



BILLET D'ÉTAT

WEDNESDAY, 27th SEPTEMBER, 2017

XVIII
2017

ELECTIONS AND APPOINTMENTS

1. Policy & Resources Committee – Tax on Real Property Appeals Panel – Appointment of a New Chairman, New Deputy Chairman and Three New Members, P. 2017/72
2. Committee *for the Environment & Infrastructure* – Planning Panel – Appointment of an Ordinary Member, P. 2017/76
3. Election of a Member of the Elizabeth College Board of Directors, P. 2017/67

Appointment Laid Before the States

Appointment of Chairman and Ordinary Members of the Guernsey Banking Deposit Compensation Board

LEGISLATIVE BUSINESS

Legislation Laid Before the States

The Transfer of Funds (Guernsey) Ordinance, 2017
The Criminal Justice (Review of Notification Requirements) (Bailiwick of Guernsey) Regulations, 2017
The Air Navigation (Air Transport Licensing Laws) (AOC Amendment) (Bailiwick of Guernsey) Regulations, 2017

CONTINUED OVERLEAF

The Public Transport (Fees) (Guernsey) Regulations, 2017
The Air Navigation (Bailiwick of Guernsey) (Single European Rules of the Air) (Preliminary) Regulations, 2017
The Air Navigation (Bailiwick of Guernsey) (Single European Rules of the Air) Regulations, 2017
The Health Service (Benefit) (Limited List) (Pharmaceutical Benefit) (Amendment) Regulations, 2017
The Financial Services Commission (Bailiwick of Guernsey) (Amendment) Regulations, 2017
The Financial Services Commission (Regulatory Laws) (Bailiwick of Guernsey) (Amendment) Regulations, 2017

Legislation for Approval

4. Committee *for* Economic Development - The Electronic Transactions (Cheque Imaging) (Guernsey) Ordinance, 2017, P. 2017/73
5. Committee *for* Employment & Social Security - The Health Service (Approved Prescribers) Ordinance, 2017, P. 2017/74
6. Committee *for* Home Affairs - The Firearms and Weapons (Guernsey) Ordinance, 2017, P. 2017/75

OTHER BUSINESS

7. Policy & Resources Committee – The Guernsey Financial Services Commission: 2016 Annual Report and Accounts, P. 2017/66
8. Committee *for* Economic Development - Guernsey Banking Deposit Compensation Scheme Availability of States' Loan Facility, P. 2017/68
9. Committee *for* Education, Sport & Culture - The Role of the Grant-aided Colleges and their Future Funding Arrangements, P. 2017/70
10. States' Assembly & Constitution Committee - Dates of States' Meetings - 2018-2019, P. 2017/71
11. Committee *for the* Environment & Infrastructure - Proposals for the Partial Removal of the Anti-Tank Wall in the Eastern Part of L'Ancrese Bay and the managed Re-Alignment of the Coastline in this Area, P. 2017/77
12. Requête - Proposed Removal of 200 Metre Section of Anti-Tank Wall at Eastern End of Pembroke Bay/L'Ancrese, P. 2017/65
13. Schedule for future States' business, P. 2017/78

APPENDICES

1. Channel Islands Lottery – 2016 Report and Accounts
2. The Ladies' College Annual Report 2015-2016
3. Bailiwick Drug and Alcohol Strategy Annual Report 2015 & 2016
4. Defects Liability Insurance
5. Record of Members Attendance at Meetings of the States of Deliberation and Committees – 6 months ending 30th April, 2017
6. Planning Panel Annual Report 2016

BILLET D'ÉTAT

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

I hereby give notice that a Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE**, on **WEDNESDAY**, the **27th September, 2017** at **9.30 a.m.**, to consider the items listed in this Billet d'État which have been submitted for debate.

R. J. COLLAS
Bailiff and Presiding Officer

The Royal Court House
Guernsey

7th September, 2017

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

POLICY & RESOURCES COMMITTEE

TAX ON REAL PROPERTY APPEALS PANEL - APPOINTMENT OF A NEW CHAIRMAN, NEW
DEPUTY CHAIRMAN AND THREE NEW MEMBERS

The States are asked to decide:-

Whether, after consideration of the policy letter entitled "Tax on Real Property Appeals Panel - Appointment of a New Chairman, New Deputy Chairman and Three New Members" dated 18th August 2017, they are of the opinion:-

1. To note the vacancies left by Mrs Caroline Latham FRICS (Chairman), Sir de Vic Carey (Member), Mrs Sheelagh Evans MRICS (Member) and Mr Harry Gold (Member) from the Tax on Real Property Appeals Panel.
2. To designate Mr John Martyn Weir FRICS as the Chairman of the Tax on Real Property Appeals Panel.
3. To designate Miss Julia Anne Springett White as the deputy Chairman of the Tax on Real Property Appeals Panel.
4. To designate Mrs Zannette Bougourd as an additional member of the Tax on Real Property Appeals Panel.
5. To designate Mrs Audrey Mary Branch as an additional member of the Tax on Real Property Appeals Panel.
6. To designate Miss Thalia El Chammah as an additional member of the Tax on Real Property Appeals Panel.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

POLICY & RESOURCES COMMITTEE

TAX ON REAL PROPERTY APPEALS PANEL - APPOINTMENT OF A NEW CHAIRMAN, NEW
DEPUTY CHAIRMAN AND THREE NEW MEMBERS

The Presiding Officer
States of Guernsey
Royal Court
St Peter Port

18th August, 2017

Dear Sir

1. Executive Summary

1.1 The purpose of this policy letter is to ask the States:

- To note the vacancies left by Mrs Caroline Latham FRICS (Chairman), Sir de Vic Carey (Member), Mrs Sheelagh Mason MRICS (Member) and Mr Harry Gold (Member) from the Tax on Real Property Appeals Panel.
- To appoint Mr John Martyn Weir FRICS as the Chairman of the Tax on Real Property Appeals Panel.
- To appoint Miss Julia White as the deputy Chairman of the Tax on Real Property Appeals Panel.
- To appoint Mrs Zannette Bougourd, Mrs Audrey Branch and Mrs Thalia El Chamamah as new members of the Tax on Real Property Appeals Panel.

2. Background

2.1 The Tax on Real Property Appeals Panel (“the Panel”) was first established in June 2008 as an independent body to hear and determine appeals in relation to Tax on Real Property (“TRP”) made in accordance with the Taxation of Real Property (Guernsey and Alderney) Ordinance, 2007 (“the Ordinance”). Subject to a number of conditions set out in the Ordinance, property owners in Guernsey and Alderney who are aggrieved by a decision of the Cadastre Department may formally appeal against that decision to the Panel. A Tribunal is then established, consisting of three members of the Panel, to hear and determine the appeal.

- 2.2 Section 22 of the Ordinance established the Tax on Real Property Appeals Panel, which is drawn up and maintained by the States, upon the recommendation of the Policy & Resources Committee (formerly the Treasury and Resources Department). From this Panel, the States must also designate a Chairman and deputy Chairman.
- 2.3 Most recently, at its meeting in May 2015 (Billet d'État IX 2015), the States approved the appointment of Mrs Caroline Latham FRICS as the Chairman and Mr John Weir FRICS as the deputy Chairman of the Panel. This was in addition to the 7 ordinary members, namely Sir de Vic Carey (appointed 2013), Mr Harry Gold (appointed 2013), Mr Eric Legg (appointed 2008), Mr Martin Johnson (appointed 2008), Mr Boyd Kelly (appointed 2013), Mrs Shelagh Mason (appointed 2013), and Miss Julia White (appointed 2013). This made 9 members in total.
- 2.4 During the following two year period a number of panel members left for varying reasons. In 2015 Sir de Vic Carey resigned. This was followed, in early/mid-2016, by Mrs Evans and then Mr Gold resigning. The workload of the Panel was low during this period and it was decided not to recommend filling the vacancies immediately, temporarily reducing the total number of members to 6. In late 2016 the Chairman sadly passed away. This further reduced the total number of Panel members to 5 and left the role of Chairman vacant.
- 2.5 At this point the Policy & Resources Committee would like to put on record again its thanks to all the former members of the Tax on Real Property Appeals Panel for their hard work and commitment. It is due to the ethos of public service displayed by the former, and current, members that so much good work is done for the benefit of Guernsey.

3 Appointment of Additional Members

- 3.1 The Panel met in early 2017 and, given the limited number of active members, it expressed concern that it could find it difficult to hear all appeals in a timely manner and that there could be difficulty in managing those appeals where Panel members were conflicted from taking part. The Panel therefore recommended that one or more new members be appointed in order to increase the current membership group from five to six plus.
- 3.2 The Policy & Resources Committee advertised for new Tax on Real Property Appeals Appeals Panel members in May 2017. The advertisement was placed in partnership with the Committee *for the* Environment & Infrastructure, which was seeking a new Planning Panel member, and the Committee *for* Employment & Social Security, which was seeking to appoint a new member to the Social Insurance Tribunals.
- 3.3 The advertisement and associated media release attracted eleven applications. Initial shortlisting led to five candidates being interviewed. The assessment was made against the key criteria for Panel members which formed part of the application

pack, in addition to the applicants' skills/experience, and their performance at interview. The outcome is that a maximum three candidates are being recommended for appointment to the Panel. This recognises the good quality of the applications received and the valuable range of knowledge and skills that it is anticipated the recommended candidates will contribute to the Panel.

3.4 The Policy & Resources Committee is therefore seeking the agreement of the States of Deliberation to designate Mrs Zannette Bougourd, Mrs Audrey Branch and Mrs Thalia El Chammah as new members of the Panel. Appendix 1 lists in summary the curriculum vitae of the recommended candidates.

4 Appointment of Chairman and deputy Chairman

4.1 The sad death of Mrs Latham in 2016 has left a vacancy for the role of Chairman of the Panel.

4.2 The Committee wishes to publicly express its gratitude for all Mrs Latham's hard work, both as a member and Chairman of the Panel, since its inception. She was not afraid of change, championed best practice and pushed for continual improvement. Furthermore, she helped to establish the Panel as a fair and accessible appellate body for those people who disagree with a TRP decision. It is through the goodwill and commitment of experienced and skilled people such as Mrs Latham that the people of Guernsey and Alderney benefit from an independent appeals system that works well and is so cost-effective.

4.3 The current deputy Chairman – Mr John Weir – has been fulfilling the responsibilities of the Chairman role on a temporary basis.

4.4 The Committee invited expressions of interest from the Panel's current members regarding the vacant Chairman's position, and also the deputy Chairman should that position as a consequence fall vacant.

4.5 After careful consideration of the expressions of interest received and interviews with the three applicants, the Committee is recommending that Mr John Weir be appointed as the Chairman of the Panel and Miss Julia White be appointed as deputy Chairman of the Panel. Appendix 2 lists - in summary form – the curriculum vitae of the recommended candidates.

5. Recommendations

5.1 The Policy & Resources Committee therefore recommends the States:

- To note the vacancies left by Mrs Caroline Latham FRICS (Chairman), Sir de Vic Carey (Member), Mrs Sheelagh Mason MRICS (Member) and Mr Harry Gold (Member) from the Tax on Real Property Appeals Panel.

- To appoint Mr John Martyn Weir FRICS as Chairman of the Tax on Real Property Appeals Panel.
- To appoint Miss Julia Anne Springett White as deputy Chairman of the Tax on Real Property Appeals Panel.
- To appoint Mrs Zannette Bougourd, Mrs Audrey Mary Branch and Mrs Thalia El Chammah as new members of the Tax on Real Property Appeals Panel.

5.2 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions accompanying this policy letter are supported unanimously by the Policy & Resources Committee.

Yours faithfully

G A St Pier
President

L S Trott
Vice-President

A H Brouard
J P Le Tocq
T J Stephens

APPENDIX 1

TAX ON REAL PROPERTY APPEALS PANEL – CANDIDATE PROFILES FOR NEW MEMBERS

Summary Curriculum Vitae for Mrs Zannette Bougourd

Mrs Zannette Bougourd currently works part time as a property manager.

Mrs Bougourd has twenty years' experience as an estate agent and property manager and has also held the positions of company director and company secretary. Her experience includes being a project manager, property valuer, and auctioneer. She was also employed for nineteen years as a State Registered Nurse.

Her professional memberships include membership of the Property Ombudsman.

Her qualifications include States Registered Nurse.

Summary Curriculum Vitae for Mrs Audrey Mary Branch

Mrs Audrey Mary Branch is a regulatory risk consultant.

Mrs Branch has significant experience in the finance sector – particularly in regulation. From 1994-2015 she was employed by the Guernsey Financial Services Commission in various roles, including Deputy Director of Banking and Deputy Director of Fiduciary Policy and Supervision. As well as ensuring that financial services businesses in Guernsey were conducting business in compliance with applicable legislation and rules, she also had oversight of staff and policy development. She also has finance industry experience having worked for Barclays, HSBC, Coutts Guernsey Ltd, and CIBC (CI) Ltd.

Her professional memberships include Chartered Fellow of the Chartered Institute for Securities and Investment, Associate Membership of the Institute of Chartered Secretaries and Administrators and she is a member of the Honourable Society of the Inner Temple.

Her qualifications include: MSc in Corporate Governance, Postgraduate Diploma in Law and the Bar Vocational Course.

Summary Curriculum Vitae for Mrs Thalia El Chammah

Mrs Thalia El Chammah is currently self-employed.

Mrs El Chammah has run her own companies in the area of business intelligence in both the United Kingdom and in Guernsey. The services she provides cover corporate investigations and risk analysis and require in-depth knowledge of administrative and legal issues, including local tax rules and legislative frameworks/regulations. In addition to Guernsey she covers Europe, Middle East and Africa (EMEA) jurisdictions. She has experience of conducting criminal and fraud investigations and working in partnership with lawyers/legal firms.

Her qualifications include: MA in International Security Policy and a BA in European Studies with international diploma. She has also taken courses in law at King's College London and Sciences Po Paris in EU Law and International Law.

APPENDIX 2

TAX ON REAL PROPERTY APPEALS PANEL – CANDIDATE PROFILES FOR NEW CHAIRMAN AND NEW DEPUTY CHAIRMAN

Curriculum Vitae for Mr John Martyn Weir

Mr John Weir is a retired Chartered Surveyor, who lives in Alderney.

Mr Weir has been the manager and company secretary for the Alderney Housing Association (2011-2016) where he set up and ran, on a part time basis, the Alderney Housing Association and dealt with tenants, repairs, rebuilds and refurbishments. He was a Real Estate Executive with BP London where he provided advice on strategy and implementation on global real estate assets. Prior to that he was the Director and Group Property Manager for United News and Media Property Investments Ltd, London. His earlier property experience included working for Siemens in the United Kingdom and Managing Director of Plessey Properties looking after their worldwide property interests.

His professional memberships include: Fellow (Retired) of the Royal Institution of Chartered Surveyors and Member of CoreNet Global where he helped evaluate the future of Corporate Real Estate.

Mr Weir has been: a member of the Tax on Real Property Appeals Panel since 2008 and deputy Chairman since 2015; a member of the Planning Appeals Panel in Guernsey since 2009; and a member of the Housing Appeals Tribunal in Guernsey since 2015.

Curriculum Vitae for Miss Julia Anne Springett White

Miss White is a qualified English Barrister and Guernsey Advocate, employed on consultancy basis with ABT Advocates, having retired from private practice in 2016.

Miss White has been an Advocate in the Litigation and Property Departments at Carey Olsen practising particularly in local civil and land law matters, public law (planning, housing and human rights) and also criminal defence work.

Her qualifications include a BA Law & Politics.

Miss White has been a member of the Tax on Real Property Appeals Panel since 2013. She has extensive experience of Tribunal work. She has been Chairman of the Social Insurance Appeal Tribunals since March 2017; a member of the Planning Panel since September 2011; and a member of the Guernsey Tax Tribunal since 2011 – appointed as Vice President in 2014.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE FOR THE ENVIRONMENT & INFRASTRUCTURE

PLANNING PANEL - APPOINTMENT OF AN ORDINARY MEMBER

The States are asked to decide:-

Whether, after consideration of the Policy Letter entitled "Planning Panel – Appointment of an Ordinary Member" dated 4th August 2017, they are of the opinion:-

- (a) To elect Advocate Mark Gideon Andrew Dunster as an Ordinary Member of the Planning Panel with effect from 1st October 2017 to hold office for the unexpired portion of Mr. Patrick Russell's term until 31st March 2021; and
- (b) To note the appointment of Mrs. Victoria Anne Russel as a "Reserve Member" of the Planning Panel.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

COMMITTEE *for the* ENVIRONMENT & INFRASTRUCTURE

PLANNING PANEL – APPOINTMENT OF AN ORDINARY MEMBER

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

4th August 2017

Dear Sir

1. Executive Summary

1.1 The purpose of this Policy Letter is to ask the States to:

- a) Elect Mark Gideon Andrew Dunster as an Ordinary Member of the Planning Panel (“the Panel”); and
- b) Note the appointment of Victoria Anne Russell as a Reserve Member of the Panel.

2. Background

2.1 The Land Planning and Development (Guernsey) Law, 2005 (“the 2005 Law”) came into force on 6th April 2009. Section 86 of the 2005 Law explains the requirements for establishing the Planning Panel:

Establishment of Planning Panel.

86. (1) *The States shall, on the recommendation of the Committee for the Environment & Infrastructure, draw up and maintain a panel to be called the Planning Panel which shall consist of nine independent persons and from which the members of the Planning Tribunal shall, from time to time, be appointed.*

(2) *A recommendation of the Committee for the Environment & Infrastructure under subsection (1) may be amended by resolution of the States to the intent that persons other than those recommended by the Committee for the Environment & Infrastructure may be elected to the Planning Panel.*

- (3) *Of the members of the Planning Panel –*
 - (a) *not less than four shall be permanently resident within the Channel Islands,*
 - (b) *not less than two, who shall be designated by States' resolution as the “**professional members**”, shall be persons with such qualifications and experience in planning matters as in the opinion of the States is necessary for the hearing and determination of appeals to the Planning Tribunal,*
 - (c) *one shall be designated by States' resolution as the Chairman of the Planning Panel, and*
 - (d) *one shall be designated by States' resolution as the Deputy Chairman thereof.*
- (4) *The members of the Planning Panel shall, subject to the provisions of subsection (5), hold office for a term of six years, and a person may be elected for more than one term of office.*

Such appointments must be made by the States upon the recommendation of the Committee *for the Environment & Infrastructure*.

2.2 Under the provisions of Section 4 of the Land Planning and Development (Appeals) Ordinance, 2007, the following individuals are precluded from serving as a member of the Panel:

- (a) a Member of the States of Deliberation within the meaning of the Reform (Guernsey) Law, 1948;
- (b) an employee of the States who is employed by the States within the Development & Planning Authority, a member of the Authority or a person who carries out work for, or provides services to the Authority in relation to any functions of the Authority under the 2005 Law or the repealed enactments¹,
- (c) a member of the Strategic Land Planning Group;
- (d) a person who holds appointment to any judicial office in Guernsey; or
- (e) any person who has been such a person at any time within the period of two years ending on the date of the proposed election.

2.3 In March 2017, Mr. Russell resigned from the Panel. At this stage, the Committee *for the Environment & Infrastructure* agreed to advertise for a new member to replace Mr. Russell.

2.4 The Committee *for the Environment & Infrastructure* advertised for new Panel members in May 2017. The advertisement was placed in partnership with the

¹ This refers to the previous planning legislation. The reference was relevant when the current legislation first came into force as work was being carried out under the former legislation as part of transitional arrangements.

Policy & Resources Committee which was seeking to appoint new members to the Tax on Real Property Appeal Tribunal and the Committee *for* Employment & Social Security which was seeking to appoint a new member to the Social Insurance Tribunals.

2.5 The advertisement attracted a good number of candidates and initial shortlisting was carried out by the Planning Panel's Chairman and Vice-Chairman. The assessment was made against the key criteria for Tribunal members and the applicants' knowledge of planning matters.

2.6 The shortlisting was reviewed by the Committee *for the* Environment & Infrastructure and four candidates were called for interview. Appendix 1 sets out the key criteria the candidates were scored against.

3. Election of Planning Panel Members

3.1 Following the interviews, the Committee agreed to recommend to the States of Deliberation the election of Advocate Mark Dunster as an Ordinary member of the Panel with effect from 1st October 2017 to hold office for the unexpired portion of Mr. Russell's term until 31st March 2021.

3.2 Advocate Dunster was called to the Guernsey Bar in 1997 and is currently a managing partner at Carey Olsen. He specialises in litigation, compliance and financial regulatory matters. His full CV is set out at Appendix 2.

3.3 Further, the Committee has agreed to appoint Mrs. Victoria Russell as a Reserve Member of the Panel.

3.4 The role of Reserve Member enables the Panel to train prospective members in all matters relating to the Panel's work. Reserve Members attend all training sessions and general meetings of the Panel and have the opportunity of sitting as observers at appeal hearings. In this way, they gain a full understanding of how the Panel discharges its responsibilities under the Land Planning and Development (Guernsey) Law, 2005 and so, when a vacancy arises on the Panel, are able, subject to appointment by the States of Deliberation, to fill the vacancy and take up their duties with a full understanding of the role.

3.5 Mrs. Russell trained as a nurse before moving to Asia. Since returning to Guernsey she has been appointed to the Board of Governors for the College of Further Education and as a member of the Guernsey Tax Tribunal. Mrs. Russell's full CV is set out at Appendix 2.

4. Propositions.

4.1 The States are asked to decide:

Whether, after consideration of the Policy Letter entitled "Planning Panel- Appointment of an Ordinary Member" dated 4th August 2017, they are of the opinion:

- (a) To elect Advocate Mark Gideon Andrew Dunster as an Ordinary Member of the Planning Panel with effect from 1st October 2017 to hold office for the unexpired portion of Mr. Patrick Russell's term until 31st March 2021; and
- (b) To note the appointment of Mrs. Victoria Anne Russell as a Reserve Member of the Panel.

4.2 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions accompanying this Policy Letter are supported unanimously by the Committee *for the Environment & Infrastructure*.

Yours faithfully

B L Brehaut
President

M H Dorey
Vice-President

H L de Sausmarez

S T Hansmann Rouxel

S L Langlois

APPENDIX 1

The Planning Tribunal is an independent judicial body and therefore approaches all its deliberations in accordance with the six principles known as the Bangalore Principles of Judicial Conduct endorsed at the 59th session of the UN Human Rights Commission in April 2003. These principles are:

- (i) Judicial independence is a prerequisite to the rule of law and a fundamental guarantee of a fair trial. A Tribunal member shall therefore uphold and exemplify judicial independence in both its individual and institutional aspects.
- (ii) Impartiality is essential to the proper discharge of the judicial office.
- (iii) Integrity is essential to the proper discharge of the judicial office.
- (iv) Propriety, and the appearance of propriety, are essential to the performance of all of the activities of a Tribunal member.
- (v) Ensuring equality of treatment to all before the courts is essential to the due performance of the judicial office.
- (vi) Competence and diligence are prerequisites to the due performance of judicial office.

The applicants for the vacancy on the Planning Panel were assessed against the following key criteria and these reflect the principles set out above:

1. To be able to act with integrity and have independence of mind.
2. Work independently and as part of a team.
3. Excellent communication and interpersonal skills when dealing with people from a wide range of backgrounds.
4. Absorb, interpret and question complex information, including written material and verbal submissions, and identify the salient points.
5. Readily read situations and respond appropriately.
6. Play an effective role by listening, persuading and showing respect for the views of others, whilst also presenting one's own point of view.
7. Challenge the views of others constructively and without becoming confrontational.
8. Weigh all the facts relating to a matter without being unduly swayed by any particular point of view or set of circumstances and then reach a balanced decision.
9. Take balanced, open-minded and unbiased decisions whilst also taken into account the provisions of the relevant legislation and previous Tribunal decisions.

APPENDIX 2

Curriculum Vitae for Advocate Mark Gideon Andrew Dunster

Advocate Mark Dunster is a partner with Carey Olsen specialising in litigation, compliance and financial regulatory matters. He undertakes a wide variety of commercial and civil litigation including insolvency work. He also advises institutions on regulatory matters including anti-money laundering, data protection, employment law, eGaming and renewable energy. He is an author of books on anti-money laundering and data protection.

Advocate Dunster was called as a barrister in 1994 and practised in London before returning to his native Guernsey where he qualified with the firm as an advocate in 1997. He has been a partner since 2001 and became a Notary Public in 2006.

Advocate Dunster is the current Chairman of the Guernsey Association of Compliance Officers.

Advocate Dunster is the former Bâtonnier (Chairman) of the Guernsey Bar Association, and is a current member of the Legislation Review Panel which reviews draft new laws and ordinances and recommend changes to legislation.

He also holds a number of non-executive director positions for Guernsey businesses including in the eGaming, fiduciary, transport and real estate sectors and has been awarded Chartered Director status by the Institute of Directors.

He acts as both an executive and non-executive director of a number of Guernsey (and non-Guernsey) companies in sectors as wide as trust and fiduciary services, electronic gaming, credit card payment processing, commercial real estate and investment holding.

Advocate Dunster was a member of the former Health and Social Services Department between 2004 and 2008. He was formerly Connétable of St. Pierre du Bois and is now a Douzenier for that parish.

Curriculum Vitae for Mrs. Victoria Anne Russell

Mrs. Victoria (Tory) Russell is currently a member of the Guernsey Tax Tribunal and the Board of the College of Further Education. She has been involved with the Guernsey Alzheimer's Association and is currently a Trustee of SANE, a national mental health charity.

After qualifying as a State Registered Nurse and working in Retail Management, Mrs. Russell lived in Asia where she was involved with the Hong Kong Ballet, Friends of the Chinese University and the Oriental Ceramics Society.

On Mrs. Russell's return from Hong Kong, she moved to the Isle of Wight she was elected as Chairman of the Local Conservative Association, the largest in the country. She was also a Church Warden, lay governor of a primary school and a lay representative on the Planning Control Committee.

During her time on the Isle of Wight Planning Control Committee, Mrs. Russell, participated in various planning-related training including, training in Design in Context organised by the Chartered Association of Building Engineers.

**ELECTION OF A MEMBER OF THE
ELIZABETH COLLEGE BOARD OF DIRECTORS**

The States are asked:

- (1) To elect a member of the Elizabeth College Board of Directors, who need not be a member of the States, to replace Advocate Davey G. Le Marquand whose term of office will expire on the 5th January 2018, in accordance with Rule 16 of The Rules of Procedure of the States of Deliberation.

N.B. Nominations may be made from the floor of the Assembly.



ELIZABETH COLLEGE

The Grange St Peter Port Guernsey GY1 2PY

Sir Richard Collas
The Bailiff
Bailiff's Chambers
The Royal Court House
St Peter Port
GY1 2NZ

21 July 2017

Dear Sir

I am directed by the Elizabeth College Board of Directors to say that it would be grateful if you could request the States to appoint a member of the Board to replace Advocate Davey Le Marquand, whose 6-year term completes on 5 January 2018.

Whilst nominations may be made by any Member of the States, it has become the practice that one nomination is made on behalf of the Board. In considering this year's nomination the Board's Selection Sub-Committee considered the appropriate skills and experience of likely candidates, whilst also maintaining the balance across the Board, noting the unusual change of 3 Directors within a calendar year. They have therefore approached Mr Andreas Tautscher, Managing Director and CEO Deutsche Bank Channel Islands.

Andreas Tautscher was educated in Guernsey at Elizabeth College, and is also a current College parent. He has served in his current post since 2008 after a career in finance and accounting. He has also previously held non-executive appointments, was a Founder Trustee of Set Sail Trust Guernsey, and has been a Non-States member of the Bond Management Sub-Committee. Within his 6 year Board term, it is anticipated he will become Chairman of the Finance and General Purposes committee, a key post within the Board, utilising his senior financial and management experience.

Andreas Tautscher has confirmed his great interest in this opportunity and is honoured for his name to be put forward to the States for consideration. It is intended that his proposer in the States will be Deputy Lyndon Trott.

I trust this letter both sufficiently informs you and is compliant with Rules 16(3) and 36 of the Rules of Procedure of the States of Deliberation and their Committees.

Yours faithfully

Mike Spiller
Clerk to the Board of Directors



ELIZABETH COLLEGE

The Grange St Peter Port Guernsey GY1 2PY

Mr David Way
Government Business Officer, Government Business
Policy & Research Unit – Policy Council
The States of Guernsey
Sir Charles Frossard House
La Charroterie
St Peter Port
GY1 1FH

21 July 2017

Dear Sir

Declaration of Interest

I am satisfied that I would have no conflict of interest were I to be appointed as a Director of Elizabeth College, and if potentially one was to emerge, that it could be managed.

Yours faithfully

Andreas Tautscher

APPOINTMENT LAID BEFORE THE STATES OF DELIBERATION

APPOINTMENT OF CHAIRMAN AND ORDINARY MEMBERS OF THE GUERNSEY BANKING DEPOSIT COMPENSATION BOARD

In accordance with section 3(4) of the Banking Deposit Compensation Scheme (Bailiwick of Guernsey) Ordinance, 2008 as amended, the following appointments by the Committee *for* Economic Development to the Guernsey Banking Deposit Compensation board are laid before the States of Deliberation:

- Mr. Richard Denton as Chairman with effect from 1st July 2017;
- Mr. Stephen William Hogg as ordinary member with effect from 1st July 2017; and
- Mr. William Simpson as on ordinary member with effect from 1st July 2017.

Mr. Denton has been appointed as Chairman until 1st July 2022.

Mr. Hogg and Mr. Simpson have been appointed as an ordinary members until 1st July 2022.

The States of Deliberation have the power to annul the appointments.

A recruitment exercise undertaken by the States of Guernsey has concluded that Mr. Denton is suitable to be Chairman and Mr. Hogg and Mr. Simpson are suitable to be ordinary members of the Guernsey Banking Deposit Compensation board. The Committee *for* Economic Development has appointed each of them for a five year period.

The curricula vitae of Mr. Rick Denton, Mr. Stephen Hogg and Mr. William Simpson are summarised below.

Mr. Rick Denton

Career:	Denton Lovel Associates.	2016-date
	Chief Executive Officer, Athene Capital GP Ltd.	2014- date
	Chief Executive Officer, Triangle Group.	2013-2016
	Founder, Denton Lovel Associates.	2013-2013
	Managing Director/Head of International Wealth Advisory, Barclays Wealth & Investment Division.	2010-2013
	Group Commercial Director, Fortis Channel Islands/Fortis Offshore.	2004-2010
	Executive Vice President, Head of European Private Client Services, Bank of Bermuda.	1999-2004
	Director, Coutts Offshore Europe, International Private Banking.	1997-1999
	Director of UK market, Coutts International Private Banking.	1995-1999
	Head of Strategic Development and Planning, Coutts Group.	1994-1995
	Senior Manager, NatWest Group.	1985-1992
	NatWest Group graduate trainee.	1983-1985

Professional qualifications:	Institute of Directors, certificate and diploma in company direction.	2014
	Henley Management School, accredited executive development coaching qualification.	2014
	Society of Trust & Estate Practitioners (STEP), Diploma (with distinction).	2004
	Securities Institute, admitted as full Member of Securities Institute (now Chartered Member - CMSI).	2000
	Securities Institute, Investment Advice Certificate (with distinction).	1998-1999
	Chartered Institute of Bankers, Associate Member of the Chartered Institute of Bankers (ACIB), now Institute of Financial Services.	1998
	Education:	Master's in Business Administration, Warwick University.
	Post Graduate Certificate in Education, Nottingham University.	1982-1983
	BA (Hons) History, Nottingham University.	1979-1982
Current Non-Executive Directorships:	Denton Lovel Associates.	2016-date
	Athene Capital GP Ltd.	2014-date
	Global MENA Financial Assets Ltd.	2017- date
	London Central Portfolio Ltd and associated companies.	2016- date
Other:	Treasurer, Guernsey Island Games Association LBG (Charity).	2015- date
	Chair and committee member, Channel Islands and Guernsey Lawn Tennis Associations (Charities).	2007-2016

Mr. Stephen William Hogg

Career:	Risk Manager, Royal Bank of Scotland International Limited.	2011-2013
	Midland Bank Limited/HSBC Bank plc.:	
	Area Manager, Guernsey.	2003-2010
	Area Corporate & Commercial Manager, Southampton.	1999-2003
	Divisional Credit Manager, Southern Division.	1997-1999
	Branch Manager, Moordown & Winton.	1995-1997
	Corporate Banking Manager, Bournemouth.	1993-1995
	Corporate Banking Manager, Fareham.	1991-1993
	Business Banking Manager, Fareham.	1990-1991
	Branch Manager, Commercial Road, Portsmouth.	1989-1990
	Assistant Controller of Advances, East Anglia Division.	1988-1989

	Personal Banking Manager, St Helier, Jersey.	1986-1988
	Branch Manager, Cowplain.	1985-1986
	Head of Securities, Portsmouth.	1982-1985
	Various Branch roles.	1974-1982
Professional qualifications:	Chartered Institute of Bankers, Associate Member of the Chartered Institute of Bankers (ACIB), now Institute of Financial Studies.	1978
Education:	Portsmouth Northern Grammar School	1966-1972
	Portsmouth Polytechnic.	1972-1973
Current Non-Executive Directorships:	Marine Residual Value Insurance Company Limited.	2016-date
	Luxx PCC Limited.	2014-date
	Absolut Insurance Limited.	2013-date
	Greenfield Funding PCC Limited.	2011-date
	HSBC Custody Services (Guernsey) Limited.	2010-date
Other:	Guernsey Dairy Management Board, non-States member and current chairman.	2010-date
	Director and Executive Committee Member of the Finance Sector Non-Executive Directors Forum LBG.	2012-date
	Member of the Guernsey International Insurance Association Committee.	2012-date

Mr. William Simpson

Career:	Managing Partner, Ogier.	2002-2014
	Partner, Mourant Ozannes.	1996-2002
	Associate Lawyer, Harney Westwood and Reigels (British Virgin Islands).	1988-1990
	Crown Counsel, Cayman Islands.	1987-1988
	Barrister, 11 King's Bench Walk, Inner Temple, London.	1983-1987
Professional qualifications:	Admitted as Guernsey Advocate.	1996
	Admitted as a barrister in British Virgin Islands.	1989
	Qualified as an English barrister.	1980
	Member of the Society of Trust & Estate Practitioners.	
Education:	Inns of Court School of Law.	1979-1980
	LLB Law, Leeds University.	1976-1979
Current Non-Executive Directorships:	EEA Fund Management (Guernsey) Limited.	2017-date
	Tilney Asset Management (Guernsey) Limited.	2006-date
	Acencia Debt Strategies Limited.	2015-date
	Heartwook Alternatives Fund Limited.	2016-date
	Investec Premier Funds PCC Limited.	2001-date

New Russian Generation Limited.	2007-date
Arjo Wiggins Appleton Insurance Limited.	1994-date
The Commandery of the Bailiwick of Guernsey of the Most Venerable Order of the Hospital of St John of Jerusalem.	2015-date
Mabanes Property Limited.	2001-date
Number One Limited.	1996-date
Simpson Limited.	2016-date

ORDINANCE LAID BEFORE THE STATES

THE TRANSFER OF FUNDS (GUERNSEY) ORDINANCE, 2017

In pursuance of the provisions of the proviso to Article 66A(1) of The Reform (Guernsey) Law, 1948, as amended, "The Transfer of Funds (Guernsey) Ordinance, 2017", made by the Policy & Resources Committee on the 13th June, 2017, is laid before the States.

EXPLANATORY MEMORANDUM

This Ordinance, made under the European Communities (Implementation) (Bailiwick of Guernsey) Law, 1994 repeals and replaces the Transfer of Funds (Guernsey) Ordinance, 2007 in order to meet the requirements of EU Regulation 2015/847 ("the New Regulation") in respect of information accompanying transfers of funds. The New Regulation came into force on 26 June, 2017.

The Ordinance principally sets out the adaptations, exceptions and modifications subject to which the New Regulation will have effect in Guernsey. It provides for the GFSC to be the competent authority for the purposes of the New Regulation (with the Border Agency for the purposes of one Article relating to administrative sanctions) and empowers the GFSC and the Policy & Resources Committee in respect of the obtaining of information, and the GFSC in respect of monitoring and ensuring compliance. Provision is also made for ensuring the confidentiality of information produced pursuant to such powers.

The Ordinance was made by the Policy & Resources Committee in exercise of its powers under Article 66A(1) of the Reform (Guernsey) Law, 1948, and came into force on the 26th June, 2017. Under the proviso to Article 66A(1) of the Reform (Guernsey) Law, 1948, the States of Deliberation have the power to annul the Ordinance.

STATUTORY INSTRUMENTS LAID BEFORE THE STATES

The States of Deliberation have the power to annul the Statutory Instrument detailed below.

No. 32 of 2017

THE CRIMINAL JUSTICE (REVIEW OF NOTIFICATION REQUIREMENTS) (BAILIWICK OF GUERNSEY) REGULATIONS, 2017

In pursuance of Section 11(2) and 55 of the Criminal Justice (Sex Offenders and Miscellaneous Provisions) (Guernsey) Law, 2013, The Criminal Justice (Review of Notification Requirements) (Bailiwick of Guernsey) Regulations, 2017, made by the Committee for Home Affairs on 19th June 2017, is laid before the States.

EXPLANATORY NOTE

These Regulations prescribe, for the purposes of section 11(2) of the Criminal Justice (Sex Offenders and Miscellaneous Provisions) (Guernsey) Law, 2013, the form to be used by a notifier to apply for a review of notification requirements under that Law. These Regulations come into force on the 1st day of July, 2017.

No. 36 of 2017

THE AIR NAVIGATION (AIR TRANSPORT LICENSING LAWS) (AOC AMENDMENT) (BAILIWICK OF GUERNSEY) REGULATIONS, 2017

In pursuance of sections 59A(5), 149 and 151 of the Air Navigation (Bailiwick of Guernsey) Law, 2012, the Air Navigation (Air Transport Licensing Laws) (AOC Amendment) (Bailiwick of Guernsey) Regulations, 2017 made by the Committee for Economic Development on 6th July 2017, are laid before the States.

EXPLANATORY NOTE

These regulations amend the Air Transport Licensing (Guernsey) Law, 1995 and the Air Transport Licensing (Alderney) Law, 1996 to take into account of the new power of the Director of Civil Aviation to issue air operator's certificates under the Air Navigation (Bailiwick of Guernsey) Law, 2012 in order to ensure that Guernsey registered air operators can be issued licences under both Air Transport Licensing Laws.

These Regulations came into force on the 10th day of July 2017.

No. 40 of 2017

THE PUBLIC TRANSPORT (FEES) (GUERNSEY) REGULATIONS, 2017

In pursuance of Sections 12(1), 12(2), 12(3), 14,(3), 42(6)(a) and 42(6)(c) of the Public Transport, 1986; Sections 2(1), 2(2) and 2(3) of The Road Traffic (Permits to Drive Public Service Vehicles), Ordinance, 1986, The Public Transport (Fees) (Guernsey) Regulations, 2017, made by the Committee *for the* Environment and Infrastructure on 13th July 2017, are laid before the States.

EXPLANATORY NOTE

These Regulations make provision for the increase of fees payable under the Public Transport Ordinance 1986 for –

- (a) The grant or renewal of public service vehicle licences;
- (b) The transfer of a public service vehicle licence
- (c) The inspection of a public service vehicle; and
- (d) The examination of a taximeter;

And also increase the fee payable for an Island Knowledge test taken for the purposes of an application for a permit to drive a public service vehicle under the Road Traffic (Permits to Drive Public Service Vehicles) Ordinance, 1986, and the fee payable for the grant or renewal of such permits.

These regulations come into force on the 1st day of August, 2017.

No. 46 of 2017

**THE AIR NAVIGATION (BAILIWICK OF GUERNSEY)
(SINGLE EUROPEAN RULES OF THE AIR) (PRELIMINARY) REGULATIONS, 2017**

In pursuance of sections 34 and 151 of the Air Navigation (Bailiwick of Guernsey) Law, 2012, the Air Navigation (Bailiwick of Guernsey) (Single European Rules of the Air) (Preliminary) Regulations, 2017 made by the Director of Civil Aviation on 7th August 2017, are laid before the States.

EXPLANATORY NOTE

These Regulations replace the Rules of the Air set out in Schedule 4 of the Air Navigation (Bailiwick of Guernsey) Law, 2012, and replace them with the Single European Rules of the Air, as modified for Guernsey.

These Regulations came into force on the 16th day of August, 2017.

No. 47 of 2017

**THE AIR NAVIGATION (BAILIWICK OF GUERNSEY)
(SINGLE EUROPEAN RULES OF THE AIR) REGULATIONS, 2017**

In pursuance of sections 34, 149 and 151 of the Air Navigation (Bailiwick of Guernsey) Law, 2012, the Air Navigation (Bailiwick of Guernsey) (Single European Rules of the Air) Regulations, 2017 made by the Director of Civil Aviation on 7th August 2017, are laid before the States.

EXPLANATORY NOTE

These Regulations revoke the Air Navigation (Bailiwick of Guernsey) (Single European Rules of the Air) (Preliminary) Regulations, 2017 and replace them with the Single European Rules of the Air, as modified for Guernsey, and as further modified to incorporate the amendments to the Single European Rules of the Air that take effect on the date of commencement of these Regulations.

These Regulations came into force on the 12th day of October, 2017.

No. 48 of 2017

**THE HEALTH SERVICE (BENEFIT) (LIMITED LIST) (PHARMACEUTICAL BENEFIT)
(AMENDMENT) REGULATIONS, 2017**

In pursuance of section 35 of the Health Service (Benefit) Law, 1990, the Health Service (Benefit) (Limited List) (Pharmaceutical Benefit) (Amendment) Regulations, 2017 made by the Committee *for* Employment & Social Security on 8th August, 2017, are laid before the States.

EXPLANATORY NOTE

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

These Regulations came into operation on 8th August 2017

No. 49 of 2017

**THE FINANCIAL SERVICES COMMISSION (BAILIWICK OF GUERNSEY) (AMENDMENT)
REGULATIONS, 2017**

In pursuance of sections 24 and 25 of the Financial Services Commission Law, 1987, The Financial Services Commission (Bailiwick of Guernsey) (Amendment) Regulations, 2017, made by the Guernsey Financial Services Commission on 9th August 2017, are laid before the States.

EXPLANATORY NOTE

These Regulations amend the Financial Services Commission (Bailiwick of Guernsey) Law, 1987 to include the Guernsey and Alderney Beneficial Ownership Laws in the list of “prescribed Laws” at section 24.

These Regulations come into force on 15th August 2017.

No. 50 of 2017

**THE FINANCIAL SERVICES COMMISSION (REGULATORY LAWS) (BAILIWICK OF
GUERNSEY) (AMENDMENT) REGULATIONS, 2017**

In pursuance of Schedule 4 of Protection of Investors (Bailiwick of Guernsey) Law, 1987, section 60 of and Schedule 3 to the Banking Supervision (Bailiwick of Guernsey) Law, 1994, section 61 of and Schedule 1 to the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000, section 85 of and Schedule 7 to the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 and sections 31 and 42 of the Registration of Non-Regulated Financial Services Businesses (Bailiwick of Guernsey) Law, 2008, The Financial Services Commission (Regulatory Laws) (Bailiwick of Guernsey) (Amendment) Regulations, 2017, made by the Guernsey Financial Services Commission on 9th August 2017, are laid before the States.

EXPLANATORY NOTE

These Regulations amend the Laws relating to financial services commonly referred to as the regulatory Laws. The purpose of the amendment is to include reference to the Guernsey and Alderney Beneficial Ownership Laws in the minimum criteria for licensing in each of the regulatory laws.

These Regulations come into force on 15th August 2017.

The full text of the statutory instruments and other legislation included in this document can be found at:

<http://www.guernseylegalresources.gg/article/158414/2017>

THE ELECTRONIC TRANSACTIONS (CHEQUE IMAGING) (GUERNSEY) ORDINANCE, 2017

The States are asked to decide:-

Whether they are of the opinion to approve the draft Ordinance entitled "The Electronic Transactions (Cheque Imaging) (Guernsey) Ordinance, 2017", and to direct that the same shall have effect as an Ordinance of the States.

This proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

EXPLANATORY MEMORANDUM

The Ordinance is made under sections 9(2), 14, 21 and 23(1) and (2) of the Electronic Transactions (Guernsey) Law, 2000 ("the Law").

Part I of the Ordinance inserts a new section 9A into the Law to provide that the provisions of the Law in respect of the presentment of bills of exchange are subject to the provisions of Part IVA of the Bills of Exchange (Guernsey) Law, 1958 ("the Bills of Exchange Law") and to the provisions of the Ordinance. Part I also empowers the Committee *for* Economic Development to make Orders for the purposes of facilitating and implementing electronic cheque imaging in Guernsey.

Part II of the Ordinance makes amendments to the Bills of Exchange Law, as it has effect in the Bailiwick excluding the islands of Alderney and Sark, by inserting a new Part IVA and making such amendments and adaptations as are necessary for that purpose. The provisions of the new Part IVA replicate, in Guernsey, the effect of the provisions of the new Part 4A of the Bills of Exchange Act 1882 in the United Kingdom. The new Part IVA provides that presentment of the instruments identified in the new section 92B may be effected in Guernsey by the provision of an electronic image of both faces of the instrument, instead of by presenting the physical instrument itself, if the person to whom presentment is made accepts the presentment as effective.

Part III of the Ordinance empowers the Committee *for* Economic Development to make Orders prescribing circumstances in which electronic presentment is not permitted; Orders relating to copies of instruments presented by electronic means and evidential matters; and Orders requiring compensation to be paid by the responsible banker for loss incurred in connection with electronic presentment, or purported electronic presentment of a bill of exchange.

**The Electronic Transactions
(Cheque Imaging)
(Guernsey) Ordinance, 2017**

THE STATES, in pursuance of their Resolution of the 17th May, 2017^a, and in exercise of the powers conferred on them by sections 9(2), 14, 21 and 23(1) and (2) of the Electronic Transactions (Guernsey) Law, 2000, as amended^b and all other powers enabling them in that behalf, hereby order:-

PART I

AMENDMENT OF ELECTRONIC TRANSACTIONS LAW, 2000

Amendment of 2000 Law.

1. After section 9 of the Electronic Transactions (Guernsey) Law, 2000 ("**the Electronic Transactions Law**") insert the following section -

"Provision as to electronic imaging of cheques and other instruments.

9A. (1) The provisions of this Law are, in respect of the presentment of bills of exchange within the meaning of the Bills of Exchange (Guernsey) Law, 1958 (as that Law has effect in the Bailiwick excluding the islands of Alderney and Sark), subject to any provision made by or under -

(a) Part IVA of that Law (presentment of cheques and other instruments by electronic means),

^a Article V of Billet d'État No. X of 2017.

^b Order in Council No. VIII of 2000; amended by Ordinance No. XXXIII of 2003 and Ordinance No. XIV of 2014; see also G.S.I. No. 13 of 2001.

and

- (b) the Electronic Transactions (Cheque Imaging) (Guernsey) Ordinance, 2017.

(2) The Committee may by Order make such provision as it thinks fit -

- (a) for the purposes of authorising or facilitating, or otherwise in respect of, the implementation (including the introduction, use, administration, execution, recognition and enforcement) of electronic cheque imaging, and
- (b) to the extent relevant for those purposes, for carrying this Law (and the Bills of Exchange (Guernsey) Law, 1958, as it has effect in the Bailiwick excluding the islands of Alderney and Sark) into effect."

2. After section 22(3) of the Electronic Transactions Law insert the following subsection -

"(4) Any reference in this Law to an enactment or statutory instrument is a reference thereto as from time to time amended, re-enacted (with or without modification), extended or applied."

PART II
AMENDMENT OF BILLS OF EXCHANGE LAW, 1958

Amendment of 1958 Law.

3. In section 1(1) of the Bills of Exchange (Guernsey) Law, 1958^c as it has effect in the Bailiwick excluding the islands of Alderney and Sark ("**the Bills of Exchange Law**"), after the definition of "business day" insert the following definition -

"**the Committee**", in relation to the Bailiwick excluding the islands of Alderney and Sark, means the Committee for Economic Development,".

4. After section 44(9) of the Bills of Exchange Law (presentment for payment) insert the following subsection -

"(10) This section is subject to Part IVA (presentment of cheques, etc, by electronic means).".

5. In section 51(4) of the Bills of Exchange Law (duties of holder as respects drawee or acceptor) for the words "Where the holder" substitute "Subject to Part IVA (presentment of cheques and other instruments by electronic means), where the holder".

6. After section 90(3) of the Bills of Exchange Law (presentment of note for payment) insert the following subsection -

^c Ordres en Conseil Vol. XVII, p. 384; amended by Vol. XXIV, p. 84; Vol. XXXIV, p. 504; and Vol. XXXV(1), p. 367. Modified, in part, by Vol. XXII, p. 560.

"(4) This section is subject to Part IVA (presentment of cheques and other instruments by electronic means).".

7. After section 92 of the Bills of Exchange Law, insert the following Part

"PART IVA
PRESENTMENT OF CHEQUES AND OTHER INSTRUMENTS
BY ELECTRONIC MEANS : GUERNSEY

Presentment of instruments by electronic means.

92A. (1) Presentment for payment of an instrument to which this section applies may be effected by provision of an electronic image of both faces of the instrument, instead of by presenting the physical instrument, if the person to whom presentment is made accepts the presentment as effective.

This is subject to section 92C and to any order of the Committee under section 9A of the Electronic Transactions (Guernsey) Law, 2000 or section 8 of the Electronic Transactions (Cheque Imaging) (Guernsey) Ordinance, 2017.

(2) Where presentment for payment is made under subsection (1) -

(a) any requirement -

(i) that the physical instrument must be exhibited, presented or delivered on or

in connection with presentment or payment (including after presentment or payment or in connection with dishonour for non-payment), or

(ii) as to the day, time or place on or at which presentment of the physical instrument may be or is to be made, and

(b) any other requirement which is inconsistent with subsection (1),

does not apply.

(3) Subsection (2) does not affect any requirement as to the latest time for presentment.

(4) References in subsections (2) and (3) to a requirement are to a requirement or prohibition, whether imposed by or under any enactment, by a rule of law or by the instrument in question.

(5) Where an instrument is presented for payment under this section -

(a) any banker providing the electronic image,

(b) any banker to whom it is provided, and

- (c) any banker making payment of the instrument as a result of provision of the electronic image,

are subject to the same duties in relation to collection and payment of the instrument as if the physical instrument had been presented.

This is subject to any order of the Committee under section 9A of the Electronic Transactions (Guernsey) Law, 2000 or Part III of the Electronic Transactions (Cheque Imaging) (Guernsey) Ordinance, 2017.

Instruments to which section 92A applies.

92B. (1) Subject to subsection (2), section 92A applies to -

- (a) a cheque, or
- (b) any other bill of exchange or any promissory note or other instrument -
 - (i) which appears to be intended by the person creating it to enable a person to obtain payment from a banker indicated in it of the sum so mentioned,
 - (ii) payment of which requires the instrument to be presented, and
 - (iii) which, but for section 92A, could not be presented otherwise than by presenting the physical instrument.

(2) Section 92A does not apply to any banknote (within the meaning given in section 208 of the Banking Act 2009).

(3) The reference in subsection (1) to the person creating an instrument is -

(a) in the case of a bill of exchange, a reference to the drawer,

(b) in the case of a promissory note, a reference to the maker.

(4) For the purposes of subsection (1)(b)(i) an indication may be by code or number and need not indicate that payment is intended to be obtained from the banker.

Banker's obligation in relation to accepting physical instrument for presentment.

92C. Provision of an electronic image of an instrument does not constitute presentment of the instrument under section 92A if the arrangements between -

(a) the banker authorised to collect payment of the instrument on behalf of a customer, and

(b) that customer,

do not permit the customer to pay in the physical instrument but instead require an electronic image to be provided (whether to that banker or to any other person).

Supplementary.

92D. (1) For the purposes of this Part, a banker collects payment of an instrument on behalf of a customer by -

(a) receiving payment of the instrument for the customer, or

(b) receiving payment of the instrument for the banker (but not as holder), having -

(i) credited the customer's account with the amount of the instrument, or

(ii) otherwise given value to the customer in respect of the instrument.

(2) Section 10(4) of the Electronic Transactions (Cheque Imaging) (Guernsey) Ordinance, 2017 applies for the purposes of subsection (1) in its application to the said section 10."

PART III
POWER OF COMMITTEE TO MAKE ORDERS IN RESPECT OF
CHEQUE IMAGING

Orders as to presentment of cheques.

8. (1) The Committee may by order prescribe circumstances in which section 92A(1) of the Bills of Exchange Law does not apply.

(2) An order under subsection (1) may in particular prescribe circumstances by reference to -

- (a) descriptions of instrument,
- (b) arrangements under which presentment is made,
- (c) descriptions of persons by or to whom presentment is made,
- (d) descriptions of persons receiving payment or on whose behalf payment is received.

Copies of instruments and evidence of payment.

9. (1) The Committee may by order make provision for -

- (a) requiring a copy of an instrument paid as a result of presentment under section 92A of the Bills of Exchange Law to be provided, on request, to the creator of the instrument by the banker who paid the instrument,

(b) a copy of an instrument provided in accordance with the order to be evidence of receipt by a person identified in accordance with the order of the sum payable by the instrument.

(2) An order under subsection (1)(a) may in particular -

(a) prescribe the manner and form in which a copy is to be provided,

(b) require the copy to be certified to be a true copy of the electronic image provided to the banker making the payment on presentment under section 92A of the Bills of Exchange Law,

(c) provide for the copy to be accompanied by prescribed information,

(d) require any copy to be provided free of charge or permit charges to be made for the provision of copies in prescribed circumstances.

(3) The reference in subsection (1)(a) to the creator of the instrument is -

(a) in the case of a bill of exchange, a reference to the drawer,

- (b) in the case of a promissory note, a reference to the maker.

Compensation in cases of presentment by electronic means.

10. (1) The Committee may by order make provision for the responsible banker to compensate any person for any loss of a kind specified by the order which that person incurs in connection with electronic presentment or purported electronic presentment of an instrument.

(2) In this section "**electronic presentment or purported electronic presentment of an instrument**" includes -

- (a) presentment of an instrument to which section 92A of the Bills of Exchange Law applies under that section,
- (b) presentment of any other instrument by any means involving provision of an electronic image by which it may be presented for payment,
- (c) purported presentment for payment by any means involving provision of an electronic image of an instrument that may not be presented for payment in that way,
- (d) provision, in purported presentment for payment, of -
 - (i) an electronic image that purports to be, but is not, an image of a physical instrument

(including an image that has been altered electronically), or

(ii) an electronic image of an instrument which has no legal effect, or

(e) provision, in presentment or purported presentment for payment, of an electronic image which has been stolen.

(3) In this section, the "**responsible banker**", in relation to electronic presentment or purported electronic presentment of an instrument, means

-

(a) the banker who is authorised to collect payment of the instrument on a customer's behalf, or

(b) if the holder of the instrument is a banker, that banker.

(4) In this section -

(a) references to an instrument include references to an instrument which has no legal effect (whether because it has been fraudulently altered or created, or because it has been discharged, or otherwise),

(b) in relation to an electronic image which is not an image of a physical instrument, references to the instrument

are to a purported instrument (of which it purports to be an image), and

- (c) in relation to an instrument which is not a bill of exchange or promissory note, references to the holder are to the payee or indorsee of the instrument who is in possession of it or, if it is payable to bearer, the person in possession of it.

(5) An order under this section may in particular make provision for -

- (a) the responsible banker to be required to pay compensation irrespective of fault,
- (b) the amount of compensation to be reduced by virtue of anything done, or any failure to act, by the person to whom compensation is payable.

(6) Nothing in this section or an order under it is to be taken to -

- (a) prevent the responsible banker claiming a contribution from any other person, or
- (b) affect any remedy available to the responsible banker in contract or otherwise.

(7) Except so far as an order under this section provides expressly, nothing in this section or an order under it is to be taken to affect any

liability of the responsible banker which exists apart from this section or any such order.

General provisions as to orders.

11. (1) An order of the Committee under this Part of this Ordinance -
- (a) may be amended or repealed by a subsequent order hereunder,
 - (b) may contain such consequential, incidental, supplementary, savings, transitional and other ancillary provision as may appear to the Committee to be necessary or expedient, including (without limitation) provision -
 - (i) amending, or applying exceptions, adaptations and modifications to, any of the provisions of the Bills of Exchange Law or any other enactment, and
 - (ii) repealing, replacing, amending, extending, adapting, modifying or disapplying any rule of customary or common law, and
 - (c) shall be laid before a meeting of the States as soon as possible and shall, if at that or the next meeting the States resolve to annul it, cease to have effect, but without prejudice to anything done under it or to the making of a new order.

(2) Any power conferred by this Part of this Ordinance to make any order may be exercised -

(a) in relation to all cases to which the power extends, or in relation to all those cases subject to specified exceptions, or in relation to any specified cases or classes of cases,

(b) so as to make, as respects the cases in relation to which it is exercised -

(i) the full provision to which the power extends, or any lesser provision (whether by way of exception or otherwise),

(ii) the same provision for all cases, or different provision for different cases or classes of cases, or different provision for the same case or class of case for different purposes,

(iii) any such provision either unconditionally or subject to any prescribed conditions.

PART IV

GENERAL PROVISIONS

Interpretation.

12. (1) In this Ordinance -

"Bills of Exchange Law" means the Bills of Exchange (Guernsey) Law, 1958, as it has effect in the Bailiwick excluding the islands of Alderney and Sark,

"Committee" means the States of Guernsey Committee for Economic Development,

"Electronic Transactions Law" means the Electronic Transactions (Guernsey) Law, 2000,

and, unless the contrary intention appears, other expressions have the same meanings as in the Bills of Exchange Law.

(2) Any reference in this Ordinance to an enactment or statutory instrument is a reference thereto as from time to time amended, re-enacted (with or without modification), extended or applied.

Extent.

13. This Ordinance has effect in the Bailiwick excluding the islands of Alderney and Sark.

Citation.

14. This Ordinance may be cited as the Electronic Transactions (Cheque Imaging) (Guernsey) Ordinance, 2017.

Commencement and transitional provision.

15. (1) Subject to subsection (2), this Ordinance shall come into force on the 1st October, 2017.

(2) This Ordinance and the amendments made by it have effect in relation to presentment of instruments after it comes into force, including instruments created before that time.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE FOR ECONOMIC DEVELOPMENT

THE ELECTRONIC TRANSACTIONS (CHEQUE IMAGING) (GUERNSEY) ORDINANCE, 2017

The President
Policy & Resources Committee
Sir Charles Frossard House
La Charroterie
St Peter Port

27th July, 2017

Dear Sir,

Preferred date for consideration by the States of Deliberation

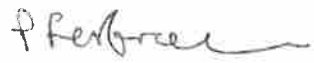
In accordance with Rule 4(2) of the Rules of Procedure of the States of Deliberation and their Committees, the Committee *for* Economic Development (“the Committee”) requests that the Electronic Transactions (Cheque Imaging) (Guernsey) Ordinance, 2017 be considered at the States' meeting to be held on 27th September 2017.

The Ordinance replicates in Guernsey the effect of the new Part 4A of the United Kingdom Bills of Exchange Act 1882, facilitating the use of electronic images as an alternative to the physical instrument in presentment for payment of cheques and other bills of exchange. The Ordinance will ensure that electronic presentment is valid in Guernsey and as such that Guernsey banks can participate in a new electronic image clearing system being implemented in the UK. It will also facilitate the development by banks of innovative new services in the future, for example, allowing customers to submit electronic images of cheques rather than delivering physical cheques to a branch.

Guernsey banks clear cheques and other bills of exchange through the system managed by the Cheque and Credit Clearing Company (“the C&CCC”) in England, Wales and Scotland. The Committee understands that a new electronic image clearing system is being implemented by the C&CCC, with implementation beginning at the end of October 2017 and running through to the middle of 2018. Guernsey banks will need to participate in the new system in due course.

Given the imminent implementation of the new electronic image clearing system, the Committee requests that the Ordinance be considered by the States at its meeting on 27th September 2017.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'P T R Ferbrache', with a long horizontal flourish extending to the right.

P T R Ferbrache
President

J Kuttelwascher
Vice-President
A C Dudley Owen, J S Merrett, J I Mooney

THE HEALTH SERVICE (BENEFIT) (APPROVED PRESCRIBERS) ORDINANCE, 2017

The States are asked to decide:-

Whether they are of the opinion to approve the draft Ordinance entitled "The Health Service (Benefit) (Approved Prescribers) Ordinance, 2017", and to direct that the same shall have effect as an Ordinance of the States.

This proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

EXPLANATORY MEMORANDUM

The Ordinance is made under the Health Service (Benefit) (Guernsey) Law, 1990 ("the Law").

Section 1 of this Ordinance amends the Law to authorise approved prescribers to issue medical prescriptions for the supply of pharmaceutical benefit under the Law. "Approved prescriber" is defined to include any nurse prescriber (who is currently authorised to issue such medical prescriptions by the Health Service (Benefit) (Nurse Prescribers) Ordinance, 2013), as well as any nurse independent prescriber, pharmacist independent prescriber or community practitioner nurse prescriber, who is approved by the Committee *for* Health & Social Care to issue medical prescriptions for the supply of pharmaceutical benefit. Their authorisation to issue such medical prescriptions is subject to any conditions or restrictions imposed by that Committee.

