BILLET D'ÉTAT

III
2004

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B I L L E T D ' É T A T

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 **10th MARCH, 2004,** at 9.30 a.m.

PROJET DE LOI

entitled

THE ENVIRONMENTAL POLLUTION (GUERNSEY) LAW, 2004

The States are asked to decide:-

I. Whether they are of opinion to approve the Projet de Loi entitled "The Environmental Pollution (Guernsey) Law, 2004", 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 SOCIAL INSURANCE (GUERNSEY) (AMENDMENT) LAW, 2004

The States are asked to decide:-

II. Whether they are of opinion to approve the Projet de Loi entitled "The Social Insurance (Guernsey) (Amendment) Law, 2004", and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

THE POLICE POWERS AND CRIMINAL EVIDENCE (BAILIWICK OF GUERNSEY) LAW, 2003 (COMMENCEMENT) ORDINANCE, 2004

The States are asked to decide:-

III.- Whether they are of opinion to approve the draft Ordinance entitled "The Police Powers and Criminal Evidence (Bailiwick of Guernsey) Law, 2003 (Commencement) Ordinance, 2004", and to direct that the same shall have effect as an Ordinance of the States.

THE BAIL (BAILIWICK OF GUERNSEY) LAW, 2003 (COMMENCEMENT) ORDINANCE, 2004

The States are asked to decide:-

IV.- Whether they are of opinion to approve the draft Ordinance entitled "The Bail (Bailiwick of Guernsey) Law, 2003 (Commencement) Ordinance, 2004", and to direct that the same shall have effect as an Ordinance of the States.

THE MACHINERY OF GOVERNMENT (TRANSFER OF FUNCTIONS) (GUERNSEY) ORDINANCE, 2003 (COMMENCEMENT) ORDINANCE, 2004

The States are asked to decide:-

V.- Whether they are of opinion to approve the draft Ordinance entitled "The Machinery of Government (Transfer of Functions) (Guernsey) Ordinance, 2003 (Commencement) Ordinance, 2004", and to direct that the same shall have effect as an Ordinance of the States.

THE NOTICE OF SMOKING IN PUBLIC PLACES ORDINANCE, 2004

The States are asked to decide:-

VI.- Whether they are of opinion to approve the draft Ordinance entitled "The Notice of Smoking in Public Places Ordinance, 2004", and to direct that the same shall have effect as an Ordinance of the States.

THE SALE OF TOBACCO (AMENDMENT) ORDINANCE, 2004

The States are asked to decide:-

VII.- Whether they are of opinion to approve the draft Ordinance entitled "The Sale of Tobacco (Amendment) Ordinance, 2004", and to direct that the same shall have effect as an Ordinance of the States.

THE EDUCATION (SCHOOLS COMMITTEES) (AMENDMENT) (GUERNSEY) ORDINANCE, 2004

The States are asked to decide:-

VIII- Whether they are of opinion to approve the draft Ordinance entitled "The Education (Schools Committees) (Amendment) (Guernsey) Ordinance, 2004", and to direct that the same shall have effect as an Ordinance of the States.

THE HOUSING (CONTROL OF OCCUPATION) (EXTENSION) ORDINANCE, 2004

The States are asked to decide:-

IX- Whether they are of opinion to approve the draft Ordinance entitled "The Housing (Control of Occupation) (Extension) Ordinance, 2004", and to direct that the same shall have effect as an Ordinance of the States.

THE HEALTH SERVICE (BENEFIT) (LIMITED LISTS) ORDINANCE, 2004

The States are asked to decide:-

X- Whether they are of opinion to approve the draft Ordinance entitled “The Health Service (Benefit) (Limited Lists) Ordinance, 2004”, and to direct that the same shall have effect as an Ordinance of the States.

STATES ADVISORY AND FINANCE COMMITTEE

THE PUBLIC TRUSTEE

The President
States of Guernsey
Royal Court House
St Peter Port
GUERNSEY
GY1 2PB

5th February 2004

Dear Sir,

THE PUBLIC TRUSTEE

Section 1 of The Public Trustee (Bailiwick of Guernsey) Law, 2002 requires the States, on the recommendation of the States Advisory and Finance Committee, to appoint the Public Trustee. The Public Trustee shall hold office for a term not exceeding 5 years and may, on the recommendation of the Committee, be appointed for further terms. He may be removed from office by the States, on the recommendation of the Committee, on the grounds of permanent incapacity, misbehaviour or gross incompetence. He may resign his office at any time but such notice may not take effect until a successor takes office as Public Trustee.

The States Advisory and Finance Committee is pleased to recommend to the States the appointment of Mr. David Peter Trestain as Public Trustee and further recommends that the appointment should be for five years.

Mr Trestain was born in Essex and educated at Chigwell School and the University of Leeds. He is a Fellow of the Institute of Chartered Accountants in England and Wales, having qualified in 1970. After working in England, he came to Guernsey in 1988 to join the States Internal Audit Department. After a brief spell as Chief Internal Auditor, he became States Treasurer in 1993. He stepped down from this post in July 2001 to work part time for the States as Director – Human Rights Implementation, retiring fully in January 2003. Since then, he acted as Secretary to the States Members Pay Review Board until its work was completed last autumn.

I should be grateful if you would lay this matter before the States with appropriate propositions.

Yours faithfully,

L. C. MORGAN

President
Advisory and Finance Committee

The States are asked to decide:-

XI.- Whether, after consideration of the Report dated the 5th February, 2004, of the States Advisory and Finance Committee, they are of opinion:-

To appoint Mr. David Peter Trestain as Public Trustee for a period of five years.

STATES BOARD OF ADMINISTRATION

THE BOATS AND VESSELS (REGISTRATION, SPEED LIMITS AND ABATEMENT OF NOISE) ORDINANCE, 1970, AS AMENDED

9 January 2004

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

Dear Sir

THE BOATS AND VESSELS (REGISTRATION, SPEED LIMITS AND ABATEMENT OF NOISE) ORDINANCE, 1970, AS AMENDED

The Board of Administration has reviewed the Boats and Vessels (Registration, Speed Limits and Abatement of Noise) Ordinance, 1970, as amended, following a request to amend the coastal restricted zones and in relation to a separate matter concerning the registration of boats.

Part 1 - Proposals to extend the Coastal Restricted Zones

The Boats and Vessels (Registration, Speed Limits and Abatement of Noise) Ordinance, 1970, as amended, provides, *inter alia*, for a number of coastal restricted zones in Guernsey and Herm which limit the speed of power-driven boats[1] to 6 knots.

Coastal restricted zones are those parts of the territorial waters adjacent to the Island of Guernsey more particularly shown and delineated on a map and thereon coloured red; and any part of the territorial waters adjacent to the Islands of Herm and Jethou more particularly shown and delineated on a map and thereon coloured red; which maps for the purpose of identification were signed by the Bailiff on the 13th March, 1970, and lodged at the Greffe. The maps were revised by amendment in 1994.

The Board has been approached by the RSPB and La Société Guernesiaise which organisations have requested that consideration be given to revising current legislation by amending the maps in respect of speed limits for vessels within coastal areas. This has arisen due to disturbance around Herm and Jethou, in particular, from motorboats inshore and in close proximity to bird breeding areas.

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[1] *"power-driven boat" means any boat propelled by machinery and includes every boat under power, whether under sail or not, and includes any prime mover used for towing persons at sea.*

The waters are important not only for breeding birds such as Atlantic Puffin but also because they are key roosting and feeding areas for other species in the winter and summer. Examples include Shag (the islands are home to nationally important numbers – over 1% of the British population is found in Bailiwick waters – and some 40% of those are found around Herm and Jethou), three species of gull breed and roost in the area and auks such as Guillemots and Razorbills move north from the Bay of Biscay in the winter and use the area for feeding and roosting.

The Board has, therefore, consulted with the Harbour Master; the Island Manager, Herm Island; and both the RSPB and La Société Guernesiaise on the extent of the proposals and the practicalities involved in respect of navigation, safety at sea, policing, and in terms of the effect on private boat-owners and ferry operators.

As a consequence of that consultation, the Board proposes that the existing 6 knot limit would be extended from Caquorobert-Selle Roque-Moulinet-Pt Sauzebourge on the south and southeast coast of Herm and a small area to the northwest of Grande Fauconnière, as depicted on the map which will be displayed in the foyer of the Royal Court House and will be lodged at the Greffe.

Part 2 - Registration of Vessels

Whilst putting forward the above proposals, the Board is taking the opportunity to address an entirely separate matter relating to the above Ordinance.

Section 1 of the above Ordinance obliges local persons owning boats to register their boats with the Harbour Authority. Section 7 states that the obligation to register applies only to persons ordinarily resident in the Islands of Guernsey, Herm or Jethou (hereinafter referred to as the 'jurisdiction'). Registration effectively gives rise to an entitlement to be charged Guernsey mooring fees at a rate which is lower than that charged for non-registered vessels.

It has come to light that the legislation in its present form does not explicitly give the Board the power to deal with situations where it would wish to cancel a certificate of registration of a vessel due to a person no longer residing in Guernsey. In such circumstances the Board would not wish there to be any uncertainty as to the appropriateness of raising mooring fees at the higher rate (i.e. that for non-registered, visiting vessels) for any vessels that continue to occupy space in St Peter Port Harbour or St Sampson's Harbour but are in ownership of a person no longer "ordinarily resident".

Under section 3 (3) of the existing Ordinance the onus is placed on the owner, the designated owner or his legal personal representative to inform the Board in specified circumstances (i.e. change of address; change of name of the vessel; transfer of ownership; transfer of part ownership; death; changes to the hull, superstructure or method of propulsion of the vessel; the boat is wrecked, broken up or removed permanently). The Board then takes appropriate action to amend/delete the registration. It is the Board's view that an owner who leaves the jurisdiction should be obliged to notify the Board and return the certificate for cancellation within a period of seven days. Failure to do so would constitute an offence under section 16(1)(a).

The Board recognises, however, that cases may arise whereby the certificate is not surrendered in accordance with the above requirements and in such circumstances where the Board discovers that a boat remains registered albeit that the owner of the boat is no longer locally resident, that there is the need for a deemed cancellation provision within the Law. The deemed cancellation may of course operate retrospectively, where the Board is able to ascertain the date on which the cancellation of the registration would normally have taken effect. This requires an entirely new provision under the Law. In addition, and for the sake of completeness the Board would recommend that this deemed cancellation provision also applies in cases where under section 3(3) of the Law the owner is required to notify a change in registration and such notification is not received within the required period.

Recommendation

The Board of Administration recommends the States to:

(1) approve the amendments to the Boats and Vessels (Registration, Speed Limits and Abatement of Noise) Ordinance 1970 as set out in part 1 of this report.

(2) approve the amendments to the Boats and Vessels (Registration, Speed Limits and Abatement of Noise) Ordinance 1970 as set out in part 2 of this report.

I should be grateful if you would lay this matter before the States with appropriate propositions including one directing the preparation of a new map in respect of Herm and Jethou defining the coastal restricted zones, as amended; together with the necessary amendment to the aforementioned Ordinance.

Yours faithfully

R. C. BERRY

President
States Board of Administration

(NB The States Advisory and Finance Committee supports the proposals)

The States are asked to decide:-

XII.- Whether, after consideration of the Report dated the 9th January, 2004, of the States Board of Administration, they are of opinion:-

1(1) To approve the amendments to the Boats and Vessels (Registration, Speed Limits and Abatement of Noise) Ordinance, 1970, as set out in Part 1 of that Report.

(2) To direct the preparation of a new map in respect of Herm and Jethou defining the coastal restricted zones as amended.

2. To approve the amendments to the Boats and Vessels (Registration, Speed Limits and Abatement of Noise) Ordinance, 1970, as set out in Part 2 of that Report.

3. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

STATES BOARD OF HEALTH

PARKING AT THE PRINCESS ELIZABETH HOSPITAL RESOLUTION OF IMPASSE BETWEEN THE BOARD OF HEALTH AND THE ISLAND DEVELOPMENT COMMITTEE

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

4th February 2004

Dear Sir

Parking at the Princess Elizabeth Hospital – Resolution of Impasse between the Board of Health and the Island Development Committee

Introduction

In September 2003, the States considered an update report from the Board of Health on its site development plan (Billet d'Etat XXI, 2003). The States agreed, inter alia, to approve in outline the schemes for a clinical block (phase 5), for new acute psychiatric facilities (phase 6b) and for new staff accommodation (John Henry Court).

At the same time, the States voted the Board of Health a sum of £5,242,700 to fund the professional planning of all the aspects of the site development plan and to carry out preparatory works, such as site-wide services, and to improve the adequacy of public access.

The planning process is being carried out by a number of specialist firms, including Nightingale Associates as architects and WSP as civil and structural engineers, co-ordinated by Gleeds Management Services as the project managers. The Board of Health is very pleased with the quality of the work they are producing and with their enthusiasm to see the project move forward. The Board shares that enthusiasm and believes that the States are also keen to see the plans progress.

One of the most difficult matters to move forward has been reaching agreement with the Island Development Committee over the various aspects of the site development plan. The Board of Health and its planning team have made considerable effort to accommodate the views of the Committee and, following

repeated consultation with officers of the Island Development Committee, the Board believes that most of the planning issues have either been resolved or are close to being resolved.

Unfortunately, the issue of car parking at the Princess Elizabeth Hospital site remains unresolved and threatens to thwart the whole development. The concentration of facilities onto the site, including an increased number of beds, will necessitate an increase in permanent parking provision. It is planned to provide new car parking to ensure that patients, visitors and staff have access to safe and adequate parking on site. Construction works and disruption to normal access arrangements will occur at different locations around the site throughout the redevelopment period and this will require the replacement of current parking provision for the construction works and normal hospital operations to continue.

Parking is already a problem and the commencement of building works will lead to a considerable loss of parking places. The demolition of John Henry House and its replacement with 66 units of staff accommodation will result in the loss of 88 car parking spaces and construction of the new clinical block will cause the loss of a further 80 spaces. Consequently, it is clear that the extra parking required on the site must be the first development to be carried out if the Princess Elizabeth Hospital is to continue operating as an effective acute hospital for the island.

The Board of Health formally submitted its proposals for car parking to the Island Development Committee on 19 December 2003. It received a response on 8 January 2004, to which the Board has subsequently responded on 23 January 2004. Copies of the relevant correspondence are attached as Appendix A.

The Board believes that it has now reached the stage where this disagreement is seriously delaying the whole project, with all the implications for additional costs that this includes. A number of highly professional consultants are engaged in the planning process and yet their work cannot be carried forward because of this critical unresolved issue. To keep the site development plan on programme, construction of new car parking facilities needs to commence in June 2004.

In theory, the Board could accept the Island Development Committee's decision to raise objections to its proposals for the construction of a permanent car park at La Corbinerie and continue with its site development plan in the knowledge that there would be insufficient car parking available at the Princess Elizabeth Hospital for many years to come. In reality, this is not an option as it would be virtually impossible to run the hospital safely and effectively. Consequently, it is the Board's opinion that none of the other works can progress until the car parking issue has been resolved. The majority of patients using the Princess Elizabeth Hospital are older people and their needs have to be considered.

Throughout the process, the Board of Health and its advisors have been encouraged by the constructive progress, which appeared to have been made at

staff level meetings on the issue of parking. However, the formal consultation with the Island Development Committee has brought rejection of the Board of Health's parking strategy. Under those circumstances, the Board of Health felt there was no option but to bring the matter speedily to the States in accordance with the resolutions of the States on 1 August 1991 (Billet d'Etat XX, July 1991) concerning disputes between States departments and the Island Development Committee.

The Board of Health's view on the correct parking strategy

Safe and adequate levels of car parking for patients, visitors and staff are essential if the Princess Elizabeth Hospital is to function effectively as the Island's acute hospital. The hospital provides a large proportion of the Island's health care facilities and as such is the destination for many car-borne trips.

The establishment of an effective, realistic, long-term strategy for the provision of adequate car parking is fundamental to the operational management of the hospital site.

It is for this reason that the Board of Health appointed consultants with extensive experience in the design of acute hospitals, the provision of necessary car parking facilities and the establishment of effective phased car parking methodology strategies. As a result, the development will be undertaken with a minimum risk to the health and safety of all persons on and around the site, together with the minimum of inconvenience to services to patients.

A recognised standard for the ratio of car parking spaces to number of hospital beds is 2.5 to a bed. There are at present 223 beds on the Princess Elizabeth Hospital site, which, using the 2.5 space to bed ratio, would indicate that there should be 557 car parking spaces available. Taking into account, the gravelled areas around the nurses' home, there are 585 places presently available, slightly above the recommended bed to space ratio.

The building of the continuing care wards, adult mental health facilities and the new clinical block will increase the number of beds on the Princess Elizabeth Hospital site by 113, from the existing 223 to 336, comprising:

Additional Critical Care beds	4
Assessment and Rehabilitation	27
Continuing Care	60
Adult Mental Health	24
Assessment and Respite	4
Medical	-6
Total increase	**113**

Apart from the above increase in beds it also needs to be remembered that the day hospital for older people, the Physiotherapy and Occupational Therapy Departments, presently located at the King Edward VII Hospital and the day centre from the Castel Hospital will also be transferred to the Princess Elizabeth Hospital site. These extra beds and services will increase the need for car parking to 840 spaces. This is an increase of 255 over the number presently available.

The enabling works required for constructing both John Henry Court and the Phase 5 Clinical Block involve the demolition of the existing buildings on these sites and as a consequence, the immediate loss of 168 car parking spaces, reducing the available number of spaces to 417. Given the already high number of complaints received by the Board about the lack of adequate parking at the Princess Elizabeth Hospital, a reduction of this magnitude, some 29%, would make it virtually impossible for the hospital to function effectively and safely. It is not until the completion of this phase of the development in over 5 years' time, that it will be possible to replace the lost spaces.

A replacement car parking facility is, therefore, required in advance of any demolition works in order to accommodate the loss in car parking capacity and to provide the extra car parking required for the future. Such a facility must be located away from the building operations for obvious health and safety reasons and to separate the inevitable construction traffic from the day-to-day pedestrian and vehicular traffic utilising the hospital facilities.

The proposed new car park is for 229 cars but will only require that part of the field at La Corbinerie, which is adjacent to the existing hospital buildings. The land adjacent to Oberlands Road will not be affected.

The new car park has been designed to sit comfortably within the landscape, and take advantage of the changes in level across the land. The rows of parking are gently terraced, with the generous areas of soft landscape between the rows accommodating the changes in level. These areas will be planted with a variety of trees and shrubs that will have year-round interest and will become an effective screen, no matter what the season. The proposed trees and shrubs will increase the local biodiversity, and will be used to define the main routes through the car park, making the site legible and providing a three dimensional structure. The trees in formal locations will be clear-stemmed to at least 3.5 metres to allow good visibility and clearance, which increases the security of the area. Of the two existing trees on the site, the northern one is retained as a feature. The other is not in good condition, has a poor form and is, therefore, to be replaced by in excess of 100 new trees, consisting of a mixture of Oak, Turkey Oak, Lime and other species to match the existing specimens. All remaining existing trees will be suitably protected throughout the duration of the car park works, by means of an appropriate post and rail fence. The proposed tree replacement and protection works have been considered in principle, for the hospital as a whole, in consultation with the Arboricultural Officer.

Around the edge of the car park and on the other side of the site access road, further mass planting, including trees is proposed to fully screen the site from adjacent properties. The species used will be appropriate to the site, and consist of a mix of indigenous and evergreen species. The site access road will become a tree-lined avenue.

Pedestrian routes through the car park will be lined with trees (in grilles in places). The footpaths will be finished in the same material as the new paths on the adjacent site. Lighting will be carefully designed to prevent spill, while providing a safe and secure environment for users. A new path along the site access road, connecting the path to the Accident & Emergency Department with Oberlands Road will increase site safety and improve visibility for car users.

The Island Development Committee's view on the parking issue

In its response to the Board's request for the development of an above ground car park at La Corbinerie, the Island Development Committee stated:

> "As you will recall, the Committee has previously raised objections to the provision of temporary car parking at La Corbinerie and has suggested that it would consider proposals to extend the boundaries of the Princess Elizabeth Hospital site to provide car parking beyond its existing confines. It is understood that negotiations have commenced between the Board of Administration and adjoining landowners, but initial indications are understood to be that they are unlikely to prove successful. In this context, the Committee noted the content of the submitted Technical Note 1: Parking Strategy, which concluded that it would be necessary to utilise the land at La Corbinerie for a permanent car park in order to provide adequate car parking facilities at the site both pre- and post-construction of the new facilities.
>
> Although, in addition to the area at La Corbinerie, provision is made in the most recent plans for 165 spaces to the rear of the proposed Phase 5 development, the parking strategy does not explore the potential for either underground or above ground multi-storey parking. Given that negotiations to provide land for parking outside the Princess Elizabeth Hospital site are apparently unlikely to be successful and bearing in mind the Board of Health's previously stated objections to underground car parking on grounds of cost, the Committee would encourage the Board of Health to now seriously consider the potential for above ground multi-storey parking as part of the ongoing master planning exercise for the development of the site."

The Board of Health rejects the Island Development Committee approach as unacceptable because:

The Design Team has evaluated all other potential areas for the location of the required car parking facility and, outside of the areas to be developed; there are no realistic options on the current site that can provide the necessary capacity other than the area identified at La Corbinerie.

Multi-storey and underground car parking has been considered as part of both the Phase 5 and the John Henry Court developments. However, this would only be available once the developments have been completed and would not resolve the immediate requirement for car parking spaces prior to works commencing. In addition, the Board is concerned about the cost of this, at a time when the future availability of capital funding is in doubt. Furthermore, it is understood that discussions with planning officers in respect of the design solutions to date has focused on the need to reduce the building heights on Phase 5, especially in the vicinity of the site boundary, as well as for John Henry Court.

Consequently, the additional provision of multi-storey car parking to these areas would be contrary to the advice and recommendations we have received over the past 6 months.

It is for the above reasons that the Board of Health has had to give serious consideration to parking at La Corbinerie. Car parking spaces are already provided around the perimeter of this site and these would be integrated with the planned new layout. We agree with the planning officers that a sensitively designed and landscaped car park solution will be required and the design team is confident of proposing a solution that will meet this criterion.

Provision for travel other than by car

The potential for 'green' travel modes and, in particular, healthy travel options, has been and continues to be investigated by the Board of Health. This has involved research on the travel-to-work patterns of its staff, the scope of possible improvements to non-car transport modes and the potential to increase their use. Over 600 staff responded to a recent survey conducted by the Board of Health on transport issues. A total of 25% of those that responded indicated that they would be prepared to consider alternative transport. other than the private motorcar.

Ideas being investigated are:

- more use of two-wheeled transport such as bicycles, scooters, motorcycles and electric bikes;
- enhancing the facilities available for those who choose to use alternative modes of transport;
- more 'employee friendly' public transport;

- promotion of car sharing, including preferential parking;
- promoting the health benefits of a regular walk.

Funding requirements

As explained above, in September 2003, the States voted the Board £5,242,700 to fund the professional planning of all aspects of the site development plan, to carry out preparatory works, such as site-wide services, and to improve the adequacy of public access. In the same policy letter, the Board advised that it would return to the States to seek approval and funding for the individual projects that form part of its development plan.

The cost of the proposed 229 spaces La Corbinerie car park is £800,000. The cost of providing the same number of spaces as part of an above ground multi-storey car park has been estimated to be in excess of £3,500,000, dependant upon its exact location on the Princess Elizabeth Hospital site.

Conclusion

The Board of Health would remind members that the Princess Elizabeth Hospital is Guernsey's principal hospital site and will become even more of the focus for healthcare services once the site development plan is complete. In common with acute hospital sites throughout the UK, parking is a major problem. The Board of Health is encouraging alternative travel methods where practical. These opportunities, however, are limited by the high level of shift work by our staff and, more importantly, by the frailty of many of the patients and relatives who have to come to the hospital. A total of 57% of acute beds are occupied by people over the age of 65.

The Board of Health believes it is vital that some flexibility is shown by the Island Development Committee to ensure the Princess Elizabeth Hospital can continue to operate as a viable and efficient general hospital. Accordingly, the Board of Health asks the States to approve the parking plans attached to this policy letter.

If the States are minded to reject the Board of Health's proposal, there will be an inevitable delay to the Board's proposals to redevelop the Princess Elizabeth Hospital site as well as significantly increasing design and construction costs of the project. The Board would look to return to the States as soon as it is able with a revised programme and cost.

Recommendations

The Board of Health, therefore, recommends the States:

1. to approve the Board of Health's proposal to build an above ground car park at La Corbinerie, as detailed in this report, at a total cost not exceeding £800,000;

2. to authorise the Advisory and Finance Committee to approve the acceptance of all tenders in connection with this project and to approve a capital vote, not exceeding £800,000, such sum to be charged to the capital allocation of the Board of Health;

3. to authorise the Advisory and Finance Committee to transfer an appropriate sum from the Capital Reserve to the capital allocation of the Board of Health in respect of this project.

I should be grateful if you would lay this matter before the States with appropriate propositions.

Yours faithfully

P. J. ROFFEY

President
States Board of Health

MEMORANDUM

TO: W E Lockwood, Chief Planning Officer, IDC

FROM: Director of Planning & Social Care Services

DATE: 19th December 2003

SUBJECT: Site Development Plan - Princess Elizabeth Hospital

Following appointment in September 2003, the current design team led by Nightingale Associates have undertaken a thorough design validation exercise of the proposed Princess Elizabeth Hospital redevelopment. During the above process, the Board of Health and members of the design team have met and consulted the Island Development Committee on two occasions, which we believe to have been productive meetings.

The design team have noted the initial comments raised by the Island Development Committee in respect of the above development and associated car-parking constraints. The attached Outline Design Proposal document and Technical Note 1: Parking Strategy, aim to address the Island Development Committee's comments in this respect.

It should be noted that the attached documents represent current work in progress in response to the above comments, but would advise that the design development is an ongoing and iterative process. I should add that these documents have not been agreed by the Board of Health; due to time constraints and we will be submitting them to the Board, retrospectively.

We look forward to working closely with the design team and yourselves throughout the course of the above development, through a series of design consultation workshops beginning in the New Year.

In the interim, we should be grateful if you would discuss the findings of the attached documents at the forthcoming Planning Committee Meeting on 23 December 2003, as previously discussed. We look forward to receiving your feedback to the proposals following the above Committee meeting.

Should you require any further information, please do not hesitate to contact me on 707360.

NICOLA VERNIEUX

1.1 Outline Design Proposals
Princess Elizabeth Site Redevelopment

The Board of Health appointed the design team for the Princess Elizabeth Site Redevelopment in September 2003. Since the appointment the team have undertaken a design validation exercise which has presented the Board of Health with the opportunity to review the Development Control Plan (DCP) for Princess Elizabeth Hospital.

A number of key elements have been taken into consideration when reviewing the DCP. These are as follows;

- The impact of *Consumerism* on each development
- Traffic management
- Car parking numbers and locations
- Topography of each development site
- Existing site features e.g trees, boundaries, etc
- Density of development, both on individual sites and overall

The projects which are included in the overall redevelopment works are;

- John Henry Court Residential Accommodation
- Phase 6B Mental Health Care Facilities
- Phase 5 Clinical Block

The implementation of the overall redevelopment will require to be undertaken via a number of work sequences. This is necessary in order to;

- minimise disturbance and disruption to existing services
- Allow for any necessary enabling or transitional works to be undertaken prior to construction. This includes temporary road and parking arrangements, service diversions and the provision of decant accommodation
- Allow adequate time periods for the organisation of decanting and, if required, re-location of health care services

The work sequences are described on drawing numbers CA-4004/SK 101, 102, 103, 104, 105, 106 & 107 (see Appendix B).

The outline design proposals for each scheme are described below.

John Henry Court
Outline Design Proposals (CA4002-SK101)

The number of units proposed for this site has been reduced from the planned 84 units to the current proposals for 66.

The two residential blocks are now linked together and stepped on plan. This has the advantage of reducing the number of lifts and stairs for the development. One lift is now centrally located thereby reducing its visual impact.

The units no longer face each preventing any over looking between units and negating the requirement for 'zig- zag' balconies and plan form.

The height of the development is stepped with a two storey element nearest to the site boundary reducing the impact with Le Vaquiedor Manor. The two storey element consists of the one bedroom type units only. The three storey element facing south and towards the hospital consists of the bed sitting room type units and shared communal facilities such as living rooms, laundry and external amenity spaces.

The access road and car parking adjacent to John Henry Court has been re-designed to maximise the amount of landscape area for both communal and individual amenity whilst providing a privacy 'buffer' for the residential units.

In summary the key areas of development are:

- Reducing density of development to 66 units
- Stepped solution with two storey element to the site boundary minimising impact with Le Vauqueidor Manor
- No over looking from units omitting requirement for 'zig-zag' balconies and plan form
- Efficient circulation spaces, reduction in stair and lift requirements
- Increasing and improving landscape for both enhanced privacy and amenity

Phase 5 Clinical Block
Outline Design Proposals (CA4004-SK101, 102 & 103)

The proposal developed for Phase 5 maintains the clinical relationships required by the scheme brief however the building is re-orientated through 45° which responds more directly to the geometry of the existing hospital. The main entrance for Outpatient services is relocated to the north of the site adjacent to the existing Le Vaquiedor entrance. At ground floor level (1) the relationship between Renal Dialysis, Day Hospital and Therapy services is maintained and all are easily accessible from the main entrance. The departments are linked by a double height communication space which brings light and natural ventilation into the building.

At first floor level (2) the vehicular access and drop off point is maintained, although in a different form, for the exclusive use of Bulstrode House. The footprint of the main building has been informed by the design of the medical wards in response to delivery of patient care and staffing levels. The 'cluster' concept required by the scheme brief has been developed to provide two nursing clusters to make up a typical ward of twenty four beds. The layout maximises observation into the single bedrooms and four bed bays.

At level three the Institute of Health Studies has been replanned to reflect the footprint below. The layout is now a more compact plan reducing circulation requirements between the elements of the department. This does not extend above the wards reducing the impact of the building to a two storey element to the site boundary.

In summary the key design elements are;

- Outpatients entrance relocated to provides one recognisable entrance for all Outpatient services therefore reducing traffic around the site

- Orientation of the clinical block now responds to the geometry of the existing hospital
- Compact plan releases site area to the south west of the site which will be developed as a car park
- Reduces impact of new building providing stepped plan solution with two storey element facing the site boundary and three storey element adjacent to the existing hospital
- Reduces the amount of retaining structure providing a better relationship with existing topography. This also offers a better patient environment and DDA compliant access
- Two cluster ward layout developed with users based on patterns of patient care and nursing teams
- Improved observation to single rooms and four bed bays
- Day Hospital and Renal departments are more integrated onto the clinical block
- More compact layout reduces communication between both existing and proposed departments
- Improved orientation and patient views
- Provides a range of safe and secure landscape courtyards for both patient views and therapy

Phase 6B Acute Mental Health Unit
Outline Design Proposals (CA4003-SK 101 & 102)

The proposal for phase 6B seeks to respond to the geometry of the Continuing Care wards (Phase 6A) as well as respecting the layout and form of the existing Mignot House and the stable buildings.

The site layout also attempts to retain many of the existing mature trees on the site particularly to the north and west. The proposals will include for proper protection of roots and branches during both the construction and operational phases of the unit as well as proper irrigation arrangements.

The proposed entrance to outpatient functions will be made via the archway opening in the existing stable building. A new glazed 'cloister' wrapped along the edge of both the stable block and Mignot House helps to connect and integrate the existing with the new build improving staff and patient journeys throughout the new unit. This entrance will provide access to Medical and Support Services and the Day Hospital.

A separate entrance for inpatients will be provided at the south eastern side of the proposal which makes use of the new access road constructed for Phase 6A. This will also help to minimise traffic movements in and around the new unit.

The unit will be predominantly single storey with a limited two storey element adjacent to Mignot House and enclosing the courtyard formed between the new build and the existing buildings.

The Day Centre will also have its own dedicated entrance and drop-off whilst a discrete entrance is provided for the high observation bed unit.

The Day Centre has been reduced in size to suit the service functions. This has provided the opportunity to reduce the impact of the centre in relation to the existing Phase 4. A single storey element now addresses Phase 4 whilst is re-positioning to the east locates the centre at the point of minimum visual impact with regard to Phase 4.

To summarise the proposal;

- Provides identity as one cohesive facility, a *mental health care village*
- Provides both patients and staff a series of linked departments improving communication and offering flexibility for the provision of services
- Arranges each department around a series of enclosed or semi-enclosed external courtyard areas offering views, amenity and security where required to both patients and staff
- Provides easily identified entrances for inpatient, outpatient and day centre facilities providing controlled and secure access to the unit
- Integrates the existing Mignot House and stable block into the overall layout
- Provides an improved relationship between the new building and many of the existing trees particularly on the western boundary
- Provides inpatients with views into landscaped courtyards or the countryside beyond whilst improving privacy
- A self contained area provided within the adult inpatient unit for the provision of three observation bed
- A 24hr external access point provided to the observation beds

Development Control Plan (DCP)
Outline Design Proposals (CA4005-SK100)

The DCP shows all the developments required by the Board of Health to implement the Princess Elizabeth Hospital Redevelopment. The DCP does not include for any future service requirements which may be required by the Board of Health.

The DCP also shows in draft format the car parking required to support both the existing services on site and the new services included within the redevelopment proposals. The proposed strategy for car parking on site is described in the document prepared by WSP Development, *Princess Elizabeth Hospital, Guernsey, Technical Note1: Parking Strategy.*

The report includes a description of suggested sites for the provision of a permanent car park. However, these sites are not considered as viable options. Therefore, the DCP shows the preferred location for a permanent car park on the La Corbinerie site off Oberlands Road.

The design proposals for a permanent car park on this site are currently being developed by the design team. Although the site has been disturbed by the construction activity relating to Phase 6A it is important

that any design solution respond to the sensitive nature and prominent location of the La Corbinerie site.

Initial ideas are based on creating a series of parking 'rooms', locating the parking bays along the natural contours of the site. This will eliminate the need for any intrusive 'cut and fill' works and will help blend the car park into the natural features of the site.

The President
States Board of Health
Duchess of Kent House
Le Vauquiedor
St Andrews
Guernsey
GY6 8TW

8 January 2004

Dear Deputy Roffey

SITE DEVELOPMENT PLAN - PRINCESS ELIZABETH HOSPITAL

I refer to the memorandum of 19 December 2003 from your Director of Planning and Social Care Services to the Committee's Chief Planning Officer, and previous discussions regarding the above.

The Committee carefully considered, at its meeting on 6 January 2004, the current proposals that were attached to the memorandum of 19 December and tabled at the meeting with planning staff on 10 December 2003. Having done so, the Committee unanimously resolved to raise objections to the proposals for the construction of a permanent car park and for the siting of a day centre on the Oberlands site. The Committee also wishes to make comments on other issues at this stage.

1. Car parking at the Oberlands Site

As you will recall, the Committee has previously raised objections to the provision of temporary car parking at Oberlands and has suggested that it would consider proposals to extend the boundaries of the PEH site to provide car parking beyond its existing confines. It is understood that negotiations have commenced between the Board of Administration and adjoining landowners, but initial indications are understood to be that they are unlikely to prove successful. In this context, the Committee noted the content of the submitted Technical Note 1: Parking Strategy, which concluded that it would be necessary to utilise the land at Oberlands for a permanent car park in order to provide adequate car parking at the site both pre- and post-construction of the new facilities.

Although, in addition to the area at Oberlands, provision is made in the most recent plans for 165 spaces to the rear of the proposed Phase 5 development, the parking strategy does not explore the potential for either underground or above ground multi-storey car parking. Given that negotiations to provide land for parking outside the PEH site are apparently unlikely to be successful, and bearing in mind the Board of Health's previously stated objections to underground car parking on grounds of cost, the Committee would encourage the Board of

Health to now seriously consider the potential for above ground multi-storey car parking as part of the ongoing master planning exercise for development of the site.

2. Siting of the day centre at the Oberlands site.

The Committee noted that, in responding to previous informal comments, the most recent proposals indicate the day centre reduced in size and relocated further east to improve its relationship with the existing Phase 4 wards.

Whilst it is recognised that your Board will no doubt consider this facility to be an essential part of its development on the site, and revisions have been incorporated as described above, the building would, in the position proposed, erode an important open area between Mignot House, the new continuing care wards and the existing hospital wards.

This is considered to amount to overdevelopment of this part of the site, and the Committee would encourage your Board to explore alternative ways of providing the facilities required without development of this area of open space.

3. Other issues.

Whilst the layout and planning of the nurses' accommodation blocks and Phase 6B mental health care facilities appear to have been significantly improved relative to previous proposals, further details of the design of these elements, and of the Phase 5 clinical block, are now required for consideration and comment.

The Committee therefore requests that your Board provide further details of the proposed design and appearance of the nurses' accommodation blocks, Phase 6B mental health care facilities and the Phase 5 clinical block for its consideration and comment, at the earliest possible stage.

In addition, it is noted that the submitted parking strategy document refers to proposals to locate a Contractors' compound on land to the rear of Le Vauquiedor Farm. The Committee wishes to note its opposition at this stage to the use of Green Zone 1 land of Special Environmental Importance to the rear of Le Vauquiedor Farm for this purpose, and requests that further consideration be given to the location of the Contractors' compound and that alternative proposals be submitted for consideration and agreement by the Committee.

I trust that this clarifies the Committee's position regarding the current proposals, and look forward to hearing further from you regarding these matters in the near future.

Yours sincerely

Deputy J E Langlois
President

President
Island Development Committee
Sir Charles Frossard House
La Charroterie
St Peter Port
GY1 1FH

Dear Deputy Langlois

Site Development Plan – Princess Elizabeth Hospital

I refer to your letter dated 8 January 2004 advising me of the objections and comments raised by the Island Development Committee to the Board of Health's proposals in respect of the above.

As you are aware, a number of meetings have now taken place between your planning officers and our consultants, who are working closely to generate a positive approach to resolving the inevitable issues and concerns in undertaking such a major development within a working hospital environment.

A successful outcome for the above project will only be realised through a joint approach to address these challenges. It is pleasing, therefore, to receive your acknowledgement of the improved layout and planning solutions developed in respect of the Staff Residential Accommodation, Phase 6B Mental Health Facilities and the Phase 5 Clinical Block.

We acknowledge that further consultation is required to establish the critical detailed design elements which both your committee and our consultants will be anxious to establish. Our staff and consultants will continue to consult with your planning officers and receive their valued input to ensure that the detail design solution suitably addresses the concerns of all parties.

In respect of your main areas of concern to our redevelopment proposals, however, we believe due consideration needs to be given to the following points:-

1. **Car parking at the Oberlands Site**.

   The establishment of an effective, realistic, long-term strategy for the provision of adequate car parking is fundamental to the operational management of the hospital site. All NHS acute hospital redevelopment projects in the UK are faced with similar dilemmas in meeting the recommended car parking ratio standards and providing effective access to the hospital for staff/patients/visitors, both during the construction work period and upon completion of the projects.

   It is for this reason that the Board of Health appointed consultants with extensive experience in the design of acute hospitals, the provision of necessary car parking facilities and the establishment of effective phased car parking methodology strategies. As a result, the development will be undertaken with a minimum risk to the health and

safety of all persons on and around the site, together with the minimum of inconvenience to services to patients.

The enabling works required for constructing both the Staff Residential Accommodation and Phase 5 Clinical Block involve the demolition of the existing buildings on these sites and as a consequence, the immediate loss of 169 car parking spaces.

A replacement car parking facility is, therefore, required in advance of any demolition works in order to accommodate the loss in car parking capacity. Such a facility must be located away from the building operations for obvious health and safety concerns and to separate the inevitable construction traffic from the day-to-day pedestrian and vehicular traffic utilising the hospital facilities.

The Design Team has evaluated all other potential areas for the location of the required car parking facility and, outside of the areas to be developed, there are no realistic options on the current site that can provide the necessary capacity other than the area identified at La Corbinerie.

Multi-storey car parking has been considered as part of both the Phase 5 and the Staff Residential Accommodation developments. However, this would only be available once the developments have been completed and would not resolve the immediate requirement for car parking spaces prior to works commencing. In addition, the Board is concerned about the cost of this, at a time when the future availability of capital funding is in doubt. Furthermore, I understand that discussions with your planning officers in respect of the design solutions to date has focused on the need to reduce the building heights on Phase 5, especially in the vicinity of the site boundary, as well as for the Staff Residential Accommodation.

Consequently, the provision of multi-storey car parking to these areas would be contrary to the advice and recommendations we have received over the past 6 months. However, we will be reviewing our previous assessments and provide your officers with details of the feasibility study for the multi-storey options, albeit that this will inevitably be a very costly option.

It is for the above reasons that the Board of Health has had to give serious consideration to parking on the Oberlands site. Car parking spaces are already provided around the perimeter of this site and these would be integrated with the planned new layout. We agree with your planning officer that a sensitively designed and landscaped car park solution will be required and the design team is confident of proposing a solution which will meet this criterion.

We would, therefore, ask your committee to review in detail the Technical Note 1 - Parking Strategy Document, together with our need to establish additional parking prior to commencement of any building operations on the Princess Elizabeth Hospital site.

2. **Siting of the Day Centre at the Oberlands Site**

As acknowledged, we have extensively modified and amended the plan for Phase 6B Mental Health facilities over the past 6 months in consultation with your planning officers. The Day Centre has been reduced in size and relocated to address your officers' concerns in respect of its relationship to the existing Phase 4 wards.

However, the Day Centre is an integral part of the Phase 6B development and is a critical constituent of the operational services provided by the new facility. Due to the constraint imposed by the site boundaries and the juxtaposition of Phase 6A, any alternative design would need to be based on either a deep plan or a multi-storey building. These solutions would be unacceptable, as they fail to provide 'Best Practice' clinical solutions for the treatment and health care provision for this type of patient.

The Board of Health is also anxious to ensure that the facilities are designed to be integral with the main Princess Elizabeth Hospital site and do not create the impression of a separate specific health function. It is imperative that the treatment and care of these patients is delivered within a holistic hospital environment and the relationship of the buildings on the site is key to creating such a facility.

As requested, the Design Team will again review the current layout but given the existing constraints and the hospital's operational requirements, it is difficult to foresee an alternative solution which would not have already been identified.

3. **Contractors' Compound**

The existing road infrastructure around the Princess Elizabeth Hospital site is satisfactory for delivering the hospital's envisaged services, following completion of the redevelopment project. However, it is essential to separate the contractor and hospital vehicle and pedestrian traffic flows, as the movement of materials and goods around the centre of the site must be strictly controlled and the identification of a suitable compound is, therefore, essential.

The Board of Health acknowledges your concern in respect of utilising the area to the rear of Le Vauquiedor Farm as a contractors' compound for construction of the new Staff Residential Accommodation. Our consultants are currently reviewing a possible alternative solution adjacent to the existing swimming pool in the centre of the site and will advise your staff of these proposals, if they prove to be feasible, once developed.

I trust that the above summarises our current position in addressing the challenges facing the Board of Health, particularly in respect of ensuring health and safety within the hospital complex and keeping all patient services running throughout the envisaged development period.

We look forward to hearing further from you regarding these matters and our consultants will continue to liaise with your planning officers in respect of the detailed design solutions.

