have the honour to request that you will be good enough to lay this report before the States together with the appropriate propositions.

I am, Sir,
Your obedient Servant,
I. RIHOY,
President,
States Recreation Committee.

**Extract from
Strategy
for
Sport and Recreation**

STRATEGY FOR SPORT AND RECREATION

Introduction

The development of a strategy for sport and recreation has many benefits.

It :-

- lays out the direction and priorities for the Committee and other agencies with whom it works
- provides a framework for linking with other Committees and agencies in partnering arrangements
- delivers Best Value in all of the Committee's actions
- highlights the resources required to improve provision
- helps to increase participation and identifies pathways for those participating to develop their skills should they so wish
- values staff by indicating how their efforts fit in to the corporate objectives
- provides the reasons why financial support is forthcoming from the States
- raises the profile of sporting and recreational activities

This revision of the Recreation Committee's Strategy for Sport and Recreation has been carried out by its Policy Sub - Committee. It has come at a time when many outside factors are influencing the thinking of the Committee and has served to reinforce the view that a clear focus must be kept on the many challenges and opportunities facing it.

At a time when the Committee is looking to expand its role and its support for a number of initiatives any additional resources that it may require have to be found from within its existing allocations. It is applying to the States in order that it may transfer resources between all of its departments including Beau Sejour Centre in order to fund other initiatives.

As the major cost centre of the Committee this has meant that a sharper look has been taken at Beau Sejour Centre with outside expertise being brought in to advise on the most effective way to improve its performance. This exercise looks to improve not only the financial performance but also staffing levels (the Centre's greatest cost), and effectiveness in the facilities and activities that it offers its users.

As regards the provision of facilities in general, the Committee recognises the particular importance of good planning so that maximum benefit can be gained from their availability. In order to help ensure that this is the case and

that any such investment is used wisely, the Committee has agreed that its business planning should be based on the following principles:-

The States and Beau Sejour as a safety net

Sporting facilities should be provided by the private or voluntary sector - especially when for the benefit of one particular organisation - wherever this is economically possible to achieve. When this is not possible there may need to be an input of resources from the States in order for the sport to become established to a level which results in self financing

There are a number of sports which are not in this fortunate position and need support from the Recreation Committee. However in keeping with the above principle it is strongly believed that the provision of facilities at Beau Sejour should be seen essentially as a safety net for those sports which do not have the resources to establish their own facilities elsewhere. It would be the intention to regularly review this position with a view to offering appropriate encouragement for sports to move from the Centre as they grow in numbers of participants and resources. The Committee has identified potential benefits in moving some existing sports away from Beau Sejour.

The establishment of Sports Performance Centres

In keeping with its aims of increasing the numbers taking part in sport and improving standards of performance the Committee sees merit in encouraging and supporting the creation of Sports Performance Centres for well established sports. These Centres would encourage participation from the complete novice, offer high standards of training and competition facilities to competitors and become the venue for premier events to be held.

The increased dual use of facilities

As reported in previous policy planning submissions, the Committee recognises the considerable benefits to the States through allocating resources to establishing sporting facilities which can also be used by the schools during week days. A working party, comprising of representatives from the Recreation Committee and the Education Council, has been formed to examine common requirements for sporting facilities and how further benefits can be achieved through coordinating the efforts of both departments.

As a result of these meetings new opportunities for sporting facilities have been identified which may also allow for new Sports Performance Centres to be created. Greater emphasis has been placed on projects which will benefit from dual use arrangements and especially those which the individual sporting organisations are willing to maintain and manage themselves.

The 2003 Island Games as a sporting focus

It is proposed that during the life of this strategy the Committee use the 2003 Island Games which will be held in Guernsey as a focus for improvement. The 2003 Island Games is the premier showcase for a number of Guernsey sports, the effectiveness of the work of the Recreation Committee in supporting sport and the personal "Olympics" that those sportsmen and women aspire to.

This focus can be used to improve a number of areas :

Participation and Excellence

- Increasing the number of islanders actively participating in sport and recreation - with the associated benefits that this can bring in terms of improved health, self - esteem, and community values.
- Assisting sports in providing pathways and opportunities to develop excellence and achieve success.

Young people

- Encouraging increased curriculum time for sport and increasing the percentage of young people taking part in regular after school sport. Supporting positive attitudes to sport particularly in girls and young women.

Infrastructure

- Looking to support the improvement of sporting facilities throughout the island, both publicly and privately owned to ensure that the highest standards possible are available for the Games and for the ongoing benefit of the island.

Volunteers

- Increasing opportunities and training for administrators, coaches, officials and volunteers to get started and stay involved thus improving for future years the skills and organisation needed in an increasingly complex and demanding world.

While the Strategy has been developed for the Recreation Committee, The document can provide a valuable reference point for the Committee's partners. States Committees, sporting and recreational organisations and agencies with an interest in promoting sport and recreation on the island can all identify and recognise the aims and objectives that have been established.

Common format mandate

The States of Guernsey have approved the following common format mandate as being appropriate for the Recreation Committee :-

- a) To advise the States on matters in relation to: **the promotion of all sport and recreation in the island**
- b) To develop, present to the States for approval and to implement policies on the above matters for the provision of service, introduction of legislation and other appropriate measures which contribute to the achievement of strategic and corporate objectives.
- c) To exercise the powers and duties conferred on it by extant legislation.
- d) To be accountable to the States for the management and safeguarding of public funds and resources entrusted to it.

Primary Objective

To promote and support the development of sport and recreation in the island with the aim of increasing the numbers of those participating and improving the excellence and enjoyment of that participation.

Caveats

The Committee wishes to reinforce its role as motivator, supporter and representative of sport and recreation in helping to develop a prosperous and healthy community.

The Committee recognises that it operates within a large bureaucracy, that the system takes time, and that the resources available to it are limited.

The Committee wishes to conduct all of its business within the strictest interpretation of the island's legal framework, within current Health and Safety Legislation, and with due regard to its responsibilities to its staff as laid down in the appropriate guidelines from the Civil Service Board. It further wishes to conduct its business within best commercial practice with its clients, suppliers, and subcontractors.

The Committee wishes to carry out all of its activities in a fair and reasonable manner and to be friendly to its customers, to its visitors, to its neighbours, and to the environment.

Strategy for Sport and Recreation - Objectives

Variety and Diversity - encourage the provision of a varied and diverse range of sporting and recreational programmes targeted at increasing participation, improving performance and achieving excellence. Aid the individual in the pursuit of personal development and self fulfillment;

Facilities - support the development of new facilities and the enhancement of existing ones throughout the Island. Improve the efficiency of any existing under used facilities. Where practical devolve the management and cost of maintenance of Committee facilities to their users;

Best value - allocate the Committee's financial and manpower resources across its departments to provide best value in its sporting and recreational facilities and programmes;

Economy - improve the economy of the Island through encouraging sporting and recreational organisations to develop activities and events which increase the numbers of travelling sports people and participants in recreational activities;

Access - ensure that no participant and spectator is denied access to any sporting or recreational pursuit because of their lack of physical, social or financial ability wherever this is economically possible to achieve;

Health - ensure that sufficient note is taken of the importance of sport and recreational activities in improving the overall level of health and fitness of islanders;

Community values - raise the level of understanding of the importance of sport and recreation in the maintenance of an ordered, well balanced community, and its associated benefits for standards of behaviour, personal responsibility and the opportunities for constructive use of leisure time. Promote a sense of pride in the island through the success in sport and recreational activities of our sporting representatives and champions;

Safety - promote best and safest practice in the conduct and organisation of sport and recreation in the Island, encouraging the highest standards from administrators, coaches and participants with particular regard to the protection of young people;

Environment - promote access to varied informal recreational areas, parkland, walks, cycle routes and play areas. Protect and enhance the natural environment by sympathetic planning for the provision of new facilities;

Venue - provide a venue for arts, exhibitions and conferences at Beau Sejour Centre, but not extending the Committee's sphere of influence into the arts beyond that role;

Main Strategies to be implemented in order to achieve objectives

Status - maintain a positive perception of the Committee's role, actions and performance by the States and its Officers. Liaise with States Committees and other agencies to ensure that sport and recreation is not neglected in their plans and investigate processes through which joint venturing, joint provision, or joint budgeting might meet common goals;

Consultation and partnerships - establish consultation and partnering relationships with those involved in sporting and recreational pursuits. Determine the roles and responsibilities of the various agencies and organisations and communicate the Committee's objectives with them. Promote the Committee as the primary source of accurate information, support and advice to clubs and organisations on a wide range of subjects;

Influence - determine the width of the Committee's sphere of influence having regard to the broad mandate given by the term 'Sport and Recreation' and the objectives of other States Committees. Ensure that the Committee's actions keep within the boundaries established;

Future development - establish those areas that could benefit from development and support and then provide initiatives, advice and financial support through its Sports Development Unit in order to assist development in accordance with the Committee's primary objective. Encourage clubs and organisations to prepare future development plans for their sporting and recreational activities, in particular to enable access for young people to coaching, clubs etc.;

Facilities - ensure adequate provision for sporting and recreational facilities. Monitor land use policy in conjunction with the Island Development Committee. Use available resources to provide accessible sporting and recreational facilities to a wide variety of uses. Support the provision and enhancement of facilities that reflect a level of quality in keeping with the image of the island.

Profile - liaise with local sporting and recreational organisations and the media in order to raise the profile and importance of sporting and recreational participation and achievements.

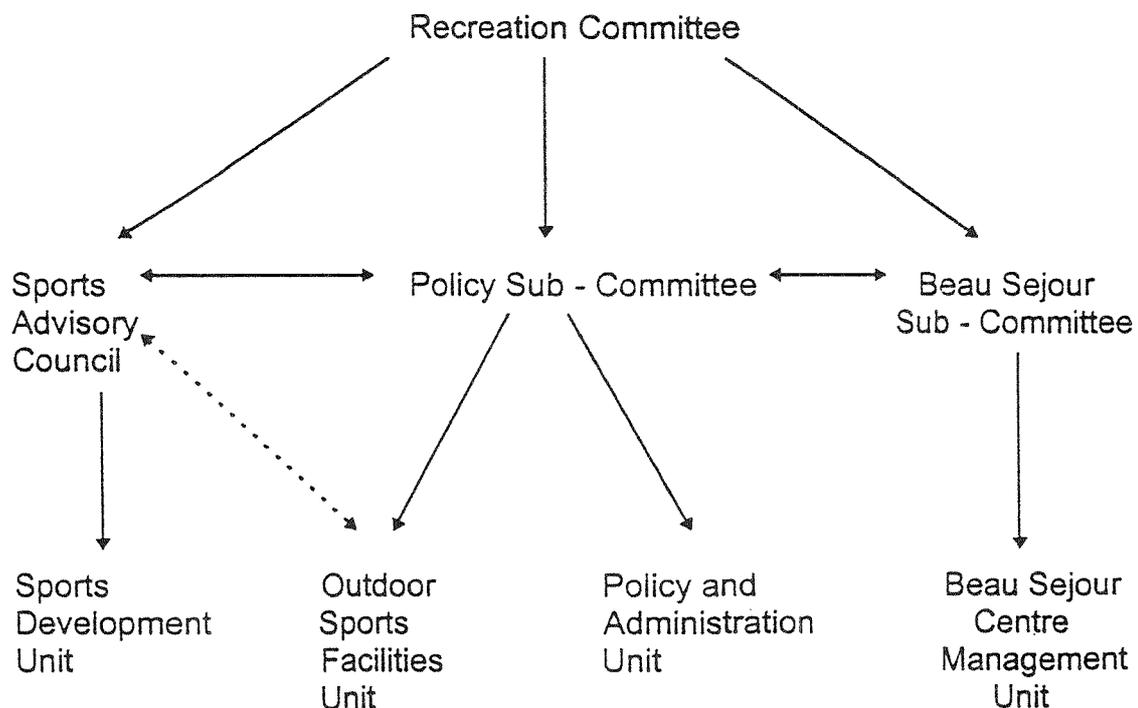
Economy - Analyse those sports and recreational pursuits that regularly attract visitors to the island with the primary purpose of participating in sport or recreation in order to quantify and ultimately increase the level of benefit that is given to the Island's economy.

Health - encourage healthier lifestyles for all age groups through liaison with the appropriate agencies e.g. Health Promotion Unit, Sports Medicine specialists, GP referral scheme, lifefit courses etc. and the promotion and publication of information and advice.

Organisation and Delivery

Having established its objectives and the strategies that it intends to follow in order that they may be achieved the Recreation Committee has set out the structure and organisation of its resources for their delivery.

It has been agreed to have three sub - committees servicing the main Recreation Committee, with the four departments established in 1998 continuing to be the "engine room" driving forward agreed actions to achieve the Committee's objectives. This can be represented by :



The sub - committees set up have agreed mandates and constitutions. These may need to be revised at a future date when their influence and delivery can be accurately measured. The Committee have invited a number of interested organisations to provide membership of the Sports Advisory Council including the Sports Council, Education Council, Island Games and Commonwealth Games Associations.