Section 2 repeals the Health Service (Benefit) (Nurse Prescribers) Ordinance, 2013, as nurse prescribers are now subsumed in the definition of "approved prescriber".

Section 3 consequentially amends the Health Service (Benefit) (Limited Lists) Ordinance, 2004, to allow regulations to be made to specify limits to the kinds of medical prescriptions that may be issued by approved prescribers.

Sections 4 to 8 consequentially amend the Health Service (Benefit) Ordinance, 1990 ("the 1990 Ordinance"), to replace references to nurse prescribers with references to approved prescribers, repeal special provisions dealing with nurse prescribers (any approved prescribers who are nurses will now be dealt with simply as nurses, whilst any approved prescribers who are pharmacists will simply be dealt with as pharmacists). Section 7 inserts a definition of "approved prescriber" and replaces a reference in the 1990 Ordinance to the now-repealed Health Service (Benefit) (Nurse Prescribers) Ordinance, 2013 with a reference to this Ordinance.

The Health Service (Benefit) (Approved Prescribers)

Ordinance, 2017

THE STATES, in pursuance of their Resolution of the 31st day of July, 2015^a, and in exercise of the powers conferred upon them by sections 10 and 35 of the Health Service (Benefit) (Guernsey) Law, 1990^b and all other powers enabling them in that behalf, hereby order:-

Approved prescribers may issue medical prescriptions for pharmaceutical benefits.

1. (1) The application of section 10(2) of the Law is extended to authorise any approved prescriber to issue medical prescriptions for the supply of pharmaceutical benefit for the purposes of the Law.

(2) Section 11(a) and (e) of the Law apply in relation to approved prescribers and medical prescriptions issued by approved prescribers, as if a reference in those provisions to an approved medical practitioner or approved medical practitioners includes a reference to an approved prescriber or approved prescribers, respectively.

(3) In this section –

^a Article XVIII of Billet d'État No. XIV of 2015.

^b Ordres en Conseil Vol. XXXII, p. 192; as amended by Order in Council No. IX of 2003 and No. II of 2011; Recueil d'Ordonnances Tome XXVI, pp. 177 and 483; Ordinance Nos. XXII and XXVII of 2002; No. XXXIII of 2003; No. XLII of 2006; No. XLIII of 2007; No. XXII of 2015; No. IX of 2016. The Law is applied, with modifications to the Island of Alderney by Recueil d'Ordonnances Tome XXV, p. 204. See also Recueil d'Ordonnances Tome XXVI, p. 484; Tome XXVII, p. 200; Tome XXVIII, p.1; Order in Council No. VII of 2008 and No. VII of 2010; Ordinance No. XXXIV of 2013.

"approved prescriber" means –

- (a) a nurse prescriber, or
- (b) a nurse independent prescriber, pharmacist independent prescriber or community practitioner nurse prescriber who –
 - (i) is employed, contracted or engaged by the Committee for Health & Social Care, or otherwise authorised by that Committee to work as such,
 - (ii) is approved by the Committee for Health & Social Care to issue medical prescriptions for the supply of pharmaceutical benefit, subject to any conditions and restrictions specified by that committee, and
 - (iii) is acting in accordance with those conditions and in compliance with those restrictions,

"community practitioner nurse prescriber" has the meaning given by section 20(1) of the Prescription Ordinance,

"nurse independent prescriber" has the meaning given by section 20(1) of the Prescription Ordinance,

"nurse prescriber" means a person who –

- (a) is registered either in the Nurses: Sub-part 1, Midwives or the Specialist Community Public Health Nurses parts of the new register established by the Nurses and Midwives (Parts of and Entries in the Register) Order of Council 2004^c maintained by the Nursing and Midwifery Council,
- (b) has an annotation or entry recorded against the person's name in the register referred to in paragraph (a), signifying that that person is qualified to order drugs, medicines and appliances from the Nurse Prescribers Formulary for Community Practitioners in the current edition of the British National Formulary, and
- (c) is employed, contracted or engaged by the Committee for Health & Social Care as a district nurse, or otherwise authorised by that Committee to work as a district nurse,

"pharmacist independent prescriber" has the meaning given by section 20(1) of the Prescription Ordinance, and

^c U.K.S.I. 2004 No. 1765.

"**Prescription Ordinance**" means the Prescription Only Medicines (Human) (Bailiwick of Guernsey) Ordinance, 2009^d.

Repeal of Health Service (Benefit) (Nurse Prescribers) Ordinance, 2013.

2. The Health Service (Benefit) (Nurse Prescribers) Ordinance, 2013^e is repealed.

Consequential amendment of 2004 Ordinance.

3. Section 1 of the Health Service (Benefit) (Limited Lists) Ordinance, 2004^f is amended by substituting, for "nurse prescribers (within the meaning given by section 1(3) of the Health Service (Benefit) (Nurse Prescribers) Ordinance, 2013)", "approved prescribers (within the meaning given by section 1(3) of the Health Service (Benefit) (Approved Prescribers) Ordinance, 2017)".

Consequential amendments to 1990 Ordinance.

4. The Health Service (Benefit) Ordinance, 1990^g is amended as specified by sections 5, 6, 7 and 8.

5. In section 5 of that Ordinance –

(a) in subsection (2)(e), for "or approved nurse or a nurse

^d Ordinance No. XXV of 2009; as amended by Ordinance No. XXV of 2010 and No. IX of 2016.

^e Ordinance No. XXXIV of 2013.

^f Ordinance No. XIII of 2004; as amended by Ordinance No. XXXIV of 2013.

^g Recueil d'Ordonnances Tome XXV, p. 191; as amended by Order in Council No. IV of 2014 and No. II of 2016; Recueil d'Ordonnances Tome XXV, p. 310; Tome XXVII, pp. 114, 247 and 378; Tome XXVIII, p. 262; Ordinance No. XXXIII of 2003; No. VII of 2005; Nos. VI and XXXIX of 2012; Nos. XXXIV and XXXVI of 2013; No. XLVI of 2014; No. XLVI of 2015; Nos. IX and XXXVIII of 2016.

prescriber", substitute ", approved nurse or approved prescriber",

(b) in subsection (5)(c), for "nurse prescriber", substitute "approved prescriber",

(c) in subsection (5)(e), for "a nurse prescriber", substitute "an approved prescriber", and

(d) in subsection (11) –

(i) repeal paragraph (ca), and

(ii) in paragraph (d), delete "(other than a nurse prescriber)".

6. In section 6(5) and (6) of that Ordinance, for "nurse prescriber" in each place where it occurs, substitute "approved prescriber".

7. In section 9(1) of that Ordinance –

(a) insert the following definition in the appropriate alphabetical order –

""**approved prescriber**" has the meaning given by section 1(3) of the Health Service (Benefit) (Approved Prescribers) Ordinance, 2017," and

(b) in the definition of "**nurse prescriber**", for "Health Service (Benefit) (Nurse Prescribers) Ordinance, 2013", substitute "Health Service (Benefit) (Approved Prescribers) Ordinance, 2017".

8. In Schedule II to that Ordinance, repeal paragraph 1A.

Interpretation.

9. (1) In this Ordinance –

"**enactment**" includes a Law, an Ordinance and any subordinate legislation and includes any provision or portion of a Law, an Ordinance or any subordinate legislation,

"**the Law**" means the Health Service (Benefit) (Guernsey) Law, 1990, and

"**subordinate legislation**" means any regulation, rule, order, rule of court, resolution, scheme, byelaw or other instrument made under any statutory, customary or inherent power and having legislative effect, but does not include an Ordinance.

(2) Unless the context requires otherwise, references in this Ordinance to an enactment are references thereto as amended, re-enacted (with or without modification), extended or applied.

(3) The Interpretation (Guernsey) Law, 1948^h applies to the

^h Ordres en Conseil Vol. XIII, p. 355.

interpretation of this Ordinance throughout the Islands of Guernsey, Alderney, Herm and Jethou.

Extent.

10. This Ordinance has effect in the Islands of Guernsey, Alderney, Herm and Jethou.

Citation.

11. This Ordinance may be cited as the Health Service (Benefit) (Approved Prescribers) Ordinance, 2017.

Commencement.

12. This Ordinance shall come into force on the 1st November, 2017.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE FOR EMPLOYMENT & SOCIAL SECURITY

THE HEALTH SERVICE (BENEFIT) (APPROVED PRESCRIBERS) ORDINANCE, 2017

The President
Policy & Resources Committee
Sir Charles Frossard House
La Charroterie
St Peter Port

16th August 2017

Dear Sir,

Preferred date for consideration by the States of Deliberation

In accordance with Rule 4(2) of the Rules of Procedure of the States of Deliberation and their Committees, the Committee *for* Employment & Social Security requests that the Health Service (Benefit) (Approved Prescribers) Ordinance, 2017 be considered at the States' meeting to be held on 27th September 2017.

Subject to States approval, the Ordinance will come into force on 1st November 2017. Following approval of the Ordinance and prior to its commencement, the Committee needs to amend the Health Service (Pharmaceutical Benefit) Regulations, 1990 and the Health Service (Benefit) (Limited Lists) Regulations, 2004. If the Ordinance is considered by the States on 27th September 2017, the Committee will have a clear month to make the necessary regulations. If consideration of the Ordinance is delayed until the next States meeting which is due to commence on 18th October 2017, the Committee will need to make the amending Regulations on 31st October 2017 (the only scheduled Committee meeting between 18th October 2017 and 1st November 2017), which will give no opportunity to consider any potential queries that may be raised by members.

Yours faithfully,



Michelle Le Clerc
President

Shane Langlois
Vice President
Matthew Fallaize, John Gollop, Emilie Yerby

Mike Brown, Andrew Le Lievre
Non-States Members

THE FIREARMS AND WEAPONS (GUERNSEY) ORDINANCE, 2017

The States are asked to decide:-

Whether they are of the opinion to approve the draft Ordinance entitled "The Firearms and Weapons (Guernsey) Ordinance, 2017", and to direct that the same shall have effect as an Ordinance of the States.

This proposition has been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

EXPLANATORY MEMORANDUM

The Ordinance is made under the Firearms and Weapons (Guernsey) Law, 1998 ("the Law"), as amended by the Firearms (Guernsey) (Amendment) Law, 2016 ("the 2016 Law"). It brings into force the 2016 Law.

The Firearms and Weapons (Specially Dangerous Air Weapons) (Guernsey) Regulations, 2017, prescribes certain categories of air weapons as specially dangerous and thus, to be regarded as firearms under the Law. These categories are: air weapons disguised as other objects, air pistols with 6 foot-pounds kinetic energy or more, and other air weapons with 12 foot-pounds kinetic energy or more.

Section 1 of this Ordinance amends section 6(1) of the Law to add these categories of air weapons to the categories of prohibited weapons listed in that section. Possession, use, purchase, acquisition, manufacture, sale or transfer of such weapons requires specific authorisation from the Committee *for* Home Affairs.

Section 2 declares crossbows with a draw weight of 1.4 kgs or more, and spearguns, to be regulated weapons for the purposes of the Law.

Section 4 consequentially repeals the Firearms (Amendment) Ordinance, 2002.

The Firearms and Weapons (Guernsey) Ordinance, 2017

THE STATES, in pursuance of their Resolution of the 29th November, 2006^a, and in exercise of the powers conferred on them by sections 6(7)(a)(i), 55 and 58(3) of the Firearms and Weapons (Guernsey) Law, 1998^b, hereby order:-

Specially dangerous air weapons added to categories of weapons subject to general prohibition.

1. Section 6(1) of the Law is amended by inserting, immediately after paragraph (ea), the following paragraphs –

"(eb) any air weapon that is disguised as another object,

(ec) any air weapon (not being a weapon designed for use only when submerged in water) capable of discharging a missile so that the missile has, on being discharged from the muzzle of the weapon, kinetic energy in excess –

(i) in the case of an air pistol, of 6 foot pounds (8.14 joules), or

^a Article X of Billet d'État No. XVIII of 2006.

^b Ordres en Conseil Vol. XXXVIII, p. 324; as amended by Vol. XL, p. 24; Order in Council No. IV of 2016; Ordinances No. XXXIII of 2003, No. III of 2012 and No. IX of 2016. See also the Firearms and Weapons (Specially Dangerous Air Weapons) (Guernsey) Regulations, 2017 (G.S.I. No. * of 2017).

- (ii) in the case of any air weapon other than an air pistol, of 12 foot pounds (16.27 joules),".

Weapons declared to be regulated weapons.

2. The following are declared to be regulated weapons for the purposes of the Law –

- (a) any crossbow with a draw weight of 1.4 kilograms or more, and
- (b) any speargun.

Interpretation.

3. (1) In this Ordinance, unless the context requires otherwise –

"**enactment**" includes a Law, an Ordinance and any subordinate legislation and includes any provision or portion of a Law, an Ordinance or any subordinate legislation,

"**the Law**" means the Firearms and Weapons (Guernsey) Law, 1998, and

"**subordinate legislation**" means any regulation, rule, order, rule of court, resolution, scheme, byelaw or other instrument made under any statutory, customary or inherent power and having legislative effect, but does not include an Ordinance.

(2) Any reference in this Ordinance to an enactment is a reference thereto as from time to time amended, re-enacted (with or without modification), extended or applied.

Consequential repeals.

4. The Firearms (Amendment) Ordinance, 2002^c, is repealed.

Extent.

5. This Ordinance has effect in the islands of Guernsey, Herm and Jethou.

Citation.

6. This Ordinance may be cited as the Firearms and Weapons (Guernsey) Ordinance, 2017.

Commencement of the Law of 2016 and this Ordinance.

7. The Firearms (Guernsey) (Amendment) Law, 2016^d and this Ordinance shall come into force on the 1st November, 2017.

^c Ordinance No. XXXI of 2002.

^d Order in Council No. IV of 2016.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

POLICY & RESOURCES COMMITTEE

**THE GUERNSEY FINANCIAL SERVICES COMMISSION:
2016 ANNUAL REPORT AND ACCOUNTS**

The States are asked to decide: -

Whether, after consideration of the Policy Letter dated 6th June, 2017, of the Policy & Resources Committee, they are of the opinion:-

1. To note the annual report and accounts of the Guernsey Financial Services Commission for the year ended 31st December, 2016.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

POLICY & RESOURCES COMMITTEE

THE GUERNSEY FINANCIAL SERVICES COMMISSION:
2016 ANNUAL REPORT AND ACCOUNTS

Presiding Officer
Royal Court
St Peter Port
Guernsey

6th June 2017

Dear Sir

1. Executive Summary

- 1.1 The 2016 annual report and accounts of the Guernsey Financial Services Commission are hereby presented to the States in accordance with The Financial Services Commission (Bailiwick of Guernsey) Law, 1987, as amended.

2. Recommendation

- 2.1 The States are asked to decide whether they are of the opinion:-

To note the annual report and accounts of the Guernsey Financial Services Commission for the year ended 31st December, 2016.

3. Proposition

- 3.1 In accordance with Rule 4(4) of The Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions accompanying this policy letter are supported unanimously by the Policy & Resources Committee.

Yours faithfully

G A St Pier
President

L S Trott
Vice-President

A H Brouard
J P Le Tocq
T J Stephens

2016



Guernsey Financial
Services Commission

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2016

"Confidence in the Bailiwick: securing good regulatory outcomes with integrity, proportionality and professional excellence."



Guernsey Financial Services Commission

Chairman's Statement	2
Director General's Statement	4
Investment Supervision and Policy	8
Fiduciary Supervision Policy and Innovations	10
Insurance Supervision and Policy	12
Banking Supervision and Policy	14
Conduct Unit	15
Financial Crime Supervision and Policy	16
Enforcement	18
Senior Decision Makers	20
Chief Risk Officer's Report	22
Authorisations Unit	24
Financial Stability	26
Chief Operating Officer's Report	28
Independent Auditor's Report	30
Financial Statements	32
Commissioners	48
Senior Officers of the Commission	50
Statistical Data	52
Appendix	
Functions, Structure and Corporate Governance and other Control Systems of the Commission	62

This report, including the financial statements as required by section 18 of the Financial Services Commission (Bailiwick of Guernsey) Law, 1987 as amended (the Commission Law), is made in pursuance of section 6 of the Commission Law to the States Policy and Resources Committee and submitted for consideration by the States of Guernsey.

Note: Throughout this report the Guernsey Financial Services Commission is referred to as "the Commission". The Chairman and other members are referred to collectively as "the Commissioners" or "the Board".

CHAIRMAN'S STATEMENT

Unrewarded Risk

This year, I am limiting my observations to one subject only; the role of boards in financial services and the activities of Non-Executive Directors (NEDs) in particular. Last year I wrote about the goals the Commission had set itself some five years ago, and to what extent they had been met.

I am happy to report that we have now also met our last incomplete goal, which was to resolve all the legacy enforcement cases. Let me first revisit some history. When I became Chairman, I inherited a number of significant enforcement cases, some with a high public profile, the resolution of which had been making slow progress for a number of reasons. Commissioners recognised the need to strengthen its enforcement capability and decided to set up a dedicated Enforcement Division. We were also very aware of the potential conflicts of interest, for locally based Commissioners in a jurisdiction the size of the Bailiwick, when sitting as a Commissioners' Decision Committee (CDC) to decide on the cases brought before us. A solution was found in the appointment of independent Queen's Counsel to hear and decide on cases brought to them by the Commission's Enforcement Division. Commissioners now rarely sit as a CDC and are no longer involved in most cases.

Disappointingly, the successful completion of the legacy cases has not resulted in a reduction of work for the Enforcement Division. There continues to be a steady flow of new cases requiring the attention of that Division.

Turning now to the role of boards and NEDs, in my address at the Commission's Industry Presentations in November 2016, I emphasised the need for local boards to enhance their approach to governance and for NEDs to play a more active role in the boards on which they sit. The way that Company Law and the regulation of companies has developed over the last twenty years has meant that the role of an NED has developed into that of an 'Independent' Director. The main difference between board Directors now is that some, the Executives, are full-time and the others are part-time.

Bailiwick Law identifies three main duties for board Directors and there is no distinction between the Executives and the non-Executives:

- Fiduciary
- Skill and Care
- Good Faith

In order to discharge their duties, Directors have rights which they need to exercise.

Politicians around the world have responded to high-profile cases of failures in corporate governance within companies by introducing more onerous forms of regulation and putting greater responsibilities on regulators.

Managing a company should be a positive and rewarding experience despite the greater responsibilities and higher expectations that have been placed upon Directors. Ensuring proper governance should improve the client experience and enhance the value of the company. Assessing and controlling risk is an essential part of that activity. It is well understood by the Commission that, in order to make money, a level of risk needs to be accepted. The role of the board is to decide where that level of risk lies and then to ensure it is effectively managed. Getting risk and reward out of "sync" potentially damages customers and the company and can lead to damage to the reputation of the Bailiwick as a good place to do business. That constitutes an unacceptable risk to the Commission.

There are over 2,200 entities regulated by the Commission with some 7,200 directorships of which c.4,500 of those involve NEDs. There will be considerable overlap in these NED numbers with people sitting on multiple boards.

NEDs have an increasingly difficult task in that they have to address complex issues with uncertain outcomes, including, for example, Brexit, low interest rates, European regulation and ever stronger competition driven by a lowering of entry barriers. The low interest environment, in particular, sets a challenge for

the financial services industry where there may be a temptation to run greater levels of risk to improve returns.

A relatively small jurisdiction with access only to a limited pool of qualified directors has its challenges. In addition, the (mainly) small size of the companies in the Bailiwick can restrict the option of having a meaningful Internal Audit Department which offers even more reason for the NEDs to discharge their duties diligently.

Being an NED is not a sinecure and should not be treated as such. The Bailiwick needs good quality, conscientious individuals to undertake the role of NED and expects them to do their job in an effective manner putting the well-being of their customers and the Bailiwick at the forefront of the decisions they take.

In closing, I would like to take this opportunity, on behalf of the Commission, to express our appreciation to Alex Rodger whose term of office as a Commissioner ended on 1 February 2017. Alex served as a Commissioner for nine years and during that time his responsibilities included chairing the Commission's Remuneration Committee and serving as a member of its Audit Committee. He was also appointed as Vice-Chairman in April 2015. Throughout his time as a Commissioner, Alex worked diligently on behalf of the Bailiwick and the Commission is grateful to him for his valuable contribution.

Cees Schrauwers
Chairman



DIRECTOR GENERAL'S STATEMENT

2016 was a year of relative stability for Guernsey. In an environment where many electorates, particularly the United Kingdom's electorate and the United States' electorate, voted for radical change, the electorate of Guernsey voted for relative stability with the former Treasury & Resources Minister being elected by our legislature (the States) as the new senior politician of the island after an election campaign in which domestic issues were more prominent than international ones.

Our stability has not meant that events outside Guernsey do not have a significant impact for the Bailiwick. Our financial services sector is international so the political economy of the wider world concerns it directly. The Commission has been active, in support of the States, and in conjunction with other countries' regulators, in helping ensure that Guernsey is appropriately positioned in the still partially unclear new international order. We have continued our work within the International Organisation of Securities Commissions, the Financial Action Task Force and the International Association of Insurance Supervisors to ensure that Guernsey's perspective as a small jurisdiction, which seeks to meet all relevant international standards, is understood. We are able to provide a valuable, sophisticated but small jurisdiction perspective, something which can sometimes be lost in organisations dominated by large countries who often act predominantly as home rather than host supervisors of financial services firms.

In terms of our other international activities, we have continued to provide leadership to the Group of International Insurance Centre Supervisors and to participate in the Group of International Financial Centre Supervisors whose Trustee and Company Service Provider standard is attracting interest as the new international standard for the supervision of fiduciary companies. We have also continued to provide Commonwealth Secretariat-funded technical assistance to the Cook Islands and Nevis, as well as hosting educational visits to Guernsey by the Reserve Bank of Malawi and the Central Bank of the Seychelles - activity which helps ensure that Guernsey is recognised as being a responsible global contributor. We also uphold our international obligations to provide support to regulators from other countries, with our support being widely appreciated by a number of agencies in 2016 stretching from the US in the West to New Zealand in the East.

Closer to home we have continued to provide support to the Channel Islands Brussels Office and to the States in its relationship with HM Government when financial services matters are under consideration. We have also maintained and developed our own relationships with the Bank of England, Financial Conduct Authority and the European Securities and Markets Authority

(ESMA) and the European Central Bank. In our work here as elsewhere internationally, we seek to ensure that Guernsey is well positioned with both the European Union and United Kingdom in an era marked by discontinuity. We were pleased, after further due diligence, to be recommended by ESMA once again for an EU alternative investment funds passport, a testament to the credibility of our funds regime. We cannot determine what the future looks like but we can help ensure that Guernsey is well prepared to face it.

Policy

Alongside the States and industry, we put a huge amount of effort into policy development in 2016. In terms of the policy initiatives which we took and brought to fruition within the year, we launched the Manager Led Product and the Private Investment Fund regimes, both major new products which we hope will help maintain the Bailiwick's reputation as an innovative jurisdiction for funds. Further, we announced a general review of the funds regime and will continue to work closely with industry on its development in 2017 to ensure that our existing strengths are maintained and new ones forged. We also launched a new set of Insurance-Linked Securities rules which set out clearly how such securities are appropriately regulated in Guernsey.

In terms of policy development which did not conclude within the year, we continue to work with the Law Officers of the Crown on the development of the different sets of legislation required to implement the Revision of Laws project approved by the States in the autumn of 2015. This is a major exercise which, whilst designed to simplify and update most of our major financial services laws, is itself very complex. In a similar vein, we continue to work with the States, Law Officers and industry on the redrafting of the financial crime regulations which will enable the renewal of our anti-money laundering handbook. We were able to make some modifications to the current handbook in 2016 to make clear that Bailiwick firms are allowed to use electronic authentication technology and plan to renew the handbook completely once the new financial crime regulations are drafted.

Newer policy initiatives which acquired shape in 2016 include a Lending, Credit and Finance discussion paper which was launched in the third quarter of the year and a Pensions discussion paper which was published in the fourth quarter. We will plan to consult on policy in both these areas in 2017 and we are conscious that a number of pensions sector practitioners are keen for an early resolution of the pensions regulation question given increasing international and UK expectations in this sector.

Other policy work has included our ongoing contribution to the financial crime-focused National Risk Assessment of the Bailiwick which is being supported by the International Monetary Fund, our participation in the new Guernsey Financial Stability Committee chaired by Peter Sedgewick on which the Commission's Chairman, Director of Financial Stability and I sit. In terms of making our policy accessible, our conduct team has undertaken outreach work with sixth formers on the island whilst our Chief Operations Officer has overseen the comprehensive rebuilding of our internet presence – improving both the content and the underlying technologies used to display the information, thereby ensuring that the Bailiwick's financial services regulations are easily accessible on most types of web browser, given the huge growth in the use of iPads and smart phones for business purposes.

Authorisations and Supervision

Whilst I'm not going to comment on the controversy about whether the health of the British economy in the second six months of the year was despite Brexit or because of Brexit, Guernsey's financial services sector, from the perspective of new authorisations, appears to have remained sound with funds and fiduciary applications up whilst insurance applications fell back from their 2015 levels. In total, the authorisations team processed 498 applications in 2016 compared with 476 in 2015. The authorisations team also processed 8,400 personal questionnaire submissions, this being the return which allows us to understand who is a director of which regulated entity. With regard to this volume of activity, the online personal questionnaire system is starting to prove its worth and we have worked throughout the year to improve its performance. This work has improved the accuracy of the submissions from users of the system thereby reducing the workload for both users and the Commission.

We have continued to develop our supervisory capabilities in 2016. We reformed, and introduced online, six returns, mostly focused on the investment sector. These give us an enhanced ability to use key risk indicator tools embedded within our PRISM supervision system to automatically detect anomalies in returns submitted - in a fashion which it would have been very difficult to do when we only received paper returns. This work is not yet complete and the benefits, in terms of the quality of supervision, will only be seen once the data starts to be submitted. Internally, we have also worked this year to improve the quality of management information on our supervisory activities. The improved management information is not an end in itself but is rather something which helps drive constructive discussions at different levels of the Commission about what we are doing and not doing, given our finite resources.

The thematic work which we have done will be covered in more depth in the divisional reports which follow my report but in summary we continue to find that thematic work provides a powerful way of understanding some of the Bailiwick's lower impact firms and the issues they experience. This year we have undertaken thematics looking at alternative custody arrangements; risk, compliance and audit frameworks for fund managers and fund administrators; bank regulatory returns; late accounts; client money; and the provision of financial crime training. We also published the results of the thematic we did in 2015 on assets under trust. I'd encourage all financial services participants to read the thematic results we publish on our website as they offer a good window into our thinking on some of the risks which your firms may face. In terms of helping firms understand and manage their risks better, we have also undertaken over twenty educational outreach sessions for the financial services sector. These can range from a business breakfast themed around an issue through to a formal lecture on a subject of note. Feedback we have had indicates that industry participants find these to be a helpful tool in their work to ensure that regulatory standards are met and we intend to continue conducting them in 2017.

In terms of our supervisory activity, we completed c.370 engagement tasks in 2016. These range from a formal meeting with the compliance officer of a firm through to comprehensive full risk assessments involving several days working in a firm's offices which will have been preceded by several weeks' preparatory activity. These activities led to more than two hundred formal risk mitigation programme actions being created in 2016 as firms worked with supervisors to correct excessive risks in their organisations which became apparent to our teams in the course of their duties.

This ongoing engagement with our firms - using our risk-based approach which reflects internationally accepted best practise for supervision - helps to add value to the Bailiwick by resolving risks and issues before they ever develop into crises. For those not directly involved in it, it is subterranean activity, out of sight and out of mind. As I have said in, I think, every annual report I have written, it is not foolproof and can never hope to be foolproof in a world of human frailty and finite resources. In a capitalist economy, firms will fail and have failed in 2016. Whilst I cannot comment at this juncture on any of those failures whilst our investigations into them continue, it is worth reiterating that we run a regime which expects directors of companies and trustees of trusts to do their job in an honourable, upright and competent fashion. That this is the case does not make us in any sense complacent about the quality of our supervision. Unfortunately,

Director General's Statement *(continued)*

on occasion directors and trustees are neither competent nor honest. When something goes wrong at a firm, we look at what has happened and ask ourselves whether we could reasonably have done something about it sooner. Some might characterise this as shutting the door after the horse has bolted and whilst it is true that one or two may well be over the hill, there are still more than 2,200 such "horses" in our stables and we will continue to work to make sure that our supervision of them is appropriate.

Enforcement

If we cannot prevent all failures, we can endeavour to hold those who failed, accountable for their actions when it was the result of misconduct as opposed to the mere miscarriage of honest endeavour. This is the work on which our Enforcement Division, and those that support it, have continued to engage with some success in 2016.

As the Director of Enforcement made clear on a number of occasions in 2016, not all cases referred to enforcement lead to sanctions being imposed. Some are referred back to supervision because, on further analysis, we do not consider that the regulatory failings which have occurred merit enforcement sanctions but rather are better dealt with by supervisors. Some are dropped because, on further investigation, the firm brings matters to our attention of which the supervisors who made the referral were not fully aware and this leads us to reconsider the merits of the case. Conversely some, following our initial investigation, appear to involve criminal activity to such a degree that we consider it more appropriate for the Bailiwick's Economic Crime Unit to have an opportunity to bring criminal charges in the first instance so we refer those to the criminal investigators prior to the Crown bringing the suspected malefactors to trial before the Royal Court.

In terms of the volume of enforcement cases, there were eleven in progress as of the last day of 2016. Sometimes, the total number of ongoing cases might rise as high as around a dozen; sometimes it might drop as low as seven or eight. I am putting these figures into the Commission's annual report because there have been a number of mischievous rumours circulating in 2016 relating to the scale of the Commission's enforcement activity. Throughout my tenure as Director General we have been very selective about the firms and individuals referred to enforcement. The Commission has no desire to take forward petty cases – life is far too short; we have no desire to spend our finite time on them and our resources are far too modest for that to be an appropriate approach given the levels of serious malfeasance with which we are dealing. Indeed, as I write, it is more the case that we are accumulating serious cases for further investigation as our finite, experienced

investigatory staff are almost fully consumed on a small number of complex investigations which we have prioritised because of their seriousness.

Our bench of Senior Decision Makers continued to prove its worth in 2016 as its members adjudicated a number of complex cases with their judgements being scrutinised by the Royal Court on more than one occasion over the last two years (I could not refer to some of the cases in the 2015 annual report because the appeals had been heard in camera and the results were not yet public). We were sorry to lose Andrew Stewart QC and Malcolm Davis-White QC over the course of 2016 but have been delighted to see them appointed to the judicial benches, respectively as Senator of the College of Justice in Scotland and Lord Commissioner of Justiciary, and as a specialist Circuit Judge in England - sitting in Chancery and mercantile cases. We were pleased to be able to appoint Kirsty Hood QC from the Scottish Bar to our panel in August.

In terms of cases whose outcomes we can discuss, we concluded three investigations with robust sanctions in 2016 as well as obtaining two administration/liquidation orders for failing firms from the Royal Court. The findings are set out in the public statements on our website. We will continue to work to ensure that our public statements allow those in industry to understand the detail of what went wrong at a firm as the feedback we have received is that the more detailed public statements have been much more helpful. In particular, the Commission was pleased to see the case concerning Marlborough Trust Company Limited, Marlborough Nominees Limited and four of its directors concluded with regulatory sanctions, after four years of intense effort. Those opposing the Commission in connection with the Marlborough case were well funded and fought hard using all means available to them to endeavour to stop the investigation ever reaching a conclusion which could enable sanctions to be bought against the directors. It required exceptional tenacity from all those involved at the Commission with the Marlborough case to persevere and bring this case to a successful conclusion with justice being done and being seen to be done. I and the Commissioners are proud of them for having done so and hope that the case will be seen by others as representative of the Commission's determination to deliver justice when faced with misleading behaviours and serious misconduct.

People

The Commission is only as good as its people. I am delighted to have such an accomplished set of directors. In 2016, I was pleased to see Tim Loveridge, after his hard work as Chief Transformation Officer and Chief Risk Officer of the Commission, appointed to

become Guernsey's next Director of Income Tax. I imagine that his achievements at the Commission will stand him in good stead as he now heads another arm of Guernsey's public service. We have also continued to liaise closely with the Guernsey International Business Association (GIBA) and I'd like to thank Patrick Firth for his constructive engagement during his two years as GIBA Chairman.

At director level, the Commissioners and I were pleased to appoint Andrew Sloan as Director of Financial Stability and Katherine Jane as Chief Risk Officer. Andrew moved to the Commission in 2014 having previously worked for both the States and the Guernsey International Business Association. His doctorate in economics equips him well for this role which we created in the light of the increasing international focus on linkages between micro-prudential and financial stability issues. He also has considerable expertise in European Union and pension policy-related matters which we find helpful. Katherine has a background in accountancy and consulting (most recently as a senior manager with Deloitte in London) as well as having gained a reputation as an accomplished regulator at the Financial Services Authority dealing with the consequences of the 2008 global financial crisis.

We have invested considerably in people development in 2016. In addition to the normal range of regulatory courses focused on technical and interpersonal skills, we also provided focused management development training for more than twenty managers and aspiring managers within the Commission. We also used the recent changes in employment law as an opportunity to comprehensively renew our staff handbook to reflect the decent and welcoming 21st century workplace which we aspire to be. We continued to apply our rigorous appraisal and moderation process to ensure that pay rises and bonuses awarded at the end of the year to some staff are merited rather than automatic. We think that this helps us ensure that we use our licensees' money wisely.

Finances

The Chief Operating Officer explains the financial results in detail in his section of the annual report. In summary, we continued to live within our means and ran a modest operational surplus of £632,030 which meant that for the fifth year in the row we were able to consult on a fee increase of 2% or less for the median financial services licensee. Unfortunately, we cannot do anything material about the discount rates used to determine the valuation of the Commission's share of the States of Guernsey's final salary pension scheme which we closed to new contributions in July 2014, having previously closed it to new entrants in 2008. Given the downwards trend in real interest rates which was sustained through much of 2016, the deficit has increased to £14.9 million

according to the widely criticised FRS 102 standard. The deficit is underwritten by the States of Guernsey and so the deterioration in our net asset position, whilst less than ideal, does not impact upon the ability of the Commission to continue to function as a going concern. Going forwards we will continue to endeavour to manage money carefully and live within our means once the impact of the historic pension deficit is discounted.

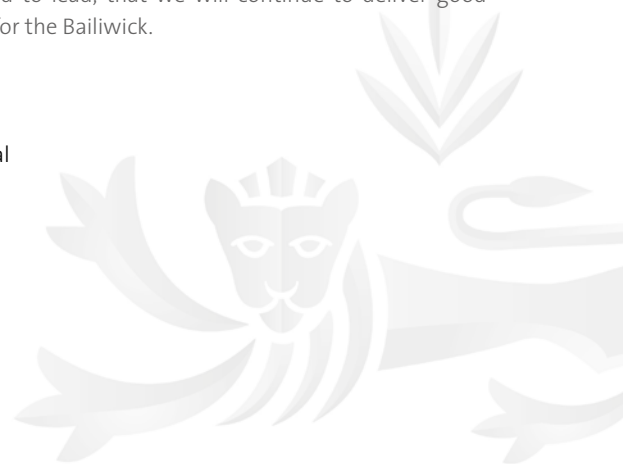
Looking Ahead

In 2017, we will continue to work to ensure that we:-

1. Execute high-quality risk-based prudential, financial crime, and conduct supervision with appropriate authorisation processes;
2. Deliver high-quality regulatory policy;
3. Deliver targeted, high-value risk-based enforcement;
4. Protect and enhance the Bailiwick's reputation and influence;
5. Manage finite resources effectively; and
6. Develop staff.

I cannot promise, given the international outlook, that we will necessarily be able to achieve all that we set out to do on behalf of the Bailiwick, however, a failure in that respect will not be because of any poverty of ambition on our part. We will continue to strive to do that which is good and right for the Bailiwick whilst being realistic about our limitations and cognisant of the need for focus. Because we will continue to strive and to push ourselves hard to serve the common good we may, on occasion, get things wrong or fail to get as far down a chosen track as we had wished. When that is the case we will seek to learn from our experiences and improve our practises or change track to get to the objective that we or other Bailiwick authorities seek. I am confident, given the skills, dedication and public service ethos of the men and women who I am proud to lead, that we will continue to deliver good quality results for the Bailiwick.

William Mason
Director General



Supervision

During 2016, our engagement with High, Medium High and Medium Low impact firms included undertaking full risk assessments on 12 firms with a further 77 engagement meetings held. Our engagement with Low impact firms was conducted through the notification regime and reacting as required to trigger events. During the course of this engagement across all impact levels we applied 55 Risk Mitigation Programme Actions with the most frequently cited risk being governance risk, followed by operational risk and conduct risk.

As reported last year, the Division undertook its first thematic review in October 2015. The findings of that review, on the Oversight of Alternative Custody Arrangements of open-ended authorised schemes, were published on our website in February 2016. In brief, the principal conclusion of the thematic review was that all firms indicated that they were undertaking some kind of oversight of service providers where modifications of the rules as they apply to custodians were in place, albeit to a varying degree. We continue to encourage firms to review their own practices in light of the findings and to consider whether their own risk management frameworks could be enhanced in line with the examples of good practice that we saw.

The experience of the first thematic informed our approach for future reviews and in the early autumn of 2016, the Division undertook its second, being a joint thematic review with the Financial Crime Supervision and Policy Division, entitled Risk, Compliance and Audit Frameworks for Fund Managers and

Fund Administrators. This thematic was conducted through a questionnaire, sent to 35 Low impact licensees, covering areas pertinent to our colleagues in the Financial Crime Supervision and Policy Division as well as conduct of business issues. In particular we sought to explore the cross-over topic of business risk assessments as well as more general business risks e.g. operational and business model risks, both of which feature in our engagement with higher impact rated licensees. The 2016 thematic, as with the thematic conducted in 2015, proved to be an effective means of proactive engagement with the Low impact licensees where we normally operate on a reactive basis. A sample of 10 firms from the 35 taking part in the thematic were visited in December by members of the Financial Crime Supervision and Policy Division with members of the Investment Supervision and Policy Division accompanying them on four of the visits. At the time of writing the findings from the thematic are under evaluation.

The topics of future thematic reviews were highlighted at the Industry Seminar presentation held in November 2016 and industry can expect to see a further thematic in quarter four of 2017.

Inevitably, supervision of our licensees will identify good practice but some poor behaviour will also come to the surface. The poorer behaviour may be of a level where it can be dealt with through risk mitigation programmes and the entities can be restored to a good state, however, in certain cases the poor behaviour is severe enough to warrant a referral to the Enforcement division. During 2016 the Division referred several entities to the Enforcement Division.

Policy

2016 was a busy year for the Division in respect of policy both on the domestic front and internationally.

Looking internationally: in early 2016, the Division responded to a further request for information and evidence from the European Securities and Markets Authority (ESMA) as part of the Alternative Investment Fund Managers Directive (AIFMD) equivalence process. The considerable effort expended by the Commission in developing its response paid off when, in the summer of 2016, ESMA once again recommended that there were no obstacles to Guernsey bring granted a passport under AIFMD.

The other main focus of our international policy work continued to be the European Union's (EU's) Market in Financial Instruments Directive II; however, given the EU's extension to the timetable for implementation to 3 January 2018, there is currently more of a requirement for a watching brief than for any particular policy change.

Finally, our active involvement on the International Organisation of Securities Commissions (IOSCO) Committee 4, included work to introduce an Enhanced Multilateral Memorandum of Understanding.

Domestically, there were two strands to our policy work: the first was the introduction of two new products. The second strand was reviewing existing rules with the intention of updating them where necessary in line with applicable international standards, for example Client Asset Rules. This piece of policy work continues into 2017.

The first of the two new products to be introduced during 2016 was the Manager Led Product. The Manager Led Product is intended for use by Alternative Investment Fund Managers who wish to domicile in Guernsey: taking advantage of the National Private Placement Regime market into EU Member States. The Manager Led Product, in recognising international moves to

regulate at the manager level, departed from Guernsey's existing regime of placing rules on any vehicle core to the fund structure, e.g. a general partner or limited partnership. Thus the burden of rules falls solely on the Alternative Investment Fund Managers.

The second product introduced was the Private Investment Fund. Whilst both products were developed through close consultation with industry, in the case of the Private Investment Fund, it was industry which provided the impetus for its introduction. The Private Investment Fund is a regulated product with a strong emphasis on corporate governance, including managing conflicts of interest. Its design is sufficiently flexible to be utilised both by family offices and private equity hedge fund managers.

Risk Outlook

Low interest rates continue to present a challenge to all forms of the wealth management industry and raises the possibility of a pricing bubble in asset classes. Indeed, at the time of writing, the US markets are experiencing increased volatility. Regardless, the old maxim must surely apply that higher return can only be achieved by taking on greater risk. The Commission bears this in mind in its supervision and in particular encourages firms involved in the retail space to ensure that this trade-off is understood.

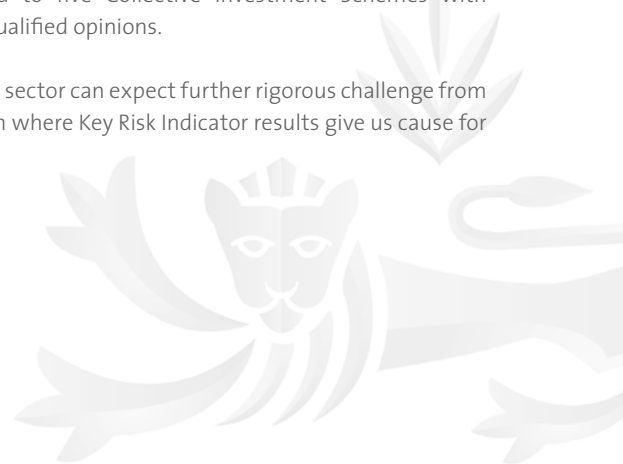
The Commission is considering the possible effects of a return to more orthodox monetary policy. This return, widely anticipated, appears to be crystallising with, in March 2017, the US Federal Open Market Committee (FOMC) raising the federal-funds rate to between 0.75% and 1%, and announcing the likelihood of two further jumps in 2017.

Clean audited annual accounts of Collective Investment Schemes submitted to the Commission on time are a key facet of good corporate governance.

Emma Bailey
Director

The use of Key Risk Indicators in our supervisory work over the period has proven fruitful in identifying licensees and funds where the good corporate governance expected is not evident. This led the Commission to introduce a new policy on the late submission of Collective Investment Scheme accounts, and accounts with qualified, disclaimed or adverse audit opinions. This new policy means the Commission will issue a notice of conditions as soon as we become aware that the Collective Investment Scheme has passed its accounts submission date. During the year, conditions were applied to four Collective Investment Schemes for late submission and to five Collective Investment Schemes with disclaimed or qualified opinions.

The investment sector can expect further rigorous challenge from the Commission where Key Risk Indicator results give us cause for enquiry.



Supervision

2016 was a year of relative stability for the fiduciary sector in the Bailiwick. The Fiduciary Supervision Policy and Innovations Division (the Division) supervised 154 full fiduciary licensees, 34 personal fiduciary licensees and 41 Non-Regulated Financial Services Businesses (“NRFBSBs”). Government statistics for 2016 highlight that there were 32,291 people employed in Guernsey, of whom 10% continue to work in the fiduciary sector.

During 2016, the Division conducted 27 visits to licensees (8 Full Risk Assessments, 11 Engagement visits and 8 thematic visits). These PRISM visits enabled the Division to target its limited resources on licensees’ business models, understand their core issues/risks and work together to mitigate potential risks, for example cyber crime, which played a more prominent role in onsite visits this year. Themes identified during our 2016 visits remained similar to those highlighted in our 2015 Annual Report. Risk Mitigation Programmes (where required) continue for local fiduciary licensees to centre around governance risk, conduct risk, operational risk, insurance risk and/or financial crime risk. This approach will continue to be a theme in 2017 and beyond.

Our 2016 thematic review, entitled “Client Money”, which followed on logically from the 2015 thematic review of “Fiduciary Decision-Making in Respect of Assets Under Trust”, sought to explore a key area of responsibility for trustees. This topic also enabled us to focus on crystallised risks recently experienced in the sector whilst enabling us to assess the need for client asset rules to ensure that the jurisdiction complies with international standards. We are also working with colleagues in the Investment

Supervision and Policy Division to ensure consistency with regard to the introduction of enhanced client asset rules and we intend to issue a Consultation Paper in 2017. For the Client Money Thematic, we issued a questionnaire to all full fiduciary licensees and undertook an analysis of the responses. This analysis, together with the findings from the eight thematic site visits, resulted in a report, published on our website, which we commend to all of our licensees as it offers a useful perspective on some of the risks which local fiduciary firms face.

In 2016, we worked with colleagues in the Financial Crime and Enforcement Divisions to take robust action against those few fiduciaries guilty of serious breaches of the law. Nevertheless, in our experience, the vast majority of our licensees continue to operate reputable businesses which epitomise why Guernsey remains a leading international centre of expertise for Trust and Corporate Service Provider (TCSP) business.

We repeated our quarterly fiduciary ‘drop-in’ breakfasts and extended invites to the Personal Fiduciary Licensees for the first time during 2016. These sessions are informal in nature, with no prescribed agenda, and proved to be successful in developing working relationships, sharing fiduciary trends and understanding the challenges our local firms face. We intend to continue these events in 2017. Members of the Division also delivered presentations to a variety of industry groups including the Guernsey Association of Trustees (GAT), the Society of Trust and Estate Practitioners (STEP) and the Institute of Chartered Secretaries and Administrators (ICSA) on a range of topics.

Policy

Support of innovation remained high on our agenda during 2016. Considerable effort was focused by the Division on progressing the Lending, Credit and Finance Project which has two principal objectives. Firstly, to introduce consumer lending and credit protection and secondly to provide clarity on the regulatory requirements for innovative financial lending services. The project also contemplates the repeal of the existing Registration of Non-Regulated Financial Services Businesses (Bailiwick of Guernsey) Law, 2008. The project has sought to engage an extensive range of stakeholders. We were pleased by the significant number of responses to the Discussion Paper in the third quarter of 2016. Work in this area continues apace and it is envisaged that a Consultation Paper will be issued in the first half of 2017.

The Division and the wider Commission continue to play an active role in the international arena for the fiduciary sector, in particular with regard to key work streams under the Group of International Finance Centre Supervisors (GIFCS). Leading a working group on the GIFCS' Standard on the Regulation of Trust and Corporate

Service Providers ("the Standard"), the Division helped shape a template to assist global GIFCS members in assessing their own arrangements for meeting the Standard. The Commission continues to work to ensure that Guernsey is compliant with the Standard to uphold our reputation and reinforce our position as a leading trust jurisdiction and is currently developing Client Asset Rules in this regard.

During 2016 the Division maintained dialogue with industry representatives, including Personal Fiduciary Licensees, on the subject of statutory exemptions and acting as a director and with respect to statutory exemptions for Private Trust Companies. A number of issues and solutions were identified. Whilst some of the issues are expected to be resolved through the Revision of Laws project, the Division has been working closely with industry bodies to understand issues for practitioners. Whilst there is ongoing work in this area, constructive discussions have been held and the Commission has recently published updated guidance and FAQs on its website.

Risk Outlook

At present, the sector remains stable both in terms of the number of full fiduciary licensees (153 in 2015 and 154 in 2016) and in the value of assets held by local firms.

New business continues to be developed internationally, including from China, the Middle East and Asia. Where new business is developed from higher risk jurisdictions we continue to expect firms to apply a risk-based approach and ensure appropriate and robust AML/CFT arrangements are maintained and implemented.

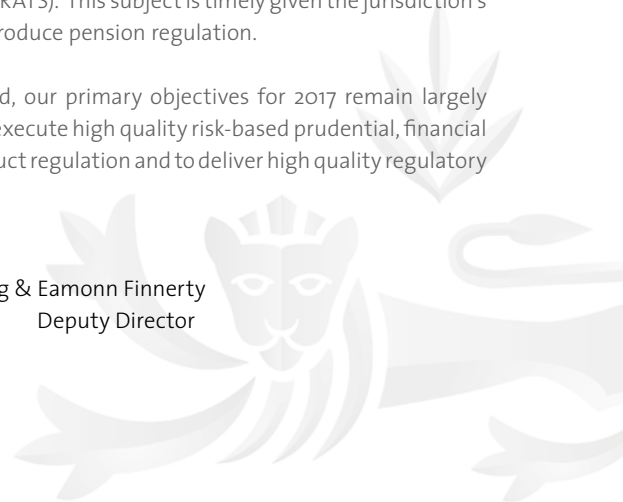
The Division's supervisory activities have resulted in risk mitigation actions which continue to be focused on governance risk, conduct risk, operational risk, insurance risk and financial crime risk. Going forward one of the main challenges for the sector continues to be environmental risk. The global tax narrative and increased focus on offshore structures continue to pose a challenge to our licensees. Further, cyber security threats globally increased significantly during 2016 and the Bailiwick was not immune to such attacks with licensees having been subjected to attacks in all sectors. Vigilance around staff training and updating or replacing legacy systems that are no longer supported by software providers will form part of

the strategy to mitigate the growing cyber security threat. When conducting onsite visits supervisors will consider whether or not the firms have adequate policies and procedures in place to ensure that the threat from cyber crime is reduced.

The Division announced to industry that the annual thematic topic for 2017 will focus on the area of Pensions and Retirement Annuity Trusts (RATS). This subject is timely given the jurisdiction's intention to introduce pension regulation.

Looking forward, our primary objectives for 2017 remain largely unchanged: to execute high quality risk-based prudential, financial crime and conduct regulation and to deliver high quality regulatory policy.

Gillian Browning & Eamonn Finnerty
Director Deputy Director



Supervision

Since 2008, policy makers have considered, in depth, the degree to which the global insurance industry poses a threat to global financial stability. A notable example of this was in 2016 when the International Monetary Fund (IMF) argued that regulators should supplement their traditional firm-specific approach to regulation with a wider macro-economic approach. The IMF urged consideration, for example, of such issues as a higher risk appetite in the search for yield, correlated sectoral exposures, closer links to the capital markets, cross-border regulatory arbitrage, the impact of fair value accounting, derivative usage and so on.

Although important for the Island, the Guernsey insurance industry is too small to have much of an impact on global or even regional financial stability; not least as a large proportion of business is made up of self-insuring captives. Nevertheless, the Commission takes care to follow the advice of, for example, the IMF, by considering the global picture in its everyday supervision. For example, whether the Insurance-Linked Securities (ILS) sector is under-priced and how therefore it should be supervised; or whether Guernsey insurers are taking on more credit and duration risk to improve yields; or whether sovereign risk is a concern, not least given regional debt levels. Whatever the answer to these questions, their consideration enhances the quality of Guernsey's everyday supervision as well as ensuring that the jurisdiction is aligned with the wider, global picture, and thus meets its international obligations.

Turning more specifically to the Bailiwick, 2016 aggregate figures are unavailable, given that many firms have an end-December year-end and do not report till the end of the first quarter of 2017. However, in 2015, gross assets stood at £23.9bn (£23.7bn in 2014), net worth at £11.5bn (£11.6bn in 2014), and premiums at £5.5bn (£4.9bn in 2014). Given that these figures can be unduly influenced by a few of the larger firms (and in 2015 some larger deals), all that can be safely said is that the local industry has remained stable in recent years with some signs of modest real growth, not least after nominal numbers are inflation-adjusted.

International insurer licences increased from 804 in 2015 to 835 in 2016; largely due to new Protected Cell Company (PCC) cells. This increase primarily reflected a re-structuring of current business.

Otherwise, in 2016 the market remained unchanged with 8 licenced domestic insurers dealing with local requirements and 19 authorised managers dealing with international business.

Recurring themes in insurance supervision in 2016, were key man risk, group outsourcing and the impact of technology on business models.

Policy

In January 2017, the Commission issued Special Purpose Insurer Rules to provide additional clarity to this sector, in the particular context of catastrophic re-insurance. The Commission also revised its insurance fee structure to reduce ILS fees.

In 2016, the Commission continued to contribute to the International Association of Insurance Supervisors (IAIS) through membership of IAIS's Executive Committee, its Financial Stability and Technical Committee and the Reinsurance Task Force. The Commission continued to chair the Group of International Insurance Centre Supervisors (GIICS) and supported its mid-level

training event in London. The Commission, funded by the Commonwealth Secretariat, also completed its work for the Cook Islands around captive regulation and the risk-based approach. The Commission continued to self-assess itself against the Insurance Core Principles, on a timeline set by IAIS.

Risk Outlook

As in 2016, in 2017 Guernsey insurers need to be aware of three immediate and continuing risks. First is the need to ensure that retail investors are not included in funding of the ILS sector in Guernsey, given the risks involved. Second, is the need to control asset quality despite the search for yield. And third, is the need to respect the increasing regulatory and societal focus on conduct of business issues.

Jeremy Quick
Director

A final and emergent risk, although present for some time, is the threat from cyber crime. This is especially the case where insurers retain sensitive personal details of their clients.



Supervision

Global growth for 2016 was projected at 1.6% for the developed world by the International Monetary Fund (IMF) in January 2017; although a strong outturn in the fourth quarter in both the UK and USA had not been factored into that projection. Growth in the developing world was estimated at 4.1%; with Asia performing well. In aggregate, the IMF project 2016 global growth at 3.1%.

As at end-September 2016 (latest figures), total liabilities of Guernsey banks stood at £115bn compared to £105bn a year earlier. Third party deposits, that is deposits other than from banks, as at end September 2016, stood at £44bn compared to £39bn a year previously. The general increase in liabilities and deposits is largely to be explained by the sudden depreciation in sterling following the referendum in the UK on membership of the European Union, given that a significant proportion of banking business in Guernsey is transacted in US dollars and euros.

Four licences were surrendered in 2016 bringing the number of banks in Guernsey to 25 at end-year. Of the four banking licences surrendered, three came from groups that still retain one or more banking licences in Guernsey. There was a minimal impact on local employment as the number of full time equivalent staff was more or less static at 1,498 in September 2016 compared to 1,488 in September 2015.

During 2016, there were no recurring supervisory issues with Guernsey banks although AML/CFT issues periodically appeared. The biggest recurrent regulatory challenge that Guernsey banks face is outsourcing key activities without a loss of control.

The Commission undertook a desk-based thematic examination of regulatory returns. It concluded that some improvements for certain banks around the pre-submission process were advisable.

Policy

As part of its continuing implementation of Basel III, in 2016 the Commission completed its implementation process (including an impact study) for the Liquidity Coverage Ratio and the Net Stable Funding Ratio. These requirements will come into effect in 2017.

Since 2016, Guernsey banks have been able to participate in the Single European Payments Area (SEPA). So far, three banks have taken advantage of this.

The Commission has continued to support the Guernsey government in 2016 as it considers the issue of bank resolution.

In the course of 2016, the Commission has been active internationally; attending several regulatory colleges and meetings of the Group of International Finance Centre Supervisors (GIFCS).

In terms of international co-operation, the Commission visited Nevis to provide advice on Basel II implementation, funded by the Commonwealth Secretariat and hosted a delegation from the Central Bank of the Seychelles on banking regulation in general. Several bilateral visits were made to sister regulators.

Risk Outlook

In global terms, the IMF forecasts stronger global growth in 2017 than in 2016. However, for Guernsey banks, the biggest risks come from a continuing slide towards autarchic sentiments around the world that will continue to constrict the cross-border financial and

non-financial flows upon which Guernsey banks depend and a decline in the central London residential and commercial property market where Guernsey banks have, in aggregate, their largest sectoral exposure.

Jeremy Quick
Director

CONDUCT UNIT

In 2015, the International Association of Insurance Supervisors (IAIS) published a paper on conduct of business and in 2016 followed this with another paper on intermediaries. Each of these supports a related specific insurance core principle. This increasing international focus on conduct reflects the fact that conduct is becoming more important, including for traditional prudential supervisors, in terms of everyday supervision. Guernsey is no exception to this trend. For example, the Commission has a dedicated Conduct Unit, supports financial literacy, engages in onsite thematic reviews, and so on. Having said this, Guernsey, like other small jurisdictions, faces particular challenges in conduct regulation. Key amongst these is the fact that many of the insurers providing local services are situated, and regulated, outside the jurisdiction. As global regulators begin to combine issuer and intermediate regulation into one stream, for regimes like Guernsey, this leads to a challenge of cross-border co-operation so as to ensure that overseas insurers are effectively aligned with Guernsey intermediaries.

There were 34 licensed insurance intermediaries at the end of 2016 dealing with local and specialised requirements covering both life and general insurance. This is consistent with the end of the previous year; with 1 new authorisation and 1 surrender.

As part of its commitment to intermediaries, the Commission hosted a one day seminar on the UK Insurance Act 2015, accessing several off-island speakers. Feedback on this seminar was positive.

The Commission began its revision of the Code for Authorised Insurance Representatives (AIRs) so as to make it more accessible and compatible with business practices – to be implemented in 2017. The new draft Code is designed to strengthen the quality of general insurance advice in the Bailiwick. The revision followed a thematic where the Commission expressed concern over the

practice of opting out rather than opting in to certain general insurance products, as also highlighted by the UK Financial Conduct Authority (FCA).

The Commission withdrew the Guernsey Insurance Certificate, as demand for the examination had fallen to a very low level and as it had, in part, been made redundant by the increased availability of relevant Guernsey-specific educational reference material.

The Conduct Unit continued to play a role in improving local financial awareness. An example of this was the hosting, for local sixth formers, of a seminar on the local financial industry. The Conduct Unit also continued to liaise with the new Channel Islands Financial Ombudsman as the latter got into its stride.

The Conduct Unit was active internally in supporting the production of the Commission's Discussion Paper on consumer loan regulation; as well as in determining the Commission's approach to robo-advisers. It also hosted a visit from the Reserve Bank of Malawi which focused on conduct regulation. This is the third recent Commission contact with the Reserve Bank with previous sessions covering the risk-based approach and insurance regulation.

In terms of everyday supervision, the Conduct Unit continued to concentrate on long-term insurance advice together with the proactive supervision of retail bank branches.

Risk Outlook

In 2017, firms should be aware that the Commission intends to undertake a third thematic on long-term life intermediaries. General insurance intermediaries should, in due course, undertake a gap analysis around the new Code for AIRs and take remedial action where necessary. As always, firms should pay particular attention to the need to treat customers fairly, which includes,

amongst other matters, being transparent about charges, clear in the coverage of each policy and balanced when dealing with complaints.

Jeremy Quick
Director

Supervision

In quarter one of 2016, the Financial Crime Supervision and Policy Division applied for the first time the methodology it developed for assessing financial crime risk across the finance sector using data submitted in 2015 from the annual Financial Crime Risk Return.

The Division was pleased to note a 98% return rate from industry for this first set of data, a return rate which was repeated for the second set of annual data representing the period July 2015 to June 2016 which was received in the fourth quarter of 2016. This second set of data now means that the Division can begin to examine year-on-year changes in key risk indicators on a firm and sector basis to improve its understanding of financial crime risks on an individual and sector basis and across the industry as a whole.

This ability to apply a consistent method of assessment of risk is important for determining not only our programme of supervisory engagements with firms, but also for the generic data it provides on a sector and industry-wide basis for policy work on matters such as the National Risk Assessment.

Globally, many financial supervisors are now starting to request financial crime data from their firms. The Division was therefore pleased to receive an approach from a major onshore financial services regulator who wanted to learn about our experience in introducing an industry-wide return and on the development of a methodology for assessing inherent financial crime risk.

During 2016, we carried out onsite visits to 46 firms, 10 of which were carried out under our 2016 joint thematic review with the Investment Supervision and Policy Division. The thematic commenced in the third quarter and examined audit, compliance and risk management frameworks in the investment fund administration sector. In respect of financial crime issues within this exercise, we were seeking to understand how fund administrators address risks associated with bribery, corruption, tax evasion, fraud and international sanctions posed by investors and within collective investment funds themselves. This work was carried out alongside assessing the general measures firms employ to monitor the effectiveness of their compliance monitoring programmes and their controls for undertaking investor customer due diligence, monitoring and reporting suspicions, including how firms ensure that suspicions are being reported in a timely manner. We intend to publish the findings from this thematic in 2017.

In June 2016, the report from the Division's thematic review of the provision of financial crime training was published. This exercise involved 62 firms employing 2,238 employees. Its key finding related to a disconnect between the money laundering, terrorist financing and more general financial crime risks - which firms identified as the greatest threat to their businesses - and the content of the training provided to their boards of directors and staff. The Division found that nearly three-quarters of firms surveyed identified fraud as one of their top three risks but only six of those firms specifically covered fraud in the regular training provided to staff.

Findings from the Division's onsite visits continued to show that most firms inspected had strong control environments enabling them to manage effectively laundering and terrorist financing risks. We found, however, a few firms where there were significant systemic failings. During the year, several firms were referred to the Enforcement Division for further investigation.

Several other firms were intensively supervised during 2016 with measures including licence/registration conditions or independent reviews implemented as part of risk mitigation programmes to remedy financial crime deficiencies.