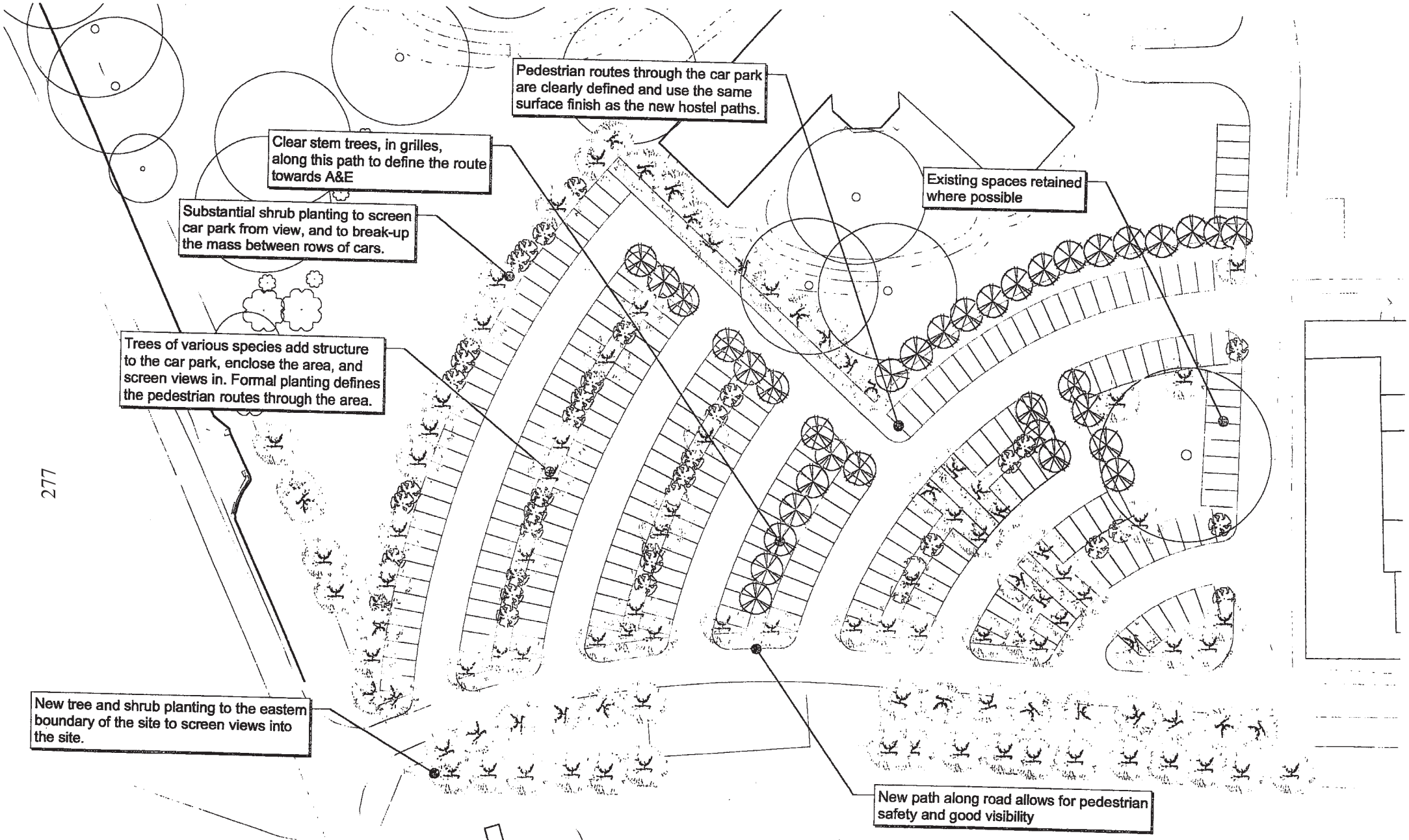
I do, however, have to express the Board's concerns to you that, should it not be possible to resolve the outstanding issues in the very near future, the Board will have to seek a resolution to the impasse by putting the matter before the States.

Yours sincerely

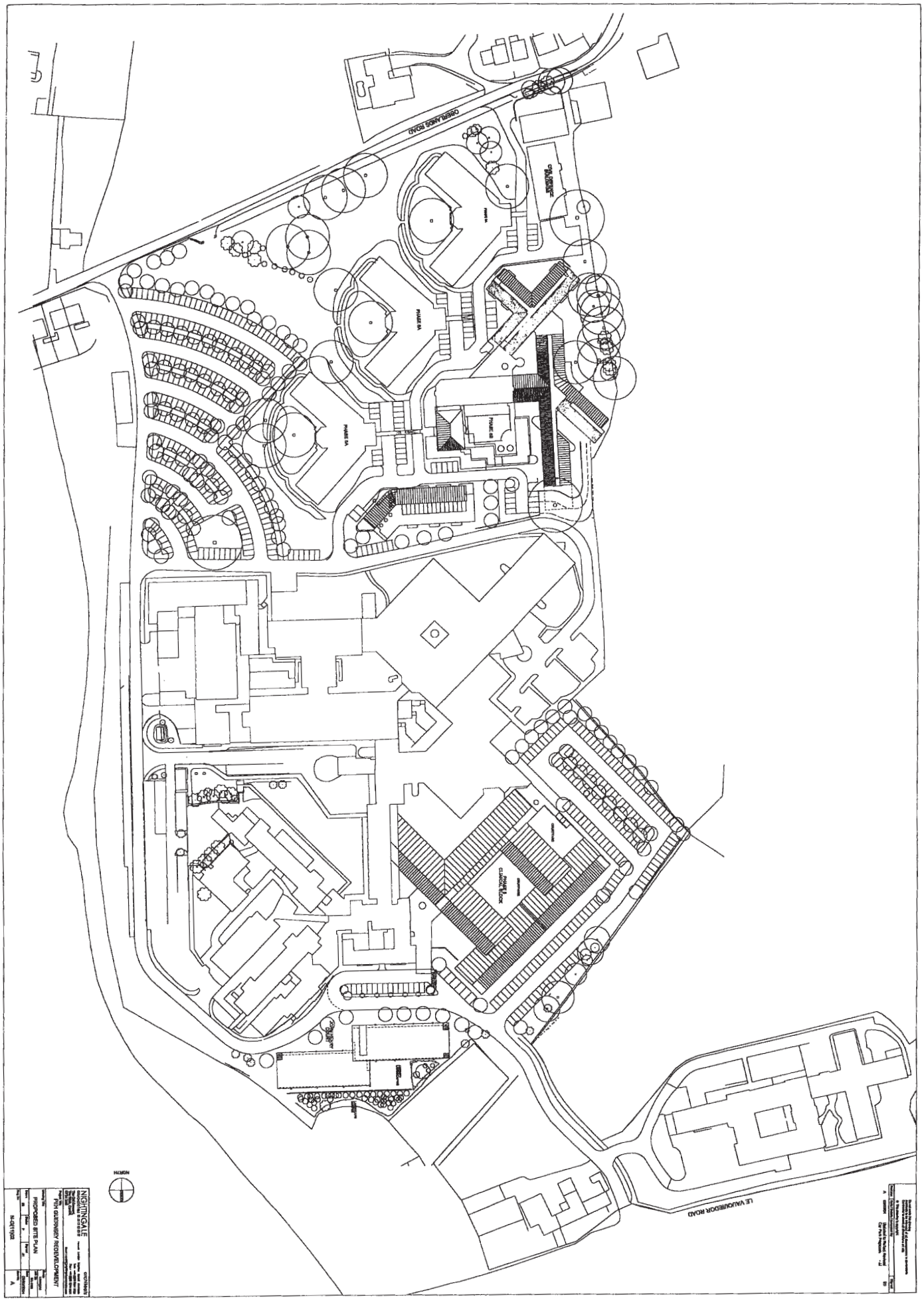
P J ROFFEY
President

cc: Chairman, Estates Sub Committee
President, Advisory and Finance Committee

bcc: Board members



Princess Elizabeth Hospital, Guernsey: New Car Park


OBERLANDS ROAD
PHASE 5A
PHASE 5A
PHASE 5B
PHASE 5A
CLINICAL BLOCK
LE VAUQUEDOR ROAD
NORTH
NIGHTINGALE
PROPOSED SITE PLAN
PRINCESS ELIZABETH HOSPITAL
ST PETER PORT GUERNSEY
REDEVELOPMENT

The President
States of Guernsey
Royal Court House
St Peter Port
Guernsey
GY1 2PB

11 February 2004

Dear Sir,

I refer to the letter dated 4 February 2004 addressed to you by the President of the Board of Health on the subject of Parking at the Princess Elizabeth Hospital.

The Advisory and Finance Committee regrets that the Board of Health and the Island Development Committee have not reached agreement on the proposed parking strategy.

However the Committee recognises that agreement has been reached on a number of other important issues and the disagreement on parking stems from both Committees' concerns to ensure that the car parking requirements for this important facility are properly met for the long term.

The Committee also recognises that extensive consultations have taken place and a prompt resolution of this issue is required to avoid significant additional cost due to delay.

The Island Development Committee's views are expressed in its letter dated 10 February 2004, a copy of which is appended.

The Committee has not sought to reach a collective view on the balance between long term land use considerations, operational requirements, design and cost. It is for States Members to reach their own conclusions on the matter.

Yours faithfully,

W. M. BELL

Member
Advisory and Finance Committee

The President
States Advisory & Finance Committee
Sir Charles Frossard House
La Charroterie
St Peter Port
Guernsey
GY1 1FH

10 February 2004

Dear Deputy Morgan

BOARD OF HEALTH SITE DEVELOPMENT PLAN -
PRINCESS ELIZABETH HOSPITAL - PARKING

I refer to the Board of Health's Policy Letter in respect of the above, a copy of which was received by the Committee on 4 February 2004.

The Committee would firstly point out that the plan attached to the Board of Health's Policy Letter (entitled Landscape Proposals/3-4D-SK-009) has not been seen previously by the Committee and differs from that on which the Committee commented on 8 January 2004.

In commenting on the Policy Letter and attached plan, the Committee would draw attention to the background relating to the site chosen by the Board of Health for car parking at La Corbinerie, Oberlands Road.

In July 1999, the Board of Health took its revised site development plan to the States. This included provision for the transfer of the previously approved long-stay continuing care wards for confused older people from Castel Hospital to the site at La Corbinerie, Oberlands Road. A stated aim for this proposed development in the Board's Policy Letter was to provide long-stay wards "in a setting which will not feel like a general hospital". The Board further stated at the time that rather than making people feel that they are spending the last few years of their lives living in the middle of a general hospital, it would wish to "give them a home which is as domestic as possible, both inside and in its setting". The Board of Health committed at that time, in the face of substantial local opposition to the plans, to preserve the existing mature trees on the site and to undertake landscaping work, including further tree planting.

The States accepted the Board of Health's site development plan subject to an amendment brought by Deputy (then Conseiller) Berry regarding further consideration of the exact location of the continuing care wards on the site.

Revised proposals were put forward by the Board of Health in January 2000. The Board stated that these proposals were based upon suggestions made by Deputy Berry at a public meeting in St Martin's and were designed to preserve "a triangular area of open land, maintaining the open aspect adjacent to Oberlands Road". It is on this remaining area of open land, which was to be preserved following the continuing care ward development that the Board of Health now proposes to build its car park.

In raising no objection to the proposals for the continuing care wards in June 2000, the Committee noted the assurances given by the Board of Health regarding the protection of trees at the site and required that further consideration be given to providing additional landscaping in conjunction with the proposed development, including additional screen planting adjacent to Oberlands Road, banking along the northern boundary and further tree planting within the site. This requirement was accepted by the Board of Health which had, as noted above, already given its commitment to carrying out further landscaping at the site.

Against this background, the Committee raises objections to the Board of Health's proposals to construct a car park at the Corbinerie site for the following reasons:

1. The proposal goes back on commitments previously given by the Board of Health regarding the preservation of the landscape setting of the new continuing care wards and protection of the remaining undeveloped open space adjacent to Oberlands Road. The Board of Health previously undertook to preserve this area and not to develop it further. The land concerned is within an Area of Landscape Value (Green Zone 2) designated in the Rural Area Plan (Phase 2) and should, in the Committee's view, be protected against such development in accordance with the commitments previously given by the Board of Health and the overall aims and intentions of that Plan. The Committee considers it to be crucially important that the few remaining areas of open green space such as this be retained in order to prevent the Princess Elizabeth Hospital site becoming seriously overdeveloped and losing these attractive elements of its existing character for ever.

2. The proposed car park is very substantial and dominates the outlook to the east of the continuing care wards, destroying the domestic setting of those wards that was previously considered by the Board of Health as essential. Contrary to the Board's previous assurances, residents of the long-term care wards would, if the States accepts the current proposals, be very aware that they are living in the middle of a general hospital, with cars and traffic very close to their windows and garden space.

3. The proposals for a car park would have a further adverse impact on the mature trees that the Board of Health has previously given assurances would be retained and protected. New planting in the narrow margins between car parking bays is unlikely to be substantial and would not compensate for the loss of mature trees. The proposals would also remove the ability to provide meaningful landscaping on the boundaries of the land and within the site as was previously required in connection with the

development of the continuing care wards and was agreed to by the Board of Health at that time.

4. The development shown on the plan attached to the Board of Health's Policy Letter is more substantial than the previous proposals for car parking which the Committee has seen and on which its comments have already been given. The proposed car park has been extended further to the south, towards Oberlands Road, since those previous proposals were submitted for the Committee's comments, and now would have an even greater effect on the amenities and landscape character of the area.

Yours faithfully

P. Mellor

Vice-President
Island Development Committee

The States are asked to decide:-

XIII.- Whether, after consideration of the Report dated the 4th February, 2004, of the States Board of Health, they are of opinion:-

1. To approve the States Board of Health's proposal to build an above ground car park at La Corbinerie, as detailed in that Report, at a total cost not exceeding £800,000.

2. To authorise the States Advisory and Finance Committee to approve the acceptance of all tenders in connection with this project and to approve a capital vote, not exceeding £800,000, such sum to be charged to the capital allocation of the States Board of Health.

3. To authorise the States Advisory and Finance Committee to transfer an appropriate sum from the Capital Reserve to the capital allocation of the States Board of Health in respect of this project.

STATES HOUSING AUTHORITY

SCHEMES FOR THE PROVISION OF AFFORDABLE HOUSING:
OPERATIONAL AND FUNDING ARRANGEMENTS

The President
States of Guernsey
Royal Court House
ST PETER PORT

5th February 2004

Dear Sir,

SCHEMES FOR THE PROVISION OF AFFORDABLE HOUSING - OPERATIONAL AND FUNDING ARRANGEMENTS

Executive Summary

This policy letter contains details of the Authority's investigations into a number of affordable housing schemes to assist those persons in the Intermediate Housing Market who can neither afford to purchase property outright, nor are eligible for rented accommodation provided by the Authority.

The policy letter outlines the principles of a Partial Ownership scheme whereby a suitable applicant may acquire between 40% and 80% of the equity of a property with the remaining share being held by a scheme provider i.e. a housing association. The purchaser will make repayments on a mortgage for the proportion of the equity that they own and will also pay a rent on the non-owned proportion. There will also be an opportunity for the owner of a Partial Ownership property to increase or decrease their equity stake.

The funding and fiscal implications of introducing a Partial Ownership scheme are fully explored, paying due regard to the effects of the introduction of a new form of housing tenure on the Guernsey housing market. In particular, the establishment of a Partial Ownership scheme is linked to the provision of additional properties.

The Authority is also investigating other affordable housing schemes – namely Leasehold, Assisted Purchase and Self Build. This policy letter gives a summary of where each of these investigations currently stands.

The Authority seeks the States agreement to the establishment of a Partial Ownership scheme based on the principles outlined in this policy letter. It also includes recommendations that will commit the Housing Department to report back on its investigations into other affordable housing schemes.

Introduction

1. Among the objectives of the Housing Strategy approved by the States in February 2003 were the following:

> *"To provide the community with a range of housing options, acknowledging that while home ownership has historically been the preferred means of meeting housing needs, good quality, fairly priced housing may be provided across the housing market by other means and through a variety or mix of agencies – public, private and voluntary.*
>
> *To enable housing to be provided for those financially unable to enter the private housing market, either to purchase or rent, through a range of housing measures attuned to meeting their specific housing needs including social rented housing, Partial Ownership schemes, etc."*

2. Action Area C of the Corporate Housing Programme reinforced those objectives by encouraging the States:

> *"To support the development of agencies to provide for the varied needs of the Intermediate Housing Market and to work with those agencies to ensure that there is sufficient provision of affordable social housing to meet the reasonable needs of that sector."*

Further detail is included in the specific action plan:

> *"To report to the States with details of a Partial Ownership scheme during 2003, including necessary legislative changes."*

This policy letter accords with the objectives and action set out above.

Background

3. In a policy letter dated 29 December 2000 (Billet d'État II, 2001), the Authority presented a preliminary report on its investigations into the subject of Partial Ownership schemes operating in the UK.

4. The States resolved as follows:

(i) that the Authority should undertake further analysis of the means of introducing Partial Ownership schemes in Guernsey; and

(ii) that the Authority should report back to the States with its findings including full details of the following:

(a) any legislation that may be required to enact such schemes;

(b) comparisons of the advantages and disadvantages of the various forms of Partial Ownership;

(c) the funding and other implications.

5. In compliance with (ii)(a), in September 2003 (Billet d'État XXI 2003), the States debated a policy letter on the legislation that would be required before various schemes

for the provision of affordable housing could operate and the resultant legislation is now in the course of preparation.

6. This policy letter, therefore, concentrates on the principles of various affordable housing schemes that the Authority considers could be utilised in Guernsey and sets out the operational and funding details of one such scheme – Partial Ownership.

Objectives of equity sharing schemes and their applicability to Guernsey

7. The Authority's December 2000 policy letter listed the following as the key policy objectives for shared ownership in the UK:

- Extending access to owner occupation
- Meeting housing need at a lower subsidy cost than social renting
- Meeting housing need indirectly by freeing up social rented housing
- Promoting mixed tenure estates and diversity within the housing system
- Extending or supporting the market for new house building.

8. It is evident that, in practice, the key use of equity sharing schemes in the UK is to free up, and reduce demand for, social rented housing.

9. However, in Guernsey, the number of States' tenants who are likely to participate in such schemes may not be sufficient to make this indirect means of providing social rented housing a prime objective (although there is no doubt that the use of equity sharing schemes to free up social rented housing is financially more economical than the construction of additional public sector housing).

10. Bearing this in mind, the Authority is actively developing a programme for the construction of additional dwellings on or adjacent to States' housing estates, to supplement the building programme of social rented housing being undertaken by the Guernsey Housing Association. Whether some of these newly constructed dwellings built by the Authority could be made available for purchase by States' tenants under equity sharing principles (thereby freeing up States' dwellings for occupation by persons on the Authority's waiting list) will be considered at a later date.

11. It is, however, in the area of affordable home ownership that equity sharing schemes have their greatest utility in the Island context. In Guernsey it has been the unwritten policy for many years to encourage home ownership as the main means of meeting housing needs, reflecting a strong local tradition of home ownership and a strongly held view that Guernsey people should be entitled to buy rather than rent their own homes. The housing market study - "The Operation of the Housing Market in Guernsey"[1] - challenged the realism of that presumption in the light of the already very high level of home ownership in Guernsey.

12. However, while querying the advocacy of outright ownership as the prime housing objective, the Study clearly identified equity sharing schemes as the most practical route to home ownership for some households in the Intermediate Housing Market ineligible for States' housing, but who could not afford to buy in the general housing market.

[1] Appended to the joint policy letter from the Advisory and Finance Committee and the Housing Authority entitled "The Development of a Housing Strategy and Corporate Housing Programme" (Billet d'État II, February 2003).

13. It is, therefore, clear that all five objectives set out in paragraph 7 above could be realised. The Authority concludes, therefore, that equity sharing schemes can provide a valuable addition to the Guernsey housing market, providing a new form of tenure and extending housing choice and, therefore, the establishment of such schemes should commence as soon as possible.

Review of the UK schemes

14. Details of four types of Partial Ownership schemes that receive grant funding from the Housing Corporation in the UK were provided in the Authority's December 2000 policy letter. They are summarised in Appendix 1 to this policy letter under the following four headings:

- CONVENTIONAL SHARED OWNERSHIP
- DO-IT-YOURSELF SHARED OWNERSHIP (DIYSO)
- CASH INCENTIVE SCHEME
- HOMEBUY

15. In its consideration of the four UK schemes, the Authority concluded that the CASH INCENTIVE SCHEME was not appropriate for Guernsey, and there was no need to examine DO IT YOURSELF SHARED OWNERSHIP (DIYSO) separately from CONVENTIONAL SHARED OWNERSHIP.

16. It, therefore, concentrated its investigations into CONVENTIONAL SHARED OWNERSHIP and HOMEBUY. Key features of these two schemes have been extracted from the Housing Corporation's publications and are set out in Appendix 2.

Proposals For Schemes Applicable To Guernsey

17. Taking account of the UK experience, the Authority has been investigating the feasibility of four affordable housing schemes for Guernsey; namely:

- Leasehold
- Assisted Purchase
- Partial Ownership
- Self Build

18. (NB The terms "partial ownership", "shared ownership" and "shared equity" tend to cause some confusion and to be used interchangeably despite the technical variations between them. In view of this, it is considered inappropriate to use the UK scheme names, particularly as the Authority proposes variations to the basic models used in the UK.)

19. Details of these four schemes are outlined below.

Leasehold

20. Under a Leasehold scheme the purchaser pays for a proportion of the value and pays rent on the remaining proportion. He does not acquire the freehold title of the property.

21. A long lease is granted against which, in the UK, a bank is generally prepared to lend on a normal mortgage basis.

22. In its September 2003 policy letter, the Authority referred to a problem in securing a loan against a leasehold property in Guernsey: leasehold interest in property is regarded as personal estate and not real estate and as such cannot be charged (i.e. mortgaged).

23. The Authority has, therefore, sought the advice of H M Procureur on this question, and has been advised that it would be preferable that further detailed research should be carried out into the legislative measures that would be necessary to overcome all the difficulties currently existing in the matter of long leaseholds.

24. Consequently, the Authority proposes to submit a detailed report on the subject of leasehold reform at a later date, and does not recommend the introduction of an equity share scheme based on leasehold tenure at this stage.

Assisted Purchase

25. When it reported to the States in September 2003, the Authority anticipated that it would bring proposals for an Assisted Purchase scheme in this policy letter. However, in the time that has elapsed since, the Authority has been unable to assess fully the relationship between the proposed Assisted Purchase scheme and the existing States Home Loan scheme. (For more than 50 years, this scheme has provided a means by which many Islanders have been assisted into home ownership in circumstances where they would not otherwise have been able to afford to purchase a property outright.)

26. The Authority considers that this analysis is critical to making recommendations for an Assisted Purchase scheme. However, although the analysis cannot be completed during the Authority's political life, it saw no good reason to delay the introduction of the Partial Ownership scheme, the principles of which have been fully developed. Hence, the Authority recommends that its successor, the Housing Department, should report to the States with full details of an Assisted Purchase scheme, once it has had an opportunity to review in detail how the Assisted Purchase and States Home Loans schemes may operate independently or in tandem to assist the range of people in the Intermediate Housing Market who are intended to benefit from the schemes outlined in this policy letter.

27. However, to give the States an insight into the reasons for this decision, brief details of the Assisted Purchase scheme that is being developed are included below and summarised more fully in Appendix 3.

28. Under the Assisted Purchase scheme being developed by the Authority, the purchaser would acquire the full freehold title to a property, but be assisted in its purchase through the provision of an Assisted Purchase loan, secured against the property, i.e. the purchaser would take out a loan commercially for the major proportion of the property, say 75%, the remaining portion of 25% being purchased through the Assisted Purchase loan funded by the scheme provider – typically a housing association.

29. Under the UK scheme the equivalent of the Assisted Purchase loan would be entirely interest free, but the Authority considers that while there should be an initial interest free period, thereafter interest should be increased at set intervals, leading to a final interest rate on the loan of 3% over base rate. (Although the maximum interest rate proposed is approximately 1.5% higher than a typical mortgage rate, the Authority

considers this to be justified in order to offset the subsidy contained in the early years of the loan.)

30. The liability for such interest could, however, be avoided or reduced where the borrower has repaid some or all of the loan (based on the current valuation of the property) prior to the expiry of the interest free period. That is, interest will only be payable on the amount of the loan which remains outstanding.

31. The Authority also considers that the scheme provider should generally have the first option to purchase property acquired under the Assisted Purchase scheme, as a means of keeping the property "affordable for first-time buyers" and retained within a dedicated housing stock for this purpose. (NB This repurchase option will be protected by legislation.)

Partial Ownership

Operational arrangements

32. The operational principles of the proposed Partial Ownership scheme are set out below and summarised in Appendix 4. (NB This policy letter sets out the broad principles to be followed in the proposed Partial Ownership scheme: further administrative details require to be agreed between the scheme provider and the Authority before it is implemented.)

33. To be eligible for the scheme, the scheme provider – for example, a housing association – will need to establish that the applicant cannot afford to purchase a property outright.

34. If that criterion is met, then under the scheme the householder could own, for example, 60% of the value of a property, with the housing association owning the remaining 40%.

35. The proportions owned could, however, be varied either by the householder purchasing additional shares ("staircasing"), in each case equivalent to blocks of 5% of the property value at the time of the transaction. Similarly, the association could also purchase shares from the householder. (This would occur, for example, where due to a change in the householder's circumstances he is unable to meet his current mortgage commitments.)

36. The initial proportion owned (and any subsequent increase or decrease in the share owned) must be agreed between the householder and the housing association. However, the Authority is of the view that, on initial purchase, the percentage owned must be no less than 40% and no greater than 80% of the value of the property. These thresholds would also apply to limit any subsequent "staircasing" up or down.

37. In addition to repaying their loan on the owned portion of the property, the householder will pay a rental charge on the "non-owned" share. This reflects the fact that although the householder has the normal responsibilities of a property owner, the housing association is bearing the cost of owning the non-purchased share.

38. This rental charge will be based on the standard rental for the property, as set by the housing association. However, the actual rental charge will be discounted by 50% to reflect the householder's obligations in terms of maintenance and rates etc, and will be further reduced in proportion to the share that is owned by the householder. (For

example, if a person owns a 50% share in a property with a standard rental of £200 per week, the actual rent they will pay will be £50 per week.)

39. Illustrative examples of how the scheme would work in practice are set out below:

Example One

January 2005

Mr Gallienne and Miss Duquemin are buying 40% of a property that is valued at £266,670 as part of the Partial Ownership scheme.

They are paying £106,670 for their share in the property. They are taking out a 90% mortgage of £96,000 and are using savings of £10,670 as a deposit. Their mortgage is to be repaid over 25 years and the interest rate remains constant at 5.0%.

Their mortgage repayments, including interest, will be £487 per month. The rental payment that they will make on the part of the property that they do not own will be £251 per month, including a service charge. **Their total outgoing for the property will be £738 per month.**

If the interest rate on their mortgage was 6%, instead of 5%, their total outgoings would INCREASE by £42 to £781 per month.

January 2010

Mr Gallienne and Miss Duquemin live in the property for five years and do not increase their share in the property. During this five year period, house prices in Guernsey increase by 4% each year and the property is now valued at £324,440. When the property is sold Mr Gallienne and Miss Duquemin receive £129,780, which reflects the 40% ownership that they have in the property.

They pay off their mortgage using £84,890 from that sum and also pay any transaction costs. **They then have £43,190 to help purchase their next property.**

However, if house prices in Guernsey increased by 3% per year, instead of 4%, their realised capital would be £37,070 instead of £43,190.

Example Two

January 2005

Mr and Mrs Le Page are buying 80% of a property that is valued at £266,670 as part of the Partial Ownership scheme.

They are paying £213,330 for their share in the property. They are taking out a 90% mortgage of £192,000 and are using savings of £21,330 as a deposit. Their mortgage is to be repaid over 25 years and the interest rate remains constant at 5.0%.

Their mortgage repayments, including interest, will be £975 per month. The rental payment that they will make on the part of the property that they do not own will be £95 per month, including a service charge. **Their total outgoing for the property will be £1,070 per month.**

If the interest rate on their mortgage was 6%, instead of 5%, their total outgoings would INCREASE by £84 to £1,154 per month.

January 2010

Mr and Mrs Le Page live in the property for five years and do not increase their share in the property. During this five year period, house prices in Guernsey increase by 4% each year and the property is now valued at £324,440. When the property is sold, Mr and Mrs Le Page receive £259,550 which reflects the 80% ownership that they have in the property.

They pay off their mortgage using £169,770 from that sum and also pay any transaction costs. **They then have £86,386 to help purchase their next property.**

However, if house prices in Guernsey increased by 3% per year, instead of 4%, their realised capital would be £74,145 instead of £86,386.

40. The assumptions used in the examples above and the relevant financial details are set out in full in Appendix 5.

41. **It is important to point out that both interest rates and house prices can decrease as well as increase. Both of these factors could vary, both up and down, over the period used in the examples above. An illustration of the effect on the owner/occupier that less favourable assumptions on interest rates and house price inflation would have has, therefore, been included in the above examples.**

Legislative issues

42. Legislative issues were addressed in depth in the Authority's policy letter of September 2003 and therefore, will not be repeated here, other than to note that Partial Ownership will use a form of conveyance that is in current use and, therefore, subject to the availability of dwellings for purchase on this basis, could be utilised without any major delay. (NB Changes in shareholding through "staircasing" will also require a formal conveyance.)

43. The Authority would, however, point out that it is commonplace today for a couple to be joint owners of a dwelling. Ownership is described as "jointly and for the survivor" where the owners jointly own the whole property and any mortgage is secured against the whole value of the property.

44. However, Partial Ownership, as described in this policy letter, would be in undivided shares, which may be less attractive to a lender because the loan would be secured only by the part of the property owned by the borrower. The bank would have no claim against the share owned by the association. While this is unlikely to be an insurmountable barrier to the operation of the scheme it is acknowledged that this may limit some purchasers' choice of lender.

Income Requirements of the occupier / Affordability of the Partial Ownership scheme

45. Table 1 identifies the joint income required by the occupier(s) of a Partial Ownership unit for different personal budgeting attitudes, measured by the percentage of their income that they are prepared to "set-aside" each month to meet housing costs. The table includes three personal budget "set-asides" (25%, 33% and 50% of joint income) and, for each of these scenarios, identifies the amount of income required to occupy/own a Partial Ownership property based on a 40%, 60% and 80% share of the property that is owned by the occupier.

46. For example, a couple purchasing a 60% value share of a Partial Ownership property, who are prepared to commit a third of their joint monthly income to meet housing/property costs, would need a combined monthly and annual gross income of £2,500 and £30,000 respectively.

Who will benefit from the Partial Ownership scheme?

47. Based on the worked examples within Appendix 5 and the figures in Table 1, the Authority has established that its proposed Partial Ownership scheme will benefit those persons with joint annual incomes of between £24,000 and £48,000, who are willing to pay up to a third of their income on meeting housing costs (i.e. the combined cost of a mortgage payment together with the rent for their property).

48. From the Housing Needs Survey[2] undertaken in 2000, the Authority knows that there are significant numbers of Islanders in this category, who may wish to take advantage of the provision of Partial Ownership dwellings, as they are not eligible for States' housing but unable to buy property outright. For them, Partial Ownership will provide a real alternative to renting in the private sector.

49. However, the price of properties in Guernsey means that persons with joint incomes of less than £24,000 will only be able to benefit from the Partial Ownership scheme if they are prepared to pay more than a third of their income on housing costs. For them, as the Housing Needs Survey demonstrated, home ownership, even on a Partial Ownership basis, is unrealistic and, therefore, there remains a strong requirement for the Authority and the Guernsey Housing Association to provide for their needs through additional social rented housing.

[2] Billet d'État IX, May 2002.

TABLE 1 - LEVELS OF INCOME REQUIRED TO OWN/OCCUPY A PARTIAL OWNERSHIP PROPERTY

(Based on a Commencing Property Value of £266,667)

	Based on a 25% Set-Aside for Housing Costs			Based on a 33% Set-Aside for Housing Costs			Based on a 50% Set-Aside for Housing Costs		
	40% Value Share	*60% Value Share*	*80% Value Share*	*40% Value Share*	*60% Value Share*	*80% Value Share*	*40% Value Share*	*60% Value Share*	*80% Value Share*
Monthly Payments (Mortgage plus Rent)	**£738**	**£904**	**£1,070**	**£738**	**£904**	**£1,070**	**£738**	**£904**	**£1,070**
Required Joint Income - Per Month	**£2,703**	**£3,366**	**£4,030**	**£1,987**	**£2,490**	**£2,992**	**£1,227**	**£1,558**	**£1,890**
Required Joint Income - Per Year	**£32,438**	**£40,397**	**£48,355**	**£23,847**	**£29,876**	**£35,906**	**£14,719**	**£18,698**	**£22,678**

Fiscal and Housing Market implications

50. Independent analysis has shown that if, by introducing new forms of assistance, additional persons are able to access the housing market, that additional demand is likely to fuel house price inflation.

51. This can be avoided where the assistance is linked to "housing gain", or the additional purchasers are limited to dwellings that would not otherwise be available on the free market.

52. Consequently, in order to limit the effect on house price inflation, the Authority proposes that initially the Partial Ownership scheme should be limited to the following:

- Dwellings in a new development by a housing association or the Housing Authority;
- A dwelling owned by a housing association or the States;
- A dwelling available for purchase by the sitting tenant only;
- A dwelling to be constructed on a "builder free plot" owned by the applicant or made available under a Self Build scheme;

53. These limitations will, however, be reviewed regularly, with specific regard being made to the fiscal implications and potential impact on the housing market, under Action Area A of the Corporate Housing Programme.

Funding

54. The Authority recognises that if the Partial Ownership scheme is widely used there could be considerable grant funding implications for the States. The success of these schemes and their good management will, therefore, be dependent on a secure funding source, and a decision on funding at this early stage is thus important.

55. However, it is difficult to predict the amount of grant funding that is likely to be required until it is known: (i) how many dwellings will be made available for Partial Ownership; (ii) the price of such dwellings; (iii) the percentage of the value of the property that is purchased by the occupier upon entry.

56. The Authority also recognises that there could be situations where the housing association will require additional financial support.

57. For example, for a Partial Ownership scheme to be effective in retaining dwellings in the category of "affordable for first-time buyers" it is necessary that the association should have first option to purchase in the event that the householder wishes to sell his interest[3]. (NB The proposed legislation referred to in paragraph 5 of this policy letter will make such options enforceable in law.)

58. However, by including a repurchase option to assist in the retention of dwellings in a first-time buyers' pool, there is some risk that changes in market conditions could lead to a situation where the exercise of the repurchase option could deplete or overdraw the association's reserves.

[3] In the event of repurchase, the proceeds that would be paid to the occupier by the association would be in accordance with the value of the equity share owned by the occupier at the time of repurchase, subject to an adjustment for any outstanding rent.

59. For example, if due to economic conditions a number of owners invited the scheme provider to exercise its repurchase option at a time when there was little demand from new purchasers for assisted housing, the association might take a period of months to arrange sales or alternatively have to take the dwellings into its rented housing stock.

60. In such circumstances, grant funding to the scheme provider could be required either to cover a period until the dwelling is sold or, in extreme circumstances, to fund the retention of the property by the association as rental stock.

61. Similarly, where a person has purchased say 80% of a property but the next purchaser only purchases 40% of the same property then the association would suffer a funding shortfall.

62. In both cases, the Authority would look first to the association to make good any funding shortfall from its reserves but where this was not possible, there would be a need for the States to recompense the association, thereby effectively underwriting the scheme.

63. The Authority, therefore, asks that the States notes the potential risk related to the recovery of partially owned dwellings and funding gaps caused by reductions in the equity owned by successive owners, and to agree that in those circumstances the Authority should, where necessary, support the association by additional grant funding from the States Housing Association Fund.

64. **However, it must be noted that the Authority has no existing provision within the States Housing Association Fund to support the introduction of a Partial Ownership scheme and so is dependent on the future Treasury and Resources Department making appropriate financial provision, as and when required, subject to the final approval of the Policy Council.**

Flows of funds

65. With the above in mind, the Authority recommends that while a housing association should be fully reimbursed for the costs of developing any properties to be sold on a Partial Ownership basis, the rental income derived from those properties, although collected by the association, should be credited to the States Housing Association Fund.

66. This proposal has the following advantages:

- It creates an annual revenue stream to assist the long-term sustainability of the Fund (particularly important if the Fund ever has a need to use its borrowing facility)

- It facilitates the recycling of funds to support future housing schemes and/or to assist with any funding shortfalls associated with the Partial Ownership scheme.

Housing Association involvement

67. In both this and previous policy letters, the Authority has linked equity sharing schemes with housing associations. There are obvious reasons for doing this. In the UK, grant funding for similar schemes is usually channelled through housing associations, and the States has accepted that there are potential advantages in social housing provision and operation being undertaken by housing associations.

68. Furthermore, it is likely that a housing association will be the major developer of new Partial Ownership properties as it is closely linked to an association's core business.

69. It is also very clear that with constraints on the growth of the Civil Service and the volume of other work expected of the Authority, it would be inappropriate for it to take a direct administrative role in affordable housing schemes which can be managed by private sector bodies; it would also be less cost-effective to set up duplicate administrations.

70. However, the Authority does not intend that the development of affordable housing schemes should rest exclusively with housing associations (nor indeed, with only the Guernsey Housing Association), as it anticipates that there can be a role for private sector developers.

71. It is also of the view that the inclusion of some Partial Ownership dwellings in future States' house developments could reduce the capital cost of such developments to the States; and by encouraging existing States' tenants to participate in the scheme there would be no reduction in the effective provision of social rented housing as their vacated dwellings would become available for occupation by persons on the Authority's waiting list.

72. Nevertheless, for the reasons set out in paragraphs 67 - 69, the Authority proposes that the initial management of the Partial Ownership scheme (and, in time, the Assisted Purchase scheme) should be undertaken by housing associations and, for the present, in the absence of any other association, the Guernsey Housing Association.

Availability of Partial Ownership properties

73. **The Authority wishes to make it clear that while the States may approve the principles of the Partial Ownership scheme, as set out in this policy letter, there are currently no properties available for purchase on this basis.**

74. The Guernsey Housing Association has advised the Authority that it intends to include some Partial Ownership dwellings in its three initial housing developments, all of which are currently in various stages of development, with the first properties due for completion later this year.

75. However, the Association has yet to define exactly how many of these properties it will set aside for Partial Ownership, as this, in part, will depend upon the demand for such properties, and also upon its overall funding position, including the level of grant assistance that can be provided by the Authority.

76. For the future, because the Association's main business will be the provision of social rented housing, it has advised that it will adopt a flexible approach to the provision of Partial Ownership housing. It will not necessarily plan in advance to sell dwellings in a particular development, but take that decision late on in the construction process depending on the extent of available finance, the health of the Housing Association Fund, the then housing market conditions, and the respective demands for social rented and Partial Ownership dwellings. Regardless, the final decision on whether Partial Ownership dwellings are made available will rest with the Housing Department and the Treasury and Resources Department.[4]

[4] The States has already resolved: "That where a proportion of grant funded dwellings are to be sold on a Partial Ownership basis, to authorise the States Advisory and Finance Committee to approve the terms of their sale as negotiated between the States Housing Authority and the Guernsey Housing Association or any other Housing Association approved by the States Housing Authority" (Billet d'État XIX, 2001).

77. Bearing this in mind, it is, therefore, proposed that initial grant funding for a housing association development will be based on the presumption that all dwellings in the development will be for social rented housing. If any dwellings are sold on a Partial Ownership basis, the final grant instalment will be reduced accordingly, or any overpayment refunded to the Housing Department by the association.

Self Build

78. There is one further matter that requires to be addressed by this policy letter: namely, the development of Self Build as a further scheme of affordable home ownership.

79. In November 2002 (Billet d'État XXIII 2002), the States debated a Requête signed by Deputy Berry and seven other members of the States that sought to link a shared equity scheme to the provision of builder free plots.

80. The States accepted an amendment and resolved as follows:

- To instruct the States Housing Authority to consider a Self Build scheme as one element of its broader initiatives on equity sharing and affordable housing, and report back to the States as soon as possible, having regard to the following principles.

- That the rules for such Self Build, equity sharing and affordable housing schemes should be far less restrictive than those set out in the requête.

- That there should be no land zoned specifically for Self Build homes, but instead the Island Development Committee should pursue policies which will release sufficient development land to facilitate all equity sharing and affordable housing schemes approved by the States.

81. At the time this matter was debated, the Authority took the view that *"it would be better to encourage the development of a broader-based equity share scheme via a housing association which can receive States' grant funding (but also access private capital), rather than for the States to bear the full cost of developing, funding and administering a scheme that will only be accessed by a limited number of individuals."* Consequently, the Authority has focused its resources upon the development of the Assisted Purchase and Partial Ownership schemes, although it has undertaken some investigation into Self Build schemes, and corresponded and met with a group of States' Deputies who are strong proponents of such schemes.

82. During those investigations, the Authority has collected evidence of schemes which have been successful at meeting the objectives laid out in paragraph 7 above. However, there have also been a significant number of schemes that have been unsuccessful in meeting the said objectives or, indeed, at meeting the objectives of those individuals involved in the schemes.

83. This has led to the identification of wider issues that require further detailed consideration and investigation, before the Authority is in a position to make recommendations on a Self Build scheme for Guernsey. These issues are listed below:

- Who is the scheme aimed at supporting and how will eligibility be judged?

- What level of savings would members of the scheme need to have available?

- How will the project planning and coordination be managed, and by whom?

- How will the group be managed to ensure that equal effort is invested by all?
- How should site preparation, access and infrastructure costs be included?
- From where will a ready supply of professional tradesmen be made available?
- From where will members of the scheme source their required finances?
- What impact will this have on the Housing Development and Loans Fund?
- How should the administration of material and labour payments be managed?
- If the States are involved, how would the scheme be regulated, and by whom?
- What method could be used to retain properties in a pool of affordable homes?
- How does the scheme fit with existing/proposed affordable housing schemes?

84. Accordingly, the Authority intends to address these considerations fully in a later report and has included a recommendation to that effect in this policy letter.

Consultation

85. In view of their fiscal implications, the proposals set out in this policy letter to establish a Partial Ownership scheme have been examined by the Economic Policy Working Group under Action Area A of the Corporate Housing Programme. The Group is satisfied that the controls contained in the proposals have been drawn up taking account of the effects on the housing market.

86. The Authority has also consulted with the Guernsey Housing Association, on the basis that it is presently the only housing association in the Island and because it intends to include some Partial Ownership dwellings in its housing schemes. The Association has indicated its support for the proposed arrangements as set out in this policy letter.

Recommendations

87. In the light of all the above, the States is asked to agree the following:

(i) To approve the introduction of a Partial Ownership scheme, the principles of which are as set out in paragraphs 32 - 53 and Appendix 4 of this policy letter;

(ii) To agree that a housing association or any other body may operate a scheme of Partial Ownership based on these principles, subject to them being approved to do so by the Housing Department;

(iii) Subject to the approval of the Policy Council, to authorise the Housing Department, in the circumstances set out in paragraphs 54 - 64 of this policy letter, to support any funding shortfalls suffered by a housing association or any other approved provider that have arisen specifically through reductions in the equity owned by successive owners or through the recovery of partially owned dwellings by the scheme provider; via the additional grant funding from the States Housing Association Fund.

(iv) To direct the Treasury and Resources Department to take due account of the funding requirements of the scheme when recommending additional capital allocations in 2004 and in subsequent years, subject to affordability, availability of funds and prioritisation;

(v) To direct that the Housing Department investigate and report back to the States, as soon as possible, with proposals for an Assisted Purchase scheme along the lines of that set out in paragraphs 25 - 31 and Appendix 3 of this policy letter, having first considered the relationship between such a scheme and the existing States Home Loans scheme;

(vi) To direct that, in conjunction with the Environment Department, the Housing Department continue investigations and report to the States, as soon as possible, on the feasibility of a Self Build scheme for Guernsey;

(vii) That the investigations and reports into Assisted Purchase and Self Build be included in the 2004/2005 Action Plans for the Corporate Housing Programme.

I should be obliged if you would be good enough to lay this matter before the States with appropriate propositions.

Yours sincerely

B. M. FLOUQUET

President
States Housing Authority

APPENDIX ONE

SUMMARY OF UK PARTIAL OWNERSHIP SCHEMES

Conventional Shared ownership

Conventional Shared Ownership schemes allow individuals to purchase a share of a property from a housing association and to pay rent on the remaining share. The amount of equity purchased depends on individual circumstances but is normally between 25% and 75%.

When financial circumstances improve and after a specified time, generally not less than a year, the share owner may buy further shares until eventually they own the property outright.

Monthly outgoings will include repayments on any mortgage taken out, plus rent on the part of the property retained by the housing association.

Do-It-Yourself Shared Ownership (DIYSO)

In many respects this scheme is the same as a Conventional Shared Ownership scheme in that it allows individuals to purchase a share in a property and rent the remaining share.

Share owners are then able to "staircase" in the conventional way.

However, the scheme differs to Conventional Shared Ownership in that prospective buyers are able to choose any property that is on the market instead of purchasing property owned by a housing association. This is subject to the purchase price of the property being within the limit of the scheme and the dwelling providing suitable accommodation for the applicant.

Cash Incentive Scheme

The scheme works by the payment of a grant to a tenant of a Local Authority to assist them in buying a property in the private sector.

The prime objective of this scheme is to release Local Authority accommodation for letting to those in need of housing; the second objective is to encourage home ownership.

Homebuy

Homebuy replaced the Cash Incentive Scheme and DIYSO and was introduced in England in April 2000. As with the Cash Incentive Scheme, its key objective is to release existing social tenancies, which can then be re-let.

By assisting some people to buy, the scheme frees up their homes for rent by others in housing need. This helps to reduce waiting lists in areas where there is a shortage of social housing.

The scheme works by awarding interest free equity loans equal to 25% of the purchase price of a dwelling. This loan is not subject to monthly payment but is repaid in full when the property is re-sold. The applicant funds the remaining balance with a conventional mortgage.

This allows those who ordinarily would be unable to purchase a suitable dwelling to buy, as payments are only made on the 75% borrowed from a commercial lender.