The departments have clearly defined areas of responsibility and availability of resources. They will report at least quarterly to the sub - committees on progress made with the agreed actions. The actions identified are :

- focused on the delivery of Committee objectives
- targeted for approximate delivery dates
- adequately resourced
- linked and supported across departments

**Operational and
Business Review
of
Beau Sejour Centre**

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2. Executive Summary

- 1) **Health and Safety** - Review of all Health and Safety procedures to UK standards. Whilst there is a cost to achieving these standards in the short term it will aid the process of reviewing working practises, which in the long term will be of financial, operational and customer benefit.
- 2) **Marketing** - Requires more strategic direction and management ownership especially in view of the size turnover. There is a lack of any coordinated marketing responsibility within the management team. This should be resolved by the appointment of a designated Business Development Manager the cost for which would come from increased revenue and marketing budget savings. Marketing literature should be condensed into one booklet rather than numerous printed sheets. This will ensure cross selling between activities and therefore generate more revenue. This approach should also be more cost effective whilst improving the quality and overall presentation.
- 3) **Programming** - The swimming lesson programme and throughput was very impressive but closer investigation as to its viability should be implemented. Programming of all areas of the facility should be reviewed in particular the ever-changing public swimming times. Free swimming at certain times a day is costly to provide.
- 4) **Health and Fitness** - Develop further the Health and Fitness service and provision. Review the membership package, pricing and retention packages. By extending the Health and Fitness facility this will be a major income steam when the facilities are redeveloped.
- 5) **Financial Considerations** - The turnover in certain areas such as swimming lessons and food and beverage was impressive however consideration should be given to identifying the costs associated with it to assess the overall viability. The level of financial support provided by the States Government is considerable at £875,000 per annum and we confidently predict that this could be reduced by reviewing working practices, staff structures, programme and facility development. Management staff should undertake a zero based budgeting exercise when preparing budgets for the next financial year.
- 6) **Management Information** - This needs to be provided to line managers as soon as possible after month end to enable informed decisions to be made. As a guideline, this should be a maximum of 10 days after month end. It is recommended that Key Performance Indicators are introduced and benchmarks established. The principle of *'what gets measured gets managed'* should be adopted. As an example the costs associated with special events need to be carefully considered and their financial viability analysed.

- 7) **Human Resources** - It is recommended that the staff structure is reviewed to ensure that they are empowered motivated and capable of delivering the level of service/standards required. Clearly defined areas of responsibility and lines of communications require attention. A suggested staff structure is enclosed in Appendix 9. The staff structure supplied clearly indicates the General Manager and the strategic management team of Food and Beverage, Operations, Finance and Business Development the latter two being new positions. This management team, we suggest, will together provide the impetus for the Centre to meet the challenges ahead. Whilst there is a cost to employing additional management staff increased revenue should be generated and tighter financial controls on operational matters achieved.
- 8) **Food and Beverage** – This cost centre’s operation was impressive and well presented and managed. The Manager and her team are to be complimented with regard to its turnover, service, the excellent quality and range of food. Close monitoring of Food and Beverage Key Performance Indicators are essential.
- 9) **Technical Operations** - Parts of the Centre were well maintained but there were areas such as changing rooms that were not. Changing rooms are a key area of potential customer dissatisfaction and should be maintained. Any costs, with in reason, will be matched by greater customer satisfaction/increased usage. The technical management function was undergoing staff changes at the time of our visit however; a Planned Preventative Maintenance Programme should be implemented together with an improved work requisition/fault logging system.
- 10) **Staff Training** - Review all staff training and put into place a programme that involves all employees. This will aid team building, motivation, morale and service/product knowledge. DCLM have a comprehensive staff training programme covering all facets of leisure management.
- 11) **Management Options** – The Centre staff are facing great change in the near future with the redevelopment and potential commercialisation of the service. To prepare Centre Staff for this change we recommend an ‘*Operational Partnership*’ with DC Leisure Management. DCLM have considerable experience of changing staff attitude and culture to a more customer focussed and financially orientated operation.
- 12) **Proposed Development** – The Centre requires updating/redeveloping to meet future needs of the customer and to reduce it’s operating deficit. The success of the proposed development will require significant changes in both attitude and culture. The Centre needs to move forward both in physical development and human resources terms to meet the future challenges and financial uncertainties. Our views on the development proposals are discussed later in this report.

3. Detailed Observations

Whilst compiling these general comments we do acknowledge the various employment issues and the lack of management autonomy due to being tied to States Government procedures. However, the comments/recommendations on the following pages are intended to be thought provoking and provide the basis for further discussion.

Health and Safety

- 1) Health and Safety management systems require urgent review and attention e.g. there is no Health and Safety Manual available or formalised systems of management, no COSHH analysis and only limited Risk Assessments undertaken.
- 2) We would recommend that a full Health and Safety Audit be undertaken by someone who is independent of your organisation and who is fully conversant with the latest legislation. We would be pleased to give you a quotation for this work.
- 3) Whilst UK Health and Safety legislation may not be applicable to the Channel Islands, if such a related problem occurred where you were proved negligent, then you could be liable for a potential legal challenge.
- 4) As Management you have a responsibility to your staff and customers to ensure they work in and enjoy a safe environment.
- 5) DCLM has formulated a comprehensive Health and Safety Management System that ensures the safety of our customers, staff and reputation. This system allows for a nominated person(s) at each Centre to become the Health and Safety Manager who will be responsible for implementing, auditing, monitoring, training, and up dating all Health and Safety procedures. This system could be made available to you through various options detailed later.
- 6) We also observed that there is no usage monitoring system for the sunbeds. Current H S E guidelines recommend that each customer uses a Sunbed for only 20 sessions per year.
- 7) We would also recommend that qualified and trained Centre staff supervise all children's parties.
- 8) We have included some examples of our Health and Safety procedures as Appendix 2.

NB - Specifically, we would recommend that a cover be fitted to the radiator in the Crèche room and make the First Aid room a designated facility (currently also used as a staff room).

Marketing and Programming

- 1) A major review of all promotional material should be undertaken. Currently there are too many leaflets leading to customer confusion. Customers may be concerned that they do not have all of the information they require because a certain leaflet is missing. Standards of presentation are also variable. The Centre's general full colour leaflets are very good and must set the standard for other publications.
- 2) Photocopies should be avoided at all times and a quality broadsheet/booklet detailing all the activities and facilities should be introduced and would facilitate cross selling within the Centre. In view of the seasonal changes in the programme it is suggested that this publication be produced 3 times per year. Examples of such a booklet can be found in Appendix 3.
- 3) Marketing and Programming needs a more strategic, co-ordinated and cohesive approach. What are you selling/promoting/providing and to whom? To overcome this issue we would recommend strongly the appointment of a dedicated Marketing/Business Development Manager who is qualified and has leisure experience. A Centre with this size of turnover should have a structure in place that accommodates this position and the necessary support staff.
- 4) Establish a membership branding that will attract individuals and families to the facilities re-enforcing loyalty and retention.
- 5) Managers and staff to undertake Moment of Truth exercise, a detailed S.W.O.T. analysis and set up Mystery Shopper system, please see Appendix 4 for a Mystery Shopper example and Appendix 5 for Sample User Surveys. In order to get meaningful feedback; regular user and non-user surveys and focus group forums should be established.
- 6) An annual marketing and promotional plan should be put into place, appropriate marketing budgets allocated and monitored for effectiveness. Please see Appendix 6 for an example.
- 7) Sponsorship and advertising opportunities should be investigated further as a useful source of revenue.
- 8) Marketing of the Food and Beverage areas should be significantly improved to ensure greater customer awareness and that they make the 'trip upstairs'.
- 9) Internal marketing is in need of review e.g. information points are in the wrong place and internal signage requires standardising and should be undertaken as part of the redevelopment of the facilities.
- 10) The swimming pool programme seems to change frequently which can be very off putting for casual swimmers who turn up only to find the pool closed for another purpose. At the very most, the pool programme should change in line with seasonal variations. Whilst constant development of the pool programme will be required, such changes should be made to meet the needs of the customers to ensure that the correct balance between clubs, courses, special events and casual swimming is maintained. Sample programmes can be found in Appendix 7.

- 11) The effectiveness and cost of providing 2 hours of free swimming a day and the use of swim vouchers needs to be investigated. The overall income for casual swimming appears low when considering the size of pool and attractions. Vouchers, whilst an excellent marketing tool should be used sparingly with appropriate monitoring and auditing systems in place.
- 12) The swimming lesson income is excellent and the operation of the Swim School Christmas party viewed during our visit was very professional. It is perfectly acceptable for the Centre's swimming courses to be a 'feeder' for the swimming club but each organisation should retain its own separate, and financial, identity.
- 13) Squash Instructor expenditure appears high when considering the income received and suggests further investigation is needed.
- 14) Everything that the staff undertake has to be Customer Focussed. Whether they are front line staff or situated in the back office, every member of staff irrespective of their position they hold, has a part to play in ensuring excellent customer service. Details of our Customer First Policy are attached as Appendix 8.
- 15) We were concerned that there appeared to be no management structure controlling the day-to-day operations of the Centre, in particular the Duty Managers, Lifeguards/Recreation Assistants. The proposed staffing structure, Appendix 9, may assist in addressing this issue.
- 16) The programming of facilities that open after special events should be reviewed and the costs analysed. We noted that the Sarnia Hall was cleared away to facilitate a very small group of Skaters the next morning. The cost of paying staff to clear away throughout the night is an expensive option. This cost should be charged to the special event hirer and not be absorbed by the Centre or amend the programme to avoid this situation.
- 17) The range of special events staged requires considerable organisational and management skills. Costs associated with these types of events need to be closely monitored and controlled thus ensuring that the true costs are being identified. We acknowledge that some of these events bring added financial benefit to the Islands' economy for which the Centre receives some recompense from the States Government.

Health and Fitness

- 1) Develop further the Health and Fitness service and provision – it is the major income stream in the facilities we manage. The current facility is too small with approximately 25 pieces of equipment. Given the catchment area, the Centre's throughput and excellent complimentary facilities together with the lack of major competition, a new health and fitness area of at least 4,000sqft, with up to 100 pieces of equipment would be both feasible and viable.
- 2) A commercial approach should be adopted to the staffing of this area utilising fully trained and qualified staff at all times. These staff should be supported by a designated sales team, customer advisors and the necessary administrative staff to undertake membership control e.g. the direct debit system and membership administration. This will allow the Health and Fitness Manager to concentrate on developing the service, ensuring that high standards are achieved and customer satisfaction and revenue streams improved.
- 3) Currently, unqualified staff are employed in the MOT Centre during peak time and we would strongly recommend that from a Health and Safety and customer service perspective, only fully qualified staff are employed. This may mean the MOT Manager having to work on a shift rota.
- 4) The current membership schemes require simplifying. The Gold Card undermines the Platinum membership. The Gold Card is better value for customers who are predominantly MOT users. Furthermore, if the current membership system is maintained then the pricing structure and their benefits need to be reviewed in terms of value for money. The Platinum annual membership charge should be 10% less than the total of the 12 monthly payments. We would recommend therefore, that the monthly payments be adjusted to reflect this. Pricing and membership packages should reflect the improved quality and standard of any new facility provided.
- 5) A membership card tracking system is essential to control usage of the facilities where membership privileges are provided. We would recommend the installation of a Quota Health and Fitness membership tracking system. This is particularly important if you are going to track any member who has not paid their dues and will enable you to monitor usage trends as well as identifying those members who have not used the facility for a certain predetermined time. These members will be re-motivated by the Customer Advisors thus significantly reducing attrition.
- 6) In addition a Family Platinum Membership package could be provided, offering reduced prices on children's courses and activities. This would increase family usage of the Centre, improve secondary spend and cross selling of other activities and services.
- 7) We would recommend that retention initiatives be implemented to reduce attrition and create brand loyalty. DCLM have developed a number of successful membership retention packages and such schemes could be part of various options you may wish to embrace.
- 8) The Health Suite is of a reasonable size with a good turnover and should feature in any redevelopment of the Centre. We noted the high number of Sunbeds and the low income received per bed; to increase profitability we would recommend reducing the number of beds and therefore the running costs.

Finance and I.T.