Policy

The two projects which dominated the Division's policy work in 2016 were the commencement of the Bailiwick's National Risk Assessment ("NRA") and the continued development of the AML/CFT Handbook. As with Moneyval's evaluation of the Bailiwick's AML/CFT regime which scrutinised the work of all the Bailiwick's AML/CFT agencies, these two projects are also multi-agency exercises.

By the end of 2016, the Bailiwick was about a third of the way through the NRA. This government-led project, which is utilising a model framework from the IMF, to assess the money laundering and terrorist financing risks the Bailiwick faces, is also drawing upon the knowledge and experience of a cross-section of firms representing the broad composition of the Bailiwick's financial and professional services sectors.

Much of the work has involved the completion of perception surveys and collection of statistics for which the Division was able to draw upon data from the financial crime returns regarding the number of high-risk and politically exposed customer relationships there are on a sector basis. One workshop involving the AML/CFT agencies was held at the end of November to consider the money laundering and terrorist financing threats to the Bailiwick and the Bailiwick's vulnerabilities and a further workshop, which will also involve representatives from the private sector, is scheduled for mid 2017.

As a precursor to the NRA, earlier in the year the Division took part alongside the other Bailiwick's agencies, in Financial Action Task Force (FATF) and Moneyval surveys on terrorist financing.

The development of the AML/CFT Handbook has remained a longstanding project and with the publication of Moneyval's report of its assessment of the Bailiwick's AML/CFT regime in January 2016, considerable progress has been made to advance revisions to the legal framework. The Division has been working with the Policy and Resources Committee, which is responsible for the Proceeds of Crime Regulations, the Law Officers of the Crown and the Alderney Gambling Control Commission, whose supervision of the egambling entities includes ensuring compliance with a similar AML/CFT regime based upon the FATF Recommendations. The revisions, which will be subject to consultation, will bring the AML/CFT regime which firms must apply, up to the FATF's latest standards and incorporate Moneyval's recommendations, including the recommendation that the categories of customers to which enhanced measures should be applied should be expanded. In this respect the Division has reviewed other comparable jurisdictions, including Jersey. We intend that the revised regime will come into effect in the second half of 2017.

The publication of the Moneyval report also afforded an opportunity for the Commission, alongside the Guernsey Border Agency and the Policy and Resources Committee, to provide feedback to industry on the report. The Division also provided supervisory feedback on the robustness of firms' sanction-screening controls at a Guernsey Border Agency seminar on terrorist financing which was held in October.

Risk Outlook

Moneyval's findings from its evaluation of the Bailiwick, that firms were highly knowledgeable in respect of their AML/CFT obligations and had comprehensive customer take-on policies, procedures and controls, mirrored the Division's experience as a supervisor that the finance sector is good at identifying and verifying beneficial ownership. Clearly, this is important for ensuring that the beneficial ownership records, which will be held by the Bailiwick through the Register of Beneficial Ownership which is due to be established by mid-2017, are accurate and up to

date. Those records will also need to be underpinned by effective and robust due diligence measures which drill down on beneficial ownership. This will be essential to continue to mitigate the range of financial crime risks faced by all firms, ranging from bribery and corruption to tax evasion and terrorist financing and sanctions risk.

Fiona Crocker
Director

General

2016 was another busy year for the Enforcement Division both in the number of cases requiring an investigation and, for the first time since its inception, conducting more outreach to industry by way of case typology presentations.

During 2016, the Division brought to a conclusion the two remaining cases linked to the Arch Cru investigation, however, there are further major cases being investigated which are complex and stretch across several jurisdictions. We also continue to receive referrals from the supervisory divisions involving cases where licensees have serious AML/CFT failings or where serious corporate governance failings have been identified. Such cases bring into question whether the senior management and the boards concerned are meeting the minimum criteria for licensing.

It is, however, within the fund sector where the Division has been most active in the last twelve months with some concerning instances being uncovered of significant failings in corporate governance and the management of conflicts of interest as well as extremely poor management of clients' investments. During the year, the Division had to deploy significant resources in order to deal with several cases involving investment funds where retail clients were potentially at risk. Where, during the course of our investigations, we identify material which leads us to believe that criminal activities may have occurred, we will refer those matters to the Economic Crime Division with whom we share a close and constructive working relationship.

With regard to those cases where there was a cross-jurisdictional interest then, as with other global regulatory enforcement bodies, the Commission has the ability to exchange information with, and make requests of, other regulators in relation to specific investigations. Such requests are made under the Multilateral Memoranda of Understanding of bodies such as the International Organisation of Securities Commissions (IOSCO), which enables regulators to exchange material and to assist each other in ongoing investigations.

Once again this year (as in 2015), we have found it necessary to make applications to the courts for administrators or liquidators to be appointed for licensed entities. We have resorted to this action in those cases where we believe there are either solvency issues that require urgent resolution and / or there is a real threat to investors' funds. The Commission only takes such action where the circumstances are considered to be serious and where we consider alternative courses of action – such as the licensee making the application itself - unappealing. These cases can be both time consuming and expensive for the Commission, hence applications will usually be made for costs to be awarded. This ensures that, wherever possible, such expenditure will not ordinarily fall on those licensees who operate profitably, professionally and within the ambit of the law.

Outreach to Industry

In February this year, the Enforcement Division, in conjunction with the Financial Crime Supervision and Policy Division, was invited by the Guernsey Association of Compliance Officers to provide a case study presentation to its members. This was an interactive session which enabled those attending to get involved. Later in the year, we were invited by the Institute of Directors and the Guernsey International Business Association to provide a similar presentation to their members.

It was pleasing to note similar answers being provided by both the Compliance Officers and the Directors at the two separate events showing that, on the whole, proper consideration is being given to the key regulatory expectations of our licensees.

This was the first time the Commission has delivered such a targeted presentation to industry on the subjects of enforcement and financial crime and from the feedback we received it is clear that those who attended found the presentations to be both informative and helpful. We hope that the presentations also provided an insight into the types of cases that are being investigated and the reasons why sanctions were brought against the firms and individuals.

It is envisaged that the Enforcement Division will undertake further outreach activities for industry during 2017.

Cases reported

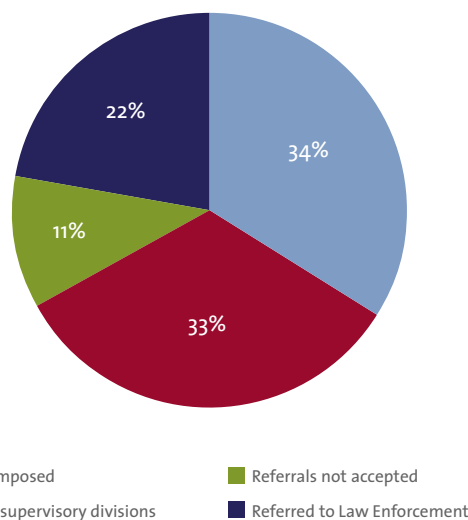
The theme for the 2016 Industry Presentations was around corporate culture. From the public statements that have been published on the Commission's website over the last two years or so, it is clear that the culture within some of those firms who have faced sanctions, was one of profit regardless of societal cost.

In the early part of the year, the Division reported on a fiduciary that was not fulfilling the regulatory requirements with regard to AML/CFT requirements and failing to keep up with client file reviews. There were also other issues which were considered to be serious regarding the licensee which led to sanctions being brought.

During the year, the two remaining legacy cases were finally brought to a conclusion both of which had links to the Arch Cru collapse. These cases were extremely time-consuming to progress. We faced challenge at various intervals with attempts being made to break the process rather than address the substantive issues. However, the Commission's decision in 2014 to establish a panel of Senior Decision Makers (SDMs) comprising eminent QCs from the UK who determine the serious enforcement cases, has been shown by these cases (and others) to have been the right thing to do. In particular, the SDMs' experience in dealing with complex legal arguments and writing up detailed findings with precise reasoning has ensured that the Commission has been well placed to deal with subsequent appeals where, despite some penalties being remitted for adjustment, both the process and the substance of the SDMs' decisions have withstood the scrutiny of the courts.

2017 is set to be another busy year with cases that have been investigated in 2015 and 2016 starting to come to a conclusion. In general terms, the Enforcement Division has between 8 to 14 live cases at any one time, generally at differing stages.

The chart below depicts the outcomes of cases that have been concluded during 2016 and shows quite clearly that not all matters that are referred to the Division lead to sanctions being imposed.



There were a couple of instances where fines remained unpaid by firms and individuals. The Commission commenced proceedings in one of these matters in 2016 and further applications are expected to be made to the Courts in 2017 for the payment of fines, where we adjudge such action appropriate, given the solvency of the individual or firm concerned.

Simon Gaudion
Director

Whistleblowing Line

Calls to the whistleblowing line during 2016 included the expression of concerns about the conduct of certain senior staff at licensees and other general reports of poor business practices. The reports were reviewed by the Intelligence Unit and relevant information passed to the supervisory division for further consideration where appropriate.

The whistleblowing line is 01481 748094. There is also now an email address available: whistleblower@gfsc.gg

SENIOR DECISION MAKERS

The Panel of Queen's Counsel set up in 2014 to act as Senior Decision Makers in contested enforcement proceedings brought by the Commission against firms and individuals, has now benefited from further experience in discharging that independent and quasi-judicial role.

During the course of 2016, three cases were pending before Members of the Panel and one of those three was completed during the year. In addition, there were in 2016 further (appellate) proceedings in relation to two of the three cases decided by Members in 2014 and 2015. There were remittals in each of those two cases, which were disposed of in the course of 2016. Thus five Members of the Panel were actively engaged in casework over the course of the year.

All the present Members of the Panel have now had one case to deal with, except for the most recently appointed Member.

At the end of 2016, the Senior Decision Makers were: -

- Glen Davis QC
- Dr Kirsty Hood QC
- Richard Millett QC
- Terence Mowschenson QC
- Leigh-Ann Mulcahy QC, and
- Nicholas Peacock QC.

Andrew Stewart QC of the Scottish Bar resigned from the Panel on his appointment as a Judge of the Court of Session with the judicial title of Lord Ericht. After advertisement and interview, the Commission appointed Dr Kirsty Hood QC in his place. Malcolm Davis-White QC also resigned following his appointment as a Specialist Civil Circuit Judge exercising Chancery and Mercantile jurisdiction in the North Eastern Circuit in England. Leigh-Ann Mulcahy QC was appointed in January 2016 to sit (part-time) as a Deputy High Court Judge in England and Wales.

The only determination made in the course of 2016 led to a public statement which appears on the Commission's website. It is dated 21 November 2016, and relates to Marlborough Trust Company Limited, Marlborough Nominees Limited and four individuals related to those companies.

The two determinations by Senior Decision Makers mentioned in my report in the 2015 Annual Report were each appealed to the Royal Court, and each resulted in a partial remittal to the Decision Maker. Following the decision relating to Guernsey Insurance Brokers Ltd of December 2014 and two individuals related to it, one of the individuals appealed on the basis that the penalty in his case was too high. On appeal from the Royal Court, the Court of Appeal (Appeal No 498) concurred with the Deputy Bailiff's decision in the Royal Court that the amount of that penalty fell to be remitted to the Senior Decision Maker and it provided interpretation of the Deputy Bailiff's Judgment on factors to be taken into account when setting penalties which the Commission found helpful. The outcome of the remittal was an amended public statement which appears on the Commission's website.

Bordeaux Services (Guernsey) Ltd and three individuals related to it also appealed to the Royal Court from the decision of August 2015 in their case. The Deputy Bailiff's Judgment of 11 May 2016 made some adjustments to the outcome, including remittals as to the amount of one penalty and the length of one prohibition order. The outcome of the remittal was an amended public statement which also appears on the Commission's website.

At the year end, two other contested cases were pending before Senior Decision Makers. One of the two appears to be of unusual size and complexity.

The annual training day was held for the Panel in September 2016, to consider the early experience gained by individual Members of the Panel and the implications for them of the decisions of the Royal Court and Court of Appeal. A further training day is scheduled for September 2017.

Michael Blair QC
President of the Panel of Senior Decision Makers

This page has been intentionally left blank



CHIEF RISK OFFICER'S REPORT

As noted in the Director General's statement in 2015, the Commission implemented the second major part of the PRISM supervisory system therefore meaning that 2016 was our first full year in which all aspects of PRISM were used by all our supervisory teams. This meant that, during 2016, the Risk team, who had been responsible for the successful implementation of PRISM, could shift into the more traditional roles of providing challenge, assurance and development of risk-based supervision within the Commission, as should be seen in the Risk function at any authorised firms. During this period we also saw a number of changes in the personnel of the Risk team, including me joining the team and the Commission as Chief Risk Officer.

From my past history and experience as both a supervisor and consultant, I know that PRISM, as a system and methodology for risk-based supervision, is not a panacea for all. Also, as I noted at our 2016 Industry Presentations, even if we had an individual supervisor for every firm, this would be no guarantee that all firm

failures could be prevented. Risk-based supervision is necessary to ensure that we execute high-quality prudential, financial crime and conduct supervision using the resources we have available. Nevertheless, we would be resting on our laurels if we assumed that because PRISM has been implemented, everything is working as efficiently and effectively as it could, or that there are not further risks on the horizon that the Commission should be aware of, and prepared for. My challenge in 2017 and going forwards therefore is to lead the Risk team at the Commission in providing assurance on the efficiency and effectiveness of our supervisory approach and to be one of several voices providing insights into the potential risks that the financial services industry and the Commission face.

Supervisory Actions

Whilst PRISM has been fully implemented, we continue to roll out risk-based supervision to authorised firms within the Bailiwick. During 2016, our supervisors visited c.40 firms on risk assessment visits, each of which was followed by a Risk Governance Panel which is the Commission's method of internal challenge to ensure consistency and fairness across all supervisory divisions. From these visits, and other supervision interactions, just over 150 Risk Mitigation Programme ('RMP') issues were identified by supervisors resulting in over 200 actions being set for both the firms and the Commission. Actions are created where the weakness identified in the systems and controls at a firm for a specific issue results in probability of a risk crystallising, such as financial crime, being above the Commission's risk appetite.

Whilst the actions created by supervisors in 2016 aimed to mitigate a wide range of risk types, a significant number of actions were targeted at financial crime risks, operational risks, governance and conduct risks. The completion of these actions will continue to be monitored by our supervisors until we are satisfied that the risk has been mitigated such that the probability of the risk crystallising is below the Commission's risk appetite. As we continue to visit firms for the first time using the PRISM methodology in 2017, I expect that we will identify further RMP

issues and actions across a number of risk types including the ones mentioned above. Firms and their directors should continue to ensure they are satisfied that their own systems and controls in each of these risk areas are sufficiently robust to mitigate the level of risk that they face, especially if a firm operates a high-risk or innovative business model.

Firm Risk Assessment visits and interviews with senior individuals at firms are the most obvious aspects of our proactive supervision of entities authorised in the Bailiwick, however, we also receive a range of additional information on the firms we supervise from a number of sources such as online returns, firm notifications, social media and the whistleblowing hotline. Alerts will also be created within PRISM to trigger supervisory consideration of a specific issue or event. Supervision will create a record of such alerts within PRISM and will record the action the Commission has, or if appropriate has not, taken as a result of this additional information using a triage within the system. Over the course of 2016, our supervisors dealt with over 13,000 alerts across approximately 2,000 firms, with over 1,200 triages being recorded. These alerts and triages cover a wide range of events from breaches of legislation or rules to reporting errors or the need to follow up an RMP action that had been set.

Whilst multiple alerts may be recorded against one firm, with 2,150 entities authorised in the Bailiwick, it shows the breadth of information the Commission receives and the amount that our supervisors deal with during the course of a year. We will continue to investigate methods to enable us to improve our use of information and identify those firms which may pose a risk to the Bailiwick and its financial services industry. In addition, the

information we receive along with the RMP issues and actions which were created in 2016, demonstrates that the majority of actions taken by the Commission to help address issues it has identified were done in cooperation with the firms we supervise. It is only in extreme or egregious cases, that a referral to our Enforcement Division is considered.

2017

The Risk team will remain as a mainly internal facing function of the Commission, though we will continue to participate in industry events and deliver educational initiatives where we believe the subject of risk, the role of risk and risk-based supervision on the island can be better communicated and understood. We will continue to be responsible for assuring that PRISM remains effective in mitigating the risks of the firms authorised by the Commission through the operation of Risk Governance Panels, regular management information and specific assurance reviews on our supervisory approach.

As noted within the comments of the supervisory directors, there are a number of new policy initiatives which will be implemented in 2017. The Risk team will continue to be responsible for ensuring we are prepared for these changes when they occur and in providing guidance to our supervisory colleagues on how to assess new risks or requirements at the firms they visit.

Throughout 2017, the Risk team will also be considering how, as a Commission, we can best use the information we receive to help identify future risk trends within our firms and the wider industry, along with assessing new risk areas that may arise. We aim to continue to ensure that the Commission carries out effective and efficient high-quality prudential, financial crime and conduct supervision.

Katherine Jane
Chief Risk Officer



AUTHORISATIONS UNIT

2016 has been the first full year of operation for our completely centralised Authorisations Unit since its initial inception. There is now a complement of twelve staff in the Authorisations Unit and the process of streamlining working practices and cross-training continues. The responsibilities of authorisations comprise three main areas: (i) the assessment, review and final decision-making on all applications which are submitted to the Commission; (ii) the assessment and review of all personal questionnaires, appointments and resignations; and (iii) the running of the online services help desk.

The establishment of a centralised area responsible for the consideration of all applications has facilitated a consistency in approach and decision-making which was more difficult to achieve when assessments were undertaken independently within each of the supervisory divisions. Communication between the Authorisations Unit and each of the supervisory divisions remains a priority and weekly reporting is provided regarding submissions to the Commission. In addition, to aid the quality and timeliness of decision-making and information sharing across the Commission, regular meetings have been set up between the Authorisations Unit and all supervisory divisions to discuss ongoing and potentially complex, innovative or higher risk applications.

Overall, the volume of applications submitted to the Commission increased by 5% during 2016, with a total of 498 received during the year compared to 476 during 2015. The two sectors which saw the most growth were Investment and Fiduciary. The majority of the increase in investment applications can be accounted for by a rise in the number of open-ended fund classes launched. In the Fiduciary sector, there have been a number of high-profile consolidations which have resulted in 16 amalgamation applications during the year, compared to none during 2015.

Generally, a peak in both applications and surrenders has been noted towards the end of the year which is matched by a corresponding decline during the summer months. Whilst we will endeavour to meet deadlines, it is always helpful if complete applications are submitted as early as possible to help achieve this.

The Authorisations Unit adopts a consistent, robust and rigorous approach to the assessment of all applications; the applicant must demonstrate how they are going to meet the relevant regulatory requirements or they will not receive approval. Throughout the year, this stance has resulted in a small number of applications not proceeding to the approval stage due to either material weaknesses in the application or business model. Nevertheless, over 96% of applications submitted were approved showing how well the majority of firms demonstrate that regulatory requirements would be met.

Over half of the non-approved applications were withdrawn by the applicants when it became clear to them that there were weaknesses in their proposed business model, systems or controls which required additional work. During the year, the Authorisations Unit conducted a review of outstanding 'in principle' approvals which had not been progressed, in some cases for over two years. On the back of this review we have implemented a working practice that, if a substantive response to all our queries is not received within three months or an 'in principle' approval is not taken up within this period, the application is archived, and reactivation requires a new submission with an attendant application fee. Lapsed applications such as these accounted for just under 2% of the non-approved applications. There was only one instance of the Commission issuing a minded to refuse letter during 2016.

During 2016, a total of 8,400 submissions were made through the online Personal Questionnaire (PQ) portal, which represented an increase of 21% from 2015. The rise is due both to more people using the portal and firms being able to ensure more easily that all individuals' records are kept up to date. Since its launch in October 2015, there have been approximately 7,500 submissions made via the online submissions portal; 6,300 returns and 1,200 notifications. The returns submitted are used to drive Key Risk Indicators within PRISM which feed into the reactive supervision carried out by the regulatory divisions. We noted that calls and emails to the help desk increased when new forms were launched during the year (such as the investment compliance and statistical

return launched in October) or when a number of return dates coincided. Whilst we are happy to provide this service we hope that, as industry becomes increasingly familiar with the online submission process, the number of calls and emails to the help desk will decline.

Whilst the Authorisations Unit is essentially a reactive team, we expect that with the launch of new initiatives such as the Manager Led Product, Private Investment Fund and Special Purpose Insurer Rules, we may continue to see an increase in the number of applications submitted to the Commission.

In 2016, we achieved the 90% service level standard for the three-day turn around on fast track funds. The few instances where this service level could not be achieved were when the submission required significant clarifications from the applicant or referral to the Investment Supervision and Policy Division because of the innovative or unusual features of the application. Therefore, in order to ensure that the Authorisations Unit can continue to provide a timely and efficient service, we intend to hold a series of meetings and presentations with industry and relevant stakeholders during 2017. At these engagements, the Commission's expectations regarding the quality of application submissions will be outlined because a high-quality, clear and comprehensive submission assists our review and accelerates the decision-making process. At the same time we will be looking to identify opportunities for how we can work better with industry in the application process, for example with complex or innovative applications.

Katherine Jane
Chief Risk Officer



General

When I was appointed Director of Financial Stability, a friend of mine, a Managing Director at a respectable large Asian financial group, suggested, somewhat mischievously, that it was economics as a three wheeler. Beyond the joshing, however, his was a serious point: that in financial services and markets, stability and growth are two sides of a policy trade-off and there are many of the view that global regulatory policy makers have, in most recent years, over-emphasised stability at the expense of growth.

2016 saw continuing global political push back against the regulatory response to the global financial crisis culminating with the election of a US President vowing to repeal or at least reform the Dodd-Frank Act. Notwithstanding, the mandate and influence of financial stability departments and bodies continues to grow. In the UK in particular, with interest rates stationary for so long, it is arguably the Financial Policy Committee and not the Monetary Policy Committee, that in recent years has been the key policy-making body of the Bank of England.

The focus of my own initial work programme for 2016 was rather more grounded: providing ongoing assessment of systemic risks that may directly or indirectly impact us in the Bailiwick and

commencing a review of monitoring processes and our macro-prudential policies and procedures, in particular benchmarking against current international policy standards.

During the course of the year, the institutional arrangements for monitoring of risks in Guernsey were supplemented by the introduction of the Financial Stability Committee by the States of Guernsey; a non-statutory body, independently Chaired, whose membership includes representatives of the Commission including our Chairman, Director General and myself. The Committee's overarching mandate is to "provide advice to the States on co-ordination of strategies and policies to enhance Guernsey's capability to identify, understand, monitor and address systemic risks". The creation of the Committee was a result of a recommendation of the International Monetary Fund (IMF) following its last Financial Sector Assessment Programme visit. The Committee met once in 2016 and the Commission will work to help it undertake its mandate.

Policy

2016 saw political push back against post-financial crisis international banking policy (Basel III/IV) in both the US and EU. International insurance regulators continued to make slow progress developing a global capital standard. Yet 2016 also saw the Financial Stability Board (FSB) continue its drive to push through financial stability driven policy development in the asset management sector. Stepping back from its original attempt to designate the largest global asset managers as systemically important, it published fourteen separate policy proposals to address concerns about structural vulnerabilities from asset management activities that could potentially present financial stability risks. Of more immediate significance was the signposting that the FSB might consider there to be principles that ought to be applied to pension (and sovereign wealth) fund supervision.

2016 was the year the Commission commenced a fundamental review of the Bailiwick's pensions regulatory framework with the publication of a discussion paper in the fourth quarter. This was driven by a need to modernise and future proof our regime to improve consumer protection and meet international expectations as well as prepare the ground for the States of Guernsey's secondary pensions scheme. We will continue our development of pensions regulation in conjunction with the States and industry in 2017.

Risk outlook

There are few significant financial stability risks generated domestically but the Commission remains vigilant to those which develop globally. Sources of global risks to the financial stability of the global economy remain depressingly constant: excessive debt, the low interest rate environment and Chinese imbalances remain, in my view, the three largest sources of risk to global financial stability. Geopolitically, the United States' trade policy has become, overnight, a source of potential instability and Brexit, a financial stability non-event in 2016, presents some uncertainty for the wider European economy at the two-year horizon. As ever, Greece and Italy pose real risks more near-term than that. Storm clouds on the horizon are an ever-present threat but the more probable, benign and, it has to be said, hoped-for, outcome is to be writing the exact same sentiment again in 12 months' time.

Dr Andrew Sloan
Director



Introduction

Across the financial and operational areas of the Commission, the aim throughout 2016 was to ensure that our supervisors continued to have the environment and tools to carry out their work in a cost efficient and effective way.

Mindful of this commitment, the Commission continues to manage its costs carefully, as evidenced by the decision we took in 2016 to once again limit increases in 2017 fees to a gross blended rate of 2% (other than in respect of anomalies). This is the fifth year in succession where general fee increases have been limited to 2% or less.

The ongoing development of our staff continues to be amongst our top operational priorities and our performance-based remuneration system ensures that staff who perform to the required high standards are rewarded. In addition to our normal recruiting activity, our successful Graduate Development Programme has entered its fourth year and several graduates have now left the programme and are operating at Senior Analyst and Analyst level.

Finally, our Balanced Scorecard approach, which in 2016 was in the fourth year of its application, continues to frame our strategic and operational aims and to be a focus for the clear articulation, delivery and measurement of all our activity.

Financial Information

I am pleased to report that the Commission returned an operating surplus for the fourth year in succession. This year our surplus of £632,030 was less than in 2015 because of a large increase in bad debt provisions with depreciation costs and salary costs rising modestly. The £326,000 increase in provisions arises largely because of doubts we have, taking into account the principle of prudence, as to whether all the outstanding monies owed to us by firms and individuals following enforcement action will be paid. We will use legal remedies to ensure that fines are paid where we believe the individual or firm in question has the funds but there are a number of cases where we believe it is prudent to make provision. The c. £232,000 increase in staff costs comes about in part because we had fewer unfilled vacancies through 2016 than was the case in 2015 and in part because of the 1.5% average pay rise which some staff received in January 2016. The £133,000 increase in depreciation costs is due to the capital expenditure on new regulatory technology (PRISM, Online Services) which we undertook between 2013 and 2016.

Our main fee income was, in real terms, broadly stable moving from £12,773,000 in 2015 to £12,935,000 in 2016. Better investment returns led to our interest income increasing marginally despite the interest rate environment whilst our investment portfolio which made a very small loss in 2015, recorded an unrealised gain of just over £200,000 in 2016. The major volatility in income in 2016, relative to 2015, arose because of a £278,000 increase in fines levied, but levying a fine is quite different from collecting it (please see above) and thus it would be inaccurate to regard this

as genuine income given the level of provisions we have to take against it on the basis of prudent accounting.

In summary, from an operational perspective, we have had a strong year with both investment in regulatory technology and strong cost controls delivering a solid operating surplus.

Unfortunately, the FRS 102 calculations on the Commission's share of the States of Guernsey's final salary pension scheme, shows a shortfall of £14.9 million which means that the Commission's reserves position is now a negative £2.3 million compared to a positive £2.8 million in 2015.

Whilst the Commission takes both the FRS 102 standards and our responsibility to monitor the scheme seriously, it is worth noting the questionable assumptions of the FRS 102 standards are now under considerable scrutiny as can be seen in the progress of the Pension Schemes Bill (currently at the Report stage in the House of Commons) and as specifically highlighted by Lord Flight during the Bill's 2nd Reading debate in the House of Lords in November 2016.

This year, for example, our actual returns on invested pension assets were 14% compared with the 2.75% assumption we are obliged to use for FRS 102 calculations based on the current low yields on double AA-rated corporate bonds. Whilst 2016 may have been an unusually good year for investment returns, it does not seem quite balanced for the discount rate on our pension liabilities to be negative 0.65%, as implied by the FRS 102 calculations.

Human Resources

The Commission is proud of its skilled, professional and motivated staff. We have a balanced age and experience profile with no particular vulnerabilities apparent. Key person risk is mitigated wherever possible, noting that our organisation remains small, given the broad scope of its responsibilities, with a Full-Time Equivalent establishment in 2016 of 113.4.

Staff turnover for 2016 was the lowest since 2013 at 16.5% (2015: 18% and 2014: 21%). Whilst this fall is pleasing, the loss of good and experienced staff to industry continues to be higher than management would prefer (although a testament to the skills and professionalism of the Commission's staff who prove attractive to industry's risk and compliance departments).

For example, in addition to our core regulatory and operational training programmes, 32 members of staff have studied towards a professional qualification in 2016 through bodies such as the Chartered Institute of Securities and Investments, the International Compliance Association, the Institute of Leadership

and Management, the Chartered Financial Analyst Institute and the Chartered Institute of Personnel and Development. Furthermore, our new Middle-Management Training Programme has been extended to over 22 members of staff, with 7 continuing to undertake an extended Institute of Leadership and Management professional qualification.

Salary costs, including pension costs, recruitment and training for the year were £8,700,000 (2015: £8,468,000) and a full analysis of these costs, together with an analysis of staff salary bands and movements in staff numbers (both full-time equivalent and headcount) are shown in tables 3, 4 and 5 on page 59.

Four graduates were recruited in 2016 onto our Graduate Development Programme and we plan further graduate recruitment in 2017. In addition to our Graduate Programme, the Commission welcomes applications from other skilled people, including those returning to the paid workforce having completed family or other career-based commitments.

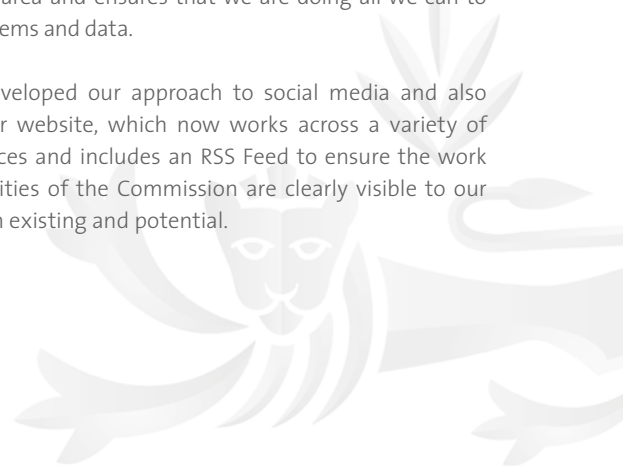
Communication and Information Systems

2016 was the first full-year in which the Commission delivered its full Online Services package. This meant that all the common regulatory applications, notifications and returns, as well as personal questionnaires, were submitted electronically to the Commission. The commitment to deliver, maintain and enhance this service in a secure and efficient manner has been a focus for the year and will continue to be so in the future. We continue to work with local and international suppliers, but also have taken steps to enhance our own in-house IT development team which allows us to be flexible and responsive to the needs of our users. This means that, externally, we can address ideas from our licensees (and potential licensees) to enhance our services whilst also working with our regulatory divisions to fine-tune reports and returns to make them progressively more succinct and productive.

Stephen Cole
Chief Operating Officer

Whilst we continue to engage with industry to develop and enhance our Online Services, internal management of our information and data has also been a significant focus as we continue to improve our data protection controls and policies. For example we undergo a rigorous yearly cyber audit which looks at all aspects of this developing risk area and ensures that we are doing all we can to protect our systems and data.

In 2016, we developed our approach to social media and also modernised our website, which now works across a variety of hand-held devices and includes an RSS Feed to ensure the work and responsibilities of the Commission are clearly visible to our licensees – both existing and potential.



Independent auditor's report to the Guernsey Financial Services Commission

We have audited the financial statements of the Guernsey Financial Services Commission (the "Commission") for the year ended 31 December 2016 which comprise the Statement of Comprehensive Income, the Statement of Reserves, the Balance Sheet, the Statement of Cash Flows and the related notes 1 to 15. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards ("United Kingdom Generally Accepted Accounting Practice").

This report is made solely to the Commission, in accordance with our Terms of Engagement as detailed in our letter dated 28 November 2013. Our audit work is undertaken so that we might state to the Commission, those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Commission, for our audit work, for this report, or for the opinions we have formed.

Statement of the Commission's responsibilities

The Commission is required by the Financial Services Commission (Bailiwick of Guernsey) Law, 1987 as amended to prepare financial statements for each financial year which give a true and fair view, in accordance with applicable Guernsey law and United Kingdom Accounting Standards. In preparing these financial statements, the Commission is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Commission will continue to operate.

The Commission is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Commission and to enable it to ensure that the financial statements have been prepared in accordance with the Financial Services Commission (Bailiwick of Guernsey) Law, 1987 as amended. It is also responsible for safeguarding the assets of the Commission and hence for taking reasonable steps for the prevention and detection of fraud, error and other irregularities.

Respective responsibilities of the Commission and auditor

As explained more fully above, the Commission is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Commission's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Commission; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Commission's affairs as at 31 December 2016 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Financial Services Commission (Bailiwick of Guernsey) Law, 1987 as amended.

BDO Limited
Chartered Accountants
Place du Pré
Rue du Pré
St Peter Port
Guernsey

2 June 2017



FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	2016	2015
		£	£
Income			
Fees receivable		12,934,718	12,733,382
Financial penalties imposed	13	573,375	295,000
Interest receivable and similar income		116,240	83,967
Net change in investments measured at fair value through profit or loss	11	208,250	-
		13,832,583	13,112,349
Expenses			
Salaries, pension costs, staff recruitment and training		8,700,111	8,468,484
Other pension costs	7(b)	333,818	359,077
Commissioners' fees		235,433	203,417
Legal and professional fees		478,505	462,595
Premises and equipment, including depreciation and dilapidations		1,793,084	1,634,724
Other operating expenses		1,279,431	996,933
Bad debt provision expense	13	371,421	45,000
Net change in investments measured at fair value through profit or loss	11	-	17,277
Auditor's remuneration		8,750	8,750
		13,200,553	12,196,257
Surplus for the financial year		632,030	916,092
Other comprehensive income			
Re-measurement of net defined benefit liability	7(c)	(5,794,164)	1,552,680
Total comprehensive (loss)/income for the year		(5,162,134)	2,468,772

The notes on pages 36 to 47 form an integral part of these financial statements

STATEMENT OF RESERVES

For the year ended 31 December 2016

Note	2016	2015
	£	£
Opening reserves	2,867,261	398,489
Total comprehensive (loss)/income for the year	(5,162,134)	2,468,772
Balance at 31 December 2016	(2,294,873)	2,867,261

Reserves are stated after deducting the accumulated pension liability of £14,916,656 (2015: £8,784,674) which equates to the post-employment benefit liability under FRS 102 (see note 7).

The notes on pages 36 to 47 form an integral part of these financial statements



BALANCE SHEET

As at 31 December 2016

	Note	2016	2015
		£	£
Fixed assets			
Tangible assets	4	3,303,982	3,733,271
Current assets			
Debtors and prepayments	5	679,690	674,889
Short-term deposits	10	6,110,473	4,500,000
Investments	11	3,190,973	2,982,723
Cash at bank and in hand	10	659,059	1,010,212
		10,640,195	9,167,824
Current liabilities			
Creditors – amounts falling due within one year	6	(1,124,298)	(1,077,084)
Net current assets		9,515,897	8,090,740
Non-current liabilities			
Provisions for liabilities	14	(198,096)	(172,076)
Net assets before post-employment benefit liability		12,621,783	11,651,935
Post-employment benefit liability	7(a)	(14,916,656)	(8,784,674)
Net (liabilities)/assets		(2,294,873)	2,867,261
Total reserves		(2,294,873)	2,867,261

The Financial Statements on pages 32 to 47 have been approved by the Commissioners and signed on their behalf on 2 June 2017 by:-

C Schrauwers
Chairman

R Moore
Vice-Chairman

W Mason
Director General

The notes on pages 36 to 47 form an integral part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	Note	2016	2015
		£	£
Cash flows from operating activities			
Surplus for the financial year		632,030	916,092
Adjustments for:			
Defined benefit pension scheme:			
Pension scheme administration costs	7(e)	4,000	3,926
Other pension costs	7(b)	333,818	359,077
Depreciation of tangible fixed assets	4	781,034	647,053
Loss on disposal of tangible fixed assets	4	2,678	1,080
Interest receivable		(116,240)	(83,967)
Unrealised (gain)/loss on investment portfolio	11	(208,250)	17,277
(Increase)/decrease in debtors and prepayments		(4,801)	1,083
Increase/(decrease) in creditors		47,214	(1,003,339)
Increase in provisions for liabilities		26,020	34,324
Net cash generated from operating activities		1,497,503	892,606
Cash flows from investing activities			
Purchases of tangible fixed assets	4	(354,423)	(1,054,388)
Interest received		116,240	83,967
Purchase of current asset investments		-	(3,000,000)
(Purchase)/sale of short-term deposits	10	(1,610,473)	2,640,274
Net cash from investing activities		(1,848,656)	(1,330,147)
Net decrease in cash at bank and in hand	10	(351,153)	(437,541)
Cash at bank and in hand at the beginning of the year		1,010,212	1,447,753
Cash at bank and in hand at end of the year		659,059	1,010,212

The notes on pages 36 to 47 form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2016

The Guernsey Financial Services Commission (“the Commission”) is a Public Benefit Entity whose primary objective is to regulate the finance industry in the Bailiwick of Guernsey. The reserves support the primary objectives of the Commission.

I. Accounting policies

The financial statements of the Commission have been prepared in accordance with FRS 102, the financial reporting standard applicable in the United Kingdom and the Republic of Ireland.

i. Presentation and functional currency

The financial statements are presented in pounds sterling. The Commission’s functional currency is also pounds sterling.

ii. Legal status

The Commission is a body corporate established under the Financial Services Commission (Bailiwick of Guernsey) Law, 1987. The Commission’s operations are conducted from offices at Glatigny Court in Guernsey. The Commission has placed a member of staff in the Guernsey Finance office in Hong Kong.

iii. Preparation

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. These financial statements have been prepared on a going concern basis. The principal accounting policies which the Commissioners have adopted within that convention are set out below. They have been applied consistently in dealing with items which are considered material to the financial statements of the Commission.

iv. Going concern

The Commission continues to meet its day-to-day working capital requirements through its bank balances and short-term deposits. The net liabilities effectively result from the increased defined benefit pension scheme deficit, calculated according to FRS 102 accounting standards. The States has confirmed that in the final resort the claims of the Commission’s pensioners and employees would be met from the States Superannuation Fund and any shortfall in that Fund would then be met by the States from General Revenue. The Commissioners are therefore content that the Commission has adequate resources to operate effectively in the foreseeable future and continues to adopt the going concern basis in preparing its financial statements.

The following significant accounting policies have been consistently applied:

(a) Fees receivable

Fees are a combination of annual licence fees, application fees and late filing fees. Fees payable by licensees and registrants are enshrined in law and set out on the Commission’s website, split by sector. Fees receivable are accounted for on an accruals basis. Income received prior to the 1 January invoice date for annual fees are treated as fees received in advance, as part of creditors. A breakdown is shown in note 6.

(b) Financial penalties imposed

The Commission imposed financial penalties during the year under Section 11D (1) of the Financial Services Commission (Bailiwick of Guernsey) Law, 1987 as amended. Financial penalties are recognised as income receivable when the decision is made and the public statement is placed on the Commission’s website. When the circumstances of a debtor give rise to concerns over settlement, and/or payment is not made within 7 days of the financial penalty being imposed, consideration is given to raising a provision.

(c) Interest receivable

Bank interest is accounted for on an accruals basis. Interest income received from fixed and notice deposits and certificates of deposit are also accounted for on an accruals basis.

(d) Investigation and litigation

Costs arising from investigation and litigation are accounted for as expenditure is incurred, whether or not it had been billed at the balance sheet date. Such costs recovered from third parties are recognised in the year in which they are received. No provision is made for expenditure or recoveries which may arise in future years.

(e) Tangible fixed assets and depreciation

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition for it to be capable of operating in the manner intended by management. Depreciation on tangible fixed assets is calculated, using the straight-line method to allocate the cost of assets, less their residual value, over their estimated useful economic lives, at the following annual rates:

Leasehold improvements	over the shorter of the term of the lease and the estimated useful economic life of the assets
Office equipment	25% straight-line
Furniture and fittings	over the shorter of 10 years and the estimated useful economic life of the assets
Computer equipment:	
Hardware	33 1/3 % straight-line
Software	over the shorter of 10 years and the estimated useful economic life of the assets

(f) Financial instruments (financial assets and financial liabilities)

i. Recognition

All financial assets and financial liabilities are recognised when the Commission becomes party to the contractual provisions of the instrument. The financial assets and financial liabilities comprise the following basic financial instruments: cash at bank; short-term deposits, including fixed maturity deposits and accounts where notice of withdrawal is required; certificates of deposit; current asset investments in a portfolio of equities, bonds and funds; other debtors and expense creditors.

ii. Initial measurement and subsequent measurement

All financial assets and liabilities are initially measured at transaction price. Financial assets subsequently measured at fair value through profit or loss comprise the current asset investments in a portfolio of equities, bonds and funds. Financial assets subsequently measured at amortised cost comprise cash at bank, certificates of deposit, short-term deposits and other debtors. Financial liabilities measured at amortised cost comprise expense creditors.

iii. De-recognition

Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset are settled. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(g) Cash at bank and in hand

Cash at bank and in hand includes cash and deposits held at call with banks, with a maturity date of less than three months.

(h) Short-term deposits

Fixed and notice deposits, with original maturities of between three and twelve months, are included as current assets. Other short-term deposits, represented by a portfolio of certificates of deposit are managed by an investment manager.

(i) Investments

A portfolio comprising equities, bonds and funds, held in listed companies, which are traded on a regular basis, is managed by an investment manager. Investments are accounted for at fair value and gains or losses on fair value are included in the Statement of Comprehensive Income.

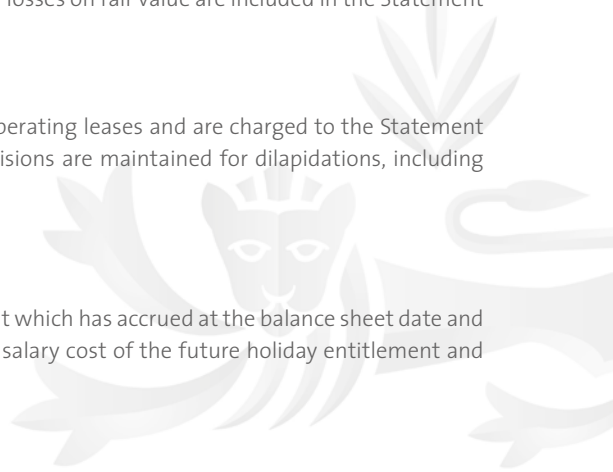
(j) Leases

Rental payments made in relation to office accommodation are treated as operating leases and are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term. Provisions are maintained for dilapidations, including redecoration, to cover future liabilities under the terms of the lease.

(k) Employee benefits

i. Short term benefits

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement and accrued at the balance sheet date.



NOTES TO THE FINANCIAL STATEMENTS (continued)

ii. Defined benefit scheme

Employees of the Commission who joined before 1 January 2008 were eligible to be members of the States of Guernsey Superannuation Fund (“the Fund”) which is a defined benefit pension scheme funded by contributions from both the member and the employer. A separate Actuarial Account comprising the assets and liabilities of the Fund attributable to the Commission’s members (“the scheme”) was established with effect from 1 January 2004. Regular valuations are prepared by independent professionally qualified actuaries.

This defined benefit scheme closed to future service accrual on 30 June 2014.

The liability recognised in the balance sheet in respect of the defined benefit scheme is the present value of the defined benefit obligation at the end of the reporting period less the fair value of the scheme assets at the reporting date. The defined benefit obligation is calculated using the projected unit credit method. Annually the Commission engages independent actuaries to calculate the obligation. The present value is determined by discounting the estimated future payments using market yields on high-quality corporate bonds that are denominated in sterling and that have terms approximating the estimated period of the future payments (‘discount rate’).

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of scheme assets. This cost is recognised in the Statement of Comprehensive Income as ‘Other pension costs’.

Actuarial gains and losses arising from experience adjustments and changes to actuarial assumptions are charged or credited to other comprehensive income, within the Statement of Comprehensive Income. These amounts together with the return on plan assets, less amounts included in net interest, are disclosed as ‘Re-measurement of net defined benefit liability’.

Following closure of this defined benefit scheme to future service accrual, employees had the option to transfer out their pension or become deferred members of the scheme.

iii. Defined contribution schemes

Employees who joined the Commission after 31 December 2007 up until 30 June 2014 were generally eligible to be members of the Island Trust Plan (the DC Plan). With effect from 1 July 2014, members of the DC Plan, deferred members of the defined benefit scheme and new employees were offered a choice of pension offerings. The options consist of the Island Trust DC Plan, a multi-member Group RATs scheme or a personal approved pension plan. Contributions by employees are no longer a mandatory requirement.

The contributions are recognised as an expense when they are due.

2. Judgements in applying significant accounting policies and key sources of estimation uncertainty

i. Tangible fixed assets (see note 4)

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives and residual value, factors such as technical innovation, product life cycles and the remaining life of the asset are taken into account.

ii. Defined benefit pension scheme

Note 7 outlines in significant detail the nature of the pension and sets out the actuarial assumptions used to support the fair value of scheme assets and the present value of funded obligations.

iii. Lease classification (see note 8)

The Commission established a lease with the landlord of its Gategny Court office accommodation in September 2010. This is classed as a non-cancellable operating lease.

iv. Investments (see note 11)

The most critical estimates, assumptions and judgements relate to the determination of the carrying value of investments measured at fair value through profit or loss. In determining this amount, the Commission has applied the concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. Investments, comprising equities, bonds and funds, are valued at the reporting date at the quoted bid price.

v. Bad debt provision (see note 13)

The recoverability of debts is assessed and where appropriate a provision is raised. Such debtors comprise entities or individuals who, given their circumstances, are unlikely to be able to settle the debt, in part or in full. Primarily, but not exclusively, the debt arises as a result of the imposition of a financial penalty under Section 11D (1) of the Financial Services Commission (Bailiwick of Guernsey) Law, 1987 as amended.

The debts, for which a provision has been raised, are reviewed regularly to ensure that all avenues are explored to obtain recovery.

vi. Dilapidations (see note 14)

Provisions are maintained for dilapidations, including redecoration, to cover future liabilities under the terms of the Glatigny Court lease. A professional review of the future dilapidations liability provided an initial estimate of the level of provision to be applied on an annual incremental basis. The original amount is increased annually at the Guernsey rate of inflation.

3. Taxation

The Commission is exempt from the provisions of the Income Tax (Guernsey) Law, 1975 as amended.

4. Tangible assets

	Leasehold improvements	Office equipment furniture and fittings	Computer hardware	Computer software	Total
	£	£	£	£	£
Cost					
At 1 January 2016	1,280,372	427,239	709,842	3,933,495	6,350,948
Additions	80,566	6,995	73,882	192,980	354,423
Disposals	-	(9,180)	(32,754)	-	(41,934)
At 31 December 2016	1,360,938	425,054	750,970	4,126,475	6,663,437
Depreciation					
At 1 January 2016	294,014	317,758	563,267	1,442,638	2,617,677
Charge for the year	56,924	29,499	110,905	583,706	781,034
On disposals	-	(6,502)	(32,754)	-	(39,256)
At 31 December 2016	350,938	340,755	641,418	2,026,344	3,359,455
Net book value at 31 December 2015	986,358	109,481	146,575	2,490,857	3,733,271
Net book value at 31 December 2016	1,010,000	84,299	109,552	2,100,131	3,303,982

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. Debtors and prepayments

	2016	2015
	£	£
Prepayments	564,132	627,851
Provision for bad debts (see note 13)	(253,909)	(245,000)
Other debtors	369,467	292,038
	679,690	674,889

Included in the total are prepayments of £116,774 (2015: £118,653) which relate to periods longer than 12 months.

6. Creditors - amounts falling due within one year

	2016	2015
	£	£
Expense creditors and accruals	674,793	559,023
Fees received in advance	449,505	518,061
	1,124,298	1,077,084

7. Post-employment benefits

(i) FRS 102 (Section 28) Disclosure for the Guernsey Financial Services Commission ("GFSC") Actuarial Account of the States of Guernsey Superannuation Fund

Nature of the GFSC Actuarial Account

The GFSC Actuarial Account operated by the Commission is a funded defined benefit arrangement which provides retirement benefits based on final pensionable pay. The GFSC Actuarial Account ("the scheme") forms part of the States of Guernsey Superannuation Fund. The scheme closed to future accrual of benefits with effect from 30 June 2014. All remaining active members were treated as having left pensionable service with effect from that date. The employer contributions were determined on the basis of independent actuarial advice and were calculated to meet the cost of benefit accrual over the next year of pensionable service.

A separate Actuarial Account comprising the assets and liabilities of the Fund attributable to the Commission's members was established with effect from 1 January 2004 within the Fund following an instruction from the former States Advisory and Finance Committee. The Actuarial Account is used solely for the purpose of determining the contributions payable to the Fund by the Commission and to avoid the possibility of inappropriate subsidisation of one employer by another.

7. Post-employment benefits (continued)

The most recent formal actuarial valuation of the scheme was carried out at 31 December 2013 by the scheme's actuary, which resulted in a funding surplus of £315,000. The States of Guernsey ("the States") confirmed the advice of the actuary that given the funding surplus in the Commission's Actuarial Account additional contributions would not be required pending the result of the next triennial valuation in 2016, expected in the late Summer of 2017. It was recommended that the surplus was partly utilised to pay the expenses of administration in the Actuarial Account over the period until the next actuarial valuation.

The calculations for the FRS 102 disclosures have been carried out by running full actuarial calculations as at 31 December 2016.

Funding policy

Following the cessation of accrual of benefits with effect from 30 June 2014, regular contributions to the scheme are no longer required. However, additional contributions would be made by the Commission to cover any shortfalls that arise following each valuation. The funding method employed to calculate the value of previously accrued benefits is the projected unit credit method. The States determine the level of contributions payable following advice from the Fund's actuary.

Actuarial account amendments

The scheme closed to future accrual of benefits with effect from 30 June 2014. This gave rise to a curtailment gain on 30 June 2014. This comprises a gain from the loss of linkage of benefits to final salary, with partially offsetting losses due to the reduction in the assumed retirement age when members become deferred pensioners.

Employee benefit obligations

a) The amounts recognised in the balance sheet are as follows:

	2016	2015
	£	£
Fair value of scheme assets	20,328,639	18,275,005
Present value of funded obligations	(35,245,295)	(27,059,679)
Net under-funding in scheme	(14,916,656)	(8,784,674)

The asset and liability values on the FRS 102 basis reflect market conditions at the Commission's year-end date and, as point-in-time calculations, can be expected to vary greatly from year to year, without prejudicing the scheme's long-term ability to provide the required benefits.

b) The amounts recognised in the Statement of Comprehensive Income are as follows:

	2016	2015
	£	£
Net interest on net defined liability	333,818	359,077
Net expense recognised in the Statement of Comprehensive Income	333,818	359,077

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Post-employment benefits (continued)

c) The amounts recognised as re-measurements in other comprehensive income are as follows:

	2016	2015
	£	£
Return on assets (not included in interest)	1,889,321	(159,778)
Actuarial (losses)/gains on obligation	(7,683,485)	1,712,458
Total re-measurements recognised	(5,794,164)	1,552,680
Cumulative amount of re-measurements recognised in other comprehensive income	(4,856,166)	937,998
Actual return on scheme assets	2,573,961	487,881

d) Changes in the present value of the defined benefit obligation are as follows:

	2016	2015
	£	£
Opening defined benefit obligation	(27,059,679)	(28,164,351)
Interest on obligation	(1,018,458)	(1,006,736)
Experience gains	629,591	450,784
(Losses)/Gain from changes in assumptions	(8,313,076)	1,261,674
Net benefits paid including pensions, lump sums, refunds of member contributions and transfer values	516,327	398,950
Closing defined benefit obligation	(35,245,295)	(27,059,679)

The weighted average duration of the liabilities of the scheme was 22 years as at 31 December 2016.

7. Post-employment benefits (continued)

e) Changes in the fair value of scheme assets are as follows:

	2016	2015
	£	£
Opening fair value of scheme assets	18,275,005	18,190,000
Interest on scheme assets	684,640	647,659
Return on assets (not included in interest)	1,889,321	(159,778)
Net benefits paid including pensions, lump sums, refunds of member contributions and transfer values	(516,327)	(398,950)
Administration expenses	(4,000)	(3,926)
Closing fair value of scheme assets	20,328,639	18,275,005

Following the closure of the scheme to future service accrual, no contributions, by either the Commission or members of the scheme, were made in the year ended 31 December 2016.

f) The major categories of fund assets as a percentage of the total Fund assets are as follows:

	2016	2015
	%	%
Equities	75	76
Gilts	-	2
Corporate bonds	14	10
Property	7	7
Other assets	4	5

All of the Fund's assets have a quoted market price in an active market. The Fund holds no financial instruments issued by the Commission, nor does it hold any property or other assets used by the Commission. This allocation is at the discretion of the States.

The States adopts a building block approach in determining the expected rate of return on the Fund's assets. The States retains full responsibility for the management of the Fund's assets. Historic markets are studied and assets with high volatility are assumed to generate higher returns consistent with widely accepted capital market principles. Each different asset class is given a different expected rate of return. The overall rate of return is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund at the reporting year end.

The States has confirmed that in the final resort the claims of the Commission's pensioners and employees would be met from the whole Fund and any shortfall in that Fund would then be met by the States from General Revenue.

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Post-employment benefits (continued)

g) Principal actuarial assumptions used for the FRS 102 disclosures are as follows

	31 December 2016	31 December 2015
	%	%
Discount rate at end of the year	2.75	3.8
Discount rate at start of the year	3.8	3.6
Inflation	3.4	3.2
Rate of increase in deferred pensions	3.4	3.2
Rate of increase in pensions in payment	3.4	3.2

h) Mortality assumptions

The mortality assumptions are based on standard mortality tables which allow for future mortality improvements. The assumptions are that members aged 60 will live on average until age 87 if they are male and until 88 if female. For members currently aged 50, the assumptions are that if they attain age 60 they will live on average until age 88 if they are male and until 89 if female.

ii) Disclosure for defined contribution scheme

The amount recognised in the profit and loss account as an expense in relation to the Commission's defined contribution scheme, for the year ended 31 December 2016, was £114,509 (2015: £160,564). No contributions were outstanding as at 31 December 2016 or 2015. Employer contributions are calculated at 12% of pensionable salary and mandatory employee contributions were at a rate of 5% of pensionable salary up until 30 June 2014. Subsequent to this date, employee contributions are entirely voluntary.

iii) Disclosure for the Multi-member RATs scheme ("GFSC Group Pension Scheme")

The net expense of employer contributions to the GFSC Group Pension Scheme for the year ended 31 December 2016 was £332,818 (2015: £291,770). No contributions were outstanding as at 31 December 2016 or 2015 and no contributions were prepaid as at 31 December 2016 or 2015. Employer contributions are calculated at 12% of pensionable salary and employee contributions are entirely voluntary.

8. Operating lease commitments

The Commission had minimum lease payments under non-cancellable operating leases as set out below:

	£
Lease payments up to 1 year after balance sheet date	655,188
Lease payments between 1 and 5 years after balance sheet date	2,620,750
Lease payments more than 5 years after balance sheet date	8,325,369
Total future minimum lease payments	11,601,307

The Commission leased office accommodation at Gategny Court during the year. The lease for Gategny Court is non-cancellable and expires on 16 September 2034.

9. Controlling party

In the opinion of the Commissioners there is no controlling party of the Commission, as defined by FRS 102 (Section 33.5), as no party has the ability to direct the financial and operating policies of the Commission with a view to gaining economic benefits from their direction.

10. Cash at bank and in hand and short-term deposits

	At 1 January 2016	Cash flow	At 31 December 2016
	£	£	£
Deposits with States Treasury	23,261	(23,261)	-
Cash at bank and in hand	986,951	(327,892)	659,059
Total cash at bank and in hand	1,010,212	(351,153)	659,059
Certificates of deposit	-	1,259,418	1,259,418
Fixed deposits and notice accounts	4,500,000	351,055	4,851,055
Total short-term deposits	4,500,000	1,610,473	6,110,473

Certificates of Deposit are managed as liquid investments and have maturity dates typically between three months and one year after the balance sheet date. The fixed deposits have original maturity dates ranging between three months and one year, whilst other deposits require notice of withdrawal of a maximum of three months.

II. Current asset investments

	2016	2015
	£	£
Opening fair value	2,982,723	-
Purchases	-	3,000,000
Net movement in fair value through profit or loss	208,250	(17,277)
Market value	3,190,973	2,982,723

All current asset investments are shares held in listed companies which are traded on a regular basis. The total unrealised gain recognised on these investments in the year was £208,250. The portfolio was first established in February 2015.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Financial instruments

The Commission's financial instruments may be analysed as follows:

	2016	2015
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	3,190,973	2,982,723
Financial assets measured at amortised cost	7,428,216	6,185,101
Financial liabilities		
Financial liabilities measured at amortised cost	1,322,394	1,249,790

Financial assets measured at fair value through profit or loss comprise a portfolio of equities, bonds and funds, which are valued at the reporting date at the quoted bid price.

Financial assets measured at amortised cost comprise cash at bank and in hand, certificates of deposit, short-term deposits, and other debtors.

Financial liabilities measured at amortised cost comprise expense creditors.

13. Financial penalties and provisions for bad debts

During the year the Commission imposed financial penalties under section 11D (1) of the Financial Services Commission (Bailiwick of Guernsey) Law, 1987 as amended, amounting to £573,375 (2015: £295,000). The amounts written off and provided for by the Commission during the year amounted to £371,421 (2015: £45,000). The total of provisions relating to financial penalties as at 31 December 2016 were £195,417 (2015: £45,000). Provisions relating to other fees outstanding at 31 December 2016 total £58,492 (2015: nil). 2016 debts totalling £117,512 (2015: nil) written off during the year are also reflected under bad debt expense.

14. Provision for liabilities

A provision is maintained for dilapidations, including redecoration, to cover future liabilities under the terms of the Glatigny Court operating lease. Over the course of the 24 year lease the dilapidation provision is planned to increase to £700,000, subject to annual inflationary increases. Provision for redecoration of the office is also included which needs to be undertaken on a 5 yearly cycle.

	2016	2015
	£	£
Provision brought forward from previous year	172,076	137,752
Dilapidations charged to Statement of Comprehensive Income	26,020	34,324
Total provision at year end	198,096	172,076

15. Related party

Key management personnel compensation

Key management comprises the Commissioners and members of the Executive Committee. The compensation paid to key management for employee services in 2016, including pension and social insurance, amounted to £1,920,944 (2015: £1,823,023).

Related-party transactions

The States appointed Wendy Dorey as a Commissioner on 1 November 2015. During the year, the Commission engaged her husband to provide professional services in respect of a thematic review. These were contracted on an arm's length basis and are not considered to be significant in the context of the business of the parties.



COMMISSIONERS

Drs. Cees Schrauwens **Chairman of the Commission**

Drs. Schrauwens is a Dutch citizen with more than thirty five years' experience in financial services. He has served as Managing Director of Aviva International, CGU Insurance and Commercial Union, covering both the general insurance and life sectors. He was instrumental in the mergers with General Accident and Norwich Union which resulted in the creation of Aviva plc. Following the mergers he was appointed Managing Director of Aviva International, gaining valuable experience in dealing with regulators across the globe, including North America. Prior to this, he was a Partner with Coopers & Lybrand in charge of its insurance consultancy practice. He has served as Chairman of Drive Assist Holdings Limited, Senior Independent Director of Brit Insurance Holdings Plc. and Brit Syndicates Limited, Non-Executive Director of Canopus Holdings UK Limited and Canopus Managing Agents Limited, Director of Munich Re (UK) Plc and as Senior Independent Director of Record Plc for nine years. He is currently Chairman and Commissioner of the Guernsey Financial Services Commission. Cees was appointed as a Commissioner in 2008 and Chairman in 2012 and is also Chairman of EC3/Legal LLP. He was educated at the Vrije Universiteit Amsterdam and the Nautical College Den Helder. He lives with his wife near London.

Alex Rodger MCIBS **Vice-Chairman of the Commission**

Alex Rodger was appointed as a Commissioner in February 2008. He spent over forty years with the Royal Bank of Scotland (RBS) Group. Prior to moving to Guernsey in 1989 as Island Director, he occupied senior posts in relationship management and credit control in London and New York. He was Executive Director of RBS International from its formation in 1996 and was appointed Managing Director of RBS International Securities Services Group in April 2002. Later that year his responsibilities were increased to that of Managing Director of RBS International Corporate Banking Division with responsibility for corporate banking operations in each of Jersey, Guernsey, the Isle of Man and Gibraltar. He was also Chairman of RBS International Employees Pension Trust. Alex Rodger is the Non-Executive Chairman of advocates Collas Crill.

The Lord Flight MA (Cantab) MBA FRSA **Commissioner**

Howard Flight was appointed as a Commissioner in 2005. He was the Conservative Member of Parliament for Arundel and South Downs from 1997 to 2005, during which time he was Shadow Chief Secretary to the Treasury and a member of the Shadow Cabinet. From 1999 to 2004 he had Shadow Treasury responsibilities for the Finance Acts, the financial services industry, financial regulations and pensions. He has worked for over forty years in the financial services industry, starting his career at Rothschilds. In the second half of the 1970s he worked for HSBC's merchant bank in Hong Kong and India. In 1979 he joined Guinness Mahon and established what became Guinness Flight Global Asset Management, of which he was joint Managing Director until it was acquired by Investec in 1998. He formed, and is Chairman of, Flight & Partners, which is the manager of the Flight & Partners Recovery Fund, and is currently a Director of Investec Asset Management Limited, Metrobank plc, Aurora Investment Trust plc. and a number of other companies and investment funds.