APPENDIX TWO

KEY FEATURES OF TWO UK SCHEMES

Conventional Shared Ownership

- Participants must be recognised as being in "housing need";
- They must be unable to afford outright purchase;
- Priority is normally given to public sector tenants, and others on waiting lists for social rented housing;
- The scheme is available for the purchase of properties from a social landlord (usually a housing association);
- The scheme uses leasehold tenure (generally 99 years);
- The percentage purchased is variable – 50% is the norm but it can be as low as 25% or as high as 75% at the outset;
- "Staircasing" is permitted – additional shares are purchased as a percentage of the value current at the time of the purchase of the additional shares;
- Although a leaseholder, the purchaser occupies as if an owner-occupier and has all the responsibilities of an owner; except that
- It is normal for the landlord to pay the building insurance and recover a management charge from the owner;
- In addition to the payment of a mortgage the owner pays rent on the share that he does not own;
- That rent is based on the landlord's normal rent for social housing but is discounted to recognise that the owner is meeting many of the obligations of a landlord in terms of maintenance and rates and taxes;
- The owner is able to sell and can either;
    a. sell the share that he owns; or
    b. purchase the remaining shares and sell the whole.
- However, the landlord retains the freehold and the lease frequently enables the landlord;
    - to restrict the resale price;
    - to nominate a purchaser;
    - to reserve the right to buy back.

Homebuy

- Participants must be Council tenants or tenants of social landlords, or persons on housing waiting lists nominated by the Council as being in housing need;
- Participants must be unable to afford to buy outright;
- The scheme is designed to relieve pressure on the social rented sector and is, therefore, used only in areas where there is a shortage of social rented housing;
- The purchaser selects a dwelling on the free market;
- There are published price limits;

- The purchaser cannot buy his present home as a sitting tenant;
- Dwellings under construction through a self-build scheme are specifically excluded;
- The scheme is rigid in terms of the proportions financed by the purchaser and the association;
    - The purchaser must provide 75% of the purchase price from savings and private sector borrowing;
    - The housing association contributes 25% of the purchase price;
- The purchaser owns the property outright and has the normal responsibilities of an owner;
- The association's 25% loan is secured as a registration (like any other borrowing);
- The 25% loan is interest free;
- It is repayable only on the sale of the property or death of the borrower (but the loan may be transferred to surviving occupants);
- The amount repayable is 25% of the then value;
- The owner is free to sell at any time subject to repayment as above;

KEY DIFFERENCES BETWEEN THE TWO UK SCHEMES

The principal differences between the two schemes are as follows:

- **CONVENTIONAL SHARED OWNERSHIP** relates to properties sold by a housing association; it operates on a leasehold basis; it is flexible in terms of shares; it requires both mortgage and rent payments; and public sector tenants are given priority but other persons are not excluded.

- **HOMEBUY** is restricted to social housing tenants and eligible applicants; it is available for the purchase of any house on the market (subject to price limit); it operates on a freehold basis; it is rigid in terms of shares; and no charge is made on the scheme provider's interest.

APPENDIX THREE

ASSISTED PURCHASE– Operational Principles

1. Participants must be unable to afford outright purchase.

2. Participants will be restricted to properties that meet their reasonable needs.

3. The purchaser owns the full freehold to the property and has the normal responsibilities of an owner-occupier.

4. An Assisted Purchase scheme would provide financial assistance which is secured by a bond, in much the same way as a bank loan or a conventional States Home Loan would be secured.

5. The bond would secure the percentage of the value of the property represented by the amount loaned, as a percentage of the price at which the property was sold.

6. Generally the Assisted Purchase loan will represent 25% of the value of the property, but may be such other percentage of the value as may be agreed between the association and the purchaser (within an overall framework approved by the Housing Authority).

7. The payment required to redeem the bond would be the percentage (specified in the bond) of the value of the property current at the time of redemption.

8. The amount secured will be interest free for 3 years. Thereafter it will bear an interest charge equivalent to the Royal Bank of Scotland International's Base Rate in years 4 and 5; Base Rate + 1% in year 6; Base Rate + 2% in year 7; and Base Rate + 3% in year 8 and thereafter.

9. The interest rate will be reduced where the borrower can show that the combination of the repayments of capital and interest on his principal mortgage and the interest on the bond will exceed one third of the joint gross income for the previous year of himself and his spouse/partner.

10. The borrower may repay capital by paying any combination of 5% shares of the value of the property, i.e. 5% of the value of the property (established by independent valuation) at the time of the payment.

11. This repayment transaction will mean that the borrower will no longer owe the percentage of the value secured by the bond. The reduced value of the bond will be acknowledged by an exchange of letters rather than by the preparation of a new bond.

12. Where the property was initially purchased on the free market, the owner would be free to sell the property on the free market subject to full repayment of the loan. (Although, as mentioned in paragraph 52 of this policy letter, it is unlikely that purchase on the free market will be an option in the early stages of the scheme.).

13. Where the dwelling was originally purchased from a housing association or other participating developer, the dwelling will be retained in the Assisted Purchase category, through a condition of the conveyance, which requires the owner to give the association the option to purchase in the event that the owner wishes to sell.

14. Initially the Assisted Purchase scheme will be limited to the following dwellings:

- Dwellings in a new development by a housing association or the Housing Authority;
- A dwelling owned by a housing association or the States;
- A dwelling available for purchase by the sitting tenant only;
- A dwelling to be constructed on a builder free plot owned by the applicant (or made available under a States' sponsored scheme);
- A dwelling approved by the Authority on the basis that its purchase would not unduly influence the housing market.

APPENDIX FOUR

PARTIAL OWNERSHIP – Operational Principles

1. Participants must be unable to afford outright purchase.

2. Participants will be restricted to properties that meet their reasonable needs.

3. Although only in partial ownership of the freehold to the property, the purchaser occupies as if an owner-occupier and has the normal responsibilities of an owner.

4. The initial percentage purchased will be between 40% and 80% as agreed between the association and the purchaser.

5. There will be a rental charge on the non-owned proportion of the property. The rent will be based on the association's normal rent for a similar property but will be discounted to recognise that the owner is meeting many of the obligations in terms of maintenance and rates etc. for the whole of the property.

6. "Staircasing" is permitted – additional shares are purchased as a percentage of the value of the property at the time of the purchase of the additional shares. The "staircasing" principle can be used to increase or decrease the purchaser's share in the property.

7. The changes in shareholding made using the "staircasing" principle would require a formal conveyance.

8. Where the property was initially purchased on the free market, the owner would be free to sell the property on the free market subject to full repayment of the loan. (Although, as mentioned in paragraph 52 of this policy letter, it is unlikely that purchase on the free market will be an option in the early stages of the scheme.).

9. Where the dwelling was originally purchased from a housing association or other participating developer, the dwelling will be retained in the Partial Ownership category, through a condition of the conveyance, which requires the owner to give the association the option to purchase in the event that the owner wishes to sell.

10. Initially the Partial Ownership scheme will be limited to the following dwellings:

- Dwellings in a new development by a housing association or the Housing Authority;
- A dwelling owned by a housing association or the States;
- A dwelling available for purchase by the sitting tenant only;
- A dwelling to be constructed on a builder free plot owned by the applicant (or made available under a States' sponsored scheme);
- A dwelling approved by the Authority on the basis that its purchase would not unduly influence the housing market.

APPENDIX FIVE

PARTIAL OWNERSHIP - FINANCIAL EXAMPLES

Stated Assumptions

		Line No.
Average Inclusive Development Cost Per Unit of Accommodation:	£160,000	(1)
Average Development Cost as a % of Unit Value:	60%	(2)
Commencing Value of Accommodation Unit:	£266,667	(3)
Average Standard or Base Rental per Week:	£180.00	(4)
% of Gross Rental to be Recognised in Rent Calculation:	50%	(5)
Annual Interest Rate on Formal Borrowings/Mortgage:	5.00%	(6)
Borrowing Term on Formal Borrowings/Mortgage (Years):	25	(7)
Mortgage as a % of Initial Capital Outlay:	90%	(8)
% Annual Uplift on Rent and Service Charge:	2.50%	(9)
Service Charge - as a % of Rent:	0.00%	(10)
or		
Service Charge - as an Annual Fee:	£200	(11)
Assumed Annual Growth in Guernsey House Prices:	4.00%	(12)
Income Tax Rate:	20%	(13)
Personal Tax Allowance:	£7,500	(14)
Transaction Costs on Exiting the Scheme: *(expressed as a % of 'Mortgage Settlement')*	2%	(15)

EXPLANATORY NOTES TO ACCOMPANY FINANCIAL EXAMPLES

STATED ASSUMPTIONS

This section establishes the various assumptions that have needed to be identified and set out in order to produce the worked financial examples. Any adjustment, either up or down in the value of any one of the assumptions listed will, to varying extents, impact on the worked examples.

Line (1)

Represents the average build cost of a new Partial Ownership unit of accommodation, equating typically to a two-bedroom property.

Line (2)

Represents the percentage used to convert the build cost (Line 1) to the value at which the house/flat will enter the scheme.

Line (3)

Represents the monetary value, after applying the conversion percentage in Line (2), at which the property will enter the scheme and on which the financial value of the occupier's commencing percentage ownership share will be based.

Line (4)

Represents the standard weekly rental figure for the property and is what the actual rental paid by the occupier on the non-owned proportion of the Partial Ownership property will be based on.

Line (6)

Represents the rate of interest at which the occupier will borrow money (essentially the 'High Street' mortgage rate), and has been set here at the current Standard Variable Rate.

Line (7)

Represents the number of years over which the occupier borrows money (the mortgage term).

Line (8)

Represents the proportion of the occupier's initial capital outlay that is funded from borrowings/mortgage (with the balance being met from personal savings or other independent sources).

Line (9)

Represents the annual inflationary uplift to be applied to the occupier's rental and service charge.

Line (10)/(11)

Represents the annual charge or fee imposed on the occupier by the scheme provider, to recognise the cost of maintaining common areas of the estate, i.e. cleaning of communal staircases, gardens etc., which is able to be expressed in the model in either percentage or monetary terms.

Line (12)

Represents the annual rate by which the value of the Partial Ownership property will increase in line with the general rise in Guernsey house prices.

Line (13)

Represents the Guernsey rate of personal income tax to which each individual occupier will be liable.

Line (14)

Represents the basic personal tax allowance to which each individual occupier will be entitled.

Line (15)

Represents an approximation of the transaction costs incurred by the occupier upon exiting the scheme, for instance in relation to mortgage redemption penalty payments.

Calculation of Scheme Costs and Net Realised Capital

	Scenario 1	*Scenario 2*	*Scenario 3*	Line No.
Initial % Share of Value Purchased:	**40%**	**60%**	**80%**	**(16)**
Monetary Value of Initial Share Purchased:	£106,667	£160,000	£213,333	**(17)**
Extent of Borrowings/Mortgage:	£96,000	£144,000	£192,000	**(18)**
Independently Sourced Funding (Personal Savings etc):	£10,667	£16,000	£21,333	**(19)**
Monthly Payment on Formal Borrowings: *(Principal and Interest-Net of Tax)*	£488	£731	£975	**(20)**
Commencing Monthly Rental Payment: *(inc. Service Charges)*	£251	£173	£95	**(21)**
Combined Monthly Outgoings: *(see Section Three)*	**£738**	**£904**	**£1,070**	**(22)**
Duration of Occupancy (Years):	**5**	**5**	**5**	**(23)**
Total Mortgage Principal Re-Paid:	£11,114	£16,672	£22,229	**(24)**
Total Interest Paid: *(Net of Tax)*	£18,354	£27,531	£36,708	**(25)**
Total Rent Paid: *(inc. Service Charges)*	£15,811	£10,891	£5,971	**(26)**
Occupier's Gross Disposal Proceeds:	£129,776	£194,664	£259,553	**(27)**
Mortgage Settlement:	£84,886	£127,328	£169,771	**(28)**
Exiting Transaction Costs:	£1,698	£2,547	£3,395	**(29)**
Occupier's Net Realised Capital:	**£43,193**	**£64,790**	**£86,386**	**(30)**
Occupier's Generated Wealth/(Loss) on Capital:	**£32,526**	**£48,790**	**£65,053**	**(31)**

CALCULATION OF SCHEME COSTS AND NET REALISED CAPITAL

This section primarily identifies two aspects of the Partial Ownership scheme. The first part attempts to quantify the on-going costs for the individual(s) of occupying a Partial Ownership unit. The second part measures the amount of capital or 'purchasing power' that the occupier will take away from the scheme, stating it in absolute as well as in growth terms.

Line (16)

Represents the three percentage-ownership scenarios that form the basis of the worked examples.

Line (17)

Represents the value of the percentage share purchased by the occupier on entering the scheme.

Line (18)

Represents the amount of money that the occupier will be required to source from borrowings/mortgage.

Line (19)

Represents the amount of money that the occupier will be required to source independently, i.e. from personal savings.

Line (20)

Represents the monthly mortgage payment that the occupier will be required to make to their lender, net of Mortgage Interest Tax Relief.

Line (21)

Represents the monthly rental payment that that the occupier will be required to make to the scheme provider in respect of the proportion of the Partial Ownership property that is occupied but not owned.

Line (22)

Represents the combination of Lines (20) and (21) to give a total monthly commitment that the occupier will be required to make during their period of occupation.

Line (23)

Represents the number of years that the occupier remains in that property.

Line (24)

Represents the total capital that the occupier will have repaid on their mortgage during their time in that property.

Line (25)

Represents the money paid by the occupier in mortgage interest charges during their time in that property.

Line (26)

Represents the money paid by the occupier in rental payments during their time in that property.

Line (27)

Represents the gross proceeds that the occupier will receive when the property is ‘sold’, and relates to the value of the percentage share of the property that is owned by the occupier at the time of sale.

Line (28)

Represents the capital balance outstanding on the occupier’s mortgage account at the time of selling the property and which will need to be settled from the occupier’s gross disposal proceeds (Line 27).

Line (29)

Quantifies the approximate transaction costs incurred by the occupier on exiting the scheme, for instance in relation to mortgage redemption penalty payments.

Line (30)

Represents the net accumulated capital or ‘purchasing power’ that the occupier(s) will have achieved at the end of their period of occupancy in order to assist the occupier(s) in their next property purchase/occupancy.

Line (31)

Represents the net cash growth in the capital sum that the occupier originally entered the scheme with, as a result of their occupying a Partial Ownership property.

The President
States of Guernsey
Royal Court House
St Peter Port
Guernsey
GY1 2PB

11 February 2004

Dear Sir

SCHEMES FOR THE PROVISION OF AFFORDABLE HOUSING – OPERATIONAL AND FUNDING ARRANGEMENTS

I refer to the policy letter dated 27 January 2004 from the President of the States Housing Authority on the above subject.

Together with the legislative proposals approved by the States last September (Billet d'Etat XXI, 2003) which have been given top priority for legislative drafting, these operational and funding arrangements provide the necessary framework to introduce a completely new form of tenure to Guernsey.

The Advisory and Finance Committee supports the proposals for the introduction of Partial Ownership described in the policy letter. As one of the broad range of measures being pursued through the Corporate Housing Programme, Partial Ownership could, in future, provide an affordable route to home ownership for significant numbers of people who cannot buy outright at full market prices.

Yours faithfully

W. M. BELL

Member
Advisory and Finance Committee

The States are asked to decide:-

XIV.- Whether, after consideration of the Report dated the 5th February, 2004, of the States Housing Authority, they are of opinion:-

1. To approve the introduction of a Partial Ownership scheme, the principles of which are as set out in paragraphs 32 – 53 and Appendix 4 of that Report.

2. That a housing association or any other body may operate a scheme of Partial Ownership based on these principles, subject to them being approved to do so by the Housing Department.

3. Subject to the approval of the Policy Council, to authorise the Housing Department, in the circumstances set out in paragraphs 54 - 64 of that Report, to support any funding shortfalls suffered by a housing association or any other approved provider that have arisen specifically through reductions in the equity owned by successive owners or through the recovery of partially owned dwellings by the scheme provider; via the additional grant funding from the States Housing Association Fund.

4. To direct the Treasury and Resources Department to take due account of the funding requirements of the scheme when recommending additional capital allocations in 2004 and in subsequent years, subject to affordability, availability of funds and prioritisation.

5. To direct that the Housing Department investigate and report back to the States, as soon as possible, with proposals for an Assisted Purchase scheme along the lines of that set out in paragraphs 25 - 31 and Appendix 3 of that Report, having first considered the relationship between such a scheme and the existing States Home Loans scheme.

6. To direct that, in conjunction with the Environment Department, the Housing Department continue investigations and report to the States, as soon as possible, on the feasibility of a Self Build scheme for Guernsey.

7. That the investigations and reports into Assisted Purchase and Self Build be included in the 2004/2005 Action Plans for the Corporate Housing Programme.

STATES BOARD OF INDUSTRY AND STATES EDUCATION COUNCIL

GUERNSEY TRAINING AGENCY – FUTURE FUNDING

The President
States of Guernsey
Royal Court House
St Peter Port
Guernsey
GY1 2PB

27 January 2004

Dear Sir

GUERNSEY TRAINING AGENCY – FUTURE FUNDING

Introduction

1. On 28 April 1999 the States, having considered a policy letter from the Advisory and Finance Committee addressing the merger of the Guernsey Training Agency and the Finance Training Agency, resolved that the Education Council and the Board of Industry should report back to the States before the end of 2003 on the work of the Training Agency and on future support that would be required from the States for its work.

2. As a consequence of what is now regarded as a drafting error, the original policy letter only provided funding for the Training Agency up to the end of 2002. In response to this error, the Education Council and the Board of Industry submitted an interim report to the States in October 2002 which sought to establish a regime for funding for the Agency which would allow it to continue to develop its long term business strategy with some degree of relative financial security.

3. The interim report detailed the background to the formation of the merged Agency as a Charitable Trust, highlighted its achievements, set out its vision for the future, specified its funding requirements and indicated the need for further research into the potential for the merger of the Training Agency and the Business School.

4. The policy letter recommendations were endorsed by the States and are detailed below for ease of reference:

"After consideration of the Joint Report dated the 13th September 2002, of the Education Council and Board of Industry:

1. To continue to assist the funding of the Training Agency for the next three years by means of an annual grant and that, from 2003, such funding shall be made from the revenue expenditure budget of the States Board of Industry.

2. That the annual grant shall be £365,000 in 2003 and that this sum shall be increased in line with the increase in States budgets generally for the subsequent two years.

3. To authorise the States Board of Industry to submit a general revenue budget for 2003 that exceeds by £350,000 the cash limit approved by the States in July 2002 and to note that the general revenue budget of the Advisory and Finance Committee will be decreased by £200,000, the current level of the States grant

4. To direct the Advisory and Finance Committee to take account of the annual grant to the Training Agency when recommending to the States revenue allocations for the States Board of Industry for 2004 and 2005

5. To note that the States Education Council and the States Board of Industry will return to the States with a joint policy letter before the end of 2003, reviewing the successes, aspirations and future costs of the Training Agency and the potential for integration of the work of the Business School and the Training Agency."

Background

5. In order to satisfy the States Resolution in October 2002 the States Education Council, Board of Industry, Guernsey Financial Services Commission and the Board of Directors of the Training Agency agreed to obtain an independent assessment of the situation.

6. The assessment was undertaken by Dr Terry Melia CBE who has undertaken research on similar matters in the past. A brief curriculum vitae is attached to this policy letter (**Appendix A**).

7. During the last year Dr Melia carried out his research through a comprehensive process of reviewing appropriate documentation and of interviewing key stakeholders of the Training Agency and the College of Further Education.

8. The full report by Dr Melia CBE is attached to this policy letter entitled "Guernsey: A Review of Post-16 Education and Training" (**Appendix B**).

Summary of the main conclusions and recommendations of the Melia report

9. In his summary of findings Dr Melia states "I concur with the general thrust of the report prepared by the Chief Executive of the Training Agency and the College of Further Education (**Appendix C** – The Guernsey Training Agency – A Strategic Review) and its conclusions, that the Training Agency provides the Island with a valuable resource and there is a strong case for its existence and for the States to provide appropriate financial support."

10. Dr Melia's Report recommends the States, the Board of the Training Agency and the College Development Committee to consider the following suggestion:

- The States should continue to part fund the Agency through the Board of Industry's normal budgetary planning.

- The Board of the Training Agency should undertake a review every three years of the work of the Training Agency under the oversight of an external assessor. The report to be published as an appendix to the Billet for the information of States members and the public.

- The Agency should present its student participation statistics in a more easily understood format along the lines adopted by the Business School.

- The Guernsey College of Further Education and the Training Agency should continue to collaborate in the terms set out in their strategic alliance and should explore the possibility of the Training Agency's administrative arm giving more help in the administration of the College's training programmes (Memorandum of Understanding and Statement of the Strategic Alliance between the Guernsey Training Agency and the Guernsey College of Further Education – **Annex 5 Guernsey: A Review of Post-16 Education and Training**).

- The College should consider renaming the Business School to more closely reflect is education and training role on the Island.

- The Education Council and Board of Industry should develop a comprehensive training policy for the Island that clearly defines the roles of the various providers.

- The States should consider holding a consultative conference of key stakeholders to consider the findings of this review and to help set the scene for the development of a comprehensive training policy for the Island.

11. After careful consideration of the full report both the Education Council and the Board of Industry are supportive of the principal findings and recommendations that Dr Melia has reached.

Future Accommodation Needs

12. The 2002 policy letter also highlighted an accommodation issue that the Agency was facing with its Nelson Place Training Centre at that time.

13. The report stated that the over demand for training and the subsequent pressure that it placed on Nelson Place would be a subject that would be addressed by the joint report. However, this issue has now been resolved with the leasing of office accommodation at Richmond House, St Ann's Place, St Peter Port in December 2003. Relocating the administration from Nelson Place has provided space within the Training Centre to meet the Island's increasing demands for training.

Recommendations

14. The Education Council and the Board of Industry jointly recommend the States to:-

    i) Direct the Advisory and Finance Committee (and subsequently the Treasury and Resources Department) to take account of the annual grant to the Guernsey Training Agency when recommending to the States, Revenue Allocations for the Commerce and Employment Department for 2005 onwards

    ii) Agree that the Education Council and Board of Industry (and subsequently the Education Department and Commerce and Employment Department) should determine how best to develop a comprehensive training policy for the Island that clearly defines the roles of the various providers.

    iii) Request that the Board of the Guernsey Training Agency undertake a review every three years of the work of the Agency by an external assessor. The report to be submitted to the Commerce and Employment Department and published as an Appendix to the Billet for information.

    iv) Endorse the working relationship between the Guernsey Training Agency and the Guernsey College of Further Education as set out in the agreed Strategic Alliance.

Yours faithfully

JOHN ROPER

President
Board of Industry

MARTIN OZANNE

President
Education Council

Appendix A

CURRICULUM VITAE

TERRY MELIA CBE, PhD DSc

Dr Terry Melia holds a Ph D (Leeds University), is an Honorary DSc (Salford University), a Chartered Chemist, and a Fellow of the Royal Society of Chemistry. He was awarded the CBE in 1993.

He serves as Chair of the Learning and Skills Development Agency. He was the first chair of the Further Education National Training Organisation (FENTO). He is a Visiting Professor, Leeds Metropolitan University and a governor of Hills Road Sixth Form College, Cambridge. He serves as an advisor on further education to the States of Jersey and on the group that advises on the Queen's Anniversary Awards for Further and Higher Education.

He is a former Chief Inspector of the Further Education Funding Council (1992-96) and served in Her Majesty's Inspectorate of Schools (1974 – 92) as Senior Chief Inspector, Chief Inspector for Higher Education and Chief Inspector for Further Education. From 1970-74 he was Principal, North Lindsey College of Technology, and before that Senior Lecturer, Salford University (1964-70) and Research Chemist, ICI Ltd. (1961– 64).

He has acted as consultant to the World Bank, the Further Education Funding Council (England), the Learning and Skills Council, the Mexican Government, the Governments of the States of Ontario, Barbados, Grenada and the States of Guernsey and Jersey on a range of socio-economic, quality assurance, vocational education and training matters. He led a team charged with reporting on USA higher education as part of the Dearing Review of UK Higher Education. He served as the principal adviser to the TEC National Council on the setting up of the Training Standards Council. He reviewed and reported on the strategic planning arrangements, organization and management of the City and Guilds Examination Board. Under the auspices of the UK Government's "Know How" Fund he provided support and advice to the Russian Federation on a range of vocational education issues and reported on these to the British Government.

He has conducted official enquiries into Bilston Community College, Melton Mowbray College, The Sheffield College, Shena Simon College, the Isle of Wight College and North Birmingham College. He has conducted area reviews for the Further Education Funding Council and the

Learning and Skills Council in Nottinghamshire; Milton Keynes, Oxfordshire, and Buckinghamshire; West Sussex; the Isle of Wight; Birmingham and Solihull; the Black Country; Bournemouth, Poole and Dorset; Herefordshire and Worcestershire; Essex; Bedfordshire and Luton; Cumbria; Rotherham: Bradford and Leeds.

He has reviewed and made recommendations for the simplification of *Provider Performance Review* for the National LSC. He has also conducted a number of feasibility studies relating to college mergers and the reorganisation of provision in local LSCs.

Terry Melia was educated at Sir John Deane's Grammar School, Northwich and Leeds University. He was awarded the J B Cohen Prize by Leeds University in 1961 – this Prize is awarded to that candidate for the degree of Ph D whose thesis is considered to contain the most outstanding contribution to knowledge in the sciences. The Society of Chemical Industry Prize for the best and most original paper on polymer science by a person less than 30 years of age was awarded to him in 1964.

He has written one book "Masers and Lasers"(1967); published some 50 papers and reviews on the thermodynamics of polymerization, thermal properties of polymers, ionizing radiation, chemical thermodynamics, nucleation kinetics, and on the thermodynamic properties of transition metal compounds; and a large number of papers, reviews, reports and newspaper articles on a range of further, higher and vocational education and training topics.

Appendix B

GUERNSEY: A REVIEW OF POST-16 EDUCATION AND TRAINING

DR TERRY MELIA CBE

CONTENTS

PART 2 THE TRAINING AGENCY AND THE GUERNSEY BUSINESS SCHOOL

THE REVIEW

1. This study was undertaken during the period September-December 2003. It encompasses all 16-19 education and training and post-19 education and training, including that provided or procured by the Training Agency and the Guernsey Business School, adult and community learning, and higher education funded or part-funded by the States of Guernsey.

2. The review provides an overall view of post-16 education and training that takes account of the needs of institutions, learners and other stakeholders and of the needs of commerce and industry. Although the review is concerned with post-16 matters it also takes account of 14-19 issues that influence post-16 education and training strategies.

3. The broad terms of reference of the review are:

   To assess all post-compulsory education and training provision against:

   a) *The emerging priorities and needs of learners.*

   b) *The need to drive-up the quality and success rates in many areas of provision and to improve its cost effectiveness.*

   c) *The volume and type of education and training needed to meet Guernsey requirements, including the requirements of industry and commerce.*

   d) *An assessment of the future role of the Training Agency.*

4. There are four strands to the review:

   - Collection and analysis of appropriate data.
   - Discussions with key stakeholders informed by aides me moiré circulated prior to meetings.
   - Regular reporting to the Chief Officers of the Board of Industry and the Education Council
   - Drafting a report by late December 2003.

5. Additionally, in undertaking Part 2 of the report that involved the Training Agency I was asked to consider the report prepared by the Chief Executive of the Training Agency and the Principal of the Guernsey College of Further Education in which the case for the integration of the Training Agency with the Guernsey Business School is considered.

6. The review has been written in two parts. Part 1 is concerned with education and training for 16-19 year-olds and Part 2 with the more advanced training and education provided/procured by the Guernsey Training Agency and the Guernsey Business School.

PART 1: 16-19 EDUCATION AND TRAINING

EXECUTIVE SUMMARY

1. The key findings of Part 1 of this review are:

Policies

- Guernsey has clear policies for its education service that are understood and generally supported by the providers with whom I spoke.

Demography and socio-economic

- The small rise in Guernsey's 16 year-olds from 700 in 2003 to 750 by 2008 followed by a decline to just over 600 by 2012 has implications for post-16 education.

- The decline in the number of 16 year-olds beyond 2008 is likely to be counterbalanced by increased staying on rates in full-time post-16 education that are likely to stem from the raising of the school leaving age in 2008.

- Locally educated people lag behind the UK and other OECD countries in terms of holding qualifications at Levels 3 and 4.

- An estimated 20% of the Guernsey population has low or very low numeracy skills.

Provision

- There is no shortage of GCE A/AS-level provision on the Island. The 30 subjects offered at GCE A-level led to 711 GCE subject entries from 252 students (2.8 entries per student) in 2003. The island's providers also offer six Advanced Vocational Certificate of Education (AVCE) programmes.

- The College of Further Education offers over 300 vocational programmes leading to GNVQ, NVQ and other vocational qualifications, some higher education programmes in collaboration with UK higher education institutions, a wide range of short courses and a comprehensive range of adult education programmes.

- There is a shortfall of provision across the Island at level 2 and below for those who fail to achieve this level at the end of their compulsory education. In particular, Guernsey has a significant need for basic skills education for that 20% of the population that is poorly qualified and there is a need for better marketing of such provision if those most in need are to be engaged.

- The States Apprenticeship Scheme is well subscribed and is one of the jewels in the Island's crown.

- A survey conducted by the States Education Council in collaboration with Deloitte & Touche and the Channel Islands University Consortium indicated that over 800 Guernsey students participated in higher education programmes in 2002-03.

Participation

- 14% of those achieving the statutory school leaving age of 15 leave school at the end of Year 10.

- The proportion of the 16-year old age group (61%) continuing in full-time education is well below the figure of 72% for England.

- 52% of Year 11 school leavers progress to the sixth form, 18% to the College of Further Education, 8% to employment with training and 14% to employment without training.

- Over 800 16-18 year olds undertake full-time education in the Island's post-16 education institutions.

- Over 7,000 students enrol on part-time and adult and community education programmes offered by the College of Further Education.

- Each year about 180 Year 13 school leavers progress to higher education and a further 40 do so after taking a gap year.

- Growth in Guernsey's post-16 education provision is likely to centre on increases in 16-18 year-old participation levels and on some increase in adult participation, particularly in basic skills and higher-level re-training programmes.

Performance and cost effectiveness

- Guernsey pupils and students perform significantly above the English average in the GCSE and GCE/AVCE examinations.

- Guernsey girls perform significantly better than boys in public examinations.

Higher education

- Past experience indicates that 51% of Guernsey residents return to the Island after graduating and 31% return with a graduate partner.

- The recruitment of highly qualified people to work in the Island's industries coupled with the return of graduate partners and their spouses means that Guernsey is a net gainer from its higher education investment.

Information, advice and guidance

- An increasing variety of education and training opportunities for Guernsey residents both on- and off-Island will require increased levels of advice and guidance from the Careers Service and other agencies.

Quality assurance

- There is a need to set performance targets for schools and colleges in areas such as:

    - Key stages 1-3, GCSE and GCE/AVCE/NVQ levels.
    - Professional development and higher education targets.
    - The qualification and skills levels of the population at large.
    - Participation in post-16 education and training.

- The time is ripe for the Island to develop its own quality assurance and inspection arrangements that apply across all post-16 education and training services.

Estates

- A number of accommodation development programmes in both the schools and further education sectors should improve substantially the physical environments and facilities available to Guernsey pupils and students.

- There is a need to ensure that the many building programmes that are being planned in the schools and further education sectors are consistent with the Island's developing post-14 education and training strategies.

2. The findings of this review are particularly relevant to the newly formed Lifelong Learning Sub-Committee of the Education Council. The review concludes that in developing a coherent strategy for post-14 education and training on Guernsey a number of key issues should provide the driving force for change. These include the need to:

Post-16 education

A. Increase participation in post-16 full-time education that will probably require work on:

- Recruitment and admissions to post-16 institutions.
- Curriculum developments that embrace the 14-16 as well as post-16 curricula.
- The role of the Careers Service and its role in post-school advice and guidance.
- The distribution and targeting of funding

B. A collaborative approach to post-16 compulsory education amongst the island's providers and reduction of duplication, particularly at GCE 'A' level.

C. The consequences of demographic changes in the post-16 year-old population.

D. Higher education access, costs and value for money.

E. The scope for extending on-Island higher education provision.

F. The development of authoritative local, national and international statistics embracing labour market information and trends, standards and levels of educational achievement that should be compiled on an annual basis and then used to inform the provision, quality and funding of all post-16 education and training

Lifelong learning

G. Widening participation in education and training (particularly for those who have not yet achieved level 1 qualifications in literacy and numeracy).

H. Increasing participation rates in higher education, preferably on-Island.

I. Assessing the impact on participation and achievement in post-16 education and training of Guernsey citizens of:

- The achievement levels of Year 11 and Year 13 pupils and students.
- Student support.
- On-Island provision.
- Distance learning opportunities.
- Funding and other means of resourcing provision.

J. Encouraging a collaborative approach to lifelong learning amongst the island's training institutions and monitor its success or otherwise.

K. Developing ICT as an aide to the delivery of lifelong learning.

L. Promoting adult learning.

M. Ensuring strong strategic leadership, effective planning based on needs analyses and accountability.

Quality assurance

N. Developing arrangements for quality assurance in the post-16 sectors of education and training on the Island, possibly in collaboration with Jersey.

O. Developing Island-wide quality assurance arrangements for the training function in consultation with the Board of industry and the Training Agency.

P. Setting achievable but stretching targets for the Island's well-resourced providers.

Q. Investigating the poor performance of boys in public examinations.

Advice and guidance

R. Reviewing and probably redefining the roles of both the Youth and Careers Services to enable them to play a more pro-active role in tackling the problems of literacy and numeracy amongst a significant proportion of the Island's population.

S. Developing clear transition pathways for young people aged 14-19.

T. Providing access to adult guidance through the careers service.

U. Focusing support on those who need it most, including those entering employment or continuing their education.

Estates

V. Successfully delivering major building programmes that are either in train or planned.

3. The above findings indicate that if standards are to be raised and the quality of education and training are to be enhanced the key elements of Guernsey's education and training agenda over the next few years should be to:

    - Make good deficiencies in the performance of some school pupils by a radical overhaul of both 14-16 and 16-19 curricula.

    - Raise the education and skills level of the population to levels approaching those achieved in the better performing OECD countries.

    - Increase the take up and extend the range of provision at Level 2 and below to tackle underachievement in the population at large.

4. At the post-16 level there is need for a concerted effort throughout the Island to;

- Widen participation in education and training, particularly for those who have not yet achieved Level 1 qualifications.

- Encourage a collaborative approach to lifelong learning amongst the Island's education and training institutions.

PART 1. 16-19 EDUCATION AND TRAINING

1. Guernsey has 27 education institutions: 16 States and 3 private primary schools; four States 11-16 secondary schools; one 11-18 grammar school; three 5-18 grant aided private schools; 3 special schools; and one college of further education. The island also has a training agency and there is one States school on Alderney and one private school.

2. The six main providers of education for 16-18 year-olds on Guernsey, the Grammar School (362 students), the College of Further Education (231), Elizabeth College (115), Ladies College (82), and Blanchelande Girls College (28), enrolled 818 students aged 16-18 in 2002. Additionally, the College of Further Education enrolled nearly 8,000 students on its various vocational (3,600 students), adult education (2,300) and Business School (2,000 delegates attended the short courses and seminars) programmes.

BACKGROUND AND STRATEGIC CONTEXT

3. Annex 1 provides background information on the qualifications and curriculum terminology used in this report. Annex 2 outlines recent developments in post-14 education and training in both the UK and the world in general that may influence strategic thinking in Guernsey. Relevant demographic and socio-economic data for Guernsey are also presented in Annex 2

PROVISION

4. There is no shortage of GCE A/AS-level provision on the Island. The 30 subjects offered at GCE A-level led to 711 GCE subject entries from 252 students (2.8 entries per student) in 2003. The island's providers also offer six Advanced Vocational Certificate of Education (AVCE) programmes (Annex 3, Table A6).

5. The College of Further Education offers over 300 vocational programmes leading to GNVQ, NVQ and other vocational qualifications, some higher education programmes in collaboration with UK higher education institutions, a wide range of short courses and a comprehensive range of adult education programmes.

6. There is a shortfall of provision across the Island at level 2 and below for those who fail to achieve this level at the end of their compulsory education. In particular, Guernsey has a significant need for basic skills education for that 24% of the population that is poorly qualified and there is a need for better marketing of such provision if those most in need are to be engaged (Annex 2 Table A5).

PARTICIPATION

7. 14% of those achieving the statutory school leaving age of 15 leave school at the end of Year 10 (Annex 2, Table A4).

8. The proportion of the 16-year old age group (61%) continuing in full-time education is well below the figure of 72% for England.

9. 52% of Year 11 school leavers progress to the sixth form, 18% to the College of Further Education, 8% to employment with training and 14% to employment without training.

10. Over 800 16-18 year olds undertake full-time education in the Island's post-16 education institutions (Annex 3, Table A8).

11. Over 7,000 students enrol on part-time and adult and community education programmes offered by the College of Further Education. The majority of students attending the College of Further Education are part-time. The 230 or so full-time students represent less than 5% of the college's total enrolments and less than 20% of the college's full-time equivalent enrolments. However, since many of the college's full-time students are aged 16-18 and are following GNVQ and other initial vocational education courses the college makes a significant contribution to the Island's 16-18 provision.

12. Each year about 180 Year 13 school leavers progress to higher education and a further 40 do so after taking a gap year.

13. Growth in Guernsey's post-16 education provision is likely to centre on increases in 16-18 year-old participation levels and on some increase in adult participation, particularly in basic skills and higher-level re-training programmes.

PERFORMANCE

14. Guernsey pupils and students perform significantly above the English average in the GCSE and GCE/AVCE examinations (Annex 3, Table A9).

15. Guernsey girls perform significantly better than boys in public examinations (Annex 3, Tables A10 and A11).

HIGHER EDUCATION

16. A survey conducted by the States Education Council in collaboration with Deloitte & Touche and the Channel Islands University Consortium indicated that over 800 Guernsey students participated in higher education programmes in 2002-03. (Annex 3, Table A7).

17. 25% of those who undertake higher education off-Island expected to return to the Island and 40% were unsure. Past experience indicates that 51% return and 31% return with a graduate partner.

18. The recruitment of highly qualified people to work in the Island's industries coupled with the return of graduate partners and their spouses means that Guernsey is a net gainer from its higher education investment.

CHANNEL ISLANDS' UNIVERSITY CONSORTIUM

19. The Channel Islands Universities Consortium is a well-established partnership between Guernsey schools and four south-coast universities – Brighton, Bournemouth, Portsmouth and Plymouth Universities. The partnership has forged links that have focused on:

- Improved information, advice and guidance opportunities for island students.
- Curriculum developments between the universities and post-16 establishments, employers and the training agency.
- Research projects.
- Widening participation initiatives.

CAREERS EDUCATION AND GUIDANCE

20. The Guernsey Careers Service is a small team comprising an education officer, three careers officers, an advisory careers teacher and two part-time assistants.

21. During the past two years the Service has attempted to raise its profile, enhanced its work with schools, undertaken more employer liaison work and its multi-agency work in relation to the needs of disadvantaged people.

22. Demands on the Careers Service are expected to increase with particular reference to support of the school curriculum, in relation to 14-19 developments, work experience and, raising of the school leaving age

QUALITY ASSURANCE

23. There is a need to set performance targets for schools and colleges in areas such as:

- Key stages 1-3, GCSE and GCE/AVCE/NVQ levels.
- Professional development and higher education targets.
- The qualification and skills levels of the population at large.
- Participation in post-16 education and training.

24. The time is ripe for the Island to develop its own quality assurance and inspection arrangements that apply across all post-16 education and training services.

ESTATES

25. A number of accommodation development programmes in both the schools and further education sectors should improve substantially the physical environments and facilities available to Guernsey pupils and students.

26. The many building programmes that are being planned in the schools and further education sectors are being developed to ensure that they are consistent with the Island's developing post-14 education and training strategies.

TRAINING ON THE ISLAND

27. There are a number of providers/procurers of training on the Island including the Education Council, which administers the Apprenticeship Scheme; employers and employer organizations such as the Guernsey Confederation of Industries (GCI), the Training Agency and the Guernsey Business School.

28. The island does not appear to have a long-term strategy for work force development. This requires to be underpinned by a well-articulated training policy similar to the model developed by the Education Council for its education programme.

States Apprenticeship Scheme

29. The States Apprenticeship Scheme is based on a partnership between apprentices, employers and the Education Council. Its roots are in craft training for the building, engineering, catering, hairdressing and horticultural trades. A statistical digest of the Scheme is presented in Table 1.

30. The Guernsey College of Further Education administers the scheme. The budget of about £650,000 per annum is used to finance the grant aid, day-release payments, inter-island travel and administrative expenses. Grant aid is paid quarterly in arrears to employers for apprentices in their first (and sometimes second year) of employment. The grant payable is a proportion of an apprentice's minimum wage, plus the employer's National Insurance contribution. The employer also receives full compensation for an apprentice's wage for the days that the apprentice attends a relevant college course in the latter years of the apprenticeship, when grant aid is not paid.

31. In June 2003, 331 apprentices were participating in the scheme, of which 104 were in their first year.

32. Although employers are generally satisfied with the apprenticeship scheme a number of deficiencies have been identified including:

    - Difficulties in finding relevant and accessible off-the-job training for apprentices in electronics, motor vehicle, horticulture, printing and design.

- The complexity of the scheme and the need for a simple explanation of how it is administered.
- Suspicion amongst employers of NVQ qualifications.

- Recognition by some employers that some on-the-job training is unsatisfactory.

- Some concerns about the ability to attract high calibre students to the apprenticeship scheme.

TABLE 1 States Apprenticeship Scheme: number of apprentices by year and trade category, June 2003.

CATEGORY	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	TOTAL
Architecture	3	2	4	3		12
Carpentry	17	15	9	15	13	69
Chef	3	4				7
Elect. /Mech.Eng.	1					1
Electrical	12	9	7	7	5	40
Electronics		1		1	2	4
Engineering Aero	2			1	2	5
Engineering Copper			1			1
Engineering Marine	1	1	2	2		6
Engineering Welding	3		2			5
Engineering				2	3	5
Gas Service Eng.	1	2		1		4
Graphics etc.		2	1	1	1	5
Hairdressing	15	9	6			30
Horticulture	1	1	2		1	5
ICT		1	1			2
Jewellery		1	1			2
Miscellaneous					1	1
Motor Engineering	5	12	6	6	7	36
MotorEngineering m/c	1		1			2
Motor Engineering UK	1				1	2
Motor Paint	2	2	1	1	2	8
Motor Panel	4	4			1	9
Painting & Decorating	7	3			4	14
Plumbing	14	5	8	1	4	32
Printing	2					2
Trowel Trades	9	2	4	4	3	22
TOTAL	104	76	56	45	50	331

States of Guernsey.

33. I deem the States Apprenticeship Scheme to be a venture much more successful than its English modern apprenticeship counterpart and the States would do well to nurture and retain it. At a cost of £650,000 per annum the apprenticeship is providing training for 331 apprentices. This provides

excellent value and consideration should be given to strengthening and extending the remit of the scheme.

34. A number of employers offer their own in-house training arrangements for their employees. The Civil Service Board offers a comprehensive, high quality, "in-house" training programme for Civil Service officers. It makes effective use of the programmes offered by the College of Further Education, particularly those leading to accountancy, business, finance, management, information technology and secretarial qualifications. It works closely with the Training Agency in the joint planning of a range of courses. Through the Training Agency it also provides access to its own courses for those employed in the private sector. The Health Service also has its own training programmes. Additionally, there are many examples of in-company training on the Island but I was not charged with looking at these and thus they are not dealt with in this report.

Other ventures that impact on training

35. The Education Council has recently established a Lifelong Learning Advisory Committee responsible for:

- Planning, funding and securing higher standards and widening participation both for the Sixth Form and Further Education.
- Workforce development in relation to ensuring that young people are work ready.
- Adult and community learning.
- Work based training for young people.
- Youth work.
- Education business links for young people.
- Information, advice and guidance for all sectors of community.
- Supporting and informing the work of the EDP.

36. The Committee has a composition that ensures community representation and partnership through the participation of three community representatives and should include representation from the Guernsey Training Agency.

CONCLUSIONS

37. The findings of this review are particularly relevant to the newly formed Lifelong Learning Sub-Committee of the Education Council. The review concludes that in developing a coherent strategy for post-14 education and training on Guernsey a number of key issues should provide the driving force for change. These include consideration of:

Post-16 education

A. The need to increase participation in post-16 full-time education that will probably require work on:

- Recruitment and admissions to post-16 institutions.
- Curriculum developments that embrace the 14-16 as well as post-16 curricula.
- The role of the Careers Service and its role in post-school advice and guidance.
- The distribution and targeting of funding

B. A collaborative approach to post-16 compulsory education amongst the island's providers and reduce duplication, particularly at GCE 'A' level.