- 1) Management information needs to be provided to line managers as soon as possible after month end to enable informed decisions to be made. As a guideline, this should be a maximum of 10 days after month end.
- 2) It is recommended that Key Performance Indicators are introduced and benchmarks established. The principle of 'what gets measured gets managed' should be adopted.
- 3) Investigate better use of new technology – e.g. membership tracking, e-mail, web site and telephone booking system.
- 4) The Centre management team should have formalised monthly meetings to discuss the financial performance of the Centre. Each line manager should present their departments financial performance to the rest of the management team explaining any variations. The members of the management team are all inextricably linked, working towards the same objective, this meeting/involvement will therefore give all managers an insight into the overall business and the decision making process.
- 5) Cash reconciliation procedures need to be reviewed. It is understood that cash reconciliation of daily takings was up to 3 weeks behind. Whether this is as a result of exceptional circumstances, any delay in cash reconciliation obviously hinders any audit investigation and should be rectified immediately.
- 6) Budgets should be prepared using zero based budgeting techniques i.e. budgets should be built up from zero and previous financial performance only used as a reference. This exercise ensures that all aspects of the business are re-examined each year and expenditure not automatically inflated. This process also incorporates any changes in demand or supply.
- 7) We note that your 'Quota expert' no longer works at the centre, nevertheless the Quota system is not being used to it's full capacity and required the software updates to be installed by Quota as soon as possible. We have experienced problems with the service provided by Quota over the last 12 months and had to arrange a meeting with their Managing Director to resolve our issues. You pay support fees to Quota and therefore you must ensure that they give you value for money and a good service.
- 8) We noted that staff were employed from a local computer company to provide on site support. This is an expensive option and any long-term continuance should be investigated.

Human Resources

- 1) It is recommended that the staff structure is reviewed, are staff capable and do they deliver the level of service/standards required? Staff are your greatest asset! Are they empowered and motivated? Are there clearly defined areas of responsibility and lines of communications? A suggested staff structure is enclosed in Appendix 9. The staff structure supplied clearly indicates the General Manager and the strategic management team of Food and Beverage, Operations, Finance and Business Development. This management team, we suggest, will together provide the impetus for the Centre to meet the challenges ahead. This new team will probably require the appointment of two new line Managers. The rest of the staffing structure is self explanatory.
- 2) Management staff should put systems in place to ensure the productive and efficient use of all employees. We noted on several occasions staff congregating at reception and in other areas of the Centre (thus not being usefully employed). Furthermore, we noted the high levels of overtime payments and would suggest tighter controls/procedures for the approval of overtime working.
- 3) A training and skills audit needs to be undertaken so that a formalised internal and external training programme for all levels of staff can be initiated. Training is an excellent motivational tool as it provides recognition for the staff and provides them with new skills that ultimately will enable them to provide a more efficient and effective service to the customers. Our training programme is included as Appendix 10 for your information.
- 4) We would recommend the implementation of a 'Customer Service Revolution' training programme, which will improve staff understanding of the 'Cycle of Service' as a whole, heighten the awareness of the importance of excellent customer service and its benefits both to them and to the Centre. DCLM implemented such a programme 2 years ago, this is an ongoing process and has increased staff awareness and perception of customer service.
- 5) We were concerned to hear from one Duty Manager who had been working at the Centre for a considerable length of time and had only received limited training. This would support our recommendation above
- 6) Each department within the Centre has a major role to play in ensuring that the customer receives nothing less than an excellent service. Internal service contracts between key staff and departments should be considered to ensure that everyone knows what is expected and the role they have to play.
- 7) Staff uniform appeared to need updating and it is recommended that you review staff uniforms when the re-development takes place. Thus, when the Centre re-opens as well as refurbished and new facilities, the staff uniform has undergone a transformation.

Food and Beverage

- 1) The Food and Beverage operation at Beau Sejour was impressive and well presented and managed. The Manager and team are to be complimented with regard to service, the range of food and its excellent quality. Secondary spend opportunities in a facility such as this are considerable and albeit the physical location of the Food and Beverage area was far from ideal, its turnover was impressive.
- 2) By comparing key performance indicators utilised in our organisation with the Centre's 1997 actual figures we noted the following:-

Bar – GP% is low at 49% – we would be looking for 60% - 65%. However, this will depend on prices charged (which appeared to be lower than surrounding establishments and possibly due to make up for the 50p entry fee) and the opportunity to play off one brewery against the other. Staff costs at 33% were higher than we would aim for i.e., 25% but again this will be affected by the prices charged and the higher wage rates experienced locally when compared with the main land. We noted that September 1998 stock take figures (supplied after our visit) showed the Bar GP at 60% but with a high surplus of £5,000 which should be investigated. This later transpired to be an accounting difference – nevertheless the appropriate management staff should investigate any surpluses or deficits.

Catering – GP% is reasonable at 55% we would be looking for 60% - 65%. Wastage and portion control can improve these figures and may be worth considering further investigation. Staff costs at 47% are too high - we would be aiming for a maximum 30%. Again, prices and wage rates will affect this percentage significantly. We noted that September 1998 stock take figures (supplied after our visit) showed the Catering GP at 68% which is excellent and reflects on the fresh food that is being prepared rather than purchasing ready made products. This could also explain the higher staff costs.

We would expect the overall financial performance from the Food and Beverage area to provide a net profit of 18% - 20% of turnover as opposed to 7.5% according to the 1997 figures presented.

- 3) The 50p entry fee that customers have to pay is a possible deterrent to using the Food and Beverage services. The financial consequences of removing this requirement should be investigated further. As a suggestion, it may be worth refunding the Customer by reducing the price of drinks by the same amount.
- 4) The furniture in the catering area was poor, uncomfortable and not customer friendly. We would recommend new furniture be purchased irrespective of whether the redevelopment takes place and this should be considered together with the branding of the service.
- 5) The Food and Beverage facility is in the wrong location and ideally needs to be in the Centre's entrance and exit area with viewing access to the swimming pools. Branding of the area should be considered which will link it into the rest of the Centre e.g. 'Time Out' 'Extra Time' are just a few possibilities. Branding will increase customer awareness and loyalty and will allow a whole range of marketing initiatives to be undertaken.

- 6) We recommend you consider staging live entertainment in bars e.g., music, comedy nights, quizzes etc.
- 7) The shop obviously provides an excellent service when there are events on in the theatre. Whether the shop should be selling cigarettes in a sports/leisure facility is separate debate. The overall financial performance of the shop is disappointing, producing a 6% net profit. The target should be 25% - 35% depending on the mix of goods sold. Confectionery has inherently low GP's whilst clothing and rackets etc have GP's as high as 45%.
- 8) It may be worth considering the provision of canned and confectionery vending machines on entry and exit points in reception and only opening the shop when events in the theatre dictate. The selling of sports consumables such as squash balls can also be provided by vending machines or sold over the reception counter. The selling of rackets and sports clothing needs to be investigated further due to the level of stock holding required. It may be worth selling space to a local sports shop who will provide this service for you and would pay a rent for the privilege.

Technical

- 1) There is no Planned Preventative Maintenance Programme (PPM) in place, albeit we understand that a computer programme has now been purchased. A full maintenance programme should be formulated for every piece of plant contained in the asset register, assigning a code number to each plant item followed by a description, make, serial number and location. This register forms the basis of the PPM programme. In addition, all weekly, monthly, quarterly and annual tasks, recommended by the manufacturer should be scheduled over a 12-month period. This will ensure increased efficiency and longevity of plant, in conjunction with more efficient utilisation of human resources.
- 2) Our observations would suggest that no definite programme exists for redecoration of internal finishes unlike the exterior redecoration programme. A finishes schedule with a 5 year minimum redecoration programme should be produced and implemented for this period. Any interim reactive redecoration should be inserted into the programme and undertaken. At the completion of Year 1, Year 6 is added to the programme incorporating any alternations in light of experience. This system will identify the amount of work for both the 'in-house' human resources and/or the outsourcing of areas of this work.
- 3) We noted that certain areas were in need of general maintenance and repair e.g. doors ceilings, floor finishes which is indicative of an inefficient job reporting (JR) system and the ineffective use of human resources. We recommend a simple and effective system of job requisition relating to the reporting of faults and rectification should be formulated. JR forms should include a priority facility, which should be completed by Line Managers or Duty Managers. A priority analysis based on the following criteria should be adopted: -

a) Health and Safety Risk -	0 -24 hrs
b) Significant Operational Importance -	0 - 48 hrs
c) Requires Attention/Minor Defect -	0 - 5 days

An effective system of monitoring and auditing this system should also be formulated.

- 4) We acknowledge the pressures that the Technical team experience when special events/conferences take place and this should be taken in to consideration when considering the implementation of both the PPM programme and JR system.
- 5) Reporting lines in respect of the cleaning staff should be reviewed. All cleaning staff should report to their shift Duty Manager who is responsible for the day to day operation of the building. The cleaning staff should be an integral part of the duty staff team. We also noted that there was an imbalance between male and female cleaners, which obviously creates practical difficulties in keeping the single sex changing rooms clean. The cleaning overall was of a satisfactory standard although in certain areas more attention to detail would be required e.g. glass surfaces and the removal of chewing gum (particularly in the reception area).
- 6) In line with our other recommendations, the technical budget should be zero based each year to reflect the various demands from the PPM programmes.

4. Development Opportunities

Introduction

DCLM is acutely aware of the importance and significance of the proposals for the development of the Beau Sejour Centre and its future viability. Furthermore, any future developments should reflect the change in customers aspirations and expectations thus meeting the challenges of the next Millennium.

The Company has a wealth of experience and expertise in the development and improvement of local authority owned leisure centres, having invested in excess of £7 million to date. Consequently, we have accrued a comprehensive and innate understanding of the areas in which the community would benefit the most from the inclusion of any capital investment schemes in the management of leisure facilities. In financial terms, a reduction in the management fee is normally possible, and the ability to provide exactly what the customer wants in terms of contemporary and quality services will always result in the production of a highly successful operation. In essence, we believe that the developments we are proposing will reinforce customer loyalty, attract new customers and extend your remit as leisure providers.

We have carefully considered the following proposals, which have evolved from past experience. We have also taken into account the comments made by the staff. We are confident that these proposals are viable as they are based upon current trends and opportunities. Additionally, we believe they will effectively compliment the range of services and facilities already on offer at the Centre. Nevertheless they are initial thoughts and would be subject to all the necessary surveys and feasibility studies being undertaken.

Whilst our remit was to develop the Centre within the existing physical boundaries, we feel it is necessary and appropriate after taking into consideration the level of investment, to undertake a relatively small extension to the facilities to incorporate a new customer friendly reception facility. The car park is located in the wrong place to facilitate easy access to the Centre. The original idea of creating an entrance on the side of the Centre that faces the car park whilst feasible, would entail a very long corridor before reaching reception. Therefore, we have provided an alternative proposal that, whilst far from ideal, nevertheless if it was developed as detailed on the following pages would create an exciting and prominent entrance to the facility.

1. Introduction

At the request of the States of Guernsey Recreation Committee D C Leisure Management Ltd (DCLM) were invited to visit Beau Sejour Centre. DCLM are one of the leading leisure management contractors in the UK managing 76 leisure facilities on behalf of Local Authorities across the broad spectrum of leisure management.

This report details the observations and recommendations made as a result of DCLM's visit to Beau Sejour on 1st and 2nd December 1998 represented by Tim Hewett - Business Development Director and Mark Evans - Regional Operations Director.

The purpose of the visit was as follows: -

- 1) Review of the current operation and management and compare it to DCLM's operation, standards and performance.
- 2) To advise on possible future operation and management options.
- 3) To investigate the development and refurbishment opportunities.

The methodology used to compile this report was as follows:

- 1) Visit the facilities and observe operations.
- 2) Discussions with (and question) key members of staff.
- 3) Apply Moments of Truth (MOT) analysis – i.e. customer experience/perceptions. (See Appendix 1)
- 4) Reviews of the information supplied and apply bench marking against DCLM facilities.

Both Mark Evans and Tim Hewett were well briefed with regard to the various constraints applying to management and staff. The recommendations may not all be achievable in view of these constraints, but hopefully they will be thought provoking.

D C Leisure Management Ltd. presents this report in good faith and accepts no responsibility for any consequences as a result of the recommendations in this document.