Richard Hobbs MCIPD **Commissioner**

Richard Hobbs was appointed as a Commissioner in January 2012. His first career was in the UK Civil Service where he concentrated on a variety of consumer protection and European issues. Latterly, he was a Director of the Department of Trade and Industry's Insurance Division where he was responsible for overall supervision of the Lloyd's insurance market during its reconstruction in the mid-1990s. He has been Head of Life and Pensions at the Association of British Insurers, and for the past fifteen years has been a consultant advising a wide range of clients in financial services on regulatory, risk and governance issues. He was previously Chairman of Faber Global Ltd, a wholesale insurance broker. He is currently Non-Executive Chairman of Barbican Managing Agency Limited, a Lloyd's managing agent.

Bob Moore
Commissioner

Bob Moore was appointed as a Commissioner in February 2012. He has spent over thirty years in the financial services industry in Guernsey and internationally. From 1979 to 1997, he held positions in international banking and international private banking with the Lloyds Bank/Lloyds TSB Group in South America, the United States, the United Kingdom and Luxembourg. These included responsibility for Lloyds' international private banking operations in New York and in Luxembourg. From 1997 to 2011, he was jurisdictional Managing Director with responsibility for the Butterfield Group's operations in Guernsey, including banking, investment management, custody and fiduciary services. In June 2011, he was appointed to the position of Executive Vice President and Head of Group Trust for the Butterfield Group. He has also been a Director of a number of other Guernsey banks and investment funds.

Simon Howitt
Commissioner

Advocate Howitt was appointed as a Commissioner in June 2013. He has twenty-nine years' experience as an advocate and is a consultant at Babbé having previously been a Partner. He is a member of the Council of the Chamber of Commerce and served as its President between 2001 and 2003. Advocate Howitt has served on a number of States Committees including being a non-States member of the Legislation Select Committee and its successor, the Legislation Review Panel, since 2004, the share transfer duty working party and the Inheritance Law Review Committee. Advocate Howitt is currently the Deputy Bâtonnier of the Guernsey Bar.

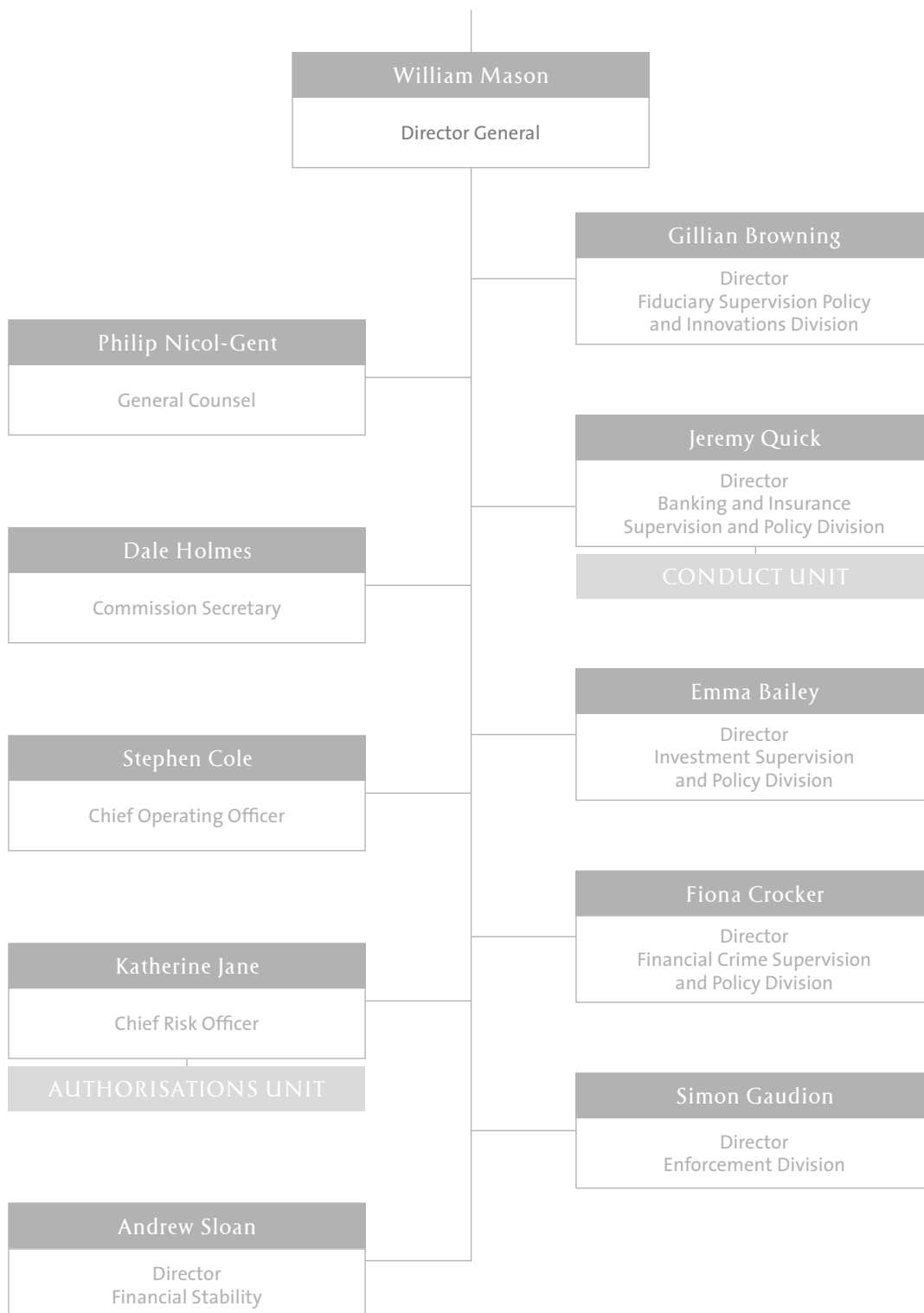
Wendy Dorey
Commissioner

Wendy Dorey was appointed as a Commissioner in November 2015. She has spent nearly twenty years in the financial services industry in the UK, France and Guernsey. Prior to moving to Guernsey in 2010 as Director of Dorey Financial Modelling, she occupied senior posts in financial marketing, distribution and business planning and strategy with Robert Fleming, Friends Ivory & Sime and M&G Asset Management in London. During that period she was also responsible for internal audit reporting, external risk reporting to the Financial Services Authority and embedding new "Treating Customers Fairly" processes. In 2005, she was responsible for the launch and ongoing promotion of the Guernsey-domiciled M&G Property Fund to the UK Market. She also previously assisted the Investment Management Association in developing a new investment management syllabus for Independent Financial Advisors.



SENIOR OFFICERS OF THE COMMISSION

COMMISSIONERS



This page has been intentionally left blank



Investment Supervision and Policy

Figure 1. Net asset values of schemes under management at the year end

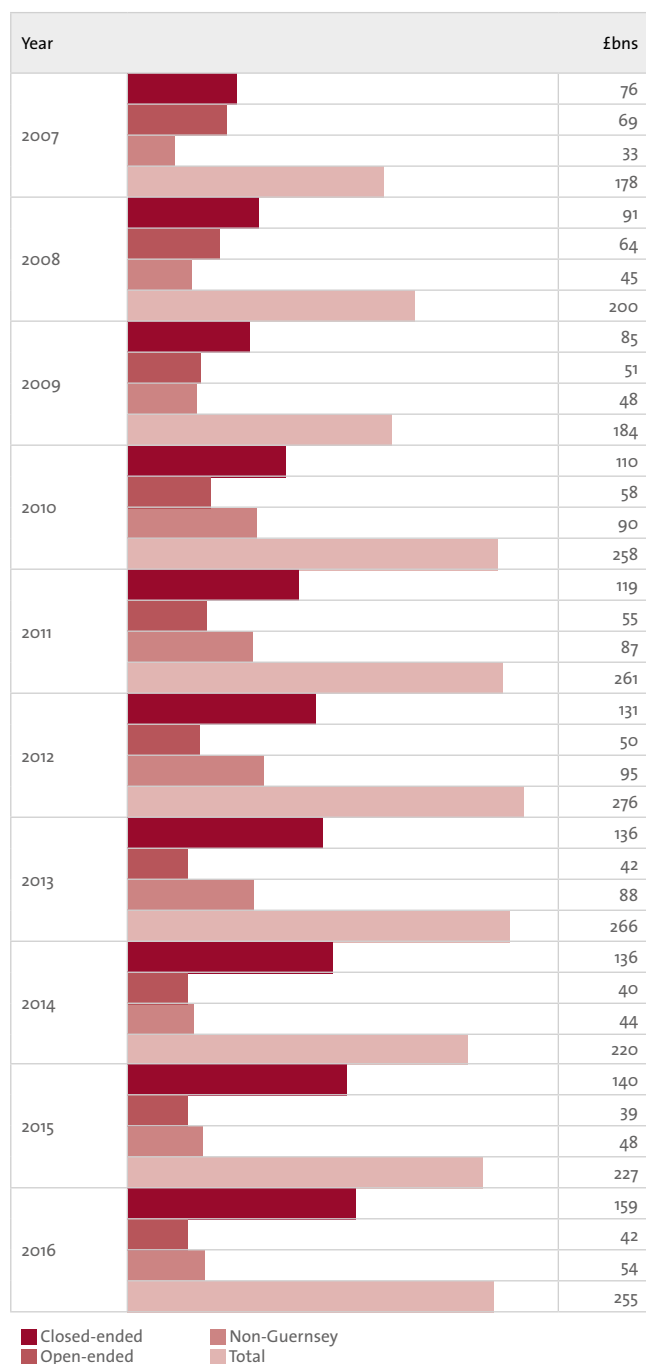


Figure 2. Total number of investment funds at the year end

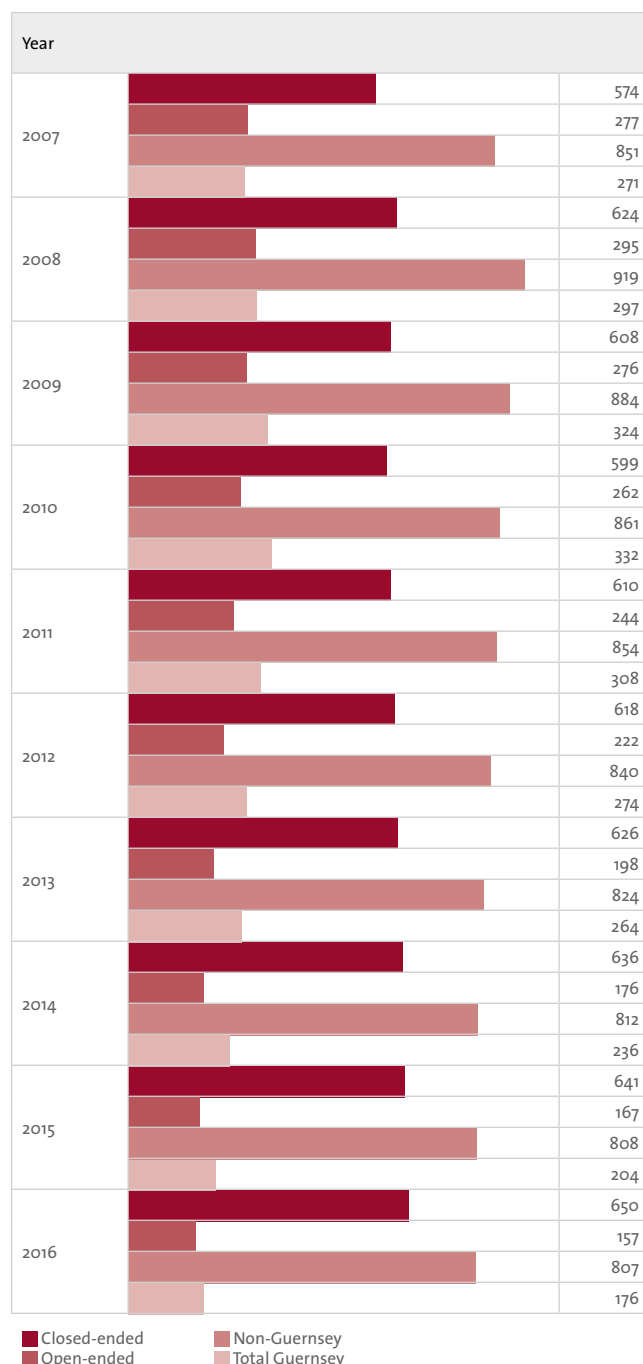
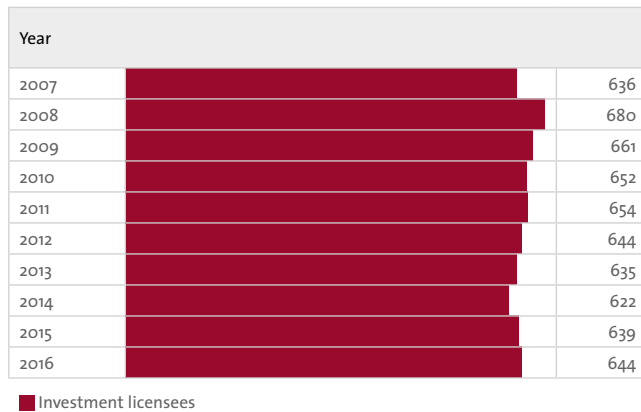


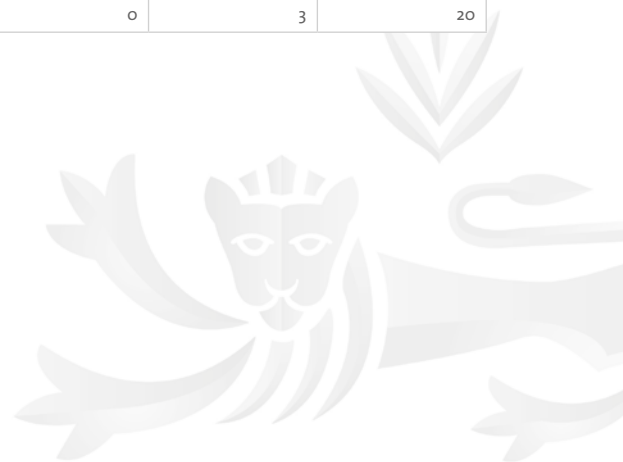
Figure 3. Total number of licensees at the year end



Under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, investment funds (Figure 2.) are either Registered or Authorised; whereas the firms (Figure 3.) undertaking Controlled Investment Business are Licensed under the same law. There is no meaningful correlation to be drawn between the number of investment funds and the number of licensees in existence.

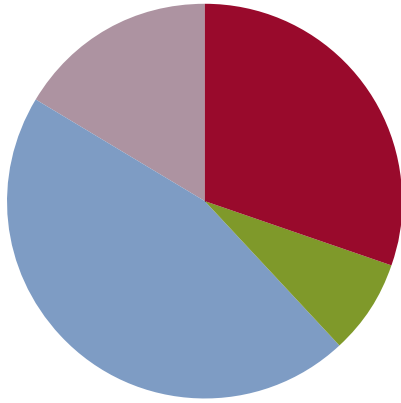
Table 1. Movements within period

Type	Total as at 31 December 2015	Approved in year	Lost in year	Total as at 31 December 2016
Total of open-ended schemes	167	4	14	157
of which Authorised	154	3	12	145
of which Registered	13	1	2	12
of which Qualifying Investor Funds (QIFs)	25	3	2	26
Total of closed-ended schemes	641	61	52	650
of which Authorised	406	20	34	392
of which Registered	235	41	18	258
of which QIF's	155	13	6	162
Total of licensees	639	47	42	644
Total of non-Guernsey schemes	204	11	39	176
of which QIF's	23	0	3	20



Fiduciary Supervision Policy and Innovations

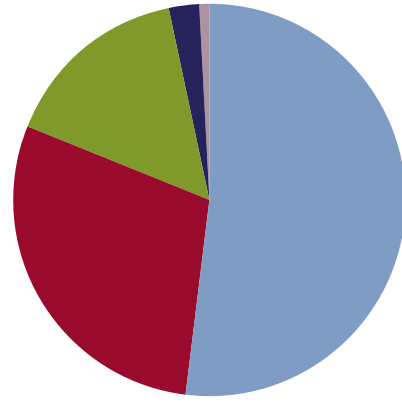
Figure 4. Ownership of lead licensees at 30 June 2016*



	2016	2015
International financial group	47	43
Lawyers and accountants	12	23
Privately owned – local	70	69
Privately owned – overseas	25	21

*Based on 154 persons holding a full fiduciary licence as at 30 June 2016.

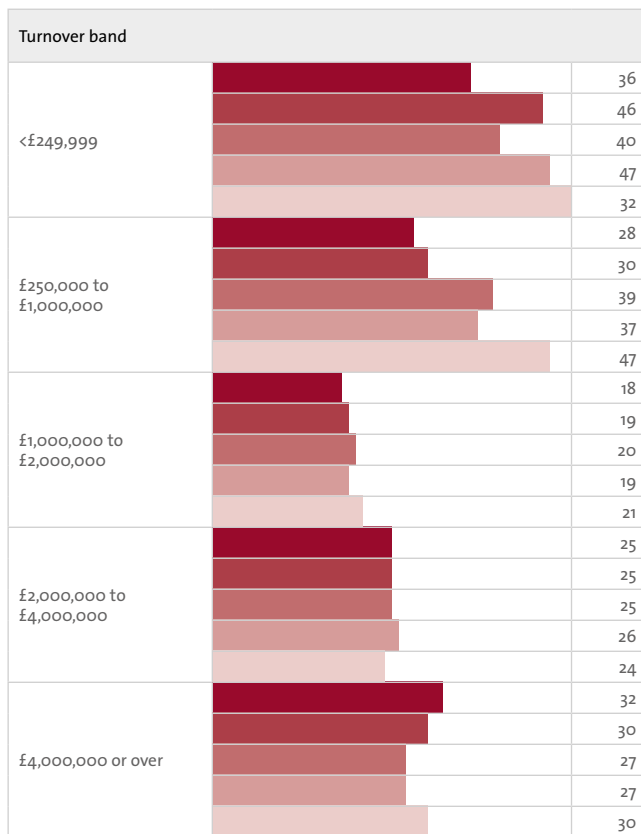
Figure 5. Staffing levels of licensees based on total number of staff carrying out regulated fiduciary activities*



	2016	2015
Up to 10 staff	80	81
11-25 staff	45	50
26-50 staff	24	21
51-75 staff	4	3
76-100 staff	1	1

*Based on 154 persons holding a full fiduciary licence as at 30 June 2016.

Figure 6. Number of licensees in each turnover band based on fiduciary turnover for accounting periods falling in the year ended 30 June 2016*



*Based on licensees that have submitted audited financial statements. Financial statements may not have fallen due for recently licensed companies.

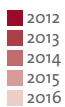
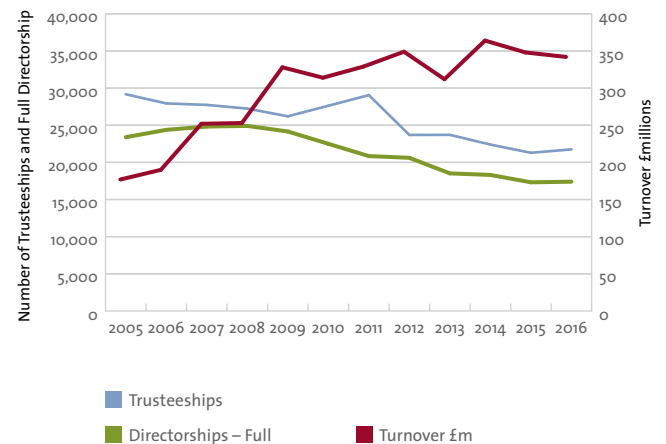


Figure 7. Number of Director and trustee appointments for full fiduciaries at the year end; aggregate turnover of full fiduciary licensees*



*Please note turnover records aggregate annual chargeable fees. It does not represent assets under trusteeship.



Insurance Supervision and Policy

Figure 8. International insurers as at 31 December 2016

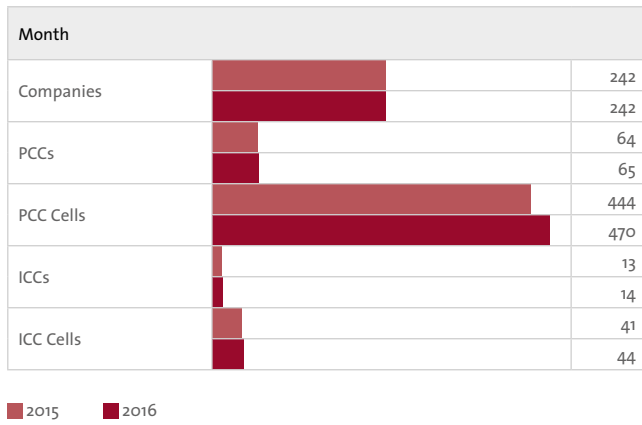


Figure 9. International insurers – net worth

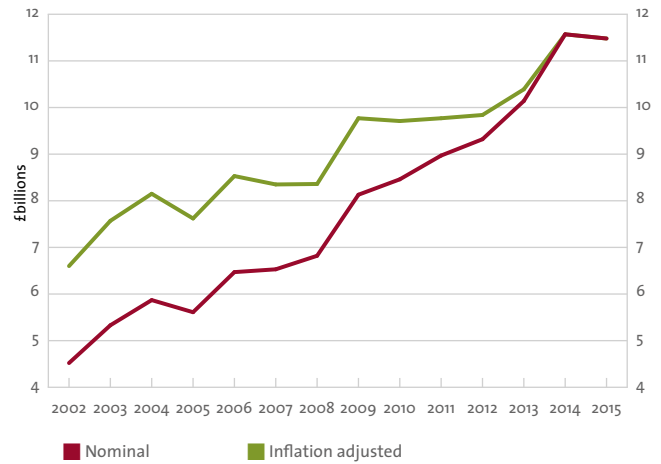


Figure 10. International insurers – gross assets

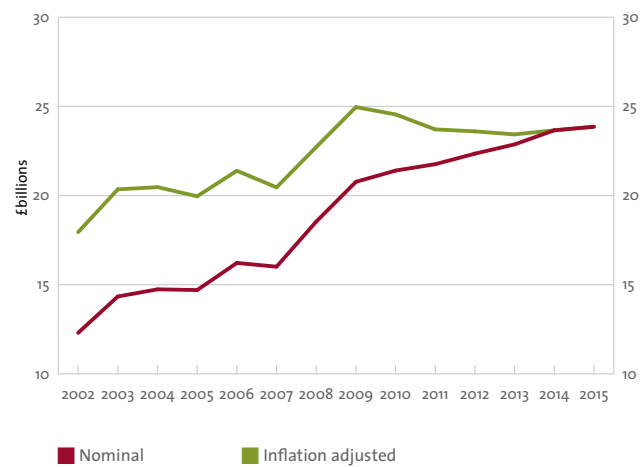
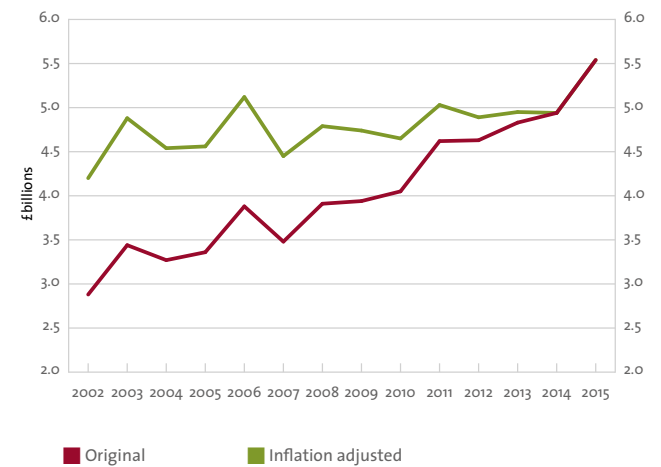


Figure 11. International insurers – gross premium



Banking Supervision and Policy

Figure 12. Guernsey bank assets

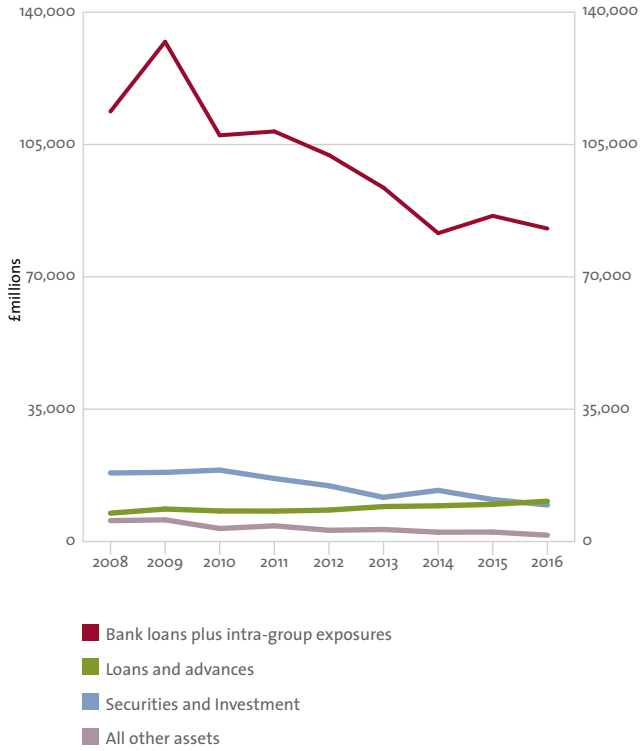
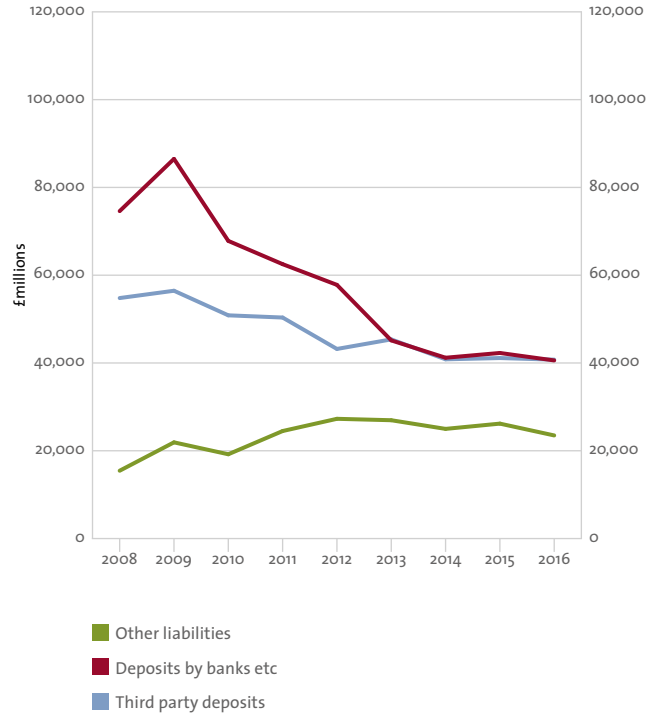


Figure 13. Guernsey bank liabilities



Authorisations Unit

Figure 14. Total application and one-off fees by volume and type - 2015 to 2016 comparison

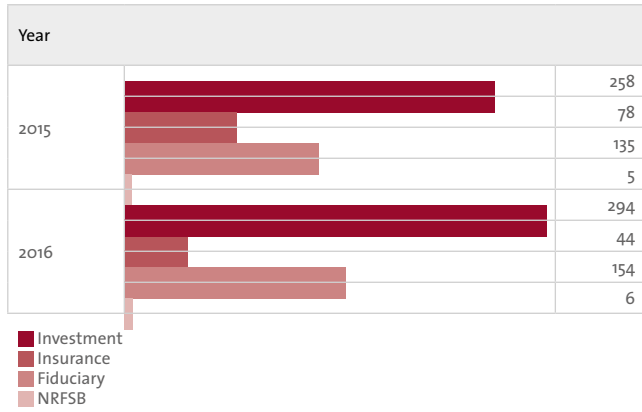


Figure 15. Online submissions 1 November 2015 to 31 December 2016

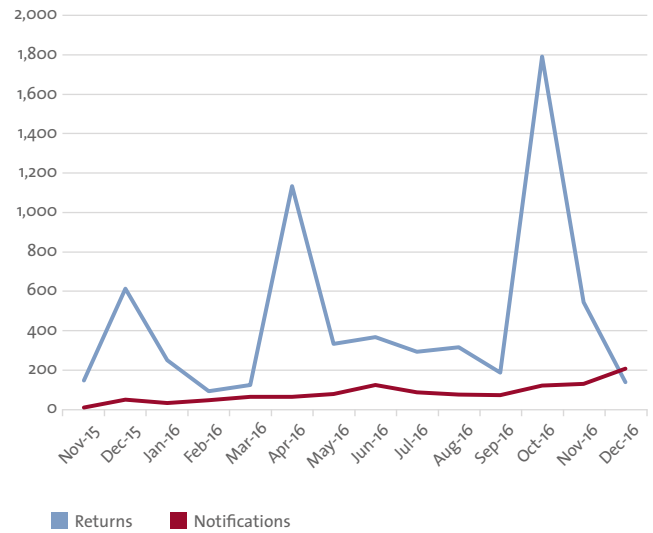
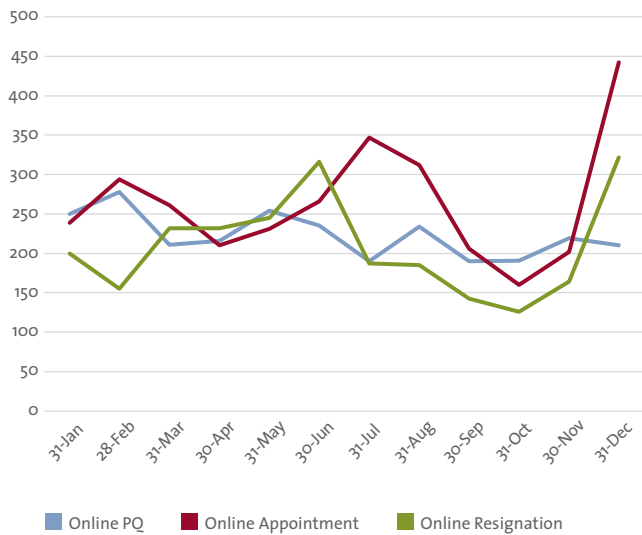


Figure 16. Online Personal Questionnaire portal submissions 1 January to 31 December 2016



Finance and Operations

Table 2. Expenditure by functional area

	2016	2015
	£'000	£'000
Enforcement	1,481	1,208
Authorisations	814	821
Risk and Transformation	419	764
Supervisory and Policy divisions	5,644	4,838
Internal operational support functions	1,361	1,201
Overheads incl. Premises, IT expenses and depreciation	3,149	3,005
Other pension adjustments	333	359
Total	13,201	12,196

Table 3. Salaries and related costs

	2016	2015
	£'000	£'000
Salaries	6,845	6,653
Pension costs	723	689
Social insurance, permanent health and medical insurance	780	735
Recruitment and training	352	391
Total	8,700	8,468

Table 4. Number of staff by salary band

Annual salary	2016	2015
£0 - £39,999 p.a.	42	37
£40,000 - £79,999 p.a.	46	53
£80,000 - £119,999 p.a.	16	12
£120,000 - £159,999 p.a.	7	6
£160,000 p.a. and above	1	1
Total number of staff	112	109
Full time equivalent	106.9	103.8
Comprising:		
Full-time staff	97	91
Part-time staff	15	18
	112	109
FTE vacancies at year end	5	7

Table 5. Movement in number of staff

	2016
Employed at start of year	109
Recruited into new positions	3
Positions removed	(2)
Existing vacancies filled	2
Employed at end of year	112



Finance and Operations

Table 6. Legal and professional fees

	2016	2015
	£'000	£'000
Legal fees - enforcement	156	140
Legal fees - judicial process	70	80
Legal fees - advisory	8	15
Professional fees	205	199
Internal audit	40	29
Total	479	463

Table 7. Commissioners' fees

		2016	2015
		£	£
Cees Schrauwens		65,431	57,000
Susie Farnon	Retired as Vice-Chairman 31 March 2015	-	6,250
Alex Rodger		25,667	25,000
Lord Flight		35,667	31,000
Richard Hobbs		31,667	30,000
Robert Moore		25,667	25,000
Simon Howitt		25,667	25,000
Wendy Dorey	Appointed 1 November 2015	25,667	4,167

N.B. The Policy Council, in anticipation of the increasing input required from Commissioners, wrote to the Chairman of the Commission in January 2012 varying the fee arrangement for Commissioners. The arrangement allowed for per diem remuneration of £1,000 for Commissioners for work above the normal time commitment expected from them.

This page has been intentionally left blank



Functions, Structure and Corporate Governance and other Control Systems of the Commission

Functions of the Commission

The Financial Services Commission (Bailiwick of Guernsey) Law, 1987 as amended (the Commission Law) established the Commission with both general and statutory functions. The general functions include the taking of “such steps as the Commission considers necessary or expedient for the effective supervision of finance business in the Bailiwick”. The statutory functions include those prescribed under or arising pursuant to the following regulatory laws:

- the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended;
- the Banking Supervision (Bailiwick of Guernsey) Law, 1994 as amended;
- the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999;
- the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 as amended;
- the Insurance Business (Bailiwick of Guernsey) Law, 2002 as amended;
- the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 as amended;
- the Non-Regulated Financial Services Businesses (Bailiwick of Guernsey) Law, 2008.

Relationship with the States

The Policy and Resources Committee is responsible for financial matters and for establishing the policy framework for financial regulation, including the government’s relationship with the Commission. The Commission Law states that the Commission shall issue its audited financial statements and the two reports, referred to later in this appendix, annually to the Policy and Resources Committee.

The Commission maintains regular dialogue with the States. During 2016, the Commission continued to engage with the Policy Council and, post the General Election and the introduction of a new Committee structure, with the Policy and Resources Committee, with meetings held in order to facilitate an open exchange of views on matters of importance to the States and the Commission. The Commission also engaged with the Committee for Economic Development (and its predecessor) in relation to

financial services legislation. In July, the Commission held an event for States Members where the Chairman and Director General were able to update them on the work of the Commission and the various challenges it currently faces and give a presentation on the Commission’s 2015 annual report. Outside of these formal meetings and presentations, the Commissioners and Director General maintain regular contact with senior States Members.

The Commissioners

The activities of the Commission’s executive are overseen by the Board of the Commission (Commissioners). The Commission Law provides that the Board shall consist of a minimum of five members elected by the States from persons nominated by the Policy and Resources Committee and appearing to it to be persons having knowledge, qualifications or experience appropriate to the development and supervision of finance business in the Bailiwick. The Chairman is appointed from amongst the Commissioners and is elected by the States following nomination by the Policy and Resources Committee. The Vice-Chairman is appointed for a period of one year by the Commissioners. A Commissioner is appointed for a period not exceeding three years. A member whose term of office has come to an end is eligible for re-election. The Chairman and Vice-Chairman are also eligible for re-election to their positions. Commissioners must currently retire on reaching the age of 75 years.

The Commissioners during 2016 were: Drs. Cees Schrauwers, The Lord Flight, Alex Rodger, Richard Hobbs, Bob Moore, Simon Howitt and Wendy Dorey. A brief résumé for each Commissioner is provided on pages 46 and 47 of this report. All of the Commissioners are non-executive; four reside in Guernsey, with the remainder living in the UK.

There were 13 meetings of the Board in 2016. The attendance was as follows: Drs. Cees Schrauwers 13, Alex Rodger 11, Howard Flight 11, Richard Hobbs 13, Bob Moore 10, Simon Howitt 13 and Wendy Dorey 13. Prior to each meeting, Commissioners are provided, save in exceptional circumstances, with a full information pack to support the meeting’s agenda.

An induction programme is in place for new Commissioners. The Commissioners periodically consider their roles, responsibilities and accountabilities. In addition, each year Commissioners undertake a board effectiveness review.

The Commission Law also makes provision for the appointment of such officers and servants as are necessary for carrying out the Commission's functions and for the most senior officer to have the title of Director General.

Delegation of functions to executive staff

The Commissioners have delegated certain of their statutory functions to the executive staff of the Commission. These statutory functions are exercised by the executives both jointly and individually. All statutory functions of the Commission may be delegated to the executives except:

- the power of the Commissioners to delegate functions;
- the Commissioners' duty to make an annual report on the Commission's activities during the previous year to the Policy and Resources Committee;
- any statutory functions which:
 - (i) require the Commissioners to consider representations concerning a decision which they propose to take; or
 - (ii) empower the Commission to cancel, revoke, suspend or withdraw a licence, consent, registration, permission or authorisation (except where the cancellation, revocation, suspension or withdrawal is done with the consent of the person who is, or who is acting on behalf of, the holder of the licence, consent, registration, permission or authorisation); or
 - (iii) empower the Commission to petition for the winding-up of a body corporate.

Annual report and financial statements

The Commission must, as soon as possible in each year, make a report to the Policy and Resources Committee on its activities during the preceding year. The President of the Committee shall, as soon as possible, submit that report for consideration by the States.

The Commission Law also provides that the Commission shall:

- (a) keep proper accounts and proper records in relation to those accounts; and
- (b) prepare, in respect of each year, a statement of accounts giving a true and fair view of the state of affairs of the Commission;

and that the accounts of the Commission shall be:

- (a) audited by auditors appointed by the States; and
- (b) laid before the States.

The Commission includes a copy of its audited financial statements in the annual report to the Policy and Resources Committee, referred to above.

Report on internal control and corporate governance

Under the Commission Law, the Commission must also review in each year, by the appointment of appropriately qualified and independent professional persons or otherwise:

- (a) the adequacy and application of the Commission's systems of internal control;
- (b) the selection and application of the Commission's accounting policies and accounting procedures;
- (c) the effective, efficient and economical management of the Commission's assets and resources; and
- (d) the Commission's compliance with such generally accepted principles of good corporate governance as it is reasonable to regard as being applicable to the Commission.

The Commissioners are required to satisfy themselves in connection with the conclusions of each review and provide the Policy and Resources Committee with confirmation in the annual report on the matters covered by it.

The Commissioners are responsible for overseeing the Commission's corporate governance regime and for monitoring the effectiveness of management's systems of internal control. These systems are subject to regular review by management and address the risks to which the Commission is exposed. The Commission has an ongoing process for identifying, evaluating and managing operational risks (including regulatory and financial risks). Although not required to comply with the UK Corporate Governance Code, the Commission has regard to the guidance contained therein and complies wherever valid to do so.

The Commission has robust policies and procedures in place to ensure that any conflicts of interest involving Commissioners or staff are managed effectively.

In accordance with the Commission Law, the Commissioners have reviewed the Commission's approach to risk management policies and processes. The report required by the law on internal control and corporate governance has been provided by the Commission to the Policy Council.

Audit Committee

In 2016, the Commission's Audit Committee comprised Alex Rodger, Simon Howitt and Wendy Dorey and was chaired by Richard

Functions, Structure and Corporate Governance and other Control Systems of the Commission *(continued)*

Hobbs. The Committee covered oversight of the management of risk, reviewed corporate governance and the systems of internal control and reported routinely to meetings of the Board as a whole. Meetings were usually attended by the Director General, the Chief Operating Officer and the Financial Controller.

The Committee met 4 times in 2016. The attendance of the individual members at these meetings was as follows: , Richard Hobbs 4, Alex Rodger 4, Simon Howitt 4 and Wendy Dorey 4. The Audit Committee has oversight for non-regulatory risk; regulatory risk is reviewed by the Board as a whole.

Remuneration Committee

The Remuneration Committee, which comprised Bob Moore and Richard Hobbs and was chaired by Alex Rodger, is mandated to advise and assist the Commission in fulfilling appropriate governance in respect of remuneration policies, practices and structure.

The Committee has specific responsibility for proposing to the Board (1) the remuneration and reward of the senior executive and (2) the general policy for staff remuneration and benefits to ensure that all of our people are fairly rewarded for their individual contributions to the Commission.

Meetings were attended by the Chairman, Director General and the Chief Operating Officer. The Committee met twice in 2016 with all members attending both meetings.

Review systems

The Commission has retained specialist internal and external expertise to monitor the Commission's non-regulatory internal audit standards to ensure that the Commission is up to date with current expectations.

During 2016, the Commission appointed external parties to undertake internal audits in the following areas:-

- Finance - capital expenditure and management accounts;
- Cyber security;
- Supervisory IT systems review;
- Authorisations;
- IT.

The outcomes of the audits have been taken forward to the satisfaction of the Audit Committee and the Board.

In 2016, the corporate governance standards of the Commission were reviewed by the Board and by the Commission's officers. The Commission is satisfied that it meets expectations in connection with internal audit and corporate governance. The International Monetary Fund (IMF) undertook an evaluation of the Bailiwick against international regulatory and supervisory standards in 2010 under its Financial Stability Assessment Programme. The Commission and the other authorities in Guernsey were found by the IMF to have a high-level of compliance with these standards. This was reaffirmed by the Council of Europe's Financial Action Task Force regional inspectorate, Moneyval, which visited the Bailiwick in late 2014 and which published its final report in January 2016.

CONTACT US

info@gfsc.gg
www.gfsc.gg
+44 (0)1481 712706

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *for* ECONOMIC DEVELOPMENT

**GUERNSEY BANKING DEPOSIT COMPENSATION SCHEME
AVAILABILITY OF STATES' LOAN FACILITY**

The States are asked to decide:-

Whether, after consideration of the Policy Letter entitled 'Guernsey banking deposit compensation scheme availability of states' loan facility' dated 27th July 2017, they are of the opinion:-

1. To direct the Policy & Resources Committee to make available an on demand facility of £15 million in favour of the Guernsey Banking Deposit Compensation Scheme Board, on such terms as the Policy & Resources Committee may agree with the Board.
2. To authorise the Policy & Resources Committee, at its discretion, following receipt of a written request from the Guernsey Banking Deposit Compensation Scheme Board, to make available a facility of a maximum amount of £57 million on such terms as the Policy & Resources Committee shall agree with the Board.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

THE COMMITTEE FOR ECONOMIC DEVELOPMENT
GUERNSEY BANKING DEPOSIT COMPENSATION SCHEME
AVAILABILITY OF STATES' LOAN FACILITY

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

28th July 2017

Dear Sir,

1. Executive Summary

1.1. This report recommends that the States of Guernsey (the "**States**"):-

- (i) direct the Policy & Resources Committee (the "**Committee**") to make available an on demand facility of £15 million in favour of the Guernsey Banking Deposit Compensation Scheme Board (the "**Board**"), on such terms as the Committee may agree with the Board (the "**Primary States Facility**"); and
- (ii) authorise the Committee, at its discretion, following receipt of a written request from the Board, to make available a facility of a maximum amount of £57 million on such terms as Committee shall agree with the Board (the "**Secondary States Facility**").

The Primary States Facility and the Secondary States Facility are together referred to as the "**States Facilities**".

1.2 The purpose of the States Facilities is to provide the Guernsey Banking Deposit Compensation Scheme (the "**Scheme**") with greater liquidity in respect of payments which may be required to be made, by it, in accordance with the terms of the Guernsey Banking Deposit Compensation Scheme (Bailiwick of Guernsey) Ordinance, 2008 (the "**Ordinance**").

2. Background

2.1 The Scheme was established by the Ordinance in 2008, at the height of the Global Financial Crisis¹. A bank licensed in the Bailiwick of Guernsey (a “**Licensed Bank**”) by the Guernsey Financial Services Commission (the “**Commission**”) is automatically a participant in the Scheme. The Scheme provides compensation, when a bank is in default, as follows:

- (i) it covers deposits by individual retail depositors, and some other limited types of depositor such as Retirement Annuity Trusts, registered charities and accounts held for the benefit of children;
- (ii) it provides compensation of up to £50,000 (or equivalent in a foreign currency) to qualifying claimants²;
- (iii) compensation is payable within three (3) months of the date of declaration of a bank default³ (or receipt of a valid claim if later); and
- (iv) compensation is capped at a total of £100 million in any five (5) year period⁴. If claims exceed this cap, compensation will be reduced on a pro rata basis.

2.2 The Board has the power, under the Ordinance, to charge levies on Licensed Banks in the event of default by another participant.

3. Current Funding of the Scheme

3.1 The Board has a maximum obligation to pay up to £100 million in any five (5) year period⁵ funded on the following basis:-

- (i) £10 million which is levied on all Licensed Banks equally (excluding any in default) (the “**Primary Levy**”); and
- (ii) £90 million which is levied on all Licensed Banks (excluding any in default) and is apportioned between such Licensed Banks according to a formula set out in the Banking Deposit Compensation Scheme (Liability of Participants to Compensation Levy) (Bailiwick of Guernsey) Regulations, 2010 (the “**Regulations**”) (the “**Secondary Levy**”)

The Primary Levy and the Secondary Levy are together referred to, in this report, as the “**Levies**”.

¹ See Billet D’Etat XIX 2008, 26th November 2008.

² See section 12 of the Ordinance.

³ This obligation is subject to specific limitations in sections 14 and 15 of the Ordinance allowing for interim payments and a longer payment period if considered appropriate by the Board.

⁴ Subject to the limitations set out in Section 15(2) and 15(3) of the Ordinance.

⁵ See section 14 of the Ordinance.

4. The Primary Levy

4.1 The Primary Levy, is payable in equal shares by all Licensed Banks. It is envisaged that the Board would be able to issue notices directly once a Licensed Bank is declared to be in default⁶ and would expect the Primary Levy to be payable immediately on receipt of the notice⁷. It is anticipated that the Board would be in receipt of the required £10 million within seventy two (72) hours of a Licensed Bank being declared in default.

5. The Secondary Levy

5.1 The amounts payable by each Licensed Bank in respect of the Secondary Levy are calculated via a formula (set out in the Regulations) which is expressed, in general terms, as a proportion of the deposits held by that Licensed Bank against the total deposits held by all Licensed Banks. The timing, in respect of payment of the Secondary Levy, has a restriction so that the Board cannot request that payment be made earlier than fourteen (14) days after the date of the notice (effectively providing a minimum two (2) week grace period).

6. Payment Issues

6.1 While the maximum the Board can claim, in respect of the Secondary Levy, is £90 million, this in turn is limited by a restriction, in the Ordinance, which caps a Licensed Bank's payment obligation, in any calendar year, at a maximum of £1 million or, if less, 50% of average profits for the previous three years⁸. There are currently twenty four (24) Licensed Banks in the Scheme which reflects, in conjunction with the limitations in the Ordinance, a material restriction on the amount which can be collected pursuant to the Secondary Levy.

6.2 The Board's obligations mean that, technically, it could be required to pay out the maximum of £100 million within three (3) months, but on the Board's calculations it would only have access to £28 million in this time frame (although it can demand further sums in each subsequent year). This leaves a, potential, funding gap of £72 million.

6.3 The Scheme has the power to make compensation payments in instalments and, in the absence of any third party financing facility, it would be obliged to do so. In light of the size of the potential funding gap the Board considers, that initial payments to depositors would need to be limited to approximately one quarter of the potential final sum due.

⁶ Section 9 of the Ordinance sets out the events which will be treated as a default and obliges the Commission to make a declaration in respect of the same within a twenty one (21) day time limit.

⁷ Section 18(7)(c) of the Ordinance permits the Scheme board to specify a date when payment must be made by a Licensed Bank.

⁸ The Committee *for* Economic Development is also consulting on whether the 50% cap should be removed and on increasing the threshold from £1 million to £2 million.

- 6.4 The principle of instalment payments has been accepted by the Board, since the Scheme’s inception, as an appropriate, reasonable and viable method of payment, in the context of the Scheme’s existing funding model.
- 6.5 The cap does not reduce the liability of a Licensed Bank to pay the Secondary Levy but merely permits the Secondary Levy to be paid in instalments. Interest will apply to any such deferred payment at two per cent. (2%) above base rate. Under these circumstances and on the assumption that Licensed Banks should be able to borrow at, or around, base rate it is reasonable to assume that it would be commercially prudent for them to pay directly, even if they had no obligation to do so.

7. Proposed Funding Profile

- 7.1 On the basis that these proposals are approved the Board has calculated that the total immediate funding would be made up of the following:

Funding Element.	£ Million.
Total Amount Payable by the Board.	100.
Less:	
Primary Levy.	(10).
Secondary Levy.	(18).
Primary States Facility.	(15).
Shortfall.	£57.

8. The States Facilities/Depositor Payment

- 8.1 The Primary States Facility (in conjunction with the Levies) if provided would allow the Board to have access to over 40% of its total payment obligation pursuant to the Ordinance.
- 8.2 The £57 million shortfall could be addressed by the Board demanding further payments in subsequent years from the Licensed Banks, but for the larger Licensed Banks the cap could extend the final payment for several years, leading to a slow payment profile for depositors (if the States Facilities are not fully provided). The Committee is of the view that this is not appropriate. This exposure is the principle reason for the requirement of the (discretionary) Secondary States Facility⁹ which would help to ensure that all claimants receive payment as soon as is practicable (possibly within six months) thereby reducing the risk of hardship being suffered by depositors.
- 8.3 As a result the Board has consulted on amending the Ordinance to clarify its ability to pay differing percentages of compensation to different claimants. In the context of a Licensed Bank going into default the intention is to allow the Board, if felt appropriate,

⁹ It should be noted that depending on the size of the Licensed Bank and the scale of the deposits affected the Secondary States Facility may never be called upon.

to pay out initial compensation, of a sum up to £10,000, and to pay the balance as soon as practicable thereafter. This amendment is intended to benefit the smaller depositor, who is likely to be the most significantly impacted by any Licensed Bank default.

- 8.4 The costs associated with the States Facilities will be addressed on the following basis:
- (i) the costs of maintaining the Primary States Facility (prior to drawn down) will be met from the Board's existing financial resources and therefore indirectly by the Licensed Banks; and
 - (ii) all costs (including interest) payable in respect of use of the Facilities, would be met by the Licensed Banks in accordance with the terms of the Ordinance.
- 8.5 It is proposed that the States Facilities, to the extent draw down is made, would be repaid as and when instalment payments are received from Licensed Banks pursuant to the Secondary Levy.

9. Consultation

- 9.1 The Policy & Resources Committee has been consulted and supports the proposals within this report and advises that due consideration will be taken when determining the States' corporate banking and investment arrangements.

10. Propositions

The States of Deliberation are asked to decide whether they are of the opinion to:-

1. direct the Policy & Resources Committee to make available an on demand facility of £15 million in favour of the Guernsey Banking Deposit Compensation Scheme Board, on such terms as the Policy & Resources Committee may agree with the Board; and
2. authorise the Policy & Resources Committee, at its discretion, following receipt of a written request from the Guernsey Banking Deposit Compensation Scheme Board, to make available a facility of a maximum amount of £57 million on such terms as the Policy & Resources Committee shall agree with the Board.

11. Committee Support for Propositions

11.1 In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the Committee *for* Economic Development.

Yours faithfully

P.T.R Ferbrache.
President

J. Kuttelwascher.
Vice-President

A.C. Dudley-Owen.
J.S. Merrett.
J.I. Mooney.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE FOR EDUCATION, SPORT & CULTURE

THE ROLE OF THE GRANT-AIDED COLLEGES AND THEIR FUTURE FUNDING
ARRANGEMENTS

The States are asked to decide:-

Whether, after consideration of the Policy Letter of the Committee *for* Education, Sport & Culture entitled "The Role of the Grant-Aided Colleges and their Future Funding Arrangements", dated 4th August 2017, they are of the opinion:-

1. To approve the continued provision of States funding to Elizabeth College, The Ladies' College and Blanchelande College ("the Colleges") from September 2019;
2. To endorse the cessation of the existing grant aid arrangements at the end of August 2019;
3. To approve a new seven-year model of funding for the Colleges commencing in September 2019, comprising two forms of grant aid provided by the States:
 - a. a grant equivalent to the total fees charged by each College in respect of Special Place Holders educated at that College from September 2019; and
 - b. a general grant of £816 in respect of each fee paying pupil educated at that College from September 2019, which figure will be adjusted in line with RPIX.
4. To direct the Committee *for* Education, Sport & Culture and the Policy & Resources Committee to carry out an internal review of the new funding arrangements on an annual basis.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE FOR EDUCATION, SPORT & CULTURE

THE ROLE OF THE GRANT-AIDED COLLEGES AND THEIR FUTURE FUNDING
ARRANGEMENTS

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

4th August, 2017

Dear Sir

1 Executive Summary

1.1 This Policy Letter arises from resolutions passed by the States on the 15th day of March, 2016. Its purpose is to consider the role of the grant-aided Colleges and to put forward proposals for new funding arrangements. The grant-aided Colleges are Blanchelande College, Elizabeth College and The Ladies' College ("the Colleges").

1.2 After consideration of a Policy Letter titled, "The Future Structure of Secondary and Post-16 Education," (Billet d'État VII (Vol. 1) of 2016) the States resolved, among other things, *"to direct that as soon as possible, but in any event during 2016 or 2017, the Committee for Education, Sport & Culture shall submit a policy letter to the States with the capital and revenue implications and recommendations in respect of:*

... d) the role, consistent with proposition 1, of the grant-aided colleges (Blanchelande College, Elizabeth College and The Ladies' College) in the provision of secondary education and detailed proposals for any new funding arrangements with those grant-aided Colleges together with the rationale for the quantum of grant-aid recommended."

1.3 Proposition 1 was: *"to agree that the current selective admission of students to States secondary schools and the grant-aided Colleges, based predominantly on the Eleven Plus examination, shall be replaced with effect from September 2019*

(for new Year 7 students) by non-selective admission to States secondary schools based predominantly on a feeder system from primary schools and that the States secondary schools shall set students by ability as appropriate.”

- 1.4 In December 2016, (Article VII of Billet d'État XXIX of 2016) the States reiterated their support for ending the Eleven Plus selection process and to move to an all-ability secondary school system from September 2019.
- 1.5 The removal of selection has an impact on the current funding model for the Colleges, as up to 352 places are fully funded under the current arrangement through the selective system.
- 1.6 The Committee has considered the matters it was directed to review by the States. The Committee considers that it remains appropriate to provide a defined level of subsidy to the Colleges, although it is also aware of a body of opinion that funding should be withdrawn altogether.
- 1.7 The Committee considers that any replacement funding model should allow the Colleges time to adjust to the new structure of secondary education on the Island.
- 1.8 The last cohort of Special Place Holders to enter the Grammar School or Colleges will do so in September 2018. The new funding arrangements commence in September 2019 on expiry of the current agreement. As the number of Special Place Holders diminishes and the capacity of the Colleges to replace these places with fee payers increases, any per capita grant funding will begin to take on added significance.
- 1.9 **The Committee is therefore recommending that all pupils who have commenced their studies as Special Place Holders in the college system, and remain there prior to the commencement of the 2019 academic year, should continue to have their fees paid for the duration of their College education.**
- 1.10 The premise behind the recommended new model is that as the number of Special Place Holders diminishes very slowly over time, the Colleges will fill these places with fee payers. This should allow for a more modest level of subsidy from the States than is currently the case.
- 1.11 This Policy Letter recommends that, upon expiry of the current seven-year agreement in August 2019, a new seven-year agreement is put in place, whereby the Colleges shall receive grant aid in two forms:
 1. **The Colleges shall receive a grant equivalent to the fees charged by each individual College in respect of Special Place Holders who continue to be educated at each of the Colleges from September 2019; and**

2. A general grant of £816 per pupil shall be payable in respect of fee paying pupils.

- 1.12 The grant of £816 per fee paying pupil will be increased by RPIX for the term of the agreement, ending in August 2026. It is estimated that the combined cost of the two forms of grant will amount to a total payment to the Colleges in 2019/20 of £3.8m, reducing to £0.9m in 2026/27. These calculations are based on September 2017 fee rates and any grant payment would increase with fee increases.
- 1.13 These arrangements largely reflect the current funding model but differ in so much as the funding for Special Place Holders will diminish over time as pupils are no longer placed in the college system. Presuming that the Colleges will be able to recruit additional fee paying students to replace the Special Place Holders, their finances will not be impaired.
- 1.14 **The Committee will not be recommending a States model of means-tested grant, although this does not preclude the Colleges from offering financially assisted places and their own form of bursary. The Committee feels strongly that the grant should not be used to reduce the fees charged to parents who are best able to afford them.**
- 1.15 **The new funding arrangements will be contingent upon revised Conditions of Grant Aid and the creation of a Memorandum of Understanding, which will set out recommendations on the application of States grant, moving away from indiscriminate subsidy to a new arrangement of targeted subsidy.**
- 1.16 The current funding model contains review mechanisms to ensure that all of the Colleges operate on a sound educational and financial footing. The Committee is recommending similar arrangements are put in place for the new agreement.

2 Background

- 2.1 This Policy Letter arises from the requirement to consider the resolutions arising from consideration of Billet d'État VII dated 2nd February 2016 and in particular what should happen after the current funding model for the grant-aided Colleges terminates in 2018/19.
- 2.2 The Committee has considered this matter and has concluded that the States should continue to provide grant aid to the three Colleges for another seven-year period when the current model ceases.

3 The Current Model of Funding

3.1 The current funding model was approved by the States in June 2005 (Billet d'État IX of 2005). In 2011, under the Financial Transformation Programme, the States re-affirmed the basic structure of the model but also recommended the grant be reduced incrementally over seven years to result in a net saving to the States budget at 2011, values of £1.11m net (£1.226m gross). **This reduction is approximately £175,000 per annum.**

3.2 The grant figure is increased each year by RPIX.

3.3 The grant has two elements:

- 1. A sum to cover College fees for Special Place Holders (Elizabeth College 161 SPH; The Ladies' College 161 SPH; and Blanchelande College, up to 30 SPH.**

It is important to note that funding for Special Place Holders at Blanchelande College was subject to an additional States Resolution*).

- 2. A sum calculated on a per capita basis for all pupils at the Colleges which covers both Special Place Holders and Fee Payers. The States pay the costs for Special Place Holders who were selected under the Eleven Plus system for a fully funded place. These costs are then deducted from the total grant available to leave a residual amount known as the general grant.**

**[Note: the recommendation made in Billet d'État IX of 2005 was to approve up to 6 places a year and, "to agree provision in the formula for [a minimum of] 21 special place holders at Blanchelande Girls' College (sic), or more where the actual number of special place holders exceed this..."]*

3.4 The general grant is distributed to the Colleges, based upon the estimated pupil numbers at each of the Colleges at the beginning of the autumn term. The estimated figures are subsequently replaced by actual pupil numbers and the grant adjusted. Adjustments are made to ensure that the total sum paid agrees with the available sums.

3.5 As there is provision in the formula for 161 Special Place Holders at both Elizabeth College and The Ladies' College, this is the first element of the grant calculated; the figure which is left after this distribution, and any allocation which is made to Blanchelande for Special Place Holders, is then distributed as a per capita grant for all pupils. This amount varies each year. The annual grant is increased by RPIX but if fees increase ahead of RPIX the fee subsidy will reduce, as the amount distributed for Special Place Holders greatly increases.

3.6 Each year, the Colleges are advised of the value of the general grant per pupil at the start of the academic year.

The actual and estimated figures at this time are:

<u>New Funding Arrangements</u>	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
	£	£	£	£	£	£	£
Total Grant	4,969,384	4,886,609	4,834,348	4,740,926	4,539,782	4,402,536	4,381,089
LESS SPH Fees	2,535,441	2,664,039	2,864,610	3,069,675	3,264,513	3,493,833	3,733,380
Available for General Grant	<u>2,433,943</u>	<u>2,222,570</u>	<u>1,969,738</u>	<u>1,671,251</u>	<u>1,275,269</u>	<u>908,703</u>	<u>647,709</u>
Total Pupils							
Elizabeth College	524	537	525	523	511	507	507
Ladies' College	419	422	422	415	398	404	404
Blanchelande College	174	169	170	175	192	203	203
	<u>1,117</u>	<u>1,128</u>	<u>1,117</u>	<u>1,113</u>	<u>1,101</u>	<u>1,114</u>	<u>1,114</u>
General Grant	£2,179.00	£1,970.36	£1,763.42	£1,501.57	£1,158.28	£815.71	£581.43

- 3.7 The general grant per pupil for 2016/17 and 2017/18 is still subject to variation, based on actual pupil numbers and RPIX levels.
- 3.8 The three grant-aided Colleges all receive grant aid from the States. The combined level of grant for the current academic year (2016/17) is just over £4.4 million.