C. The consequences of demographic changes in the post-16 year-old population.

D. Higher education access, costs and value for money.

E. The scope for extending on-Island higher education provision.

F. The development of authoritative local, national and international statistics embracing labour market information and trends, standards and levels of educational achievement that should be compiled on an annual basis and then used to inform the provision, quality and funding of post-16 education and training

Lifelong learning

G. Widening participation in education and training (particularly for those who have not yet achieved level 1 qualifications in literacy and numeracy).

H. Increasing participation rates in higher education, preferably on-Island.

I. Encouraging a collaborative approach to lifelong learning amongst the island's training institutions and monitor its success or otherwise.

J. Developing ICT as an aide to the delivery of lifelong learning.

K. Promoting adult learning.

L. Ensuring strong strategic leadership, effective planning based on needs analyses and accountability.

Quality assurance

M. Developing arrangements for quality assurance in the post-16 sectors of education and training on the Island, possibly in collaboration with Jersey.

N. Setting achievable but stretching targets for the Island's well-resourced providers.

Advice and guidance

O. Reviewing and probably redefining the roles of both the Youth and Careers Services to enable them to play a more pro-active role in tackling the problems of literacy and numeracy amongst a significant proportion of the Island's population.

P. Developing clear transition pathways for young people aged 14-19.

Q. Providing access to adult guidance through the careers service.

R. Focusing support on those who need it most, including those entering employment or continuing their education.

Estates

S. Successfully delivering major building programmes that are either in train or planned.

PART 2: THE TRAINING AGENCY AND THE GUERNSEY BUSINESS SCHOOL

EXECUTIVE SUMMARY

1. This study of training arrangements on the Island of Guernsey and particularly the role of the Guernsey Training Agency was undertaken during December 2003. It followed a similar review of 16-19 education and training and the related areas of adult and community learning and higher education funded or part-funded by the States of Guernsey. The review provides an overall view of training on the island that takes account of the needs and opinions of stakeholders, including those of employers.

2. The terms of reference of the training agency review are:

   To review and make recommendations as to the Guernsey Training Agency's role in the Island's overall training policy.

   To review the report prepared by the Chief Executive of the Training Agency and the Principal of the Guernsey College of Further Education, particularly in the context of the strategic development and role of the Agency.

   Update the draft report on 16-19 education and training of October 2003 written by Dr TP Melia CBE in respect of those references to the Guernsey Training Agency.

   Findings

3. Since its establishment in 1999, the Training Agency has focused on the procurement of training and within its resource constraints the more strategic role of collecting and interpreting labour market information although not to the extent of being able to define the Island's broad training needs or indicating the strategic approach to meeting them. More recently it has been sufficiently resourced to enable staff to undertake qualifications in training needs analysis and the Agency has been instrumental in facilitating the collection and analysis of training data included in the 2001 Census. It has also undertaken training needs analyses on behalf of specific sectors that have resulted in the development of appropriate training packages and structures. The Agency has indicated that it would welcome the opportunity to be involved in a more structured approach to the development of training policy on the Island.

4. In its delivery role the Agency has been particularly successful in supporting both the commercial and financial services sector. The Island's financial services sector has benefited greatly from its enhanced reputation with external regulators who have been impressed by the focus given by the Island to the training needs of financial services' employees. Equally

the Island has gained a well-deserved reputation for the Agency's promotion and support of the Investors in People initiative.

5. During the past two years the Agency has placed particular emphasis upon the light industry, retail, tourism and information technology sectors. It is taking steps to enhance its role in these areas and is cognizant of the extensive work undertaken by the College of Further Education for these sectors.

6. The Agency and the Business School have made great strides in terms of their collaboration with each other and this is reflected in the Strategic Alliance signed by both parties in the summer of 2003. However, in the limited training market that Guernsey provides potential boundary disputes might occur from time to time and their resolution will continue to require both goodwill and careful management.

7. The College of Further Education's Development Committee has identified that the title 'The Guernsey Business School' does not adequately reflect the work currently undertaken. The Business School operates as a part of the College of Further Education. It would more accurately describe its work if it were renamed: The School of Finance and Management Studies.

Conclusions and recommendations

8. I concur with the general thrust of the report prepared by the Chief Executive of the Training Agency and the Principal of the College of Further Education and its conclusion that the Training Agency provides the Island with a valuable resource and there is a strong case for its existence and for the States to provide appropriate financial support.

9. In conclusion the following recommendations are made for consideration by the States, the Board of the Training Agency and the Education Council:

   - The States should continue to part fund the Agency through the future Commerce and Employment Department normal budgetary planning process.

   - The Commerce and Employment Department and the Education Department should develop a comprehensive training policy for the Island that clearly defines the roles of the various providers.

   - The Board of the Training Agency should undertake a triennial review of the work of the Training Agency under a rigorous, independent, external assessment system. The report to be published as an appendix to the Billet for States members' information.

- The Agency and the College of Further Education should present its student participation statistics in such a way that the data can be interpreted to evaluate their effectiveness in meeting island needs.

- The Guernsey College of Further Education and the Training Agency should continue to collaborate in the terms spelt out in their strategic alliance and should explore the possibility of the Training Agency's administrative arm assisting the College in the promotion and administration of its training programmes.

- The College should consider renaming the Business School to more closely reflect its education and training role on the Island.

- The States should consider holding a consultative conference of key stakeholders to consider the findings of this review and to help set the scene for the development of a comprehensive training policy for the Island.

PART 2 THE TRAINING AGENCY AND THE GUERNSEY BUSINESS SCHOOL

INTRODUCTION

1. This study of training arrangements on the Island of Guernsey, particularly the role of the Guernsey Training Agency, was undertaken during December 2003. It followed a similar review of 14-19 education and training and post-19 adult and community learning, and higher education funded or part-funded by the States of Guernsey. The review provides an overall view of training on the island that takes account of the needs and opinions of stakeholders, including those of employers.

TERMS OF REFERENCE

2. The terms of reference of the review are:

> *To review and make recommendations as to the Guernsey Training Agency's role in the Island's overall training policy.*
>
> *To review the report prepared by the Chief Executive of the Training Agency and the Principal of the Guernsey College of Further Education, particularly in the context of the strategic development and role of the Agency.*
>
> *Update the draft report of October 2003 written by Dr TP Melia CBE in respect of those references to the Guernsey Training Agency.*

CONDUCT OF THE REVIEW

3. There are five strands to the review:

- Collection and analysis of appropriate data.
- Consideration of the report prepared by the Chief Executive of the Training Agency and the Principal of the Guernsey College of Further Education that considers the case for the integration of the Training Agency with the Guernsey Business School.
- Discussions with key stakeholders informed by an aide me moiré circulated prior to meetings. Time restraints prevented me meeting with all representatives of stakeholders. However, there has been widespread circulation of my report to ensure that all parties have had the opportunity to comment upon its content.
- Regular reporting to the Chief Officers of the Board of Industry and the Education Council.
- Drafting a report by late December 2003.

4. The purpose of the discussions with key stakeholders was:

- To provide a firm footing for the recommendations of this review and to ensure that they have widespread support amongst the Island's business and political communities.

- To agree a report that helps all partners and key stakeholders to make a full contribution to the strategic development of training on the Island.

5. To help inform the discussions with stakeholders the following aide me moiré was circulated prior to meetings with them.

A. What are the key training issues facing:

- *The Island's employers.*
- *The public services?*

B. Are the issues identified being met by current training policies and arrangements?

C. What roles in a developing training scene do you see for:

- *The Training Agency.*
- *The Business School/College of Further Education.*
- *Other training providers.*
- *The States?*

D. What quality assurance arrangements would you expect to be set in train to ensure that the Island's training provision continues to be world class?

E. From the point of view of your industry/business what would be the most useful recommendations to emerge from this review?

BACKGROUND AND STRATEGIC CONTEXT

6. Annex 1 provides background information on the qualifications and curriculum terminology used in this report. Annex 2 outlines recent developments in post-14 education and training in both the UK and the world in general that may influence strategic thinking in Guernsey. Relevant demographic and socio-economic data for Guernsey are also presented in Annex 2

THE MACHINERY OF GOVERNMENT REFORMS IN GUERNSEY

7. From May 2004 the States of Guernsey propose to introduce a new and more streamlined government structure that will have a significant influence on how government policy on the Island is developed and implemented.

8. The key features of the new arrangements are:

    - The creation of a new position of Chief Minister heading the Policy Council.

    - A significant reduction in the number of States Committees from 43 to 10 departments, plus 4 committees.

9. It is hoped that these new arrangements will lead to:

    - Improved development and coordination of policy at both a corporate and departmental level.

    - Improved communication between departments.

    - Swifter decision-making.

    - Improved services to the community.

10. Ten new departments are to be introduced as follows:

    - Policy Council and Treasury Resources.
    - Commerce and Employment.
    - Education.
    - Environment.
    - Health and Social Services.
    - Home.
    - Housing.
    - Public Services.
    - Social Security.
    - Culture and Leisure.

11. The four new committees that are to be established are:

    - House.
    - Legislation Select.
    - Public Sector Remuneration.
    - Scrutiny.

12. Currently the responsibility for the development and implementation of training policy rests with the Board of Industry and the Education Council with other departments such as Health and the Civil Service Board playing a key role in the delivery of their own training.

13. The new machinery of government arrangements provide a unique opportunity for the Island to take a more corporate approach to its training policy and to reform its present rather fragmented approach to training policy development. I return to this matter later in the report

TRAINING ON THE ISLAND

14. It has already been pointed out in the report on 16-19 education and training that training arrangements on the Island are fragmented. Responsibility for training is shared between the College of Further Education; the Education Council, which administers the Apprenticeship Scheme; the Training Agency; and employer organizations such as the Guernsey Confederation of Industries (GCI). The Civil Service Board and the Heath Service also mount substantial training programmes for their staff. The Island does not appear to have a well-articulated training policy which matches that developed by the Education Council for its compulsory school age provision. The interests of all parties would be well served if such a strategy were to be well developed.

THE TRAINING AGENCY

15. The Training Agency was formed in June 1999 through the merger of the Finance Training Agency and the Guernsey Training Agency. The role of the merged agency is to:

- Identify and collate the training needs of the Guernsey business community to encourage employers and employees to optimize training.
- Co-ordinate and facilitate the delivery of training by providers, including the procurement of external provision as may be necessary.
- Monitor continued quality assurance in the delivery of training by such providers.

16. The Agency's stated mission is:

> *"To contribute to the success of commerce, industry and finance in the Bailiwick of Guernsey by achieving excellence in the facilitation of professional, postgraduate and technical training and the promotion of lifelong learning"*

17. The objectives of the Training Agency that take account of the views of its key stakeholders are focused on:

- Regulatory and generic requirements of the finance industries.
- Development of training initiatives to support all economic sectors
- Information technology and e-business.

Governance

18. The Agency is governed through a charitable trust with four trustees, representing the financial and non-financial services sectors, the Education Council and the Board of Industry. The trustees appoint a representative Board of Directors to govern the Agency.

Policy and strategy

19. During 2003, the Chief Executive of the Training Agency prepared a strategic review discussion paper that outlines the purpose, achievements, aspirations and future costs of the Agency. An addendum to the report, produced in consultation with the Principal of Guernsey College of Further Education, considers the case for the integration of the Training Agency with the Guernsey College of Further Education's Business School.

20. The strategic review paper lists the advantages that the Training Agency brings to the Island. These include:

    - The portfolio of courses offered by the Agency reflects those that would normally be offered by a university business school.

    - As a procurer and facilitator rather than a provider the Agency is able to:

        - Operate with a small staffing complement without the infra structure costs of a provider.

        - Search for high quality, cost effective providers of courses, conferences and programmes.

        - Add or delete programmes to its offer at short notice.

        - Arrange for the delivery of professional and post-graduate programmes on-Island.

        - Offer limited study facilities to its registered students.

21. The strategic review draws attention to the following initiatives promoted by the Training Agency in the last twelve months:

    - The award of the status of 'Accredited Facilitator of Training' by the Securities Institute.

    - Approval from the Chartered Institute of marketing to facilitate all levels of the Institute's professional examinations.

    - Promoting the 'Demystifying' series of lectures, for those working in the funds management sector, in partnership with the Guernsey Fund Managers Association.

- The launch of an MBA degree in partnership with Southampton University and an MSc in e-commerce in partnership with Plymouth University.

- Securing Investors in People accreditation.

- The Agency's conference programme that includes programmes on leadership, retail, data protection and the Chartered Institute of Personnel Development Conference.

- Visits from other jurisdictions to learn from the Agency's work.

- The initiation of market research.

- Acting as the focus for the development and promotion of new, offshore programmes.

22. The Agency is concerned about the historically short-term nature of the funding commitment by the States which constrains its ability to make long term plans or commit to a wide range of strategically important training initiatives.

23. An addendum to the strategic review paper investigates the potential for integrating the work of the Guernsey College of Further Education Business School. The addendum points to the strong operational and strategic links between the two organizations that are reflected in the strategic alliance recently entered into by the two bodies. The report concludes that the two bodies should continue to operate in their current separate but complementary roles.

24. The review concludes that the Agency has:

- Made a significant contribution to the development of the Guernsey workforce.

- Enhanced the Bailiwick's reputation with external regulatory bodies.

- Benefited from its current corporate structure and governance arrangements.

- Worked closely with the Business School and complements its activities.

- Striven to run profitable programmes in an effort to recoup 25% of its cost from the work it does.

- Need of a longer term funding regime that will allow it to plan on a longer term and more strategic basis.

Provision

25. The Agency's work is focused on areas of professional training; regulatory qualifications; matters concerning money laundering and compliance; communications; leadership and management; and technical short courses. Most of its provision could be loosely described as being higher education at levels 4 and 5.

26. The Agency also:

- Facilitates a range of award bearing programmes that meet the needs of the commercial and finance sectors.
- Designs short courses to meet the needs of GCI member companies.
- Manages the Investors in People standard on behalf of the Board of Industry.
- Runs workshops and seminars to increase awareness of issues such as money laundering, data protection, Guernsey Company Law etc.
- Works with the various sectors of the economy to identify needs and to undertake commissioned research to assess how these needs might be met.
- Works with various professional bodies both on and off-Island in the mounting of qualification and other programmes and assuring their quality and effectiveness.

Funding

27. The Agency's budget for 2004 anticipates an income of £485000 from course and membership fees, donations and other income and grants that total £756000 from the Board of Industry (£378000) and the Guernsey Financial Services Commission (£378000). On the debit side it expects to incur course expenses of £336000, other operating expenses of £259000 and to have staff cost of £573000. The Agency forecasts a net profit of £13000.

Clients

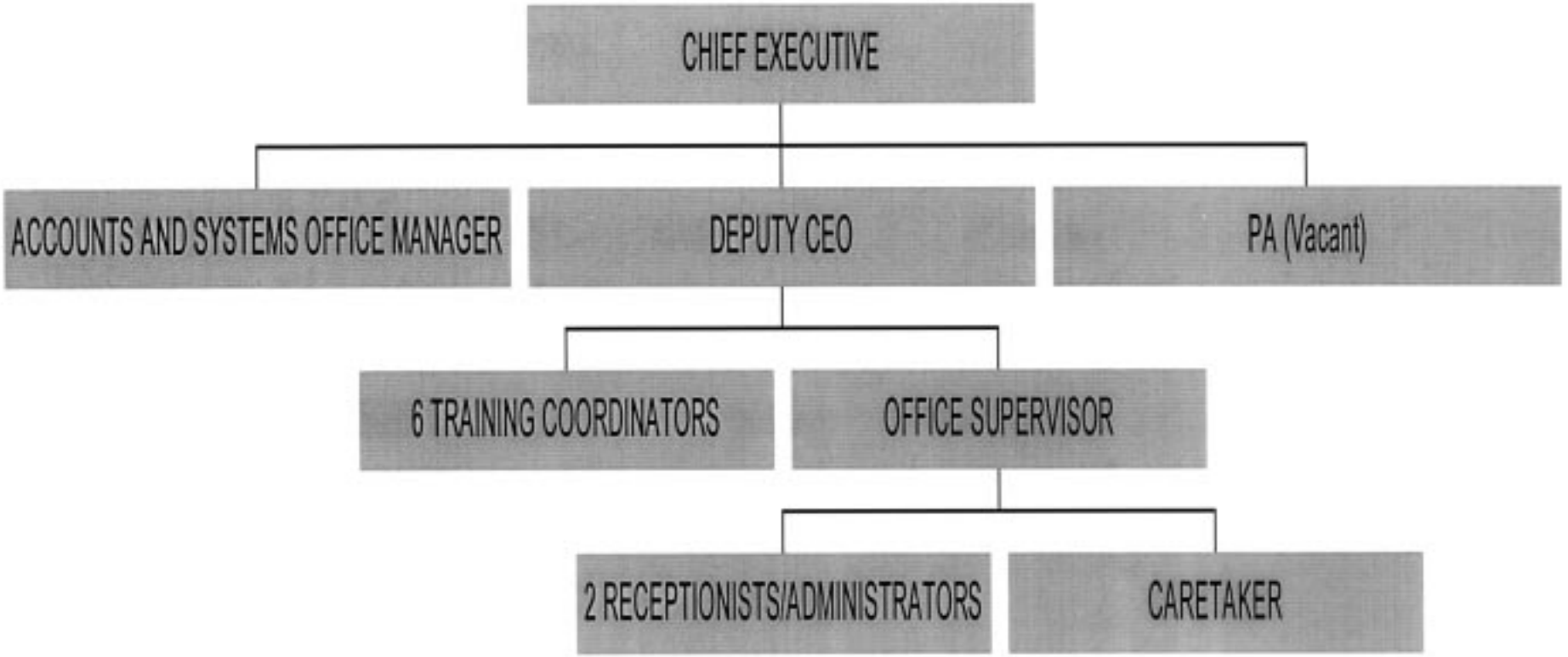
28. During the period January 2001 to December 2003, the Agency enrolled 869 student members who paid a life membership fee of £15. Student members have study access to the Agency's St Peter Port premises, the use of books and other learning materials, and computer and internet access. During the same period, the Agency facilitated over 900 training events, attracting 8,900 delegates. It is important to emphasize that delegates do not represent separate individuals because many delegates attend more than one training event. It would be worthwhile the Agency reporting such

statistics also in terms of the total number of individuals who benefit from their programmes. Additionally, examinations were held during which about 2,000 candidates were examined.

Staffing

29. In 2002, the Agency had a full-time staff establishment of 13.5 (currently there are 12.5 full-time equivalent staff in post) led by a full-time Chief Executive (Figure 1). This staffing complement allows the Agency to deliver a high quality administrative support service to its clients which the less generously staffed Business School is unable to match due to the States staff numbers limitation policy.

Figure 1 Training Agency: staffing structure.



Quality assurance arrangements

30. The Training Agency recognizes the need for the quality assurance of its work and attempts to achieve this in a variety of ways including:

    - Evaluation by delegates at events or programmes that it organizes, sponsors or procures.
    - The quality assurance arrangements of those who provide courses procured by the Agency.
    - Involvement of the Agency's staff in other professional bodies and organizations.
    - Accreditation and recognition of its programmes when appropriate.
    - Monitoring of its work by the Agency's Board of Directors.
    - The acquisition by the Agency of Investors in People status.
    - Internal audit by the States Audit service.

31. There would be some merit in the coordination of these various quality assurance initiatives that might be drawn together in an annual self-assessment report to the Board of the Agency. The report should be supplemented by feedback from a variety of stakeholders. Additionally, the Agency's Board in consultation with the States of Guernsey should consider the possibility of undertaking regular triennial reviews of the Agency's work and of the Board's stewardship with the support of an external advisor/assessor. The common inspection framework could be adapted from the United Kingdom Adult Learning Inspectorate that requires the answering of seven key questions:

    - How well do learners achieve?
    - How effective are teaching, training and learning?
    - How are achievement and learning affected by resources?
    - How effective are the assessment and monitoring of learning?
    - How well do the programmes and courses meet the needs and interests of the States and the finance sector to all sectors of the economy?
    - How well are learners guided and supported?
    - How effective are leadership and management in raising achievement and supporting learners?

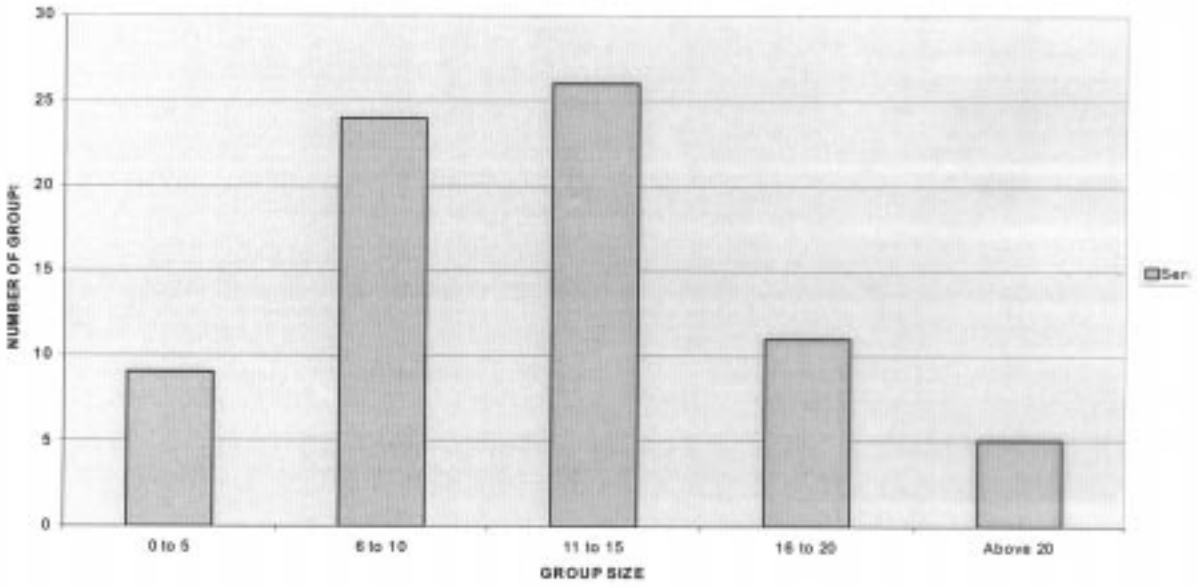
THE BUSINESS SCHOOL

32. The Business School is part of the Guernsey College of Further Education and is advised by the College Development Committee which is an advisory sub-committee of the Education Council.

33. Most of the Business School's work is at Levels 1-3 and, in appropriate cases, Level 4. Its course programmes embrace part-time one-year courses leading to technician and professional qualifications, short courses and seminars on a range of topics relevant to local industry, programmes leading to National Vocational Qualifications (NVQs) and a range of breakfast seminars for those in employment.

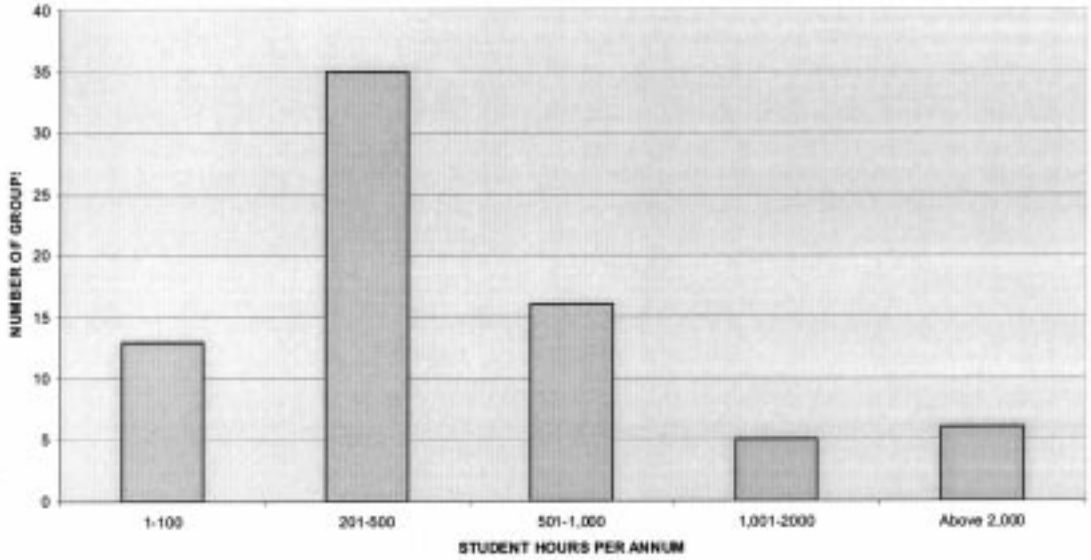
34. In 2002-03, the Business School mounted 75 programes leading to technical/professional qualifications that enrolled 875 students, involved nearly 4,000 staff teaching hours and over 47,000 student hours These programmes generated a gross income of over £216,0000 during the year. Figures 2 and 3 show the group size and the annual student hour profiles, respectively, of the 75 programmes offered by the Business School. Over half of the Business School programmes attract an enrolment of 11 and above and over 20% attract enrolments of 16 and above. A list of the programmes offered by the Business School with enrolments is shown in Annex 3.

FIGURE 2. GUERNSEY BUSINESS SCHOOL: SIZE PROFILE OF GROUPS, 2003.



Source: Guernsey CFE

FIGURE 3. GUERNSEY BUSINESS SCHOOL: ANNUAL STUDENT HOUR PROFILE OF PROGRAMMES, 2003.



Source: Guernsey CFE

35. The Business School keeps excellent records and has readily available on EXCEL spread sheets comprehensive information about each course that it mounts under the headings:

    - Student enrolment.
    - Weekly and annual teaching hours per course.
    - Annual student class hours.
    - Course fee.
    - Gross and net course income.

36. The Business School has six full-time teaching staff, a wide range of part-time staff and an administrator. The School's budget is included in that of the College of Further Education.

37. Quality assurance arrangements in common use by the Business School include:

    - Self-assessment as part of the College of Further Education's quality assurance arrangements.
    - Validation of degree programmes by the Quality Assurance Agency.
    - External verification and moderation by the examining bodies.
    - Validation of programmes by professional bodies.
    - Inspection.
    - Scrutiny by the Island's audit services.

38. A strategic alliance has also been agreed between the Business School and the Training Agency (Annex 5). In operational terms this has involved the establishment of a senior management forum, the members of which are the Principal and Vice principal of the College and the Chief Executive

and Deputy Chief Executive of the Agency, and definitions of the roles of the two bodies. The forum meets monthly and strives to ensure better communications between the Business School and the Training Agency.

39. The strategic alliance recognizes the different but complementary roles of the Business School and the Training Agency. The Business School is a provider of training. The Training Agency is a procurer and facilitator of training. The Agency does not employ academic staff whilst the Business School does. The Business School concentrates on delivering programmes at NVQ Levels 1-3, although in some circumstances Level 4 courses may be offered. The Training Agency targets its procurement of training at middle/senior management (Level 4) as well as sector specific professional development at Levels 4 and 5. There is a stated intention in the strategic alliance that there will be cross membership of Training Agency and College advisory groups. These appear to be eminently sensible arrangements and with good will on both sides should be capable of delivering the training that the Island needs.

40. The strategic partnership is a mechanism for overcoming potential disputes that will impact on the work of the College and the Training Agency. Areas such as the development of on-island Higher Education provision are examples of potential areas of collaboration. How, for example, will the establishment of foundation degrees be managed? The partnership will be more effective if the strategic roles are more clearly outlined by a training strategy.

DISCUSSIONS WITH KEY STAKEHOLDERS

41. Discussions were held during the course of this review with the following key stakeholders:

    - The States Supervisor.
    - The Director of Education and his officials.
    - The Chief Executive of the Board of Industry and his deputy.
    - The Chief Executive of the Training Agency and his deputy.
    - The Principal of Guernsey College of Further Education.
    - Representatives of the Guernsey International Business Association.
    - The Confederation of Guernsey Industry and the Institute of Directors.
    - Time restraints prevented me meeting with all representatives of stakeholders. However, there has been widespread circulation of my report to ensure that all parties have had the opportunity to comment upon its content.

42. Those with whom I spoke welcomed the changes in the machinery of government and recognised the opportunities it offered for the coordination of training policy and delivery across the Island unhindered by narrow sectional interests in the government, commerce or provider sectors. Additionally, they raised many common issues. The most significant of these were the need:

- To tackle the Island's perennial problem of shortages of qualified and trained manpower.
- To provide training that although necessary for the Island's commerce and industry cannot be delivered cost effectively on the basis of full cost recovery from individuals.
- To retrain well-qualified and experienced individuals who were the redundancy casualties of company mergers and reorganisations.
- To address the staff turnover challenges posed by five-year licences.
- For high quality training for the finance industry to satisfy the demands of financial regulation both on the Island and in the global market.
- For close collaboration between government departments and between providers of training to ensure that duplication and boundary disputes are minimised.
- For the Island to develop a clear lifelong learning policy that recognises the contribution that education and training services in their many guises can contribute to the provision of a highly motivated, well-qualified and appropriately skilled workforce.
- To develop the so-called 'soft skills' of leadership and management, customer service, etc.
- To persuade some small to medium sized companies of the benefits of staff development and training and encourage them to take a systematic approach to training.
- To establish a forum that brought together the key members of the business community with the College and the Training Agency to ensure better employer-provider interaction.
- For the College's accommodation to be upgraded if it was to be an attractive venue for the business community.
- For more employer involvement in the strategic planning of training across the Island.
- For better and more comprehensive labour market information to inform training policies and strategies.
- To develop on-Island higher education provision in order to reduce the cost to both the individual and the States.

43. The representative of the finance sector emphasised the strong sense of ownership felt by the industry for the Training Agency.

44. Whilst there was strong support for the notion that the College and the Training Agency should work together more closely there was little support for the notion of either merger or integration.

FINDINGS

45. The key factors in determining the education and training arrangements adopted by any country are economic and social needs, demand, aspirations of the electorate and cost. The latter often militates against change and is an important barrier that needs to be addressed at an early stage in the change process.

46. In conducting this review I was charged with the twin tasks of making recommendations as to the Guernsey Training Agency's role on the Island and reviewing the report prepared by the Chief Executive of the Training Agency and the principal of the Guernsey College of Further Education in the context of the strategic development of the role of the Agency. In interpreting my brief I have looked at the role of the Training Agency in terms of the broad training needs of the Island and in relation to the Agency's own stated aims and objectives.

47. Training is an area of provision in which the Island does not as yet have a clearly articulated policy. This lack of clarity has an effect on relationships between the Guernsey College of Further Education and the Training Agency. The Chief Executive of the Training Agency and the College Principal handle such issues in a mature and understanding manner. For example, in the recently drawn up strategic alliance that recognises the separate but complementary roles of the Training Agency and the Guernsey Business School. As we have seen earlier this has involved the establishment of a senior management forum and definitions of the roles of the two bodies.

48. The strategic alliance, in recognizing the different but complementary roles of the Business School and the Training Agency, appears to be a sensible first step in establishing good working arrangements between the principal facilitator and the principal provider of training on the island. The partnership will be more effective if the strategic roles are more clearly defined.

49. However, the strategic alliance between the College and the Agency does not absolve the States policy makers from their responsibility to construct an Island-wide training policy. In constructing such a policy there is a need to recognize that a small Island's provision cannot be run simply on a cost effective basis.

50. The first step in developing a training policy for the Island is to agree a strategic planning policy template around which the States can construct a policy and from this policy develop appropriate strategic and operational plans. A possible structure for such a strategic planning template is presented below.

I. POLICY AIMS
II. STRATEGIC OBJECTIVES
III. LABOUR MARKET INFORMATION

- Projections
- International comparisons

IV. WORKFORCE DEVELOPMENT

- Initial training
- Retraining/upskilling
- Lifelong learning
    - Raising qualification levels
    - Anticipating skills needs
    - Engaging non-learners
    - Basic skills: numeracy, literacy, job ready
    - Advice and guidance

V. PROVIDERS OF TRAINING

- Schools
- College
- Off-Island (HE/FE)
- Employers/employer bodies

VI. PROCURERS OF TRAINING

- Education Council
- Board of Industry
- Training Agency
- Employers/employer bodies

VII. TRAINING PROVISION

- Initial
    - Job ready (basic skills)
    - Apprenticeship Scheme
    - Technical/professional
        - Specific skills
        - Managerial/leadership
- Retraining/upskilling
    - Short courses

- Off-Island training

- Lifelong learning

  - Raising the qualification level
  - Providing a stock of skilled workers
  - Developing the individual (basic skills, qualifications, recreation, leisure)

VIII. PARTICIPANTS IN TRAINING

- Define
- Access
- Support

  - Advice/guidance
  - Financial

- Rewards

  - Qualifications
  - Wage increases
  - Better lifestyle

IX. BENEFICIARIES OF TRAINING

- Island and its economy
- Employers
- Individuals

51. Such a policy document would allow the roles of the various providers to be more clearly defined and ensure that there is adequate and sufficient provision. As part of the policy the providers need to have at least medium term security of funding if they are to fulfil their strategic roles effectively. In return for the States' funding that they receive they would be expected to submit to regular triennial reviews under a rigorous, independent, external assessment system. The report to be published as an appendix to the Billet for States members' information.

52. Last but not least words are important. I do not think the title the Guernsey Business School adequately reflects the work currently undertaken by the School. The title 'The Guernsey Business School' does not adequately reflect the work currently undertaken. The Business School operates as a part of the College of Further Education. I agree with the decision taken by the College Development Committee that it would more accurately describe its work if it was renamed: The School of Finance and Management Studies

CONCLUSIONS AND RECOMMENDATIONS

53. I concur with the general thrust of the report prepared by the Chief Executive of the Training Agency and the Principal of the College of Further Education and its conclusion that the Training Agency provides the Island with a valuable resource and there is a strong case for its existence and for the States to provide appropriate financial support.

54. In conclusion the following recommendations are made for consideration by the States, the Board of the Training Agency and the Education Council:

- The States should continue to part fund the Agency through the future Department of Commerce and Employment's normal budgetary planning process.

- The Department of Commerce and Employment and the Education Department should develop a comprehensive training policy for the Island that clearly defines the roles of the various providers.

- The Board of the Guernsey Training Agency should undertake a triennial review of the work of the Training Agency under a rigorous, independent, external assessment system, the report to be published as an appendix to the Billet for States members' information.

- Both the Agency and College of Further Education should present its student participation statistics in such a way that the data can be used to assess their effectiveness.

- The Guernsey College of Further Education and the Training Agency should continue to collaborate in the terms spelt out in their strategic alliance and should explore the possibility of the Training Agency's administrative arm assisting the College in the promotion and administration of its training programmes.

- The College should consider renaming the Business School to reflect more closely its education and training role on the Island.

- The States should consider holding a consultative conference of key stakeholders to consider the findings of this review and to help set the scene for the development of a comprehensive training policy for the Island.

ACKNOWLEDGEMENTS

I wish to acknowledge all the help and support that I have received in conducting this review from all those with whom I held discussions. I wish to thank particularly Alun Williams and Helen Grand who provided me with much of the data used in the report and Stuart Le Maitre for arranging and chairing my meetings with the commerce and industry representatives.

ANNEX 1 CURRICULA AND QUALIFICATIONS

1. This annex provides a short introduction to qualifications and curriculum terminology to aid readers' understanding of the impenetrable language that is often used to describe the courses and qualifications, particularly those offered in further and higher education establishments.

2. Qualifications are generally categorized as:

    - *General;*
    - *Vocationally related; and*
    - *Occupational.*

3. Qualifications are classified into six levels:

    - *Entry;*
    - *Foundation or Level 1;*
    - *Intermediate or Level 2;*
    - *Advanced or Level 3;*
    - *Higher education or Level 4 (certificate or diploma); and*
    - *Higher education or Level 5 (degree).*

4. Programmes at or below Level 2 are those that are usually offered in 11-16 schools and in general further education colleges.

5. The term general qualifications refer to examinations such as the General Certificate of Secondary Education (GCSE), the General Certificate of Education (GCE) that is offered at Advanced (A) or Advanced Supplementary (AS) levels and most university degrees.

6. Vocationally related qualifications include General National Vocational Qualifications (GNVQs), which are offered at foundation (Level 1) and intermediate (Level 2), and the Advanced Certificate of Vocational Education (AVCE) that is offered at advanced (Level 3) level.

7. Occupational qualifications are often job specific and lead to the award of National Vocational Qualifications (NVQs) that are offered at five levels. These NVQ levels equate to the Levels 1-5 of the general and vocationally related qualifications framework. Examples of occupational type qualifications are foundation (FMA) and advanced (AMA) modern apprenticeships (Levels 1 and 3); higher national diplomas/certificates (Level 4); and qualifications associated with membership of a professional institute (Level 5).

8. Table 1 summarizes the National Qualifications Framework.

TABLE 1 National Qualifications Framework.

LEVEL	GENERAL	VOCATIONALLY RELATED	OCCUPATIONAL
Entry	Certificate of educational achievement		
L1	GCSE grades D-G	Foundation GNVQ	Level 1 NVQ (FMA)
L2	GCSE grades A*-C	Intermediate GNVQ	Level 2 NVQ
L3	GCE A/AS level	Advanced GNVQ/AVCE	Level 3 NVQ (AMA)
L4	Higher diploma/certificate		Level 4 NVQ (HND/C)
L5	Degree		Level 5 NVQ (Professional membership)

Source: Qualifications and Curriculum Authority.

ANNEX 2 BACKGROUND AND STRATEGIC CONTEXT

1. For a modern society to achieve stable and sustainable growth it needs a well-educated, well-trained and adaptable workforce capable of coping with the challenge of rapid change. This requires the development of new forms of education and training that provide opportunities for learning throughout life and foster in society a learning culture that encompasses basic literacy to advanced scholarship. Such lifelong learning allows the continuous development of the skills, knowledge and understanding that are essential for employability and fulfilment in modern societies. The most successful economies are those that have education and training policies that remove artificial barriers to access and progression and offer all citizens fair and equitable opportunities to study in both school and post-school education. Such societies invariably provide encouragement to and opportunities for education and training throughout a citizen's life. Thereby helping individuals to develop their talents and abilities to the full, to cope with technological change in both their working and private lives, and to contribute effectively to the society in which they live.

2. Only well-educated and trained societies will be able to cope with the regular workplace changes that will continue to be a feature of successful economies. Such changes will include:

    - Reductions in the numbers of lower skill jobs and a consequent increase in demand for workers with higher-level skills.

    - Changing what workers need to know and how they use what they know.

    - Reduction in the long-term value of any current stock of knowledge or skill.

3. In these circumstances all countries will need to raise the education and training standards of all their citizens if they are to survive and prosper. It is no longer economically sensible to concentrate resources on a small elite group of people.

4. According to the Guernsey's 2001 Census, 76% of the population of the Island hold a qualification at NVQ Level 2 or above with the following distribution of qualifications amongst the population:

    - Level 2 33%
    - Level 3 25%
    - Level 4 8%
    - Level 5 10%

5. Sixty one per cent of Guernsey's 16 year-olds remain in full-time education and about 1 in 4 school leavers enter higher education.

6. Guernsey's 1996 Census revealed that only 19% of Guernsey's residential population (36% of the workforce) held a post-school qualification (of which, 4.5% held a degree and 9.7% a higher diploma). Of the 65% of the residential population who are Guernsey-born only 13% (25% of the workforce) hold a post-school qualification. This compares with the 31% of the non-Guernsey-born residential population who hold a post-school qualification. At managerial/professional level only 3,380 of those who were Guernsey-born hold a managerial/professional qualification compared with the 4,985 held by those who were not born in Guernsey. Guernsey has, of course, remained a successful economy despite lagging behind the UK in its education and training participation and achievement levels. The census figures referred to above indicate that this has been achieved by importing qualified manpower, a policy that has other social consequences in relation to the Island's population and housing policies.

7. Guernsey, like the rest of Europe, will have to cope with the challenges of an ageing population. Between the years 2000 and 2040 population projections indicate that those of working age (15-65 years) will fall from 67% of the total population of the Island to 60%, whilst those aged 65+ will rise from 15% to 25%. To maintain an adequately qualified workforce in such circumstances will require more attention being given to the lifelong learning needs of the workforce to allow its continual updating and re-skilling.

THE INTERNATIONAL SCENE

8. The recent OECD report *'Education at a Glance: OECD Indicators – 2003'* will cause many countries, not least the United Kingdom, to reflect on the performance of its education institutions, particularly at the secondary education, pre-16 level. The focus of this OECD report is on the quality of learning outcomes, the policy levers that shape these outcomes and the broader private and social returns that accrue to investments in education. The report includes a comparative account of student performance near the beginning and end of compulsory education that extends to knowledge and skills in important subject areas as well as patterns of learning strategies and engagement in learning.

9. Of particular concern to the UK is the report's finding that the United Kingdom has dropped from 13th to 22nd for secondary performance among the industrialized nations. In 2001, 68% of UK 25-34 year olds achieved a Level 2 qualification compared with an OECD average of 64%, 88% for the USA and 83% for Germany. A more positive finding as far as the UK is concerned is that it has one of the best records for increasing the proportion of people going into higher education.

10. Much of the UK's poor performance at Level 2 is attributed to the under performance of pre-16 education. It is common throughout the industrialised world for about 75% of young people at the end of compulsory education to have achieved Level 2 qualifications. In the UK the figure is about 50%. Since about two thirds of those who achieve Level 2 at the end of compulsory education proceed to higher education, it follows that if the UK government's

2010 target that 50% of young people should have a higher education experience is to be realized then there needs to be a substantial improvement in the qualifications held by young people at the end of compulsory education. On the basis of the two thirds relationship previously mentioned, it will probably be necessary for about 75% of young people to achieve Level 2 by the end of compulsory education if this higher education target is to be met.

THE UK SCENE

11. Guernsey in developing its education and training policies often takes account of, but does not necessarily duplicate, policy developments on the mainland. In this connection it is worthwhile sketching out the major policy developments that are the driving forces for change for the post-16 education and training services in England since these are often reflected in the examination arrangements that are common to both England and Guernsey.

12. The Learning and Skills Council (LSC) that was established in 2000 funds all post-16 education and training in England. This body has an annual budget of over £7 billion and along with its 47 local arms has responsibilities for planning, funding, monitoring and improving the quality of post-16 learning up to higher education.

UK Government policies

13. The UK government's policies for education and training in England are outlined in a series of White Papers that have been published during 2002 and 2003.

14. In November 2002, the Department for Education and Skills (DfES) issued a White Paper '*Success for All: Reforming Further Education and Training*' that sets out the Government's vision for the learning and skills sector. In particular, the White Paper outlines an investment programme involving an extra £1.2 billion of funding for the further education sector over the next three years. Colleges are also to be funded on a three-year basis to enable them to plan on a long-term basis. However, resources will be allocated based on a performance agreement with each college. Those colleges deemed to be excellent performers receive higher funding than those that are judged to be poor performers. The latter will however be given extra targeted support until they improve. Capital support for colleges will rise in real terms by 60% to over £400 million by 2005-06. Over £100 million over the same period will be allocated to the training and support of teachers.

15. Amongst the measures to be introduced to ensure the implementation of the reforms are:

- Strategic area reviews that cover all LSC funded learning in an area.
- A requirement for colleges to develop clear missions.
- The encouragement of 14-19 collaborative ventures.
- A greater emphasis on meeting skills needs.

- Transforming the quality of work-based learning, particularly a major reform of Modern Apprenticeships.
- Developing new quality improvement and accountability frameworks for adult and community learning to ensure that this service plays a full role in support of social inclusion, widening participation and the promotion of good citizenship and personal development.
- Improving the links between further and higher education to ensure that further education plays an important role in delivering the Government's ambitious higher education participation targets.

16. On the curriculum delivery front, the Government proposes measures to help spread good practice. These proposals are likely to have wide ranging implications and include the development of:

    - The Common Inspection Framework.
    - Curriculum content, qualifications and student assessment arrangements.
    - Teaching and training techniques.
    - Initial training and continuing professional development for teachers and trainers.
    - Providers' improvement plans.

17. The Department for Education and Skills has established a new Standards Unit to carry forward these intentions. The principles of the *'Success for All'* reforms will apply equally to school sixth forms and private work based learning providers.

18. In a recent document (not incidentally a White Paper, therefore there is no government intention to legislate, nor presumably to provide extra resources to fund the developments proposed) *'14-19: Opportunity and Excellence'* the Government expressed support for reorganization proposals that break down the barriers between schools and colleges that will enhance post-16 provision in an area and contribute to raising standards, increasing and widening participation, and improving provision. To support these developments the Government is looking for increased collaboration between providers. It does not expect every school or college by itself to offer the extended range of options. Increased collaboration between provider institutions and employers will also be necessary to support the greater emphasis on work-based learning. Pathfinder projects will be supported to develop best practice.