Scheme A: New Entrance and Reception Area

Description of Proposal

- The new Reception and entrance area will provide an immediate dramatic visual effect and identify the Beau Sejour Centre as the Island's leisure flagship. It will become the focal point of activities of the Centre and is necessary to efficiently accommodate access for the increased numbers of Customers expected to use the new facilities.
- Contemporary new-build reception 'Atrium' located just outside current entrance realigned to face the car park, thus creating a welcoming and interesting focal point as customers enter and approach from this area. The reception area is the first contact many visitors and customers have with the Centre and therefore, their 'leisure experience', should commence once they leave their car and walk towards the entrance.
- The reception and entrance area should have fully glazed panels and automatic draft proof doors. Once inside reception it should be light, airy and exude quality. The reception desk should face the customer so that eye contact can be made with them as soon as possible.
- The customer friendly reception desk that is unglazed and of a standard similar to what can be found in Hotels, will facilitate easy access for parents with children and push chairs. The reception area should also be designed in accordance with the Disability Discrimination Act of 1995.
- The existing reception area should be refurbished to accommodate the new Food and Beverage service. The existing crèche facility should remain in its current location due to its close proximity to reception but will be refurbished and themed in accordance with the soft play centre.
- Additional space which can be utilised in this area is as follows:-
 - i) Additional office space if required
 - ii) Vending area
 - iii) Meeting area/theatre social area
 - iv) Information dissemination
 - v) Exhibition space
 - vi) Viewing for Soft Play facility

Summary of Capital Investment Proposals

- Scheme A: New Entrance and Reception Area**
- Scheme B: New Fitness Facility Development**
- Scheme C: Relocation of Food and Beverage Areas**
- Scheme D: Introduction of a Soft Play Facility**
- Scheme E: New Swimming Pool Changing Village**
- Scheme F: Swimming Pool Interactive Water Play**
- Scheme G: Relocation of Health Suite**
- Scheme H: General Refurbishment**

Scheme B: New Fitness Facility Development (3rd level)**Description of Proposal**

- Relocate the MOT centre from the first level to the third level (replacing current Food and Beverage, soft play and amusement machine areas). The current MOT facility is too small and this new location will enable the views from this floor to be maximised. The third level is approximately 9,800sqft excluding the Neptune room and the covering of the atrium.
- There is a strong and continued public awareness of the benefits of pursuing a healthier lifestyle. This is a sizeable area that will enable future growth of the health and fitness market to be accommodated.
- This new facility appropriately branded, will feature dedicated male and female dry changing rooms with wooden lockers and quality finishes complete with showers toilets, vanity units, ironing boards to enable office workers to iron shirts, Satellite TV would also be an option.
- 'State of the Art' 5,000 ft², air-conditioned fitness room to include 100 computerised stations either Techno Gym or Life fitness products (70% cardiovascular, 30% variable resistance), music and video systems, computerised membership and access systems. Lighting regimes could be included that will enable the mood to reflect current usage patterns and clientele.
- The Neptune Room and Sportmans Bar will be converted into dance studios/multi activity function rooms.
- A Health and Fitness reception desk will feature prominently and could be provided if a mezzanine floor was placed over the existing atrium. This will give staff a central vantage point from which to assist users.
- Consultation rooms can be provided for health screening and dietary advice as well as sports injury clinics.

Scheme C: Relocation of Food and Beverage Areas

Description of Proposal

- This would be a new facility located on level 2 and would replace the existing part of the reception area and Health Suite. The Health Suite will be relocated on level 1 and will be purpose designed. This new location will ensure that people who enter and leave the building have to go past the Food and Beverage operation thus increasing secondary spend opportunities considerably. There could be a possibility of attracting passing trade from those who are using the outdoor facilities and park.
- As is typical with most leisure centre Food and Beverage facilities, the catering area is busy during the day and yet the bar is quiet and vice versa at night time. Rather than have two designated areas we envisage one area that will be furnished to cater for both markets. This will also be very useful when there are theatre productions/films as this will provide another outlet other than the existing theatre bar. The theatre bar needs refurbishing and would also be used as a function facility. A dumb waiter could be installed leading directly to the Neptune room located above the kitchens.
- It should be possible to design this new area to gain viewing to the learner pool as well as the new soft play centre. This whole new area is part of the redesigned level 2-entrance/reception scheme and will become one of the main focal points of the Centre.
- The retail shop could be incorporated into this scheme thus reducing the numbers of staff required.
- Theming and branding of the Food and Beverage areas throughout would need to be considered.
- The existing office next to the crèche, which is used by swimming instructors, would be relocated to one of the offices up stairs so that this area can be designed as a function/themed party room.

Scheme D: Introduction of a Soft Play Facility

Description of Proposal

- Conversion of existing atrium/garden area on levels 1 and 2 to form a permanent soft play area of approximately 1,200 sq ft on each level for children aged 3 to 11 years. Similar facilities in the UK, normally a 2 squash courts conversion, can yield up to £100K turnover plus secondary spend.
- There is an identified need to provide a quality soft play area judging by those who use the current poor provision. A permanent feature therefore, creating a propensity for targeted marketing and promotion with opportunities for secondary spend, as it would be located in the main reception/Food and Beverage areas.
- It creates additional 'child care' provision to the community and will facilitate additional children activities programming especially as it is in close proximity to the crèche area.
- The soft play facility will cater for two different markets namely pre-school and school age children. To cater for the former then equipment needs to be educational, interactive and physical. For the latter age group equipment needs to be exciting and physically demanding. During the day, usage will be predominantly by pre-school age children. Weekends and school holidays will see usage by the older age group. Therefore, adequate space needs to be provided for both age groups when designing this facility
- Provides a much needed additional venue for children's parties when, at popular times, demand will exceed the facilities currently available.
- The provision of seating and tables within this area for parental viewing will be essential and should be close proximity to the Food and Beverage counters.

Scheme E: New Swimming Pool Changing Village**Description of Proposal**

- Current provision needs to be refurbished and we would recommend the development of a changing village. This will provide a better use of space yet still provide a small number of single sex changing facilities for those that prefer.
- A number of family changing cubicles will be provided to allow families with small children to change together.
- Smaller community changing rooms for schools/galas can be provided.
- Included in the redevelopment would be new lockers of varying sizes to accommodate the various user categories.
- New vanity areas to be provided with hair dryers and mirrors.
- The entrance to the new changing rooms will be from the main reception/Food and Beverage area.

Scheme F: Swimming Pool Interactive Water Play**Description of Proposal**

- The introduction of interactive water play equipment to the learner pool will enhance its attraction to younger children. Equipment to include brightly coloured slides, for example, dolphins, ducks and seals, with hydraulic hand pumps squirting water, palm trees and modular seating. Features to be designed to customer requirements, steps and stairs to be produced with a non-slip surface. The overall impression will be both interactive and decorative.
- We believe the introduction of interactive water play features, successfully introduced recently into one of our larger facilities, is a cost efficient and effective method of producing an immediate effect with minimal disruption.

Scheme G: Relocation of Health Suite

- The current health suite is of a reasonable standard with a good turnover but is located in a prime site within the facility that could be put to more viable use as previously described.
- We would propose the relocation of the health suite to where the existing MOT centre, toilets, dance studio and staff room are located on level 1. This would necessitate access to the pool via a flight of stairs and through the new proposed changing village.
- Included in the health suite will be saunas, steam room, spa baths, sunbeds, relaxation areas, changing facilities and treatment rooms.
- The current size of the health suite is approximately 3,500 ft². The new provision equates to 4,200 ft² allowing for 1,700 sqft for changing rooms and 2,500 ft² for the rest of the facilities.

Scheme H: General Refurbishment

Reasons For Proposal

We feel that general upgrading works are necessary if the Centre is to go forward into the next century with a quality of provision, which is to meet the demands and aspirations of the community. This refurbishment will also help bring the existing areas of the Centre into line with the new developments.

General improvements:-

- improvement of signage
- upgrade of notice boards and leaflet holders
- general decoration
- flooring repairs/upgrade
- replace areas of suspended ceiling

Dry changing Facilities:-

- redecorate walls
- tiling repairs
- provide new floor coverings
- new showers, toilets and sink units
- new mirrors and hairdryers
- soap and paper dispensers/hand dryers
- replace ceiling tiles

5. Future Management Proposals

There are four feasible future management proposals and they are namely: -

1. Maintain the current system of management.
2. Consider the commercialisation of Beau Sejour.
3. Expose the Centre to competition through the tendering process.
4. Enter into an operational partnership with a leisure management contractor.

There is a fifth solution and that is to sell off the facility in its entirety but we do not think that this will meet the States Government social objectives or be politically acceptable.

1. Maintain the current system of management.

We do not believe that the long-term future of the Centre and its staff will be best served if the current system of management remains. With financial pressures increasing, customers expectations rising, the threat of further competition and the proposed development of the Centre dictates change whether staff want it or not. Therefore, we have not dwelled too much on the current situation as most of our views have been detailed previously in this report with regard to the current operation.

2. Consider the commercialisation of Beau Sejour.

We understand that the States Government is now considering the commercialisation of certain services and that there is a possibility that this will apply to Beau Sejour. Financial performance of the Centre will not radically improve whilst constrained by the States Government system. A 'client/contract or split' should be investigated thus giving management the autonomy to manage.

In essence, the States Government, for a predetermined level of financial support, would agree a specification for the operation and management of Beau Sejour. It would be then up to the management and staff of the Centre to perform to these criteria taking whatever action is necessary to achieve this. The States Government would know each year, for the term of the 'contract', what their financial exposure would be. Whilst this will undoubtedly place pressure on the staff to perform, this only equates to what most organisations face in business.

This would be a major cultural change for both organisations and would require the learning of new skills and an appreciation of each other's roles to achieve these aims. The management must be able to have the autonomy to move away from the States Government system of control and services. They should also have the vision and determination to make change albeit some of those decisions may be difficult. Ideally, Beau Sejour should be set up as a separate trading organisation with a board of directors being made up of Politicians and centre management and/or advisors.

3. Expose the Centre to competition through the tendering process.

There has been considerable activity on the UK main land with regard to the contracting out of services as a result of the Local Government Act of 1988 (Compulsory Competitive Tendering CCT). DCLM is one of the most successful leisure management companies who have benefited from this legislation. Without any shadow of doubt leisure services in the UK are now more proactive, professional and customer orientated than they ever were before the 1990's. CCT has meant that the cost of leisure provision be reduced significantly yet service standards have increased. Furthermore, leisure management contractors can pass on economies of scale as well as have access to capital investment, all of which benefits both clients and customers.

The procedure involved in exposing Beau Sejour to competition is relatively straightforward and there are numerous consultants who can advise. The mechanics are broadly similar to those outlined in the commercialisation option in that a contract to manage and a specification to operate is produced thus allowing contractors to tender against them. The whole process takes a considerable amount of time and Officer involvement from producing the documentation to contract commencement can take 18 months. How attractive Beau Sejour would be to private sector contractors remains to be seen, albeit some of the constraints would deter most, especially as there is so much business currently available in the UK main land.

We have no doubt that this option would, reduce the financial burden on the States Government however; this again may not be politically acceptable.

4. Enter into an operational partnership with a leisure management contractor.

DCLM can provide all the necessary expertise, quality management systems and operational experience accrued from managing in excess of 70 leisure facilities. To achieve this 'Operational Partnership' we would regard the Beau Sejour Centre as a 'quasi' DC Leisure facility thus enjoying all the benefits of having a relationship with a dynamic and progressive leisure management company and its support team. This would include for example access to all our training programmes, marketing and promotional campaigns, 24-hour access to key staff, methods of operation, benchmarking/key performance indicators, bulk purchasing and quality management systems to name but a few. We would also allocate a Regional Operations Director who would visit on a regular basis and review financial and operational performance with your management team as undertaken on all our contracts.

This is a unique arrangement that DCLM is happy to enter into as it achieves a number of objectives from both organisations viewpoint. Firstly, the States Government retains 'control' albeit we would still recommend a 'quasi client contractor split'. DCLM has the opportunity to work in partnership with the management and staff to help them achieve cultural change and financial targets. This option would also allow both parties to work in partnership, to build trust and understanding that in time may present the right opportunity for both organisations to consider a more involved relationship, whereby DCLM agrees to manage the facilities on behalf of the States Government as their contractor.

**Extract from
Building Condition
Survey Report**

Beau Sejour Centre

Extract From Condition Survey Report (Carried out by Belton Associates Ltd)

SECTION 3 : DESCRIPTION AND SUMMARY

Beau Sejour Leisure Centre is a building of modern construction, which was designed during the late 1960's/early 1970's and then constructed during the mid 1970's. The building has been extended during the course of its history with projects such as the health suite centre, some additional administration office space and additional squash court facilities.

The property is of framed design. Steel framework has generally been utilised for the flat roof constructions which exist and these are supported off column arrangements. The columns are generally formed in concrete, although we have not had access to original design drawings and have not fully confirmed whether these have been formed as concrete columns, or whether they are concrete encasing steel columns. The main walls generally have a rendered finish onto blockwork, although to certain areas, such as around the swimming pool area, bar area and cafeteria areas, glazed curtain walling systems have been utilised.

We draw your attention to our recommendations within the report for the concrete to the framework to be tested for high alumina cement. There is no evidence of any problems existing with the framework, although we believe that such a test would be recommended, particularly within the swimming pool area, to ensure that this cement has not been utilised in the concrete framework and that no potential problems could occur as a result of its use.

Roof constructions vary in type, although within most areas a stramit type decking has been utilised. The decking is formed with steel supporting channels and in some areas we noted some relatively minor corrosion to the steel channels. Based upon our inspection of areas, this was not considered to be a problem and we would not anticipate any significant remedial works being required. We, nevertheless, recommend periodic checks are made to ensure that the situation is not progressive, or would require any remedial works.

Internally within the Centre the floors are generally of suspended concrete construction throughout, although to the Level One areas a concrete ground bearing floor slab arrangement exists. Internal walls are mainly of solid blockwork construction. A relatively limited amount of studwork partitioning has been utilised to some areas.

Our general view of the Leisure Centre is that it has been subject to regular and ongoing maintenance over the years, and we believe this has been undertaken in a well managed fashion to date. The overall condition of the Centre is deemed reasonable and the external fabric has been subject to a programme of maintenance and upgrading works in recent years which has helped to preserve the main external fabric. However, the Centre is now getting to the age where many original elements of the building are starting to approach the end of their expected life span and the contents of this report will need to be carefully considered since a programme of refurbishment works will be required within many areas over the course of the next ten years.