3.9 The individual grant amounts for the current academic year are shown below:

Academic Year 2016/17			
	Pupils	Fees £	Total £
SPH Funding			
Elizabeth College	161	10,755	1,731,555
The Ladies' College	161	9,450	1,521,450
Blanchelande College	28	8,601	<u>240,828</u>
			3,493,833
GENERAL GRANT:SPH			
Elizabeth College	161	816*	131,329
Ladies' College	161	816	131,329
Blanchelande College	28	816	<u>22,840</u>
			285,498
		SPH Total	3,779,331
General Grant: Fee Payers			
Elizabeth College	346	816	282,236
Ladies' College	243	816	198,218
Blanchelande College	175	816	<u>142,749</u>
		Fee Payer Total	623,202
		TOTAL GRANT	£4,402,534

*General Grant £815.71

Total Grant per College

Elizabeth College	£2,145,120
Ladies' College	£1,850,997
Blanchelande College	£406,417

4 The Role of the Colleges and the Rationale for Grant-Aid

4.1 The Colleges play a role in educating a significant number of secondary age pupils who are placed there and funded by the States. **The Colleges will continue to educate these pupils from September 2019 onwards until the majority of pupils complete their Sixth Form education.** The pupils so placed are not due to complete their education until the summer term 2025. It is not until September 2025 that the college system will no longer educate Special Place Holders. Any new system will have to recognise the contractual obligations and undertakings the States has already made in respect of these pupils. The planned changes in this report will take place over another seven years in recognition of these restraints, but any emerging system after that time might be quite different again.

4.2 The Colleges also educate a significant proportion of fee paying pupils in the secondary sector for which some States financial support is provided, although this support has been eroded through the Financial Transformation Programme from more than £2,000 per pupil to £816 currently. The funding which the States provides has allowed the Colleges to maintain fee rates at a level available to a substantial proportion of parents. Withdrawing such support or reducing it still further would more than likely have a negative impact on the ability of some parents to afford a fee place at the Colleges. As such an impact cannot easily be calculated, and there would potentially be a negative impact on existing pupils and parents, the Committee feels that moving beyond the current proposal, which is to maintain current levels of funding subsidy, would not be desirable or appropriate.

4.3 The most understandable rationale for some public funding of the Colleges is the argument that it saves the States money.

4.4 The Colleges educate approximately 30% of pupils at a cost to the tax payer of approximately 6% of the total Education General Revenue Budget. At first glance, it would appear to be self-evident that without an independent College sector the States would have to provide education facilities and opportunities for additional pupils and this would increase costs.

What also needs to be considered is whether the number of pupils attending the Colleges would be very much different without the current system of States funding?

4.5 Private pupils attending the lower schools receive no State support; fee payers receive less than £1,000 in annual support, but demand for places is still buoyant. This calls into question whether the States grant of £4.4 million per annum is really necessary at all. The Committee believes that demand for places no longer occupied by Special Place Holders has every prospect of being strong during the next period and the Colleges will not experience any appreciable drop in numbers. **This being the case, neither will they suffer a drop in real income.** However, whether demand for places remains equally resilient with the ending of selection is something only time will tell. For this reason, the Committee is recommending a review mechanism as an extra safeguard and precaution.

The academic and financial performance of the Colleges is monitored through the current agreement and it is expected that this will continue in the new model.

4.6 Guernsey has a relatively large independent College sector than might be supposed from direct comparisons with other jurisdictions. The independent

sector educates around 6.5% of the total number of school children in the UK (and over 7% of the total number of school children in England) with the figure rising to more than 18% of pupils over the age of 16.

- 4.7 The rationale for the continuation of grant aid is therefore to provide a stable environment following the ending of selection which will hopefully minimise disruption to States maintained schools and the Colleges, and help to ensure that where changes occur they are sustainable and manageable without unduly affecting the smooth running and operation of either sector.**
- 4.8 Following the removal of special places, the Colleges will need to attract more fee paying pupils in order to achieve the same level of funding.
- 4.9 For Elizabeth College and The Ladies' College this would in practice mean securing a further 23 fee paying places a year; for Blanchelande, it is 6 places a year. This would seem eminently achievable given the Committee's targeted subsidy approach to College places in future.**
- 4.10 The Committee is of the view that its proposals are fair and reasonable, given the important role the Colleges have in the delivery of education in Guernsey and the additional choice they offer parents. It is therefore important that any changes to States funding are measured and capable of timely review.

5 Quantum of Grant

- 5.1 In the previous section of the Policy Letter, the Committee made a case supporting the continuation of grant aid for at least the next seven years after the current agreement ends. In terms of the amount of grant, the Committee is recommending a subsidy of £816 per fee paying pupil which will be adjusted by RPIX.
- 5.2 There are three main reasons for suggesting the figure of £816:
- 1. It is the current level of fee subsidy;**
 - 2. It is the level of subsidy at which demand for fee paying places remains strong ; and**
 - 3. It represents an 80% reduction in States funding over the next 7 years**
- 5.3 If pupil numbers are maintained, or even increase, with the fee subsidy now suggested, then only the source of the funding received by the Colleges will change and overall income levels for the Colleges will remain firm. The Committee has also had some discussion with the Colleges concerning the possible use of their spare capacity. Whilst this might not be out of the question, there would be significant barriers to such an arrangement in that the Committee would always seek to fill any excess capacity in States maintained schools first, which is usually at nil or marginal cost and selecting pupils would

present significant challenges too. The Committee will be bringing a Policy Letter to the States on Secondary and Post-16 education which will put these particular matters into further context.

- 5.4 The Committee believes that any future funding model should aid a smooth transition to lower levels of States funding, be simple and transparent, and not unduly threaten the operation of the college system, nor undermine the new all ability system.

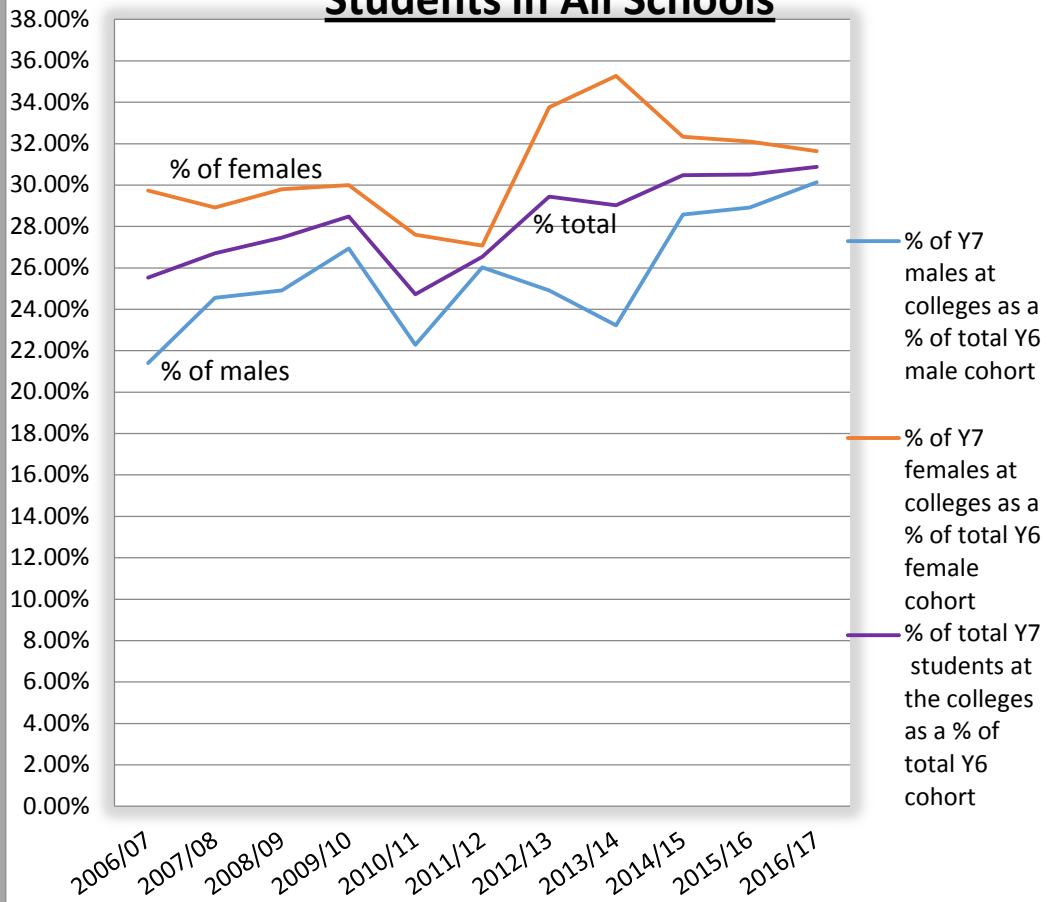
6 Performance Under the Current Funding Model

- 6.1 Special Place Holder funding and the subsidy to fee payers comes from one overall grant sum. During the tenure of the current model, fee increases at the Colleges have generally been above RPIX and this, coupled with FTP reductions, has resulted in the per capita funding element (the element calculated by reference to the number of fee payers) diminishing over time, despite RPIX increases in the overall grant (see table below).

Academic Year	General Grant Per Pupil
	£
2012/13	1,970
2013/14	1,763
2014/15	1,502
2015/16	1,158
2016/17	816

- 6.2 **Above average inflationary fee increases and the consequential diminishing level of per capita funding for fee payers do not appear to have significantly affected pupil numbers at the Colleges and the flow of Year 6 pupils transferring as Year 7 pupils to the Colleges has remained strong.** This is highlighted on the following page.

**% of Year 7 Students at The Grant-Aided
Colleges as a % of Previous Total Year 6
Students in All Schools**



6.3 The reduced level of fee subsidy caused by above RPIX fee increases does not appear to have impacted adversely on retention levels across the three Colleges, all of which have increased fees above RPIX and maintained or increased pupil numbers.

6.4 For the last five years, the percentage rates are:

Year	% of Y7 males at colleges as a % of total Y6 male cohort	% of Y7 females at colleges as a % of total Y6 female cohort	% of total Y7 students at the colleges as a % of total Y6 cohort
2012/13	25%	34%	29%
2013/14	23%	35%	29%
2014/15	29%	32%	30%
2015/16	29%	32%	31%
2016/17	30%	32%	31%

The new funding model acknowledges these factors.

6.5 The Committee *for* Education, Sport and Culture are in agreement that any student who commences his/her studies as a Special Place Holder at the grant-aided Colleges prior to July 2019 should continue to have his/her fees met until he/she completes his/her secondary education at a particular College. This will allow a certain measure of stability and certainty over the life of the next agreement. However, if a Special Place Holder should leave the College, then the funding will also cease.

7 The Committee's Proposals

7.1 In addition to continuing to fund existing Special Place Holders, all three of the Colleges should also receive a per capita grant allocation based on a figure of £816 per fee payer (at September 2019) which would be adjusted by RPIX each year from September 2019 onwards, using the June RPIX figure.

7.2 To illustrate what this grant level might look like in practice, a detailed breakdown in tabular form has been produced. All figures are shown at September 2017 price base.

7.3 **The table is provided in full in the Annex.** The table displays the figures for each College and details the sum in respect of Special Place Holders and the general grant.

The total grant figures on this basis from 2019/20 would be:

Year	SOG Grant
2019/20	£3,852,840
2020/21	£3,342,972
2021/22	£2,833,104
2022/23	£2,323,236
2023/24	£1,813,368
2024/25	£1,355,484
2025/26	£897,600

7.4 **The table shows the estimated grant requirement for the college system. By 2025/26 the grant is shown as approximately £0.9 million for 1,100 pupils.** In practice, the fee subsidy for each pupil of £816 will be increased by RPIX from September 2020 onwards, under the Committee’s proposals. Overall income levels within the college system may remain unchanged, increase, or decrease and will depend on fee levels and the number of parents taking up fee paying places.

7.5 Fees are shown at September 2017 prices. The figures shown in the table are therefore likely to be lower than will be encountered in practice.

8 Review Mechanism

8.1 The current grant arrangements allow for an annual reporting and review cycle, which includes the collection of a set of key performance indicators, which were introduced when the last arrangements were entered into. These arrangements also allow for a further financial review of the grant arrangements should this prove necessary during operation. It is recommended given the changes now being proposed that the Committee *for* Education, Sport & Culture and the Policy & Resources Committee review these arrangements and update them, where necessary, to reflect the revised funding mechanism.

8.2 Education and College representatives in their discussions have both agreed that the monitoring arrangements need to be more responsive in the event of a college facing a financial challenge as a direct consequence of the new arrangements. Therefore, in the event that an individual college faced immediate financial difficulties, which could not be covered by the use of reserves, for example as a result of a dramatic and unanticipated fall in pupil numbers, it would approach the Committee *for* Education, Sport & Culture as a matter of urgency who would proactively work with the college to assist it in putting in place any mitigating measures. The Committee *for* Education, Sport

& Culture would, if necessary, consider approaching the Policy & Resources Committee to request it to use its delegated authority to approve a one-off grant increase as a short-term measure to enable the college to take appropriate action to address its financial difficulties, pending any overall financial review.

9 Bursary Scheme

9.1 During discussions with the Colleges on these matters, it emerged that the three Colleges, in anticipation of the ending of the current funding model in 2019, had been working for some time on a new model of funding based on a bursary approach. The models which were discussed with the Colleges operated on the basis of a means-tested bursary system to be funded by the States. The Committee will not be recommending a States model of means-tested grant, although this does not mean that any grant which is given by the States should not be targeted. The Committee believes it should be. The Committee feels strongly that the block grant should not be used to subsidise the fees payable by parents who are best able to afford them. The ending of selection means that it is no longer appropriate to “select” pupils for a College place. The removal of the Eleven Plus examination is an opportunity for the States to determine how any financial support it provides is best used. To this end, the Committee will be introducing, through a Memorandum of Understanding with each College, its desire to see the grant being directed on the basis of financial need.

10 Engagement and Consultation

10.1 Through the drafting of this Policy Letter, the Committee has engaged with the Policy & Resources Committee and the three grant-aided Colleges. The Committee has also consulted with the Law Officers regarding the legal implications and requirements resulting from the propositions set out in this Policy Letter. The Law Officers have not identified any legal difficulties with the propositions contained within this Policy Letter.

11 Policy and Resource Plan

11.1 The proposals are in accordance with one of the core aims of the Policy and Resource Plan, namely the realisation of sustainable public finances. The reduction in funding proposed in the report will allow the States to invest in new or improved services elsewhere.

12 Conclusions

- 12.1 The Committee has set out what it considers to be realistic proposals for the future funding arrangements of the grant-aided Colleges in this Policy Letter, and seeks the States support for its proposals.

13 Recommendations

The States are asked to decide whether they are of the opinion:

1. to approve the continued provision of States funding to Elizabeth College, The Ladies' College and Blanchelande College ("the Colleges") from September 2019;
2. to endorse the cessation of the existing grant aid arrangements at the end of August 2019;
3. to approve a new seven-year model of funding for the Colleges commencing in September 2019, comprising two forms of grant aid provided by the States:
 - a. a grant equivalent to the total fees charged by each College in respect of Special Place Holders educated at that College from September 2019; and
 - b. a general grant of £816 in respect of each fee paying pupil educated at that College from September 2019 which figure will be adjusted in line with RPIX.
4. to direct the Committee for Education, Sport & Culture and the Policy & Resources Committee to carry out an internal review of the new funding arrangements on an annual basis.

14 Committee Support for Propositions

- 14.1 Two members of the Committee, Deputies CP Meerveld and AC Dudley-Owen, have been prevented by virtue of a special interest under Rule 49(1) from any involvement in the formation of these proposals. In accordance with Rule 4(4) of the Rules of Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the remaining Members of the Committee.

Yours faithfully

P R Le Pelley
President

D De Lisle
N Inder

Annex: Predicted Grant requirement for Grant- Aided Colleges

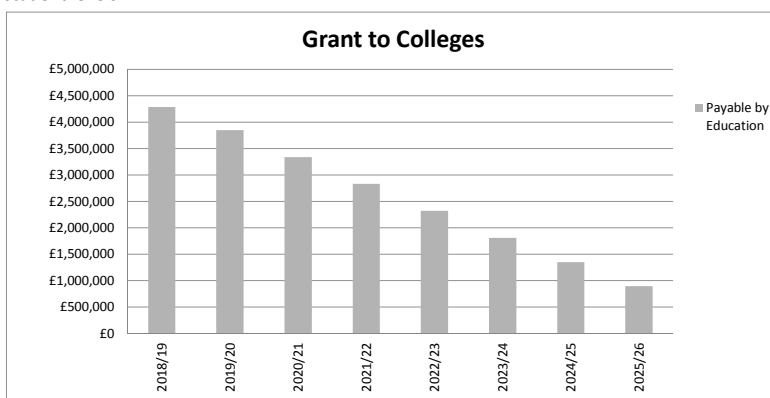
Annex

Predicted Grant Requirement for Grant Aided Colleges if Special Places were Stopped from 2019/20 and Replaced by £816 Per Head Funding 0% Inflation Model

										Assumed Fees (Per Pupil)	Total SPH Grant	Total General Grant	Total Grant	Income if SPH Replaced by Fee Payers	
Blanchelande College															
	7	8	9	10	11			Total SPH	Total No. pupils	Total Less SPH					
2018/19	6	6	6	6	6			30	182	152	£9,480	£284,400	Assumes SPH do not receive £816 grant	Assumes SPH do not receive £816 grant	£0
2019/20		6	6	6	6			24	182	158	£9,480	£227,520	£128,928	£356,448	£56,880
2020/21			6	6	6			18	182	164	£9,480	£170,640	£133,824	£304,464	£113,760
2021/22				6	6			12	182	170	£9,480	£113,760	£138,720	£252,480	£170,640
2022/23					6			6	182	176	£9,480	£56,880	£143,616	£200,496	£227,520
2023/24								0	182	182	£9,480	£0	£148,512	£148,512	£284,400
2024/25								0	182	182	£9,480	£0	£148,512	£148,512	£284,400
2025/26								0	182	182	£9,480	£0	£148,512	£148,512	£284,400
The Ladies' College															
	7	8	9	10	11	12	13	Total SPH	Total No. pupils	Total Less SPH					
2018/19	23	23	23	23	23	23	23	161	404	243	£10,200	£1,642,200	Assumes SPH do not receive £816 grant	Assumes SPH do not receive £816 grant	£0
2019/20		23	23	23	23	23	23	138	404	266	£10,200	£1,407,600	£217,056	£1,624,656	£234,600
2020/21			23	23	23	23	23	115	404	289	£10,200	£1,173,000	£235,824	£1,408,824	£469,200
2021/22				23	23	23	23	92	404	312	£10,200	£938,400	£254,592	£1,192,992	£703,800
2022/23					23	23	23	69	404	335	£10,200	£703,800	£273,360	£977,160	£938,400
2023/24						23	23	46	404	358	£10,200	£469,200	£292,128	£761,328	£1,173,000
2024/25							23	23	404	381	£10,200	£234,600	£310,896	£545,496	£1,407,600
2025/26								0	404	404	£10,200	£0	£329,664	£329,664	£1,642,200
Elizabeth College															
	7	8	9	10	11	12	13	Total SPH	Total No. pupils	Total Less SPH					
2018/19	23	23	23	23	23	23	23	161	514	353	£11,340	£1,825,740	Assumes SPH do not receive £816 grant	Assumes SPH do not receive £816 grant	£0
2019/20		23	23	23	23	23	23	138	514	376	£11,340	£1,564,920	£306,816	£1,871,736	£260,820
2020/21			23	23	23	23	23	115	514	399	£11,340	£1,304,100	£325,584	£1,629,684	£521,640
2021/22				23	23	23	23	92	514	422	£11,340	£1,043,280	£344,352	£1,387,632	£782,460
2022/23					23	23	23	69	514	445	£11,340	£782,460	£363,120	£1,145,580	£1,043,280
2023/24						23	23	46	514	468	£11,340	£521,640	£381,888	£903,528	£1,304,100
2024/25							23	23	514	491	£11,340	£260,820	£400,656	£661,476	£1,564,920
2025/26								0	514	514	£11,340	£0	£419,424	£419,424	£1,825,740

Notes

Pupil numbers have been taken from the last 5 years have been taken to provide an average, it is assumed the Colleges maintain these student levels.



Summary

Year	Payable by Education
2018/19	£4,290,757
2019/20	£3,852,840
2020/21	£3,342,972
2021/22	£2,833,104
2022/23	£2,323,236
2023/24	£1,813,368
2024/25	£1,355,484
2025/26	£897,600

* 2018/19 £4,290,757 Total estimated grant to colleges based on a 2.5% RPIX increase for 2017/18 & 2018/19 (£489.47 general grant to all students including SPH)

Assumed growth in fees: 1.000 per annum from 2017/18 to 2019/20

Current Fees 2017/18	2018/19	2019/20
£	£	£
Blanchelande	9,480	9,480
Ladies' College	10,200	10,200
Elizabeth College	11,340	11,340

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *for* EDUCATION, SPORT AND CULTURE

THE ROLE OF THE GRANT-AIDED COLLEGES AND THEIR FUTURE FUNDING ARRANGEMENTS

Letter of Comment from the Policy & Resources Committee on the item lodged by the Committee *for* Education, Sport & Culture entitled “The Role of the Grant-Aided Colleges and their Future Funding Arrangements”



Policy & Resources
Committee

Sir Charles Frossard House
La Charroterie
St Peter Port
GY1 1FH
+44 (0) 1481 717000
www.gov.gg

HM Greffier
Royal Court House
St Peter Port
GUERNSEY
GY1 2PB

25 August 2017

Dear Sir

Committee for Education, Sport & Culture: The Role of the Grant-Aided Colleges and their Future Funding Arrangements (P.2017/70)

I refer to the above propositions and associated policy letter submitted by the Committee for Education, Sport & Culture for debate by the States at the end of September.

Historically, previous Education Boards and Committees have been of the view that the grant-aided colleges are an integral part of the education system in Guernsey. However, now that the States have decided to end selection at age 11, the context for providing support for education at the grant-aided colleges has changed.

The policy letter does not provide any clarity on this matter and in the absence of a redefinition of the position of the colleges in Guernsey's education system and the policy objective, it is not possible to assess whether the proposed future funding arrangements are appropriate. It is clear that the proposed funding of £816 per pupil has been arrived at as simply a mathematical computation of current funding level per pupil, and any supporting rationale is absent. Paragraph 1.10 of the policy letter effectively summarises the thinking as follows:

"The premise behind the recommended new model is that as the number of Special Place Holders diminishes very slowly over time, the Colleges will fill these places with fee payers. This should allow for a more modest level of subsidy than is currently the case."

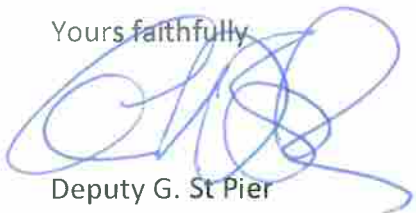
There is an inherent risk to the financial viability of the three colleges if it does not prove possible for them to replace the Special Place Holders with fee-paying students. Should this risk be realised, it might be desirable for government to step in with some form of assistance, as suggested in section 8 of the policy letter. However, such a decision could

only be taken within the parameters of an agreed policy framework that sets out how the colleges contribute to Guernsey's education system. It would also be necessary (in accordance with the Donations, Grants and Loans Directive) to ensure that the purpose of any grant or other financial assistance is clearly defined so that all parties fully understand their obligations and can be held to account as appropriate.

The Policy & Resources Committee believes that before any meaningful debate can take place on the future funding arrangements of the grant-aided colleges it is essential for the role of the colleges to be clearly articulated by the Committee *for* Education, Sport & Culture and approved by the States. Consequently, as noted above, it is not in a position to offer guidance to the States at this time on the proposals in the policy letter.

I should be grateful if you would arrange publication of this letter as the Policy & Resources Committee's official comment on proposition P.2017/70 and associated policy letter.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'G. St Pier', written over the typed name.

Deputy G. St Pier
President

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

STATES' ASSEMBLY & CONSTITUTION COMMITTEE

DATES OF STATES' MEETINGS – 2018-2019

The States are asked to decide:-

Whether, after consideration of the attached policy letter, they are of the opinion:-

1. To agree that the dates on which States' Meetings shall be convened in the period from the 1st September, 2018 to the 31st August, 2019 shall be as follows:

2018

5th September

26th September

17th October

6th November – Budget

7th November

28th November

19th December

2019

23rd January

13th February

6th March

27th March

24th April

15th May

4th June – Policy & Resource Plan (progress and review)

25th June – Accounts

26th June

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

STATES' ASSEMBLY & CONSTITUTION COMMITTEE

DATES OF STATES' MEETINGS – 2018-2019

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

17th August, 2017

Dear Sir,

1 Executive summary

1.1 Rule 1(1) of the Rules of Procedure of the States of Deliberation and their Committees ("the Rules") requires the States' Assembly & Constitution Committee "*[e]ach year in September... [to] submit a policy letter setting out the dates on which it proposes that States' Meetings should be convened in the period from the 1st of September of the following year to the 31st of August of the year after that, having first taken into account the dates of school terms and any other information which it considers relevant*". This policy letter explains the reasons why the States' Assembly & Constitution Committee ("the Committee") is proposing the dates of States' Meetings in the period between the 1st of September, 2018 and the 31st of August, 2019 which are set out in the propositions to which this policy letter is attached.

2 Reasons for the dates proposed

2.1 The proposed dates comply with Rule 1(2), which states: "*Ordinarily the first day of a Meeting shall be a Wednesday, except for Meetings held to consider the annual Budget of the States which shall begin on the first Tuesday in November, the States' Accounts which shall begin on a Tuesday before a Meeting in June, and a Policy & Resource Plan which shall begin on a Tuesday.*"

2.2 The proposed dates differ in one key respect from the schedule of dates covering the 2016/17 parliamentary 'session' which finished a few weeks ago. When, in 2015, the States agreed to change the pattern of their Meeting dates they envisaged Meetings being held generally every three weeks. However, for various reasons, in 2016/17 there were several occasions when the States met fortnightly. The Committee shares the view of many States' Members that this was less than ideal and thanks those Members who have expressed this view to the Committee and thereby helped the Committee to make necessary adjustments. The 2017/18 schedule of dates agreed

last September contains many fewer such fortnightly Meetings. The 2018/19 schedule of dates now being proposed contains no such fortnightly Meetings. Rather, the proposed dates fulfil the original expectation that, save for the summer and Christmas recesses, Meetings should be held generally every three weeks. There is one exception only, in April, 2019, when the interval between Meetings is longer.

- 2.3 The Committee is required to take into account the dates of school terms. The clear implication in the wording of the Rule is that as far as possible the States should meet during school terms. It has been possible to fulfil this objective save in one respect – the Meeting scheduled for the 24th of April, 2019 would begin the day before the start of the summer term in the States’ schools. This date has been chosen to avoid a gap between Meetings of longer than four weeks and to allow the normal pattern of meeting every three weeks to be maintained for the remainder of the parliamentary ‘session’.

3 Reasons not to return to the pre-May, 2016 arrangements

- 3.1 For some time prior to May, 2016 States’ Meetings began on the last Wednesday of each month, excluding August when there was no Meeting and December when the Meeting was held earlier in the month to avoid the Christmas holiday period. There were numerous problems with this old pattern of Meetings which became more apparent over the years as the States tended to sit for longer hours and on more days. In the light of this experience the States decided to adopt the current arrangements instead. At the same time substantial changes were made to the procedures for submitting items to the States and for determining what business is going to be considered and when. These were conjunctive reforms with the intent of making the proceedings of the States and their committees more efficient, responsive and open.
- 3.2 In the past year, three deputies – Dr D de G De Lisle, A H Brouard and B J E Paint – separately invited the Committee to propose returning to the pre-May, 2016 arrangements. The Committee believes it would be a retrograde step to return to the old pattern of Meetings which was replaced so recently and for good reasons which remain as relevant today.
- 3.3 Under the old arrangements, as the volume of business before the States increased, occasionally there was a need for the States to convene on the Tuesday immediately before the last Wednesday of the month, but four-day sittings were disliked by many Members and should be avoided if possible. Under the present arrangements they can be avoided completely, save for the provisions of Rule 1(2), because the States are meeting slightly more frequently.
- 3.4 Under the old arrangements, where business was not concluded by the Friday, the Rules provided for the Meeting to be adjourned to the second Wednesday next following. Except for August, September and December, Members were advised to leave themselves available for these standard adjournment days. Increasingly, that did not happen and at relatively short notice Meetings were adjourned to a day other than the Wednesday a fortnight later, or the standard adjournment day was used and

Meetings went ahead when numerous Members were not present. It was often not possible to know if the adjournment days would be needed until towards the end of the monthly Meeting, which made planning ahead more difficult. Under the present arrangements – again because the States are meeting slightly more frequently – adjournment days are unnecessary: the Rules now provide for any business not completed at a Meeting simply to be held over until the next Meeting.

- 3.5 The present arrangements allow the States and their committees to discharge business more efficiently and, where necessary, speedily. Under the old arrangements, generally it took much longer for items submitted by committees to come before the States. For example, in 2015, the calendar of submission dates provided for a policy letter submitted on, say, the 6th of January to be published not until the 20th of March, ten-and-a-half weeks later, and for it to be considered by the States nearly six weeks after that. As the previous Committee’s policy letter pointed out (Billet d’État XXII of 2015): *“A calendar which provides even for committees’ relatively minor items not to be considered by the States for very nearly four months after they have been finalised and submitted is hardly likely to instil confidence in the capacity of the States to discharge their business efficiently.”* Under the present arrangements, however, most of the time it is possible for a policy letter to be debated by the States five weeks after it has been submitted without States’ Members having any less time to consider the content of the policy letter than they had under the old arrangements. This is partly because of the aforementioned changes which were made to the procedures for submitting items to the States and for determining what business is going to be considered and when, but is also because the States are meeting slightly more frequently. This emphasises that these procedural reforms introduced in May, 2016 were conjunctive: the current pattern of States’ Meetings supports the ‘new’ procedures for submitting policy letters, requêtes, etc.
- 3.6 Meeting slightly more frequently, i.e. on a three-weekly rather than monthly cycle, provides an opportunity for the States better to manage the flow of business coming before them. Whether the States choose to make the most of the opportunity is another matter, but it is likely to be of particular use if the volume of business coming before the States increases, as it tends to as a States’ term progresses.
- 3.7 As stated in the Executive Summary, when proposing the dates of States’ Meetings the Committee must have *“... first taken into account the dates of school terms...”*. Under the old arrangements, when the States met on the last Wednesday of the month ten months of the year, it was not unusual for States’ Meetings to clash with school holidays. It was put to the previous Committee that this did nothing to encourage people with children to stand for election to the States. The present Committee would not propose a schedule of States’ Meeting dates which caused problems for the flow of business to the States simply to avoid convening during school holidays, but the current ‘three-weekly’ arrangements make it possible almost always to avoid such clashes, which the Committee considers advantageous.
- 3.8 It is worth noting the arrangements in the other Crown Dependencies. Except during recesses, in the Isle of Man the lower House is usually scheduled to meet weekly and

in Jersey the States' Assembly tends to meet fortnightly. This is not of any great significance except perhaps to offer a useful comparison to counter claims that the current 'three-weekly' arrangements in Guernsey are too onerous or create difficulties for managing diaries.

- 3.9 For all these reasons the Committee reiterates its advice to the States to retain the current pattern of Meetings and not to return to the more problematic pre-May, 2016 arrangements.

4 Recommendation

- 4.1 For the reasons set out above, the Committee recommends the States to approve the proposition to which this policy letter is attached, namely that the dates on which States' Meetings should be convened in the period from the 1st September, 2018 to the 31st August, 2019 should be as set out in that Proposition.

5. Compliance with Rule 4

- 5.1 In accordance with Rule 4(4) of the Rules, the proposition to which this policy letter is attached has the support of all members of the Committee.
- 5.2 In accordance with Rule 4(5) of the Rules, the Committee's duties and powers include advising the States on "*the practical functioning of the States of Deliberation*" and as set out above Rule 1(1) requires the Committee to submit this policy letter. The Committee has consulted the Policy & Resources Committee in respect of the proposed dates of States' Meetings referred to in Rule 1(2).

Yours faithfully,

Deputy M. J. Fallaize
President

Deputy P. J. Roffey
Vice-President

Deputy M. H. Dorey
Deputy M. K. Le Clerc
Deputy H. L. de Sausmarez

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE FOR THE ENVIRONMENT & INFRASTRUCTURE

PROPOSALS FOR THE PARTIAL REMOVAL OF THE ANTI-TANK WALL IN THE EASTERN PART OF PEMBROKE BAY (L'ANCRESSE EAST) AND THE MANAGED RE-ALIGNMENT OF THE COASTLINE IN THIS AREA

Whether, after consideration of the attached Policy Letter dated 1st August 2017 they are of the opinion:-

1. To endorse the proposal to implement the managed re-alignment (“Option 7b”) of the coastline at L’Ancresse East as set out in Section 7 of this Policy Letter and described in Section 6, Volume 1 of the report “Guernsey Coastal Defences” prepared by Royal Haskoning Dhv.
2. To note that the Committee *for the* Environment & Infrastructure does not have a mandate for the provision of facilities.
3. To agree that the preferred option for the provision of facilities at L’Ancresse East, including the approval of extra funds if necessary, is as detailed in Section 9 of this Policy Letter:
 - (i) Option (a) – Remove the toilets and kiosk and do not replace.

OR, only if Proposition 3(i) shall have been defeated,
 - (ii) Option (e) – Remove the toilets and kiosk and replace by a public/private partnership.

OR, only if Proposition 3(ii) shall have been defeated,
 - (iii) Option (d) – Remove the toilets and kiosk and replace by the States of Guernsey

OR, only if Proposition 3(iii) shall have been defeated,
 - (iv) Option (b) – Protect by design, using a larger revetment structure and extension of the rock revetment to protect the toilets and kiosk.

OR, only if Proposition 3(iv) shall have been defeated,

- (v) Option (c) – Protect by design (extension of the rock revetment to protect the kiosk), using an extension of the rock revetment to protect the toilets and kiosk.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

COMMITTEE *FOR THE* ENVIRONMENT & INFRASTRUCTURE

**PROPOSALS FOR THE PARTIAL REMOVAL OF THE ANTI-TANK WALL IN THE EASTERN
PART OF L'ANCRESSE BAY AND THE MANAGED RE-ALIGNMENT OF THE COASTLINE IN
THIS AREA**

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

18th August, 2017

Dear Sir

1 Executive Summary

- 1.1 The aim of this Policy Letter is to enable States Members to make an informed decision regarding the damaged 200-metre stretch of anti-tank wall at L'Ancrese East.
- 1.2 The Committee is mandated by the States to protect and enhance the natural and physical environment and develop infrastructure in ways which are balanced and sustainable. The Committee has the responsibility for the majority of the existing coastal infrastructure management, including coastal and flood defence.
- 1.3 A Requête has been lodged that, if laid and successful, could result in delays to the commencement of work and further deterioration of the integrity of the wall. The Committee therefore decided that the most expedient method of ensuring a suitable resolution was to bring forward this Policy Letter at the earliest opportunity.
- 1.4 Prior to WWII, the 1km wide bay at Pembroke was backed by shingle and sand dunes. Around 1942, the German occupying forces built a concrete anti-tank wall along 925 metres of the southern boundary of the beach, founded on sand and shingle, to protect against an amphibious landing by Allied forces.

- 1.5 Because a man-made structure that is not sympathetic to the existing processes has been introduced into the natural environment, there are a number of issues (covered in detail in section 5 of this Policy Letter), including:
- Lack of foundations;
 - Location in front of the high water line;
 - Angle of the eastern end of the wall;
 - Scouring of the wall;
 - Rotation of the wall;
 - Cracking of the wall;
 - Overtopping;
 - Reflection of wave and tide (rather than dissipation);
 - Loss of beach height.
- 1.6 A number of options (as detailed in section 6) have been presented by independent consultants, Royal Haskoning Dhv, which have been considered, on a number of occasions since 2014, by the existing Committee and the previous Environment Board. The options can be summarised as:
- Removal of Defences;
 - Maintain and Improve;
 - Do Nothing;
 - Advancing the Defence;
 - Managed Realignment.
- 1.7 The Committee reaffirmed the decision of its predecessor, the Environment Board, that of all the options considered, the best value and most sustainable in the long-term is **Option 7b – Managed Realignment**. This option addresses the problems inherent in and caused by the existing anti-tank wall. It removes the existing damaged wall between two controlling structures to manage the formation of a dune-backed embayment. It offers a reduction in the long-term management costs of the area and increased amenity. This option has a significant up front cost, but low ongoing management costs.
- 1.8 The proposed realignment would increase the beach amenity at the eastern end of Pembroke Bay and allow a long term solution to flood management. There would not be any direct impact on the golf course, nor is the loophole (pre-Martello) tower at risk.
- 1.9 The Committee is aware that the kiosk at the eastern end of Pembroke Bay is at risk under Option 7b (Managed Realignment). The toilets and kiosk fall outside of the Committee’s mandate. A number of solutions for the kiosk at L’Ancrese East have been presented in section 9, and are summarised as:

- Remove and Do Not Replace;
- Protect by Design - larger revetment structure and extension of the rock revetment to protect the toilets and kiosk;
- Protect by Design - extension of the rock revetment to protect the toilets and kiosk;
- Remove and Replace by the States of Guernsey;
- Remove and Replace by Public/Private Partnership.

1.10 The Committee is recommending that the States endorse the decision to proceed with managed realignment. The Committee is also recommending that the States make a separate decision (between five options that are set out and explained) regarding to the provision of toilet and kiosk facilities, which are outside the Committee's mandate.

2 Introduction

2.1 The Committee is mandated by the States to protect and enhance the natural and physical environment and develop infrastructure in ways which are balanced and sustainable, so that present and future generations can live in a community which is clean, vibrant and prosperous.

2.2 The Committee has the responsibility for the majority of the existing coastal infrastructure management, including coastal and flood defence:

- Routine Maintenance;
- Capital (Routine or Reserve) Projects for Major Repairs; and
- Flood Risk Mitigation Structures Associated with Climate Change.

2.3 The States Resolutions, following debate of the Policy and Resource Plan – Phase 2 in June 2017, included:

- Resolution 6 – the coastal repair schemes as one of the 'Small' projects in the 'Maintain' category;
- Resolution 7 – the approval process for capital projects;
- Resolution 8 – the delegation of authority to the Policy and Resources Committee to approve opening capital votes for any project with a capital value not exceeding £2,000,000;
- Resolution 17 – the policy plan of the Committee *for the* Environment & Infrastructure.

2.4 It is clear from the States' Resolutions and the Committee's mandate that the proposed coastal repair scheme at L'Ancrese East is within the Committee's remit, subject to the agreed financial scrutiny by the Policy and Resources Committee and to obtaining the required statutory permissions and approvals.

- 2.5 A Requête has been lodged that, if laid and successful, could result in delays to the scheme. The Committee therefore decided the most expedient method of ensuring a suitable resolution was to bring forward this Policy Letter at the earliest opportunity.

3 Background

- 3.1 Detailed independent analysis of Guernsey's coastal defences to establish flood risk and identify mitigating measures has been published in a series of studies since 1999. These studies have included Pembroke Bay¹.
- 3.2 Appendix 1 provides a chronology of the independent advice provided to the Committee's predecessors. Appendix 2 contains an analysis of the final set of options which were considered by the Committee.
- 3.3 In 2012 the Environment Department created a Coastal Defence Project Group which submitted a policy letter² to the States based on Royal Haskoning's 2007 and 2012 reports. It sought and secured the States' approval of the framework and methodology for prioritising coastal defence work. Using that methodology resulted in work at L'Ancrese East and Fermain Bay being given the lowest priorities, primarily because they do not protect vital infrastructure as the other coastal structures do. The walls at Pembroke Bay and Fermain Bay were constructed as military defences rather than as coastal defences, so their original purpose – to guard against invasion – is now redundant.
- 3.4 Royal Haskoning's 2012 report considered the section of anti-tank wall at L'Ancrese East as a discrete problem for the first time because its condition was distinctly worse than the remainder of the wall. Two options specific to L'Ancrese East, Options 7a and 7b, were included in the report.
- 3.5 In light of the extensive information and expert advice available to them, the Environment Board agreed the preferred management solution at L'Ancrese East should include the removal of the failing sections of the anti-tank wall rather than further attempts to repair them. In August 2015 the Board members selected Royal Haskoning's Option 7b – the managed realignment of L'Ancrese East's natural defences – as their preference.
- 3.6 This issue was further considered in January 2016 when the Environment Board approved plans to investigate the costs and the technical considerations of the project. The investigation was to present board members with a clearer understanding of the works which would be required.

¹ In this policy letter 'Pembroke Bay' refers to the whole bay and 'L'Ancrese East' to the area of the proposed works.

² [Billet XV 2013](#)

- 3.7 Further work by Royal Haskoning to refine Option 7b was completed in early 2017 and resulted in a revised cost estimate.
- 3.8 In 2017, the Committee was briefed on all the main options which had been under consideration and decided to endorse the Environment Board's preference for Option 7b.

4 Pembroke Bay and the World War II anti-tank wall

- 4.1 Prior to WWII, the 1km wide bay at Pembroke was backed by shingle and sand dunes. As can be seen in contemporary photographs (see Appendix 5), these were similar to today's sand dunes at Les Amarreurs, Port Soif and Grande Rocques.
- 4.2 The German occupying forces built a concrete anti-tank wall along 925 metres of the southern boundary of the beach, founded on sand and shingle, to protect against an amphibious landing by Allied forces.
- 4.3 The anti-tank wall was cast in sections, also known as panels. At the eastern end each section, or panel, is 12m wide and the full length of the section of wall covered by the proposed works comprises 23 panels in total.

5 Issues at L'Ancrese East

- 5.1 Because the wall was built without firm foundations on rock or clay, and because the wall at the eastern end is in front of the natural high water line, the foot of the eastern 200m of wall has been scoured: the material beneath the wall has been washed out through wave and tidal action, leaving large voids. This is exacerbated by the angle of the wall along the beach at the eastern end of Pembroke Bay. The reflection of the tide and waves by this man-made structure removes sand from the base of the wall, particularly in storm conditions.
- 5.2 The scouring at the foot of the wall has led to undermining of the structure, which in turn has caused parts of the wall to rotate on their horizontal axis, tipping forward towards the beach. The top of some panels are being held in place by adjacent panels, causing the wall to crack and further compromising its structural integrity (see Appendix 6). The eastern 200m of the wall has, due to a combination of factors, deteriorated to a greater extent than the remainder of the wall (see Appendix 2, page 29 – *Eastern section of DU3*). This deterioration is ongoing.
- 5.3 L'Ancrese East (more so than the wall at the west of the Pembroke Bay) experiences overtopping of wind-driven sea water at high tide. This is because the wall at is in front of the natural high water line – in other words, the line the

tide would run to were it not obstructed – and so energy is not dissipated as it would be naturally.

- 5.4 Beach records since 2001 show that there is seasonal scouring from the wall, and the movement data indicate that sediment is being lost from the intertidal range to the subtidal – in other words, sand is being lost from the beach to the offshore region. Historical information shows that the average beach height has dropped 1.5m since the wall's construction. However, there is also evidence that there is a reservoir in the subtidal range (offshore region) as under certain conditions there is aggregation on the beach. This suggests that should the wall be removed, there is sediment in the system that would re-accrete onto the beach.
- 5.5 Although not part of the island's coastal defences, the anti-tank wall at Pembroke Bay – and the section at L'Ancrese East in particular – has been the subject of numerous extensive repairs over a number of decades.
- 5.6 A series of concrete aprons were constructed at the base of the wall around the toe in the 1960s and a series of repairs were made over subsequent decades. However, these have not been successful at the eastern end. The wall's rotation forward has pushed the apron sections away from the base and has caused them to crack longitudinally (see Appendix 7).
- 5.7 In some sections, the undermining of the wall and cracks in the wall extend its entire thickness, allowing material from behind the wall to be washed out. Emergency repairs to the affected sections of wall have been carried out as needed to reduce the imminent likelihood further failure and a potential large scale breach.
- 5.8 In addition to coastal defence, the Committee's mandate includes managing climate change. Climate change-derived sea level rise has the potential to impact on sea defences around Guernsey's coastline. At L'Ancrese East, management of sea level rise through soft defences, such as a dune backed system, would be more cost-effective than hard defences such as a vertical sea wall. Dunes would be easier to adapt to changes in conditions through additional landscaping. If hard defences were ever deemed necessary, the anti-tank wall would have to be removed and a new structure constructed, as the anti-tank wall is not founded and so cannot be enhanced directly.

6 Consideration of the Options at L'Ancrese East

- 6.1 On a number of occasions since January 2014, the Environment Board and subsequently the Committee *for the Environment & Infrastructure* have considered the options for the management of the bay at L'Ancrese East, following updated reports from Royal Haskoning (see Appendices 1&2).

6.2 The Committee reconsidered all the main options that were considered in 2012.

6.3 **Cost Estimates for each of the main options**

Option	2017 Estimated Development Cost £million	Estimated Ongoing Management costs
1 – Removal of Defences See Appendix 3, p36 Design life: 50+ years	0.665	* Dune management – c. £1,000-£3,000 per decade. * Replacement cost at end of design life – N/A
2 – Maintain & Improve See Appendix 3, p36 Design life: 25 years max	0.450	* Replacement panels as required – c. £80,000 each. * Rock armour management – c. £5,000-£15,000 per decade. * Replacement cost at end of design life – £665,000-£2,700,000 (plus inflation).
3 – Do Nothing See Appendix 3, p38 Design life: 50+ years	0.400 spread over a period of years	* Dune management – c. £1,000-£3,000 per decade. * Replacement cost at end of design life – N/A
7a – Advancing the Defence See Appendix 3, p42 Design life: 50+ years	2.700	* Rock armour management – c. £5,000-£15,000 per decade. * Replacement panels as required – c. £80,000 each. * Replacement cost at end of design life – N/A
7b – Managed realignment (including removal of defences) See Appendix 3, p43 Design life: 50+ years	1.015	* Dune management – c. £1,000-£3,000 per decade. * Rock armour management – c. £5,000-£15,000 per decade. * Replacement cost at end of design life – N/A
Full length rock revetment over the full frontage of L’Ancrese East³ Design life: 50+ years	1.800	* Rock armour management – c. £5,000-£15,000 per decade. * Replacement panels as required – c. £80,000 each. * Replacement cost at end of design life – N/A

³ Note that this option was presented as a more significant (larger) structure to protect to the top of the wall that would offer better long term protection, but was not in the initial 2012 report.

- 6.4 The 2017 costs as outlined in the table above are uplifted from the costs in the 2012 Royal Haskoning report, taking account of Guernsey-specific costs (on-island supplies and contractors from recent projects) and allowing for some inflation in the intervening period.
- 6.5 The cost for Option 3 (Do Nothing) is based on concrete disposal rates of £20,000 per 12m panel, and the cost would only be incurred as and when concrete separated from the wall.
- 6.6 The estimated ongoing management costs for rock armour have been calculated based on records of the previous decades' work across all rock armour, but quantified based on improvements in design of rock armour in modern installations. Bulwer Avenue had interlocking rock armour installed in 2014 and has had no work required. It would be expected that, due to the engineered nature of the structures and the significantly large rock, the movement of rock at L'Ancrese would be even less than that at Bulwer Avenue. However, it is also noted that, due to the importance of an interlocking structure, any movement of the rocks would require placement back into the interlocking structure.
- 6.7 The estimated ongoing management costs for dune management are based on records over the past decade (which included storm events in 2008 and in the winter of 2013/14). There was no requirement for dune work following storm events within this period. The main costs were associated with fencing at Port Soif to stabilise the sand and work on boulder facing of the dune at Grande Rocques.
- 6.8 **Option 1 – Removal of Defences.** This would involve the proactive deconstruction and disposal of the anti-tank wall at L'Ancrese East. The beach would be allowed to realign without further management, and the dune-backed beach would be able to be managed as such thereafter. An issue with this is that the remaining anti-tank wall to the west would be at risk and would therefore require either protection, to prevent water ingress behind to cause the remaining wall to “unravel”, or removal of the remaining wall. This option would be better suited to a whole bay solution.
- 6.9 **Option 2 – Maintain and Improve.** This would involve repairing and replacing failing panels and protecting the existing wall with a 20m deep rock armour revetment (extending approximately the length of the slipway). Over time there would be a need for greater investment even along these lengths of defence, and the overall trend for management would be to encase the whole frontage with rock revetment. The gradually falling beach levels combined with sea level rise and less drying in the upper beach area would reduce the amenity of the beach. This option would require further expenditure within 25 years to address the problems inherent in the anti-tank wall.

- 6.10 **Option 3 – Do Nothing.** This option would allow the wall to fail over time. Work would only be undertaken to address safety issues (for example, removing failed sections of wall from the beach and cordoning off areas behind the wall). This is a low cost solution. As with Option 1, a dune-backed beach would form over time; however other sections of the wall would be at risk. Failed and partially failed sections of wall could cause loss of beach amenity for a time.
- 6.11 **Option 7a – Advancing the Defence.** This option would aim to provide a naturalised defence alignment through use of groynes as control structures. The groynes would be positioned out into the bay from the wall to allow sediment to aggregate in front of the wall, creating a faux dune to protect the existing structure. This is a high cost option.
- 6.12 **Option 7b – Managed Realignment (including removal of defences).** This option removes the existing wall between two groynes as control structures to manage the embayment forming behind the location of the existing anti-tank wall. This offers a reduction in the long-term management costs of the area and increased amenity. This option has a significant up front cost, but low ongoing management costs.
- 6.13 Options 7a (Advancing the Defence) and 7b (Managed Realignment), as well as the “improve” section of Option 2 (Maintain and Improve), have an additional advantage: large stone used as part of the structures will retain its inherent value and structural integrity. That means that, for options 7a and 7b, should the structures be removed in the future, there would be a potential realisation of this value.
- 6.14 Option 2 (Maintain and Improve) is the only option that does not offer a long-term solution at L’Ancrese East, with a maximum expected life of 25 years. This means that there would be a need to spend significant further funds within this timeframe.
- 6.15 Option 2 (Maintain and Improve) is the only option considered that does not provide a potential solution to long-term sea level rise.
- 6.16 Option 1 (Removal of Defences) and Option 3 (Do Nothing) offer permanent solutions, although both risk potential issues with the wall remaining to the west.
- 6.17 Options 7a (Advancing the Defence) and 7b (Managed Realignment) offer solutions with a design life of 50 years. However with careful maintenance of the structures it would be expected that these would survive well beyond this time. 7b also offers the opportunity for further adaptation in the future.

- 6.18 The highlighted cost of Option 7b (Managed Realignment) does not include likely savings that could be achieved by incorporating the existing wall structure, in the form of broken concrete, into the core of the groyne. A significant proportion of the concrete could be expected to be incorporated into the core of the groyne structures, thus reducing the costs of removal and disposal of concrete, and reducing the amount of stone required to be purchased.
- 6.19 The cost of managing sand dunes year round is minimal compared with a concrete or masonry wall. Dunes offer an effective form of defence and can be managed, and adapted, at minimal cost. At Grandes Rocques and Port Soif (which are both backed by dunes with some rock armour) there is minimal risk of coastal flooding to the roads, utility services and the properties adjacent. Neither beach required remedial work to the dunes following storms in 2008 and 2013/14.
- 6.20 The additional costs of the protection, removal or relocation of the toilets and kiosk and managing the beach re-alignment process have been excluded within the estimated costs for all options. This is covered in detail in Section 9.
- 6.21 Planning permission would be required for the development works associated with any proposed permanent or semi-permanent structure on the beach, as well as the removal of any structure, and the normal planning application process would need to be followed. The works may require an Environmental Impact Assessment (EIA) if considered necessary by the Planning Service. Only Option 3 (Do nothing) would not require planning consent.
- 6.22 This eastern 200m of the wall is the only part that would be removed or affected under any of the options considered. Almost 800m of the WWII anti-tank wall would remain, assuming mitigating measures would be taken in Option 1 (Removal of Defences) and Option 3 (Do Nothing) to protect it from water ingress behind.
- 6.23 It should be noted that the Committee prioritises coastal defence work based on a number of factors, as set out in the 2013 Environment Department Policy Letter⁴, with the recommendations (p1217) approved by the States. Because of this, the wall at L'Ancrese is of low priority and it will be difficult to justify ongoing maintenance spend at this site when other, higher priority sites, require it. Therefore if Option 2 (Maintain and Improve) were chosen, the States would need to revisit the policy on coastal defence to ensure effective ongoing maintenance of the wall.

⁴ Billet XV Volume 2, 2013, pp 1187 - 1251

7 The Proposal

- 7.1 In the light of the extensive information and expert advice available to them, Environment Department Board Members acknowledged that the preferred management would include removal of the failed sections of the anti-tank wall. In August 2015 the Environment Department agreed Option 7b – the managed realignment of the L’Ancrese East defence.
- 7.2 This issue was further considered in January 2016 when the Environment Board approved plans to investigate the cost of repair and the technical considerations regarding how repairs would be undertaken to the L’Ancrese East anti-tank wall. The aim was to present the Board with a clearer understanding of the final works that would be required.
- 7.3 The further work by Royal Haskoning to refine Option 7b (Managed realignment) was completed in early 2017 and resulted in a revised cost estimate. All options with revised costs as appropriate were brought to the Committee *for the* Environment & Infrastructure for consideration.
- 7.4 The Committee agreed Option 7b – Managed Realignment of part of the Eastern Section of the Pembroke Bay anti-tank wall. This decision reaffirmed the decision of the previous Environment Board. The favoured option is also in line with the policy as agreed by the States in 2013. The Committee is confident that Option 7b provides:
- the most cost-effective solution with a long-term strategy for the protection of the sea defences;
 - acceptable flood defences for the area; and
 - an improved amenity with semi-natural beach development in the area.
- 7.5 The proposal seeks to address the problems inherent in and created by the anti-tank wall and further seeks to restore a section of the eastern part of the bay to a dune-backed beach. This proposal allows for a more natural beach environment with a sand dune and shingle ridge, similar to that east of the slipway.
- 7.6 The proposal comprises a managed realignment of the beach with a protective boundary of sand dunes and shingle which would allow the sea to run to its full extent: the natural high water mark. Sand dunes would therefore dissipate the energy of the tide and waves. This is currently what happens at L’Ancrese to the east of the slipway where there is shingle and a low rock armour bank to the edge of the grassland. The Common here does not flood at high tide and there is no dramatic erosion in the absence of a concrete wall. There is also a

section to the east where there is a break in the wall: here a natural dune area has formed, which was unaffected by the storms in 2013 and 2014.

- 7.7 Subject to States' approval, planning consent and funding being secured, a 130m length of the anti-tank wall will be removed. The area will be flanked by two protective rock armour groynes, one close to the kiosk and one 130m to the west, near the rock outcrop. These are essential to allow the controlled formation of a dune-backed beach to the west of the slipway.
- 7.8 The cost of removing the 130m eastern section of damaged wall, construction of rock armour groynes and creating a managed realignment of the natural beach head in this area is estimated at approximately £1m, and would be put out to tender.

8 Impacts of the Proposal on the Recreational Amenity of the Area

- 8.1 **Beach amenity.** The new beach and coastal dune area created as a result of implementing these proposals will offer a larger area of dry sand between tides, improving the recreational value of the beach. This will result partly because of the increase in beach height and sand extent and partly because of the reduction in shade on the beach with the removal of this section of vertical concrete wall.
- 8.2 **The loophole tower.** The 18th century loophole (or pre-Martello) tower immediately to the south will not be affected by the removal of the 20th century anti-tank wall and subsequent realignment of the beach. The public footpath, currently running along the back of the wall, will in future be closer to the tower, where there is already a well-trodden 'desire line' path running from the centre of the bay and behind the kiosk towards the slipway.
- 8.3 **The golf course.** The managers of the golf course have voiced a concern that the proposals heighten the risk of flooding and therefore threaten the continuation of their recreational activities in this area. The reports and expert advice show with certainty that this is not the case. The topography of the area behind L'Ancrese East is such that there is no additional risk of flooding arising from these proposals. Indeed, the opportunity to manage future flood risk is better with natural defences. It should be noted that when there was flooding on the golf course in following storm inundation after the 2013/14 storms, the water drained in a relatively short time.
- 8.4 **The 15th hole.** The managers of the golf club have raised a further specific concern regarding risk to the 15th hole. This is based on a perception that there is a real risk of erosion of the land to the south of the loophole tower. None of the studies' conclusions suggest that is at all likely. The worst case scenario (i.e. the greatest extent of erosion, which is the least likely outcome) stops several

metres to the north of the tower and touches the track that passes there. There is ongoing dialogue between the Committee and the golf club.

- 8.5 **Flood risk.** The flood risk to the land from the sea at L'Ancrese East is minimal. Royal Haskoning's report on Pembroke/L'Ancrese of 2012 concluded that . . .

"The land behind the bay is at such a level that it is only into the third epoch (50 to 100 years in the future) that there is likely to be any substantial risk affecting the land to the south of L'Ancrese Common. In addressing this in the future, it is seen as more sustainable to landscape the narrow valleys in such a manner as to achieve a retired level of protection that will not impact on and force the need for works at the sea front."

- 8.6 **The western end.** There is no risk of loss of the Beach House Café at the western end of the bay or of any of the car park areas in the vicinity.

9 **The Future of the Toilets and Kiosk at L'Ancrese East**

- 9.1 The Committee is aware that the kiosk at the eastern end of Pembroke Bay is at risk under Option 7b (Managed realignment including removal of defences). The toilets and kiosk fall outside of the Committee's mandate and as such, none of the options include costs for the protection, removal or relocation of the kiosk if needed.

- 9.2 As a result of the Committee's dialogue with the Vale Commons Council, Vale Douzaine and other interested parties, the Committee has given consideration as to what options are available for either securing the current facilities or replacing them.

- 9.3 As highlighted in the earlier independent studies, there is little economic value in protecting the assets immediately at risk. The simplest and cheapest option would be to remove the kiosk and the toilets as there are other facilities towards the western end of Pembroke Bay around 500 metres away.

- 9.4 However the Committee is aware of a desire by some to protect the toilets and kiosk which appears to demonstrate a willingness to pay, from at least part of the island community, to preserve or replace these assets.

- 9.5 The States have a number of options regarding the future of the current toilets and kiosk and these options are set out below.

- (a) **Remove and do not Replace.** This is the simplest and cheapest option. It would comprise the termination of the existing license agreement with the tenant and removal of the existing facilities during the managed

realignment. The estimated cost of the removal of the facilities is in the region of £30,000. There has been a campaign to keep these facilities and the local community may well wish to preserve them.

- (b) **Protect by Design – larger revetment structure and extension of the rock revetment to protect the toilets and kiosk.** This option involves amending the design for the managed realignment to protect the existing facilities. Royal Haskoning have modelled this option and have estimated it would cost an additional £236,000 to amend the proposals for the project. It would involve increasing the revetment structure height by 2m to a crest of +6m AOD in order to secure panels 4 and 5 and offer protection to the wall and kiosk from wave action. In addition, this involves extending the revetment structure behind the wall to offer protection to the exposed western extent of the kiosk. Further modelling work will be required to understand the potential impact of an additional structure on the outcome of the realignment.
- (c) **Protect by Design – extension of the rock revetment to protect the kiosk.** This option involves amending the design for the managed realignment to offer some protection the existing facilities. At the request of Property Services, Royal Haskoning have modelled this option and have estimated it would cost an additional £103,000 to amend the proposals for the project and offer protection to the kiosk, but with higher risk associated with the design. This involves increasing the length of the seaward extent of the revetment. In addition, this involves extending the revetment structure behind the wall to offer protection to the exposed western extent of the kiosk.. Further modelling work will be required to understand the potential impact of an additional structure on the outcome of the realignment.
- (d) **Remove and Replace by the States of Guernsey.** This option involves working with the States’ Trading and Supervisory Board to replace the facilities with a new kiosk and toilets in a different location at the Eastern end of L’Ancrese. The Committee has been advised by Property Services that the removal and replacement with equivalent facilities would cost £617,000. This is based on design fees of c. £80,000 and building costs calculated at c. £525,000 (assuming granite construction with pitched roof and toilets integrated) and costs for the removal and disposal of existing structure of c. £12,000. Note that these costs are rates as applied for fire insurance purposes. A lower cost could be reached if a render built block construction were to be permitted (estimated lower range of £350,000).

The actual land ownership of the Vale Common is not clearly defined so legal arrangements would be complicated. There would also be a need

to obtain planning permission for the replacement development, if an alternative site could be agreed which complied with planning policies.

L'Ancrese Common is designated as a Site of Special Significance in the Island Development Plan. The Land Planning & Development (Guernsey) Law, 2005 extends the definition of development within a Site of Special Significance. Particular planning policy requirements also apply to ensure that, wherever possible, development will not damage the special interest of a Site of Special Significance.

- (e) **Remove and Replace by Public/Private Partnership.** This option involves working with local stakeholders to form a Public Private Partnership in order to provide new toilet and kiosk facilities. In this instance, in order to reduce the States' investment the replacement facilities could be jointly funded. The States' contribution to any funding would require a robust business case to be made for new facilities in this location, with alternatives already servicing this bay within 500m.

- 9.6 Property Services have advised that it is unlikely that a commercial business case could be made for facilities as currently exist at this location. The Committee has been advised that these facilities are considered a public service rather than a full commercial asset. Property Services consider that this is not a cost benefit question which can be evaluated in financial terms alone.

10 Resource and Implementation of the Proposal

- 10.1 If the States support the Proposition for the Managed Realignment of L'Ancrese East, the Committee will proceed with the completion of the Business Justification Case and commence a competitive tendering process in order to award a contract for the completion of the managed realignment of part of the coastline. It is important that the work is undertaken during favourable seasonal weather conditions and so the timing of the tender award is critically important.
- 10.2 If this Proposition is supported, the Committee anticipates a contract could be awarded with the work commencing in time for summer 2018. The contracted work on the managed realignment is anticipated to take 18 weeks.
- 10.3 Royal Haskoning have advised that it would take between 18 months and two years for the proposed realisation of the managed realignment to naturally form. During this initial period the sediments within the forming bay would be quite mobile and might not necessary reflect the longer term dune scape that will naturally occur.