19. In its White Paper *'The Future of Higher Education'*, the Government reaffirmed its commitment to its goal that, by 2010, 50% of young people should progress to higher education by the age of 30 years. The government recognizes that to achieve this, participation will need to be increased across all social groups. At present just 13% of 18 year-olds from the most disadvantaged backgrounds achieve 2 GCE A-levels (or equivalent) and only 14% go on to higher education before they are 21 years of age. This compares with 56% of those from professional backgrounds who achieve 2 GCE A-levels at 18 and 75% of this group who go on to higher education by the time

that they are 21. Much of this expansion is to be achieved through the foundation degree route. To facilitate this, the Government is intending to:

- *Explore the possibility of direct funding for further education colleges by HEFCE for niche provision.*

- *Review, in consultation with the HEFCE and the LSC, the administrative and legislative barriers to integration of the dual funding and accountability systems under which mixed economy institutions operate.*

20. In July 2003, the Department for Education and Skills and the Department of Trade and Industry issued the White Paper *'21st Century Skills: Realising our Potential'*. Through its skills strategy the Government intends to:

    - Offer free tuition to adults to enable them to gain a Level 2 qualification.
    - Expand training opportunities for apprenticeships, technicians, higher crafts and trades, and associate professionals to meet identified skills gaps.
    - Expand the network of Sector Skills Councils - in the case of post-16 education and training sectors the intention is to establish a post-16 education and training sector skills council by combining the three national training organizations operating in this area namely, FENTO, the Further Education National Training Organization; the Higher Education Skills and Development Agency and PAOLO, the adult education national training organization. Guernsey has of course opted to be included within the scope of FENTO along with Jersey and the Isle of Man.
    - Develop a national programme aimed at those with low skills.
    - Reform qualifications to make them more business friendly.
    - Ensure greater business involvement in course design.
    - Improve business support.
    - Publish an employers guide to good training.
    - Introduce a new management and leadership drive for small to medium sized enterprises (SMEs).

21. The policy strategies in England outlined in paragraphs 13 - 20, represent a massive agenda for change, not all of which could be sensibly applied in Guernsey. For example, I counsel against Guernsey adopting the present UK inspection regime or slavishly following the strategic area review processes being introduced by the Learning and Skills Council.

GUERNSEY

22. In the light of Guernsey's population projections, its population, residential and housing policies and the need for an increasingly well-educated and adequately trained workforce to enable Guernsey to continue to prosper in the rapidly changing global economy, the Island needs continually to review its

education and training policies. Reviews such as this thus need to take account of:

- Demographic changes.
- Projected demands for qualified manpower.
- The performance of Guernsey's education and training establishment at all levels.
- Forecasts of demand for post-16 education.
- The nature and scope of appropriate post-16 provision.
- Institutional arrangements.
- Quality and standards of provision.
- Teacher supply.
- Role of modern technology in post-16 education.

23. The Island should also consider what would be appropriate performance targets for its education and training services in the light of its generous investment in these services.

Demography

24. The Island's residential population on 29 April 2001 was 59,807 of whom 29,138 were males and 30,669 were females. The population of the Island is projected to increase to just less than 65,000 in 30 year's time. During this period the numbers of economically active persons are projected to remain stable at around 40,000. Seventy eight per cent of the Island's population hold residential qualifications.

25. The most dramatic change in numbers is in the 65+ age group that are projected to increase from about 9,000 in the year 2000 to 16,000 by 2040, an increase of 77%. Projections of the 16 year-old population of the Island over the period 2003-14 indicate a small rise from about 700 in 2003 to 750 by 2008 followed by a decline to just over 600 by 2012 (Figure 1). However, in terms of demand for post-16 education and training services this demographic change is likely to be counterbalanced by improved staying-on rates in full-time education following the raising of the school leaving age in 2008.

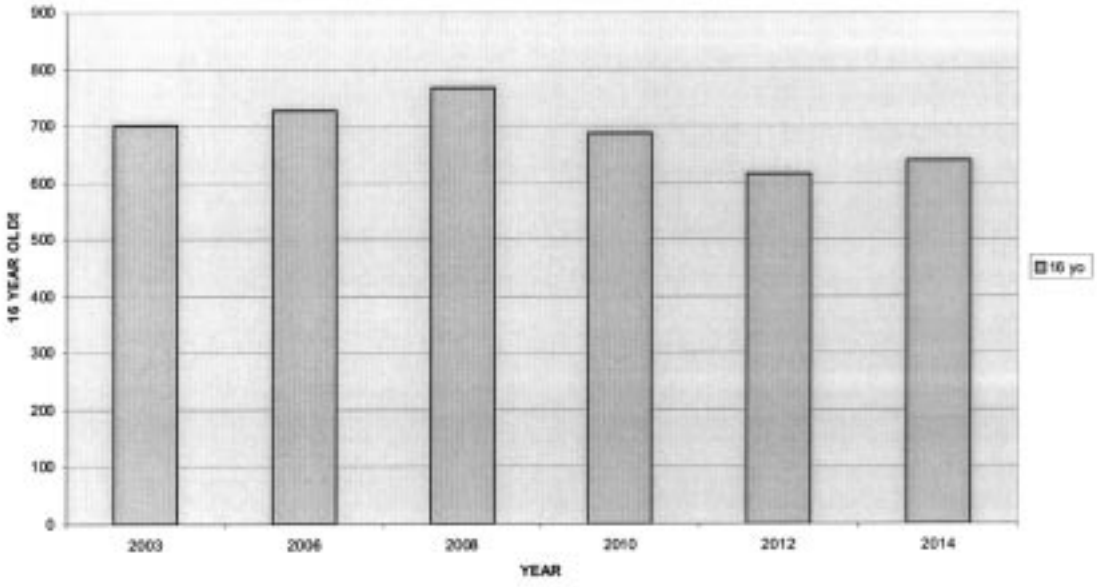
Socio-economic

26. In 2002, Guernsey had a GDP of £1.34 billion and a GDP per capita of £22,339. This compares with a UK GDP per capita in 2000 of £15,400.

27. In 2001, 32,293 people were employed on the Island comprising;

- Employed: 28,139
- Self employed (employing others): 1,979
- Self employed (not employing others) 2,175

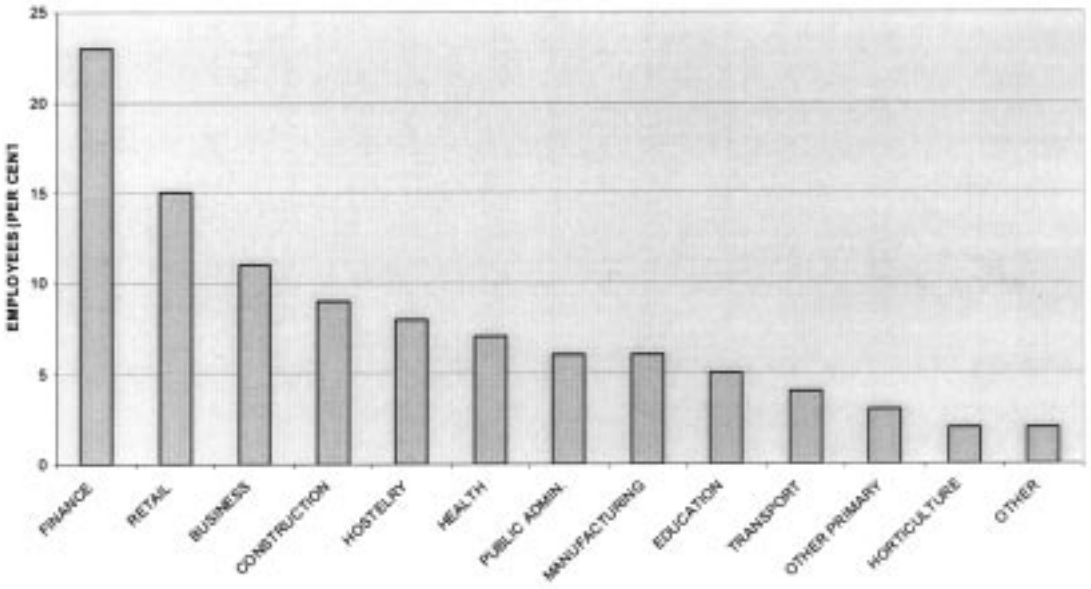
FIGURE 1. Guernsey: 16 year olds, 2003-2014.



Source: States of Guernsey

28. In 2001, about half the employment in the Island was provided by the finance, retail and wholesale and business services and ICT sectors as shown in Figure 2.

FIGURE 2. GUERNSEY: EMPLOYMENY BY SECTOR, 2001.

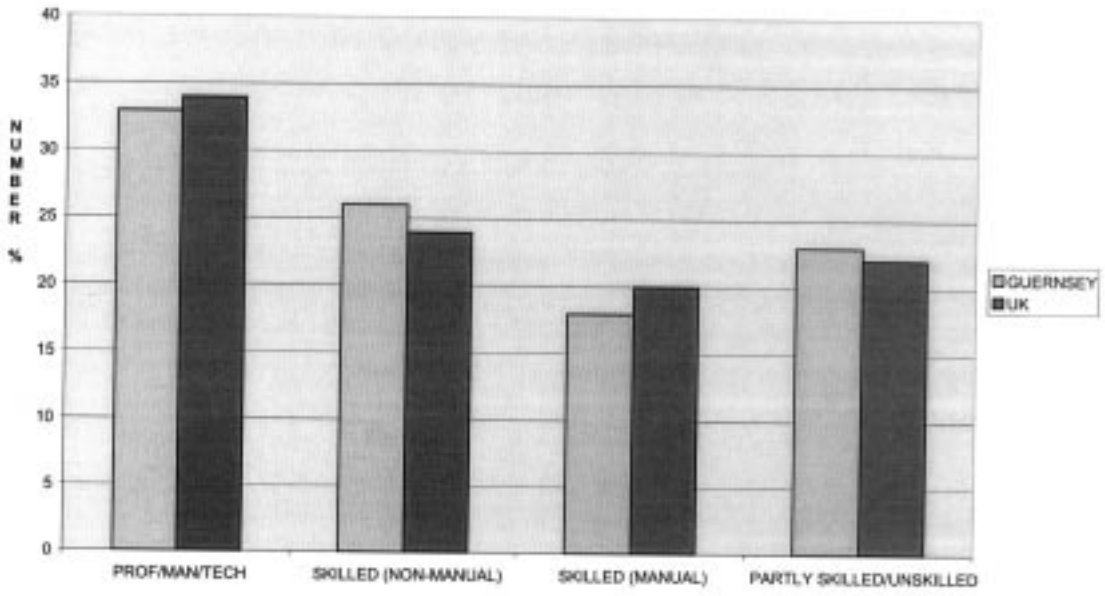


Source: States of Guernsey

29. Fifty four per cent of the Island's population are economically active, 60% males and 48% females. Forty two per cent of the Island's economically active employees are non-Guernsey born. Unemployment on the Island is negligible.

30. The distribution amongst the four main social classes in Guernsey is compared with comparable figures for the UK in Figure 3. Guernsey has a slightly smaller proportion of those classed as managerial/professional and skilled manual than the UK, with a correspondingly higher proportion of those classed as skilled (non manual) and partly skilled/unskilled.

FIGURE A 3. Guernsey: distribution of population amongst social classes and comparison with UK.



Source: States of Guernsey

Employment and the economy

31. A breakdown of economically active employees by sector of employment and place of birth is presented in Table A2. Of the Island's population of 59,777, 54% (32,293 people) are in employment. Fifty five per cent of those in employment on the Island are Guernsey born. The sectors that employ the largest proportions of non-Guernsey born are hostelry (73%), other primary (61%), non-profit (59%), education (57%), and health (50%).

TABLE A2 Guernsey: economically active employees by industry and place of birth, 2001

	% GUERNSEY BORN	% NON-GUERNSEY BORN	% EMPLOYMENT /INACTIVE	NUMBER OF EMPLOYEEES
FINANCE	57	43	23	7,300
RETAIL	71	29	11	3,676
CONSTRUCTION	69	31	9	2,932
HOSTELRY	27	73	8	2,455
HEALTH	50	50	7	2,387
PUBLIC ADMIN.	64	36	6	1,897
MANUFACTURING	68	32	6	1,798
BUSINESS SERV.	57	43	5	1,712
EDUCATION	43	57	4	1,487
TRANSPORT	64	36	4	1,228
PERSONAL SERV.	62	38	3	919
SUPPLIER/	71	29	3	912
INFORM. TECH.	65	35	3	891
OTHER PRIMARY	39	61	3	865
HORTICULTURE	69	31	2	611
RECREATION	52	48	2	557
UTILITIES	71	29	1	454
NON-PROFIT	41	59	<1	212
IN EMPLOYMENT	58	42		32,293
INACTIVE	72	28		27,514
OF TOTAL POPULATION	64	36		59,777

Source: States of Guernsey.

32. The qualification levels of those in employment by sector and by place of birth are shown in Table A3. As might be expected a higher proportion of the non-Guernsey born in employment have higher qualifications than the Guernsey born.

TABLE A3 Guernsey: economically active employees by industry and level of qualification, 2001

PER CENT

INDUSTRY	NONE	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
FINANCE	16	22	28	9	24
RETAIL	60	17	16	2	4
CONSTRUCTION	59	11	23	3	4
HOSTELRY	52	18	18	4	6
HEALTH	33	11	20	6	29
PUBLIC ADMIN.	32	17	26	9	16
MANUFACTURING	54	14	20	6	5
BUSINESS SERV.	27	21	24	10	17
EDUCATION	17	8	16	19	41
TRANSPORT	49	19	18	2	11
PERSONAL SERV.	56	15	23	3	3
SUPPLIER/	66	15	9	2	3
INFORM. TECH.	35	18	26	11	10
OTHER PRIMARY	79	11	6	2	2
HORTICULTURE	67	13	12	4	5
RECREATION	37	20	20	10	12
UTILITIES	39	13	30	7	11
NON-PROFIT	29	13	27	7	25
IN EMPLOYMENT	40	17	22	7	15
• Guernsey born	• 47	• 17	• 22	• 5	• 8
• Non-Guernsey born	• 31	• 16	• 21	• 9	• 23

Source: States of Guernsey.

33. The College of Further Education provides both initial vocational education and training and is pre-eminent on the Island in providing craft level training. The College's business School also provides a wide range of income-generating short courses and seminars for industry and commerce and offers retraining and updating programmes for the Island's workforce in most vocational areas. However, the Island's financial services sector is not convinced that the College can meet some of the finance sector's more sophisticated education and training needs and looks to the Training Agency to commission appropriate programmes from private training providers and others.

TABLE A4 Guernsey: Leavers from school or college who attained the age of 18 years between 1 September 2002 and 31 August 2003.

YEAR	AGE (YEARS)	LEAVERS	
		Number	Per cent
10	15	82	14
11	16	180	25
12	17	13	2
13	18	393	59
TOTAL	15-18	668	100

Source: States of Guernsey

34. The '*Learning in Guernsey Learning Trends Survey 2001*' found:

- Locally educated people lag behind the UK and other OECD countries in terms of holding qualifications at Levels 3 and 4 – 36% achieved Level 3 and above compared with 43% in England; and 20% achieved Level 4 and above compared with 25% in England (Table A5).

- Only 35% of those surveyed aged 35-44 years indicated that they had future intentions to learn compared with 60% of respondents in a similar survey in the UK.

- The learning levels of managers, professionals and associate professionals are broadly the same as in England.

TABLE A5 Guernsey: qualifications held by the population, 2001.

PER CENT

LEVEL	GUERNSEY			ENGLAND		
	Male	Female	Total	Male	Female	Total
1 and none	21	26	24	30	41	35
2	39	40	40	22	23	22
3	20	15	17	23	14	19
4/5	20	19	19	24	22	24

Source: '*Learning in Guernsey*', University of Plymouth/States Education Council 2001.

ANNEX 3 POST-16 EDUCATION

TABLE A6 GCE 'A', AS and AVCE Level: Post-16 Provision for Year 13, 2003

SUBJECT	LEVEL	COURSE	AS offered	CFE	GS	EC	LC	BC	ISLAND TOTAL
Ancient History	3	AL	√			2			2
Art	3	AL	√		19	2	9	5	35
Art & Design	3	AVCE (single & double awards)		7					7
Biology	3	AL	√		30	10	12	4	56
Business	1	GNVQ Foundation							0
Business	2	GNVQ Intermediate		7					7
Business	3	AVCE		7					7
Business Studies	3	AL	√		30	18	14		62
Chemistry	3	AL	√		10	4	7	2	23
Classical Civilisation	3	AL	√			4			4
Classical Greek	3	AS – 2 yr	√ 2 yr						
Design & Technology (Graphics & Resistant Material)	3	AL	√		3	12			15
Economics	3	AL	√		14	7	2		23
English Language & Lit	3	AL	√		28				28
English Literature	3	AL	√		22	10	10	5	47
Environmental Science	3	AL	√		5				5
Film Studies	3	AS – 2 yr	√ 2 yr						
French	3	AL	√		4	3	8		15
Geography	3	AL	√		28	19	9	1	57
German	3	AL	√		1		5		6
Graphical Communication	3	AL	√		9		1		10
Health & Social Care	2	GNVQ Intermediate		6					6
Health & Social Care	3	AVCE		11					11
History	3	AL	√		7	10	6	2	25
Home Economics	3	AL	√		0				0
ICT	2	GNVQ Intermediate		11					11
ICT	3	AL	√		0	13	3		16
ICT	3	AVCE (Double, Single & Subsidiary)		17					17
Latin	3	AL	√				0		0
Leisure & Recreation	3	AVCE		2					2
Leisure & Tourism	2	GNVQ Intermediate		9					9
Mathematics	3	AL	√		31	17	11		59
Mathematics (Further)	3	AL	√			2	2		4
Media Studies	3	AL	√		38			2	40
Music	3	AL	√		7	1	1		9
Music Technology	3	AS – 2 yr	√ 2yr						
Photography	3	AL	√		24				24
Photography	3	AS – 2 yr	√						
Physics	3	AL	√		24	10	3		37
Psychology	3	AL	√		37				37
Psychology	3	AS – 2 yr	√ 2 yr						
Religious Studies	3	AL	√		11	3	1		15
Spanish	3	AL	√		2				2
Spanish	3	AS – 2 yr	√ 2 yr						

TABLE A6 (CONTINUED) GCE 'A', AS and AVCE Level: Post-16 Provision for Year 13, 2003

SUBJECT	LEVEL	COURSE	AS offered	CFE	GS	EC	LC	BC	ISLAND TOTAL
Sports Studies	3	AL	√		19	7	3		29
Theatre Studies/Drama	3	AL	√		18	3	5		26
Travel & Tourism	3	AVCE		6					6
Other Vocational Entries				64					64
TOTAL ENTRIES									858
NUMBER OF 'A' LEVEL ENTRIES 2003					421	157	112	21	711
NUMBER OF VOCATIONAL ENTRIES 2003 (AVCE Level 3)			50students	83					83
NUMBER OF VOCATIONAL ENTRIES 2003 (GNVQ Level 2 Full Award)				33					33
NUMBER OF VOCATIONAL ENTRIES (Other)				64					64
NUMBER OF STUDENTS WHO SAT 'A' LEVEL EXAMS IN 2003					152	56	37	7	252
NUMBER OF STUDENTS WHO SAT VOCATIONAL EXAMS IN 2003				147					147
TOTAL STUDENTS									399

*** Elizabeth College and Ladies College offer a combined sixth form.**

TABLE A7 Higher education: programmes undertaken by students from the Bailiwick of Guernsey, 2002-03.

PROGRAMME of STUDY	NUMBER OF STUDENTS (%)
Combined studies	15
Creative arts	15
Business and administrative studies	11
Social sciences	11
Languages	7
Law	5
Architecture & building	5
Biological science	4
Education	4
Humanities	4
Engineering & technology	3
Librarianship & information science	3
Subjects allied to medicine & nursing	3
Medicine and dentistry	3
Physical & earth sciences	2
Computer science	2
Veterinary science	1
Mathematical sciences	1
Agriculture	1
TOTAL • Per cent • Number	 • 100 • 816

Source: States of Guernsey Careers Service

TABLE A8 Guernsey: full-time students (16-18 year olds) in post-16 institutions, 2002-03.

INSTITUTION	YEAR 12	YEAR 13	TOTAL	TOTAL (%)
Grammar School	198	163	361	44
CFE	112	119	231	28
Elizabeth Coll.	59	56	115	14
Ladies College	44	38	82	10
Blanchelande	20	8	28	3
Special/other	3	9	12	1
TOTAL	436	393	829	100

Source: States of Guernsey.

TABLE A9 GCE Examinations: Comparison of examination performance of Guernsey schools with those in England, 2003

% PASS RATE	GRADES A-E	GRADE A	GRADES A-C
GUERNSEY	98.3	28.7	78.6
ENGLAND	95.4	21.6	67.5

TABLE A10 AVCE Examinations: Comparison of examination performance of Guernsey schools with those in England, 2003

% PASS RATE	GRADES A-E	GRADE A
Guernsey	94.4	5.6
England	85.7	3.2

At single award Guernsey matches the England A-E pass rate at 83.3%.
At AVCE, boys achieved all the AA and AB grades
At GNVQ Intermediate:

Guernsey: 93.9%
England: 73.8%

TABLE A11 GCE Examinations by Gender: Comparison of examination performance of Guernsey schools with those in England, 2003

a. ALL SCHOOLS

Per cent

	A	B	C	D	E	F
Boys	22.9	25.1	23.7	18.1	7.5	4
Girls	34.4	26.3	24.9	10.1	2.8	1.4

Girls achieve higher % of grades at A, B and C.
Boys gain a higher proportion of the lower grades

b. GRAMMAR SCHOOL

Per cent

GRAMMAR	A	B	C	D	E	F
Boys	18	25	25	20.5	7.5	4
Girls	28	27.6	29.9	11.1	3.2	

ANNEX 4 GUERNSEY BUSINESS SCHOOL: ENROLMENTS 2003

COURSE	STUDENTS
AAT Foundation Day	6
AAT Foundation Evening	7
AAT Intermediate Day	15
AAT Intermediate Evening	17
AAT Technician Term 1 Tax	3
AAT Technician Term 1 Day	17
AAT Technician Term 1 Evening	10
AAT Technician Term 2/3 Day	13
AAT Technician Term 2/3 Evening	16
AAT Technician MAS Project	13
ACCA CAT level A Day	6
ACCA CAT level A Evening	6
ACCA CAT level B Day	5
ACCA CAT level B Evening	9
ACCA CAT level C Module 1	6
ACCA CAT level C Module 2	4
ACCA CAT level C Module 3	3
ACCA CAT level C Module 4	0
DFSM Module 1	6
DFSM Module 2	4
DFSM Module 3	3
DFSM Module 4	3
ICSA Certificate - Intro to Trust & Co. Law Oct	9
ICSA Cert. - Intro to Accounts Oct	10
ICSA Cert. Intro to the Offshore Bus. Env. Oct	9
ICSA Cert. Intro to Investments & Fund M Oct	10
ICSA Certificate - Intro to Trust & Co. Law Feb	7
ICSA Cert. - Intro to Accounts Feb	8
ICSA Cert. Intro to the Offshore Bus. Env Feb	7
ICSA Cert. Intro to Investments & Fund M Feb	13
ICSA Diploma - Financial Reporting	12
ICSA Diploma - Adv Trust & Co.	6
ICSA Diploma - Investments, Investment St	9
ICSA Diploma -Business Management	7
IAQ Regulatory Environment-Jan	4
IAQ Introduction to Investments & Securities-Jan	9
IFC Paper1	23
IFC Paper 2	19
CIFA - Intro to T & C Accs. Jan	9
CIFA - Intro to T & C Accs Jan	9
CIFA - Intro to T & C Accs. April	14
CIFA - Intro to T & C Accs. April	14
CIFA - Intro to T & C Accs Sept	14
CIFA - Intro to T & C Accs Sept	14
CIFA - Intro to Trust & Co Admin Jan	24

ANNEX 4 (CONTINUED)

COURSE	STUDENTS
CIFA - Intro to Trust & Co Admin April	20
CIFA - Intro to Trust & Co Admin Sept	34
CIFA - Regulatory Jan	19
CIFA - Regulatory Jan	18
CIFA - Regulatory Jan (Ald)	15
CIFA - Regulatory April	22
CIFA - Regulatory April	15
CIFA - Regulatory Sept	16
CIFA - Regulatory Sept	16
CIFA -Collective Investments Sept	13
CIFA -Collective Investments Jan	11
CIFA - Collective Investments April	13
CIFA - Investments Jan	19
CIFA - Investments Sept	14
CIFA - Local Regulatory April	19
CIFA - Local Regulatory April	13
CIFA - Local Regulatory Sept	15
CIFA - Local Regulatory Sept	15
Certificate in management Studies	12
ILM Diploma in Management	9
ILM Certificate in Management GSY	7
ILM Certificate in Management JSY	6
Certificate in Personnel Practice	18
Diploma in Administrative management	6
ILM Intro Certificate	13
ILM Intro Certificate	13
ILM Intro Certificate	13
ILM Intro Certificate	13
ILM Intro Certificate	13
ILM Intro Certificate	13
TOTAL	875

ANNEX 5 GUERNSEY BUSINESS SCHOOL AND THE GUERNSEY TRAINING AGENCY: MEMORANDUM OF UNDERSTANDING AND STATEMENT OF THE STRATEGIC ALLIANCE BETWEEN THE GUERNSEY TRAINING AGENCY AND THE GUERNSEY COLLEGE OF FURTHER EDUCATION

1. In order to ensure that the future strategic relationship between the Guernsey College of Further Education and the Guernsey Training Agency is developed and sustained a Senior Management Forum has been established. The members of the forum are the Principal and Vice Principal of the College of Further Education and the Chief Executive and the Deputy Chief Executive of the Training Agency.

2. The forum meets monthly. The following statement of intent has been written to define the nature of the working relationship between the two organizations.

3. The Senior Management Forum will ensure clear communication between the two organisations and provide the opportunity for improved planning and understanding of the issues faced by both organisations. The agenda will include discussions on the curriculum development of both organisations ensuring that the two are complementary and provide a progressive development path for the business community.

4. The College of Further Education is a provider of training. The Guernsey Training Agency is a procurer and facilitator of training. The two functions are complementary. As a procurer and facilitator the Agency does not employ academic staff whilst the College principally employs teaching staff.

5. In these roles there are clear operational domains- the College in the main concentrates on delivering training at National Qualifications Framework (NQF) levels 1 - 3 although in some circumstances the College offers courses at level 4. The Training Agency primarily targets its procurement of training at middle/ senior management (level 4) as well as sector specific continuing professional development that is at levels 4 and 5.

6. The Training Agency works with the College as a key strategic partner and endeavours to resource programmes from the college prospectus wherever possible. It is recognised by both parties that the College is only one of the training providers in Guernsey and it is important that the Agency is seen to assume an equitable position in the procuring of training.

7. It is recognised that the College is unable to fulfil all the programme requirements of the Agency particularly at postgraduate and masters levels. Equally the specialized nature of some of the sector specific training requires the securing of highly qualified professionals from outside the island.

8. Both parties are keen to avoid duplication of resources and every effort is made to ensure that this is not the case. The Senior Management Forum will help to ensure this. Where there are areas of potential duplication this will be addressed in an

open and transparent manner as part of the monthly Forum.

9. The Senior Management Forum is committed to working together and in partnership on all initiatives that are deemed appropriate. In particular the Agency will feedback to the College the outcomes of the training needs analysis it is involved in on behalf of the business community and where appropriate will design the survey to enable the College to receive feedback for the development of its programmes.

10. The Training Agency welcomes representatives of the College as members of its various advisory groups - it will ensure the College has opportunity for representation in other advisory groups which may from time to time be established.

11. The Training Agency would welcome the opportunity to participate in College advisory groups where such a contribution might assist College management in its deliberation.

Richard Conder
Chief Executive
Guernsey Training Agency

Trevor Wakefield Principal
Guernsey College of F E

Dated June 2003

Appendix C

THE GUERNSEY TRAINING AGENCY – A STRATEGIC REVIEW

Preamble

In approving the 2002 Policy Letter " Training Agency – Future Funding" the States required the States Education Council and the States Board of Industry to return to the States with a joint policy letter before the end of 2003, reviewing the successes, aspirations and future costs of the Training Agency and the potential for integration of the work of the Business School and the Training Agency.

At a meeting in March 2003 the Advisory and Finance Committee required the Principal of the College of Further Education together with the Chief Executive of the Training Agency to prepare a report for consideration by the Board of Industry and the Education Council addressing the expectations of the States in respect of the potential for the integration of the Business School and the Training Agency.

This paper is in two sections. The first prepared by the Chief Executive of the Guernsey Training Agency reviews the successes, aspirations and future costs of the Training Agency. The second, which considers the case for the integration of the Training Agency with the Business School, has been jointly prepared by the Chief Executive of the Training Agency and the Principal of the College of Further Education.

Executive Summary

1) The Training Agency is a successful organisation which plays an important strategic role in supporting the Bailiwick's future development and prosperity.
2) Following three reviews of its role in the past four years the Agency needs some degree of certainty as to its position in the Bailiwick's training and education infrastructure. The absence of such commitment limits the extent to which the Agency can develop medium or long-term strategies to address the Bailiwick's training needs.
3) The finance sector and the Guernsey Financial Services Commission recognise the Training Agency to be of strategic importance in addressing the sectors development, reputation and long term sustainability and would not wish to see any change to its corporate structure, governance or modus operandi.
4) The Training Agency is subject to a high degree of external and internal scrutiny in respect of its governance, financial stewardship and quality assurance.
5) The Training Agency will fund twenty-five per cent of its recurrent costs through its trading activities by the end of the planning period.
6) Effective operational and strategic working relationships exist between Training Agency and the Business School.

7) The Business School and Training Agency's existing, complementary roles and their fundamentally different corporate structures and modus operandi suggest that there is no coherent case to be made for the integration of the two organisations.

Training Agency – Successes, Aspirations and Future Costs

Introduction

In reviewing the work of the Guernsey Training Agency (the Training Agency) it is appropriate to first define its governance and operational management.

Governance

Guernsey Training Agency Limited (and its precursor the Finance Training Agency) was created through a "Declaration of Charitable Trust" in June 1996 amended April 2000.

The objects of the of the Trust were defined as:

> *"The Trustees shall hold the capital and income of the Trust Fund upon trust to apply the income and all such part or parts of the capital at such time or times and in such manner as the Trustees may in their absolute discretion think fit for or towards the provision and promotion of business education and training in the Bailiwick of Guernsey"*

Guernsey Training Agency Limited, as its title indicates, is a corporate body established under the powers vested in the Trustees in June 1996. Its objectives and governance are enshrined in Memorandum and Articles of Association drafted at that time. Its corporate structure is illustrated in Appendix A.

The governance of the Agency is the responsibility of its Board of Directors who have appointed a Chief Executive, delegating responsibility to him for strategic direction, financial stewardship and day-to-day running of the company. In common with other limited liability corporate bodies the Guernsey Training Agency is subject to annual audit and scrutiny by external auditors.

Context

The creation and development of the Guernsey Training Agency (and its predecessors) as a semi autonomous, corporate entity in many ways reflects educational development and philosophy in respect of the sourcing of post 18 professional and business training/education in the United Kingdom and other developed economies over the last twenty years.
In the early 1980s the British government recognised that in order for universities to address the increasing demands for post-18 education, training and lifelong learning, higher education institutions had to be much more market orientated, entrepreneurial

and flexible, particularly in curriculum development, employment practices and income generation. The various Higher Education Acts created modern universities as free standing corporate bodies, with their own independent Boards of Directors, responsible for governance, strategic direction and financial stewardship under the powers vested in them in the Acts. Within most universities, the creation of business schools with their need to interface directly with local, national and international business communities demanded a yet higher degree of delegation and autonomy (as compared with, for example, a Social Science or Engineering faculty). In many instances Business Schools have a separate Board of Directors/Council and whilst subject to normal audit and stewardship requirements in respect of their use of central university funds they are expected to operate in a flexible, responsive and entrepreneurial way in their dealings with their clients/the market and to generate surpluses to support activities/investment beyond that provided by University core funding.

In microcosm the Training Agency's managerial and operational structure (but not its infrastructure or raison d'etre) reflects that of a university business school in the United Kingdom.

The Training Agency's founders, perhaps unwittingly reflected much of the modern thinking which had developed in the UK whilst at the same time creating an organisation which uniquely meets the needs of a small, knowledge-based economy such as the Bailiwick of Guernsey. The outstanding success of the Training Agency in addressing the training needs of the Bailiwick is significantly the product of its corporate structure, governance and flexibility. It is increasingly evident that such a structure will become the model for other similar jurisdictions.

The Finance Sector

In 1996 the finance sector, through the good offices of the Guernsey International Business Association and the Guernsey Financial Services Commission were instrumental in establishing the, then Finance Training Agency and have subsequently funded at least fifty per cent of the external contribution to the Agency's running costs.

There is good empirical evidence that the demand for training within the finance sector is set to continue to grow. The 2003 survey jointly sponsored by the Advisory and Finance Committee, the Guernsey Financial Services Commission and the Guernsey International Business Association, entitled "Guernsey Finance Sector Study" revealed that there was a growing demand for locally based, high quality training, local support for students undertaking professional distance learning, an expectation that e-training would become more important and, in particular a demand for increased levels of training from the insurance sector.

The finance sector, the Guernsey Financial Services Commission and the Board of the Training Agency remain strong supporters of the concept of the Training Agency based upon its existing modus operandi, corporate structure and governance. Equally the Training Agency is heavily dependent upon the Finance Sector for advice and

support in curriculum development and procurement, training providers and, as stated above, funding. The sector would wish to review and potentially reconsider its commitment to a Training Agency if its current operating and governance arrangements were to be disturbed.

Successes

The Training Agency is a unique organisation, which was designed and has evolved to meet the needs of professional business education within the Bailiwick of Guernsey. Working in close collaboration with the College of Further Education, a key strategic partner, the Training Agency has successfully pioneered a portfolio of programmes delivered within the Bailiwick which in range and quality would match that of a small university business school.

The unique structure of the Training Agency lies in its role as procurer and facilitator of training. The success of the Training Agency lies in the way in which it has been able to make this unusual if not unique concept work whilst delivering considerable benefits to individuals, the business and professional community and the reputation of the Bailiwick as a whole. This structure has a number of advantages for a business environment such as that exemplified in the Bailiwick.

Advantages

- Much of the portfolio of courses offered by the Agency would come within the remit of programmes usually offered by a university business school and is primarily targeted at the middle/senior management, the fast track graduate/professional employee, management trainees, administrative staff or sector-specific continuing professional development.
- As a procurer and facilitator of training the Agency does not employ academic staff or need to sustain the significant infrastructure associated with an academic institution. In facilitating its portfolio of programmes the Agency is not constrained by the expertise and specialisms of academic staff, or committed to a course portfolio built around the expertise of such staff or the sunk costs invested in programmes or infrastructure.
- The role of procurer and facilitator enables the Agency to search for the highest quality and most cost effective providers of courses, conferences and programmes and to ensure early delivery on the Island.
- A characteristic of a small, knowledge-based economy such as the Bailiwick is the need for the timely introduction (and deletion) of programmes from its course portfolio. With a limited potential pool of students/delegates it is inevitable that take-up for a programme will wax and wane as demand is satisfied. Through its role as facilitator the Agency is able to delete, introduce or re-introduce programmes to exactly match demand at a particular time or stage in the economic life cycle.
- The knowledge and expertise developed by staff in respect of anticipating potential need, the qualities/specialisms of potential providers and the negotiating skills of experienced Agency staff all combine to ensure that a

range of training opportunities are offered to the Bailiwick which are relevant, timely and cost effective.

- The ability to deliver professional and postgraduate programmes on-island represents a very significant cost benefit to employers and employees alike. By obviating the need for candidates to travel to the UK to take advantage of such programmes, significant savings are achieved in travel and accommodation costs and equally important reduced absence from the workplace.
- The Agency provides an invaluable, albeit very limited study facility for registered students. The library and study room are available to students 24 hours a day, 365 days per year and study places are heavily utilised.

Recent Successes

- In April 2003 the Agency was awarded the status of "Accredited Facilitator of Training" by the Securities Institute. This award, which we understand might be unique, followed a detailed application and accreditation visit by the Institute and recognises the role of the Agency in procuring and facilitating delivery and examination of the Institute's examinations on-island.
- In 2002/03 the Agency secured approval from the Chartered Institute of Marketing to facilitate all levels of the Institute's professional examinations. All levels of the programme, certificate, diploma and advanced diploma recruited and ran during 2002/03.
- During 2002/03 the Agency procured and facilitated a number of Guernsey tailored programmes for delivery on-island. These have included the:

    1) Captive Insurance Certificate - Glasgow Caledonian University
    2) The Guernsey Insurance Module
    3) Funds Administration training module

- In partnership with the Guernsey Fund Managers Association the Agency has promoted the "De-mystifying" series of lectures aimed at staff working in the funds management sector. Topics have included:
    - Demystifying Personal Equity
    - De-mystifying Hedge Funds
    - Demystifying Corporate Derivates
    - Demystifying Fund of Funds

- Proposed launch of Masters in Business Administration degree – September/October 2003 – Southampton University
- Proposed launch of Msc in e-Commerce – Plymouth University – September/October 2003
- In February 2003 the Agency secured Investors in People accreditation in the unusually short time of six months. The accreditation report was particularly complimentary about the Agency's inclusive management style, commitment to individual's development and the detail and clarity of the staffing infrastructure.

- Conferences:
  - Leadership Conference November 2002
  - Retail Conference March 2003
  - Data Protection Conference May 2003
  - Chartered Institute of Personnel Development Conference June 2003

In addition to delivering all the advantages and successes detailed above, key output statistics reflect the levels of activity and increasing market demand that the Agency has addressed during the first three and a half years of its existence viz:

2000 to 2002 inclusive:

Number of Training Events - 819
Number of delegates - 7581
Number of examination candidates - 1887

First quarter of 2003:

Number of Training Events - 102
Number of delegates - 990 (representing a 65% increase over the same period in 2002)

Such statistics associated with the type and level of programmes facilitated by the Agency would be typical of a small university business school

Less tangible, but nonetheless real evidence of the Agency's success lies in the added value and reputational gain that the work of the Training Agency brings to the Bailiwick viz:

- Various formal visits/inspections have identified the Training Agency as a key constituent in ensuring the success and quality of finance and commerce within the Bailiwick – a particular example would be the IMF visit of November 2002.
- The Agency's promotion of the Investors in People standard has caused the Bailiwick to be recognised as a centre of excellence. Over fifty South African delegates have visited Guernsey on Investors in People study visits during 2002/03. As stated above the Agency secured Investors in People accreditation for itself in February 2003.
- The Training Agency receives many visits from other jurisdictions interested in the concept of the Training Agency as a cost effective, flexible alternative to the more formal structures associated with higher education or similar institutions. The Training Agency is increasingly seen as the model for procurement and facilitation of post-18 professional and business training in small, knowledge-based offshore economies.
- The Agency provides a focus for initiating market research or key training agendas. Recent examples include restarting the work associated with the May 2000 KPMG report "IT in Society" and various initiatives associated with the retail sector as manifest in the 2003 Retail Conference.

- The Agency acts as the focus for the development and promotion of new, offshore programmes and actively participates in quality assurance of such programmes. Examples include:

  Society of Trust and Estate Practitioners – Foundation and Diploma programmes

  International Compliance Association –
  - International Certificate in Money Laundering Awareness
  - International Diploma for Money Laundering Reporting Officers
  - International Diploma in Compliance

Aspirations

The Guernsey Training Agency's aspirations are effectively summarised in its mission statement viz:

> *"To contribute to the success of Commerce, Industry and Finance in the Bailiwick of Guernsey by achieving excellence in the facilitation of professional, postgraduate and technical training and the promotion of lifelong learning."*

It is clear that the original concept of the Training Agency was particularly prescient in that in a knowledge-based economy with a restricted working population the concept of lifelong learning has to become a reality. In such an environment the need and demand for a wide variety of professional business programmes can best be answered by the creation of a highly professional procurer and facilitator. The Guernsey Training Agency aspires to be the leading exemplar of such a facilitator.

During and immediately preceding the relatively short period that the Training Agency has existed in its current form (three and a half years) the Agency has been subject to review in three separate Policy Letters. Whilst this is undoubtedly appropriate given its part funding by the States it does nonetheless divert considerable Board and management time which could be utilised in addressing key training and education agendas on behalf of the Bailiwick. The limited and relatively short-term commitments made in respect of funding and the regular reviews of its corporate structure also limit the extent to which the Agency can devise and implement medium and long-term plans on behalf of the Bailiwick or commit to providers of some of its key programmes.

Specifically the Training Agency aspires to:

1) Be recognised as an established part of the Bailiwick's training and education infrastructure such that it can develop a strategy with a medium to long-term time frame, such a strategy to be recognised as an integral constituent of the support infrastructure required to deliver the Bailiwick's economic objectives.

2) Facilitate a comprehensive but flexible portfolio of programmes such that the aspirations of employers and employees for corporate and personal development can largely be realised without the need to incur the expense and inconvenience of off-island provision.
3) Be internationally recognised as a model for the procurement and facilitation of business and professional education and training.
4) Have established a network of on and off-island providers recognised for the quality of their provision and relevance to the needs of the Bailiwick.
5) Be working in a "fit for purpose" physical environment in which the needs for St Peter Port and out of town students and delegates can be properly addressed.
6) Be a cost effective institution capable of securing at least twenty-five per cent of its funding through its trading activities.

Future Costs

The future costs of the Guernsey Training Agency were identified in the Agency's first strategic plan, approved by the Board of the Agency in July 2002 and the States in approving the 2002 Policy Letter in October 2002. The financial projections attached to the Strategic Plan and the 2002 Policy Letter identified the Agency's likely costs until 2007. These have been updated to reflect current costs and advanced to 2008.

Following the appointment of a Chief Executive and a review of accounting and administration procedures by the Agency and the Guernsey Financial Services Commission it was decided that the Training Agency should take greater responsibility for overseeing its own accounting and management information systems (previously undertaken by the GFSC on the Agency's behalf). Under the new arrangements the Agency has taken responsibility from the Guernsey Financial Services Commission for the purchase and depreciation of fixed assets.

Financial Performance 2002

In 2002 the Agency was granted and adopted a significantly increased level of managerial responsibility for its financial management. In common with other corporate bodies it is expected to generate surpluses for future investment in its own infrastructure. By the end of 2008 it will aim to achieve at least a twenty-five per cent contribution to costs from trading activities.

In 2002, notwithstanding significant managerial and structural change the Agency achieved a positive outturn. This was a product of significantly higher than budget surplus on courses and savings on staff and accommodation costs consequent upon delays in acquiring additional premises. The Agency drew down £33,000 less than budget from the Board of Industry in respect of direct funding of posts as a consequence of the severe space constraints it faces and the consequent inability to appoint to its establishment.

Staff

As with most institutions the Training Agency's costs are predominantly those associated with staff. The Agency's costs exhibited a significant "step" increase in 2002 with the appointment of its first Chief Executive and the creation of other posts associated with the planned expansion of the Agency's activities.

Following the appointment of the Chief Executive, some restructuring of the Agency and delays in making appointments, consequent upon space restrictions it has been possible to secure some modest savings in staff costs in 2002 and early 2003. However in order to enable the Agency to continue to facilitate the level and variety of programmes that the Bailiwick needs the Agency will, in due course, need to make additional staff appointments within the overall funding levels envisaged in the financial projections.

Space

The 2002 strategic plan identified the need for additional space (circa 3,000 square feet) to enable the accommodation of staff and the provision of additional teaching and learning facilities. Within the constraints of its budget the Agency will secure additional premises to allow for the necessary addition to administrative and managerial staff whilst continuing to utilise its Nelson Place premises for delivery of programmes and as a study centre.

The evidence of the past twelve months has demonstrated that the short planning cycles within which the Training Agency has perforce, been obliged to operate has placed significant constraints upon its ability to secure appropriate additional premises. Other than for altruistic reasons, very few potential landlords are prepared to contemplate granting a lease for three years or less which, given the historic limitations upon its funding is the maximum to which the Agency can commit. The failure of the three IDC applications by the Mallard and the consequent inability of the Agency to take advantage of the sponsorship/endowments associated with this project mean that the Agency, certainly in the short-term will need to revert to alternative sites at near to market rent and will need to address the issue of committing to an extended lease.This will impact upon budget projections in respect of space – any additional costs will be absorbed or funded through trading activity.

In the longer term the Agency will endeavour to identify appropriate premises and related funding through sponsorship, endowments and its own resources which would allow it to provide the physical infrastructure, facilities and space appropriate to the type and range of programmes that it offers and of a standard comparable with those available to candidates pursuing similar programmes of study in the United Kingdom and other jurisdictions.