Section 3 : Description and Summary

The roof areas are mainly of very shallow pitched design and in some instances are of flat roof construction. A programme of recovering works to the roof areas has been undertaken over the past ten years and, therefore, the roofs are generally found to be in sound order. Based upon the quality of materials utilised to cover the roofs and their life expectancy, we would not anticipate major expenditure being required to the roof areas in general, although some older roof coverings still exist to some sections and, therefore, a limited amount of roof recovering works will be required.

The external fabric was found to be in generally good order. Some of the original external joinery still remains and, therefore, some upgrading will be required to this. A rolling programme of redecoration works is already in place for the building and this is working effectively and is well planned. It will obviously prove necessary to continue this rolling programme.

The main element of the external fabric which we believe major expenditure will be required on in the next ten years relates to the curtain walling systems which exist around the swimming pool, bar and cafeteria areas. These elements date from the building's original construction and are subject to some general deterioration. Major expenditure will be required with regard to these elements and this should be further considered.

We believe that plans for the refurbishment of the swimming pool should be further considered in the immediate future. The survey has identified some corrosion to parts of the steel framework which will need further investigating, although in order to undertake satisfactory remedial works, it would be necessary to interfere with the curtain walling system. In view of the general age and condition of the curtain walling, our view is that consideration should be given to a major upgrading project. Other options exist, but may not provide the best long term option, and the proposals for the curtain walling system and framework should be considered at this stage. Such a project would involve disruption to the swimming pool facility, and in view of the general condition of the ceiling within the swimming pool area, and the need for the swimming pool tiling to be regouted, consideration should be given to closure of the swimming pool for a period during which the relevant works can be undertaken as a single contract. It would also be advisable to undertake refurbishment of the wet changing room areas at the same time. Major expenditure would be required for such a project and planning should commence in the immediate future.

An ongoing programme of refurbishment, decoration and maintenance type works has been undertaken throughout the Centre over the years. We are of the view that this has been well managed throughout. It is apparent, however, that major expenditure will be required over the next ten years to continue a programme of such works, and given the age of finishes and fittings within some areas, it can be anticipated that budgets will need to be increased if a reasonable standard is to be maintained throughout the Centre.

Section 3 : Description and Summary

In terms of means of escape and fire precautions within the Centre, we are of the view that means of escape is generally satisfactory. Inspections have been undertaken on a regular basis by the Fire Officer and Building Control Officer in the past and this has, therefore, ensured that measures are reasonable. It should, nevertheless, be noted that the Centre was designed in the early 1970's and building regulation standards have changed and been upgraded with regard to means of escape and fire separation requirements. The Centre relies on the principle of early detection of a fire being provided by means of the automatic fire detection system which exists throughout the building, and given the number of fire exit routes which exist, occupants of the building can be evacuated within a short space of time and this, therefore, minimises risks. Fire separation between different areas in the event of a fire, however, falls short of current day recommended standards, and we are also of the view that control of smoke spread within the building could also be improved upon. The report identifies a number of matters with regard to improving upon these aspects. We believe these matters should be further discussed with the Fire Officer and Building Control Officer, and consideration given to an appropriate programme of upgrading works. These matters are obviously recommended to improve upon existing arrangements, although as stated earlier, the fire detection system minimises risks to users.

Our inspection of the building has been on a visual basis. Based upon our visual inspection, however, we have identified the use of board material which we believe to be an asbestos cement based product within many locations within the building. It would be necessary to undertake specialist testing to fully confirm the presence of asbestos within the boards, and we would also stress that in many locations, due to decorative finishes, it is not possible to verify the type of boarding that has been used. The overall condition of the boarding is such that it should not present any risk to occupants in most locations, but it is essential that its presence is noted and understood in order that problems with disturbing the material are avoided at all costs. We would also stress that in a small number of locations, some minor damage to boarding is evident, and some further specialist advice is recommended immediately with regard to these boards, and these are further highlighted within the report. We would also stress that the store room adjacent to the Neptune Room has had some boarding, which we believe to be an asbestos based board, disturbed and, again, specialist advice is recommended in the immediate future to ensure that this is dealt with satisfactorily.

Further consideration should be given at this stage with regard to a policy for dealing with all of the asbestos based products, assuming our visual assessment of the materials is found to be correct and they do indeed contain asbestos. Some immediate works are recommended wherever any damage is evident. Elsewhere, a phased programme of removal works should be considered, and you may again wish to seek further specialist advice with regard to this. It would be possible to remove all asbestos as a single operation, but the costs will be very high. Further consideration should also be given as to whether all asbestos boarding is clearly identified at this stage, or whether a strict policy is introduced that no disturbance of any wall surfaces or boards is undertaken by any contractor or member of staff without first seeking specialist advice. This matter should, again, be further considered in conjunction with a specialist consultant. A strict policy is essential in order to prevent any reoccurrences of damage to boarding as have obviously occurred in isolated locations in the past.

Section 3 : Description and Summary

With regard to the external areas, we again reiterate that we have been advised to only comment upon the car park and access road surfacings. Some areas of deterioration are evident and some resurfacing works will, undoubtedly, be required. Within our report, we have made allowance for resurfacing works to all areas on a phased basis. Whether such works are strictly warranted will be largely dependent upon the rate of deterioration and wear and tear to the surfacings, and it is very difficult to predict whether such works will indeed be necessary.

The President,
States of Guernsey,
Royal Court House,
St. Peter Port,
Guernsey.

25th October, 2000.

Sir,

THE FUTURE FUNDING OF BEAU SEJOUR CENTRE

I have the honour to refer to the letter dated 29 September 2000 addressed to you by the President of the Recreation Committee on the subject of the future funding of Beau Sejour Centre.

It was originally anticipated that the Recreation Committee would by now be in a position to bring forward a report setting out proposals on the long term funding arrangements for Beau Sejour Centre. The Advisory and Finance Committee is naturally disappointed that the Recreation Committee is not yet in a position to do so. However, the Committee is pleased to note the stabilisation of the Centre's financial position.

The Recreation Committee is urged to bring its final report to the States as soon as possible. In that report the Advisory and Finance Committee would wish to see details on how private sector expertise can be further utilised by the Centre to continue to increase its operational efficiency.

As regards the current proposals in respect of the Recreation Committee's funding arrangements, the Advisory and Finance Committee believes that they are consistent with the policy of Freedom Within Boundaries and more in line with the arrangements for other General Revenue Committees. Furthermore, and most importantly, if adopted, they should enable the Recreation Committee to better manage its financial affairs.

The Advisory and Finance Committee recommends the States to approve the proposals.

I am, Sir,
Your obedient Servant,
J. E. LANGLOIS,
Vice-President,
States Advisory and Finance Committee.

The States are asked to decide:—

XVIII.—Whether, after consideration of the Report dated the 29th September, 2000, of the States Recreation Committee, they are of opinion:-

1. To note the relevant extracts from the States Recreation Committee's Strategy for Sport and Recreation as contained in Appendix 1 attached to that Report.
2. That funding for Beau Sejour Centre shall be included within a single overall General Revenue Budget heading for the States Recreation Committee with effect from 2001 as set out in that Report.

PROPOSITION IN PURSUANCE OF RULE 12 (8) OF THE RULES OF PROCEDURE

XIX .— Pursuant to Rule 12 (8) of the Rules of Procedure in and in relation to Assemblies of the States of Deliberation of the Island of Guernsey, I lay before you herewith the following amendment which was proposed by Deputy P. J. Roffey and seconded by Deputy Mrs. P. Mellor at the meeting of the States of Deliberation on the 12th October, 2000, and postponed by not less than one-third of the members voting for such postponement.

DE V. G. CAREY
Bailiff and President of the States

STATES OF DELIBERATION

Billet d'Etat No. XX

Article No. XXIII

AMENDMENT

Proposed by: Deputy P. J. Roffey
Seconded by: Deputy Mrs. P. Mellor

To add the following additional proposition:

”To instruct the Committee for Home Affairs to report back to the States as soon as reasonably possible with proposals for amending the Liquor Licensing Ordinance, 1993 so that any shop which can lawfully be open for the serving of customers on a Sunday and which holds a general off-licence shall be permitted to sell intoxicating liquor on a Sunday on the same basis, and subject to the same terms and conditions, as on any other day of the week.”

DE V. G. CAREY
Bailiff and President of the States

The Royal Court House,
Guernsey.
The 10th November, 2000.

APPENDIX I

STATES ADVISORY AND FINANCE COMMITTEE

STATES AUDIT COMMISSION STRATEGIC BUSINESS PLAN

The President,
States of Guernsey,
Royal Court House,
St. Peter Port,
Guernsey.

23th October, 2000.

Sir,

States Audit Commission: Strategic Business Plan

In its Second Annual Report (published as an appendix to Billet d'Etat VIII, March 2000) the Audit Commission stated that it was in the process of producing a Strategic Business Plan to set out the Commission's objectives and action plan. It also stated that once this Plan was finalised it would be published.

The Advisory and Finance Committee has now received the Audit Commission's Plan which the Commission, under the provisions of the States Audit Commission (Guernsey) Law, 1997, has requested the Committee to submit to you for inclusion as an Appendix to a Billet d'Etat.

The Committee welcomes the production and publication of the Audit Commission's Strategic Business Plan.

The Committee believes that publishing the Plan will facilitate a better understanding by the public, States Members, States Committees and their staff of the important role that the Audit Commission plays in ensuring that States resources are safeguarded and used effectively, efficiently and economically.

I would be grateful if, in accordance with the Law, you would arrange for the publication of the States Audit Commission's Strategic Business Plan as an appendix to a Billet d'Etat.

I am, Sir,
Your obedient Servant,
J. E. LANGLOIS,
Vice-President,
States Advisory and Finance Committee



**States of Guernsey
Audit Commission**

Strategic Business Plan

SECTION

- 1 INTRODUCTION**
- 2 OBJECTIVES**
- 3 SWOT ANALYSIS**
- 4 DEVELOPMENT OF STRATEGIC AIMS**
- 5 BUSINESS ACTION PLAN**
- 6 KEY PERFORMANCE INDICATORS**

APPENDIX

- I CUSTOMER FEEDBACK QUESTIONNAIRE**
- II INTERNAL AUDIT FUNCTION RESOURCES**

1 INTRODUCTION

The States of Guernsey Audit Commission was established under Guernsey Law during 1997, with an effective date of 1st March 1998. The mandate of the Commission, as set out in The States Audit Commission (Guernsey) Law, 1997, contains the following functions:

- (a) to oversee, co-ordinate and evaluate the internal audit of States interests; (“States interests” includes all committees of the States, including trading committees, departments and operations conducted by such committees, and the Guernsey Financial Services Commission)
- (b) to receive, on behalf of the [Advisory & Finance] Committee, all reports made by external auditors of States interests;
- (c) to monitor the selection and application by States committees of accounting standards, accounting policies and accounting procedures;
- (d) to assist and encourage States committees, where appropriate by commissioning studies and reports, in the effective, efficient and economical management of States' assets and finances;
- (e) to report to the Committee in relation to all of the above matters.

The functions of the Commission are to be carried out in co-operation with States committees and with the primary objective of assisting the Committee to ensure good management of States finances.

This Strategic Business Plan has been developed, to assist the Commission in achieving the above objectives. Progress against this Strategic Plan will be monitored to assess the effectiveness of the Commission, and to ensure that it has the necessary support and resources to carry out its responsibilities.

2 OBJECTIVES

2.1 Internal Audit

“The Commission will oversee, co-ordinate and evaluate the work of the Internal Audit Department.”

In this regard, the Director of Audit Services is entitled to attend each meeting of the Commission, and will be expected to provide regular feedback to the Commission on staffing, resources, audit progress etc. The Director of Audit Services will also be required to submit an annual report to the Commission, detailing the work completed during the previous year.

The Chairman of the Commission will formally issue all Internal Audit reports to the relevant committee president, and will request at that time that the committee address the report at their next meeting, and devise a timetable for implementation of any audit recommendations.

It will be the duty under law of the Advisory and Finance Committee to:

- ensure that a suitably qualified and experienced officer is recruited to the Director of Audit Services post, with direct responsibility and access to the Commission
- ensure that the Director of Audit Services has sufficient suitably qualified and experienced officers responsible to him/her
- ensure that the Internal Audit Department and the Commission are provided with sufficient accommodation and facilities.

2.2 External Auditors

“The Commission will receive, on behalf of the Advisory & Finance Committee, all reports made by external auditors of States interests.”

The Commission will meet with the External Auditors of States interests at least annually. The Internal Audit Department will also meet with the External Auditors on a regular basis to ensure their respective approach to the audit of States interests is co-ordinated and complementary and addresses the areas of highest risk.

The Advisory & Finance Committee must consult with the Commission, and takes its recommendation into account, before making any recommendation to the States in respect of selection, appointment or remuneration of external auditors.