- 10.4 During the work to deploy the groynes and remove the eastern section of the anti-tank wall there would be areas of the beach and behind the wall that would be inaccessible. However, once the work is completed it is not expected that there will be any areas that are to be “closed” or inaccessible, even following storms.
- 10.5 The work required to remove, relocate or protect the toilets and kiosk will be carried out appropriately as per the direction of the States.

11 Consultation and Engagement

- 11.1 In 1999 the “Coastal Defence and Beach Management Strategy Report” was produced, which assessed the entirety of Guernsey’s coastal region. This report was publically accessible.
- 11.2 in 2007 Royal Haskoning Dhv undertook a review and update of the 1999 work. Following this report there was a public consultation undertaken by the Environment Department, as summarised in the 2008 Policy Letter (Billet II 2008).
- 11.3 Further engagement and consultation, specific to the long-term management of Pembroke Bay, began in 2012 following the publication of “Coastal Flood Risk Studies” by Royal Haskoning. The Environment Board chose Option 7b (Managed Realignment) in 2015 and in 2017 that decision was reaffirmed by the Committee.
- 11.4 More recently there have been meetings with Vale Commons Council, Vale Douzaine, Deputies, and the L’Ancresse golf course managers to inform them about the proposals.
- 11.5 It is understood that the Committee *for* Education Sport, and Culture will form a view in relation to the golf course, under their mandate around sport, when they meet later this month. Given the deadline for the submission of this Policy Letter, the view of the Committee *for* Education, Sport & Culture is therefore unknown to the Committee and unavailable for inclusion at the time of writing.
- 11.6 The Committee held two open public meetings in June 2017 when the preferred option and the background studies that led to its development and selection were explained. Further open meetings and briefings will be held in the lead up to the States Debate of this Policy Letter along with ongoing engagement with stakeholders.
- 11.7 Full information has been made available to the public through a succession of media releases and comments and by the posting of information on the States website.

12 Conclusions

- 12.1 The Committee agrees that Option 7b offers a value for money, cost effective and adaptable long-term solution to coastal defence at L'Ancrese East. Additionally it gives the Island the opportunity to reclaim part of its coastal legacy at L'Ancrese East that was significantly affected by a man-made structure constructed during the Occupation.
- 12.2 Despite its physical size, the wall was built in such a way that its positioning, well in front of the natural high water line, has caused ongoing structural problems, with the power of the wave scouring the sand from this area beach and undermining the wall itself. Indeed, the absence of attention to suitable foundations is also suggestive that the anti-tank wall was seen as a temporary structure even at the time it was constructed.
- 12.3 The Committee considers that the best balance is struck between heritage considerations, recreational amenity and the future financial risk for the Island if weakest and most damaged parts of the wall are removed and the process of managed re-alignment is implemented. This will restore a small but significant part of this beach to an environment closer to its pre-war state, improving the beach area without increasing the risk of flooding to the land beyond.
- 12.4 Should the States decide that the Committee should not pursue Option 7b and instead implement a shorter-term maintenance-based approach, the States would be required to change the coastal management policy that the Committee currently works to, as approved by the States in 2013⁵. In the absence of this alteration of policy, it is unlikely there would be any significant change to the existing low ranking L'Ancrese East receives when funds for coastal infrastructure are prioritised.
- 12.5 The question of the future provision of the toilet and kiosk facilities at L'Ancrese East is clearly outside the Committee's mandate for coastal infrastructure. Recognising that a number of views exist on this subject, Members are unanimously of the view that it is for the Assembly to decide the preferred option. As such the Committee has included a list of options for consideration.

13 Propositions

The States are asked to decide whether, after consideration of the attached policy letter, dated 18th August 2017 they are of the opinion:

⁵ Billet XV Volume 2, 2013, pp 1187 - 1251

1. To endorse the proposal to implement the managed re-alignment (“Option 7b”) of the coastline at L’Ancresse East as set out in Section 7 of this Policy Letter and described in Section 6, Volume 1 of the report “Guernsey Coastal Defences” prepared by Royal Haskoning Dhv.
2. To note that the Committee *for the* Environment & Infrastructure does not have a mandate for the provision of facilities.
3. To agree that the preferred option for the provision of facilities at L’Ancresse East, including the approval of extra funds if necessary, is as detailed in Section 9 of this Policy Letter:
 - (i) Option (a) – Remove the toilets and kiosk and do not replace.

OR, only if Proposition 3(i) shall have been defeated,
 - (ii) Option (e) – Remove the toilets and kiosk and replace by a public/private partnership.

OR, only if Proposition 3(ii) shall have been defeated,
 - (iii) Option (d) – Remove the toilets and kiosk and replace by the States of Guernsey

OR, only if Proposition 3(iii) shall have been defeated,
 - (iv) Option (b) – Protect by design, using a larger revetment structure and extension of the rock revetment to protect the toilets and kiosk.

OR, only if Proposition 3(iv) shall have been defeated,
 - (v) Option (c) – Protect by design (extension of the rock revetment to protect the kiosk), using an extension of the rock revetment to protect the toilets and kiosk.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

14 Committee Support for Propositions

14.1 In accordance with Rule 4(4) of the Rules of the Procedure of the States of Deliberation and their Committees, it is confirmed that the propositions above have the unanimous support of the Committee.

Yours faithfully,

B L Brehaut
President

M H Dorey
Vice President

S L Langlois
H L de Sausmarez
S T Hansmann Rouxel

The options for L'Ancrese have been subject to detailed independent investigation in a number of studies since 1999. This section provides a chronology of the independent advice provided to the Committee's predecessors.

Guernsey Coastal Defence Review 1999

The Guernsey Coastal Defence Review was undertaken by Posford Duvivier in 1999. During this review the condition of the L'Ancrese Anti-tank Wall was assessed and four engineering approaches were considered; these are described below.

Option 1 – Major Repairs and Rebuilding (To Improve)

This option comprised undertaking major repairs to and rebuilding of sections of the anti-tank wall and raising the seawall locally. There would have to be monitoring of toe protection of all defences after storm events and undertaking of repair works as necessary. There would also need to be summer and winter beach surveys and regular monitoring of the remaining lengths of the wall so that works could be planned before the condition of the wall became critical.

Option 2 – Beach Nourishment (To Improve)

The beach nourishment option consisted of minor repairs to the existing walls and beach nourishment with sand. This would then require regular surveys of the newly nourished beach and like the other options an annual inspection of the defences.

Option 3 – Beach Nourishment with Detached Breakwaters (To Improve)

Option 3 was based on the beach nourishment approach in the second option with the addition of detached breakwaters which would prevent the loss of the beach nourishment material offshore during storm events. It was recognised that the placement of detached breakwaters within the bay could have several significant environmental impacts including the visual intrusion into an important and aesthetic coastal landscape and direct loss of inter-tidal subtidal area of potential interest for its maritime flora and fauna.

Option 4 – Abandon Defences (To Retreat)

Option 4 comprised abandoning the defences and clearing the debris from the beach and allowing the natural alignment of the bay to develop. This approach would be complemented by beach nourishment through dune creation. It was recognised that the anti-tank wall follows the natural shape of the bay and it should be possible to abandon the existing defences without causing extensive flooding or erosion of the land. This engineering solution would involve removing the anti-tank wall in sections as they deteriorated.

Posford Duvivier noted that originally a semi-mobile dune ridge would have occurred around much of the back of the bay but this area of dunes was effectively lost through sand extraction during the Occupation in order to construct the anti-tank wall. Although allowing failure of the anti-tank wall and natural realignment to take place appeared to be the simplest retreat technique, it was recognised that this option could have some adverse environmental impacts. Without a healthy beach and dune ridge at the back of the bay, erosion of the low lying hinterland on L'Ancrese Common could occur.

The consultants recognised that these impacts could be significantly reduced by undertaking beach nourishment as part of the option and reinstating the dune ridge at the back of the bay. Sediment would need to be partially stabilised through planting with marram grass and other dune vegetation, possibly in addition to the emplacement of sand traps. Reinstating the dune ridge would reduce the potential rate of erosion of the seaward edge of L'Ancrese Common and, in addition, could reduce the overtopping that currently occurs. *While there would be some loss of land currently occupied by the golf course, the likely impact in comparison with allowing natural realignment would be lessened.*

Posford Duvivier concluded that maintaining the status quo for Pembroke Bay was not viable; and that there were insufficient assets at risk to warrant further investment. It recommended that consideration be given to the process of abandoning the defences to allow a more natural development of the coastline. The States of Guernsey undertook repairs of the damaged toe and wall at L'Ancrese to maintain the wall and the recommended approach was not progressed.

Guernsey Coastal Defence Strategy 2007

In 2007 Royal Haskoning was commissioned by the Environment Department to produce an independent report updating the 1999 Strategy. The purpose of the strategy was to establish a sustainable policy for the management of coastal defences for the island. The principal objectives of the strategy were:

- To provide appropriate coastal defences which were technically sound, economically justified and environmentally acceptable;
- To manage the frontage in sympathy with natural and coastal processes;
- To provide best value for money considering capital, maintenance and emergency expenditure in achieving a sustainable coastal defence and beach management;
- To provide a framework which can ensure consistency of approach to the management of defences within the study area; and
- To formulate a comprehensive management plan.

This Report noted that there had been significant investment in the defences at L'Ancrese East and that there had been further development in support of amenity and tourism since the 1999 strategy. Royal Haskoning maintained that it was still questionable whether major investment in defending the existing line of defences would be justified in terms of the hard assets defended.

Royal Haskoning revisited the original options and developed a revised approach. They concluded that without further major investment the central wall within Pembroke and L'Ancrese Bays is likely to fail in the near future. They further noted that if this failure occurs, then without some overall management plan there will be progressive failure of adjacent structures. Royal Haskoning was of the view that even with major works to support the failing wall it would result in increasing costs to maintain the line in the future. Purely from a coast protection perspective it would be considered that this central wall should be removed in a controlled manner over a length between the two Martello Towers. There would need to be some strengthening of the remaining sections of wall to either side.

Royal Haskoning believed that further detailed examination would be required to assess the impact of this on the golf course, but it was anticipated that the developed area of the course would not be affected. Importantly whilst it was acknowledged that the cost of the proposed realignment would be greater than the immediate cost associated with maintaining the existing structures it would result in far less cost in the future and would create a more sustainable defence to the frontage.

Royal Haskoning's review of the 1999 recommendations are shown in the table below

2007 Royal Haskoning Review of Options from 1999

Option	Technical Appraisal	Environmental Appraisal	Economic Appraisal ⁶
Major Repairs & Rebuilding	Ensures integrity of defences; Long term commitment to toe strengthening.	Historic significance of defences;	Not viable £100,000 initial capital cost with £300,000 every 20 years and annual maintenance of £5,500.
Beach nourishment	Ensures integrity of defences Protects toe of wall	Detrimental impacts on environmental interests Enhances beaches	Not viable £6.86m initial capital cost with £1.383m every 10 years and annual maintenance of

⁶ Costs expressed in 2007 prices.

			£5,500.
Beach nourishment & detached breakwaters	Ensures integrity of defences Protects toe of wall	Detrimental impacts on environmental interests Enhances beaches Visual intrusion	Not viable £9.91m initial capital cost with £0.691m every 10 years and annual maintenance of £18,000.
Managed realignment & dune creation	Unlikely to significantly increase erosion	Loss of historic defences Opportunity for habitat creation	Not viable in the absence of a broader management plan. £200,000 initial capital cost with demolition costs and £800 annual maintenance.
Do nothing	Loss of assets	Loss of historic defences Opportunity for habitat creation	Viable, but significant H&S issues to consider.

In the absence of a broader scale plan for the area, Royal Haskoning’s advice was to revise the policy for the frontage to one of no further active intervention in coastal protection. The Do Nothing Option however had significant Health and Safety issues associated with it. However it was recognised that if the abandonment and removal of the current defences was adopted it would provide an opportunity to recreate a bay-fringing dune system and enhance the overall level of the habitat. In addition it was recognised that this option could also provide enhancements with regard to the recreational value of the bay.

These options were then re-assessed and expanded upon in the 2012 Flood Risk Assessment study. The States of Guernsey has continued to make repairs to the anti-tank wall since 2007 as funds have allowed and neither the preferred approach or the managed realignment in the Coastal Defence Strategy Report were progressed.

Guernsey Coastal Defences – Flood Risk Assessment Studies 2012

In 2012 Royal Haskoning was commissioned to complete a study entitled “Coastal Defence – Flood Risk Assessment Studies”. The independent consultants reviewed the defences at Baie de Port Grat, Belle Greve Bay, Bordeaux, Cobo, Grande Havre, L'Eree, Pequeries, Rocquaine Bay, Saline Bay and St Sampson Harbour as these areas had been highlighted in the 2007 Strategy Report as most vulnerable to sea level rise associated with predicted climate change.

Pembroke Bay / L'Ancrese was not considered vulnerable to flooding in the 2007 report but the then Environment Department requested that it be included in the Flood Risk Assessment Studies. This was with the intention that there should be improved information on whether the Vale Common would be susceptible to flooding from the sea in the event that managed realignment and dune creation, as recommended in 2007, should be taken forward in the future. The Royal Haskoning review involved a more detailed examination of what consequences would arise from abandoning the existing defence line at L'Ancrese and considering further alternatives.

The objectives of the 2012 Review were to:

- Establish a more robust wave and water level climate, allowing a more detailed analysis of coastal processes and understanding of the critical influences of the Bay's behaviour.
- provide an improved assessment of the coastal processes for the frontage, defining the natural alignment of the bay and considering the potential erosion extent should defences or sections of defences be abandoned.
- Examine how the Bay may be managed in different ways, considering approaches such as groynes, offshore structures, local control structures or partial abandonment of existing defences; in addition to re-examining potential future requirements should the existing defence be maintained.
- examine potential flood risk which might arise from loss of defences or the subsequent roll back of the shoreline.
- provide specific costed outline options, highlighting potential benefits and disadvantages of different approaches for consideration by consultees.

Royal Haskoning identified a range of potential approaches that could be adopted for management of the frontage and in developing these, chose to bracket the options in looking in outline at two baseline approaches that could be developed; namely the total removal of defences and that of continuing to maintain and improve defences as at present.

- Baseline – Option 1 Removal of defences; and
- Baseline – Option 2 Maintain and Improve Existing Defences.

The consultants noted that both the two base line options incurred significant cost. Specifically for Option 1, dependent on any phased approach to removal of defences, this cost would occur early on but notionally reduce to zero in the future. Option 2 would incur substantial costs over the initial 20 years with a commitment to increasing cost placed on future generations.

To reduce costs there is a further option of walking away from further investment. This Do Nothing approach was considered as Option 3.

Other broad scale approaches were considered within the strategy appraisal; these included major beach recharge and recharge controlled by shore detached breakwaters. However these were costed as £8m and £10m respectively and consequently these options were not considered further.

In considering the two baseline options, there is a clear distinction highlighted between management of the eastern section of defence and that to the west. With respect to the former, there is an urgent need to address the failing walls or to address their failure. In the case of the latter, while there is a continuing problem, this has not reached the same critical condition. There is also seen to be a distinction in use of the two areas, with the western frontage providing protection to the western valley and greater amenity value associated with the car parks, the slightly higher beaches and the road. The natural rock outcrops do also provide a degree of separation in terms of coastal processes. This difference and natural separation may be developed in assessing alternative approaches to management. Based on this, the consultants developed a number of further options considered including:

Option 4 - enhanced protection to the western wall and holding the line over the western section of the anti-tank wall.

Option 5 - enhanced protection to the western wall and rock groynes along the western section of the anti-tank wall.

Option 6 - enhanced protection to the western wall and developing shore connected structures to the western section of the anti-tank wall.

Option 7 - managed realignment along the eastern section of the anti-tank wall.

A summary of Royal Haskoning's assessment of these options is provided in Appendix 2

The objective of Royal Haskoning's work was to examine and set out potential options for the future management of L'Ancrese Bay in such a manner as to allow and inform further discussion with interested groups and users of the area. As such they made no recommendations, but instead presented a number of conclusions.

Of particular relevance was the fact that at the eastern end of the frontage the main problem is the much higher wave exposure from all offshore directions and coupled to this the scouring effect of waves approaching the wall at an angle. In terms of management, these wave conditions have resulted in on-going damage particularly at at the eastern end of the Bay.

6.5 Discussion of Coastal Behaviour

A beach monitoring programme, focused on spring and autumn surveys, has been undertaken by the States of Guernsey over the last decade. This current study has updated the analysis of this information from 2007 through to 2010. A summary of the results of this monitoring is shown in Figure 6.7.

The data collected demonstrates relative change in beach levels between consecutive surveys. The initial plot (upper right hand side of the figure) shows the comparison between autumn 2000 and spring 2001 (winter 2001). The plot immediately below gives the change that occurred over the summer of 2001 and this pattern is continued through the sequence of plots.

The broad pattern of change is for erosion to the back of the beach (shown in red) and deposition lower down the beach (shown in blue). During the summer periods the typical behaviour is for sediment deposition against the back of the beach and lowering of the foreshore lower down the beach. In effect, sediment is being driven up the beach during the summer, during periods when wave conditions tend to be lower and when the process is likely to be driven by the regular longer period swell waves driving across the beach. During the winter, when there is a greater frequency of shorter period, higher waves; the waves impact on the back defence, drawing sediment down the beach.

Beach levels in front of the wall at the eastern end of the frontage are recorded to have varied by as much as 2m over the monitoring period.

This general process provides good evidence that there is no significant overall loss of sediment and that the system, in general, can respond to natural change. The main supply of coarse sediment (shingle and rock) is likely to come from the headlands. This will be relatively low. It is uncertain to what degree sand may be able to be imported from the offshore area.

Quite obviously from the various plots, while there is this large scale long term seasonal behaviour, there is also significant variation at a more local scale. It may be seen that during the winter of 2002, there was quite severe erosion in the area of the upper beach at the western end. This area of erosion tended to fill during the following summer but with some accretion along the lower beach to the east. During the subsequent winter (2003) there was erosion to the eastern section of the bay and some accretion within the western area.

During the winter of 2010, there was severe erosion of the lower beach, particularly to the eastern end, with little benefit gained at the back shore.

These variations can be seen to reflect the differences observed in relation to the wave climate. The process of beach building is well explained by the typical net direction of swell waves entering the bay and working up the normal beach contours. The general sensitivity of wave direction within the bay helps understand the changes in different areas of the beach. This understanding is used in examining in a more detailed manner the different sections of the Bay described below.

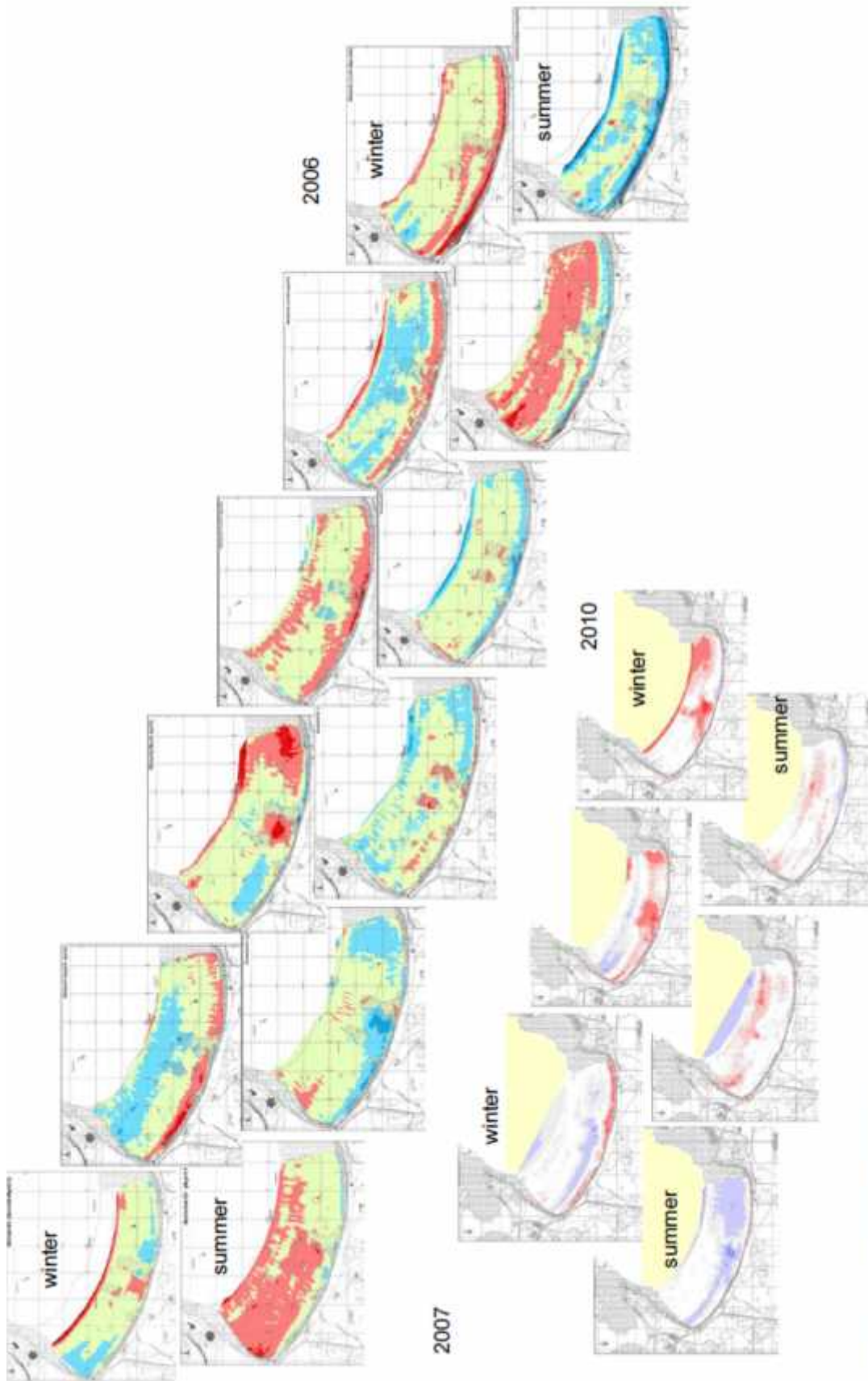


Figure 6.7. Change in beach levels

Western section (DU2) Generally, beach levels in this area are low, with little sand. Under normal conditions this is a low energy area, wave heights are small in the shelter of the headland and there is limited energy transporting sediment into the area; swell waves tend to move sediment further up the beach. During storms from a north north-east direction, the energy increases significantly, with high waves running along the face of the wall, scouring any sediment and gradually removing the coarser stones littering the area in front of the wall. The modelling suggests that waves will be approaching the wall at a critical angle somewhere between 20 degrees and 40 degrees. The interaction between the incoming wave and the wave being reflected off the wall would generate an edge wave which could be twice the height of the incoming wave. This would be mitigated to some degree where the wave spills onto the lower concrete berm. Even so this action would increase the risk of overtopping and would also pile water up into the corner by the western slipway. The old photograph covering this area (Plate 6.4b) in this area strongly indicates that before the wall was constructed, there was sufficient width to allow waves to spill more gradually along the frontage. However, there is still no evidence of any significant back shore dune and this would be explained by the oblique wave action tending to result in significant long shore drift.

Western Slipway (DU2/DU3) The increased wave energy in this corner generated along the western wall tends to deposit stone into the corner and this is seen in the relatively high, very coarse, shingle slope. While there is movement of sand into the area, the generally higher energy wave action tends not to allow this sediment to be retained. The area is, under the more westerly wave conditions, still relatively low energy, but wave heights increase as one progresses to the east.

Plate 6.11. Build up of shingle at the southern end of DU2



Considering the angle of wave approach in this corner, it may be appreciated that waves locally at the slipway are significantly out of line with the curve of the wall. Even further east, towards the western kiosk, waves are shown to be approach the wall slightly from the west of north. This contributes to the trend of erosion causing a slow drift to the east.

Records show that the toe to this section of defence is regularly undermined and requires regular repair. This is consistent with the interaction with waves in the area. It may be concluded that the general alignment of the defence is too far forward and would be subjected to regular periods of erosion and a continuing need for management. With sea level rise this problem will become worse. The area is one of the most vulnerable sections of the frontage and is critical to the longer term flood risk management to the local area behind.

Western Kiosk through to the central rock outcrop The rock to the eastern end of this frontage acts as a groyne. The wave analysis shows how sediment, under all typical westerly storm conditions tend to approach just slightly out of line with the wall and tends, therefore to realign the shingle back beach, exposing the western end of the wall. It would be expected that during storms from the north northeast, waves would be more normal to the wall alignment and would redistribute shingle along the longer length of the wall.

While the rock outcrop maintains control of the drift, the misalignment between the wall and waves is not seen as being too critical. However, there is likely to be a continuing need for repairs as the wall is intermittently exposed. With sea level rise, the pressure on the wall will increase. There would tend to be increased drift to the east and the level of the rock outcrop will be less effective in retaining adequate shingle level in front of the wall.

Central section between the rock outcrops. The rock outcrop to the western end of this frontage is quite narrow and acts as a cross shore barrier, with little ability to act as a breakwater, modifying the way in which the waves approach the frontage. The larger expanse of rock, further to the east, tends to have a more significant influence on the waves approaching the backshore.

The narrow rock outcrop, therefore, tends to stop shingle moving into this central section, but the rock further down the beach does break wave energy such that finer sand can generally be held over the frontage. This breakwater effect is, however, very sensitive to water level. On lower water levels the rock has a more significant impact on waves, tending to encourage sediment deposition. Under higher water levels, waves can pass over the rock outcrop and can tend to erode sediment against the wall. The monitoring plots for summer 2002 and winter 2003 and winters 2009 and 2010 show this variation quite clearly. Sediment movement against the wall can vary with wave direction and the wall remains too far forward to allow the benefit of the rock outcrops to develop a more stable beach behind.

Eastern section of DU3 This section is under the greatest pressure, with the largest fluctuation of beach levels. There is limited long shore sediment supply to the area, and a strong scouring action due to the oblique wave action in relation to the wall. Sediment supply tends to be from lower down the beach, but the forward position of the wall and the angle of waves along the wall prevents the retention of that sediment. The area is clearly seen from the wave analysis to be the most exposed frontage of the Bay. As a result, the low beach levels, coupled with the higher waves, results in significant over topping. This further acts to destabilise the defences.

Western Slipway. The slipway acts principally as a groyne. This acts to retain a good shingle upper beach against the higher ground behind. The short section of rock revetment extends slightly forward of where the natural shingle beach would develop. Overall it may be concluded that over virtually all sections of the Bay, defences are just slightly forward on the natural beach alignment. This is most obvious in the case of DU2 at the western end, where the main issues arise during waves from a north northeast direction and at the eastern end of DU3, where the alignment and forward position of the defence provides no width for development of a natural form of defence. In other areas the defences are generally just slightly out of kilter with wave action, resulting in long term pressure and intermittent vulnerability.

6.5.1 Analysis of the natural form of Pembroke Bay

As a starting point for looking at future management, it is important to consider how the Bay would develop in the absence of defences.

Pembroke Bay is formed as a relative square shape. Although, as discussed above, there are areas where locally long shore sediment drift is an important feature of the backshore, locally, these effects are as a result of the interaction between the dominant wave energy and the defence line. The more natural shape of the Bay would be a shallow sweep in behind the two headlands straightening out over the central section of the bay. This curve would be modified slightly by the natural rock features, and by the relative levels and strength of material backing the bay. The natural bay shape is, therefore going to be very much dictated by the ability of the upper beach to dissipate wave energy approaching quite normal to the general contours of the bay. This can be seen quite graphically in the air photograph from the 1930s, prior to construction of the military defences (Figure 6.8).



Figure 6.8. Pembroke Bay 1930s.

Figure 6.8. Pembroke Bay 1930s. This figure shows a deeper indent to the bay at the eastern end, backed by a solid shingle beach and ridge behind. In the centre of the bay, the influence of the rock outcrop is clearly seen holding the bay slightly forward but with a steeper back cliff behind and by the way in which the rock in the centre of the bay allows the development of a beach and dune ridge over the western side of the bay. Some of the features local to the shore have clearly changed. However based on this photograph together with a historic map from 1938 an approximation can be made of the alignment of the backshore prior to the construction of defences. This is shown in Figure 6.9. The historic map is shown as an insert in the Figure. There appears to have been some form of defence even at this time to the east of the bay in front of a building in this area. This provides a typical baseline for additional analysis of potential erosion that might occur now in the absence of defences in the area.

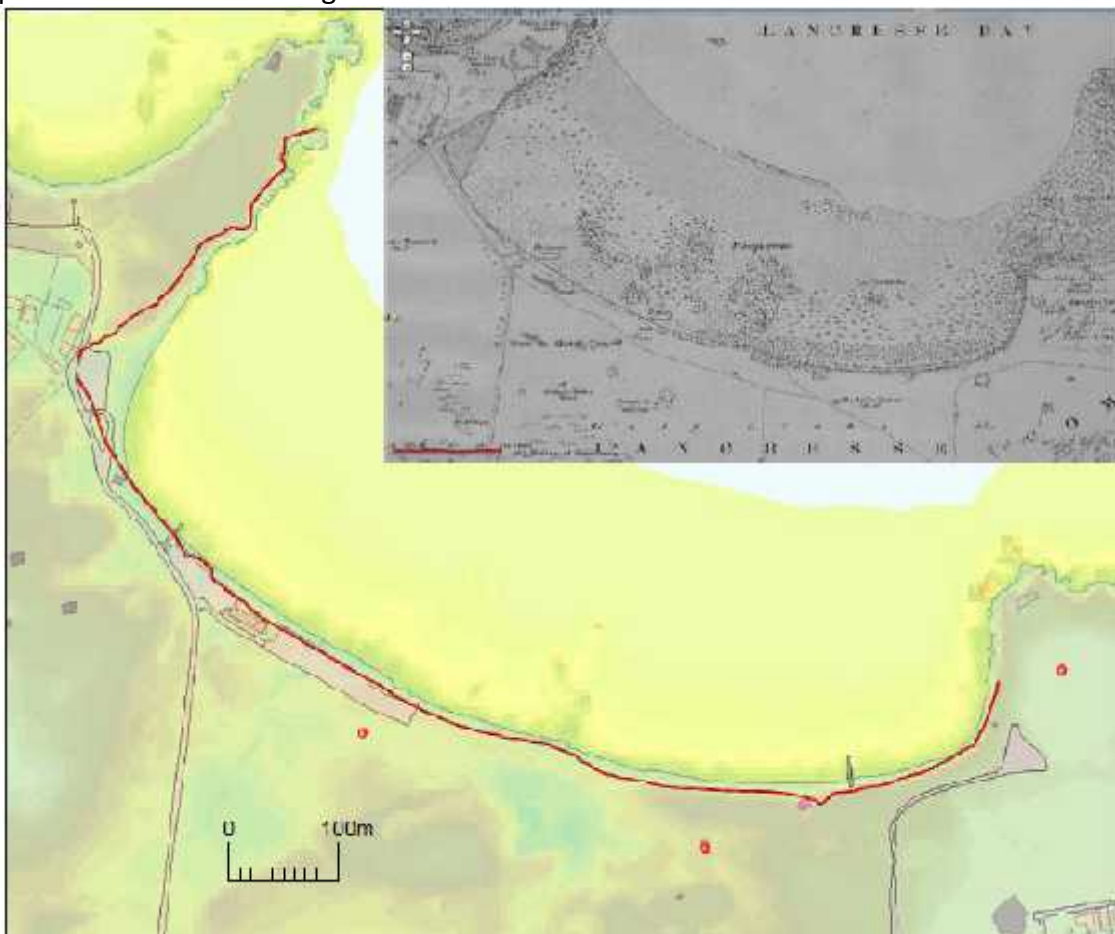


Figure 6.9. Initial Estimate of Erosion based on historic photograph.

Figure 6.9. Initial Estimate of Erosion based on historic photograph. The approach taken is based on the beach profile information. Profiles have been taken at various locations around the coastline. This analysis and positions of the profiles are shown in Figure 6.10 (a-i). Profiles a, b and c cover the western half of the Bay, profiles d and e cover the area of the rock outcrop and profiles f, g, h and i cover the east area. It is immediately apparent that beach levels close to the wall over the western section are generally higher than those to the east. The form of the beach to the western end

adopts a more convex shape, consistent with a more nature profile. Further offshore the profiles adopt a more uniform slope.

Figure 6.10 a) profile positions



Figure 6.10 b) profiles relative to defence line

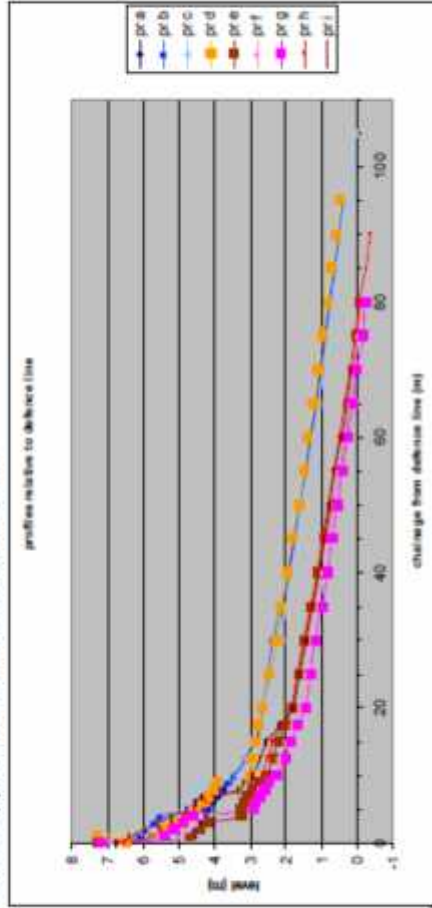


Figure 6.10 c) normalised profiles

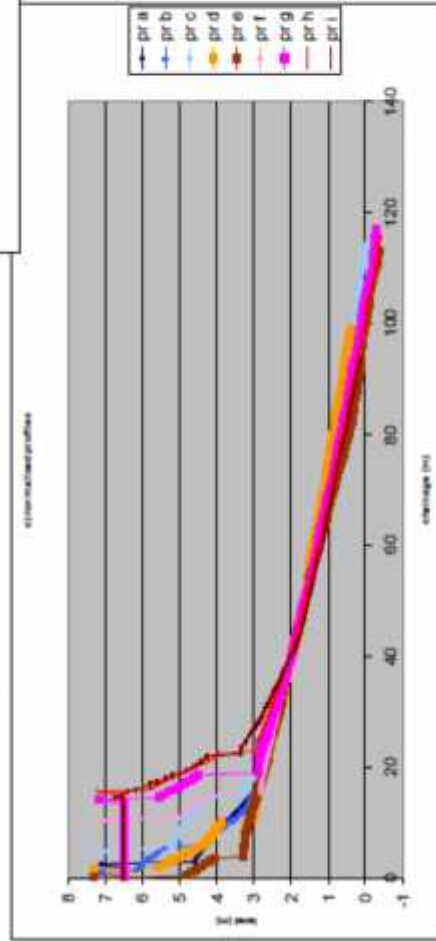


Figure 6.10 d) position of defence in relation to beach slope

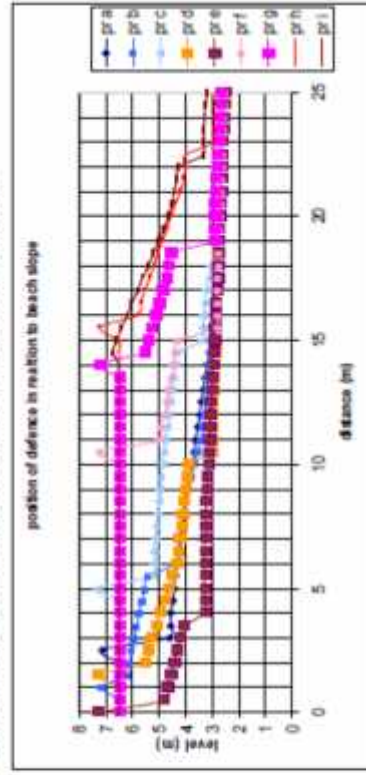


Figure 6.10 Beach profile analysis .

In attempting to assess the degree to which defence may be in advance of the natural line of the beach, it is recognised that the walls themselves would be keeping beach levels artificially low. To correct for this, the profiles have been normalised along their respective chainage at 2mLOD.

This is shown in figure 6.10 c). Profile (e) behind the rock outcrop is taken as the baseline, taking this as a semi natural development of the beach. It can be seen that profiles (d) and (b) are quite closely aligned to this semi-natural position. Profile (c) is held forward, in effect, by the accumulation of sediment at the crest of the beach, held forward by the groyne effect of the rock.

The profiles most clearly forward are along the eastern end as would be expected. This is shown in more detail in Figure 6.10 d). It is noted that profile (i), at the far eastern end of the frontage is also well forward but this may be explained by the steeper beach as the backshore curves around to the beginning of the rock headland. The beach levels at this location are higher over the upper beach reflecting the stability of the shingle bank created by the shelter of the headland.

Typically from this analysis, it may be seen that in relation to the natural beach form based on profile (e), the western defences are some 5m forward and those to the east some 15m forward.

The profiles give a typical foreshore slope of 1:30 and an upper beach slope of around 1:7.

Given that the level of the wall at profile (e) is still held at the sea wall, it might be anticipated that to complete the profile there would need to be a further set back of some 20m to allow natural development of an upper beach.

Based on this approach the anticipated set back of the shoreline over the frontage may be determined. This is set out in Table 6.3.

Table 6.3. Predicted erosion distances.

Location	Adjustment to alignment (m)	Retreat to a stable crest position (m).
Between western kiosk and slipway	5 -10m	15m – 20m
Western kiosk to rock outcrop.	2m	12m
Central rock section	0	20m
Central rock section to eastern kiosk	15m	35m
East of eastern slipway	5m	5m

As sea level rises, the overall profile of the beach will attempt to adapt. If this change is taken as occurring at MHWS, the probable impact would be for the beach profile to adjust inline with the shallower slope of the foreshore area. Based on this approximation, the horizontal movement of the backshore would be the slope x the rise in sea level. The additional erosion distance is shown in Table 6.4.

Table 6.4. Additional erosion with sea level rise.

Epoch	2011 to 2021	2021 to 2051	2051 to 2101
Additional erosion	4m	9m	15m

The results of this analysis are presented in Figure 6.11 in comparison with the baseline estimate from Figure 6.9.

Figure 6.11. Unconstrained erosion lines.

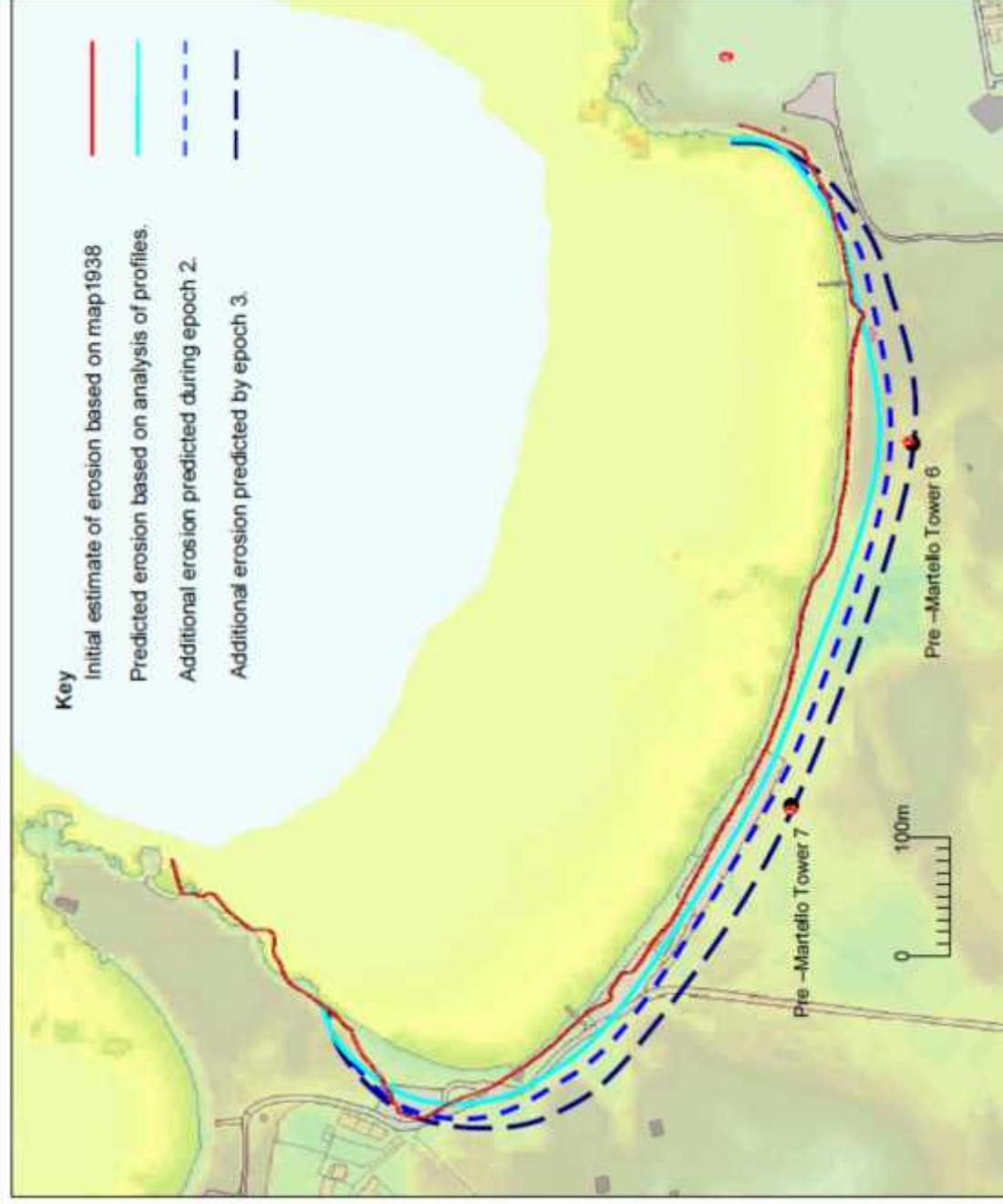
Notes:

Although the erosion lines are based on the beach profiles, it may be seen that the adjustment in alignment brings the shoreline in better alignment with net wave directions.

The erosion lines cut back into higher ground behind the western slipway, in the centre of the bay and at the eastern end. The rate of erosion in these areas may be reduced but would then tend to form a slightly cliffed backshore.

Between these areas of high ground, shingle ridges would tend to form. These ridges would adjust to storm conditions providing a degree of natural flood defence. However, from examination of the old air photograph, there is some indication that shingle has been swept over the ridge at the western end. This would be consistent with the potential sudden change in wave exposure under north northeast storms at this end of the bay.

The road at the western end of the bay could be lost quite rapidly. The two pre-Martello towers could be at risk in the long term depending on the rate of sea level rise.



Baseline Option 1 - Removal of defences.

The first option provided an extreme baseline from which to baseline the other approaches and involved the complete removal of the defences in their entirety. Attempting to cost this option was problematic but based on broad assumptions the total cost for the removal of the entire anti-tank wall defences was estimated to be in the order of £2.75m.

The primary aim of this approach is to restore the bay to a natural condition allowing the bay to function naturally in the future. The main benefits in such an approach would be in restoring access to the shoreline and to improve that natural amenity of the bay. In setting back the line, the natural response at the back shore would be to develop a shingle ridge. This would provide a good level of flood defence across the two main valleys back on to the golf course. This would not provide full protection against extreme water level flooding and further raising of the land may be required to the back of the beach. This could, however, be undertaken through re-landscaping along a line across the common, set well back from the coastal edge. Such works might only be required as sea level rises and as the risk increases in the future.

The obvious and immediate disbenefit would be in the loss of both kiosks and the loss of the main car park areas. There would also be the loss of the amenity area to the western side of the bay and loss of the two slipways. There would also be loss of the heritage value of the military defence.

Associated with the loss of the western sea wall would be the increased risk of flooding to the low lying area to the west. Royal Haskoning did not believe that flooding would impact on the main area of the golf course but in the longer term could affect the Club House. There would be the loss of the main road behind the beach at the western end of the bay. There is, however, alternative access around the main headland for both properties and to Pembroke Fort.

The two pre-Martello Towers set back behind the bay would not be a risk in the short to medium term. Potentially over the next 100 years, erosion may reach these important historic structures. They would, however, be at the back of a far more stable beach line and local management could sustain these structures without significant interruption to the natural processes.

Baseline Option 2 - Maintain and Improve Existing Defences.

Royal Haskoning noted that current practice has been to carry out critical (but reactive) maintenance to sea walls as specific problems have developed. The works undertaken to the sea wall indicate that erosion and undermining around the western slipway and along the eastern section of anti-tank wall has been a long term problem.

This has resulted in various works to strengthen the toe of these sections of wall. These toe buttresses have themselves required continuing maintenance to ensure their survival. The most critical area has been at the east end. At the step in the alignment of the wall, just to the east of the area of rock outcrop, there had been settlement and rotation of the entire wall. This movement was noted as continuing, in their opinion as a result of undermining, most probably exacerbated by the severe overtopping.

At the eastern end of the anti-tank wall, in front of the Kiosk, the concrete toe had rotated forward, exposing the toe of the actual wall to undermining with the scouring nature of the waves running along the frontage. The most recent repairs undertaken along this section of the defence were carried out in 2007, infilling the voids and gap between the wall and the concrete toe. In the 2011 inspection it was noted that the toe apron has again moved forward, leaving a weakness to be exploited by the wave action. Royal Haskoning commented that "The present approach to management can only be considered a stop gap before more major works would be required under this baseline option, to address the underlying problems." The consultants believed that in the short to medium term major works would be required to address emerging problems and to safeguard other structures around the frontage. The anticipated works would include:

- On the western wall a need to reduce scouring and to address the deterioration of the toe piles which would require a rock toe extending up to the concrete apron. This would need to be improved and reinforced with sea level rise, such that the wall would be faced eventually with a larger rock revetment over its full length.
- on-going maintenance at the western slipway but with the toe being replaced eventually over some 150m of the 310m length by a rock toe. In the future with sea level rise it has been taken that a more substantial rock revetment would be required to safeguard the toe and provide protection against over topping.
- Resolving the issues at the eastern section of wall through to the eastern slipway which was considered to be in the process of failing. Minor works merely patch the problem. The wall continues to be undermined and each time this occurs, it is likely to increase the overall instability of the wall. In assessing options prior to the repairs undertaken in 2007, the longer term solution of a substantial rock revetment was proposed. This would need to be reinforced over time with sea level rise.

The primary purpose of this approach is to maintain the existing erosion and flood risk protection provided by the existing defences. This protects the two kiosks and car parks and reduces the flood risk to the local western valley. Over the first epoch (0-25 years) use of the coast would continue much as at present, continuing to provide the current amenity value of the area. The consultants concluded that there was limited

economic benefit derived from this continued defence, as identified by the strategy. The examination of flood risk shows that there is no larger benefit area.

Over time, however, there would be a need for greater investment even along these lengths of defence and the overall trend for management would be to encase the whole frontage with rock revetment. This, together with gradually falling beach levels and with sea level rise, less drying upper beach area, would reduce access to and use of the beaches. This would have a significant impact on the amenity value of the area. In addition there would be greater reliance on the defence line with greater risk of defences being overtopped and potentially failing.

Option 3 – Do Nothing.

Under this approach, rather than positively removing defences, defences would be allowed to fail and the only works undertaken would be to address safety issues. There would be some cost associated with this option but no significant works would be undertaken. With this option the consultants advised that major sections of the eastern wall might be expected to fail over the next five to 10 years. These defences are large mass concrete structures and would typically fail due to undermining and toppling on to the beach. The structures would be monitored and access behind the structures would be fenced off as damage was identified. There would be a need to close the Kiosk and the small car park.

Once they had failed, wave action would tend to get behind the walls, undercutting and outflanking adjacent sections of wall. Failed sections of wall would act as low breakwaters, modifying the pattern of erosion behind, tending to form quite steep areas of erosion in the fill material behind. The whole section of wall might be expected to have failed within the next 15 years. Royal Haskoning suggest that outflanking would tend to be limited to the west due to the rock outcrop. However, as the general shoreline sets back to the east there may be an increased loss from behind the area of rock, slowly reducing the sand levels at the toe to the wall behind.

Potentially the next most vulnerable section of defence would be in the area of the western slipway. In this area failure is more likely to occur quite rapidly during a storm event. Typically this might occur in 10 to 20 years time, with the section of wall becoming increasingly vulnerable to damage as the toe to the wall is lost. There would be continued undermining of the toe and eventual failure of the wall.

Loss of defence in this area could increase the risk of overtopping with wash out and wash over of sediment. As with the eastern section, failure of one section would encourage failure of adjacent sections of wall.

Over the same period of time, there would be continued down cutting of the beach platform in front of the western wall and, as significantly, holes would start to appear in the exposed sheet piling. This would result in voids developing under the concrete

berm and this berm may then start to fail. It is uncertain to what degree the concrete berm acts as a support to the main wall behind but it would be expected that there would be undermining and movement of this high retaining structure.

Over the next 20 to 30 years, failure would have occurred along most of the western frontage, with short sections of wall remaining but only acting locally in terms of defence.

Over much of the frontage, large sections of wall would litter the beach area as the shoreline retreated back. In the longer term this would not necessarily result in a safety risk, although individual sections of failure would need to be assessed with the possible need to remove some sections of failed defence. In particular the western wall is likely to present a problem due to failed and undermined decking and the exposure of the sheet piling.

The cost of managing this is highly uncertain but would give rise to on-going costs in the addressing of specific areas. Typically, one might envisage the need to remove the western wall completely, at a cost of some £700,000 at around years 20 to 30. In other areas, the intent would be only to remove critical sections of failed defence as and when they posed a risk to safety.

Clearly decisions could be made combining this approach to management with that of actively removing sections of defence as in Option 1. This sub-option may then act to spread cost more effectively and may still allow some planned approach into the future.

For example, taking forward this in relation to the eastern frontage, the area where movement of the wall is already happening could, as at present be fenced off, the wall allowed to fail and action then taken merely to tidy up specific areas posing a risk to safety. In other areas a more structured approach may be required that actually removes the defence.

The main benefit of this approach would be in reducing costs and spreading the cost of demolition over a longer period of time. Over the longer term there would typically be the same general benefits identified in Option 1. A major disadvantage is there would be no planned programme of change. As such, as defences became more vulnerable there would be the need to evacuate the kiosks in advance of failure and removal of the buildings in a manner determined by the deterioration of the defences.

Over the early years, there would be increased deterioration of the amenity value of the area and areas where visitors to the frontage were excluded from using sections of the sea front and beach. Over the longer term other damages would occur as identified in Option 1.

Option 4 - Enhanced protection to the western wall and holding the line over the western section of Anti-tank wall.

The main immediate issue along the western frontage results largely from the way in which waves, particularly during significant storms from a north northeast direction, interact with the western wall. This gives rise not only to continued deterioration along the wall itself but also causes erosion at the western slipway and the adjacent wall in this area. Placing a rock toe along the base of the western wall would to some degree reduce these problems by reducing the level of reflection and reducing the development of the edge wave effect. The cost associated with this is identified as being of the order of £200,000 initially (Option 2). More effectively, some form of breakwater or groynes could be constructed along the frontage and at the southern end of the western wall. These works would not exclude the need for protection along the face of the sheet piles but would significantly improve the effectiveness of this toe while also reducing reflected waves that run along the face of the wall by the western slipway.

The outline estimated cost of the work would be of the order of £600,000 (this includes the cost of the rock toe allowed for in Option 2).

The approach outlined above aims to address the exposure create by waves, principally from the north northeast, running along the western wall. This reduces pressure on this wall but would also address some of the scour problems along the western section of the anti-tank wall. This would reduce maintenance costs and provide the opportunity for a more stable and higher level of beach in this important amenity area.

If the defences were to be sustained over the full 100 year period, there would still be a need for further work to address the issues of sea level rise. However, the key aspect of moving towards an approach that is addressing the main cause of the problems would be in maintaining the opportunity for adaption in the future.

The approach outlined could be developed further if future defence was deemed sensible. Alternatively, if the initial period of maintaining defences was used to plan an adaptation of use in the area, this approach would still be compatible with any potential future realignment. Future management would be far less driven by the deterioration of existing defences. The main issue would be in addressing the reducing standard of flood defence as sea level rises.

The main disbenefit is in terms of the additional cost. There would be a cost of the order of £400,000 over and above that estimated in Option 2 during the first 20 years.

Option 5 - Enhanced protection to the western wall and rock groynes along the western section of Anti-tank wall.

Option 4 could be developed further in addressing the vulnerability to the western section of the anti-tank wall. There would not be the same quite the same benefit in that waves approach this section of defence more normal to the beach crest. However, by placing short rock groynes they would act to improve the stability of the upper beach retaining sediment against the toe of the wall. There would still be the tendency during more severe storms for sediment to be drawn down the beach but not to the same extent as at present.

In outline, groynes would be constructed typically every 50m along the length and would extend possibly some 30m from the face of the wall. Typical costs would be of the order of £60,000 per structure. With seven potential, structures covering the frontage, this would amount to an overall cost of the order of £420,000.

As with Option 4, the benefit accrues from the additional amenity value provided by a more stable upper beach area and in the longer term from taking a more adaptive approach to management. This option would still require further work over the longer term to address the issues of sea level rise.

There would be a significant cost involved in the work and while there would be a reduction in on-going maintenance to the existing defences, there actual benefit terms of reduced damages to assets would be minimal.

A further risk associated with this approach would be the possible reduction of sediment movement through to the east. This risk appears small given that the rock outcrop in the centre of the Bay already tends to reduce such drift at present.

Option 6 - Enhanced protection to the western wall and developing shore connected structures to the western section of anti-tank wall.

This option further develops on the above options providing significantly greater control of the upper beach. In association with works to the western wall, the intent would be to construct a larger structure in the area of the rock outcrop.

The intent of this approach is, in effect to draw forward the whole shape of the western section of the bay, to create wider beaches and to provide more complete protection to the existing defence line. In doing this there may be the further need to actively recharge the areas between structures so as to avoid material being redistributed as the structures influence the coastal processes. This would need further detailed study and the possible need for physical modelling. With sea level rise there would be the need for further works but as with other options considered for this area, the approach provides a longer term management that could be adapted to either holding the line or to manage realignment in the future.

Without additional detailed design, there is increased uncertainty within the costs. This uncertainty has however been allowed for. The overall costs, over and above the costs estimated for Option 4, which would form part of the scheme, are in the order of £3M.

The option provides a more secure approach to defence over the next 50 years, with the benefit that this approach could be taken forward in a sustainable manner in the future. There would be improved amenity value in terms of wider beaches and areas of beach that would remain dry over normal tides. The approach builds on the natural rock base in the centre of the bay reinforcing natural processes.

There is a significant cost associated with the approach that goes well beyond flood and erosion risk benefits that may be derived from the work. The large structures would have a significant impact on the landscape of the area, with large structures exposed over much of the tide. These structures could have an impact on the eastern frontage tending to draw sediment into the lee of the most easterly structure and further reducing beach levels to the east.

The following discussion focuses on the eastern end of the bay, with two principal options being considered for managed realignment.

Option 7a – Control Structures to Develop the Shoreline in Front of the Existing Defences.

The intent of this option is similar in principle to those considered for the western end of the bay, in that the aim would be to provide a natural defence alignment through use of control structures.

The relatively normal wave approach means that to advance the line of a beach sufficiently to provide continued protection to the toe in this area, structures have to extend a significant distance offshore and provide sufficient shelter to allow waves to spread within the influence of the arms.

Typically, two structures would be used: at the section of wall that is badly undermined as in toppling forward, providing support to this wall, and at the slipway. These structures could be integrated with the various defence approaches taken in managing the western frontage.

The optimum position of the structures would need to be modelled in detail to ensure that a stable beach provides adequate long term protection to the existing defence. There is therefore increased uncertainty in costing this option. There are also significantly greater costs associated with the increased height of the structure in relation to beach levels at the wall. Typical costs are of the order of £1.8M.

There is little economic benefit for this option and the prime reason would be to stabilise the existing defence and provide continued protection to the Kiosk. There would be an improved area of beach with some amenity value and the slipway might be improved during the construction of the eastern structure.

The main disbenefit would be the extremely high cost associated with the work.

Option 7b – Control Realignment of the Existing Defence.

One of the main difficulties in taking forward the line of defence is the size of structures necessary to create the width needed to hold an adequate beach. The alternative to this would be to allow the existing defence to fail, thus creating width for a beach to develop to the rear of this forward line and to control erosion as this occurs.

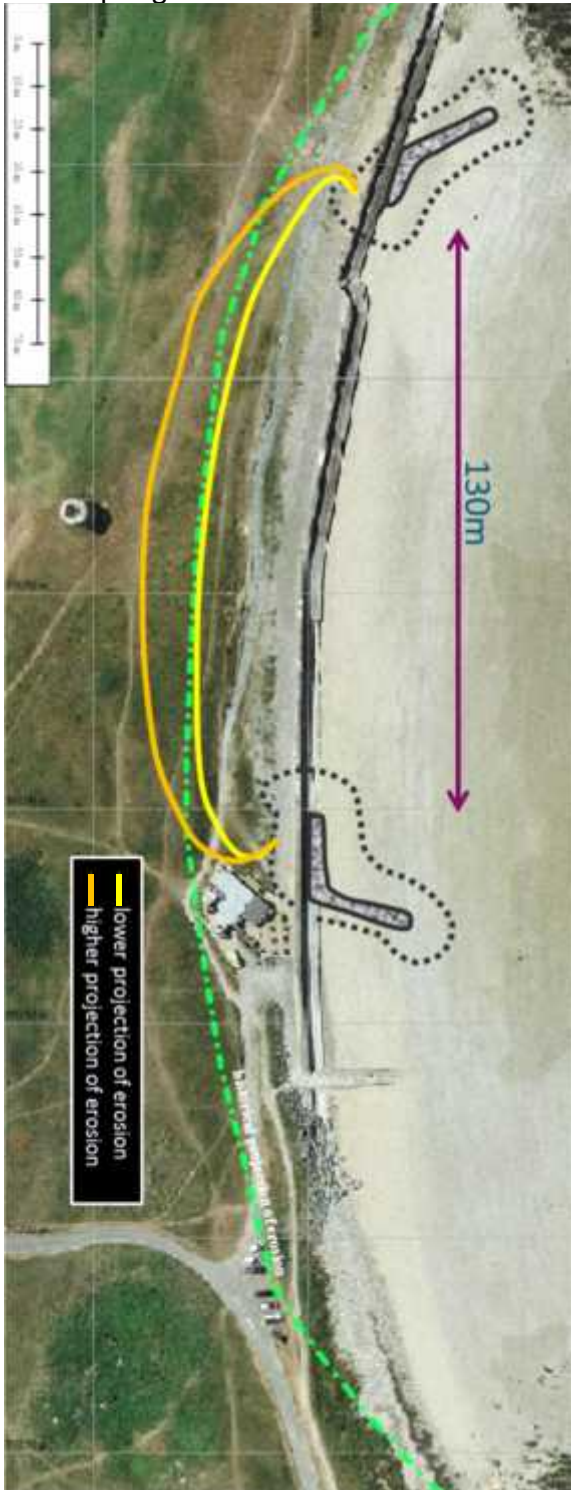
The works would need to be undertaken as part of and as an additional element of works associated with managing the failure or removal of the existing defences. Typically the additional cost would be of the order of £120,000. The aim would be to sustain the defence to the area of the Kiosk and to provide additional protection to the slipway and existing rock revetment. These works might be compatible with works undertaken to the west, allowing controlled adaption of the frontage over the longer term.

The main benefits would be in substantially reducing cost of management, maintaining defence to the Kiosk and addressing the immediate problems associated with the wall. The approach would significantly improve the overall amenity value of the area by allowing development of a semi-natural beach and significantly improving access. The approach would allow sustainable adaptation in the longer term. The main disbenefit would be in some additional cost.

Design and planned realignment (Option 7b)

The groynes will incorporate part of the existing wall structure along one edge, and are of a “fishtail” design so have a second arm positioned out into the bay.

The aim is to control the realignment and formation of the bay. The below image outlines the modelled new bay alignment compared to historical (pre wall) mean high water spring estimations.



Modelled incursion

Appendix 5

History

The following photographs from 1933 highlight the natural state of the beach prior to the wall's construction. These images have been included in public presentations on the proposals.



Appendix 6 – photo timeline of L’Ancrese East Panel 5

The photo timeline series below illustrates how a crack in the wall can develop over time, and does not increase in size in a linear fashion; rather there can be periods of little change followed by a short-term significant change. The cause of these cracks is continued undermining of the wall leading to the large gaps beneath, into which the wall is rotating.



Panel 5, 25 March 2015



Panel 5, 19 January 2016

There was little change between March 2015 and January 2016



Panel 5, 27 April 2016

Between March 2016 and April 2016 there is an obvious increase in the crack in the wall.