Revised Financial Projections

The revisions to the structure of the Training Agency, the increased managerial autonomy and the more effective promotion and marketing of a wider range of programmes have all helped to demonstrate that the Training Agency whilst mindful of its responsibilities to facilitate cost effective programmes is capable of making a

greater contribution to its own funding through net contribution from courses. A target contribution of internally generated funds of twenty-five per cent by the end of the current planning cycle is challenging but achievable.

The Training Agency will operate within the total cost projections identified in its 2002 Strategic Plan. Restructuring of the Agency and more effective use of co-ordination and administrative staff has enabled the increased workload to be largely absorbed by the existing staff during 2002 and early 2003. The need to strengthen the training co-ordination and administrative team to accommodate increased demand will be addressed in 2003 and 2004 – subject to resolution of the current space restrictions. It is anticipated that the staff cost projections identified in the strategic plan will be sufficient to cope with planned levels of activity throughout and potentially beyond the planning period (subject to RPI). If demand for training were to continue to increase at current levels the Agency would endeavour to fund additional posts from its operating contribution.

Quality Assurance

The range and diversity of programmes that the Training Agency facilitates and the justifiable expectations of its clients demands a rigorous process of quality assurance. The Training Agency quality assures delivery by providers and its own performance in a variety of ways:

- All courses and conferences are subject to a post-course evaluation by delegates. Such surveys are analysed by Agency staff and results fed back to providers. Where a provider consistently failed to meet expectations of students or employers an alternative source of provision would be sought.
- Programmes procured by the Training Agency benefit from the quality assurance processes of the provider. For example Bournemouth University's MSc in Corporate Governance is due for its quinquennial review in June 2003 - students and management of the Training Agency will be parties to the review.
- Where opportunities arise, staff of the Training Agency seek appointment to quality assurance and advisory bodies of professional organisations and providers of programmes. The Chief Executive has recently been appointed to the advisory panel of the International Compliance Association.
- The Training Agency seeks accreditation and recognition where appropriate. As stated elsewhere the Training Agency has recently been awarded accredited status by the Securities Institute – this award will be subject to an annual re-accreditation process.
- The Board of Directors of the Training Agency meet on a regular basis to monitor the activities of the Agency.
- The annual external audit and management letter provide recommendations and opportunities for review and improvement of internal management and control systems.
- The Training Agency's commitment to promote the Investors in People standard and to be an exemplar of good practice is subject to review through the Investors in People accreditation and review process.

- The facilitation of course delivery by external training providers invariably requires the Training Agency to meet the administrative criteria imposed by the providers.
- The Training Agency is subject to internal audit by the States Audit Service.

Professor Richard Conder
Chief Executive
Guernsey Training Agency
5 May 2003

Potential for the Integration of the work of the Business School and the Training Agency

Introduction

The Training Agency and the Guernsey Business School are two very different organisations. These differences are manifest in:

- Corporate structure
- Modus operandi
- Market
- Staffing Structures/Contractual terms
- Stakeholders
- Clients
- Life Cycle
- Cost structures

Each organisation has its own unique role to play in procuring, facilitating and in the case of the Business School providing education and training within the Bailiwick. The different missions and modus operandi of the two institutions reflects the nature of their markets and operating practices and demarcation in the UK and elsewhere.

The Training Agency is part funded and has strong operational and governance relationships with the Finance Sector through the Guernsey Financial Services Commission. The sector would be strongly opposed to the integration of the Business School and the Training Agency and the consequent loss of a semi-autonomous organisation committed to the procurement and facilitation of training initiatives in some cases specifically tailored to the needs of the various and unique needs of finance in Guernsey.

There are no compelling reasons for integrating management or the work of the two organisations, indeed the consequences of a forced merger would be the loss of a unique organisation in the shape of the Training Agency and major dysfunctions in the Business School as it develops its own market position as the prime provider of publicly funded post-16 education within the Bailiwick.

Current and Future Working Relationships

The Agency and Business School are complementary organisations, each is a key strategic partner of the other and strategic and operational alliances/partnerships have been achieved at the level of senior and operational management. The two organisations should continue to work as independent but complementary institutions.

The Training Agency and the Business School have throughout 2002 and early 2003 continued to demonstrate the very effective working relationships that exist between the two organisations at the strategic and operational level. The senior management of both organisations work together to ensure that the operational and strategic needs

for post-16 education across the Bailiwick are identified and addressed in a timely and cost-effective manner, the utilisation of human and physical resources is optimised, duplication of effort avoided, the expectations of students and employers for high quality, up to date programmes is met and the reputation of the Bailiwick in national and international arenas is maintained.

Strategic Links

1) The Principal, Deputy Principal, Chief Executive and Deputy Chief Executive meet once a month as the "Senior Management Forum" to review operational and strategic opportunities for collaboration, to consider patterns of demand, share new initiatives and identify opportunities for maximising use of resources.
2) The Senior Management Forum defined the nature of the Strategic Alliance between their two organisation in a Memorandum of Understanding (appendix B attached).
3) The current Principal of the College of Further Education joined the Board of the Training Agency in April 2002 and prior to that his predecessor was a Board member.
4) The Principal and the Business School's Business Development manager are members of the Training Agency's two (shortly to be three) key advisory groups viz:

    - Commercial Sector Advisory Group
    - Finance Sector Advisory Group
      NB - A third advisory group – the e-Commerce and IT Advisory Group has recently been established with a similar constitution.

    The advisory groups include representatives from each of the key business sectors and government departments. Their terms of reference include:

    - To review attitudes towards education and training
    - To analyse current and future trends
    - To make recommendations for a cohesive and co-ordinated strategy.

5) The Business Schools, Business Development Manager and the Deputy Chief Executive meet quarterly with Training Managers of the major commercial and finance based companies.

Operational Links

The Agency and the Business School co-operate effectively in designing, procuring and in the case of the Business School, delivering programmes across a significant range of activities. Current exemplars include:

- Financial Planning Certificate (FPC) & Investment Advice Certificate (IAC) – promoted, recruited and facilitated by the Training Agency; delivered by Business School staff on Training Agency premises
- Guernsey Insurance Certificate. Jointly developed by Guernsey Financial Services Commission, Business School and the Training Agency
- Joint planning and launch of College-based BTEC National Diploma in e-Commerce
- Joint design of "training needs analysis for IT user"
- "World of Work" programmes – promoted and facilitated by Training Agency; delivered by Business School staff in Training Agency premises.

The Senior Management Forum is currently working on devising service level agreements to formalise the operational working relationship between the two organisations.

Professor Richard Conder
Chief Executive
Guernsey Training Agency

5 May 2003

CONCLUSIONS

1) The Guernsey Training Agency has made a significant contribution to the development of the Bailiwick's workforce. In the range and depth of programmes that it is able to procure it matches that of much larger UK-based institutions. During the eight years of its existence the Training Agency has facilitated the delivery of a range of postgraduate, and professional programmes which have significantly strengthened the professional qualifications, skills and knowledge base of the Bailiwick. At the same time it has procured and facilitated a wide variety of seminars, short courses and conferences which have given individuals and organisations the opportunity to access learning opportunities, on island which would either be uneconomic or too time consuming to attend in the UK or elsewhere.
2) The reputational gain to the Bailiwick through the existence of the Agency should not be underestimated.
3) The finance sector, the Guernsey Financial Services Commission and the Board of the Training Agency regard the Training Agency as an important constituent in sustaining the knowledge and skills of its workforce and strategic development of the sector. They would not wish to see any disturbance to the Agency's organisational structure or governance.
4) The Training Agency's corporate structure, relative autonomy, organisational flexibility and speed of response enable it to make a significant contribution to the development of the Bailiwick's economic infrastructure. Changes in its corporate or operational structure would almost certainly result in the loss of strategically important training opportunities and networks.
5) Through its third party quality assurance processes the Agency is able to ensure that the programmes it makes available to the Bailiwick are of a quality and standard that employers and delegates should expect.
6) The Agency's corporate structure provides a high degree of scrutiny whilst facilitating the operational autonomy essential in addressing the needs of the business community. In this respect the Agency mirrors modern practices in the UK and elsewhere.
7) The Agency needs some certainty in respect of the commitment of the States to its future funding in order for it to plan its longer term development and commit to the enhancement of its infrastructure.
8) Highly effective strategic and operational working relationships exist between the Training Agency and the College of Further Education's senior management, operational management and faculty. The two institutions complement each other in addressing the post-16 training and educational needs of the Bailiwick.
9) The Training Agency and the Business School's complementary but different roles, corporate structures and modus operandi obviate the need for integration.
10) The Training Agency funding requirements will be held within those identified in the 2002 – 2007 Strategic Plan subject to RPI. Other than cost of living increases no "step" increases in funding are envisaged beyond 2008.
11) By the end of 2008 the Training Agency will fund twenty-five per cent of its recurrent costs through its trading activities.

12) The Agency will utilise surpluses in the support of training and learning activities.

RECOMMENDATIONS

1) The corporate structure and governance of the Guernsey Training Agency should not be changed. Any amendment to the Agency's corporate structure, governance or role would put in jeopardy the benefits that all sectors of the Bailiwick derive from access to the high quality training programmes that a semi autonomous facilitator such as the Training Agency is able to procure on behalf of the Bailiwick.
2) The Guernsey Training Agency and the Business School should continue to operate in the complementary but separate roles currently extant.
3) Subject to review of the Training Agency's annual report the States should confirm its commitment to the Training Agency as an integral and established part of the Bailiwick's educational and training infrastructure.

Professor Richard Conder
Chief Executive
Guernsey Training Agency

5 May 2003

(NB The States Advisory and Finance Committee supports the proposals)

The States are asked to decide:-

XV.- Whether, after consideration of the Joint Report dated the 27th January, 2004, of the States Board of Industry and States Education Council, they are of opinion:-

1. To direct the States Advisory and Finance Committee (and subsequently the Treasury and Resources Department) to take account of the annual grant to the Guernsey Training Agency when recommending to the States, Revenue Allocations for the Commerce and Employment Department for 2005 onwards.

2. To agree that the States Education Council and States Board of Industry (and subsequently the Education Department and Commerce and Employment Department) shall determine how best to develop a comprehensive training policy for the Island that clearly defines the roles of the various providers.

3. To request that the Board of the Guernsey Training Agency undertake a review every three years of the work of the Agency by an external assessor; the report to be submitted to the Commerce and Employment Department and published as an Appendix to the Billet for information.

4. To endorse the working relationship between the Guernsey Training Agency and the Guernsey College of Further Education as set out in the agreed Strategic Alliance.

STATES INCOME TAX AUTHORITY

PENSION ARRANGEMENTS – INCOME TAX LEGISLATION

The President
States of Guernsey
Bailiff's Chambers
Royal Court House
St Peter Port
GUERNSEY
GY1 2PB

28 January 2004

Dear Sir

PENSION ARRANGEMENTS – INCOME TAX LEGISLATION

Introduction

Part XIII of the Income Tax (Guernsey) Law 1975 ("the Law") allows the Administrator of Income Tax to approve, for the purposes of that legislation, certain pension arrangements, provided that a number of conditions are met.

The Law identifies two different types of pension arrangements:

(a) Pension schemes approved under section 150 of the Law. Broadly these are known as superannuation schemes or occupational pension schemes and are employer sponsored. A material condition of approval is that the employer will contribute to the scheme.

(b) Retirement Annuity Contracts and Retirement Annuity Trust Schemes, approved under section 157A of the Law. These are colloquially known as personal pension arrangements.

The benefits of approval are, inter alia, that contributions to such schemes are relievable for income tax purposes, subject to certain limits, and the investment income generated within them is exempt from Guernsey income tax. Conversely, once the pension or annuity payable comes into effect, it is taxable as income.

Proposed Changes

Transfers between schemes

Because individual circumstances change – for example, moving from one job to another – the legislation allows funds accumulated by an individual in one scheme to be transferred to another approved scheme. However, at present the Law does not allow the transfer of funds from a personal pension arrangement to an occupational pension scheme, although transfers the other way are allowed. This is because originally it was thought that such transfers would not be requested. However, the Authority has been asked if such transfers could be allowed and has no objection to this.

It is proposed, therefore, that the Law be changed to allow transfers from personal pension arrangements approved under section 157A of the Law to be made to schemes approved under section 150 of the Law, a States Scheme or a Statutory Scheme, or to occupational pension schemes for non-residents of Guernsey covered by section 40(o) of the Law, or to occupational pension schemes situated outside Guernsey.

Withdrawal of approval – personal pension arrangements

As noted above, the Law gives the Administrator power to approve pension schemes and personal pension arrangements. Although there is power enabling him to withdraw approval of an occupational pension scheme, there is no corresponding power in respect of a personal pension arrangement.

There has been an increase in the number of Retirement Annuity Trust Schemes in recent years, as opposed to Retirement Annuity Contracts effected through insurance companies.

Retirement Annuity Trust Schemes are more susceptible to manipulation in order to abuse the generous tax reliefs available, and as a result there are additional conditions imposed upon such schemes, in terms of the number of trustees required who can act as trustee and what investments are permissible.

The Administrator has always taken the view that it is implicit that a breach of the conditions of approval would result in that approval being withdrawn. However, the Authority believes that it would be preferable for the Law to contain express provisions corresponding to those for occupational pension schemes.

To resolve this, therefore, it is proposed that changes be made to provide specific powers to the Administrator, enabling him to withdraw approval of a personal pension arrangement approved under section 157A of the Law.

Retirement Annuity Trust Schemes – residual fund

As explained in the introduction, personal pension arrangements fall into two categories –Retirement Annuity Contracts and Retirement Annuity Trust Schemes. Retirement Annuity Contracts are usually effected with an insurance company, whereas Retirement Annuity Trust Schemes are set up under trust and the investment of the funds is the responsibility of the trustees.

Where an individual enters into a Retirement Annuity Contract with an insurance company, there is no fund remaining to the beneficiaries on the death of the annuitants. With Retirement Annuity Trust Schemes, however, it is quite likely that there will be a fund remaining and this needs to be distributed; indeed, this is one of the attractions of such schemes.

The Administrator's view has always been that such distributions are taxable, on the grounds that the approval conditions have effectively been broken. It would be preferable to have this put beyond doubt, as there may be some substantial sums distributed in this way. It is equitable to tax these distributions, given that tax relief will have been available on ingoing contributions and the investment income arising will have been exempt from income tax.

As the number of Retirement Annuity Trust Schemes has increased in recent years, the Authority believes it would be beneficial for the taxable status of such residual funds to be placed beyond any argument by legislation. It is proposed, therefore, that the Law be changed to include a specific charge, at the standard rate of income tax, on the residual fund remaining in the Retirement Annuity Trust Scheme at the date of death of all individuals entitled to annuities under the particular fund.

Recommendation

The Authority recommends that the States approve amendments to the Law, as set out in this report.

I should be grateful if you would lay this matter before the States with appropriate propositions, including one directing the preparation of the necessary legislation.

Yours faithfully

W. LE R. ROBILLIARD

President
Income Tax Authority

(NB The States Advisory and Finance Committee supports the proposals)

The States are asked to decide:-

XVI.- Whether, after consideration of the Report dated the 28th January, 2004, of the States Incomer Tax Authority, they are of opinion:-

1. That the Income Tax (Guernsey) Law, 1975, as amended, shall be further amended as set out in that Report.

2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

STATES TRANSPORT BOARD

GUERNSEY AIR TRANSPORT LICENSING – POLICY STATEMENT

The President
States of Guernsey
The Royal Court House
St Peter Port
Guernsey
GY1 2PB

05 February 2004

Dear Sir

GUERNSEY AIR TRANSPORT LICENSING – POLICY STATEMENT

1. Air transport licensing in Guernsey is determined in accordance with the Air Transport Licensing (Guernsey) Law, 1995, and the existing (States-approved) policy statement in that regard. Guernsey air transport licensing is a statutory responsibility of the States of Guernsey Transport Board.

2. The Law defines the policy statement as "*the published policy in relation to the licensing of Guernsey's air transport services prepared by the Board and approved by the States as from time to time amended or replaced (with or without modification) by Resolution of the States*."

3. The Board is, therefore, required to submit any proposed amendment to the policy statement to the States.

4. The matter of Guernsey Air Transport Licensing was considered by the States at its meeting in September 1994, being the subject of a States Transport Board Report dated 26 August 1994. At its meeting of 27 September 1995, the States approved the draft Projet de Loi entitled "The Air Transport Licensing (Guernsey) Law, 1995". The policy statement was subsequently amended in November 1995.

5. At its meeting of 29 November 1995, the States considered a Report, dated 02 October 1995, from the States Transport Board, in regard to "Guernsey Air Transport Licensing – Policy Statement". Following consideration of the Report, the States resolved: -

> *"To approve the revised Policy Statement contained in that Report concerning the licensing of Guernsey Air Transport Services"*

6. At the States' Meeting of 14 May 2003, an amendment was proposed by Deputy John Gollop and the States resolved: "*To direct the Advisory and Finance Committee to report to the States on any necessary or desirable changes to the regulation and licensing of air services by the Transport Board*." The Guernsey Transport Board understands that the Advisory and Finance Committee continues to progress the review of air transport licensing and will report to the States in due course. The overall review of air transport licensing is a complicated matter and is subject to ongoing discussion between that Committee and various interested parties. A consultation in regard to the existing air transport licensing system was undertaken by the Guernsey Transport Board, on behalf of the Advisory and Finance Committee, in June/July 2003 and continuing correspondence and discussions are taking place with regard to formulating recommendations as to the body which should in future be responsible for Air Transport Licensing.

7. Prior to the finalisation of the Advisory and Finance Committee's review in regard to air transport, the Board (and its successor following the Machinery of Government changes in May 2004) still has a statutory duty to continue to consider any air transport licensing matters (including the processing of all licence applications) in accordance with the existing policy statement and the 1995 Law. Furthermore, when the review has been completed and the matter considered by the States of Deliberation, there is likely to be some delay in implementing any amendments as the current legislation is contained in an Order in Council.

8. In the interim, the Guernsey Transport Board is of the view that there is an urgent requirement to alter the policy statement in order to remove or minimise some of the difficulties of which the Board, as the body currently responsible for licensing, is aware. The Board considers that the 1995 policy statement is too restrictive in that it currently states that "*the Guernsey Transport Board can be expected to grant a licence to any holder of an air transport licence or route licence granted by the CAA other than where the Board is of the view that the provision of the air transport service proposed will be contrary to the best interest of the users of the Island's air transport services and thereby also the best interest to the Island*". The Board wishes the policy statement to be amended such that it enables the Board (or the licensing authority) to determine each application entirely on its merits rather than being unduly restrictive with a presumption to grant all licences as is currently the case. The Board considers that the present problem can best be resolved by way of the adoption of an amended policy statement and a revised statement is attached herewith.

9. If the presumption to grant is retained within the policy statement, there might be detrimental consequences on Guernsey's external transport links. The Board is particularly concerned that summer-only, or other short-term, operations on any particular route could adversely impact or totally eliminate regular year-round services on that route or nearby routes. That is, inappropriate charter services (or other short-term services) could cream off passengers (and profit) during the summer months and thereby undermine the regular scheduled carriers that would otherwise operate year-round services. Inappropriate levels of competition on any route, leading to overcapacity, might also destabilise operations on the route in the

longer term (albeit that there might be short-term benefits to consumers in terms of lower fares and more choice).

10. Further, the Board is of the view that without an immediate change to the policy statement it is possible that the people of Guernsey could be disadvantaged in the longer-term by the continuing situation. The retention of the existing policy statement might be contrary to the best interests of the users of the Island's air transport services and thereby also the best interests of the Island. The Board has also been concerned about seemingly spurious or speculative applications in the past, as the processing thereof results in not inconsiderable costs to the Board in financial terms and in regard to staff and Members' time.

11. The Board recognises that this amended policy statement might be a short-term measure, being in accordance with the current Law (which itself might be altered or rescinded following the outcome of the Advisory and Finance Committee's review of air transport licensing). The Board and the Committee have agreed that it would be most appropriate for changes to air transport licensing to occur in two phases: The first being the new policy statement and the second being the Advisory and Finance Committee's full review of "*necessary or desirable changes to the regulation and licensing of air services"*.

12. The revised policy statement has been subject to comment by the Law Officers of the Crown. Those comments have been incorporated in the policy statement attached herewith.

13. It is unlikely that there would be any financial implication arising from the approval of the revised policy statement, as appended to this Report.

14. The approval of the revised policy statement, as appended to this Report, would not necessitate any change in legislation. The policy statement is referred to in the Air Transport Licensing Law, 1995 and forms part of the matters which must be taken into account by the Guernsey Transport Board in considering air transport licence applications.

15. If the amended policy statement were to be approved by the States, there would be no resultant impact on staffing levels.

16. The approval of the amended policy statement would have no impact on the environment.

17. If the amended policy statement were to be approved by the States, there would be no resultant impact on the strategic objectives of the States.

18. The Transport Board is firmly of the view that the amended policy statement is appropriate in the fulfilment of its air transport licensing duties, the external transport links for the Island being of vital importance, and consistent with the States' strategic objectives.

19. It is hoped that the amended policy statement and associated guidance note will prove helpful to individuals and organisations requiring an understanding of the Board's policy and procedures in this regard.

Recommendation

20. The Board recommends the States to approve the revised Policy Statement as appended to this Report.

I should be grateful if you would lay this matter before the States with appropriate propositions.

Yours faithfully

M. W. TORODE

President
States Transport Board

GUERNSEY TRANSPORT BOARD

AIR TRANSPORT LICENSING (GUERNSEY) LAW, 1995

POLICY STATEMENT

This policy statement is the Guernsey Transport Board's published policy in relation to the licensing of Guernsey's air transport services as prepared by the Board and approved by the States of Deliberation as from time to time amended or replaced (with or without modification) by Resolution of the States. This policy statement replaces that set out on p. 1178 *et seq* of Billet d'État XXII of 1995.

1. Services between Guernsey and another point in the British Isles, where the aircraft is carrying passengers or cargo for hire or reward, will be subject to a Guernsey air transport licence being granted – in addition to the appropriate licence(s) or permission(s) required from the United Kingdom's Civil Aviation Authority (hereinafter "CAA"). However, some aircraft or classes of aircraft may be exempt from the need to obtain such a licence (e.g. emergency flights, technical stops, and air taxis (the latter is defined in the Regulations made in 2001)). For absolute clarity, the British Isles (in this context) comprises the United Kingdom, the Isle of Man, and the Channel Islands.

2. Under these arrangements, the CAA's licensing procedures will be accepted for determining the financial fitness and technical capabilities of individual airlines, and for determining when an airline is engaged in anti-competitive behaviour. Applicants will be required to provide evidence of meeting the minimum insurance cover requirements, as stipulated from time to time by the CAA. Holders of air transport licences are required to provide such evidence annually to the Guernsey Airport Director.

3. When applications for a licence are considered, in accordance with the requirements of Insular legislation, a view will be taken as to the extent to which what is proposed will, or will not, be in the best interests of the users of the Island's air transport services and thereby also the best interests of the Island.

4. Every air transport licence application is considered on its own merits.

5. Certain benefits, particularly with regard to cost and consumer choice, can result from appropriate competition between different destinations and/or carriers. Competition could, therefore, be inter-route or intra-route.

6. Competition, however, is not the sole determining factor and the potential benefits of lower costs and more consumer choice will need to be balanced against the requirement for regulation to safeguard the interests of the users of the air transport services and, where appropriate, Island residents

7. Consideration will be given to the likely short-term and long-term advantages and disadvantages that would result from the provision of the proposed services.

8. The interests of the users of passenger air transport services may be summarised as follows:-

(i) for locally-based leisure and business travellers, the requirement is for sufficient capacity on a daily year-round basis to provide for on-demand travel at reasonable cost on services linking the Island with a number of centres of population in the British Isles, and in particular with airports able to provide interlining links with European, Intercontinental and United Kingdom domestic air services. In this respect direct air links with London hub airports, particularly London Gatwick, are considered to be of paramount importance.

(ii) for tourists to Guernsey, the need is for sufficient capacity at the lowest possible fare on direct services from multiple points of origin within the British Isles. The available air transport services should, wherever possible, allow tourists to make the choice between their own independent travel arrangements or packages offered by tour operators or agents.

9. The interests of the users of cargo air transport services may be summarised as follows:- the requirement is for sufficient capacity on a daily year-round basis to provide for on-demand transport of cargo at reasonable cost on services linking the Island with a number of points in the British Isles, and in particular with airports able to provide interlining links with European, Intercontinental and United Kingdom domestic air services.

10. Generally, the best interests of users, particularly in regard to cost and consumer choice, are enabled by active competition between air transport operators. Where such competition is intra-route, it should be able to stimulate the route in question. However, it should not discourage active, long-term development of that route. Where such competition is inter-route, it should be able to generate lower fares on those routes and would offer consumers a choice of route. Each route should be provided with a suitable standard of service, by the airline(s) operating on it, to satisfy all main categories of user throughout the year. The services provided should also have continuity over a period of time.

11. There is particular concern to ensure that scheduled air services are maintained at a sufficient level, throughout the year, to ensure the economic and social sustainability of the Island. Air transport links with the United Kingdom are particularly important in this regard. Additionally, scheduled services are important for health/medical, educational and business requirements. Charter air services, or other short-term operations, could be detrimental to the provision of scheduled air services on any particular route and that year-round scheduled services are generally of paramount importance.

Scheduled Air Services

12. The main aims, in respect of scheduled air services, are to:-

(i) maintain year-round scheduled services of sufficient capacity to cater for all user categories;

(ii) secure the provision of sufficient capacity throughout the year to cater for the needs of the tourism industry;

(iii) secure the lowest fare structure consistent with viable operations;

(iv) obtain continuity of service from year to year, with the airline or airlines operating on a route being in a position to develop the service for the benefit of all categories of user;

(v) facilitate point-to-point travel and interlining opportunities;

(vi) secure the highest possible standard of service;

(vii) maintain and protect the Island's air links with London, with particular reference to hub airports.

13. Certain applications could have a potential impact on the incumbent operator. There may be occasions when more than one airline applies to operate the same route. In considering such applications, particular reference will be made to :–

(i) the number and nature of aircraft in an airline's fleet, with particular concern for the back up arrangements that could apply to the route;
(ii) the ability of an airline to replace the capacity provided by an incumbent operator, should the introduction of further competition lead to the withdrawal of the latter from the route, in part or in whole;
(iii) an airline's performance on other routes (e.g. punctuality, customer service);
(iv) evidence of an ability to maintain continuity of service from year to year (i.e. the ability to withstand difficult trading conditions that might occur);
(v) an ability to expand operations through a successful marketing campaign and to cope with the traffic growth generated thereby; and
(vi) the fare structure and level.

Charter Air Services

14. Charter services can be beneficial, particularly for the tourism industry. The interests of the tourism industry and tour operators can be served by continuity of those services from year to year.

15. For routes that do not have a year-round scheduled service, charter licence applications will normally be granted.

16. Year-round scheduled services are important. Summer-only, or other short-term, services on any particular route could adversely impact or totally eliminate regular year-round services on that route or nearby routes.

17. The extent to which charter flights or other short-term operations would impact on scheduled services will be considered. Charter flights can impact on scheduled services –

(i) by reducing the profitability of the scheduled services to such an extent that the latter becomes reduced in scope, particularly during less-profitable or off-season months;
(ii) by discouraging the development of air services provided by the scheduled operator(s) on the route.

The President
States of Guernsey
Royal Court House
St Peter Port
Guernsey
GY1 2PB

6 February 2004

Dear Sir

GUERNSEY AIR TRANSPORT LICENSING – POLICY STATEMENT

I refer to the letter dated 5 February 2004 addressed to you by the President of the States Transport Board.

The Advisory and Finance Committee is continuing to consider what, if any, changes are necessary or desirable to the regulation and licensing of air services as directed by the Gollop amendment of May 2003. That issue is inextricably tied in with long term policy on the States equity holding in Aurigny, which the Committee considers should not be looked at until after at least one year's experience under current arrangements, and future licensing policy which is the subject of the current approach from the Transport Board.

The Committee is aware that the Jersey authorities have announced the adoption of an "open skies" policy and, after monitoring the effects of the adoption of this policy for a year, an intention to rescind its air transport licensing legislation. The Committee agrees that, at least for the immediate future, Guernsey should not pursue a similar line and supports the revised policy statement submitted by the Transport Board.

Consultation will continue with the Transport Board and, when constituted its successor on air transport licensing matters, the Commerce and Employment Department, to develop proposals for a legislative and institutional structure for air transport licensing that best fits the Island's circumstances.

Yours faithfully

L. C. MORGAN

President
Advisory and Finance Committee

The States are asked to decide:-

XVII.- Whether, after consideration of the Report dated the 5th February of the States Transport Board, they are of opinion:-

To approve the revised Policy Statement as appended to that Report concerning the licensing of Guernsey Air Transport Services.

STATES OVERSEAS AID COMMITTEE

ARRANGEMENTS FOR THE DISTRIBUTION OF OVERSEAS AID

The President
States of Guernsey
Royal Court House
St Peter Port

30 January 2004

Dear Sir

ARRANGEMENTS FOR THE DISTRIBUTION OF OVERSEAS AID

1. At the special meeting held in May 2003 the States agreed that, under the new corporate structure for the future machinery of government, the political responsibilities of the Policy Council will include "overseeing the policy for the future delivery of overseas aid".

2. The States was advised, however, that the Advisory and Finance Committee together with the Overseas Aid Committee would be evaluating the options for delivering overseas aid in the future including the possible establishment of an Overseas Aid Commission.

3. The Advisory and Finance Committee has requested the Overseas Aid Committee to submit this report for consideration by the States.

4. In preparing this report the Overseas Aid Committee had the opportunity, in 2003, to meet the States of Jersey Overseas Aid Committee.

5. The Committee was interested to learn about the schemes operated in Jersey for Islanders to undertake project work in less developed countries and for funding Jersey Charities working abroad on the basis of matching specific fundraising on a £ for £ basis.

6. The Committee was also interested to discover that Jersey responds to appeals for emergency aid from individual charities.

7. The Committee also took the opportunity to explore the future arrangements that are to be put in place for distributing aid overseas following the restructuring of Jersey's machinery of government.

Current Arrangements for the delivery of Overseas Aid by the States of Guernsey

Non-Emergency Aid

8. The States approves an annual revenue allocation (£1,350,000 for 2004) to enable the Overseas Aid Committee to make contributions to aid overseas.

9. In May 2001 the States agreed that the Overseas Aid Committee's annual revenue allocation for the years 2002 to 2005 should be increased by £100,000 per annum in real terms. The States also instructed the Committee to report back to the States in 2005 on the appropriateness of its annual allocation.

10. The Committee's policy for the distribution of its annual revenue allocation is to fund specific projects in accordance with agreed criteria. The Committee reminded the States of these criteria in Billet D'Etat XI of 2001 but, for the convenience of Members of the States, they are reproduced as Appendix I to this report.

11. In 2003 after vetting, 114 applications to fund specific projects received from 67 non-governmental organisations were considered by the Overseas Aid Committee in chronological order, at three meetings, in tranches of at least thirty-five.

12. The Overseas Aid Committee produces an annual report (published as an appendix to a Billet D'Etat), which details the projects supported by the Committee by category and by region.

Emergency Aid

13. In July 1999 the States authorised the Advisory and Finance Committee, in consultation with the Overseas Aid Committee, to increase the Overseas Aid Committee's budget by a total of up to £200,000 in any one financial year for the purpose of providing aid in respect of specific emergency disasters. Where less than £200,000 is used for emergency aid in any financial year the balance of this figure is currently returned to general revenue and is not used in funding developmental aid.

14. It should be noted that the £200,000 figure has not changed since 1999 but, to date, this annual allocation has not been exhausted.

15. The Overseas Aid Committee's policy, which has been accepted by the Advisory and Finance Committee, is to respond only to appeals launched by the UK Disasters Emergency Committee (DEC). The DEC is an umbrella organisation which launches and co-ordinates the UK's national appeals in response to major humanitarian disasters overseas. It currently comprises twelve major British aid agencies including such well-known agencies as the British Red Cross, Christian Aid, Help the Aged, Oxfam and Save the Children Fund.

16. The Committee appreciates that, because of its constitution, the DEC does not launch appeals in respect of all emergencies and that individual charities will, from time to time, launch their own emergency appeals. As noted above, Jersey responds to such appeals.

17. The Committee believes that, in future, it would be desirable for Guernsey to respond to appeals for emergency aid from individual charities as well as from the DEC.

Future Arrangements for the delivery of Overseas Aid by the States of Guernsey

Non-Emergency Aid

18. The Overseas Aid Committee firmly believes that the current arrangements, whereby aid overseas is distributed by funding specific projects, should continue. This system allows for the thorough examination of individual projects to determine whether they meet the determined locally criteria and provides **ownership** of the aid distributed.

19. The Committee believes that the obvious alternative – the provision of annual block grants to a limited number of major non-governmental organisations – would not provide the appropriate degree of public accountability in the distribution of aid overseas by the States. It would also preclude the funding of locally based organisations that wished to submit one-off projects.

20. The Committee recognises that it would not be appropriate for the Policy Council to become involved with the degree of detail that the thorough examination of specific projects entails.

21. In any case, the Committee considers that, in carrying out the thorough examination of specific projects, it would be highly desirable to retain the current arrangement whereby non-States members can sit on the Committee and provide expertise through their knowledge of less developed countries and charitable activities overseas and take an active role in voting.

Emergency Aid

22. Whilst welcoming the introduction of provisions for providing emergency aid, the Committee considers that the arrangements for distributing it are unnecessarily bureaucratic.

23. The Committee considers that the establishment of a Commission provides an appropriate opportunity to introduce streamlined procedures.

24. The Committee believes that the Commission should be provided with a fixed annual budget for emergency aid, which it should distribute on its own authority without needing the specific approval of the Policy Council on each occasion.

25. The Committee also considers that the balance of any such budget at the end of the year should become available for distribution in the normal way the following year. If the States is prepared to make the whole sum available for overseas aid the Committee believes the fact that it cannot be allocated in a given year should not mean that it is lost to overseas aid.

26. The Committee, however, believes that, if in future Guernsey responds to emergency appeals from individual charities as well as from the DEC, it is less likely that there will be significant funds remaining from the allocation for emergency aid.

Jersey Overseas Aid Commission

27. The States of Jersey has agreed to establish an Overseas Aid Commission, responsible directly to the States, with a Chairman and three members, who are States Members, and three members, who are non-States Members, all elected by the States. [Only sitting members of the States sit on the Jersey Overseas Aid Committee but the constitution of the proposed Commission is not dissimilar from the existing constitution of the Guernsey Overseas Aid Committee.]

28. The Jersey Overseas Aid Commission will be established to administer the monies voted annually by the States of Jersey and its Mission will be "to join with others in reducing poverty in poorer countries by making contributions by way of grants (including to Jersey Charities working abroad), emergency and disaster relief, and promoting community work projects".

29. The terms of reference of the Jersey Overseas Aid Commission are attached for the information of members of the States as Appendix II to this Report

Proposed Guernsey Overseas Aid Commission

30. The Committee proposes that the States establish a Guernsey Overseas Aid Commission to take over responsibility for the distribution of overseas aid under the new machinery of government and that the Policy Council should be charged with bringing forward nominations for membership of the Commission as soon as possible after the Council's formation.

31. The Committee proposes that the constitution of the Commission should reflect the arrangements in Guernsey so that it will not mirror the constitution of the Jersey Commission (see paragraph 27).

32. In particular, to provide a link with the Policy Council, which has responsibility for overseeing the delivery of overseas aid, it is proposed that the Chairman of the Commission, at least initially, should be an existing member of the Policy Council and be able to act as a channel of communication between the Council and the Commission. The Policy Council should therefore be charged with appointing one of its members as Chairman of the Commission.

33. Further, as regards ordinary members of the Commission, it is not proposed to reserve any seats for sitting members of the States. Equally it is not proposed to exclude sitting members of the States from sitting on the Commission. The Committee considers that the States should be free to determine who should be ordinary members of the Commission.

34. The Commission would be able to continue to give thorough examination of individual specific projects and would be able to develop additional programmes such as community work projects and matching specific fundraising by Guernsey Charities.

35. Further, the Committee believes that a Commission would be better able to work with, and attract sponsorship from, private sector organisations and to co-ordinate private donations to emergency appeals so increasing the overall amounts available for overseas aid.

36. The Committee recommends that the Overseas Aid Commission should be established in accordance with the following provisions

- The constitution of the Commission shall be
    - A Chairman who shall be a member of the Policy Council
    - Six ordinary Members who need not be sitting members of the States
- The Policy Council will appoint one of its members as Chairman of the Commission
- The States shall elect the ordinary members of the Commission on the recommendation of the Policy Council [this would not preclude nominations being made from the floor on the day of the election]
- The Chairman and ordinary Members all to serve a four year term of office
- The quorum at any meeting of the Commission shall be four
- The Chairman shall have an original vote but not a casting vote.
- The mandate of the Commission shall be
    - To distribute monies voted by the States for overseas aid by making contributions by way of grants and emergency and disaster relief
    - To develop programmes relating to the collection and distribution of funds involving the private and voluntary sectors

  in accordance with policies set out by the Policy Council
- The Commission shall submit an annual report to the Policy Council for presentation to the States

37. The Committee considers that the Commission should review its constitution and mandate and submit its conclusions to the Policy Council so that they can be taken into account in the overall review of the machinery of government, which the States directed in October 2003 be undertaken by the Council.

38. The Committee considers that, initially the policies to be pursued by the Commission should be those set out in Appendix I to this Report. Any changes to those policies would be made by the Policy Council having regard to recommendations from the Commission.

39. As regards the instruction given by the States to the Overseas Aid Committee in 2001 to report back in 2005 on the appropriateness of its annual allocation, the Committee anticipates that this responsibility will fall to the Policy Council. However, the Committee believes that it would be appropriate for the Policy Council to consult the Commission as part of its consideration of the matter.

40. At present the Committee Secretariat provides administrative support to the Overseas Aid Committee. The Committee believes that the States, through the Policy Council, should provide appropriate administrative support to the Commission following the introduction of the new machinery of government in May 2004.

Recommendations

41. The Committee recommends the States

a) To establish a Guernsey Overseas Aid Commission, to operate under the new machinery of government, as set out in paragraph 36 of this Report;

b) That the Commission shall operate within policy guidelines set by the Policy Council having regard to recommendations from the Commission;

c) 1. To include in the budget of the Commission an annual amount for the purposes of providing aid in respect of specific emergency disasters;

2. To agree that any part of this budget, which is not used by the end of the year in respect of which it is allocated, should be retained for use by the Commission;

3. To rescind Resolution 11 of 15 July 1999; and

d) To agree that the Policy Council shall provide administrative support to the Commission on request.

42. I should be grateful if you would lay this matter before the States with appropriate propositions.

Yours faithfully

J. P. LE TOCQ

President
Overseas Aid Committee

APPENDIX I

OVERSEAS AID COMMITTEE POLICY ON NON-EMERGENCY AID
(Extract from Billet d'Etat XI of 2001)

The Committee's policy is to fund specific projects in accordance with the following criteria:-

(a) the prime objective of each project must be to reduce human vulnerability;

(b) projects must be in respect of locations in Third World countries in Africa, the Indian sub-continent, Latin America and the Caribbean and Asia and the Pacific – the Committee does not fund projects in Eastern Europe;

(c) priority is given to projects located in least developed areas as defined by UNICEF (the United Nations Children's Fund);

(d) projects must meet basic human needs by helping communities achieve self-sufficiency and, to help achieve this objective, people in the communities where the project is located should be involved in the planning or implementation of the project;

(e) projects are not for the provision of emergency disaster relief – projects which provide rehabilitation following a disaster may be funded;

(f) projects should fall within the following categories:-

(i) **Women**

providing literacy for women is essential if communities are to benefit from education, health care and economic development;

providing economic development opportunities, such as employment and income generation projects, to women is crucial;

(ii) **Health/Water/Sanitation**

providing clean water and good sanitation is fundamental to the success of communities in poor countries;

providing primary health care within communities including both curative and preventative medicine covering such issues as mother and children health, nutrition, health education, birth control and immunisation;

(iii) **Rural Development**

providing economic development opportunities which tackle rural poverty and strengthen the rural economy and so curb migration to the cities which is a major problem in many Third World countries;

(iv) **Education/Training**

Providing basic literacy skills, training of trainers, educational opportunities particularly for young adults, technical skills and training for employment opportunities;

(v) **Environment**

Providing conservation and environmental rehabilitation programmes and training in improved agricultural techniques to counter problems caused by drought, flooding and deforestation leading to soil erosion and desertification;

(g) grants will normally only be made in respect of projects submitted by non-governmental organisations (NGOs) including many well known charities – the Committee will occasionally respond to requests from local persons to support particular projects but it does not sponsor individuals or make donations nor does it give bilateral government-to-government aid or funding for conferences or seminars;

(h) individual grants will not normally exceed £25,000 – the average grant is in the region of £16,900;

(i) grants do not meet the running costs of the NGOs although, in a few cases, a small proportion of the grant may be allocated to help cover the administration costs involved in setting up a project on the ground; and

(j) reports must be submitted to the Committee by the NGOs within six months of the grant having been made and on completion of each project;

(k) in considering an application for a grant the Committee will wish to be satisfied as to the validity and capability of the organisation making the application, and that the proposed project meets the criteria set out above;

(l) although several of the organisations with which the Committee deals are Christian-based, the Committee does not take this fact into account and aid is distributed irrespective of race or religion. The Committee would not make a grant to a project whose purpose was to advance the interests of a particular church or religion.

APPENDIX II

JERSEY OVERSEAS AID COMMISSION TERMS OF REFERENCE

1. The Commission will be established to administer the monies voted annually by the States of Jersey for overseas aid and shall have independent status under the sponsorship of the States. The Commission shall have lead responsibilities for the allocation of all funds voted by the States for overseas aid.

2. The Commission shall be established by the Sates who will appoint a Chairman, who shall be an elected member of the States, and six members, three of whom shall be elected members of the States and three shall be non-States members. The Chairman shall have a casting vote in the event of an equality of votes.

3. The Quorum at any meeting of the Commission shall be four – two of whom shall be States members.

4. The Commission shall have the power to co-opt additional members but such co-opted members shall not have a vote.

5. The policies and procedures of the Commission shall be reviewed annually by the Commission to ensure that the funds allocated are used in the most effective and economical manner and shall be subject to the approval of the States.

The Mission of the Commission shall be:-

- to join with others in reducing poverty in poorer countries by making contributions by way of grants (including to Jersey Charities working abroad), emergency and disaster relief, and promoting community work projects.

- In particular the Commission will contribute to:-

  (a) basic health care;

  (b) medical care;

  (c) effective education;

  (d) safe drinking water and food security;

  (e) projects to assist self-sufficiency;

  (f) emergency and humanitarian needs;

  (g) working towards the elimination of child labour and abuse.

The Commission will pursue this by:-

(a) working closely with the private and voluntary sectors;

(b) ensuring the consistency of policies affecting poorer countries;

(c) using resourses efficiently and effectively;

The Commission in allocating monies shall, until otherwise sanctioned by the States, work within the following guidelines:-

- Grant Aid:-

(a) In any one year there shall be a limit of a maximum of 90% of the total budget allocated to Grant Aid.

(b) The maximum allocated to one project shall be £100,000.

(c) The Commission may grant aid for three year projects but there shall be an upper limit of £250,000 for each project.

- Emergency and Disaster Relief Funding:-

(a) In any one year there shall be a limit of a maximum of 20% of the total spend of £150,000 on any one disaster.

(b) Grants to individual projects (or agency) shall be limited to a maximum of £50,000 and a total spend of £150,000 on any one disaster.

- Community Work Projects:-

(a) The Commission shall promote and encourage parties of volunteers from Jersey to work in developing countries.

(b) In any one year there shall be a limit of a maximum of 5% of the total budget allocated to Community Work Projects.

- Grants to Jersey Charities working abroad:-

(a) In any one year there shall be a limit of a maximum of 2% of the total budget allocated to grants to Jersey Charities working abroad.

(b) Grants shall be made on the basis of matching specific fundraising on a £ for £ basis.

(c) The grants shall be subject to a maximum of £5,000 per project.

The Commission shall prepare an Annual Report and audited accounts for submission to the States.

The President
States of Guernsey
Royal Court House
St Peter Port
Guernsey
GY1 2PB

12th February 2004

Dear Sir

I refer to a letter dated 30 January 2004 addressed to you by the President of the Overseas Aid Committee on the subject of Arrangements for the Distribution of Overseas Aid.

The people of Guernsey have a long tradition of giving generously to charitable appeals and whilst it believes that this approach will continue and should be encouraged, the Advisory and Finance Committee is supportive of the proposals being put forward by the Overseas Aid Committee. In particular the move towards establishing, under the new machinery of government, an independent Commission rather than another States committee is to be commended.