2.3 Accounting Guidance

“The Commission will monitor the selection and application by States committees of accounting standards, accounting policies and accounting procedures.”

During the audit of committees and other States interests, the Internal Audit Department will pay particular regard to compliance with accepted accounting practice. Any non-compliance with such accounting guidance (be that Financial Reporting Standards as issued by the Institute of Chartered Accountants in England & Wales (ICAEW) for example, or the internal Administration & Accounting Guidelines and Directives issued by Advisory & Finance Committee) will be specifically referred to in the Internal Audit Report.

Advisory & Finance will be deemed to have been notified of any such non-compliance by reason of the following processes:

- the President of Advisory & Finance, an ex-officio member of the Commission, as such receives copies of all Internal Audit reports
- the States Treasurer is entitled to receive copies of all Internal Audit reports, and to attend Commission meetings, where such reports are discussed.

The Internal Audit Department will also bring to the attention of the Advisory & Finance Committee any areas where it feels that further formal guidance would be useful.

2.4 Value for Money

“The Commission will assist and encourage States committees, where appropriate by commissioning studies and reports, in the effective, efficient and economical management of States’ assets and finances.”

The Commission will address this objective via two main processes:

- Value for Money and benchmarking reviews carried out by the Internal Audit Department on specific areas, committees or departments. As with any normal Internal Audit report, such reports will be issued to the relevant committee under review and, as appropriate, to Advisory & Finance Committee, and will only be issued to other parties with the express permission of the former.
- Cross-function or cross-committee reviews, initiated by the Commission itself, and completed either by the Internal Audit Department or by external specialist consultants. Any Commission reports arising from such reviews will normally be made public information by including as an appendix to a Billet D’Etat. By nature, these reviews will tend to cover more generic topics; for example the Commission has recently reported on

purchasing, property management, performance reporting and risk management.

2.5 Reporting to Advisory & Finance

“The Commission will report to Advisory & Finance Committee in relation to all of the above matters.”

The Commission will report on the above matters to the Advisory & Finance Committee by way of:

- the President of Advisory & Finance will be an ex-officio member of the Commission and, as such, receives copies of all Internal Audit reports.
- the States Treasurer is entitled to receive copies of all Internal Audit reports and to has the right to attend all meetings of the Commission, where Internal Audit reports are discussed.
- the Commission will prepare and submit an annual report outlining the exercise of the Commission’s functions. The Advisory & Finance Committee must submit this annual report for inclusion as an appendix to a Billet D’Etat within three months.

In addition to the above plans, the Commission will also pursue a round of informal meetings with committees, at political level, (approximately two per year) in which it will seek to exchange ideas and discuss issues facing committees.

It will also seek to educate/update committees in matters relating to Best Practice and Corporate Governance, through a variety of means including presentations to committee members, the meetings referred to in the paragraph above, and through summarising key developments in the Annual Report to the Advisory & Finance Committee.

3 SWOT ANALYSIS

As part of the business planning process, the Commission has carried out an analysis of its strengths and weakness, and the opportunities and threats likely to influence its performance. The results of this SWOT analysis are summarised in the table below. The Commission’s Business Plan will attempt to address the issues raised therein, as well as facilitate the achievement of the Commission’s defined objectives.

<p style="text-align: center;"><u>Strengths</u></p> <ul style="list-style-type: none"> • the Commission is a-political and independent • the Commission enjoys a high status, having been established in Law • the Commission has the right to direct A&F to submit their reports to the States either as an appendix or with a report from A&F requiring a States’ debate • membership consists of individuals with a broad base of experience from a range of backgrounds/experience • the Commission is seen to have integrity • the public perceive that it is a Commission role to deliver better value for money • a well-defined statutory framework within which to operate 	<p style="text-align: center;"><u>Weaknesses</u></p> <ul style="list-style-type: none"> • risk of recommendations being ignored or not actioned by politicians/civil servants • risk of committees being unable to action Internal Audit or Audit Commission recommendations due to insufficient resources/experience, real or perceived • resources below the norm demonstrated in the UK, Isle of Man and Jersey • inability to attract candidates of suitable calibre/experience due to competing with high-paying finance industry • Internal Audit staff are appointed by Civil Service Board rather than the Commission • Majority of staff are on Trainee Accountant Scheme, hence leave the department when most useful
<p style="text-align: center;"><u>Opportunities</u></p> <ul style="list-style-type: none"> • to answer the Public’s increasing demands that the Public Sector deliver better value for money • to promote a value for money culture and the adoption of ‘best practice’ leading to real savings and improved services • to make the Public Sector more accountable • to promote a corporate approach to value for money which ensures decisions are taken with the best interests of the island in mind • to improve the presentation and content of the States’ accounts • to recommend areas where formal accounting guidance should be given 	<p style="text-align: center;"><u>Threats</u></p> <ul style="list-style-type: none"> • loss of political support for recommendations and initiatives • insufficient authority to drive change • lack of proper research and consultation with departments leading to loss of credibility • inexperienced internal audit staff leading to loss of credibility • failure to secure the right resources to carry out role • poor planning • refusal of committee officers to co-operate or disclose necessary information during audits or Commission reviews

4 DEVELOPMENT OF STRATEGIC AIMS

Objective	Strategic Aim
<p>a) The Commission will oversee, co-ordinate and evaluate the work of the Internal Audit Department</p>	<ul style="list-style-type: none"> • To ensure that the Internal Audit Department is adequately resourced with people of sufficient qualifications and experience • To ensure that secondments in and out of the Internal Audit Department are for the benefit of all parties and are reciprocated • To seek to improve the independence of the Internal Audit Function • To seek to codify the relationship between the Internal Audit Department and the Treasury. • To assist and support the Internal Audit Department in identifying areas or issues of high risk spanning the organisation • To monitor the quality of audit recommendations to ensure their continued validity, credibility and value • To support the Internal Audit Department in its relationships with States committees
<p>b) The Commission will receive, on behalf of the Advisory & Finance Committee, all reports made by external auditors of States interests</p>	<ul style="list-style-type: none"> • To maintain a working relationship with the external auditors • To monitor the performance of the External Auditors • To monitor areas of common concern between Internal and External Audit and liaise with Advisory & Finance as considered appropriate • To seek to avoid potential conflicts of interest which might arise to the detriment of States interests
<p>c) The Commission will monitor the selection and application by States committees of accounting standards, accounting policies and accounting procedures</p>	<ul style="list-style-type: none"> • To encourage committees to implement procedures to ensure that best practice is adhered to • To encourage the creation of Internal Audit functions/ownership within committees • To assist in the training of financial officers and to instil in them a control awareness • To encourage improvement in the standard and content of States accounts
<p>d) The Commission will assist and encourage States committees, where appropriate by commissioning studies and reports, in the effective, efficient and economical management of States' assets and finances</p>	<ul style="list-style-type: none"> • To promote the effective management and safeguarding of States' assets, funds and resources • To promote a value-for-money culture across the States and encourage ownership of such a culture at all levels

<p>e) The Commission will report to Advisory & Finance Committee in relation to all of the above matters</p>	<ul style="list-style-type: none">• To develop improved communications with members of the A&F Committee and strategic policy advisors• To report annually on the work of the Commission and the Internal Audit Department
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5 BUSINESS ACTION PLAN

This section seeks to translate the strategic aims identified in section 4 above, into definable tasks, with a designated owner for delivering each task, and, wherever possible, a target date for the completion of that task.

Strategic Aim	Target Date	Action	Owner
5.a.(i) To ensure that the Internal Audit Department is adequately resourced with people of sufficient qualifications and experience	On-going	Receive regular reports from Director of Audit Services (DAS) on staffing issues	DAS
	July 2000	Recruit Suitably qualified Internal Audit Manager (IAM)	DAS (complete)
	Dec 2000	Recruit additional member of staff (qualified)	DAS/IAM
	Dec 2000	Employ services of Internal Audit Service companies to meet resource gap	IAM
5.a.(ii) To ensure that secondments in and out of the Internal Audit Department are for the benefit of all parties and are reciprocated	On-going	Ensure secondments are arranged with the agreement of both parties	IAM
	On-going	Ensure that objectives and success criteria for each secondment are set prior to the secondment, in consultation with trainee	IAM/DAS
	On-going	Seek to market the Internal Audit Department as a desirable location for trainee and qualified accountants from other committees / departments.	IAM
	July 2000	Liaise with Training & Development Manager, CSB to ensure that Internal Audit is included within the placements for the Junior Executive Scheme	DAS (complete)
5.a.(iii) To seek to improve the independence of the Internal Audit Function	On-going	To ensure auditee understands the role and independence of Internal Audit, prior to commencement of audit. This is in particular reference to audit participation on special projects such as system implementations	DAS
5.a.(iv) To seek to codify the relationship between the Internal Audit Department and Treasury	On-going	Liaise with Treasurer/Advisory & Finance in respect of independence issues and possible changes in the Law	AC
5.a.(v) To assist and support the Internal Audit Department in identifying areas or issues of high risk spanning the organisation	On-going	Encourage States committees to perform risk reviews, during meetings with committees, during presentations to States Members, in Commission Annual Report and within Internal Audit reports	AC/DAS
	Annual	Include within Audit Commission Annual Report comment on the risk management processes employed within the States and any improvements therein	AC
	On-going	To notify DAS of any perceived risks brought to Members attention through other dealings with States interests	AC

	June 2001	To complete desk-top risk reviews of States committees to identify key risk areas to direct audit resource appropriately	DAS/IAM
	Dec 2001	To complete “Audit Needs Assessments” for each States committee, to assist in planning the on-going cycle of audit work	DAS/IAM
5.a.(vi) To monitor the quality of audit recommendations to ensure their continued validity, credibility and value	On-going	To discuss all audit reports issued during Commission meetings and to raise any issues with the DAS on the quality of the findings therein	AC
5.a.(vii) To support the Internal Audit Department in their relationships with States committees	On-going	To promote the Internal Audit Department during meetings with committees, during presentations to States Members etc.	AC
	On-going	To liaise with Advisory & Finance on any issue of particular concern to the DAS on her behalf, or to attend meetings alongside her wherever appropriate	AC
5.b.(i) To maintain a working relationship with the External Auditors	Annual	To hold at least annual meetings with the External Auditors of States interests to discuss issues of common concern and to review the External Audit management letters	AC
	Annual	To hold joint planning meetings with External Auditors to ensure coverage of key areas and to avoid duplication of effort	DAS
5.b.(ii) To monitor the performance of the External Auditors	Annual	To review the results of the annual satisfaction questionnaire and discuss any concerns with the External Auditors	AC
	Annual	To monitor the work provided by the auditors via the annual analysis of audit hours, and to satisfy itself that the audit coverage is sufficient to ensure proper conduct of public business	AC
5.b.(iii) To monitor areas of common concern between Internal & External Audit and liaise with Advisory & Finance as considered appropriate	On-going	To keep External Auditors informed of any issue Internal Audit become aware of which impacts on the External Auditor’s role.	DAS
	On-going	To copy all Internal Audit reports to the External Auditors	DAS
5.b.(iv) To seek to avoid potential conflicts of interest which might arise to the detriment of States interest	Annual	To review analysis of “Fees paid to External Auditors for non-audit work” and ensure levels of work do not indicate an over-reliance on the External Auditors	AC
	On-going	To receive notification (via States Treasurer) of all contracts awarded to External Auditors for non-audit work	DAS
5.c.(i) To encourage committees to implement procedures to ensure that best practice is adhered to	On-going	To identify during Internal Audits where best practice is not being followed, and to highlight this in the audit report, indicating best practice solutions in the audit recommendations	DAS
	On-going	To educate committees in best practice and good corporate governance through meetings with and presentations to committees, and through the Commission’s Annual Report	AC

	July 2000	To implement a structure of objectively-based audit opinions upon which to measure the status of a committee's control environment	DAS (complete)
	On-going	To formally issue all audit reports to the President of the relevant committee, requesting that the report be formally tabled before the next meeting of the committee.	Chairman
	On-going	To require committees, with any audit opinion less than 'Satisfactory' to provide a timetable for actioning the recommendations of the Internal Audit report, and to chase committees who have not provided such a timetable within three months of the issue of the final report	DAS
	On-going	To require the President of any committee which receives a 'Seriously Deficient' audit opinion to meet with the Commission to discuss the proposed action, and to notify Advisory & Finance of the occurrence of such an opinion for Advisory & Finance to take the appropriate action.	AC
	On-going	To highlight to Client Services areas where further guidance would be beneficial to committees	DAS
	On-going	To encourage and support the implementation of post-audit 'Task Forces' within the Client Services Department	DAS
	On-going	To highlight to Client Services areas of common weakness where a corporate approach would provide a more cost-effective and efficient solution (e.g. creation of fixed asset registers)	DAS
5.c.(ii) To encourage the creation of Internal Audit functions / ownership within committees	Commercialisation Date	To liaise with Advisory & Finance Committee on the progress of commercialisation of Trading Boards and to ensure that adequate provision is made for Internal Audit within the newly commercialised entities	DAS
	Dec 2000	To encourage the creation of Audit Sub-Committees for the larger committees (subject to outcome of Machinery of Government Review)	AC
5.c.(iii) To assist in the training of financial officers and to instil in them a control awareness	On-going	To provide a training ground for participants in the States Trainee Accountant Scheme, ensuring they are exposed to a wide range of committees and States' and External Accounting Standards. Ensure they receive a proper grounding in best practice and good corporate governance	DAS
	Quarterly	To represent the Internal Audit Department on the Senior Accounting Staff Group and to update the group on developments in the audit field	DAS
	On-going	To identify training requirements during audits and to raise these with the Chief Officer concerned.	IAM
	On-going	To encourage the dissemination of best practice by the sharing of learning and work performed in other departments	DAS/IAM