Panel 5, 6 February 2017

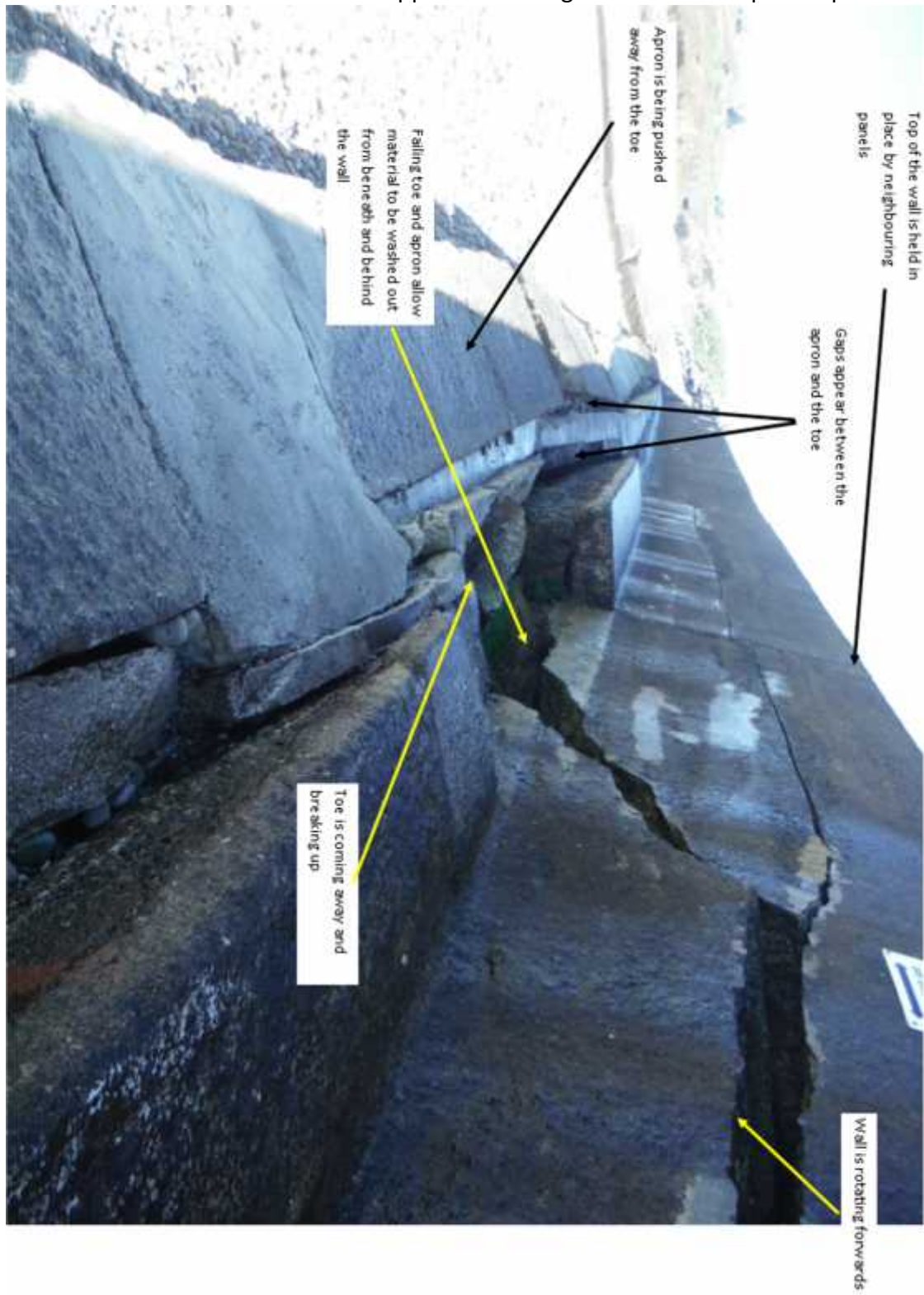
While less obvious, the crack continued to increase in size between April 2016 and February 2017.



Panel 5, 5 April 2017

A small further increase in the main crack was again evident, but additional separation along the smaller crack along the upper third of the wall was noticeable. It was also at this point obvious that the crack extended throughout the all with material being lost from behind.

Appendix 7 – diagram of toe and apron separation.



THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

REQUÊTE

PROPOSED REMOVAL OF 200 METRE SECTION OF ANTI-TANK WALL AT EASTERN END OF
PEMBROKE BAY/L'ANCRESSE

The States are asked to decide:-

Whether, after consideration of the Requête titled "Proposed removal of 200 metre section of anti-tank wall at eastern end of Pembroke Bay/L'Ancrese" dated 28 June 2017, they are of the opinion:-

1. To direct the Committee *for the* Environment & Infrastructure to refrain from taking, or authorising there to be taken, any action in relation to the L'Ancrese anti-tank wall, other than where immediately necessary in the interests of health and safety or for the protection of life or property, until the States have considered and decided what action is to be taken in relation to the wall or any part of it.
2. To direct the Committee *for the* Environment & Infrastructure to prepare and submit to Her Majesty's Greffier before 28 February 2018 –
 - (a) a Policy Letter which sets out –
 - (i) the options for addressing issues arising out of the damaged area of the seawall concerned as referred to in the document entitled "*L'Ancrese East Frequently Asked Questions*" and recently published by the Committee, including doing nothing and proceeding with the proposal referred to in Recital 2 of the Requête,
 - (ii) the consequences of implementing or adopting (and not implementing or adopting) each option,
 - (ii) the estimated cost (if any) of implementation or adoption of each option, and
 - (iv) the option that the Committee would recommend should be implemented or adopted, and
 - (b) a suitable Proposition or Propositions for approval by the States relating to the option that the Committee recommends for implementation or adoption.

The above Propositions have been submitted to Her Majesty's Procureur for advice on any legal or constitutional implications in accordance with Rule 4(1) of the Rules of Procedure of the States of Deliberation and their Committees.

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

REQUÊTE

PROPOSED REMOVAL OF 200 METRE SECTION OF ANTI-TANK WALL AT EASTERN END OF
PEMBROKE BAY/L'ANCRESE

THE HUMBLE PETITION of the undersigned Members of the States of Deliberation SHEWETH
THAT:

1. Guernsey's unique physical environment and character is in part a product of its coastal zone. Material alterations to established features and/or characteristics of the coastal zone have a profound effect on the environment and the enjoyment by members of Guernsey's community and visitors to the Island of that zone and invariably involve a significant expenditure of public funds.
2. Your Petitioners note that the Committee *for* the Environment & Infrastructure is proposing to proceed with a project involving a material alteration to part of Guernsey's coastline at the Eastern end of Pembroke Bay. Your Petitioners understand that the project would involve removal of a 200 metre section of the L'Ancrese anti-tank wall. According to a document entitled "*L'Ancrese East Frequently Asked Questions*" and recently published by the Committee¹, the proposal is described in the following terms –

"The Committee is proposing a managed realignment of 200m of the coastline at the eastern end of the bay. This option will allow the development of a semi natural beach which will increase the recreational value of the area and provide a coastal defence for the next 50 years and beyond. It is intended for the construction of rock groynes and the removal of a number of wall panels to be completed over approximately five months during 2018. The project will deliver a sand dune backed beach between the rock groynes with the line of dunes established around the bay returning to natural levels pre-wall construction. The golf course would not be affected during the alignment process and the public footpath would be moved to run to the north of the pre-Martello tower. There would be some emergency repair work necessary this summer to those panels that would be retained in the new scheme.

¹ See Gov.GG website - <https://www.gov.gg/article/160655/EI-publishes-frequently-asked-questions-document-on-LAncrese-plans>

This proposal is consistent with that supported by the former Environment Board. "

3. Your Petitioners also note from the document referred to in Recital 2 to this Petition that the estimated cost of the proposal described above is £1,016,000.
4. Your Petitioners are of the view that, given the nature and scale of the alterations that will be made to the area of Guernsey' coastal zone by the proposal and the cost involved, it is appropriate for the proposal to be considered by the States together with other options for addressing issues arising from the apparent damage to the area of the wall concerned and for the States to resolve the action to be taken in relation to the wall and approve any changes that will arise to that area of Guernsey's coastal zone.



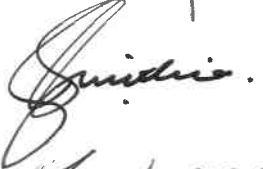
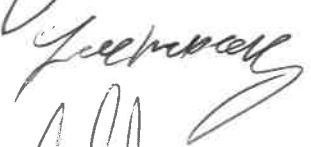


THESE PREMISES CONSIDERED, YOUR PETITIONERS humbly pray that the States may be pleased to resolve:-

1. To direct the Committee *for* the Environment & Infrastructure to refrain from taking, or authorising there to be taken, any action in relation to the L'Ancrese anti-tank wall, other than where immediately necessary in the interests of health and safety or for the protection of life or property, until the States have considered and decided what action is to be taken in relation to the wall or any part of it.
2. To direct the Committee *for* the Environment & Infrastructure to prepare and submit to Her Majesty's Greffier before 28 February 2018 –
 - (a) a Policy Letter which sets out –
 - (i) the options for addressing issues arising out of the damaged area of the seawall concerned as referred to in the document entitled "*L'Ancrese East Frequently Asked Questions*" and recently published by the Committee, including doing nothing and proceeding with the proposal referred to in Recital 2 above,
 - (ii) the consequences of implementing or adopting (and not implementing or adopting) each option,
 - (ii) the estimated cost (if any) of implementation or adoption of each option, and
 - (iv) the option that the Committee would recommend should be implemented or adopted, and
 - (b) a suitable Proposition or Propositions for approval by the States relating to the option that the Committee recommends for implementation or adoption.

AND YOUR PETITIONERS WILL EVER PRAY
GUERNSEY

This 28th day of June, 2017

- X Deputy N R Inder 
- Deputy P T R Ferbrache 
- Deputy M M Lowe
- * Deputy J C S F Smithies
- Deputy J I Mooney
- P Deputy L B Queripel 
- Deputy M P Leadbeater

 Neil Inder
 Laurence Queripel
 Jeremy Smithies
 Joseph Mooney
 Marc Leadbeater
Mary Lowe Mary Lowe
PETER FERBRACHE 

THE STATES OF DELIBERATION
of the
ISLAND OF GUERNSEY

STATES' TRADING SUPERVISORY BOARD

CHANNEL ISLANDS LOTTERY – 2016 REPORT AND ACCOUNTS

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

6th July, 2017

Dear Sir

1 Executive Summary

1.1 I am pleased to be able to provide a report on the Bailiwick of Guernsey's performance within the Channel Islands Lottery for 2016. The requirement to report is contained within section 2 (5) of The Gambling (Channel Islands Lottery) (Bailiwick of Guernsey) Ordinance, 1975 (as amended). The report is included as an appendix to a Billet d'Etat.

2 Lottery Format

- 2.1 Throughout 2016, the Lottery continued to operate on an instant prize scratch card basis, with the exception being the 'double chance' Charity Christmas Draw, containing both instant-win and drawn prizes.
- 2.2 At the end of 2016, the scratch card portfolio consisted of two £2 tickets (with top prizes of £7,777 and £10,000), two £5 tickets (with top prizes of £27,777 and £25,000) and one £10 ticket (with a top prize of £100,000).
- 2.3 Changes to the structure of the games and prize structures are routinely monitored by Lottery representatives from Guernsey, Jersey and Scientific Games International Limited, the Lottery's strategic working partner, with quarterly meetings held to discuss key issues.

3 Distribution of Lottery Proceeds

3.1 In September 2014, the States considered a report from Culture and Leisure (Billet d'Etat XX, dated 15th August 2014) to change a number of administrative arrangements from which nine resolutions arose. The majority of these resolutions concerned changes to the distribution of Lottery proceeds or to provide flexibility to conduct special draws, namely:

1. To agree that the proceeds from the annual Christmas Draw be donated to registered, local charitable bodies as authorised by the Treasury and Resources Department upon the recommendation of the Culture and Leisure Department.
2. To confirm that the annual proceeds of the Channel Islands Lottery, aside from the annual Christmas Draw, continue to be transferred to the Beau Sejour Centre up to the level of the Centre's operating deficit for that same calendar year.
3. To direct that any Channel Islands Lottery proceeds exceeding the operating deficit of the Beau Sejour Centre, excluding the Christmas Draw, is to be retained within the Appropriation Account to be used either for major projects that will enhance the Department's properties or for the funding of events which have a particularly special significance to the Island's heritage and unique cultural identity.
4. To delegate authority to the Treasury and Resources Department to approve use of the Appropriation Account.
5. To approve the closure of the Forfeited Prizes Account, with effect from 1st January 2014 and for its balance as of 31st December 2013 to be distributed proportionately to the Association of Guernsey Charities, Alderney, Sark and the Appropriation Account.
6. To direct the preparation of an Ordinance under the Gambling (Guernsey) Law, 1971 to enable additional public lotteries to be conducted by the Culture and Leisure Department in support of such community, sporting or other events, or such public purposes for the benefit of Guernsey and its inhabitants, as the Department may determine with the approval of the Treasury and Resources Department, without necessitating the involvement of the States of Jersey and the banner of the Channel Islands Lottery.
7. To direct that the operating surplus from any such additional public lotteries be transferred to the Appropriation Account.

These changes are reflected in the Accounts, which can be found at the end of this report.

4 Sale of Tickets

4.1 Five main distribution Agents are appointed to sell Lottery tickets within the Bailiwick of Guernsey; three in Guernsey, one in Alderney and one in Sark. The Agents purchase tickets from the Department and ensure that the tickets are on sale as widely as possible through a chain of sub-agents and retail outlets.

4.2 Ticket revenue since 2007 has been as follows:-

Year	Scratch Card Revenue		Christmas Draw Revenue	
	Bailiwick of Guernsey	Jersey	Bailiwick of Guernsey	Jersey
2007	822,100	1,144,000	600,000	900,000
2008	756,000	956,000	597,700	1,100,000
2009	686,300	864,000	760,000	1,240,000
2010	640,400	796,000	880,000	1,420,000
2011	891,300	794,522	927,200	1,379,689
2012	2,815,100	1,933,900	815,000	1,307,379
2013	4,198,800	2,013,950	1,177,000	1,785,200
2014	6,788,500	3,422,700	1,225,900	2,260,000
2015	7,726,400	4,518,350	1,231,700	2,198,500
2016	8,603,100	5,836,700	1,200,000	2,122,200

This table illustrates, in particular:

1. Substantial year-on-year growth in scratch card sales revenue in Guernsey since 2010, coinciding with the commencement of the partnership agreement with Scientific Games and returning a higher percentage back to players as prizes;
2. Guernsey scratch card sales exceeding Jersey in 2016 for the sixth consecutive year;
3. A significant growth in scratch card sales revenue in Jersey between 2011 and 2016;
4. A marked shift in the scratch card revenue ratio between Guernsey and Jersey, from 42:58 in 2007 to 60:40 in 2016 (2015: 63:37);
5. The consistent pattern of Jersey outselling Guernsey for the Christmas Draw, with a ratio of 36:64 in Jersey's favour in 2016 (2015: 36:64).

4.3 Scratch Cards

Ticket revenue in the period 2011-16 was as follows:-

	2016	2015	2014	2013	2012	2011
Guernsey	8,603,100	7,726,400	6,788,500	4,198,800	2,815,100	891,300
Jersey	5,836,700	4,518,350	3,422,700	2,013,950	1,933,900	794,522
Total Sales	14,439,800	12,244,750	10,211,200	6,212,750	4,749,000	1,685,822

In 2016, revenue from the sale of scratch cards increased by £2,190,050, 17.9% (2015: £2,033,550, 19.9%) across the Channel Islands. Guernsey Bailiwick accounted for £876,700, 11.3% (2015: £937,900, 13.8%) of this growth. Jersey sales growth in 2016 was £1,318,350 29.2% (2015 £1,095,650, 32.0%).

The following table shows a comparison of Guernsey scratch card sale volumes across the different price points between 2015 and 2016.

PRICE POINT	2016	2015	Increase / Decrease(-)
£2	987,300	985,200	+ 2,100
£5	932,450	776,900	+ 155,550
£10	196,625	187,150	+ 9,475
Totals	2,116,375	1,949,250	+ 167,125

The following table shows a comparison of Guernsey scratch card sale value across the different price points between 2015 and 2016.

PRICE POINT	2016	2015	Increase / Decrease(-)
£2	1,974,600	1,970,400	+ 4,200
£5	4,662,250	3,884,500	+ 777,750
£10	1,966,250	1,871,500	+ 94,750
Totals	8,603,100	7,726,400	+ 876,700

4.4 Christmas Draw

	2016	2015	2014	2013	2012	2011
Guernsey	1,200,000	1,231,700	1,225,900	1,177,000	815,000	927,200
Jersey	2,122,200	2,198,500	2,260,000	1,785,200	1,307,000	1,362,500
Total Sales	3,322,200	3,430,200	3,485,900	2,962,200	2,122,000	2,289,700

In 2016 total Christmas Draw sales revenue across the Channel Islands fell by -£108,000, -3.15% (2015: -£55,700, -1.6%), with a decrease in Guernsey sales of -£31,700, -2.6% (2015: +£5,800, +0.5%) and a -£76,300, -3.5% reduction in Jersey (2015: -£61,500, -2.7%). Overall Christmas Draw growth in the period 2011-2016 was £1,032,500 (45%), Jersey growth being £759,700 (55.8%) and Guernsey £272,800 (29.4%).

5 Prizes Unclaimed

- 5.1 Prizes which are not claimed are forfeited after a given period of time, usually 12 months after the final issue of tickets for each game/draw. The total value of prizes unclaimed in the Bailiwick of Guernsey amounted to £50,270 (2015: £80,611).

6 Donation to the Association of Guernsey Charities

- 6.1 The profits from the Christmas Charity Draw are paid to the Association of Guernsey Charities for distribution to charitable groups. Profits from the 2016 Christmas Draw amounted to £212,678 (2015: £219,788), the reduction of £7,110 (3.2%) on the 2015 figure being a reflection of the reduced sales.

	2016	2015
Forfeited prizes for the year (Guernsey portion)	27,768	26,291
Christmas Draw proceeds (exc. Forfeited prizes)	184,910	193,497
TOTALS	212,678	219,788

With the Department's agreement the Association of Guernsey Charities has distributed the funds as detailed on the next page.

7 Problem Gambling

- 7.1 Resolution 8 (Billet d'Etat XX dated 15th August 2014) states:

To direct the Culture and Leisure Department to continue to work closely with the Home Department in respect of initiatives designed to help and support individuals experiencing gambling problems locally and that any required funding for those initiatives may be met from operating surpluses.

In 2016 a payment of £15,000 was made to Home Affairs, to be used to support those experiencing gambling problems.

8 Table of Lottery Proceeds Since 1999

8.1

Year	Proceeds (£000's)		Year	Proceeds (£000's)
2016	1,162		2007	285
2015	1,118		2006	311
2014	1,075		2005	264
2013	751		2004	271
2012	592		2003	129
2011	362		2002	153
2010	313		2001	177
2009	293		2000	208
2008	278		1999	211

9 Accounts

9.1 The accounts for the Channel Islands Lottery (Guernsey) Fund for 2016 are included below. These reveal that the promotion of the Lottery in the Bailiwick of Guernsey produced proceeds of £1,168,067 in 2016 (2015: £1,125,054) (scratch cards and Christmas Draw combined), which was shared within the Bailiwick in proportion to the number of tickets sold in each Island as follows:-

	2016	2015
States of Guernsey	1,161,778	1,118,267
States of Alderney	3,342	3,816
Chief Pleas - Sark	2,947	2,971
<i>Totals</i>	<i>1,168,067</i>	<i>1,125,054</i>

Yours faithfully

C N K Parkinson
President

J C S F Smithies
Vice-President

S J Falla MBE
Non-States Member

J C Hollis
Non-States Member

APPENDIX 1 - Channel Island Christmas Lottery - 2016

Guernsey Charitable Grant Allocation - The Association of Guernsey Charities

This grant allocation from the 2016 Christmas Lottery was £212,678.

Charity Name	AGC No.	Purpose	Allocation
Active	044	Towards maintenance, service, and insurances for charity vehicle	1,000.00
Alderney Community & Sports Centre Charitable Trust	273	Towards purchase of swimming pool heater	5,550.00
Autism Guernsey LBG	373	Funding of <i>Socialeyes</i> social skills learning programme	4,800.00
Bailiwick of Guernsey Scout Association	091	Towards extending and maintaining car park at Les Maingys Scout Headquarters	7,500.00
Dyslexia Day Centre (Gsy) Ltd	135	To clear rot infestation and damp problems at new Dyslexia Centre at former St Andrew's School	10,000.00
Every Child Our Future	362	Towards installing disabled toilet and converting other toilets to adult facilities at new Bright Beginnings Nursery, Preschool, and Children's Centre	5,000.00
Grow Limited	052	To purchase seeds, pots, baskets and compost for growing season, plus new exterior signage	6,500.00
GSPCA	003	Towards high priority repairs to property at the Animal Shelter	8,000.00
Guernsey (ATC) Air Cadets	416	To assist disadvantaged children to participate in training events	500.00
Guernsey Alcohol Advisory Service	019	To repaint exterior of premises at Brockside	5,000.00

Charity Name	AGC No.	Purpose	Allocation
Guernsey Bereavement Services LBG	243	To undertake mandatory supervision of volunteer counsellors	7,200.00
Guernsey Caring for Ex-Offenders LBG	422	Towards funding for Deputy Co-Ordinator	5,000.00
Guernsey Cheshire Home	035	To cover electricity/water/gas utility costs for the home, plus vehicle petrol	26,827.00
Guernsey Child Contact Centre	232	Replace flooring at Roseville premises	1,800.00
Guernsey Conservation Volunteers	223	First aid training required for four volunteer leaders	400.00
Guernsey Group of Riding for the Disabled Association	061	Towards annual running costs for hire of ponies	6,000.00
Guernsey Hard of Hearing Association	050	To assist people who require financial assistance to purchase new or replacement hearing aids	6,000.00
Guernsey Mind	049	Training costs for staff, plus creative work and posters for Team Talk campaign	6,700.00
Guernsey Post-Natal Depression Support Group	370	Towards renewal and distribution of information pack, and other marketing materials	2,000.00
Guernsey Rugby Academy LBG	343	Towards funding for disadvantaged young people to participate	1,500.00
Guernsey Sailing Trust	117	Purchase new outboard engine for safety boat	2,100.00
Guernsey Sports Commission	260	Funding for Street Sports programme to be held thrice weekly at various sites	8,750.00

Charity Name	AGC No.	Purpose	Allocation
Guernsey Voluntary Service	057	To cover cost of running the vehicle fleet for one year and servicing three minibuses and four cars	15,149.11
Guernsey Welfare	020	To assist in providing basic essentials and assistance where required in community	18,000.00
Judo Association of Guernsey	364	Mandatory training for local coaches to teach judo to children with special needs	600.00
Le Rondin School PTA	278	Towards funding for year 6 pupils to participate in off-island residential trip	4,500.00
Orca Charitable LBG	424	Hire of Beau Sejour Theatre to host the annual fundraising event	1,000.00
Parkinson UK (Guernsey Branch)	134	Room hire for weekly training and support sessions, and travel costs for service users to attend	8,870.00
Philippi Guernsey LBG	270	Towards funding for part-time service administrator and coordinator for volunteer counsellors	2,000.00
Relate Guernsey Limited	024	Towards training costs for counsellor	3,000.00
Safer LBG	246	Towards costs for Administrative Assistant who can deputise running the Refuge	12,000.00
Town Centre Partnership	148	Towards costs for providing 21 Sunday afternoon concerts in Candie Gardens	2,500.00
Victim Support and Witness Services	211	Towards salary of Victim Support Administrator	6,000.00
Youth Commission for Gsy and Alderney	367	Youth Forum 12 month project for young people to develop and engage in positive community activities	10,750.00

TOTAL GRANTS £212,496.11

Including carry forward from previous periods.

APPENDIX 2 - CHANNEL ISLANDS LOTTERY (GUERNSEY) FUND ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2016

Operating Account

	2016	2015
	Actual	Actual
	£'000s	£'000s
Sale of Tickets	9,803	8,958
Forfeited Prizes	50	81
Contribution to prize fund including forfeited prizes	(6,706)	(6,114)
Agents' Commission	(1,329)	(1,213)
Sales Commission	(532)	(478)
Staff Costs	(47)	(52)
Handling and Storage Charges	(46)	(46)
Grant re: problem gambling	(15)	0
Other expenses	(11)	(12)
	-----	-----
Gross surplus	1,168	1,124
Chief Pleas of Sark – share of surplus	(3)	(4)
States of Alderney – share of surplus	(3)	(2)
	-----	-----
Net surplus transferred to Appropriation Account	1,162	1,118
	-----	-----

Appropriation Account

		2016	2015
		Actual	Actual
		£'000s	£'000s
Balance at 1 January		623	447
Net surplus transferred from Operating Account		1,162	1,118
Contribution towards 2015 Liberation Day Celebrations		0	(50)
Donation to Association of Guernsey Charities		(213)	(220)
Transfers to Beau Sejour Centre		(651)	(672)
		-----	-----
Balance at 31 December		921	623
		-----	-----

Notes:

In accordance with the States resolutions of 26 September 2014 made following consideration of the Culture and Leisure Department's Report entitled "Channel Islands Lottery – Administration Arrangements, Forfeited Prizes Account and 2011-13 Accounts" (Billet d'Etat XX, 2014):

1. The Forfeited Prizes Account was closed, with effect from 1 January 2014 and its balance was distributed proportionately to the Association of Guernsey Charities, Alderney, Sark and the Appropriation Account;
2. The Guernsey proceeds of the Channel Islands Lottery Christmas Draw are donated to the Association of Guernsey Charities for subsequent distribution to registered, local charitable bodies;
3. A transfer is made from Guernsey's proceeds of the Channel Islands Lottery (excluding the Christmas Draw) to the Beau Sejour Leisure Centre up to the level of the Centre's operating deficit for that same calendar year;
4. Guernsey proceeds of the Channel Islands Lottery (excluding the Christmas Draw) which exceed the operating deficit of the Beau Sejour Leisure Centre are retained within the Appropriation Account to be used for major projects that will enhance the Culture and Leisure Department's properties or for the funding of events which have a particularly special significance to the Island's heritage and unique cultural history.



The
Ladies' College
Guernsey

Annual Report 2015-2016





Aims

We aim to give each girl the confidence to develop and enjoy her talents to the full, whilst recognising and valuing the qualities of others. Above all, we promise to work hard to provide an environment in which girls can grow up happily, develop wide interests and make lifelong friends.

We work towards our aims and our vision by:

- being a hard-working and vibrant community
- providing a balanced and relevant education, with well-being at the core
- developing confidence both inside and outside of the classroom
- encouraging interests in a wide range of co-curricular activities
- valuing the views and opinions of others
- nurturing the individual to develop their talents
- benefitting from the opportunities of a single sex environment
- aspiring to be the best that we can be
- challenging to develop resilience and a growth mind-set
- appreciating the importance of fun.

The outcome is that we can say, with confidence, that we are the best that we can be.



Overview

The Ladies' College has a long tradition, dating from 1872, to provide education to girls. As such, it is one of the oldest girls' schools where the benefits of single sex provision are provided to ensure that the advantages afforded to boys are also afforded to girls. Indeed, there is significant research to suggest that girls achieve more in a single sex environment.

Since 1962 the College has operated as an autonomous grant-aided school under the supervision of its own Board of Governors and the States of Guernsey's Education Department. Girls are encouraged to support, challenge, initiate and, most importantly, influence change.

This report, 2015-2016, reflects once again the strong traditions of the College, as well as developments and changes during this period.



Pupil Numbers (September 2015)

Numbers for Melrose and the Senior School and Sixth Form remain in line with previous years. The total for 2015-2016 was **525**.

Senior School		Melrose	
Remove (Year 7)	58	Lower Preparatory (Reception)	20
Lower 4 (Year 8)	59	Middle preparatory (Year 1)	16
Upper 4 (Year 9)	58	Upper Preparatory (Year 2)	17
Lower 5 (Year 10)	69	Junior Remove (Year 3)	21
Upper 5 (Year 11)	55	Form I (Year 4)	21
Lower 6 (Year 12)	38	Form II (Year 5)	21
Upper 6 (Year 13)	50	Form III (Year 6)	22
Total	387	Total	138

Public Examination Results

A-level Results 2016

- 45% at A or A*
- 78% at A* - B
- 94% at A* - C
- 100% pass rate

84% successfully took up their first choice university place and 12% their reserve course at the end of the Upper Sixth.

(I)GCSE Results 2016

- 100% 5 A*-C including English and Mathematics
- 36% of grades were A*
- 69% of grades were A*-A
- 90% of grades were A*-B
- 31% of the students obtained entirely A or A* grades
- Ranked in the top 100 in the Telegraph list of Independent Schools (up 30 places)

Please see Appendix I and II for a breakdown of A-level and GCSE results by subject.



Value Added

Good results are a strong tradition of the College and each of our students should be proud of her results and is confident that they represent her very best.

The “value-added” figure at GCSE remains high and we respect the amount of time, effort and energy that goes into securing such outstanding results by the girls. All our cohorts make progress in line with or above expectations. See Appendix III A-level and GCSE.

Our value-added figure is +0.6 based on the students’ YELLIS data taken at the start of Lower Five (Year 10), while that from MidYIS taken on entry to the College in Remove (Year 7) is +0.7. At A/AS-level the value-added standardized residual was +0.07 (+0.10 gender adjusted) from GCSE results or +0.34 (+0.24 gender adjusted) from the ALIS test, which reflects the value-added during the Senior School and continued at Sixth Form.

Leavers’ Destinations

See Appendix V.

Staffing

Appointments September 2015-August 2016 were as follows:

Teaching colleagues

Miss Emilie Borda, Teacher of Modern Foreign Languages
Miss Emma Clements, Head of Art
Miss Alison Coubrough-Barnett, Head of Learning Support
Ms Julie Doyle, Teacher of English
Ms Beverley Knox, Acting Head of English
Mr Thomas Lewis, Key Stage 2 Teacher at Melrose and ICT Subject Leader
Mrs Kathryn Lowe, Learning Support Assistant
Mr Thomas McGovern, Teacher of Geography
Mrs Anthea Roue, Teacher of Music
Mr Chris Roughsedge, Teacher of History
Mr Nicholas Bougourd, IT Technician
Mrs Emma Gavet-Le Tissier, Operations Assistant
Mrs Louise Mitchinson, Duke of Edinburgh’s Award Co-ordinator
Mr Edwin Leonardo Paucar Cajas, Spanish Language Assistant
Miss Amanda Topping, Lunchtime Assistant

Support colleagues

Mrs Deborah Baker, Pre-Preparatory Department Practitioner
Mrs Pauline Batchford, Lunchtime Assistant
Mrs Janet Carnachan, Finance Assistant

Departing colleagues

15 colleagues left during the academic year 2015-2016 (11 teaching and 4 operational colleagues).
2 were retirements with the remaining leaving to pursue other opportunities. Of the colleagues’ retirements we said farewell to Mrs Pat Knight, after 40 years’ service to the College.



Pre-Preparatory Department

The College's Pre-Preparatory Department is continuing to grow and develop. We have a growing waiting list and offer a high quality provision as recognized by the States of Guernsey Early Years' Service during their annual inspection. Our aim to develop the girls into motivated, enthusiastic and confident individuals continues.

Melrose

This year has seen a change in Head Teacher with Mrs Elaine Ozanne taking over from Mrs Sarah Spurrier at Christmas. However, the commitment at Melrose to provide a learning environment that supports confident, self-reliant and resilient individuals who are enthused and inspired by the challenges and opportunities that school has to offer, remains.



Senior School and Sixth Form

The Senior and Sixth Form continue to provide the best opportunities to encourage and support students to grow into rounded, grounded and well-qualified young adults who take responsibility for themselves and towards others.

The Senior School has worked in collaboration with the Independent Schools Inspectorate through the Trinity term in preparation for its scheduled inspection which will take place in September and October 2016. It has worked with all stakeholders to further its aims.



Key Initiatives

Melrose and Pre-Preparatory

- Staff training and development of Outdoor Learning
- 360° appraisal system introduced
- Further development of individual pupil targets
- Regular staff updates on ICT Apps to support curriculum
- Promotion of Mathletics as an online support for the Mathematics curriculum



Senior School

Review of timetable provision: languages, IT and learning support which is now balanced to give great choice and flexibility to students

- Curriculum review completed for Key Stages 3 and 4
- 360° appraisal system introduced
- Extended Project Qualification (EPQ) pilot for Sixth Form initiated
- Review of internal examinations and reporting cycle
- 'The Decider' life skills course developed to support personal development
- Lesson observations developed; peer:peer, Head of Department:Department, SMT: all teaching colleagues
- Changes to AS-levels and A-levels initiated for completion September 2017
- Development of Learning Support beyond Remove (Year 7) and Lower Four (Year 8) through to Sixth Form
- Schemes of work proforma developed to support Heads of Department for greater consistency
- New policies introduced to reflect best practice: e.g. marking policy
- Alternative Curriculum Week introduced
- Health & Safety Audit completed
- Study skills and revision techniques mapped for all year groups to support independent learning
- Governors' self-review and procedures for co-option to increase scrutiny of educational provision.





Fundraising

Melrose and Pre-Preparatory

- The £1 Challenge for students, linked to Phase 3
- Melrose PTA completed raising £34,000 for the new Junior Playground

Senior School - A Gift For Learning Phase 3 Fundraising

- £1.2 million reached in Summer 2016
- Car Raffle raised £29k in ticket sales
- High profile event, the Emerald Ball held in March 2016 raised £35k



Pastoral

Melrose and Pre-Preparatory

- 'The Decider' life skills course introduced to colleagues and parents and rolled out to all students
- E-safety assemblies for Junior pupils



Senior School

- Role of tutor developed
- IT INSET workshops
- Parents' Evenings – standards agreed with colleagues
- 2 day Transition process developed and supported for pupils progressing from Melrose Form III (Year 6) to Remove (Year 7) and from other island schools
- Options' Evening for GSCE established
- Principals' lectures (with Elizabeth College) established for Sixth Form
- The Ladies' College Ambassador Award for service replaced the red girdle issued for deportment
- House Competitions: Annually compete in Drama, Gym, Music, Photography, Creative writing, Swimming, Football, Netball, Hockey, Tennis, Rounders, Athletics and the House Quiz.
- Decider workshop for parents
- Introduced team building activities for Upper Four (Year 9)





Recruitment

Melrose and Pre-Preparatory

- Disclosure and Barring Service (DBS) checks for parent helpers updated

Senior School

- Central Register developed and DBS updated, as per Guernsey regulations. Three year check initiated and almost completed before this requirement removed
- Level 1 Child Protection training completed by all colleagues and detail
- Induction process for teaching colleagues refined.



Buildings

Melrose and Pre-Preparatory

- Preparatory and Junior Libraries redecorated
- Melrose Reception area redecorated and refurnished
- Junior Playground – new trim trail, safety surface and outdoor classroom – funded by Melrose PTA
- New outdoor picnic tables and reading arbours installed
- Pre-Preparatory - Outdoor grassed area extended and fenced off
- Pre-Preparatory – Outdoor mud kitchen created, child made wooden growing boxes, chalkboards outside and a paved path into pond and the 'Enchanted garden' developed



Senior School

- Building Phase 3 started in July 2015 and completed as planned in 61 weeks for the start of the new term September 2016
 - 10 classrooms
 - Library
 - 6 music spaces
 - 2 tutorial rooms/offices
 - Learning Support room
 - Refectory
 - IT/resources room, boardroom, meeting room
 - 3 offices





- Re-configured Art Room (Summer 2015)
- Reception
- Geography redecoration of some senior school classrooms
- Uniform review and decisions made
- Landscaping front and rear of main building completed



Communication

Melrose and Pre-Preparatory

- New prospectus developed and Governors involved in identifying development priorities for 2016-2017, parent and student questionnaires
- Parent and Pupil Questionnaire on homework – with follow up Homework Support booklet produced for parents
- Monthly newsletters, including pictures introduced
- Weekly emailed Parent Information Bulletin introduced
- Decider Skills information booklet for parents
- Parents now invited to one class assembly per year
- Junior pupil end of year questionnaire



Senior School

- Coffee mornings for parents
- Diary includes Decider skills training
- Maths and English curriculum evening for parents of Remove (Year 7) and Lower Four (Year 8)
- Direct link with University of Winchester established for Sixth Form.
- Active engagement in the Your Schools, Your Choice consultation
- One Upper Four form is corresponding with penfriends in Russia.
- Lower Five students outreach visited Notre Dame School to perform music to Years 4, 5 and 6 pupils.
- Half-termly Principal's letter to parents





- Ongoing development of website and Facebook news.
- Sixth Form Twitter feed established.

College events and outreach

Melrose and Pre-Preparatory

- Celebration of the School Year event introduced
- Melrose Pre-Preparatory Nativity
- Melrose Preparatory Nativity – “Hey Ewe”
- Melrose Junior Production – The Jungle Book
- Activities Week, including Outdoor Guernsey
- Red Cross Challenge Day – Form III
- Book Week with visiting authors and links to Guernsey Literacy Festival
- Links made with Tumaini Fund and clothes packages sent
- Links strengthened with The Cheshire Homes through Harvest and Christmas visits
- Nearly £ 5000 raised for a variety of local and international charities over the year



Senior

- Teaching English as a Foreign Language (TEFL) course offered across the island
- Maths and Science: Perplexing Puzzles primary outreach in November
- Environmental Science Days: two public lectures at St James and in the College Hall, with Adam Hart from the BBC presenting at St James.
- Upper Four (Year 9) and Lower Five (Year 10) have had STEM (Science, Technology and Mathematics) days, with other schools invited.
- Exchanges and visited to Fouesnant in France, Papenburg, Germany and Alumnia, Spain are popular with students. Five girls from upper Four also joined a “joint exchange” with Elizabeth College to Bruckmuhl in Southern Germany.
- Toilers of the Sea: ALL of Upper Four (Year 9) took part in the dramatization of this work by Victor Hugo as part of the festival in Guernsey.





- Run a Kilometre Challenge - 22 students took part (9 running over 60km)
- Students have been on trips to London and Stratford-Upon-Avon for workshops with the National Theatre and The Royal Shakespeare Company.
- The History Department took Upper Four (Year 9) to St Martin's Primary School to teach their Year 4 about "English colonies of the New World".
- The Ladies' College, "Ladies' Networking Evening" introduced
- Inaugural London Ladies' College Guild alumnae event
- The Ladies' College Guild alumnae versus The Ladies' College Netball team initiated



Academic trips

Melrose and Pre-Preparatory

- Curriculum trips throughout the year
- Form II – Tudor trip to London
- Form III – French trip

Senior School

- Ski Trip to Aosta Valley, Pila, Italy
- GSA Gymnastics in Birmingham
- UKMT FMSP Senior Team Maths Challenge Amy Bould, Jessica Salisbury, Rebecca Stewart, Hannah Belton (2015 Regional Finalists)
- Upper Four (Year 9) Biology Trip
- Field Trips (Biology, Geography) Lake District
- National Women in Engineering Day Quiz held College of Further Education, Winner: Amy David

Sporting and Co-curricular highlights

Melrose and Pre-Preparatory

- London Academy of Music & Dramatic Art (LAMDA) Choral Speaking Examinations – All girls from Middle Prep to Form III, 100% gaining Distinction grades
- Giselle Fuller won the Junior Designer of The Year in the Design an Ad Competition
- Won Island Schools Netball Tournament
- Entered three teams into the Island Tag Rugby Festival
- Form III were finalists in the De Putron Primary Challenge



Senior School

- Upper Four (Year 9) and Lower Five (Year 10) Cross Country Team retained the Inter-Schools Cross Country Trophy and Francesca Brown and Katie Rowe represented the Channel Islands at The English Schools Athletics Association Cross Country competition. A number of our students also competed for Guernsey at the Hampshire County and the Indoor Southern Counties Championships.
- Sze Ching Chung in Remove (Year 7) has been selected to attend the 2016-2017 South-East Region Athlete Development Programme.
- Orla Rabey and Sophie de la Mare were both crowned Hampshire County Champions
- 12 gymnasts competed in the Girls' Schools Association Pilot Gymnastics competition in Birmingham.
- Enrichment Programme. 10 students took part in the Collas Crill Moot. Olivia Atkinson and Lily Davison winners of final round.
- Jess Coburn was the overall winner for the Institute of Directors Management Shadowing, where 3 of our students also took part in the final
- 10 students were members of Young Enterprise Companies, and Obsidian, which had three of our Ladies, won Best Company presentation, Most Innovative Product, Best Sales, Best Marketing and Communication and also won the Award for Best Execution and Delivery at the Regional Final.
- Our Junior Team won the Guernsey Round of the Du Putron Challenge for the first time and the Guernsey Press Design an Ad competition also saw 17 entries.
- Upper Four (Year 9) students benefitted from the Design and Technology day at Rue Maingy.
- Two students invented TRAVIS, who was placed third in the International Student Robotics competition.
- Dance World Cup. A large number of our students took part in the competition. Then Anna Cliff won her Greek and National solos, second in her ballet and jazz modern solos as well achieving firsts as part of groups. Emily Penney continues to excel in her dancing. Charlotte Ewin achieved five gold medals, two silver and a bronze.
- Emily McClean passed her audition for Her Majesty's Royal Marines Band Service.
- Sovereign Arts Competition. Three girls made the final 12. Charlotte Thompson awarded third place.
- Guernsey Literacy Festival. Abby Luxon was awarded first place in the 'Write Stuff'.
- We competed at the Public Schools' Fencing Championship in the UK.

Duke of Edinburgh

All Upper Four students were inducted into the basic skills for expedition. This year, 8 girls have completed Bronze awards, another 8 Silver and 7 Gold.



Eisteddfod

Melrose and Pre-Preparatory

- Took part in Art, French, Music and Choral Speaking Sections, gaining both individual and group trophies.

Senior School

- Took part in Art, Drama, Speaking, Music, French and German sections, gaining individual and group trophies.

It is, of course, impossible to cover everything our students achieve in the course of an academic year in this one report and I would therefore ask you to visit our website (<http://www.ladiescollege.com/information/ilex-magazine>) where you can access copies of our Ilex magazine. Ilex is the College's annual magazine and is written and edited by our students. It covers all aspects of College life and the girls' achievements, be they academic, sporting or co-curricular, and provides a vivid snapshot of College life from Melrose through to Sixth Form.

In summary, our students never fail to amaze as they have acted, danced, swum, ran, played, made, spoken, rehearsed, prepared, performed, escorted, guided, worked, supported, cared for, debated, listened, sang, fenced, participated, reflected, created, designed, engaged, qualified and competed with enthusiasm and an outstanding attitude.

I look forward to presenting the report for 2016-2017, which will include details about our action plan following our ISI inspection in the Michaelmas 2016.

Ashley Clancy

Ashley Clancy
Principal

principalspa@ladiescollege.ac.gg

Fais ce que dois, advienne que pourra





The
Ladies' College
Guernsey

Appendices



Appendix I

GCE RESULTS 2016

Subject	Total Entered	A*	A	B	C	D	E	N	U
Art	4	1	3	-	-	-	-	-	-
Biology	12	2	3	4	1	2	-	-	-
Chemistry	9	1	5	2	1	-	-	-	-
Drama & Theatre Studies	5	-	4	1	-	-	-	-	-
D & T (Materials)	1	-	-	-	1	-	-	-	-
Economics	5	-	2	1	1	1	-	-	-
English Literature	21	4	8	8	1	-	-	-	-
Film Studies	1	-	-	1	-	-	-	-	-
French	3	-	-	3	-	-	-	-	-
Further Mathematics	3	1	1	-	-	-	1	-	-
Geography	7	1	1	2	3	-	-	-	-
German	1	-	-	1	-	-	-	-	-
History	6	3	-	3	-	-	-	-	-
Mathematics	21	1	9	4	7	-	-	-	-
Music	4	-	-	2	2	-	-	-	-
Photography	4	1	1	2	-	-	-	-	-
Physics	5	-	1	2	1	1	-	-	-
Psychology	23	1	7	8	5	2	-	-	-
Religious Studies	8	1	2	4	1	-	-	-	-
Spanish	4	1	-	3	-	-	-	-	-
Sport & Physical Education	1	-	1	-	-	-	-	-	-
Totals	148	18	48	51	24	6	1	-	-



Appendix II

GCSE RESULTS 2016

GCSE results are graded A-F

Subject	Total Entered	A*	A	B	C	D	E	F
Art & Design	23	8	5	9	1	-	-	-
Design & Technology (Resistant Materials)	7	2	3	2	-	-	-	-
Drama	13	1	3	7	2	-	-	-
Geography	15	6	5	3	1	-	-	-
Music	15	-	9	4	2	-	-	-
Religious Studies	26	11	6	6	3	-	-	-
Totals	99	28	31	31	9	-	-	-

iGCSE RESULTS 2016

GCSE results are graded A-G

Subject	Total Entered	A*	A	B	C	D	E	F	G
Biology	42	25	13	3	1	-	-	-	-
Chemistry	42	21	12	7	2	-	-	-	-
Physics	42	19	12	7	4	-	-	-	-
Science (Double Award)	12	-	4	5	3	-	-	-	-
Science (Double Award)	12	-	1	4	5	2	-	-	-
English Language	55	18	26	10	1	-	-	-	-
English Literature	55	19	22	11	3	-	-	-	-
French	54	13	17	11	11	2	-	-	-
German	15	7	5	3	-	-	-	-	-
History	31	17	7	4	2	1	-	-	-
Latin	6	-	3	3	-	-	-	-	-
Mathematics	55	19	16	12	8	-	-	-	-
Spanish	11	7	2	1	1	-	-	-	-
Totals	432	165	140	81	41	5	-	-	-

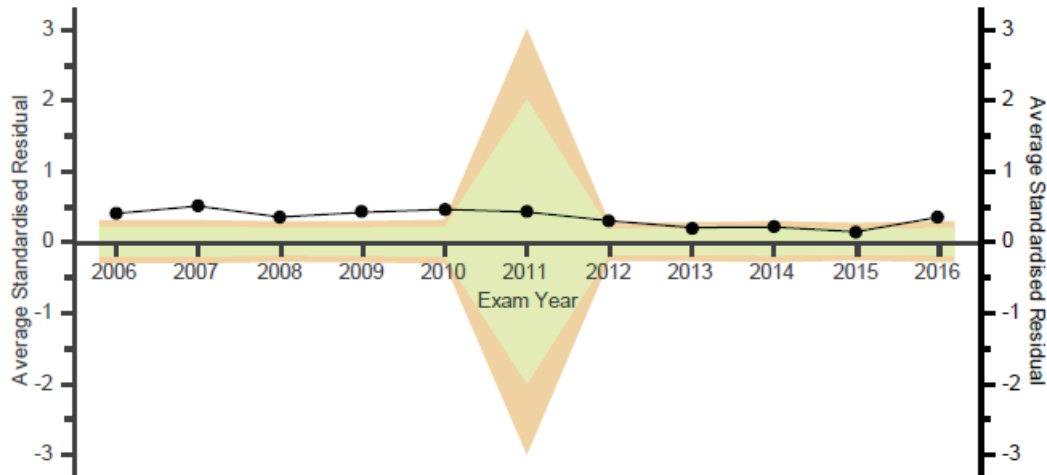


Appendix III

Alis Value-Added Analysis 2016 The Ladies' College (3849) (AS plus A-level against Alis)

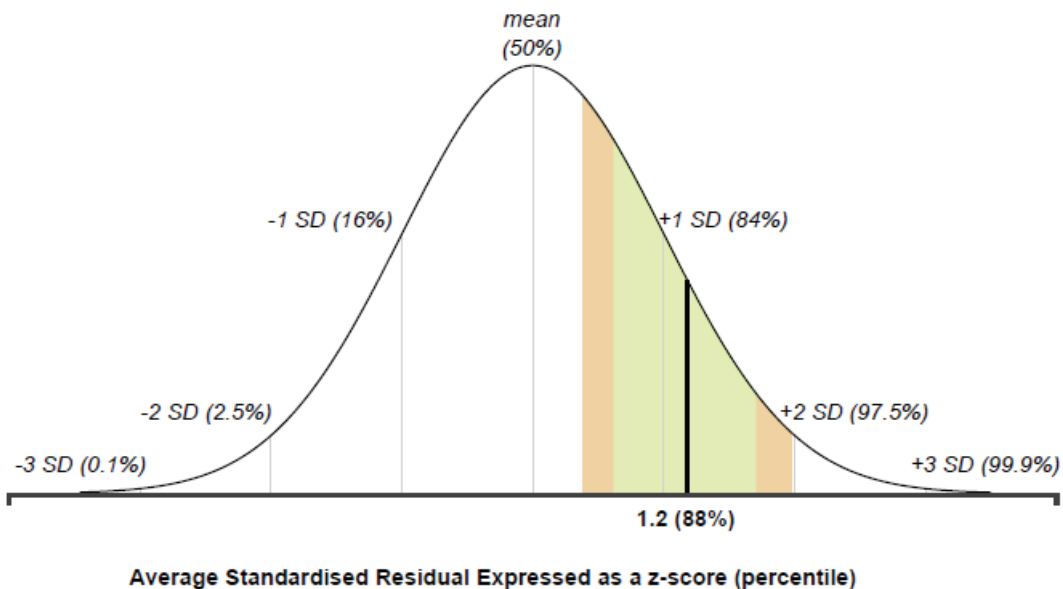
Institution Overview

Chart 1.1 SPC Chart - Results from all Qualifications



Value added data for all students in Upper Sixth showing the Average Standardised Residual from their AS and A-level qualifications using the Alis adaptive assessment as a baseline predictor (this ignores any value already added at (I)GCSE).

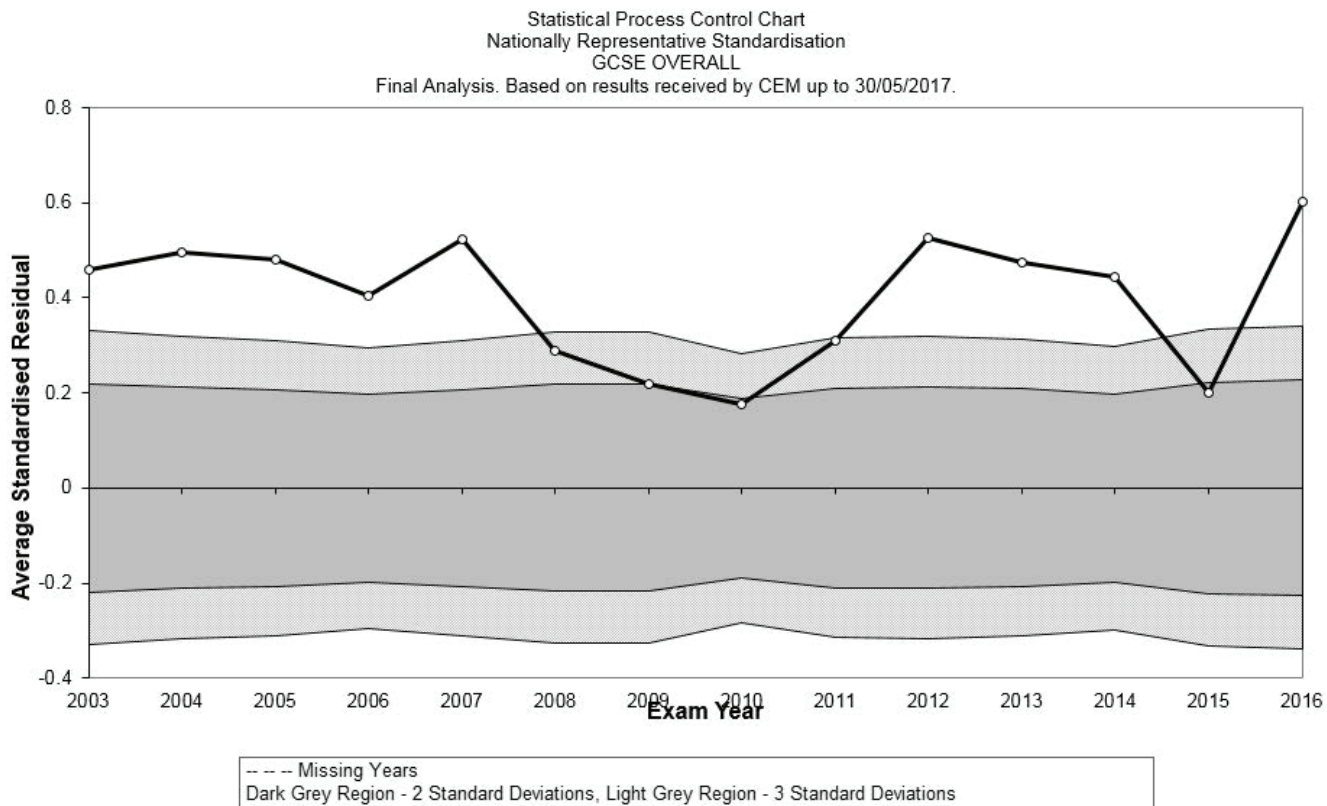
Chart 1.2. Value-Added Distribution Graph.



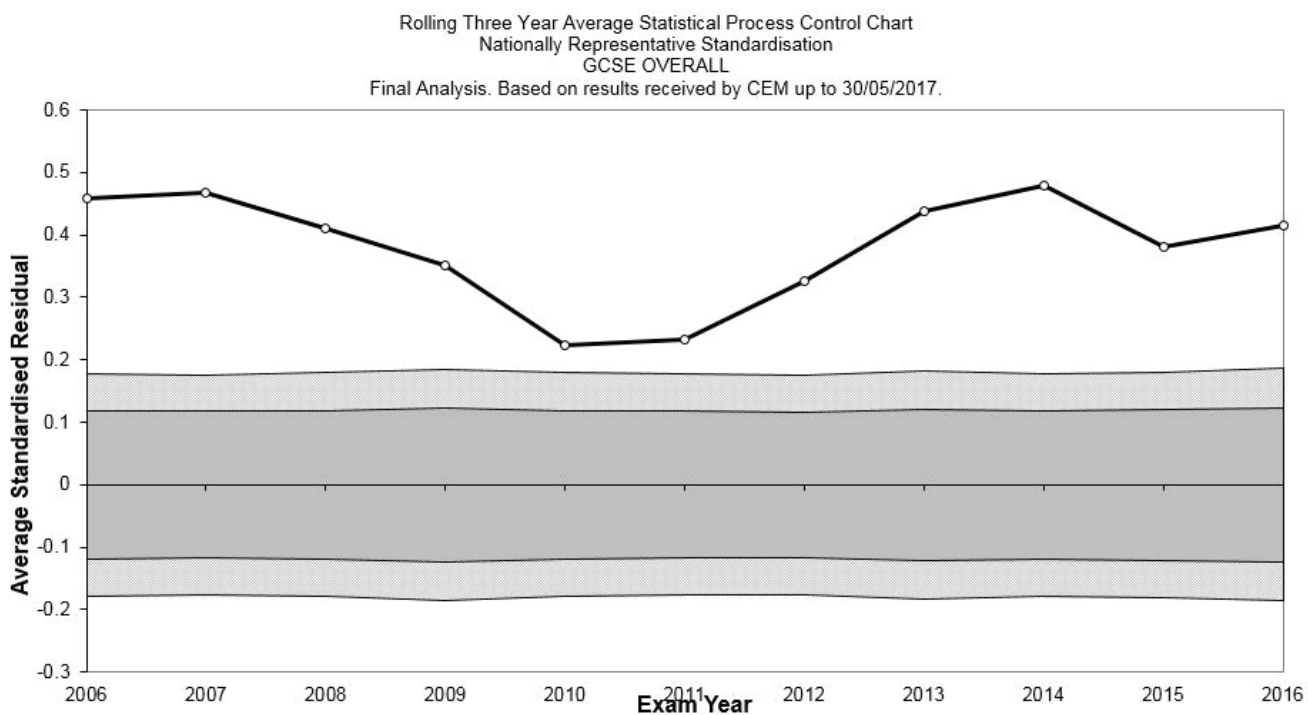
The background area is a *normal distribution graph* representing the distribution of the average value-added (standardised residual) scores for all schools / colleges in Alis . The black bar is the value-added score (average standardised residual) for The Ladies' College. The width of the shaded areas represent confidence intervals for that value, the green area being 95% and the tan 99.7%. It represents data from a total of 309 results from your institution.



- GCSE Value added for last year



- Rolling average GCSE valued added over 3 years



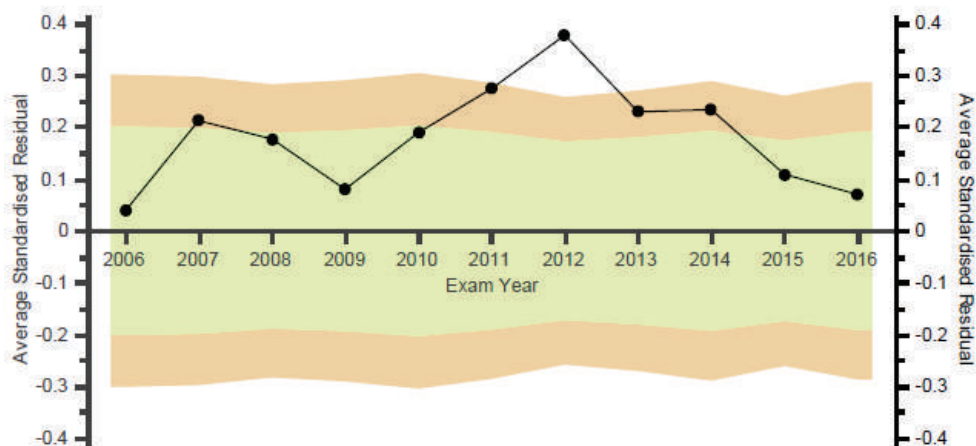


Alis Value-Added Analysis 2016

The Ladies' College (3849) (AS plus A-level against GCSE performance)

Institution Overview

Chart 1.1 SPC Chart - Results from all Qualifications



Value added data for all students in Upper Sixth showing the Average Standardised Residual from their AS and A-level qualifications using their (I)GCSE results as a baseline predictor.



Appendix IV

Destination of Leavers Academic Year 2015/2016

Madeleine Adams

BA Architecture
University of Manchester

Siena Aslett

Art Foundation Course
University of Kingston

Annabelle Barnes

BA Hons Music
Bath Spa University

Jessica Bell

BA Liberal Arts
Exeter University

Iman Benjamin

BA Product Design
University of Dundee

Amy Bould

BSc Physics
University of Manchester

Alice Brown

BSc Hons Biomedical Science
University of Surrey

Natasha Brun

Art & Design Course
Guernsey College of Further Education

Jessica Coburn

BA English and Drama
Royal Holloway
University of London

Gabriella Corlett

BSc Hons Biomedical Science
Royal Holloway
University of London

Erin Cottell

BA French & Linguistics
University of York



Zosia Damsell

BVSc Veterinary Science
University of Liverpool

Meghan De La Rue

MBBS Medicine
King's College, London

Marie de Rooy

BA Hons English & History
Royal Holloway University of London

Heather Despres

BSc Hons Physiotherapy
University of Cumbria

Elise Dorey

BSc Hons Astronomy, Space Science and Astrophysics
University of Kent

Rachel Garlick

BSc Psychology
University of Sussex

Shannon Gavey

BSc Hons Psychology (with placement year)
University of Surrey

Annabelle Goubert

Local Employment – Trainee Fund Administrator
Morgan Sharpe

Abigail Green

BA Criminal Justice and Criminology
University of Leeds

Maria Guezo

BA Music
University of York

Ana Gutierrez-Crispini

BSc Genetics
University of Glasgow

Eleanor Guy

BSc Hons Nursing with Registration
Hertfordshire University

Orla Hanna

Applying for entry September 2017 to read Medicine



Samara Harrison

BA Liberal Arts
Exeter University

Anik Hubert (left May 2016)

GAP Year
Local Employment Assistant Bar & Restaurant Manager at Octopus Restaurant
Applying to Guernsey Police 2017-2018

Sophie James

BSc Psychology
Exeter University

Josephine Jeffreys

BA Hons English Literature with Psychology
University of Surrey

Saskia Jephcott

BA English and Philosophy
University of York

Ruby Khan

GAP Year
Applying for entry in 2017 to read Primary Education

Sarah Kirby

BSc Zoology
Exeter University

Amie Le Feuvre

BA Geography and International Development
University of Sussex

Isabelle Le Marchant

BSc Sociology & Criminology
Exeter University

Rebecca Lesley

BSc Hons Psychology
Bangor University

Kathryn Lewis

Local Employment
Investec Bank (Channel Islands) Limited

Katie Marquand

MEng Computer Science
Bristol University
Bursary from C5 Alliance

Emily McClean

Band Service, Royal Marines



Freya McLaren

BSc Hons Politics & International Relations
Bath University

Beatrice Morgan

BA English
University of Sussex

Estelle Moseley

BA Hons Photography
Arts University, Bournemouth

Emilie Payne

BSc Hons Psychology & Sociology
University of Winchester

Katie Rowe

MEng Chemical Engineering
University of Manchester

Evangeline Smith

BA Hons Fine Art
Falmouth University

Laura Smith

BA Law
University of Oxford
Bursary from Mourant Ozanne

Rebecca Stewart

BSc Hons Criminology & Psychology Royal Holloway
University of London

Charlotte Thompson

BA English Literature
Durham University

Lauren Travers

BA Hons Art & Design
Birmingham City University School of Art

Megan Veillard

MA English & Psychology
University of Dundee

Olivia Williams

BSc International Business
University of Brighton

Olivia Younger

BA Music
University of Bristol

**Bailiwick Drug and Alcohol Strategy
Report 2015 & 2016**

Contents

Foreword.....	3
Introduction.....	5
Drug & Alcohol Strategy Framework.....	6
About the Bailiwick Drug and Alcohol Strategy.....	7
Supply and Demand Reduction.....	10
Children Young People and Families.....	13
Partnership Working.....	17
Providing Treatment.....	21
Encouraging Responsible Choice.....	26
Training, Data Collection, Monitoring and Evaluation.....	29
Priorities for 2017.....	30
Conclusion.....	31

Foreword

Welcome to the Bailiwick Drug and Alcohol Strategy (the Strategy) Report for 2015 and 2016. The Strategy seeks to progress the States' vision of *"a safe and healthy Bailiwick where the harm caused by drugs and alcohol is minimised"*.