One significant advantage offered by a Commission is that by being at 'arms length' from the government, it stands a much better chance of working with, and attracting sponsorship from, private sector organisations thus increasing the overall amounts available for overseas aid. Establishing an Overseas Aid Commission is also consistent with the original principles of the machinery of government project which included "the possible devolution of appropriate service functions to non-States bodies".

The Committee is of the view that appropriate policy direction and guidelines will be put in place by the Policy Council within which the new Overseas Aid Commission will distribute the funds made available to it. Nevertheless, the constitution and operation of the Commission will, in common with all other aspects of the new machinery of government, be reviewed by the Policy Council after a period of twelve months has elapsed from implementation in May 2004.

The Committee is therefore pleased to support the Policy Letter.

Yours faithfully,

W. M. BELL

Member
Advisory and Finance Committee

The States are asked to decide:-

XVIII.- Whether, after consideration of the Report dated the 30th January, 2004, of the States Overseas Aid Committee, they are of opinion:-

1. To establish a Guernsey Overseas Aid Commission, to operate under the new machinery of government, as set out in paragraph 36 of that Report.

2. That that Commission shall operate within policy guidelines set by the Policy Council having regard to recommendations from the Commission.

3. (1) To include in the budget of the Commission an annual amount for the purposes of providing aid in respect of specific emergency disasters;

(2) that any part of this budget, which is not used by the end of the year in respect of which it is allocated, shall be retained for use by the Commission;

(3) to rescind Resolution 11 of 15 July 1999.

4. To agree that the Policy Council shall provide administrative support to the Commission on request.

REQUÊTE

SPEECH AND LANGUAGE THERAPY SERVICES

TO THE PRESIDENT AND MEMBERS OF THE STATES OF DELIBERATION

THE HUMBLE PETITION of the undersigned Members of the States of Deliberation

SHEWETH:

1. The entire education curriculum, whether States run or private, at all levels, is language based and the ability to communicate is an essential tool for any person of any age to receive education and training appropriate to their individual needs.

2. The Board of Health currently employs six qualified Speech and Language Therapists , the majority providing services to children. In a statement issued by the Board of Health on 28th May, 2003, the Board stated that *"the demand on the service has increased significantly."* In a further media release, published 11th November, 2003, the President of the Board *"admitted that the number of speech and language therapists is unacceptable."*

3. In a letter dated 17th November, 2003 the President of the Board wrote, *"... a review of the Speech and Language Therapy for children and adults with learning disabilities took place in January, 2001. A draft report was issued which unfortunately coincided with major changes in the management structure of the Board of Health and the report was not presented to the Board."* The President also pointed out that a number of issues identified by the review had already been addressed.

4. The Speech and Language Therapy Service offered by the Board is now being targeted at children below the age of 5 years and children above this age attending the Special Needs Schools will receive consultation visits twice a term subject to staff availability.

5. Organisations involved in the care of adults with speech and language difficulties have also expressed concern at the inadequacy of the Service to their client groups.

6. The Board has made application to the Advisory and Finance Committee and the Civil Service Board with a view to employing two whole time equivalent additional Speech and Language Therapists, one in the adult service and one in the paediatric service, and a Speech and Language Therapy Assistant.

7. Your petitioners believe that the level of service to adults and to children over the age of 5 years will thereby remain inadequate and that the future of such adults and children to receive a proper education, realise their full potential and subsequently integrate into society will be compromised.

THESE PREMISES CONSIDERED, your Petitioners humbly pray that the States may be pleased to resolve as follows:-

To direct the Board of Health or its successor Department to report to the States as soon as maybe, and in any case in not more than six months on its

(a) short-term plans for the provision of speech and language therapy for adults and children, and
(b) long-term plans for the provision of speech and language therapy for adults and children.

AND YOUR PETITIONERS WILL EVER PRAY

GUERNSEY

This 8th January, 2004

P. L. DERHAM

B. J. GABRIEL

J. P. LE TOCQ

D. P. LE CHEMINANT

P. ROBILLIARD

M. W. TORODE

D. B. JONES

The President
States of Guernsey
Royal Court House
St Peter Port
Guernsey
GY1 2PB

05 February 2004

Dear Sir

Requete on Speech and Language Therapy Services

I refer to the Requête dated 08 January 2004 from Deputy Derham and six other members of the States of Deliberation concerning the above subject.

In accordance with the States Rules of Procedure, the Advisory and Finance Committee has sought the views of the Education Council and Board of Health on this subject.

The Board of Health has advised the Committee that it has brought forward from 2005 its plans to further enhance the Island's speech and language therapy services. It has also advised that, in the longer term, a further enhancement is planned, subject to resource availability and balanced against other priorities.

The Education Council, although expressing some concern about the service that is available to school children, has declared its support for the Board of Health in identifying the most effective way of targeting speech and language therapy services to those most in need.

The Board of Health clearly attaches much importance to speech and language therapy services and this is recognised by the Advisory and Finance Committee. The States has, however, given the Board a £65 million budget to run the Island's health services and it is the Board's responsibility to decide on the prioritisation of the services that should be provided within that sum. The Committee is of the opinion that this House should resist taking decisions on a piecemeal basis that might affect discreet aspects of individual committees' responsibilities.

On the basis that the Education Council and Board of Health are already taking steps to address this issue, the Advisory and Finance Committee opposes the prayer of the Requête.

Yours faithfully

L. C. MORGAN

President
States Advisory and Finance Committee

The States are asked to decide:-

XIX.- Whether, after consideration of the Requête dated the 8th January, 2004, signed by Deputy P. L. Derham and six other Members of the States, they are of opinion:-

To direct the States Board of Health or its successor Department to report to the States as soon as maybe, and in any case in not more than six months on its

(a) short-term plans for the provision of speech and language therapy for adults and children, and
(b) long-term plans for the provision of speech and language therapy for adults and children.

REQUÊTE

Tribunal of Inquiry: Island Development Committee
Issue of Preliminary Declaration and Court of Appeal Judgement

THE HUMBLE PETITION of the undersigned Members of the States of Deliberation SHEWETH THAT:

1. Osprey Investments Limited ("Osprey") applied to the Island Development Committee on 23 September 2002 for a preliminary declaration in respect of a proposal to demolish glasshouses and a packing shed and to erect a substantially larger packing and storage shed incorporating processing, laboratory and administrative facilities at Sandpiper Vinery.

2. The proposed demolition involved the removal of derelict timber glasshouses in the northern part of the Sandpiper Vinery site. The metal glasshouses on the southern part of the site would be retained for the cultivation of high value herbs. The demolition would have involved the removal of approximately 1.5 acres of glasshouses and approximately 2.6 acres of glasshouses would have been retained. In place of the glasshouses and a packing shed in the northern part of the site, the proposal was to erect a 30,000 square feet building which would comprise 20,000 square feet for packing and storage, 5,000 square feet for offices and laboratories and 5,000 square feet for processing. Osprey provided no details of the elevations of the proposed new building. Osprey indicated initially that it would be a single story structure but by letter dated 28 November 2002, an associated company informed the IDC that there would be 30,000 square feet of floorspace on a 25,000 square feet footprint, necessitating a two-storey building, at least in part. It would be a substantial building. Neighbours estimated that the ratio of the proposed building to glass on the site would be over 26% and pointed out that the building would have a larger floor area than Safeway, one of the largest supermarkets on the island. The proposal also involved a new access from Rue des Heches, 37 staff and 4 visitor parking spaces and some landscaping.

3. Sandpiper Vinery, together with substantial areas of land to the east and south of the site is zoned as an Area of Rural Character (Green Zone 3) in the Rural Area Plan (Phase 2). Land to the west and north of the site is zoned as Areas of Landscape Value (Green Zone 2).

4. In the Royal Court on 1 July 2003 Lieutenant Bailiff Miss C Newman QC refused a legal challenge by neighbours to appeal from or be granted judicial review of a decision of the Island Development Committee ("IDC") dated 13 December 2002 to grant a preliminary declaration on the above application by Osprey Investments Limited.

5. On 18 December 2003 Mr. R C Southwell QC, Mr P D Smith QC and Mr P S Hodge QC sitting as the Guernsey Court of Appeal found that "the IDC did not have sufficient information before it to enable it reasonably to conclude that the eventual application for planning permission was likely to be granted." The preliminary declaration dated 13 December 2002 was set aside.

6. The Court further commented as follows: "I am not persuaded that on the information available to the IDC, they could reasonably have concluded that a building with 30,000 square feet of floorspace for warehousing, processing, packing and also laboratory and office space was essential ancillary works for the 2.6 to 3 acres of glass which would have remained on the site. As the Appellants pointed out, Osprey and associated companies had repeatedly made clear in documents which they provided to the IDC that they aspired to take produce not only from Sandpiper Vinery but also to utilise other horticultural sites if the business was successful. This aspiration is also evidenced by the more detailed explanation of the applicants' requirements for space" as set out in a letter on behalf of the applicants to the IDC dated 28 November 2002. "There he speaks of a projected turnover of about 70 tonnes per year/6 tonnes a month of dried extract and about 700 tonnes per year/60 tonnes a month of dried raw plant material. Even on the basis of four to six harvests of the produce of the glass on the site per year, this throughput scarcely seems to be consistent with the likely produce of 2.6 to 3 acres of glass."

7. In the opinion of your Petitioners there is an urgent public importance in establishing exactly why (over and above that presented to the Court of Appeal) the IDC, acting as a responsible public body, was entitled on the information available to it to conclude that the proposed development was likely to comply with land use policies in the Rural Area Plan (Phase 2).

THESE PREMISES CONSIDERED, your petitioners humbly pray that the States may be pleased to resolve as follows:

(a) That it is expedient that a tribunal be established to inquire into exactly why (over and above that presented to the Court of Appeal) the IDC, acting as a responsible public body, was entitled on the information available to it to conclude that the proposed development was likely to comply with land use policies in the Rural Area Plan (Phase 2).

(b) That it is expedient that the tribunal referred to in (a) without prejudice to the generality of (a) inquire into the full planning process in connection with Osprey's application for a preliminary declaration from 23rd September 2002 onwards.

(c) That the matters referred to in (a) and (b) are matters of urgent public importance.

(d) To direct the States Advisory and Finance Committee to take all necessary steps for the establishment of such a tribunal under the Tribunals of Inquiry (Evidence) (Guernsey) Law, 1949, as amended.

AND YOUR PETITIONERS WILL EVER PRAY.

GUERNSEY

This 28th day of January, 2004

MARY LOWE	S. MAINDONALD
FRANCIS QUIN	BRIAN SHERIFF
D. JONES	JANINE LE SAUVAGE
D. P. LE CHEMINANT	ANN L. ROBILLIARD

No. 335

In the Court of Appeal of Guernsey

(Civil Division)

The 18th day of December, 2003 before Richard Charles Southwell, Esq., QC Presiding, Peter David Smith Esq., QC and Patrick Stewart Hodge Esq., QC

DAVID ALAN ANDRE BARRETT

and

KAY MARY BARRETT

The Appellants

V

THE ISLAND DEVELOPMENT COMMITTEE

The Respondent Committee

and

OSPREY INVESTMENTS LIMITED

The Third Party

In the appeal of the above Appellants from the decision of the Royal Court given on 1st July, 2003 on an application for judicial review;

THE COURT, having heard the Appellants in person and Advocate R. J. McMahon for the Respondent Committee thereon, (the Third Party not being represented at the hearing) GAVE JUDGMENT in the attached terms, ALLOWED the appeal, SET ASIDE the preliminary declaration

dated 13th December, 2002 and AWARDED COSTS to the Appellants, on the standard recoverable basis, both in this Court and in the Royal Court.

Registrar of the Court of Appeal

DAVID ALAN ANDRE BARRETT
and
KAY MARY BARRETT
V
THE ISLAND DEVELOPMENT COMMITTEE
and
OSPREY INVESTMENTS LIMITED

Hodge: JA

1. This is an appeal from the judgment of the Royal Court dated 1 July 2003, in which the Lieutenant Bailiff refused the Appellants' application to appeal from or be granted judicial review of a decision of the Island Development Committee ("IDC") dated 13 December 2002. The decision of the IDC which the Appellants challenge was a decision to grant a preliminary declaration on an application by Osprey Investments Limited in relation to a proposed development at Sandpiper Vinery, Route de Plaisance, St Pierre du Bois.

2. The Appellants before the Royal Court and before this Court have presented their application to the Royal Court as an application for judicial review. This is because the Bailiff pointed out that there might be difficulties in their statutory appeal in the light of *Green v IDC and Winslow* 1993 15 GLJ 18, which suggested that the Appellants are not aggrieved persons in terms of section 26(1) of the Island Development (Guernsey) Law 1966-1990 ("the 1966 Law") and therefore do not have a statutory right of appeal.

3. This appeal raises interesting questions about the status of a preliminary declaration and the steps which the IDC require to take before granting such a declaration.

The relevant statutory provisions

4. The relevant provisions are sections 27 and 28 of the 1966 Law.

   Section 27(1) of the 1966 Law provides:
   "A person who desires to carry out any development or work for which permission is required under this Law may, before making an application to the Committee in that behalf, apply to the Committee for a preliminary declaration as to whether, in principle, the Committee on the submission to it of an application with such detailed plans or information or both as the Committee may require, would be likely to grant permission for such development or work."

5. Section 27(2) provides that such a preliminary declaration shall remain valid for three years from the date on which it was issued.

6. Section 28 provides:
   " In the event of the Committee refusing to grant any application in pursuance of the provisions of this Law … no compensation shall be payable by the States for any loss suffered by the applicant for such permission … or by any other person by reason of such refusal…"

7. Part III of the 1966 Law deals with development control and sections 15 to 18 in that Part deal with the application for planning permission and the grant or refusal of permission. Section 17

sets out the considerations which the IDC have to take into account when deciding to grant or refuse planning permission. Section 18 empowers the IDC to grant permission for a development which involves a departure from a Detailed Development Plan if the IDC is of the opinion that it is a minor departure. But where the IDC is minded to approve an application for permission for development or work which involves a departure from a Detailed Development Plan which is not a departure of a minor nature, the IDC may request the States to appoint an Inspector to hold a planning inquiry.

The nature of a preliminary declaration

8. From the terms of section 27 it is clear that a preliminary declaration is not a planning permission but is a declaration that in principle the IDC would be likely to grant planning permission for a proposed development. At the same time it was clear from the submissions of Mr Barrett, who is a member of the States and who has considerable experience as a member of the IDC, and also from the submissions of Mr McMahon that such a declaration is a significant step on the road towards obtaining a planning permission. We were informed that property may change hands on the Island at enhanced prices where such a declaration has been obtained. It is clearly intended to have a legal effect, section 27(2) providing that the declaration is valid for three years.

9. I note also that section 3 of the Island Development (Amendment) (Guernsey) Law 1990 ("the 1990 Law") under the heading "power to limit validity of consents" refers to the IDC "granting permission under ...s 27". While I question whether it is technically correct to refer to the declaration as a consent or permission, the provision indicates that the States considered that the declaration was a significant step. I note also that in the preliminary declaration it is referred to as a permit.

10. The declaration cannot be equated with an outline planning permission in England and in Scotland, because it does not both establish the principle of the development and confine the subsequent application to an approval of reserved matters. Nevertheless, the declaration must constrain the IDC in its subsequent consideration of an application for planning permission under sections 16 and 17 of the 1966 Law. The IDC as a responsible public body is enjoined by administrative law to act reasonably and may expose itself to judicial review challenge if it acts inconsistently. Thus if it makes a declaration under section 27 of the 1966 Law and then changes its mind without having new factual material by which it can reasonably justify its *volte face*, it may be vulnerable to a judicial review challenge. No example was given of the IDC refusing an application for planning permission after granting a preliminary declaration; Mr Barrett suggested that it was unlikely that the IDC had ever done so.

11. In these circumstances it is not surprising that the IDC's practice is to assess the applicant's proposal against the relevant policies of the development plan when deciding whether to make a preliminary declaration.

The nature and location of the proposed development

12. Osprey Investments Limited ("Osprey") applied on 23 September 2002 for a preliminary declaration in respect of a proposal to demolish glasshouses and a packing shed and to erect a

substantially larger packing and storage shed incorporating processing, laboratory and administrative facilities at Sandpiper Vinery.

13. The proposed demolition involves the removal of derelict timber glasshouses in the Northern part of the site. The metal glasshouses on the southern part of the site would be retained for the cultivation of high value herbs. The demolition would involve the removal of approximately 1.5 acres of glasshouses and approximately 2.6 acres of glasshouses would be retained. In place of the glasshouses and the packing shed in the northern part of the site the proposal is to erect a 30,000 square feet building which would comprise 20,000 square feet for packing and storage, 5,000 square feet for offices and laboratories and 5,000 square feet for processing. Osprey provided no details of the elevations of the proposed new building. Osprey indicated initially that it would be a single storey structure but by letter dated 28 November 2002 Healthy Direct Limited, an associated company, informed the IDC that there would be 30,000 square feet of floorspace on a 25,000 square feet footprint, necessitating a two-storey building at least in part. It would be a substantial building. Mr Barrett estimated that the ratio of the proposed building to glass on the site would be over 26% and pointed out that the building would have a larger floor area than Safeway, the largest supermarket on the island. The proposal also involved a new access from Rue des Heches, 37 staff and 4 visitor parking spaces and some landscaping.

14. Sandpiper Vinery, together with substantial areas of land to the east and south of the site is zoned as an Area of Rural Character (Green Zone 3) in the Rural Area Plan (Phase 2). Land to the west and north of the site is zoned as Areas of Landscape Value (Green Zone 2).

Planning policies: The Rural Area Plan (Phase 2)

15. The Rural Area Plan (Phase 2) covers the southern half of the island and has the strategic aim of the conservation and enhancement of the rural environment (para 1.7). To achieve this, the Plan has three zones covering predominantly open land, namely (1) Areas of Special Environmental Importance (Green Zone 1), (2) Areas of Landscape Value (Green Zone 2) and (3) Areas of Rural Character (Green Zone 3). The Plan provides for a gradation of protection in its policies, giving the greatest protection to Green Zone 1 areas and allowing the greatest flexibility to Green Zone 3 areas (para 2.9). In relation to predominantly developed land there are two zones namely, Conservation Areas and Built-up Areas, and the former has greater protection than the latter.

16. Areas of Rural Character (Green Zone 3) is a zoning which is intended to protect land which makes an important contribution to the open rural character of the Plan area. The explanation of policy CE 7 states that these are areas of predominantly open land which offer the greatest flexibility in considering applications for development. But there is still a strong emphasis on land uses appropriate to the rural area, such as agriculture, horticulture and outdoor recreation or tourism.

17. Policy CE 7 provides:
In Areas of Rural Character (Green Zone 3) the policy will be to retain the predominantly open, undeveloped character of the land but also, where appropriate, to accommodate essential development related to use of the land for agriculture, horticulture, outdoor recreation, tourism or the provision of access to an otherwise acceptable Designated Site for New Housing. The erection of new housing will not be permitted."

18. The Plan contains a group of policies in relation to horticulture, which historically has been a very significant industry in the island but which has contracted in recent years. The Plan seeks to facilitate the continued operation of productive horticultural holdings. Thus Policy HT 1 provides that in all areas permission will generally be given for works essential to the proper running of existing productive horticultural holdings. This policy is not directly relevant to this application as Sandpiper Vinery is not in productive horticultural use. Mr McMahon suggested that the policy would be relevant if the applicants were to recommence horticulture on the site before applying for planning permission for the proposed development. This is so but the applicants have not suggested that they plan to start growing plants before planning permission is obtained for their proposed development. I therefore agree with the Lieutenant Bailiff when she held that policy HT 1 did not apply.

19. Policy HT 3 reflects the policy that the greatest support to the horticultural industry is to be given to holdings in Green Zone 3, where most of the productive horticultural units in the Plan area are concentrated. The policy provides a mechanism by which owners of horticultural sites can redevelop existing glass and develop sites cleared of derelict glass within a specified timescale. Policy HT 3 provides:
In Areas of Rural Character (Green Zone 3) applications to redevelop or extend existing glass or to erect new glass, together with essential ancillary works will generally be granted provided that:
(i) at the time of the application the site is occupied by glass or at any time commencing five years prior to 1st October 1992 the site was occupied by glass;
(ii) the site constitutes a prime horticultural site;
(iii) the development does not intrude unacceptably into otherwise open areas of countryside; and
(iv) the development does not have an unacceptable impact upon important open views in otherwise developed glass areas."

20. Policy HT 7 provides:
"Land used for horticulture is legally defined as agricultural land and permission will not be given for the erection of new housing or for any other form of development on land in horticultural use unless the proposal falls within Built-up Areas, in which case it will be judged against the relevant policies for that planning zone."
The explanation for this policy (para 5.15) is to preserve the availability of suitable sites for glasshouses by restricting the prospect of those sites being re-zoned for residential development.

21. Other policies which are relevant to the judicial review application are RT 6, COM 6, COM 7 and IN 6.

22. RT 6 is a retail policy which is designed to assist the strategic policy of encouraging retailers to locate in St Peter Port and St Sampson's and to discourage large retail developments in out-of-town locations. RT 6 provides:
"Major new retail developments in the Plan area will not be permitted."
The strategic policy towards commercial premises is to support the commercial centre of St Peter Port and to resist the location in the Plan area of major new office development which would be more appropriately located in the urban area. To this end policy COM 6 provides:
"Major new office or other commercial developments will not be permitted."
COM 7 permits new small-scale commercial premises which are designed to meet local needs in Built-up Areas but only if the proposal meets specified criteria.

Strategic policy in relation to new industrial development (including warehouses) on new sites is to direct such development towards appropriate sites in the Urban Area Plan. To this end IN 6 provides:
"New industrial development on new sites will not be permitted anywhere in the Plan area."

23. I will discuss these policies when I consider whether the IDC was entitled to grant the declaration.

The consideration of the application for a Preliminary Declaration

24. Mr Lockwood, the Chief Planning Officer, in a report to the IDC dated 2 November 2002 described the proposal and suggested that policies CE 7 and HT 7 applied. He also suggested that policies COM 6 and IN 6 appeared to apply. He summarised the information in the applicant's brochure. The applicant intended to use the site for cultivation of high value crops of herbal raw material. At least 3 acres of high specification glass were required to grow one type of herb. Local access to experienced growers and greenhouses was important as demand grew. There would require to be drying and grinding facilities on site and possibly extraction and freeze-drying. He recorded the strong support for the proposal from the Committee for Horticulture and the Board of Industry which saw the development as important to the island in economic terms. He also recorded the objections of neighbours and the majority of St Peter's Douzaine who saw the proposal as a major industrial development.

25. On the information provided, Mr Lockwood expressed concern whether the substantial building which was proposed would be truly ancillary to horticulture on the site and suggested that the development would have a significant impact on the character and amenities of the locality. He recommended that the application be deferred to allow the applicant to give further clarification of these issues.

26. The IDC took Mr Lockwood's advice and directed its officers to seek further clarification. Mr Rowles, Development Control Manager of the IDC, in an affidavit dated 21 May 2003, described the further information which he and his colleagues gathered from the applicant and associated companies, including Healthy Direct Limited. Mr Rowles recorded that Mr Barry Smith, Technical Director of Healthy Direct Limited, explained that because the ultimate use of the herbs was in medical products, it was necessary to ensure that the harvested crop was not contaminated. The crop therefore had to be dealt with by freeze-drying and grinding in order to extract the active ingredients in a proximate and regulated environment. Mr Winn, Managing Director of Healthy Direct, by letter dated 28 November 2002 suggested that the location of such a building away from the site of the horticulture would be likely to make the project commercially unviable. There would be a cropping cycle of between 4 and 6 times a year. The whole of each plant would be harvested in each crop cycle, necessitating substantial storage space, compared with traditional growing activities on the island. Once dried or ground the horticultural product would be despatched from the site for conversion into pharmaceutical end products.

27. Mr Rowles narrates the IDC's consideration of the additional information. He records that the IDC took legal advice before determining whether to give a preliminary declaration. The IDC considered the application against the policies of the development plan. They took the view that the proposal would not infringe policy IN 6 if an appropriately worded condition limited the use of the building to serving the growing operation and prevented it from operating independently of that operation. The IDC took the view that the proposal did not involve retailing and that the

Rural Area Plan's retailing policies (including policy RT 6) were therefore not engaged. They also took the view that the office policy (COM 6) was not engaged because any office accommodation within the proposed building would be part and parcel of the growing and related operations on the horticultural site.

28. The IDC accepted that the authorised use of the site was as a horticultural site within Class 60 of the Island Development (Use Classes) Ordinance 1991 as amended. It required therefore to consider whether the proposal involved a material change of use from the horticultural or agricultural use which was authorised. Mr Rowles then stated (affidavit para 17):

> "The balancing exercise between principal and ancillary uses was resolved in favour of recognising that this would continue to be a growing operation but that this new departure for Guernsey from more traditional forms of growing required a fresh approach to what can properly be regarded as the required ancillary infrastructure. The activities proposed to be undertaken in the building had been explained by Osprey as all being so inextricably interwoven with the growing operation that the Committee determined that they did not qualify as independent uses."

29. The IDC then considered the proposal against the Plan's horticultural policies and concluded that the application did not have to be assessed against policy HT 7. The IDC concluded that policy HT 1 did not prevent them from issuing a preliminary declaration because the site was zoned as Green Zone 3. In relation to policy HT 3, Mr Rowles stated (affidavit para 20):

> "it is arguable that Osprey's proposals do not engage Policy HT 3, because what is being proposed is neither redevelopment or extension of existing glass, or the erection of new glass."

If the proposal fell within the phrase "essential ancillary works" in that policy there would be a presumption in favour of granting permission if the proposal met the specified conditions. He stated that "Osprey could readily demonstrate the potential for meeting these requirements." Accordingly, the IDC did not consider itself precluded from issuing the preliminary declaration which the applicants sought.

30. Mr Rowles continued (affidavit para 22):

> "...in issuing the Preliminary Declaration the Committee is not departing from RAP2 [the Rural Area Plan (Phase 2)], but has acted within its terms. Consequently, section 18 of the 1966 Law is not engaged....Because Osprey's proposals can be dealt with under the policies of RAP2, a decision on whether or not they amounted to a minor departure was not required."

31. The preliminary declaration which the IDC issued on 13 December 2002 stated that the IDC would in principle be likely to grant permission for the proposed development on submission of an application with such detailed plans and information as the IDC might require. The declaration was subject to conditions which included a requirement that detailed plans be produced and that in preparing the details, particular attention should be given to the scale, design and impact of the proposed buildings on the character and amenities of the locality. Condition 6 of the declaration required that the proposed development be used only in conjunction with and ancillary to the vinery at the site for purposes incidental to the horticultural operation of the site within agricultural use class 60. It also required the removal of buildings from the site upon cessation of use of the site for agriculture or horticulture, unless the IDC authorised the buildings to remain.

The grounds of the Appellant's judicial review application

32. The Appellants' application was supported by a clear affidavit by Mr Barrett, together with supplementary affidavits and exhibits. We have also been assisted by his accomplished oral submissions.

33. The Appellants have a number of concerns about the intentions of Osprey and related companies. Those concerns include the possible use of the site by a warehousing and distribution company or a mail order company, which would involve commercial, industrial or retail uses rather than activities which are ancillary to horticulture. They are also concerned by Osprey's declared intention to process at the vinery the products of other horticulture sites. As neighbours of Sandpiper Vinery the Appellants are understandably concerned about the scale of the proposed building and its impact on the character and amenities of a rural area. They point out that in the letter from Mr Winn dated 28 November 2002 there is reference to a total footprint of 25,000 square feet but total space of 30,000 square feet "(2 floors)" and they not unreasonably conclude that a two-storey building is proposed. They are also concerned about the risk of setting a precedent for industrial development in a rural area.

34. The Appellants are also concerned that condition 6 of the preliminary declaration will in practice be unenforceable as the IDC would not require the removal of a £5 million building if horticulture were to cease on the site in future.

35. Their grounds for judicial review are, first, that the IDC did not have power to grant the preliminary declaration as the proposal was a major departure from the Rural Area Plan (Phase 2) requiring a planning inquiry under section 18(2) of the 1966 Law and, secondly, that no reasonable planning authority acting reasonably would have concluded that the proposed development was ancillary to horticultural uses or was a minor departure from the Rural Area Plan (Phase 2). They submit that the gateway policy HT1 is not applicable and that the proposal does not fall within HT 3. They also argue that the Lieutenant Bailiff failed to address policies COM 6, COM 7 and IN 6 in her decision.

Decision

36. The central question is whether the IDC was entitled on the information available to it at the time to conclude that it was likely that the proposal complied with policy HT 3 and that that policy was therefore likely to provide the gateway in the development plan by which planning permission could properly be granted.

37. While the Appellants criticised the Lieutenant Bailiff for not expressly addressing policies COM 6, COM 7 and IN 6 in her judgment, I consider that she was entitled to conclude that these policies did not bar the proposal if the proposal could properly be brought within the horticultural policy HT 3. At the same time, it would have been helpful if the Lieutenant Bailiff had considered the policies as it is appropriate to interpret each policy of the plan in the context of the plan as a whole. Thus the policy HT 3, which creates scope for authorisation of essential ancillary works which may give rise to commercial or industrial uses, requires to be interpreted in the context of the existence of, among others, the policies COM 6 and IN 6 which prohibit new commercial developments, and new industrial developments on new sites, in the plan area. I therefore turn to the requirements of policy HT 3.

38. First, the applications to which policy HT 3 applies are applications "to redevelop or extend existing glass or to erect new glass". There was no proposal to extend existing glass or to erect new glass. It is not clear from the information which the applicants put forward to the IDC and which was produced to this Court that there would be redevelopment of existing glass. Mr McMahon accepted that the application did not explicitly seek to carry out such redevelopment but he submitted that the applicants had provided the IDC with information which made it clear that work would be done on the glass. He argued that the IDC required to be satisfied only that there was a route into the HT3 gateway, asserting that if the IDC concluded that it was possible for the applicants to comply with the policy there would be a likelihood that they would do so. For reasons to which I will shortly turn, I do not accept this submission.

39. Secondly, the policy allows not just redevelopment of glass but also "essential ancillary works". It was agreed by the parties, correctly in my view, that the proper construction of the policy was that these works were essential to, and ancillary to, the horticultural operations carried out under the glass within the site. I am not persuaded that on the information available to the IDC, they could reasonably have concluded that a building with 30,000 square feet of floorspace for warehousing, processing, packing and also laboratory and office space was "essential ancillary works" for the 2.6 to 3 acres of glass which would have remained on the site. As the Appellants pointed out, Osprey and associated companies had repeatedly made clear in documents which they provided to the IDC that they aspired to take produce not only from Sandpiper Vinery but also to utilise other horticultural sites if the business was successful. This aspiration is also evidenced by the more detailed explanation of the applicants' requirements for space which Mr Winn of Healthy Direct set out in his letter to the IDC dated 28 November 2002. There he speaks of a projected turnover of about 70 tonnes per year/6 tonnes a month of dried extract and about 700 tonnes per year/60 tonnes a month of dried raw plant material. Even on the basis of four to six harvests of the produce of the glass on the site per year, this throughput scarcely seems to be consistent with the likely produce of 2.6 to 3 acres of glass.

40. In order to comply with policy HT 3, the proposal had also to conform to each of the four criteria in that policy. The site clearly met criterion (i) as the site was occupied by glass. I am prepared to accept also that the site constituted a "prime horticultural site" in accordance with criterion (ii) as the Committee for Horticulture had expressed a favourable view on the commercial viability of the applicants' proposals and the IDC by issuing the preliminary declaration may be taken as having agreed with that view.

41. Criteria (iii) and (iv) are more problematic. The IDC had no sketches and no elevations of the proposed development or any drawings showing the visual impact of the proposal from any important vantage points. What they had, as Mr McMahon emphasised, was a plan of the proposed building and the proposed landscaping works to the north and west of the building. The IDC would, he submitted, know the site and would be able to form a view as to whether it would be possible for the applicants to produce a design which would meet the criteria. He referred in this regard to the letter dated 3 December 2002 from the Committee for Horticulture to the IDC which suggested that a steel-framed structure such as is used as storage barns around the Island could (my emphasis) be adapted for the purposes proposed by Guernsey Hydroponics. The letter went on to state:

> "In this respect, careful consideration must be given to the scale, siting and design of any proposed building and the ancillary works...Dr Marchant [the Committee's horticultural

engineer] would be pleased to provide his services and expertise to work with both the clients and the officers of your Committee to ensure that any facilities are appropriate to the proposed vinery and its location".

42. Mr McMahon stated that the IDC gave comparatively little consideration to criteria (iii) and (iv). The IDC had the plan to which I have referred and the letter from the Committee for Horticulture of 3 December 2002. There was an oral presentation to the IDC, but we were not given any information as to the content of that presentation. The IDC did not request any elevations or sight lines. Mr McMahon submitted that on the information provided the IDC came to the view that it was not precluded by policy HT 3 from granting an application for the proposed development.

43. In his written case, Mr McMahon submitted (para 2) that the task of the IDC was to consider whether the plan precluded it from granting permission for the concept advanced, and, if not, whether the factors it would have to take into account were so heavily weighted against the applicant that the IDC would be unlikely to grant development permission. I do not have any difficulty with this description of the proper approach. But I do not accept his suggestion (in para 4 of his written case) that the IDC can ignore the factors required to be taken into account in section 17 of the 1966 Law when considering an application for a preliminary declaration. The IDC must, in my judgment, at least take a *prima facie* view on such factors if it is to declare that it is likely to grant a permission. I consider that Advocate McMahon understates the test to be applied when he states (in the same paragraph of his written case) that "the preliminary declaration is an indication to the Applicant that the [IDC] would be able to consider the merits of an application for that type of development because the door is not completely shut to him". That is not what section 27 provides that a preliminary declaration declares.

44. Advocate McMahon accepted in his written case (para 6) that if policy HT 3 did not provide a policy gateway for accommodating the proposed development within the Plan, there would be grounds for concluding that the IDC had exceeded its powers in making the preliminary declaration. That is so. But in my judgment the real question in relation to policy HT 3 is whether the IDC had sufficient information before it to enable it reasonably to conclude that it was likely that the proposed development complied with that policy.

45. Where it was not clear that the proposed development would necessarily involve the redevelopment of glass, where the scale of the proposed new building had not been demonstrated to be ancillary to the horticulture to be carried on within Sandpiper Vinery and on the contrary appeared to be designed to handle the produce of other sites, and where there was no indication of the mass and elevations of the proposed building which are relevant to criteria (iii) and (iv), I do not consider there was a basis upon which the IDC could conclude that the requirements of policy HT 3 were likely to be met.

46. I do not need to decide whether the IDC was irrational in making the preliminary declaration (irrationality being a difficult test for an applicant to meet). On the information provided in Mr Rowles' affidavit and in Mr McMahon's written case and submissions it appears that the IDC has posed the wrong question to itself. Mr Rowles (para 20) states that the IDC could not simply respond to Osprey's application by saying that policy HT 3 could not be met and, therefore, it was precluded from issuing the preliminary declaration sought. The test is not whether the IDC at the stage of an application for a preliminary declaration is satisfied that a particular policy in the plan is clearly a bar to the proposed development. Nor is it whether there is a possibility that the

criteria of a particular policy may be met, as Mr McMahon submitted (written case paras 9 and 10). The IDC has, as I have said, to form at least a *prima facie* view that the proposal is likely to meet the requirements of the relevant policy. This the IDC has not done.

47. In conclusion, I am satisfied that the IDC did not have sufficient information before it to enable it reasonably to conclude that the eventual application for planning permission was likely to be granted. In my judgment, therefore, the preliminary declaration dated 13 December 2002 should be set aside.

48. In reaching this conclusion, I stress that I am making no judgment on the merits of the proposal.

SOUTHWELL, JA: I agree and have nothing to add.

SMITH, JA And I agree and have nothing to add either.

The President
States of Guernsey
Royal Court House
St Peter Port
Guernsey
GY1 1PB

11 February 2004

Dear Sir

I refer to the Requête dated 28 January 2004 submitted to you by Deputy Mrs Lowe and seven other signatories the Prayer of which asks the States to establish a Tribunal of Inquiry into the issue by the Island Development Committee of a Preliminary Declaration for development at Sandpiper Vinery.

Attached to the Requête is the text of a Judgement by the Court of Appeal that set aside the Preliminary Declaration. To provide States members with the full background to this issue, a copy of a letter dated 22 January 2004 from the Committee to Deputy Lowe, her response dated 23 January and the text of an earlier Royal Court Judgement are attached to this letter of comment along with the views of the Island Development Committee on the Prayer of the Requête.

The comments from the Island Development Committee are understandable. It considers that it has not been provided with any evidence that would justify the time and expense involved in commissioning a Tribunal of Inquiry but if it opposes the Requête it will be accused of having something to hide. For the information of Members, Deputies Langlois and Flouquet, who are members of the Island Development Committee, chose not to be present during the Advisory and Finance Committee discussions of this matter.

In its letter to Deputy Lowe the Advisory and Finance Committee made the following points:

- A Tribunal of Inquiry established under the 1949 Law to inquire into *a "definite matter of urgent public importance"* has a status equivalent to a Royal Court hearing and should only be commissioned in exceptional circumstances and where there are reasonable grounds for doing so;

- The facts that the Island Development Committee took legal advice before coming to its decision, that the Royal Court upheld that decision but which was overturned on appeal, show just how finely balanced the legal issues were and this aspect does not give grounds for convening a Tribunal of Inquiry;

- Deputy Lowe had not provided any grounds that suggest other than that the Island Development Committee made a genuine error in law nor had she suggested in what way the Committee may have acted other than with probity;

- Because of public interest however, and possibly some misunderstanding of the implications of the outcome of the Judicial Review process, the Committee offered to commission an informal review of the decision process to be undertaken by an independent person acceptable to Deputy Lowe, who would also be given the opportunity to identify the specific concerns she wished to be addressed;

- If the outcome of the review suggested that there were reasonable grounds for recommending the States to commission a Tribunal of Inquiry, an appropriate proposal could be brought forward.

This process could have been completed in a matter of a few weeks and at minimum expense to the taxpayer. If the conclusions of the review had raised issues that required further resolution, or if it came up against obstacles that could only be overcome by a process that was underpinned by statutory powers, then appropriate proposals could have been put to the States based on firm evidence that there was a *"definite matter of urgent public importance"* to resolve.

In her letter dated 23 January Deputy Lowe rejected this approach.

The Committee does not consider that the States has been provided with sufficient grounds to justify the establishment of a Tribunal of Inquiry and therefore recommends the States to reject the Prayer of the Requête.

Yours faithfully

W. M. BELL

Member
Advisory and Finance Committee

Deputy Mary Lowe
Silvercoombe
Rue des Marais
Vale
GUERNSEY
GY6 8AX

22nd January 2004

Dear Deputy Lowe,

I refer our previous correspondence ending with your letter of 17 January in which you confirm that you are requesting the Committee to recommend to the States that it convene a Tribunal of Inquiry under the 1949 Law to inquire into the consideration by the Island Development Committee of an application in respect of development at Sandpiper Vinery.

The Committee has now had an opportunity to consider the background to the matter; Deputies Langlois and Flouquet were not present during this consideration.

You are no doubt aware that the Tribunals of Inquiry Law of 1949 provides that when the States have resolved that it is expedient that a tribunal be established for inquiring into a "definite matter described by the Resolution as of urgent public importance", the Tribunal will have certain powers, rights and privileges, as are vested in the Royal Court. Tribunals of Inquiry should therefore only be commissioned in exceptional circumstances and where there are reasonable grounds for doing so.

The Island Development Committee sought legal advice before coming to its decision, and in the Royal Court Catherine Newman QC found in favour of the Committee. However, on appeal three Queen's Counsel constituting the Guernsey Court of Appeal found against the Island Development Committee and judged that the preliminary Declaration should be set aside. The facts that the Island Development Committee took legal advice before coming to its decision, that a QC upheld that decision, but that this was overturned on appeal, show just how finely balanced the legal issues were and this aspect does not give grounds for convening a Tribunal of Inquiry. The Island Development Committee is not disputing the appeal judgement.

You have not so far provided the Advisory and Finance Committee with any grounds that suggest other than that the Island Development Committee made a genuine error in law nor have you suggested in what way the Committee may have acted in any way other than with probity.

In these circumstances, the Advisory and Finance Committee does not consider that it has sufficient grounds for recommending that the States convene a Tribunal of Inquiry.

The Committee recognises however that there is public interest in, and possibly some misunderstanding of the implications of the outcome of the Judicial Review process. The Committee sees merit in it commissioning an informal review of the decision process to be undertaken by an independent person to ascertain if there is any prima facia evidence that that Island Development Committee acted in any way other than with probity. The Committee would be prepared for the person commissioned to undertake this review to be mutually agreed with you and for you be given the opportunity to provide that person with the nature of your concerns so that they can be specifically addressed.

If at the conclusion of that review either you or the Advisory and Finance Committee consider that there are reasonable grounds for recommending that the States commission a Tribunal of Inquiry, a proposal can be put by Requête or policy letter. Although the informal review could be undertaken quite quickly, the Committee recognises that such a proposal would have to be considered by the new States but this would be preferable to asking the present States to consider a proposal without providing reasonable grounds.

I can confirm that an alternative approach open to you is to submit a Requête for consideration at the March States meeting in which case the Committee will consider the grounds you put forward for commissioning a Tribunal and the terms of reference you propose and will then comment to the States accordingly. Of course, a Tribunal commissioned in this way is also unlikely to produce a conclusion in time for it to be considered by the present States.

I would be grateful if you would advise me as soon as possible how you intend to proceed.

Yours sincerely,

LCM

L C Morgan
President
Advisory and Finance Committee

Deputy L Morgan
President
Advisory & Finance Committee
Sir Charles Frossard House
P O Box 43
La Charroterie
St Peter Port
Guernsey.

23rd January 2004.

Dear Deputy Morgan

Thank you for your letter of .22nd January. I have considered your proposals for an informal investigation carried out by a person mutually acceptable to us, but I believe it to be the exact opposite of what is required in this case. I wish the investigation I am calling for to look at the reasons why assumptions were made by members of the Island Development Committee that led the Judges of Appeal to conclude that they had no apparent justification for doing so. I believe therefore that many doors need to be opened that only a Tribunal with the full powers of the Royal Court can demand.

As, therefore this is a matter that can only be decided by the States of Guernsey I propose to press for my Requete to be heard at the March States Meeting.

Should Advisory & Finance Committee wish to re-consider the above I will withdraw my Requete.

Yours sincerely

Mary Lowe

Deputy Mrs Mary Lowe

IN THE ROYAL COURT OF GUERNSEY

ORDINARY DIVISION

BARRETT AND BARRETT

V.

THE PRESIDENT OF THE ISLAND DEVELOPMENT COMMITTEE
and
OSPREY INVESTMENTS LIMITED

Judgment of Lieutenant Bailiff Newman Q.C.

Advocate for the Applicants: J. D. Loveridge
Advocate for Respondent: R. McMahon
Advocate for Third Party: J. White

Heard on: 30th June, 2003
Judgment handed down: 1st July, 2003

By a reformed Cause tabled on 25th April 2003, the Applicants David and Kay Barrett, seek to appeal from or be granted judicial review of a decision of the Island Development Committee to grant, on 13th December 2002, a Preliminary Declaration on an application by Osprey Investments Limited. In the event the application was argued solely as a judicial review application. Osprey had applied for a preliminary declaration in relation to their proposal to demolish glasshouses and a packing shed on their land at Sandpiper Vinery, Route de Plaisance, St. Pierre du Bois and a packing shed and storage shed incorporating processing, laboratory and administrative facilities. Mr. and Mrs. Barrett claim that the Island Development Committee's decision to grant a preliminary declaration was ultra vires or alternatively an unreasonable exercise of its powers. More particularly, they say that the decision conflicts with the policy set out in paragraphs HT7, RT6, IN6, COM 6 and CE7 of the Rural Area Plan (Phase 2) and SP33 of the Strategic and Corporate Plan and thus no reasonable committee could have concluded that the proposed development was permitted. A third ground, raising a complaint of failure to follow land use policies approved by the States of Guernsey was not separately pursued.

The Preliminary Declaration

The Preliminary Declaration is dated 13th December 2002.

It takes the form of a letter from the Island Development Committee to Osprey informing Osprey that the Island Development Committee has decided that it would, in principle, on the submission to it of a detailed application, be likely to grant permission for the development referred to in Osprey's application for a preliminary declaration. Seven conditions are attached to the preliminary declaration. Without going into these in detail, amongst them are provisions indicating clearly that the following matters will be considered carefully in the process of considering any application for planning permission.