5.c.(iv) To encourage the improvement of States accounts	Dec 2001	To perform a formal follow up of the Commission's report on Performance Measurement	DAS
	Annual	To highlight particular improvements in accounting standards, procedures and output within Commission Annual Report	AC
	On-going	To continue to liaise with Advisory & Finance Committee on key issues preventing a 'True & Fair' opinion, such as accounting for Fixed Assets, accruals accounting etc.	AC
	Annual	To continue to liaise with External Auditors on key issues preventing a 'True & Fair' opinion, such as accounting for Fixed Assets, accruals accounting etc.	AC
	Undefined	To perform a Commission review on resource accounting	AC
5.d.(i) To promote the effective management and safe-guarding of States assets, funds and resources	Dec 2003	To complete a three year programme of reviews to include the following topics: <ul style="list-style-type: none"> • The use of Information Technology throughout the States • The management of capital spending throughout the States • Project Management within the States • Employment Practices and Procedures within the States • Income generation within the States • A Risk Review of the work of the States audit function 	AC
	On-going	To initiate or complete formal follow up reviews of Commission reports on a twelve-to eighteen- monthly cycle	DAS
	On-going	To receive notification (via States Treasurer) of all major new systems implementations throughout States committees, and to ensure Internal Audit involvement throughout the project and implementation phase, to seek assurance as to the appropriate management of the project, and that the new system is developed with an appropriate control environment embedded within it.	DAS
	On-going	To share learning with counterparts in Jersey by meeting at least annually to discuss common issues & solutions, and by sharing of respective Audit Commission reports	AC
5.d.(ii) To promote a vfm culture across the States and encourage ownership of such a culture at all levels	On-going	To develop a programme of vfm reviews on cross-organisational issues, and make the results of such reviews a matter for public information	AC
	On-going	To develop a programme of vfm reviews in specific committees, departments or functions and share the learning from these throughout States committees	DAS
5.e.(i) To develop improved communications with members of the Advisory & Finance Committee and strategic policy advisors	On-going	To seek to attend Advisory & Finance Committee whenever an Internal Audit or Audit Commission matter is discussed	AC

	On-going	To maintain a dialogue with the States Supervisor and senior civil servants on an informal basis and by regular invitations to Audit Commission meetings	DAS
	Annual	To seek to meet with the States Strategic Policy Forum on an annual basis	AC
	On-going	To retain Advisory & Finance representation on the Audit Commission	AC
5.e.(ii) To report annually on the work of the Commission and the Internal Audit Department	Annual	To prepare a report for the Advisory & Finance Committee describing the work of the Commission and the Internal Audit Department which should be for publication in a Billet D'Etat	DAS
	Annual	To prepare a supplementary detailed report for the Advisory & Finance Committee, detailing Internal Audits completed, opinions given, and other matters in relation to the audit results noted during the year.	DAS
	Annual	To seek to meet at least annually with the Advisory & Finance Committee to discuss the year's developments and areas of continuing concern.	AC

6 KEY PERFORMANCE INDICATORS

The Audit Commission will seek to ensure performance is in line with expectations by performing a formal annual review to assess the progress against each action point in section 5 above. It will report, in its Annual Report to Advisory & Finance Committee, the status of each action point, and identify any quantifiable achievements made.

On a more detailed level, the Commission will monitor the performance of the Internal Audit Department by reviewing a quarterly summary of audits completed to date, the opinion given, and the progress made at follow up audits etc. In doing this, the Commission will seek to monitor not only the output of the Internal Audit Department, but also to assess the level of improvement among committees in their overall control environment. Where committees have made little or no progress on the recommendations from previous audit reports, the Commission **will consider placing this in the public domain by informing the States.**

The Internal Audit Department will also seek to obtain feedback on its own performance by consultation with its auditees. It will do this by circulating Customer Feedback Questionnaires (see Appendix I) to the committees and departments audited, and will collate the data received. This data will be reviewed by the Commission on a quarterly basis, and internal targets will be set for the improvement on the gradings obtained.

The Audit Commission's performance measurement data will be summarised in a table of key performance indicators, included within the Commission's Annual Report, which will seek to display the progress made against its key objectives. These key performance indicators have been initially identified as follows:

- Annual summary of Customer Feedback results, to assess the quality of the service provided.
- Number of audits completed (split into various categories – full audits, follow ups etc.) to assess the output achieved against the resources invested.
- Summary of audit opinions given, together with status at follow up stage, to assess whether the Internal Audit Department has driven and facilitated change within committees, demonstrated by improved control environments and, hence, the audit opinions awarded.

Furthermore, the Audit Commission will provide narrative on the performance of its other objectives, such as confirmation that it has completed its expected schedule of Audit Commission Reviews (including follow ups), and its expected schedule of meetings with external auditors etc.

Internal Audit Department

Client Feedback Questionnaire

Committee:

Date Audit Commenced:

Audit Area:

Auditors:

This form is issued to Chief Officers of audited committees or departments. Completion is, of course, completely at your discretion but would be much appreciated.

Please return completed forms to the Director of Audit Services, Sir Charles Frossard House

Please rate your responses on a scale from 1 to 4 as follows, and feel free to add any additional comments:

Very Poor	1
Poor	2
Good	3
Excellent	4

A: General

Rating

Additional Comments

1. Overall usefulness of audit?

B: Audit Planning

- 1. Suitability of Scope & Objectives?
- 2. Achievement of objectives and scope?
- 3. Usefulness of opening meeting?

C: Communication and Conduct

- 1. Consultation on findings/recommendations?
- 2. General helpfulness of auditors?
- 3. Auditors' conduct?
- 4. Auditors' appearance?
- 5. Approach to your staff?

D: Quality of Audit Report

- 1. Accuracy of Findings?
- 2. Fair presentation of Findings?
- 3. Materiality of Findings?
- 4. Workability of recommendations?
- 5. Cost-effectiveness of recommendations?
- 6. Clarity of report?
- 7. Timeliness of findings/report?

Signed: _____

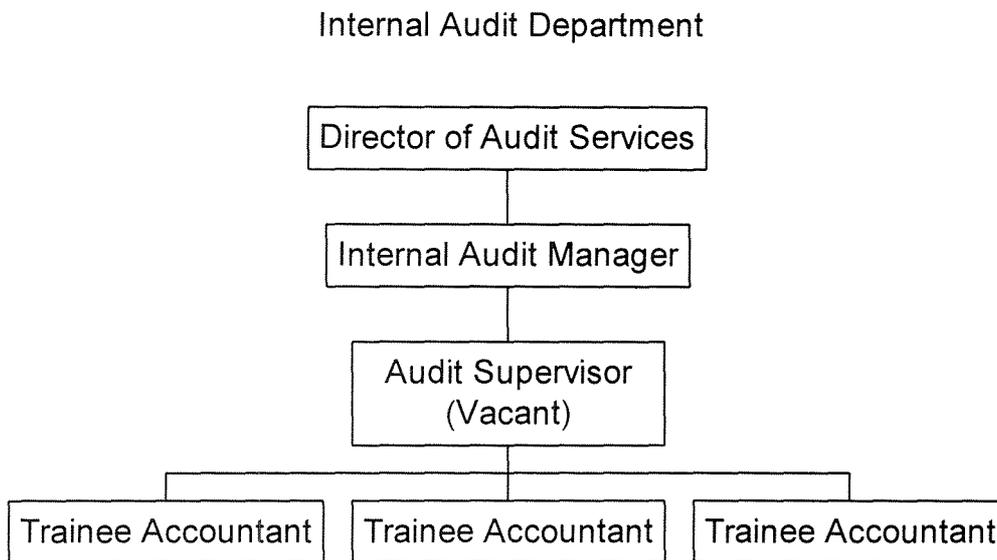
Position: _____

Date: _____

INTERNAL AUDIT FUNCTION RESOURCES

Staffing

The Internal Audit Department has the following staff structure:



Funding

The Internal Audit function’s budget forms part of the budget of the Advisory & Finance Committee. At the time of writing this plan, the Committee’s budget for 2001 has not been approved by the Committee or by the States. However, it is anticipated that the Internal Audit Department will hold the following budget for 2001, on the basis of the increase in the Committee’s revenue allocation for 2001, approved by the States following the Policy & Resource Planning debate in July.

This budget also provides the funding for Audit Commission reviews and other ad hoc work.

Staff Salaries & Superannuation	£276,700
Contracted Out Work	£120,000
Administration & Training Costs	£23,300

	£420,000



APPENDIX II STATES OF GUERNSEY GUERNSEY RETAIL PRICES INDEX

STATES OF GUERNSEY
ADVISORY
& FINANCE
COMMITTEE

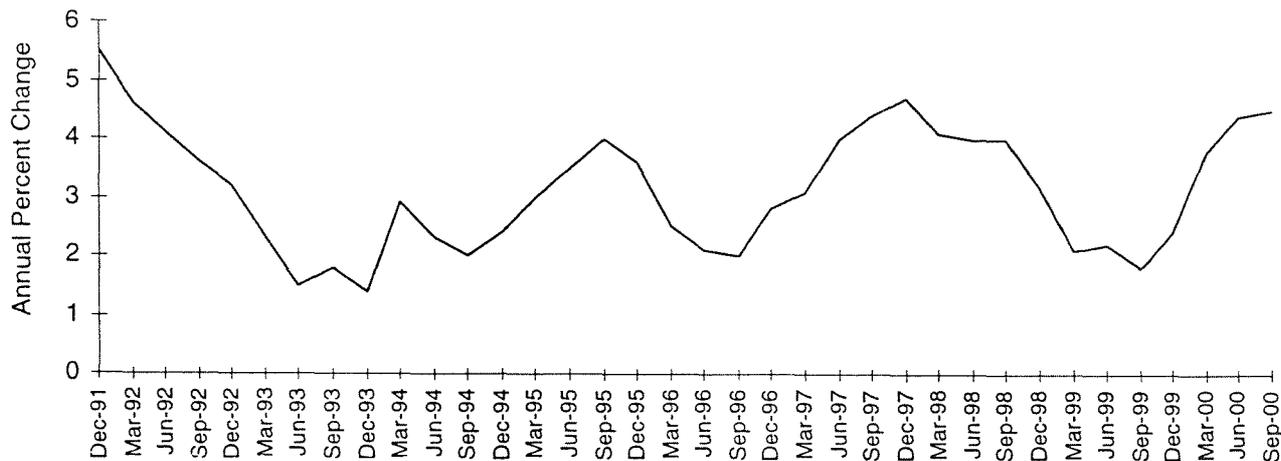
4.5% annual change as at 30 September 2000

At the end of September, Guernsey's annual rate of inflation, as measured by changes in the Index of Retail Prices, was 4.5% compared with 4.4% at the end of the previous quarter.

The Index Figures at the end of September 2000 were 103.3 (Dec 99=100) 122.7(Mar 1994 =100), 165.7(Dec 1988 =100), 221.5 (Dec 1983 =100), 351.7 (Dec 1978 =100).