1. The scale, design and impact of the proposed buildings on the character and amenities of the locality. Particular attention is drawn to the fact that the proposed site plan attached to the application for a preliminary declaration is not approved.
2. Any application is to contain full details of the processes proposed to be carried on.
3. A traffic impact assessment is required.
4. The development is to be purely ancillary to the horticultural operation to be carried on at the site and within Agricultural Use Class 60 of the Island Development (Use Classes) Ordinance.

The history of the application

The following facts emerge from the affidavits of Mr. Barrett and Mr. Arthur Rowles the Development Control Manager of the Island Development Committee. The Sandpiper Vinery site is classed Green Zone 3 and is therefore in an area of rural character. Although horticultural use is permitted, it appears not to have been used for horticulture for over 3 years at the time of the application for a preliminary declaration. It is not being used now.

Following a presentation at a hotel on 2nd September 2002, by letter dated 17th September 2002 (to which a simple site plan was attached) Osprey, acting by its agents Lovell Ozanne & Partners Limited, made an application for a preliminary declaration. The proposed works involved the demolition of derelict glass and the construction of a single storey 30,000 ft² packing shed incorporating and ancillary processing laboratory and administrative facilities. Plants would be grown in the good quality glasshouses to the south of the site.

On 2nd October 2002 Mr. Barrett objected to the proposal in writing. From a document entitled "Diversification of Healthy Direct", lodged with the Island Development Committee, Mr. Barrett learned that Osprey supplied vitamins, minerals and natural supplements by mail order to retail buyers in the United Kingdom.

Mr. Barrett's initial concern was that there was no clear suggestion that Osprey was in the horticulture business at all and the sheer size of the building which it wanted to put up (some 11 times bigger than the shed it would replace) suggested that an industrial process was being contemplated, to which any horticulture at the site would be ancillary, rather than the other way round.

On 22nd November 2000 the Chief Planning Officer for the Island Development Committee, Mr. W. E. Lockwood signed a memorandum in which he recommended that the application for a preliminary declaration should be deferred for further information to be provided. His view was that there was little concrete information regarding the actual form of horticultural production proposed and it would be most unwise to allow the development of substantial ancillary facilities without "very firm" evidence of the nature and likelihood of sustainability of the proposed horticultural activity. His view was that the "very substantial" proposed ancillary facilities meant that the development would have a significant impact on the character and amenities of the locality. No conclusive case had been made to justify the extent of the accommodation proposed. Adopted policy meant that facilities should be genuinely ancillary to horticultural use.

The Island Development Committee met on 26th November 2002. By that date it had received a letter from the Guernsey Growers' Association dated 22nd November 2002 supporting the proposal and a letter dated 31st October 2002 from the Committee for Horticulture in similar vein, albeit a bit more tentative. The Douzeniers (by a majority) and a Mr. Le Poidevin also objected to the proposal. The Guernsey Growers' Association emphasised the fact that the proposal would result in substantial investment in the site.

On 26th November the Island Development Committee accepted the recommendation of the Chief Planning Officer and deferred making any decision until further information had been obtained. Mr. Rowles was designated to address with Osprey the matters which had caused concern. He had a meeting with their representatives at which he explained that the principal concern of the Island Development Committee was whether the proposed new building and the uses to which it would be put could properly be regarded as ancillary to the horticultural

activity. Barry Smith the Technical Director of Healthy Direct Limited responded that Guernsey Hydroponics had been established as a vehicle which would grow plants, harvest them, store, grind and freeze-dry them for despatch. Freeze-drying and grinding on site ensured that the active ingredients from the plant were not contaminated.

To confirm what had been discussed Healthy Direct (not Osprey) wrote to the Island Development Committee on 28th November 2002. The letter was written by Mr. Graham Winn, a director. By that letter Healthy Direct confirmed that the proposal was to upgrade and renovate existing glass at Sandpiper Vinery and use it to grow medicinal herbs. The herbs would be dried, ground and the active ingredients extracted on site. The stringent requirements of the pharmaceutical companies which manufacture the tablets and herbal medicines could not be met if the processing plant were located elsewhere unless there were a significant investment made on any building purchased. Mr. Winn claimed that this would make the project commercially unviable. No figures were supplied with the letter which would enable anyone to assess this claim.

The Island Development Committee must have asked the Committee for Horticulture for its further comments because that Committee sent a letter to the Island Development Committee dated 3rd December 2002 making a number of new points.

In particular the Committee noted that the Sandpiper Vinery site was attractive for the development of crops for the pharmaceutical industry because no pesticides had been used in the glasshouses for over 3 years. There would have to be major investment in re-equipping the glasshouses, including the introduction of re-circulating hydroponic systems, sophisticated temperature and environmental controls through computers and the establishment of specialised propagation facilities.

Although the Committee expressed very strong views about the need for the storage and processing facilities to be on site, they gave only sketchy reasons and their views were not wholly consistent with those expressed by Mr. Winn in Healthy Direct's letter of 28th November.

Mr. Rowles of the Island Development Committee swore an affidavit on 21st May 2003. He deposed that whenever the Island Development Committee determines an application for a Preliminary Declaration it has regard to the factors that it would be required to take into account in determining a full application. They do this against the applicable Detailed Development Plan and the most recent Strategic and Corporate Plan. The Island

Development Committee decided that the proposal was not for a new industrial development, nor was it a retail or office development. The real issue, as the Island Development Committee correctly surmised, was whether a building of this size was truly ancillary to the horticultural activity proposed to be carried on at the site. The Island Development Committee considered policies HT1 and HT3. On 13th December 2002 they issued the preliminary declaration. This application raises the question of whether what they did was demonstrably wrong.

Preliminary Declarations

The Island Development (Guernsey) Law, 1966 provides, by section 27, that before making an application for planning permission a person who desires to carry out a development or work for which permission is required may make an application for a preliminary declaration as to whether, in principle, the Island Development Committee, on submission to it of an application with such detailed plans or information or both as the Committee may require, would be likely to grant permission for such development or work.

The preliminary declaration does not bind the Island Development Committee and the States pay no compensation to anyone who may suffer loss in the event that permission is ultimately refused: section 28.

A preliminary declaration is not planning permission. It does not entitle the person who applies for it to do anything.

At one point, it looked as though it might be possible for the Island Development Committee to argue that no decision at all had been taken and that the grant of a preliminary declaration was not, in this case at any rate, amenable to judicial review. The case was not argued in that way in the event.

It emerged that this particular preliminary declaration did involve a decision that neither HT1 nor HT3 necessarily prohibited the particular development. If that was plainly wrong then the Island Development Committee's decision is amenable to judicial review. But it must be noted that even if neither HT1 nor HT3 could be shown now to rule out this development, it does not follow automatically that it should or will be permitted. All that has happened is that a preliminary view has been taken by the Island Development Committee of what they would be likely to do. When they come to review the application of policy in the light of the full facts which will be placed before them, they may well decide

that the matter is more finely balanced than they first thought or that Osprey's claims that storage and processing cannot be carried on elsewhere amount to no more than an expression of their strong preference for commercial reasons.

In my judgment it would be entirely wrong for the Island Development Committee to start the process of considering any application for permission to develop as though there were a presumption in favour of granting it. The law does not provide for any such presumption.

The Strategic and Corporate Plan and the Rural Area Plan (Phase 2) and its application

As a result of amendments to the Island Development Law the details of which are immaterial for "Outline Development Plan" in the Island Development Law one must now read "Strategic and Corporate Plan", and for "Detailed Development Plan" one must now read "Rural Area Plan". In argument before me it was common ground that the relevant binding plan is the Rural Area Plan (Phase 2) of July 1997.

The overriding emphasis in the plan is the conservation and enhancement of the rural environment of which Sandpiper Vinery is a part. When the Island Development Committee come to consider any planning application which Osprey may chose to make they will not look at a small number of policy statements in isolation but at the entirety of the plan. A building such as the one Osprey desires to erect may indeed be used for horticultural purposes of an exciting new sort, Osprey may indeed be offering a large and attractive investment for the Island's economy. But the Island Development Committee are charged with ensuring that the rural environment of the area in which Sandpiper Vinery is located is conserved and enhanced. In the performance of their duty they will have to treat that as the overriding emphasis for that is what the Rural Area Plan directs them to do. It may not be possible to reconcile Osprey's demands for a large industrial style building with the requirement to preserve the rural character of the area. It may be that the ingenuity of the designers may indeed surmount that problem.

I now turn to HT1 and HT3 which Mr. Rowles says the Island Development Committee considered to be of most relevance to their deliberations.

> "In all areas permission will generally be given for works essential to the proper running of existing productive horticultural holdings. However, if such a proposal falls within an Area of Special Environmental Importance (Green Zone 1) or a

Conservation Area, permission will only be granted if it can be shown that the changes will not have a significant detrimental effect on the special environmental qualities of the area."

In my judgment HT1 is inapplicable.

It can only be made applicable by ignoring the plain words of the policy or fudging their meaning. Sandpiper Vinery is not an existing productive holding. There was a suggestion in argument that because of the time lapse between sowing and producing the first crop and storing it by the time the building was used the Vinery would be an existing productive holding. I cannot accept this. There is no suggestion whatsoever that Osprey plan to start growing plants before permission is obtained to build and before the building is erected.

HT3 reads:

"In areas of Rural Character (Green Zone 3) applications to redevelop or extend existing glass or to erect new glass, together with essential ancillary works will generally be granted provided that:

(i) at the time of the application the site is occupied by glass or at any time commencing five years prior to 1st October, 1992 the site was occupied by glass;

(ii) the site constitutes a prime horticultural site;

(iii) the development does not intrude unacceptably into otherwise open areas of countryside; and

(iv) the development does not have an unacceptable impact upon important open views in otherwise developed glass areas."

In contrast, however, it is in my judgment possible for HT3 to support the proposed development. Whilst the redevelopment of glass did not feature strongly in submissions, it is clearly mentioned in both Healthy Direct's letter of 28th November 2002 and the Committee for Horticulture's letter of 3rd December 2002. It seems obvious that if plants are to be grown to the exacting standards which Mr. Winn and the Committee say the pharmaceutical industry imposes and if hydroponic cultivation is being introduced, redevelopment of the useable glasshouses will, to some degree, be essential.

Advocate Loveridge, for the Applicants, endeavoured to show me that HT3 could not apply. He faced a formidable task given that HT3 contains two subjective elements, numbers

"(iii) the development does not intrude unacceptably into otherwise open areas of countryside; and

(iv) the development does not have an unacceptable impact upon important open views in otherwise developed glass areas"

and one other element, the concept of a prime horticultural site, which must be assessed by reference to factors set out at paragraph 5.5 of the Rural Area Plan and which involve a subjective element albeit one which may be assisted by professional judgment. It is not for me to decide whether, on a full examination of the issues on a full application, Mr. and Mrs. Barrett might, perhaps with the benefit of advice from an expert such as a surveyor well versed in planning matters, succeed in persuading the Island Development Committee that HT3 should not be applied in Osprey's favour. Mr. Loveridge made a powerful case for showing that it should not. The Island Development Committee's decision will be unenviably difficult not least because of:-

1. The suggestion that locating the building on an industrial site would make the project commercially unviable.
2. The late suggestion that a two storey building might be required.
3. Upon receipt of an application under section 15 of the Island Development Law there must be a proper consideration of the project and of any objections to it and the full range of options set out in section 16 remains open. This full consideration should include a careful assessment of whether there is in fact a minor departure from the Detailed Development Plan meriting a Planning Inquiry. Although Advocate McMahon said in argument that if the application failed there would not be such an inquiry I am confident that on reflection his clients will see that the time for making such a decision has not yet come.

But it is not for me to say what the outcome should be. In my judgment HT3 is not an absolute bar to the success of Osprey's application and the Island Development Committee cannot be said to have been demonstrably wrong to issue a Preliminary Declaration.

My task does not end there, however. I must also consider whether the Island Development Committee took into account any matter which they should not have taken into account or

failed to take into account any matter which they should have taken into account. I have seen no evidence of either error in the papers before me. If they failed to take into account all aspects relevant to HT3(i)–(iv) that can be fully remedied when the application for permission is made and the matters which all interested parties wish to rely upon are fully before them.

For reasons stated, the application fails.

The President
States Advisory & Finance Committee
Sir Charles Frossard House
PO Box 43
La Charroterie
St Peter Port
Guernsey
GY1 1FH

3rd February 2004

Dear Deputy Morgan

REQUÊTE - PROPOSED DEVELOPMENT AT SANDPIPER VINERY

Thank you for your letter of 30 January 2004 enclosing a copy of the Requête signed by Deputy Mrs Lowe and seven other signatories, the prayer of which asks the States to agree to the commissioning of a Tribunal of Inquiry into the way an application for development at Sandpiper Vinery was dealt with and the decision was reached. The Committee finds itself in something of a dilemma in responding to your letter.

On the one hand, it would welcome the opportunity to demonstrate, in the public domain, that the process followed in determining this application was an entirely legitimate one. The holding of an Inquiry would provide the Committee with the opportunity to dispel the extensive, unwarranted and largely ill-informed criticism it has received in the media and elsewhere.

On the other hand, it must be remembered that there is a current application that the Committee has yet to determine and an imperative that the holding of an Inquiry should not be allowed to prejudice the outcome of that application. Moreover, the Committee has yet to see any evidence coming forward that would justify, as "matters of urgent public importance", the considerable expense and time involved in the holding of such an Inquiry.

On the basis of the above, the Committee does not wish to express a formal view as to whether a Tribunal of Inquiry should be held in this case, given the nature of the Requête. In the Committee's view, this is a matter upon which the Advisory and Finance Committee is best placed to advise the States.

Yours sincerely

Deputy J E Langlois
President

The States are asked to decide:-

XX.- Whether, after consideration of the Requête dated the 28th January, 2004, signed by Deputy M. M. Lowe and seven other Members of the States, they are of opinion:-

1. That it is expedient that a tribunal be established to inquire into exactly why (over and above that presented to the Court of Appeal) the Island Development Committee, acting as a responsible public body, was entitled on the information available to it to conclude that the proposed development was likely to comply with land use policies in the Rural Area Plan (Phase 2).

2. That it is expedient that the tribunal referred to in proposition 1. without prejudice to the generality of proposition 1. inquire into the full planning process in connection with Osprey's application for a preliminary declaration from 23rd September 2002 onwards.

3. That the matters referred to in propositions 1. and 2. are matters of urgent public importance.

4. To direct the States Advisory and Finance Committee to take all necessary steps for the establishment of such a tribunal under the Tribunals of Inquiry (Evidence) (Guernsey) Law, 1949, as amended.

REQUÊTE

CONSTRUCTION OF NEW AIRPORT TERMINAL BUILDING

TO THE PRESIDENT AND MEMBERS

OF THE STATES OF DELIBERATION

THE HUMBLE PETITION of the undersigned Members of the States of Deliberation **SHEWS THAT:**

1. A number of local firms have reported experiencing serious financial difficulties as a result of not being paid for works undertaken and/or services or materials supplied by them in connection with the construction of the new terminal building at the States Airport.

2. Your Petitioners understand that Concept Developments, which is the principal subcontractor to the States-appointed main contractor Hochtief, with which those local firms contracted and so which is responsible for making those payments has itself experienced financial problems and is in administration.

3. The construction of the new terminal building is a States project and, in the opinion of your Petitioners, the Board of Administration, together with those other States Committees responsible for the project, ought to have ensured that the project was to be carried out by solvent contractors.

THESE PREMISES CONSIDERED, your Petitioners pray that the States may be pleased to resolve as follows:-

A. To request the Public Accounts Committee (having taken advice from the Law Officers on the risk of prejudice to the States in any litigation or arbitration which may arise out of the project) to review, together with the States Treasurer, the process leading to the award by the States of the contract for construction of the new terminal building at the States Airport to Hochtief, with particular attention to the adequacy of any financial checks carried out on Hochtief on behalf of the States, and to report to the States thereon;

and

B. To request the Department of Commerce and Employment (having taken advice from the Law Officers on the legal consequences) to report to the States on the possible financial and commercial consequences to the States,

of the States inserting conditions into future construction contracts to be entered into by the States as follows

(i) requiring main contractors to carry out financial checks on sub contractors engaged by main contractors;

(ii) requiring main contractors to use written contractual conditions for all contracts entered into by main contractors with their sub contractors;

(iii) reserving to the States, in the absence of nominations, the right to make payments to sub contractors in the event of main contractors defaulting in making payments.

AND YOUR PETITIONERS WILL EVER PRAY

This 2nd day of February, 2004

E. W. WALTERS	L. R. GALLIENNE
S. EPHGRAVE	B. J. GABRIEL
J. M. BEAUGEARD	D. P. LE CHEMINANT
D. B. JONES	G. GUILLE

The President
States of Guernsey
Royal Court House
St Peter Port
Guernsey
GY1 2PB

12th February 2004

Dear Sir

I refer to the Requête dated 2 February 2004 addressed to you by Deputy Walters on the subject of the contracts for the development of the new Airport Terminal.

The Requête was forwarded for comment to the committees with responsibility for the subject matter, in this case the Board of Administration and the Board of Industry, and copies of their responses are attached.

Without necessarily concurring with views of the signatories as set out in the preamble to the Prayer of the Requête, the Advisory and Finance Committee would not oppose the undertaking of the reviews that are proposed. Individual members of the Committee have their own views on the necessity or otherwise to undertake various aspects of the reviews which they will express during debate and vote accordingly on the Prayer of the Requête.

Yours faithfully

W. M. BELL

Member
Advisory and Finance Committee

11 February 2004

The President
States Advisory and Finance Committee
Sir Charles Frossard House
La Charroterie
St Peter Port
Guernsey
GY1 1FH

Dear Deputy Morgan

GUERNSEY AIRPORT TERMINAL DEVELOPMENT

Thank you for your letter dated 05 February 2004, received in the Board's offices on 06 February 2004, which enclosed a copy of a Requête signed by Deputy Walters and other States Members.

The Board of Administration recognises the value of learning lessons from one project to be taken forward to future States' projects. However, it believes that the aims of the Requête are already satisfied by various reviews and reports that the Board understands have been commenced by the appropriate States' committees. The Board is happy to contribute to any such reviews and reports as required by those committees.

The Board wishes first to cover briefly the inaccuracies contained in the Requête.

In paragraph 2, Concept Developments (Wiltshire) Limited (hereinafter "Concept") is only one of a large number of sub-contractors for the Guernsey Airport Terminal Redevelopment Project and is, therefore, not the principal sub-contractor. Additionally, I should clarify that Concept has never been in the employ of the States itself. The JCT contract prevents the Client (the States) from dealing direct with the contractor's sub-contractors. There have been no disputes at any time in regard to monies paid to Hochtief (UK) Construction Limited (hereinafter "Hochtief") for properly measured works. All work which has been paid for has been checked by the Board's consultants as being correct.

In Paragraph 3, the Requête claims that the "*Board of Administration... ought to have ensured that the project was to be carried out by solvent contractors.*" The Board has no responsibility under the contract to carry out checks on whether or not sub-contractors are solvent. However, the Board understands that the main contractor carried out such checks on its sub-contractors, including Concept. The Board has in its possession, and has shown Deputy Walters and the other States Members who attended the Board's presentation on the Airport Terminal Development

project at the Grammar School on 04 February 2004, the extensive checks carried out by Hochtief into Concept, i.e:

1. Concept contacted Hochtief with a view to going onto Hochtief's supply chain;
2. Concept supplied a copy of its last year's accounts and also its company brochure;
3. Concept provided three job references which were checked by Hochtief;
4. The Project Manager for Hochtief visited a development which Concept was working on to check the quality of its work;
5. A bank reference was obtained from Concept's bank which confirmed that it could undertake a £2m contract;
6. An independent credit check was made;
7. Finally, an interview was held with a senior representative of Concept to confirm the company's suitability to go onto Hochtief's enquiry list.

With regard to Section A of the Requête, the Board has illustrated to the States Members who attended the Presentation the checks and advice given to it by its Project Team prior to the contract with Hochtief and also the financial checks system rigorously carried out by Hochtief on Concept, including the fact that it was Concept who applied to Hochtief for work not the other way around. The Project team recommended, to the Board, Hochtief as very experienced. Its accounts for the year 2000 showed: Turnover of £ 6.1Billion (€ 9.6 Billion); Balance Sheet value of £ 4.2 Billion (€ 6.6 Billion).

It has been explained in previous correspondence and in the States Members' presentation the systems now being adopted for States contracts that are already in use and proposed future systems.

With regard to Section B of the Requête which requests the Department for Commerce and Employment "*to report to the States on the possible financial and commercial consequences to the States, of the States inserting* [various] *conditions into future construction contracts to be entered into by the States...*", the Board is aware that consideration is already being given to the matters of construction contracts and procurement processes. As the Board understands it, the Board of Industry and the Advisory and Finance Committee's Estates Sub-Committee are carrying out those reviews. This would seem to render that latter part of the Requête entirely superfluous. Further, if the Board may venture an opinion in regard to the possibility of (B(iii)), "*reserving to the States, in the absence of nominations, the right to make payments to sub-contractors in the event of main contractors defaulting in making payments.*", it would say that such a clause would expose the States of Guernsey to multiple claims for the same element of work and difficult legal issues in the case of default by any main contractor. Further, it is unclear as to whether this clause (and the others detailed in the Requête) is intended to apply to sub-sub-contractors, in which case the matters would become so complicated as to render the contracts almost impossible to administer. At the presentation for States Members of 04 February 2004, the Strategic Property Advisor, Advisory and Finance Committee, informed those present that contractually the States and its departments could not include such a clause.

As stated in my letter of 12 November 2003 (as published in Billet d'État XXVIII 2003, pp 2608-2611), in answer to the earlier Requête from Deputy Walters *et al*, the Board has no objection in principle to any review of the processes concerning the award of contract in regard to the Guernsey Airport Terminal Redevelopment Project. That being said, the Board would still reiterate that Deputy Walters has already been provided with the facts of the case on a number of occasions, not least in my letter of 12 November 2003 and at the Presentation for States Members. I do not propose to reiterate those facts again here.

The Board of Administration considered at its meeting held on 06 January 2004, the possibility of holding a presentation for States Members on the Airport Terminal Development Project and agreed at its meeting held on 20 January 2004 that such a presentation definitely take place so as to explain all the contractual steps to States Members. That presentation was arranged for 04 February 2004. The Board was pleased that approximately half the Members were able to attend that presentation.

Members were shown the questions asked of prospective contractors (including Hochtief (UK) Construction Limited) in the Pre-Tender interviews of June 2001.

Additionally, Members were advised of:
the Hochtief Group Profile (from extracts of the Hochtief Group Annual Report 2000);
the requirement for a Parent Company Guarantee in regard to the Contract between the Board of Administration and Hochtief (UK) Construction Limited (hereinafter "Hochtief") for the Project;
the Sub-Contractor Warranty [which, in a standard clause for JCT contracts, states that the Client (States of Guernsey) is not responsible for the payment of monies to a Sub-Contractor (in this particular case, being Concept Developments (Wiltshire) Limited];
the checks on Concept Developments (Wiltshire) Limited (hereinafter "Concept) carried out by Hochtief as part of its standard procedures;
and the form of contract used for the Project (namely a JCT Standard Form of Building Contract 1998 Edition Local Authorities with Quantities (with Contractor's Designed Portion Supplement)).

The Strategic Property Unit's new guidelines for Tendering for Construction Contracts and Sustainability of the Local Construction Industry were outlined and explained to Members at that time. The Board was pleased that Members were able to ask questions of the Board and its consultants at that time. A number of misunderstandings seem to have been resolved.

Whilst the Board continues to be of the view that the Public Accounts Committee and the States Treasurer's time might be wasted by the conducting of a review of the process leading to the award of the contract for the construction of the new Airport Terminal at Guernsey Airport, as the process has already been explained to States Members. The Board would nevertheless co-operate fully if the States were to direct such a review to be undertaken. The Board would respectfully remind Deputy Walters that the issues have been covered a number of times and that such a review would not alter the situation.

I reiterate that the contract signed on 20 June 2002 between the Board and Hochtief included the requirement for a Parent Company Guarantee. Hochtief (UK) Construction Limited is a wholly owned subsidiary of Hochtief Construction AG. As stated in my letter of 12 November 2003, "*Hochtief AG has an excellent credit rating.*" and the Parent Company Guarantee brings, "*the security afforded by this very large European Company to the project.*" Additionally, as previously stated, at no stage has Hochtief's financial fitness been in question.

I repeat that the Board has been assured that Hochtief followed its own standard procedures, following contact from Concept. Hochtief's checks included following up three job references supplied by Concept; visiting a development on which Concept was working to check its quality of work; obtaining a satisfactory bank reference; arranging an independent credit check and interviewing a senior representative of the company. During the post-tender phase, a further negotiations meeting took place between Hochtief and Concept covering a range of issues. Only when Hochtief was fully satisfied that Concept met all its requirements was an order placed and the standard sub-contractors form of contract used.

As stated previously, the Board of Administration recognises the value of learning lessons from one project to be taken forward to future States' projects. However, it believes that the aims of the Requête are already satisfied by various reviews and reports that the Board understands have been commenced by the appropriate States' committees. The Board is happy to contribute to any such reviews and reports as required by those committees.

The Board appreciates the concern of the Members who have signed the Requête but unfortunately no Requêtes, investigations or States debates will produce money to pay local sub-contractors from the existing or future airport contracts.

If I can provide any further information or be of any further assistance in this regard, please do not hesitate to let me know.

Yours sincerely

R C Berry OBE
President

The President
Advisory and Finance Committee
Sir Charles Frossard House
La Charroterie
St Peter Port
Guernsey
GY1 1FH

11 February 2004

Dear Laurie

AIRPORT TERMINAL PROJECT – DEPUTY WALTERS REQUÊTE

The Board was able to support the wording in the original Requête with respect to Sections A and B. The Board has received the revised Requête and whilst it continues to support Section A, there is considerable concern with specific courses of action contained in Section B. The Board wishes to comment as follows.

The Board supports the principle of the Resolution expressed in A to request the Public Accounts Committee (having taken advice from the Law Officers on the risk of prejudice to the States in any litigation or arbitration which may arise out of the project) to review, together with the States Treasurer, the process leading to the award by the States of the contract for the construction of the new terminal buildings at the States Airport to Hochtief, with particular attention to the adequacy of any financial checks carried out on Hochtief on behalf of the States and to report to the States thereon.

However, with respect to Resolution B whilst the Board supports the request that the Department of Commerce and Employment (having taken advice from the Law Officers on the legal consequences) should report to the States on conditions for future construction contracts, its knowledge and experience of the industry leads it to express concerns as to the impact on the local construction industry and States contracts were the proposed conditions to be inserted into States contracts.

Specifically the Board's concerns are as follows with respect to the Resolutions:

(i) The Resolution requiring main contractors to carry out financial checks on sub-contractors engaged by the main contractor.

Recent experience including the financial difficulties of the appointed UK sub-contractor Concept on the Airport site have highlighted the importance of carrying out financial checks on off-Island sub-contractors by the main

contractor. However, it should also be borne in mind that many of the smaller sub-contract local businesses whilst trading on their good reputation and local knowledge may find it very difficult to comply with the required financial checks and credit references particularly when liquidity or cash flows are tight. The net effect of this proposal could therefore impact negatively upon the local construction industry with contractors being forced to work with larger off-Island firms more able to secure their trading risks and provide appropriate financial references.

(ii) Requiring main contractors to use written contractual conditions for all contracts entered into by main contractors with their sub-contractors.

The Board's own work has already highlighted the problems for sub-contractors entering into purely verbal contract arrangements with main contractors given the complexity and scale of the States Capital Programme. It supports the view that appropriate and balanced contractual terms between the main contractor and sub-contractor should be the basis of written contractual agreements. However, the Board is also aware that the culture and operating practices of many of the Island's sub-contractors are on a verbal and trust basis. Without the opportunity for education, understanding and appropriate forms of written agreement, this Resolution could result in sub-contractors signing forms of agreement which have been drafted by the main contractor's legal team and in which the sub-contractor does not really understand the risks and obligations being passed down to them in the written form. The Board's view is that a process of education and development is required in the industry. A programme for which the Board is actively supporting.

(iii) Reserving to the States in the absence of nominations, the right to make payments to sub-contractors in the event of main contractors defaulting in making payments.

The Board sees many problems for the States as the client in potentially becoming involved in direct payments to the sub-contractor. For example:

How will the States as a client know whether the sub-contractor has effectively fulfilled the terms and conditions of the work given that the States are not experts in construction contracts and will not have been immediately present overseeing all site works?

Could the States end up with the contractual risk of payment which rightly belongs with the main contractor?

How would the right to make payment to sub-contractors affect the liability of the States to litigation in the event of main contractors defaulting in making payment?

These are just some of the problems to the States of Guernsey if this Resolution were implemented and the Board believes that there are more

appropriate ways of protecting sub-contractors which would not expose the States to the same degree of contractual confusion and litigious risk.

Therefore, whilst the Board is supportive of requesting the Department of Commerce and Employment to report to the States on the Resolutions in section B of the Requête, it does so without wishing to imply its support for the specific actions and conditions required in section B. Its knowledge of the industry leads the Board to suggest that whilst well intentioned the results of the specific actions could be to the detriment of the local construction industry and the States contractual programme. The Board's support for section B of the Requête is therefore given in the knowledge that it will undertake a full investigation working with the Board of Industry/Advisory and Finance Joint Steering Group on Construction and the Law Officers upon which the Department will report back to the States of Guernsey.

Yours sincerely

John Roper
President

The States are asked to decide:-

.- Whether, after consideration of the Requête dated the 2nd February, 2004, signed by Deputy E. W. Walters and seven other Members of the States, they are of opinion:-

1. To request the Public Accounts Committee (having taken advice from the Law Officers on the risk of prejudice to the States in any litigation or arbitration which may arise out of the project) to review, together with the States Treasurer, the process leading to the award by the States of the contract for construction of the new terminal building at the States Airport to Hochtief, with particular attention to the adequacy of any financial checks carried out on Hochtief on behalf of the States, and to report to the States thereon.

2. To request the Department of Commerce and Employment (having taken advice from the Law Officers on the legal consequences) to report to the States on the possible financial and commercial consequences to the States, of the States inserting conditions into future construction contracts to be entered into by the States as follows

   (a) requiring main contractors to carry out financial checks on sub contractors engaged by main contractors;

   (b) requiring main contractors to use written contractual conditions for all contracts entered into by main contractors with their sub contractors;

   (c) reserving to the States, in the absence of nominations, the right to make payments to sub contractors in the event of main contractors defaulting in making payments.

STATUTORY INSTRUMENT LAID BEFORE THE STATES

THE SOCIAL INSURANCE (BENEFITS) (TRANSITIONAL) REGULATIONS, 2004

In pursuance of the provisions of section 117 of the Social Insurance (Guernsey) Law, 1978, as amended, I lay before you herewith the Social Insurance (Benefits) (Transitional) Regulations, 2004, made by the Guernsey Social Security Authority on the 4th February, 2004.

EXPLANATORY NOTE

These regulations provide, following the introduction of the Authority's proposals for gender equality in social insurance:

(a) for the limited continuation of the payment of increases for dependants for industrial injury, invalidity, sickness and unemployment benefits;

(b) the technical mechanism for the enhancement of the contribution records of women who were married, widowed or divorced at the end of 2003, for the purposes of their eventual entitlement to old age pension, or their husband's entitlement to a survivor's benefit in the event of their death;

(c) for the continuation of certain important provisions conferring entitlement to benefits from contributions paid prior to the first Social Insurance Law.

The original regulations having been annulled by resolution of the States on 29th January 2004, they are reissued with an amendment to Regulation 6 which reflects the will of the States. This amendment extends by twelve months the time available in which women whose marriages had ended before 1st January, 2004 could improve their potential entitlement to an old age pension by obtaining a divorce before the commencement of the Authority's reforms.

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

The Royal Court House,
Guernsey.

The 20th February, 2004.

IN THE STATES OF THE ISLAND OF GUERNSEY

ON THE 10TH DAY OF MARCH, 2004

The States resolved as follows concerning Billet d'État No. III
dated 20th February, 2004

PROJET DE LOI

entitled

THE ENVIRONMENTAL POLLUTION (GUERNSEY) LAW, 2004

I. To approve, subject to the following amendments, the Projet de Loi entitled "The Environmental Pollution (Guernsey) Law, 2004", and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

AMENDMENTS

1. In item 1. of the Arrangements of Sections the word "Purpose" was deleted and replaced by the word "Purposes".

2. In clause 25 (1)(b) the words "point of law" were deleted and replaced by the words "question of law".

3. In the headnote to clause 27 the words "points of law" were deleted and replaced by the words "questions of law".

PROJET DE LOI

entitled

THE SOCIAL INSURANCE (GUERNSEY) (AMENDMENT) LAW, 2004

II. To approve the Projet de Loi entitled "The Social Insurance (Guernsey) (Amendment) Law, 2004", and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

THE POLICE POWERS AND CRIMINAL EVIDENCE (BAILIWICK OF GUERNSEY) LAW, 2003 (COMMENCEMENT) ORDINANCE, 2004

III. To approve the draft Ordinance entitled "The Police Powers and Criminal Evidence (Bailiwick of Guernsey) Law, 2003 (Commencement) Ordinance, 2004", and to direct that the same shall have effect as an Ordinance of the States.

THE BAIL (BAILIWICK OF GUERNSEY) LAW, 2003 (COMMENCEMENT) ORDINANCE, 2004

IV. To approve the draft Ordinance entitled "The Bail (Bailiwick of Guernsey) Law, 2003 (Commencement) Ordinance, 2004", and to direct that the same shall have effect as an Ordinance of the States.

THE MACHINERY OF GOVERNMENT (TRANSFER OF FUNCTIONS) (GUERNSEY) ORDINANCE, 2003 (COMMENCEMENT) ORDINANCE, 2004

V. On the application of H.M. Procureur, TO GRANT LEAVE TO WITHDRAW the draft Ordinance entitled "The Machinery of Government (Transfer of Functions) (Guernsey) Ordinance, 2003 (Commencement) Ordinance, 2004".

THE NOTICE OF SMOKING IN PUBLIC PLACES ORDINANCE, 2004

VI. To approve the draft Ordinance entitled "The Notice of Smoking in Public Places Ordinance, 2004", and to direct that the same shall have effect as an Ordinance of the States.

THE SALE OF TOBACCO (AMENDMENT) ORDINANCE, 2004

VII. To approve the draft Ordinance entitled "The Sale of Tobacco (Amendment) Ordinance, 2004", and to direct that the same shall have effect as an Ordinance of the States.

THE EDUCATION (SCHOOLS COMMITTEES) (AMENDMENT) (GUERNSEY) ORDINANCE, 2004

VIII. To approve the draft Ordinance entitled "The Education (Schools Committees) (Amendment) (Guernsey) Ordinance, 2004", and to direct that the same shall have effect as an Ordinance of the States.

THE HOUSING (CONTROL OF OCCUPATION) (EXTENSION) ORDINANCE, 2004

IX. To approve the draft Ordinance entitled "The Housing (Control of Occupation) (Extension) Ordinance, 2004", and to direct that the same shall have effect as an Ordinance of the States.

THE HEALTH SERVICE (BENEFIT) (LIMITED LISTS) ORDINANCE, 2004

X. To approve the draft Ordinance entitled "The Health Service (Benefit) (Limited Lists) Ordinance, 2004", and to direct that the same shall have effect as an Ordinance of the States.

STATES ADVISORY AND FINANCE COMMITTEE

THE PUBLIC TRUSTEE

XI. After consideration of the Report dated the 5th February, 2004, of the StatesAdvisory and Finance Committee:-

To appoint Mr. David Peter Trestain as Public Trustee for a period of five years.

STATES BOARD OF ADMINISTRATION

THE BOATS AND VESSELS (REGISTRATION, SPEED LIMITS AND ABATEMENT OF NOISE) ORDINANCE, 1970, AS AMENDED

XII. After consideration of the Report dated the 9th January, 2004, of the States Board of Administration:-

1(1) To approve the amendments to the Boats and Vessels (Registration, Speed Limits and Abatement of Noise) Ordinance, 1970, as set out in Part 1 of that Report.

(2) To direct the preparation of a new map in respect of Herm and Jethou defining the coastal restricted zones as amended.

2. To approve the amendments to the Boats and Vessels (Registration, Speed Limits and Abatement of Noise) Ordinance, 1970, as set out in Part 2 of that Report.

3. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

STATES BOARD OF HEALTH

PARKING AT THE PRINCESS ELIZABETH HOSPITAL
RESOLUTION OF IMPASSE BETWEEN THE BOARD OF HEALTH AND THE ISLAND DEVELOPMENT COMMITTEE

XIII. After consideration of the Report dated the 4th February, 2004, of the States Board of Health:-

1. To approve the States Board of Health's proposal to build an above ground car park at La Corbinerie, as detailed in that Report, at a total cost not exceeding £800,000.

2. To authorise the States Advisory and Finance Committee to approve the acceptance of all tenders in connection with this project and to approve a capital vote, not exceeding £800,000, such sum to be charged to the capital allocation of the States Board of Health.

3. To authorise the States Advisory and Finance Committee to transfer an appropriate sum from the Capital Reserve to the capital allocation of the States Board of Health in respect of this project.

IN THE STATES OF THE ISLAND OF GUERNSEY

ON THE 11TH DAY OF MARCH, 2004

(Meeting adjourned from 10th March, 2004)

The States resolved as follows concerning Billet d'État No. III
dated 20th February, 2004

STATES HOUSING AUTHORITY

SCHEMES FOR THE PROVISION OF AFFORDABLE HOUSING:
OPERATIONAL AND FUNDING ARRANGEMENTS

XIV. After consideration of the Report dated the 5th February, 2004, of the States Housing Authority, they are of opinion:-

1. To approve the introduction of a Partial Ownership scheme, the principles of which are as set out in paragraphs 32 – 53 and Appendix 4 of that Report.

2. That a housing association or any other body may operate a scheme of Partial Ownership based on these principles, subject to them being approved to do so by the Housing Department.

3. Subject to the approval of the Policy Council, to authorise the Housing Department, in the circumstances set out in paragraphs 54 - 64 of that Report, to support any funding shortfalls suffered by a housing association or any other approved provider that have arisen specifically through reductions in the equity owned by successive owners or through the recovery of partially owned dwellings by the scheme provider; via the additional grant funding from the States Housing Association Fund.

4. To direct the Treasury and Resources Department to take due account of the funding requirements of the scheme when recommending additional capital allocations in 2004 and in subsequent years, subject to affordability, availability of funds and prioritisation.

5. To direct that the Housing Department investigate and report back to the States, as soon as possible, with proposals for an Assisted Purchase scheme along the lines of that set out in paragraphs 25 - 31 and Appendix 3 of that Report, having first considered the relationship between such a scheme and the existing States Home Loans scheme.

6. To direct that the States Housing Authority, and from May 2004 the Housing Department, continue investigations into the feasibility of a Self Build Scheme for Guernsey, and report to the States as soon as possible, but not later than their meeting in March 2005.

7. That the investigations and reports into Assisted Purchase and Self Build be included in the 2004/2005 Action Plans for the Corporate Housing Programme.

STATES BOARD OF INDUSTRY AND STATES EDUCATION COUNCIL

GUERNSEY TRAINING AGENCY – FUTURE FUNDING

XV. After consideration of the Joint Report dated the 27th January, 2004, of the States Board of Industry and States Education Council:-

1. To direct the States Advisory and Finance Committee (and subsequently the Treasury and Resources Department) to take account of the annual grant to the Guernsey Training Agency when recommending to the States, Revenue Allocations for the Commerce and Employment Department for 2005 onwards.

2. To agree that the States Education Council and States Board of Industry (and subsequently the Education Department and Commerce and Employment Department) shall determine how best to develop a comprehensive training policy for the Island that clearly defines the roles of the various providers.

3. To request that the Board of the Guernsey Training Agency undertake a review every three years of the work of the Agency by an external assessor; the report to be submitted to the Commerce and Employment Department and published as an Appendix to the Billet for information.

4. To endorse the working relationship between the Guernsey Training Agency and the Guernsey College of Further Education as set out in the agreed Strategic Alliance.

STATES INCOME TAX AUTHORITY

PENSION ARRANGEMENTS – INCOME TAX LEGISLATION

XVI. After consideration of the Report dated the 28th January, 2004, of the States Incomer Tax Authority:-

1. That the Income Tax (Guernsey) Law, 1975, as amended, shall be further amended as set out in that Report.

2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

STATES TRANSPORT BOARD

GUERNSEY AIR TRANSPORT LICENSING – POLICY STATEMENT

XVII. After consideration of the Report dated the 5th February, 2004, of the States Transport Board:-

To approve the revised Policy Statement as appended to that Report concerning the licensing of Guernsey Air Transport Services.

STATES OVERSEAS AID COMMITTEE

ARRANGEMENTS FOR THE DISTRIBUTION OF OVERSEAS AID

XVIII. After consideration of the Report dated the 30th January, 2004, of the States Overseas Aid Committee:-

1. To establish a Guernsey Overseas Aid Commission, to operate under the new machinery of government, as set out in paragraph 36 of that Report.

2. That that Commission shall operate within policy guidelines set by the Policy Council having regard to recommendations from the Commission.

3. (1) To include in the budget of the Commission an annual amount for the purposes of providing aid in respect of specific emergency disasters;

(2) that any part of this budget, which is not used by the end of the year in respect of which it is allocated, shall be retained for use by the Commission;

(3) to rescind Resolution 11 of 15 July 1999.

4. To agree that the Policy Council shall provide administrative support to the Commission on request.

REQUÊTE

SPEECH AND LANGUAGE THERAPY SERVICES

XIX. After consideration of the Requête dated the 8th January, 2004, signed by Deputy P. L. Derham and six other Members of the States:-

To direct the States Board of Health or its successor Department to report to the States as soon as may be, and in any case in not more than six months, on its

(a) short-term plans for the provision of speech and language therapy for adults and children, and
(b) long-term plans for the provision of speech and language therapy for adults and children.

IN THE STATES OF THE ISLAND OF GUERNSEY

ON THE 12TH DAY OF MARCH, 2004

(Meeting adjourned from 11th March, 2004)

The States resolved as follows concerning Billet d'État No. III
dated 20th February, 2004

REQUÊTE

TRIBUNAL OF INQUIRY: ISLAND DEVELOPMENT COMMITTEE
ISSUE OF PRELIMINARY DECLARATION AND COURT OF APPEAL JUDGMENT

XX. After consideration of the Requête dated the 28th January, 2004, signed by Deputy M. M. Lowe and seven other Members of the States:-

TO NEGATIVE THE PROPOSITION that it is expedient that a tribunal be established to inquire into exactly why (over and above that presented to the Court of Appeal) the Island Development Committee, acting as a responsible public body, was entitled on the information available to it to conclude that the proposed development was likely to comply with land use policies in the Rural Area Plan (Phase 2).

REQUÊTE

CONSTRUCTION OF NEW AIRPORT TERMINAL BUILDING

XXI. After consideration of the Requête dated the 2nd February, 2004, signed by Deputy E. W. Walters and seven other Members of the States:-

1. To request the Public Accounts Committee (having taken advice from the Law Officers on the risk of prejudice to the States in any litigation or arbitration which may arise out of the project) to review, together with the States Treasurer, the process leading to the award by the States of the contract for construction of the new terminal building at the States Airport to Hochtief, with particular attention to the adequacy of any financial checks carried out on Hochtief on behalf of the States, and to report to the States thereon.

2. TO NEGATIVE THE PROPOSITION to request the Department of Commerce and Employment (having taken advice from the Law Officers on the legal consequences) to report to the States on the possible financial and commercial consequences to the States, of the States inserting a condition into future construction contracts to be entered into by the States such as to require main contractors to carry out financial checks on sub contractors engaged by main contractors.

3. TO NEGATIVE THE PROPOSITION to request the Department of Commerce and Employment (having taken advice from the Law Officers on the legal consequences) to report to the States on the possible financial and commercial consequences to the States, of the States inserting a condition

into future construction contracts to be entered into by the States such as to require main contractors to use written contractual conditions for all contracts entered into by main contractors with their sub contractors.

4. TO NEGATIVE THE PROPOSITION to request the Department of Commerce and Employment (having taken advice from the Law Officers on the legal consequences) to report to the States on the possible financial and commercial consequences to the States, of the States inserting a condition into future construction contracts to be entered into by the States such as to reserve to the States, in the absence of nominations, the right to make payments to sub contractors in the event of main contractors defaulting in making payments.

STATUTORY INSTRUMENT LAID BEFORE THE STATES

THE SOCIAL INSURANCE (BENEFITS) (TRANSITIONAL) REGULATIONS, 2004

In pursuance of the provisions of section 117 of the Social Insurance (Guernsey) Law, 1978, as amended, the Social Insurance (Benefits) (Transitional) Regulations, 2004, made by the Guernsey Social Security Authority on the 4th February, 2004 were laid before the States.

D. R. DOREY
HER MAJESTY'S DEPUTY GREFFIER