Period	%	Period	%
3 Months	0.6	2 Years	6.3
6 Months	2.1	3 Years	10.6
9 Months	3.3	4 Years	15.5
12 Months	4.5	5 Years	17.8
18 Months	6.0	10 Years	39.6

ANNUAL RATE OF INFLATION



Annual % Changes

Quarterly % Changes

	<u>Annual % Changes</u>				<u>Quarterly % Changes</u>			
	March	June	September	December	March	June	September	December
1990	10.2	9.7	10.4	9.8	3.1	1.6	3.3	1.4
1991	8.6	8.7	6.1	5.5	2.0	1.7	0.8	0.9
1992	4.6	4.1	3.6	3.2	1.1	1.2	0.3	0.5
1993	2.3	1.5	1.8	1.4	0.2	0.5	0.5	0.2
1994	2.9	2.3	2.0	2.4	1.7	0.0	0.2	0.5
1995	3.0	3.5	4.0	3.6	2.2	0.5	0.7	0.2
1996	2.5	2.1	2.0	2.8	1.1	0.1	0.5	0.9
1997	3.1	4.0	4.4	4.7	1.5	1.0	1.0	1.2
1998	4.1	4.0	4.0	3.2	0.9	0.9	1.0	0.4
1999	2.1	2.2	1.8	2.4	-0.2	1.0	0.5	1.1
2000	3.8	4.4	4.5		1.2	1.6	0.6	

**PERCENTAGE CHANGES IN GROUP INFLATION
AND THEIR CONTRIBUTION TO OVERALL INFLATION**

GUERNSEY INFLATION RATE (+4.5%)

	Weight	Annual % change	Contribution %
FOOD	127	-1.1%	-0.2
ALCOHOLIC DRINK	52	+3.7%	0.2
TOBACCO	19	+5.7%	0.1
HOUSING	216	+5.9%	1.6
FUEL, LIGHT & POWER	41	+16.2%	0.8
HOUSEHOLD GOODS	79	-0.2%	0.0
HOUSEHOLD SERVICES	33	+6.3%	0.3
CLOTHING & FOOTWEAR	56	-1.9%	-0.1
PERSONAL GOODS	49	+6.4%	0.4
MOTORING EXPENDITURE	85	+10.8%	1.1
FARES/OTHER TRAVEL	33	-5.9%	-0.2
LEISURE GOODS	63	-0.3%	0.0
LEISURE SERVICES	92	+2.1%	0.2
FOOD AWAY FROM HOME	55	+3.6%	0.3
OVERALL	1000		4.5
<p>Weight is the proportion of the total index represented by each group. Contribution shows the effect of price changes in relation to the relative weight of the groups.</p>			

Matters affecting the R.P.I during the last year

1. The main contributors to inflation during the last year were price increases in the housing, motoring, and fuel, light & power groups.
2. A main factor in the motoring and fuel, light & power groups was the higher price of crude oil, this led to increases in the price of petrol and domestic energy.
3. The housing group shows the effect of increased mortgage interest payments, property rentals and maintenance costs.
4. Within the food group there have been decreases over the last year in the prices of fresh and frozen vegetables, potatoes, coffee and cereals.

Matters affecting the R.P.I during the last three months

1. The main positive contributors to the RPI for the last **three months** were fuel, light & power (heating oil), housing (owner occupier costs) & leisure services (education, sports fees).
2. The contribution of motoring, food, household goods and leisure goods has decreased during the last **three months**.

This release is also published on the States of Guernsey Web Site <http://www.gov.gg/esu> or you can contact them directly on (01481) 717012.

APPENDIX III

STATES CIVIL SERVICE BOARD

STATES OF GUERNSEY PUBLIC SERVANTS' PENSION SCHEME: 2001 PENSIONS INCREASE

The President,
States of Guernsey,
Royal Court House,
St. Peter Port,
Guernsey.

12th October, 2000.

Sir

STATES OF GUERNSEY PUBLIC SERVANTS' PENSION SCHEME:
2001 PENSIONS INCREASE

In accordance with the States of Guernsey (Public Servants) (Pensions and other Benefits) (Amendment No.2) Rules, 1997, approved by the States on the 29th October, 1997 (Article X of Billet d'Etat No. XIX of 1997), I have the honour to advise you that the States Civil Service Board, after consultation within the Pensions Consultative Committee, has resolved that pensions in payment and preserved pensions and other benefits not yet in payment be increased with effect from 1 January 2001 as follows:-

- (a) awarded prior to 1 January 2000 by **4.4%**
- (b) awarded in the period from
1 January 2000 to 31 December 2000 by **1/365th of 4.4%**
for each day of
entitlement.

(ie. in line with the change in the Retail Price Index for the twelve months ending on 30 June 2000)

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In accordance with the above mentioned Rules, I should be grateful if you would arrange for this letter to be published as an Appendix to a Billet d'Etat.

I am, Sir,
Your obedient Servant,
A. SAUVARIN,
President,
Civil Service Board

APPENDIX IV

STATES EDUCATION COUNCIL

LA HOUGUETTE PRIMARY SCHOOL - VALIDATION REPORT

The President,
States of Guernsey,
Royal Court House,
St. Peter Port,
Guernsey.

17th October, 2000.

Sir,

La Houquette Primary School
Validation Report

I enclose two copies of the summary of the validation report and the Council's response for the above school. I have the honour to request that you will be good enough to arrange for this to be published as an appendix to the Billet d'État for November.

Copies of the full report will be made available for any member of the public to inspect at both the school and the Education Department.

I am, Sir,
Your obedient Servant,
J. PRITCHARD,
Vice President,
States Education Council

SUMMARY OF THE VALIDATION REPORT

LA HOUGUETTE PRIMARY SCHOOL

The school is situated in a rural position on the border of St. Saviour's and St. Pierre du Bois. The school was opened in 1976 to serve the south western parishes of St. Saviour's, St. Pierre du Bois and Torteval.

La Houquette is a two form entry school. There are 327 pupils on roll, made up of 164 boys and 162 girls, aged from 4 to 11.

They are taught by 15 full-time staff, including the headteacher, and 1 part-time teacher. There are 14 classes with an average class size of 23.4 and a pupil/teacher ratio of 21.5 : 1.

Background

The school was visited by a validation team of 6 inspectors during the week of June 18th 2000. The school provided a comprehensive range of detailed documentation in advance of the inspection, having spent a year on a variety of well planned self-evaluation activities.

During the inspection all classes and teachers were visited and 112 lessons were observed, in addition to school assemblies and extra-curricular clubs. Planned discussions were held with teaching and non-teaching staff. Informal discussions were held with pupils and their current and previous work was scrutinised.

The 148 replies to a parental survey were analysed. Observations and recommendations were discussed with the headteacher and appropriate staff during the week and a report was made to the Director of Education.

Main Findings

* La Houquette is a good and thriving school. It is very well led and managed. The headteacher, together with his senior management team, subject co-ordinators, and teaching and non-teaching staff have successfully established a purposeful and happy working environment in which all children are encouraged and valued.

* Staff and parents speak warmly of the headteacher's leadership qualities, and appreciate his open and consultative style of management. He receives good support from his deputy head.

* The internal self-evaluation was meticulously planned and executed. It has led to the production of an honest and accurate report which provides a secure basis for future planning and continued development. Many staff reported that the VSSE process had strengthened communication and team building. The headteacher has drawn effectively upon his own expertise as a visiting inspector within the Channel Islands Federation for the Evaluation of Schools (IFES) scheme, and on his staff's IFES training as internal evaluators.

- The school has successfully undertaken a great deal of work to improve the planning and structure of the curriculum. It provides a broad and balanced curriculum which meets the requirements of the National Curriculum (Guernsey) and the RE Agreed Syllabus. Staff are considering how best to provide for the foundation subjects once Curriculum 2000 is fully implemented, involving increased time for the core subjects of English, mathematics and science.
- * There is growing coherence in teachers' collaborative planning in year groups. As with most schools, La Houquette is at a transitional stage in revising its existing schemes of work to take account of QCA guidance and Curriculum 2000 requirements.
- * The curriculum is enhanced by a very good range of extra-curricular activities, an annual exchange visit to France in Y5 and camping experience for Y6 pupils in Alderney. The school aims to provide equality of access to learning for all pupils. The youngest children receive a sound start to their schooling. They would benefit from additional reading resources and more opportunities for choice within practical activities.
- * Of the 112 lessons observed during the inspection, 91% were found to be satisfactory or better in terms of teaching, learning and attainment. A highly commendable 47% had good or outstanding features, and encompassed most subject areas.
- * The good quality teaching has been assisted by the school's attention to planning and clear learning objectives. Weekly plans are monitored by the headteacher and subject co-ordinators. In the few lessons with unsatisfactory features, work was pitched at the wrong level and inattentive behaviour slowed the pace of activities.
- * Good standards of teaching, learning and attainment are being achieved in the core subjects of English, mathematics and science. The new national strategies for literacy and numeracy are being successfully managed and resourced. In the best lessons, the plenary sessions are used well to assess how effectively the learning objectives have been met. Standards in the core subjects are above national expectations at the end of both key stages.
- * The school recognises the importance of monitoring the curriculum and increased opportunities are being provided for subject co-ordinators to undertake this work and spread existing good practice.
- * Some subjects, such as history, geography and music are not benefiting from a designated co-ordinator. The school has also correctly identified the need to provide or update schemes of work for design and technology, music, French and some aspects of PE. Additional in-service training opportunities for staff are being sought in the areas of drama, dance, ICT, early years and music.
- * Children's behaviour, punctuality and attendance are very good. Children have positive attitudes towards work and school.
- * The school has rightly targeted the need to strengthen its assessment procedures in order to assist with planning and target setting. Marking is done regularly, but there are some inconsistencies in style and helpfulness.
- * The self-review correctly identifies the importance of matching work to the needs of pupils at each end of the ability scale and to ensure consistency in the setting of homework.

- * Children with special educational needs make sound progress and the SENCO manages the provision well. Individual education plans (IEPs) contain targets that vary in quality, with those for literacy more sharply focused than for mathematics. It would be helpful to make special provision for higher attaining and talented pupils.
- * The library is under-used in the development of pupils' independent and investigative work. Greater use could also be made of ICT to extend work in other subjects of the curriculum.
- * The school makes good provision for the social, moral, spiritual and cultural development of its pupils. It intends to produce a policy to cover these areas. A planned PSHE programme includes the provision of circle time. There are appropriate arrangements for collective worship and for pupils' support, guidance and welfare.
- * A recent review of senior management roles and responsibilities has strengthened organisation and communication. There is a regular pattern of meetings, and minutes reveal appropriate attention to curriculum development.
- * There are excellent links and relationships with parents and the community. The returns from the parental questionnaire (Appendix A) reveal overwhelming support and appreciation for the work of the headteacher and his staff.
- * Efficient use is made of available resources of staffing, accommodation and equipment. The school provides very good value for money. It manages its available budget well and spending is in line with appropriate priorities identified in the school's well considered development plan. The SDP provides a clear direction for the work of the school.
- * The school office is welcoming and efficient and financial systems are secure. Excellent financial support is provided by an active PTA.
- * The grounds and accommodation are maintained in good condition by the hard work and commitment of two caretakers. The environment is also enhanced by lively and interesting displays of pupils' work, and by work on the gardens by a volunteer parent.
- * The school is adequately staffed and resourced to meet the needs of the Guernsey curriculum. Good levels of support are provided by classroom assistants and several parents.
- * Staff are hardworking and conscientious in carrying out their duties. Many have availed themselves of in-service training opportunities to prepare for new educational initiatives. There is a need to strengthen the dissemination of advice resulting from INSET.

Key Issues that the School Needs to Address

* The self-review correctly identified a wide range of issues for attention in order to continue to move the school forward. These included the intentions to :

- implement the numeracy strategy, and the Island's ICT strategy;
- develop a scheme of work for PSHE;
- clarify roles within the senior management team;
- write and implement a policy for ARR;
- review subject time and provision in the light of Curriculum 2000;
- establish procedures and criteria for annual staff reviews;
- review the allocation of posts of responsibility.

* By the time of the inspection, the school had already made progress in a number of the above issues, most notably the drawing up of new job descriptions for the SMT. The validation team endorses the school's findings and intentions and, in addition, recommends that consideration should be given to :

- the use of assessment information for diagnostic purposes to guide curriculum planning and to refine target setting, particularly for higher attaining pupils;
- the continued strengthening of the school's monitoring procedures;
- the appointment of co-ordinators for all subjects, as circumstances allow, and the completion of policies and schemes of work to ensure greater consistency in teaching and progression in learning;
- the further development of learning opportunities in the early years;
- the improved utilisation of the library and of ICT to develop independent and investigative work.

The school is responsible for drawing up an action plan after receiving the Report, showing what it is going to do about the issues raised and how it will incorporate them in the school's Development Plan.

A follow-up visit to the school will be made in summer 2001 in order to monitor and discuss the progress the school has made, and a written report will be made to the Director of Education.

STATES EDUCATION COUNCIL

RESPONSE TO THE VALIDATION REPORT

ON

LA HOUGUETTE PRIMARY SCHOOL

The Education Council and the staff of La Houquette Primary School welcome and accept the Validation Report of June, 2000. It is pleasing to note that the school's own report was seen to be meticulously planned and executed and also that the VSSE process itself strengthened communication and team building.

La Houquette is seen as a good and thriving school where all staff have successfully established a purposeful and happy working environment in which all children are encouraged and valued.

The school provides a broad and balanced curriculum which is enhanced by a good range of extra – curricular activities. Good quality teaching has been assisted by the school's attention to planning and clear learning objectives and standards in the core subjects are above national expectations at the end of both key stages.

Children's behaviour and attendance were seen as very good and they have positive attitudes to work and school.

There are excellent links and relationships with parents and the community.

The school is now looking to address some key developmental issues such as:

- The use of assessment information for diagnostic purposes to guide curriculum planning and to refine target setting, particularly for higher attaining pupils;
- The continued strengthening of the school's monitoring procedures;
- The improved utilisation of the library and ICT to develop independent and investigative work.

The report recognises that the school is well led and managed and that staff have already made progress in a number of the issues identified within the self – review.