This report is the first of its kind and will focus on the highlights of the first two years of the Strategy; the challenges as it move forwards, the effectiveness of its services and the value that these provide to the Bailiwick community. The Strategy aims to build on the good work that has already been achieved by the previous Strategy and continue to develop a strong multi-agency approach, with non-States and States organisations working to provide the best possible services tailored to individual and families' needs. There are currently over 25 agencies directly or indirectly involved with the Strategy.

The Strategy was approved by the States of Guernsey in January 2015, and, in addition to the practical experiences from the previous Strategy, it builds upon professional research conducted over recent years including:-

- The Centre for Public Health at Liverpool John Moores University in respect of measures needed to monitor and improve outcomes for the population of Guernsey in relation to substance use and related health services.
- Families Inc. who specialise in adolescent substance misuse and made recommendations in respect of the young people's treatment service.

These reports provided the foundation for the current Strategy and identified the importance of clear performance measures and a strong commissioning process for services. As the Strategy had not undertaken a tendering process previously, it was agreed by the then Home Department and the Bailiwick Drug and Alcohol Strategy Group (BDASG) that as part of the new Strategy, nine new Service Level Agreements (SLA's) and new service specifications would be developed and implemented. These were completed with the assistance of Public Health specialists and key stakeholders from the current service providers and non-statutory organisations.

Much of 2015 was taken up with revising these SLA's and drafting new specifications associated with identified objectives in preparation for 2016 when the entire Strategy was put out to tender in accordance with the States' procurement process.

The tendering process commenced in November 2015 via the States of Guernsey e-tender portal with a closing date for tenders set for May 2016. Interviews were held in June, with the successful providers notified in July 2016. For ease of transition new SLA's will commence on January 1st 2017¹, with the exception of Drug and Alcohol Education which commenced in September 2016, to coincide with the new academic year.

¹ At the time of publication, the new SLAs have commenced as stated

These SLA's will underpin service delivery with the aim of establishing fully integrated and comprehensive, recovery-orientated systems in the Bailiwick of Guernsey, ensuring value for money and continuous improvement in recovery outcomes and harm reduction.

In addition, the Strategy Co-ordinator and associated agencies continued to deliver top quality, effective initiatives. Notable highlights in 2015 and 2016 have included:-

- The Misuse of Drugs Advisory Group (MDAG) and the Addictive Prescription Only Drugs Working Group progressed work to address the use of opioid substitutes. The Groups' focus was on the abuse of Fentanyl and where prescribed drugs were being diverted through the illicit market. New policies and procedures have been put in place to combat this and a strengthened "exchange of intelligence" protocol agreed between Law Enforcement and the Chief Pharmacist. Law Enforcement have continued to work closely with French and UK counterparts, doctors and pharmacies to prevent prescribed and illicit drugs from being illegally imported into the Bailiwick
- Drug & Alcohol Education in schools remained a key feature of the Strategy, with the aim of providing students in each school year with a separate drug and alcohol lesson. In the 2014/15 academic year, with the support of the Personal Social Health & Citizenship Advisor, 2,736 students received advice on alcohol use and 2,978 about the risks, effect and consequences of drug misuse. In 2015/16 these figures were 2,510 and 2,535 respectively.
- A "Kick-start a Recovery Culture in the Community Conference" was held in June 2016. This attracted 100 participants including health professionals, GP's, third sector organisations (57), deputies (12), and most importantly service users (31). Keynote speeches from UK experts as well as local professionals and service users were followed by workshops which considered "breaking the addiction cycle". Outcomes of the conference included:-
 - An intensive 5 day Recovery Coach training which took place in November 2016;
 - Establishing and the continued development of a peer based recovery infrastructure across the Island;
 - Establishing a Facebook page with regular daily updates and support for all those liking the page, with 792 members at the end of 2016;
 - Making a bid for the UK Recovery Walk 2018; and
 - Introducing ACT (Assertive Community Treatment) peer recovery.
- 175 workers attended a two day conference in November 2016 the "Hidden Harm". This considered the needs of children and young people living in families or relationships where there was domestic abuse, substance misuse or mental health issues. Feedback from participants indicated it was one of the best conferences they had attended.

Andrea Nightingale - Drug & Alcohol Strategy Coordinator

Introduction

In January 2015, after consideration of a Policy Letter from the Home Department (known from 1st May 2016 as Committee *for* Home Affairs) (Article, VI, Billet I of 2015), the States of Guernsey resolved to approve the Bailiwick Drug and Alcohol Strategy 2015-2020 and affirm the States' commitment to minimising the harm caused by drug and alcohol misuse to Bailiwick residents of all ages. In so doing, the States sought to build upon the success of the previous Strategy which ran from 2007 to 2014 enabling the States and its partners to:

- Take a structured and prioritised approach to providing adequate education in respect of the risks of drug and alcohol misuse across the community;
- Respond robustly to emerging trends; and
- Provide support and assistance to those islanders and their families who are impacted by addiction.

The 2015-2020 Strategy identified the following areas of focus:

- Reducing supply and demand;
- Supporting children, young people and families;
- Working in partnership;
- Providing treatment;
- Encouraging responsible choice; and
- Monitoring work streams through training, data collection, monitoring and evaluation.

Within the 2015 Policy Letter, the then Home Department included a commitment that progress within the Strategy would be reported by means of an Annual Report. This is a combined, two year report which was necessary due to the impact of a tender process in relation to service providers which was not concluded until mid-2016. This Report covers the period January 2015 - December 2016.

The 2015 Policy Letter stated that future annual reports would contain information in relation to the Strategy's key performance indicators and outcomes measured against the SLA's. In preparing this report it has become apparent that, in some cases, it is not possible to report meaningfully at this juncture. This is because data is either not available, for example where surveys are completed every 3 or 5 years, or is insufficient to establish a trend. This document acknowledges where this is the case and these will be reported on in future reports as more data becomes available.

Drug & Alcohol Strategy Framework 2015 - 2020

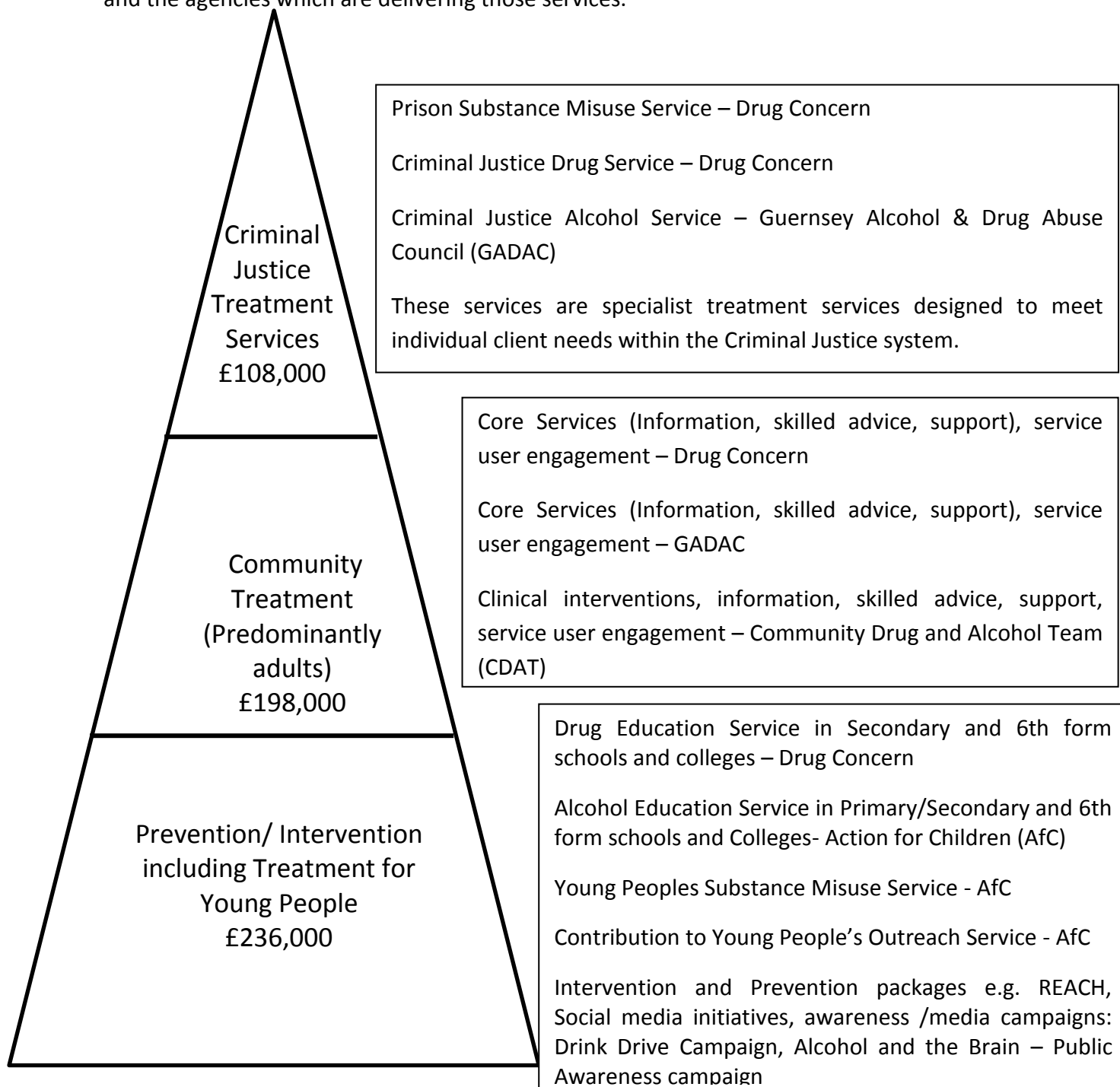
COMMUNITY OUTCOMES	We have a social environment and culture where there is active and engaged citizenship	We have equality of opportunity, social inclusion and social justice	As individuals we take personal responsibility and adopt healthy lifestyles
STRATEGY PURPOSE	To focus government, public services and community partners to tackle drug & alcohol use in ways appropriate to the Bailiwick setting		
VISION	Our vision is of a safe and healthy Bailiwick where the harm caused by drugs and alcohol is minimised		
OUTCOMES	A reduction in the availability of drugs and alcohol and reduction in risk factors for use	A reduction in numbers of adults and children using drugs and/or alcohol at levels that are damaging to themselves or others	A reduction in the incidence of drug and alcohol related disorder, anti-social behaviour, violence and crime
	An increase in the number of people moving through treatment into sustained recovery	A reduction in drug and alcohol-related economic loss in the Bailiwick, especially the workplace, through promoting responsible choice	
PRIORITY AREAS OF FOCUS	SUPPLY & DEMAND REDUCTION	CHILDREN, YOUNG PEOPLE & FAMILIES	PARTNERSHIP WORKING
	TREATMENT	RESPONSIBLE CHOICE	TRAINING, DATA COLLECTION, MONITORING AND EVALUATION
STRATEGIC COMMITMENTS	<p>RISK MANAGEMENT <i>Monitor and manage clinical risks throughout the service user journey. Monitor and manage social and economic risk factors in implementation of strategic initiatives.</i></p>		
	<p>COMMUNICATION <i>Proactively engage with service users and the public so that the Strategy is reflective of and responsive to the concerns of the community. Maintain open and responsive communication between strategic and provider partners.</i></p>		
	<p>EQUALITY <i>To ensure equity of access to services and respond to the needs of a diverse community</i></p>		
KEY ENABLERS	<p>GOVERNANCE <i>Have collective investment of expertise so as to ensure that the right organisations are involved at the right time</i></p>		
	<p>EVIDENCE <i>Apply international and local evidence to support decision-making and develop cost-effective local solutions.</i></p>		

About the Bailiwick Drug & Alcohol Strategy

Drug and alcohol use has serious consequences for individuals, their friends and family and the wider community. Fundamentally the Strategy ensures a considered, proactive and “local” approach to substance use. It focuses on ensuring that appropriate preventative interventions are in place in order to avoid the commencement and escalation of substance use.

The Strategy has a total budget of £641,000.

This diagram shows the distribution of the funding with regard to particular areas of work and the agencies which are delivering those services.



Distribution of Strategy Budget

Agency		Pillar	Budget
Drug Concern	Drug Education Work	Young People & Families /Demand reduction	£18,000
	Core Services	Treatment	£62,000
	Criminal Justice Drug Service (CJDS including drug testing)	CJ, Treatment	£52,000
	Prison Substance Misuse Service	CJ, Treatment	£36,000
TOTAL			£168,000

GADAC	Core Services	Treatment	£63,000
	Criminal Justice Alcohol Service (CJAS)	CJ, Treatment	£20,000
TOTAL			£83,000

Action for Children	Alcohol Education /Outreach Work	Young people & families	£30,000
	Drug/Alcohol Project Work	Young people & families/Demand reduction /Safe drinking	£38,000
	Substance Misuse Service for Young People	Young people & families	£127,000
TOTAL			£195,000

Education PSHE Coordinator	Part funding of post		£8,000
CDAT	Contribution to the Delivery of Drug and Alcohol Services		£73,000
Demand Reduction	Community Awareness Campaigns /Anti Drink, Drive Campaign, Conferences		£15,000
Coordination and Monitoring	Coordination of the Strategy, provision of training and development, facilitation of local conferences, travel and accommodation and Street Bus maintenance.		£99,000

Added Value Provided by Charitable Organisations

It is essential to acknowledge the contribution from charitable organisations to the success of the Strategy. These organisations deliver the majority of the drug and alcohol services via

SLA's. The "Compact on partnership working between the States of Guernsey and the Island's voluntary and charitable sector" acknowledges the States' commitment to working constructively with voluntary and charitable sector organisations and recognises that the best outcomes for Islanders may not result from services provided exclusively by the States. In the case of substance misuse, service users may feel more comfortable accessing community delivered services, as opposed to the possible stigma associated with statutory services. The Strategy has a strong background of working in partnership with the third sector.

It is acknowledged that this approach offers much value to the BDAS. In addition to the clear benefits that the third sector provides in terms of understanding and responding to the needs of services users, this model of service delivery can be more efficient and effective.

It is estimated that in 2016 the three main contracted agencies all contributed in different ways:

Drug Concern - £118,000.

GADAC - £37,024

AfC - £63,468

The estimated "added value" provided by these organisations takes into account the benefit from charitable donations that ordinarily support these third sector organisations, voluntary staff hours and savings in associated costs such as pensions.

Supply & Demand Reduction

The Strategy seeks to support a reduction in the supply of, and demand for drugs through a combination of robust responses to substance related offending and proactive informative awareness campaigns.

Key initiatives within 2015 and 2016 have included:

- **Continued work through the Addictive Prescription Only Drugs Group**, where particular consideration was paid to the use of opioid substitutes and the diversion of prescribed drugs.
- **The continued development of a “returns policy” for Fentanyl** being implemented throughout the Island during 2016.
- **The continued proactive stance of Law Enforcement** in targeting drug syndicates, resulting in successful prosecutions, along with the conviction of principal dealers and the confiscation of financial assets. Law Enforcement has reported that there were 31 Royal Court convictions in 2015 and 30 in 2016
- In 2015 there were 85 individuals who were convicted of 119 drug related offences; the figures for 2016 were 84 and 117 respectively.
- **The continued close work between agencies** in accordance with information sharing protocols to gain and share intelligence. This includes an exchange of intelligence protocol which has been developed between Law Enforcement and the Chief Pharmacist.
- **The responsive use of the Police social media** to quickly notify the Community of particular substances of concern.
- **A proactive and positive relationship with the local media**, coordinated through the Misuse of Drugs Advisory Group with the support of the Committee *for* Home Affairs and the Committee *for* Health & Social Care (known until 30th April 2016 as Health & Social Services Department). This allowed the communication of information in respect of the risks and effects associated with particular substances, especially in relation to New Psychoactive Substances (NPS).

Key Performance Indicators

KPI 1.1 - No significant² decrease annually in Bailiwick drug street prices

Prices have typically remained static throughout 2015 and 2016 with the exception of cannabis which increased in price during the final quarter of 2015 and remained at this level throughout 2016.

KPI 1.2 - % reduction in the prescribing of drugs of concern (hypnotics, benzodiazepines, all opioids including fentanyl and oxycodone)

Figures provided by the Committee for Employment and Social Security (known until 30th April 2016 as Social Security Department) have indicated a significant reduction in the prescribing of drugs of concern (with the exception of oxycodone) during the final quarters of 2011 to 2015. 2016 shows a positive downward trend from 2015 for hypnotics and anxiolytics and all opioids.

(The 2015 % difference is based on the period 2011- 2015. The 2016 % is based on the 2015 – 2016 difference)

Drug Class	Prescription dispensed Oct -Dec 2011	Prescription dispensed Q/4 2015	Prescriptions dispensed Q/4 2016
Hypnotics and anxiolytics	7050	5864 (-17%)	5365 (-8.5%)
All opioids	4124	4254 (+3%)	3878 (-8.8%)
All Fentanyl	677	502 (-26%)	519 (+3.3%)
Fentanyl “100 microgram” patches ³	67	24 (-65%)	41 (+70%)
Oxycodone	203	256 (+24%)	250 (-2.3%)

KPI 1.3-% - Reduction in alcohol consumption per capita

A revised method of excise collection was adopted in 2016 based on Alcohol By Volume for spirits, in line with other jurisdictions. This gives a more accurate figure and the formula will continue for the duration of the Strategy.

In 2015, based on import excise duty charges, a figure of 10.8 litres alcohol per capita for the Bailiwick was calculated.

The figure for 2016 was calculated at 10.6 litres of alcohol per capita.

² significant; market price change per commodity of greater than 20% Prices have typically remained static throughout 2015 and 2016 with the exception of cannabis which increased in price during the final quarter of 2015 and remained at this level throughout 2016.

³ These patches are used in exceptional circumstances to treat terminally ill patients

As a consequence of this methodology change it is not appropriate to compare the figures for 2015 and 2016.

KPI 1.4 - Number of licensing offences resulting in convictions

No liquor licencing offences have resulted in convictions in either 2015 or 2016.

KPI 1.5 - A successful evidence-based programme emerging from definitions of risk factors identified through input from service users

Custodial Programmes

Two substance misuse programmes were delivered in the Prison in 2015 and one programme in 2016 (as a result of decreasing numbers in the prison population).

Community Programmes

Uptake of after-care support in the Community following release from Prison increased to 17 persons in 2015 compared to 10 people in 2014. This figure reduced to 6 in 2016 attributed to the declining Prison population.

CDAT delivered three, eight week, "Connect 4 Recovery" programmes over the two years. 19 individuals commenced the three programmes with 16 completing the programme. Feedback received was positive with comments such as the course had a "relaxed/informal and non-judgemental atmosphere", "Give it a chance and you will give your recovery a better chance!"

"REACH" is a new peer support programme which was established as a result of service user feedback. This highlighted a need for support for those who are not using substances but whose lives are significantly impacted by someone else's use. This programme is held over five weekdays for two hours each evening. Three programmes were delivered in 2015/16 to a total of 14 participants. Pre- and post-programme questionnaires were completed. Of the 14 participants 64% (9) reported to be feeling less isolated, 71% (10) felt more able to improve their quality of life and 71% (10) reported to feel more supported.

Children, Young People and Families

The Strategy aims to reduce the number of adults and children using drugs and/or alcohol at levels which are damaging to themselves or others.

Key initiatives have included:

- **The part funding of the Education Department’s PSHCE (Personal, Social Health and Citizenship Education) Advisor** who reports annually to the Strategy Coordinator and submits an annual report to the Committee for Education, Sport & Culture (known until 30th April 2016 as the Education Department). In 2015 and 2016 the PSHCE Advisor supported the delivery of the following initiatives:
 - The delivery of lessons by drug and alcohol education workers in both junior schools and secondary schools and colleges. In the 2014/15 academic year 2,736 students received advice on alcohol use and 2,978 about the risks, effect and consequences of drug misuse. In 2015/16 these figures were 2,510 and 2,535 respectively.
 - In both 2015 and 2016, the “Last Orders” drama performance delivered by the Solomon Theatre Company during the last week of term before Christmas reached 600 students in Year 9. This has been a regular feature for the past five years as part of the prevention/intervention programme for young people and is established as part of the PSHCE curriculum.
 - Performing Arts drama students have been supported in developing and performing a play on the subject of “alcohol”. The 2015 group performed on six occasions to an audience of Year 7 students in the secondary schools.
 - The evaluation of these programmes concluded that peer education delivered in this way was beneficial, with students indicating increased engagement on the subject when delivered by their peers.
- **The Young People’s Outreach Service is a multi-agency group with representatives from the Sports Commission, Youth Commission, AfC, the Hub, Youth Justice and Police.** The Outreach Service approach is to engage with young people on their territory and on their terms and acknowledges that some are more reluctant to access structured services.
 - Under the auspices of the Outreach Service the Youth Commission and Sports Commission seek to engage with young people by facilitating structured activity such as street hockey, football or dodgeball. The Street Bus is used to attend regular meeting points and as well as being involved in purposeful, structured activity participants have the opportunity to build positive relationships and engage confidentially with Youth Workers on any matter that concerns them. The Service reported over 200 different young people attended the service in 2015 and 180 in 2016.
 - The Street Bus was used 111 times by the Youth Commission during 2015 and 63 times in 2016. The reduction in 2016 was due to lack of staff resources over a six month period.
 - Youth Zones were set up on Liberation Day and at the North and West Shows offering a variety of activities during peak times of the day and evening. Using a multi-agency approach the Outreach Team engaged with young people for a variety

of reasons mostly concerning the use of alcohol and potential risky and anti-social behaviour, providing practical support and guidance.

- In 2015 the Youth Zone made contact with 238 young people on Liberation Day and 231 young people at the North and West Shows. In 2016 it made contact with; 322 young people on Liberation Day; 251 at the North Show and 260 at the South Show.
- **Young People’s Substance Misuse Service** is delivered by AfC. The Service is for young people under 25 years old, with a primary focus on those between 11-18 years old and more vulnerable groups. The specialist co-ordinator works with high risk young people, facilitating interventions and connecting with the family and local networks.

The table below shows the work undertaken in 2015 and 2016

	2015	2016
Young People experiencing issues with alcohol and/or drugs	137	124
Male	84	75
Female	53	49
Number identified as having complex needs	13	13

- **Show Buses** In 2016, as part of a new multi-agency initiative, the West and North Shows were serviced with late night buses. There had been cause for concern over the last couple of years in respect of a significant number of young people not knowing how they were going to get home at the end of the evening, leaving them potentially vulnerable and increasing the risk of anti-social behaviour. Using social media as well as local radio and the Guernsey Press there was a positive response with 550 people of all ages travelling home using the buses from the West Show and 225 from the North Show. Guernsey Police described it as a “huge success”, not just for young people but with many people of all ages leaving their vehicles in the show car parks and utilising the bus service provided.

Key Performance Indicators

The Young People’s Survey is completed in all secondary school by year 8 and 10 students every three years and is used as a resource for some of the KPI’s that follow. The Survey was last completed in 2016.

KPI 2.1 - A reduction in the age standardised rate of premature mortality from liver disease per 100,000 population from a baseline of 9.0 in 2010-2012

There has been a methodology change between reporting years, which means that the age standardised rate (ASR) values quoted in the KPI (9.0) are not comparable for 2013 – 15.

The amended KPI which will replace KPI 2.1 is as follows: “A reduction in the age standardised rate of premature mortality from liver disease per 100,000 population from a baseline of 11.4 in 2013-2015.”

If the old methodology had been used the ASR would have reduced from 9.0 to 8.5 per 100,000 in 2013-15.

KPI 2.2 - A reduction over a ten year period in the percentage of 14-15 year olds who regularly drink alcohol from a baseline in 2007.

The survey is carried out every 3 years. The question used was “Have you had an alcoholic drink in the last 7 days?”

	2007	2010	2013	2016
Yr 10 14/15 years old Students who responded (valid responses)	482	420	457	473
Percentage of positive answer	52% (251)	47% (197)	23.5% (107)	29.5% (140)

KPI 2.3 - A reduction over a ten year period in the percentage of 14-15 year olds who use cannabis from a baseline in 2007.

The survey is carried out every 3 years. The question used – “Have you used cannabis in the last month?”

	2007	2010	2013	2016
Yr. 10's 14/15yrs who responded	482	447	457	473
Percentage of positive answer	6.5% (31)	3% (13)	2% (9)	6% (28)

In preparing to respond to KPI 2.2 and 2.3 it became evident that “regular” use was subjective.

The Schools Health Education Unit (SHEU) advised that it is satisfied that the questions used in the Youth Survey “Have you had an alcoholic drink in the last 7 days?” and “Have you used cannabis in the last month?” accurately reflect consumption trends in young people although it is recognised it does not necessarily reflect who drinks or uses cannabis regularly.

The example is given that some students may drink only once a year on their birthday -- so they say they drank in the last seven days but won't again for a long while -- but next week it will be someone else's birthday - so the % may be very similar in each week - and is therefore accurate. Whilst it may be interesting to ask both questions (last week/how often) the latter is less accurate as individuals' opinion of “regular” will differ.

KPI 2.4 - A reduction over a ten year period in the percentage of children on the Child Protection Register with drug or alcohol using parents from a baseline in 2007

Numbers of children on the Child Protection Register with drug or alcohol using parents

Parental factors	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Total No. on register	56	58	63	87	79	95	111	136	112	66
Problem drink/drugs	44	48	44	53	50	58	72	82	67	41
% with problem drink/drugs	79%	83%	70%	61%	63%	61%	64%	60%	60%	62%

This KPI has shown a decrease since the baseline in 2007 from 79% in 2007(44) to 62% in 2016 (41).

Actual numbers however, have increased at times during the ten year period due to an increase in the number of children on the Register.

In 2016 as a single factor 'Problem drink/drugs' was only indicated for six children. The remaining 35 incidents related to drink/drugs combined with other parental risk factors, especially mental health issues and domestic abuse with 25 parents having all three.

The fact that drug and alcohol use remains high as a parental risk factor for children on the Register may be an indication that training in these risks has been effective and the right children are being identified by professionals. This is, however, difficult to assess with any certainty.

KPI 2.5 -A reduction over a ten year period in the percentage of adults self-reporting drinking at increasing and high risk levels from a baseline in 2008

The Guernsey Healthy Lifestyle Survey provides the data in relation to this KPI and is completed every 5 years. Therefore, there is no relevant data available specific to 2015/16. Comparisons will be made in 2018.

In 2008 a total of 735 questionnaires were completed out of a random distribution of 1500 (49%). In 2013 a total of 1,197 questionnaires were completed from a random distribution of 2,500 (49%).

The results of the Survey indicate a very slight decrease in the proportion of people drinking at least twice with 56.4% and 56.0% in 2008 and 2013 respectively.

The proportion of females reported as drinking at least twice a week increased from 48.7% in 2008 to 51.2% in 2013. There was a reduction in the reported number for males with 68.0% in 2008 compared to 64.1% in 2013.

In 2013 the AUDIT (Alcohol Use Disorders Identification Test) tool was introduced to the Guernsey Healthy Lifestyle Survey. AUDIT was developed by the World Health Organization as a screening tool to support the identification of harmful and hazardous alcohol

consumption patterns in health settings. It consists of ten questions measuring frequency and quantity of alcohol consumption and problems related with alcohol use. Answers for each question are scored and then totalled to provide an overall score that indicates an individual's risk of harm from alcohol use.

62.6% of all adults were categorized as lower risk drinkers

24.5% as increasing risk,

2.1% as higher risk

1.0% as possible dependence

This will be continued as the benchmark for further survey data in 2018 and beyond.

Partnership Working

Within this Pillar, the Strategy is working towards a reduction in the incidences of drug and alcohol related disorder, anti-social behaviour, violence and crime in the Community.

Key Initiatives have included:-

- **Data sharing protocols** and information sharing polices with local treatment agencies and Liverpool John Moores University were established as part of the Joint Strategic Needs Assessment in 2014. These ensure service users receive the best possible support that meets their individual needs.
- **Liaison between the Misuse of Drugs Advisory Group (MDAG) and their UK counterparts, the Advisory Council for Misuse of Drugs.** This ensures that New Psychoactive Substances (NPS) drug alerts are circulated, where appropriate, to alert the community. The MDAG is respected nationally as being experts in NPS. MDAG has successfully used local Statutory Import and Export Controls since their introduction in 2009/10 to manage the importation of these potentially dangerous drugs.
- **Liaison with the UK via the British Irish Council.** In 2015 two Senior Officials' Meetings of the Misuse of Substances Work Sector were held, the first in Ireland and the second in Guernsey. Deputies were invited to the Guernsey meeting to hear a presentation on the International Comparator's Study and the local battle against so-called "legal highs".
Two meetings were held in 2016. In London presentations were delivered on the UK Drug Strategy 2016 and their Modern Crime Prevention Strategy: Alcohol as a Key Driver of Crime. Discussions were held in regard to the 2016 Psychoactive Substances Act and a presentation was delivered on "A Review for 10 years of the Licensing Act". In Jersey a meeting covered topics around their preventive initiatives 'Prison-Me-No- Way' and 'The Alcohol Pathway'.
- **BDAS Action Group.** Fifteen agencies attend quarterly meetings in order to share information, identify current trends in regard to alcohol and drugs and review best practice. This allows managers and operational staff to distribute information though their respective agencies, update strategy development and have input into the yearly training programme.
- **Links between drug and alcohol use and domestic abuse** are common. While substance use does not necessarily cause domestic abuse, it can act as a disinhibitor meaning that the abuse could become more severe. Many victims of abuse also self-medicate in order to cope with the domestic abuse they are experiencing.
Of the 601 incidents of domestic abuse reported to the Police in 2015, 267 (44%) found that the perpetrator had been using drugs and/or alcohol. Based on Police Reports the number of reported incidents involving the perpetrator's use of alcohol or drugs has fallen year on year between 2011, where it was recorded at 357 incidents (51%), to 2015, when it was 216 incidents (36%).

There were a total of 819 incidents of domestic abuse that the Police attended in 2016. 189 perpetrators had been using drink/drugs (based on officer's perceptions) at police call outs to domestic abuse incidents, which equates to 23% of all call outs where the perpetrator had been using alcohol. This was a drop of 13% on the previous year.

139 victims had been using drink/drugs (based on officer's perceptions) at police call outs to domestic abuse incidents. This equated to 17% of all victims at police call outs.

- **Distribution of the Controlled Drugs Cross Border Group minutes.** This allows Guernsey to keep abreast of any new initiatives or developments that occur. In addition, the Strategy Coordinator links in with the UK Home Office, allowing a two way information sharing process and access to the European Drug Strategy, the United Nations Commission on Narcotic Drugs and the United Nations International Drugs Forum.

Key Performance Indicators

KPI 3.1 - A reduction over a ten year period in the number of drug related convictions from a baseline in 2010

Number of drug related convictions from 2010

Year	2010	2011	2012	2013	2014	2015	2016
Convictions	118	105	119	113	117	119	117

It is recognised that these figures are limited and do not reflect the severity of the conviction or any changes to how convictions are pursued.

KPI 3.2 - A reduction over a ten year period in the percentage of alcohol related offences from a baseline in 2010

	2010	2011	2012	2013	2014	2015	2016
Total Number of Custody Records	2,049	1,971	1,717	1,509	1,464	1,443	1,132
Alcohol Related Incidents ⁴	930	1,018	709	623	655	675	435
Percentage of records	45%	51%	41%	41%	44%	46%	38%

⁴ to the extent that the individual arrested was readily identifiable as being under the influence of alcohol

KPI 3.3 - A reduction over a five year period in the number of people entering prison with substance dependence issues not previously known to community from a baseline in 2015.
 KP3.3 will be revised to provide a baseline from 2017.

The data to address this KPI was not able to be collected in 2015 and 2016 to establish a baseline or to compare. Provision has been made for collection from 2017.

Whilst this doesn't give us an indication of substance dependence Prison data shows individuals accessing prescribed drug medication in the community prior to custody
 Of the 151 admissions in 2016, the following data from 129 has been extracted. This may have been prescribed in police custody, by CDAT (or UK equivalent) or the prisoner's GP.

Urinalysis tests	Negative	Positive	Prescribed
129	57	72	28

21% (28) of new receptions (tested on arrival) had received prescribed medication.
 55% (72) tested positive for at least one substance in addition to prescribed medication.

KPI 3.4 - A reduction over a five year period in the percentage of children referred to the Youth Justice Service who have misused drug/alcohol from a baseline in 2015

The data to address this KPI was not able to be collected in 2015 to establish a baseline or to compare.

In 2016, Youth Justice had 124 referrals of which 40 related to and received an intervention in relation to the misuse of drugs and/or alcohol. A further 12 referrals were submitted to AfC for a more specialist drug or alcohol intervention.

KPI 3.5 - A reduction over a six year period in the percentage of people who consider alcohol and drugs as a major cause of crime from a baseline in 2013

785 people completed the relevant questions in the Crime and Justice survey in 2015. The top three perceived causes of crime in the Bailiwick were alcohol use, lack of discipline from parents and drug use. These three factors were unchanged from those received in response to the 2013.

However the figures showed a decline in public perception that alcohol and drugs are a major cause of crime from 54.5% (500) in 2013 to 49.3% (387) in 2015 and a marginal decline in respect of the public perception of alcohol use as a cause of crime from 66.9% in 2013(614) to 66.6% in 2015.(522)

KPI 3.6 - A reduction over a ten year period in the number of drink-driving offences a baseline in 2010

Year	2010	2011	2012	2013	2014	2015	2016
Individuals Convicted	123	116	91	97	68	96	65
Breathalysed	763	935	746	797	763	950	851

The increase in numbers breathalysed and the reduction in convictions is suggestive of the positive impact of drink drive awareness campaigns and alcohol awareness education.

Providing Treatment

This Pillar seeks to increase the amount of people moving through treatment into sustained recovery.

Key initiatives have been:

- **The creation of a new Single Treatment Service.** The CDAT, the GADAC and Drug Concern have agreed a new information sharing policy to:-
 - Ensure the client receives the best service,
 - Reduce the barriers to care,
 - Provide an element of peer support,
 - Reduce inefficiencies and duplication across BDAS funded agencies, and
 - Facilitate robust data collection (numbers into treatment, for which substances, and through which agencies).
- **As part of the Single Treatment System, a computerised data collection and monitoring system is under development.** This will not only collect quantitative data but also a core data set that has been developed with the support of John Moores Liverpool University. This will allow Guernsey data to be benchmarked nationally and internationally and for meaningful and relevant comparisons to be made. Further KPI's associated with the Treatment System will be established once this system has been put in place.
- **CDAT and the development of supervised consumption of substitute medication in the Community.** The diversion of prescribed medication is defined as, "the taking of prescription drugs other than in the manner or for reasons or time period prescribed, or by a person for whom the drug was not prescribed". This is an increasing concern both locally and nationally. In 2015 CDAT began working collaboratively with four local pharmacies on an initiative which would ensure that prescribed drugs were being appropriately administered and not misused.
- The focus locally had been on the drugs Suboxone and Subutex. Both drugs work to eradicate opiates' influence on the brain and allow opiate addicted users to stop taking illegal drugs such as Diamorphine (Heroin). These prescribed drugs are themselves potentially addictive. There were 78 clients using Suboxone as an opiate substitute in treatment at end of 2016, this compared to 77 in 2015.

Prior to community supervised consumption, nurses at CDAT had the capacity to administer medication to a maximum of 12 service users per day. This initiative has increased the number to 29 service users. By the end of 2015 fifty two individuals had been seen as part of the Supervised Consumption Service.

The benefits as a result of the introduction of this service have been:

- Increased support to service users through quicker assessment, reduced waits, therapeutic interventions and group work;

- A reduction in number of new young persons referred to the Service after being introduced to Suboxone from the black market and subsequently becoming dependent.
- Improved compliance with treatment programmes and the stability of some service users.
-

On the above evidence, it was decided to continue the initiative in 2016 with a total of six local pharmacies participating. This resulted in 32 new individuals having their Suboxone/Subutex medication supervised in the Community.

- **Drug Concern offering therapeutic interventions to those who misuse drugs and alcohol.**

Drug Concern worked with 177 clients in 2016, a decrease from the 2015 figure of 200. This figure includes clients coming from prison and the Community. This is a trend reflected in the reduction of clients receiving custodial sentences.

	2015	2016
Total Drug Concern Clients	200	177
Clients serving custodial sentences	124	104
Clients in the community	76	73
Clients seeking support with alcohol	No data	74 (42%)
Clients seeking support with cannabis	No data	44 (25%)
Clients seeking support with opiates	No data	34 (19%)
Clients seeking support for other drugs	No data	25 (14%)

The needle exchange service is specifically a harm reduction measure (to reduce the negative consequences associated with drug use and to protect against blood borne diseases) facilitated by Drug Concern. A total of 83 individuals used the needle exchange during 2016, an increase of 23 compared to 2015. It is to be noted that this increase is not attributed to opiate users but to a significant increase in the number of people using performance enhancing substances.

The Criminal Justice Drug Service (CJDS) introduced twelve years ago, is a partnership between Drug Concern and the Probation Service. The primary purpose is to provide the Courts and the Parole Review Committee with the facilities necessary to enable them to impose treatment as a condition of supervision. There were 22 referrals to the Service in 2016 compared to 32 in 2015.

Arrest referral is a partnership between Drug Concern and the Guernsey Police with the aim of raising awareness of services available to drug-using offenders at the point of arrest. Involvement in the scheme is voluntary and not an alternative to prosecution. Referrals to this service continue to reduce with only three referrals for 2016 (compared to 11 in 2015). As with the previous year, the majority of referrals to the service were drug rather than alcohol related. This downward trend may be attributed to the number of referrals from custody.

- **GADAC (Guernsey Alcohol and Drug Advisory Council) offering predominantly therapeutic interventions for those misusing alcohol.** During 2015 GADAC changed their name to the Guernsey Alcohol Advisory Service (“GAAS”).

	2015	2016
Total GADAC/GAAS Clients	92	78
Male Clients	66	48
Female Clients	26	30
Over the age of 40	56	54
Main substance	92	78
Where prescription drugs were also a problem	23	12
Where illegal drugs were also a problem	15	12

In 2016 clients were asked to provide feedback on the service, whilst only 12 individuals chose to participate their response was positive, all indicated that working with GAAS had been a positive experience and influenced that their attitudes to alcohol use

The Criminal Justice Alcohol Service was introduced in 2009 and mirrors the drug service but is managed by GAAS and has the same partnership agreement with the Probation Service. At the end of 2015, there were 25 individuals engaged with the service with 21 clients attending regular appointments, 2 service users attending voluntarily following their order expiring and 2 were being assessed at the time of data collection. In 2016, in addition to those clients already working with the Service there were a further 23 individuals engaged with the Services following an assessment of their needs.

A new sentencing disposal became available to the Courts in 2015 which provides the Court with the power to attach an “abstinence” condition to a Supervision Order. This may be tested during the course of supervision by the use of random breath tests, for some clients this is seen as a positive step on their road to recovery. In 2015 four such conditions were attached to supervision orders, none were awarded in 2016.

Key Performance Indicators

KPI 4.1 - An increase in the number of new entrants to structured treatment

- In 2015⁵ the Single Treatment Service:
 - engaged with 455 clients;
 - 274 listed alcohol as their main substance of abuse;
 - 107 indicated issues with polydrug use.

In 2016 the Single Treatment Service:

- engaged with 435 clients;

⁵ 2015 refers to the data collected for the period 15.12.14 to 31.12.15.

- 191 listed alcohol as their main substance of abuse;
- 95 indicated issues with polydrug use.

KPI 4.2 - The percentage of service users exiting structured treatment with successful completion to stand at 60% or more

Data will be available after the implementation of the new monitoring system

KPI 4.3 An increase in the number of people commencing community pharmacy supervised consumption of opioid substitute therapy

In 2015 four pharmacies took part with 52 service users being supervised in the community during the year.

Two new pharmacies joined in 2016 and 32 new individuals started for a minimum of three months. A total of 78 service users being supervised in the community during the course of this year.

KPI 4.4 An increase in the number of Service Users contributing to treatment development from a baseline in 2015

Approximately 16 service users in 2015 and 16 have contributed in developing initiatives like the SMART/Connect 4 Recovery/Peer Recovery Group as well as REACH and the Drop In sessions

Service user surveys have been incorporated in the new service level agreements to be completed annually to assist with service development.

An example of this- A 'Drop In' was developed after the SMART/Connect 4 Recovery Group service users requested that there was some kind of follow up to the course for ongoing support

In July 2016 (after the Kick Start Recovery Conference) the "Drop In!" spiked with 15 service users attending settling to 9 – 12 services attending regularly.

KPI 4.5 An increase in the number of people accessing recovery community programmes from a baseline in 2015

80 individuals in 2015 and 83 individuals in 2016 were accessing recovery community programmes such as Life Fit, Back to Work programmes or volunteering at Caritas Cafe, GSPCA etc.

Encouraging Responsible Choice

The Strategy aims to reduce alcohol and drug related economic loss in the workplace.

Key initiatives have included:

- **Collaboration with the Health Promotion Unit** to provide displays and awareness campaigns. The annual Healthy Hearts Day at Beau Sejour is a prominent event and includes drug and alcohol awareness activities and non-alcoholic cocktails. (see KPI 5.4)
- **The provision of the Streetbus**, manned by the local youth agencies in association with the Community Police. Bottles of water have been distributed during the evenings at events throughout the year including Liberation Day, North and West Shows and the Town Carnival.
- **Close collaboration with Education and the Director of Public Health** to encourage alcohol free sports events. The Rugby Club organised an Under 18's fun day as an alcohol free event. This kind of initiative needs to be developed at other sports events and further encouragement is required to invite school parent/teacher associations to organise alcohol free events especially when children are in attendance.
- **Representation at the Prison Health Fair** where the Streetbus was manned and drug and alcohol quizzes were organised to encourage prisoners to engage with support workers.
- **The Drink Drive Campaign** still continues to deliver the key message of refraining from drinking alcohol when in charge of any vehicle. 950 people were breathalysed in 2015, a significant increase on the 2014 figures of 763. This may be a contributing factor in the rise of the number of individuals convicted compared to 2014: 68 in 2014 compared to 96 in 2015. Another suggestion from the Guernsey Police is that people are more aware of the risks and notifying them of potential drivers on the road under the influence of alcohol. In 2016, a new three year campaign started 'Drink Driving – Tears Lives Apart'. The campaign targeted 30 – 50yr old men who made up a large proportion of those convicted in previous years. 851 people were breathalysed with 65 people committing the offence.
- **Preparation for Dry January** commenced in December 2016. This included several media releases and a presence at late night shopping events, where "mocktails" were given away and individuals encouraged to sign up for the month and to donate to a drug or alcohol charity or their own favourite charity. This will be an annual initiative which will hopefully build as the community become more aware of the benefits of low level drinking or abstinence.

Key Performance Indicators

KPI 5.1 Reduction in the number of short term sickness benefit claims related to drug and alcohol use over the life of the Strategy (5 years)

This data extract is a snapshot of one day at the end of each respective year and reflects reference to an alcohol or drug misuse diagnosis on the medical certificate.

Short term benefit	Number of people	%
2015	7 out of 415	1.69%
2016	5 out of 386	1.29%

KPI 5.2 Reduction in the number of long term sickness benefit claims related to drug and alcohol use over the life of the Strategy (5 years)

As with KPI 5.1 this data represents a snapshot.

Long term benefit	Number of people	%
2015	30 out of 856	1.50%
2016	30 out of 851	3.53%

KPI 5.3 - A reduction over a five year period of the number of unemployed people in treatment for drug and alcohol issues from a baseline in 2014

An audit was completed with Community Drug & Alcohol Team service users in 2013- of the 89 who were receiving treatment for opioid use 4% (4) were already employed rising to 40% (36) being employed by the end of the year.

No data was collected by HSSD during 2015/16. Measures have been put in place to ensure this data is collected from 2017.

KPI 5.4 Number of population-based and targeted campaigns delivered

2015 HSSD and BDAS joint initiatives

4 initiatives were delivered:

- The Health Promotion Unit – alcohol awareness,
- The Healthy Hearts Day at Beau Sejour,
- The Outreach Team/Streetbus – awareness initiatives run each quarter with young people.
- The Director of Public Health encouraging alcohol free sports events.

2016 HSSD and BDAS joint initiatives

6 initiatives were delivered:

- Alcohol and the Brain - awareness campaign targeting teenagers,
- Don't be a Pour Parent – awareness campaign highlighting there is no safe level of alcohol consumption for young people and teenagers,
- Dry January – awareness campaign highlighting the benefits of a healthy lifestyle including an alcohol free January,
- Health Promotion Unit display in the ante natal clinic promoting an “alcohol free childhood” with a focus on pregnancy and alcohol,

- Provision of the Night buses for the West and North Shows

KPI 5.5 Increase in the numbers of Identification and Brief Advice interventions delivered in many settings

A “Brief Intervention” may be defined as a one off engagement with an individual or a group to discuss or impart information in relation to alcohol or drug misuse. Such information is difficult to quantify with any accuracy. Consideration is being given as to how this data may be collected from the Single Treatment Service Monitoring System once it commences.

Training, Data Collection, Monitoring & Evaluation

The Strategy has a comprehensive training programme which is devised in consultation with operational staff. The programme aims to be responsive to local trends. Where possible it is extended to mental health and domestic abuse support workers.

Key initiatives have included:

2015

- **15 locally based Doctors** completed the Royal College of General Practitioners (RCGP) Certificate in the Management of Alcohol Problems in Primary Care. This initiative was jointly funded by GP's and the Strategy.
- **Local Training** was provided by AfC for all workers involved with Young People's Outreach Services. This covered information to share with young people, ways of initiating or steering conversations, the use of self-disclosure and appropriate follow up action.
- **Part funding** was provided for a Substance Use Worker to complete an Open College Diploma Certificate in Post-Traumatic Stress Disorder which they passed with Distinction. An AfC Worker was part funded to complete Year 1 of the Post-Graduate Certificate in Child Focussed Systemic Practice with the Institute of Family Therapy.
- **An introduction to Mindfulness** was organised and delivered to 15 drug and alcohol workers to ascertain whether this would be beneficial to pursue as a programme of training. It was decided, due to workers commitments at that time not to pursue it any further

2016

- **Motivational Interviewing** techniques are designed to assist the workers to support clients by helping them to make decisions which are right for them. Training was provided to 23 drug and alcohol workers in respect of this counselling approach.
- **A one day training course** was provided for 22 operational staff giving them the most up-to-date information on the effects, risks and what is being done locally in respect of New Psychoactive Substances.
- **"Outcome Star"** is a unique suite of tools for supporting and measuring change when working with people including those with drug and/or alcohol issues. A series of one day training sessions were held in 2015 and 2016. A total of 79 support workers from a variety of agencies attended six workshops during 2016.
- **15 volunteer service users and four members of staff** attended a Recovery Coach Training Course. The aim of this 5 day intensive programme is to establish a peer based recovery infrastructure across the Island.

Priorities for 2017

The following have been identified as priorities for 2017:

- **Single Treatment Service monitoring system.** The Single Treatment Monitoring System is to be in place by the end of 2017 and will incorporate the necessary information sharing policies and procedures. This will provide the BDAS with comprehensive local data with measurable outcomes and a Core Data Set to be sent to John Moores University in order to benchmark Guernsey against data collected nationally and internationally.
- **Improvement of outcomes for teenage parents with drug and alcohol issues and their children.** There is a gap in provision for vulnerable young parents who currently access support from AfC, many of whom are in supported accommodation and some of which have drug and/or alcohol issues. Many parents do not feel able to access traditional mainstream antenatal and parenting. This service will help to equip young parents with practical knowledge and experience in an environment where they feel comfortable and are able to learn. The ultimate goal being improved outcomes for the children and the young parents. A pilot parenting programme is planned for early 2017.
- **A Peer Support Programme and the development of a Recovery Community.** This initiative will see the development of evidence based programmes of peer support and peer mentoring, including support groups for those in recovery in the Community, as well as supporting and offering the same level of training for those in the Prison. Activity and treatment programmes for service users in recovery will run alongside these initiatives. This aims to improve peer support, model positive recovery and grow a recovery community in the Bailiwick. For prisoners, this will lower the risk of re-offending and overdose post custodial release.
- **Recovery Walk.** Further work will commence for Guernsey (possibly in partnership with Jersey) to put in a bid to host the UK Recovery Walk 2018. This is to raise awareness for substance use disorders and recovery from addiction and to celebrate the achievements of individuals in recovery, acknowledging the work of prevention, treatment, and recovery service providers.
- **Use of Dihydrocodeine (DHC).** DHC is an alternative opiate substitute used in Guernsey. 58 people in 2015 and 60 in 2016 were prescribed DHC as part of their opiate substitution recovery program. This has been identified as a popular drug of choice on the illicit market, as supervised consumption is currently not available there is potential risk of diversion. With the success of the supervised consumption of Suboxone in the Community it is considered that a similar programme could be adopted for DHC. A review will be undertaken (within the time and resource constraints of the Strategy) to increase coverage of supervised medication consumption generally.

Conclusion

During the latter part of 2016 the Committee *for* Home Affairs met with the Committee *for* Health & Social Care to discuss areas of mutual interest, this included the future operation of the Bailiwick Drug and Alcohol Strategy. Whilst cross-committee working has been central to the Strategy since its inception and will continue to be so into the future, it was agreed that at an operational level the Strategy was closely tied to public health. Accordingly, both Committees agreed that there was merit in transferring the Strategy to the Committee *for* Health & Social Care and have approached the Policy and Resources Committee outlining this proposal.

Strong foundations have been laid for the Strategy's continued development during this term, including:-

- The continued growth of a positive relationship with Primary Care which is integral to tackling the misuse of prescription as well as illicit drugs;
- Positive foundation for establishing Recovery in the Community. Whilst this in is in its early stages of development, the Strategy will continue to encourage shared care arrangements and offer peer support to those who want to progress to a drug/alcohol free lifestyle;
- The continued audit and development of the newly formed Single Treatment Service. The early signs are extremely positive with all referrals being made between agencies based on what will best meet the needs of the individual. It is, however, vital that the monitoring system is progressed to support the provision of evidence based treatment.

2015 and 2016 have been positive years for the Bailiwick Drug and Alcohol Strategy, which started with the unanimous approval of the new Strategy by the Assembly in January 2015.

A multi-agency approach and cross Committee support are fundamental to the BDAG's continuous development. Relationships with the third sector are of equal importance to the continued success of the Strategy and must be nurtured and encouraged. There is evidence that clearly shows a multi-agency approach is the best way forward, both for the organisations and the service users whose needs are best met through an integrated approach.

The Strategy will continue a multi-agency approach with both States and non-States organisations and will seek to develop evidence based services and initiatives in areas of need.

The tender process concluded with all nine service level agreements being awarded in July 2016. These are to commence in January 2017 with the exception of AfC. AfC is now the sole provider for the Drug & Alcohol Education Service and began their new service in September 2016, the beginning of the academic year. All services will be reported in detail in the 2017 Annual Report.

A review will be conducted in 2017 to evaluate the tender process and all agencies will be invited to provide feedback on their experience and any impact it had on the delivery of service.

The Strategy will continue to fulfil this vital role, gathering the necessary evidence and co-ordinating work across the Bailiwick so as to inform future service delivery.



Defects Liability Insurance

While most new build properties do not require any significant repairs, in some instances owners of new homes have been left with large financial burdens to rectify structural defects when no defects liability insurance policy, or other form of protection, has been in place. At present, there are no mandatory requirements to provide cover for latent structural defects for a set period of time after a new property is completed. Latent structural defects are faults with the construction of a property that have been concealed in the works and may not become apparent for many years.

This issue was the subject of a Requête brought forward by Deputy Perrot during the last political term, which was discussed by the former Policy Council at its meeting on 12th October 2015. The Requête, set out in detail at the end of this report, proposed that the Environment Department be charged with investigating and reporting on the feasibility of introducing legislation that would afford better protection for buyers of new build residential accommodation in the event of structural defects arising in their properties. The Policy Council was supportive of the Requête but considered it was a matter that could be progressed by the Policy & Resources Committee in due course, rather than by way of a Requête. Having received an assurance that the issue would be addressed, Deputy Perrot agreed to withdraw his Requête.

This report outlines the background to the work, the research that has been carried out, and the conclusions based on those findings. At this stage the Policy & Resources Committee is of the view that no legislation is required, but instead any change should be industry-led demonstrating best practice. As such the Committee will write to the relevant professional bodies to encourage them to raise awareness of the options available to purchasers.

Background

The motivation for the Requête came from issues arising from problems with a block of flats in St Peter Port. A number of apartments were built on the site and following the sale of the final property both the development company and the building company went into liquidation. No defects liability insurance policy or form of warranty was provided to the owners of these apartments at the time of purchase.

A number of years after the construction of the development, the director of the management company of the building, on behalf of the owners of the apartments, contacted the States of Guernsey. The letter stated that a number of significant defects, including poor ventilation and water ingress, had become apparent in the building since construction had been completed. At the time of the complaint, each of the owners had been required to pay a significant amount of money towards the cost of rectifying the defects. An undated, unsigned "report" prepared by an unidentified individual who did not disclose his or her qualifications was included with the letter providing details of alleged defects in the building. The letter also stated that the owners believed that States of Guernsey Building Control officers should have identified many of the defects as part of their inspections during the construction of the building. It was suggested that these officers were negligent in carrying out their duties.

The position of the States of Guernsey was that it did not accept any liability in respect of matters connected with the apartments in question and that there was no provision in The Building (Guernsey) Law, 1956 or under customary law for any express or implied statutory duty or other duty of care on the part of the States of Guernsey. Express reliance was also placed on the doctrine of *caveat emptor*. It was also suggested that the owners of the apartments should address their concerns to the builders and relevant surveyors used at the time of the purchase of the properties.

To date no further correspondence has been received with regard to the block of flats. However, Deputy Perrot, his fellow requérants and the former Policy Council all considered that there was merit in exploring whether legislation to make defects liability insurance policies for new build properties compulsory was necessary.

Size of the problem

At the present time there has only been one instance, which Building Control has been formally involved in, where purchasers have been left with significant costs to repair latent defects in a property, which is the instance referred to in this report. The main problem in this instance was that both the developer and the builder ceased to exist following the sale of the final apartment, and so in the absence of a survey being conducted, and due to the lack of any warranty or defects liability insurance being in place, there was nobody for the purchasers' complaints to be addressed to other than Building Control.

While other complaints have been made to Building Control in recent years regarding latent defects, these have all been dealt with privately between the purchaser of the property and the developer and/or builder who completed work on the property. None of these other instances have resulted in an insurance claim being made against the States, and the outcome of these complaints is not known.

Building Control do not currently hold any statistics to indicate how many similar instances, if any, have occurred where a lack of a warranty or any defects liability insurance has resulted in large financial costs for purchasers of new build properties. Without this data it is not possible to quantify the number of households that would potentially be aided through the introduction of legislation to make defects liability insurance compulsory.

Measures adopted in other jurisdictions

There are many different ways to ensure that the owners of a new build property are protected from the financial burden of having to rectify any hidden defects which occur post-completion, and governments across the world have taken different approaches to provide consumer protection. Many of the measures adopted in other jurisdictions are already available to individuals purchasing property in Guernsey.

United Kingdom

There are various legal provisions in place in the UK which provide protection to owners of new build properties. Minimum contractual liabilities are governed by law, and standard contracts such as those by the Joint Contracts Tribunal are widely used in relation to the construction of properties. Collateral warranties¹ are another form of contract under which a professional consultant such as an architect, a building contractor or a sub-contractor warrants to a third party (such as the funder or the purchaser) that it has complied with its professional appointment, building contract or sub-contract. Third Party Rights, as set out in the Contracts (Third Party Rights) Act 1999, can also provide a person who is not a party to a contract to enforce the benefit of a term of that contract.

These provisions provide some construction security, as they allow the funder to claim for any losses directly from the person who caused the loss, such as a contractor in breach of a building contract. The use of contracts also provides funders or owners with the opportunity to claim for pure economic loss, such as damage caused to a building due to a defect in that building, which would be unlikely to succeed through the law of tort in England and Wales.

Contract law also provides property owners with joint and several liability: this allows the plaintiff, in this case the purchaser, to pursue all parties, in this case the builders and/or contractors, either jointly or severally for the total cost of the claim to rectify any latent defects. This covers against the risk of one of the parties involved in the construction of a building becoming insolvent before a claim is made, as the owner can put in a claim against other parties involved for the total cost of the damages.

¹ Practical Law, *Collateral Warranties and Third Party Rights on Construction Projects: a Quick Guide*, [online], available at: <<http://uk.practicallaw.com/4-502-4310>>

With regard to insurance regimes for latent defects, there are no mandatory schemes in place, however there are voluntary schemes which provide securities against a contractor's insolvency before the completion of a property and building defects cover post-completion. Mandatory professional indemnity insurance also exists for architects, voluntary professional indemnity insurance for other professional consultants (although this is usually a requirement for registration with a professional body), and voluntary third party liability insurance and contractor's all risks insurance (these are frequently required in standard construction contracts).

Of the voluntary schemes which exist to provide latent defects insurance the most widely used is the Buildmark cover offered by the National House Building Council (NHBC), which provides a ten-year warranty program to rectify any structural defects found in a property in the first ten years after completion. Buildmark cover provides protection for pre-completion insolvency, damage and defects cover as well as access to a resolution service for the first two years after completion and insurance cover for rectifying physical damage in specified areas of the home in year's three to ten of ownership². The premium ratings for insurance provided via the NHBC are paid by the builders, and are based on claim records and the length of time a builder has been on the NHBC Register.

In order to encourage builders to maintain high standards, the fees will be significantly less for builders who have been registered for a long time and have a good claims record, as opposed to a builder with a large amount of claims³. Whilst this is a voluntary scheme, NHBC Buildmark now covers more than 80% of all new homes built in the UK, which in the year 2013-2014 covered more than 1.6 million properties. NHBC also acts as the insurance company to deal with any claims arising through its Buildmark cover, and in the financial year paid out £79 million in insurance claims, with one third of these claims relating to problems with the foundations and substructure of properties – this equates to a cost of approximately £49 per house for the financial year⁴.

Whilst not all of the provisions available in the UK to provide protection to consumers are mandatory, the widespread use of the NHBC Buildmark scheme in parallel with other voluntary insurance policies and the use of contractual clauses to apportion liability provide a wide range of protection for consumers with regard to latent defects within new build properties.

² NHBC, Warranties and Cover, *What does Buildmark cover?*, [online], available at: <<http://www.nhbc.co.uk/NewsandComment/Library/filedownload,16303,en.pdf>>

³ NHBC, *Premium Rating: An explanation of the scheme*, [online], available at: <<http://www.nhbc.co.uk/NHBCPublications/LiteratureLibrary/RegistrationandCustomerServices/filedownload,15866,en.PDF>>

⁴ NHBC, 2014, *Annual Report and Accounts 2013/14*, Milton Keynes: NHBC House

Jersey

It has become standard practice in Jersey for collateral warranties to be given by the parties undertaking the work to those who will ultimately occupy, own or fund the development⁵. Collateral warranties allow the owner, tenant, or funder of a building to be able to claim against either the contractor and/or any of the professional team used by the contractor in the course of construction of the property. When used, collateral warranties usually limit the liability period for contractors to ten years, however if the format used follows the collateral warranties issued under English Law then the liability period can last up to twelve years.

The use of collateral warranties provides individuals in Jersey with a means of rectifying any latent structural problems with new build properties and conversions as they allow for the apportioning of liability.

EU Member States

Provisions for providing security and guarantees within the construction sector have led to different approaches being taken in different EU Member States⁶. The overarching aim however remains the same: to protect funders of developments and property owners or tenants from facing significant financial burdens if any significant structural defects occur with a property.

In nearly all EU countries there are specific provisions in legislation or the Civil Code under which constructors can be held liable for any defects – these provisions are usually quite strict and the plaintiffs are not required to prove who is at fault for a defect occurring within a defect liability period. Most countries have a specific liability regime applicable to the construction industry; however in countries where this is not the case, construction liability rules tend to reinforce standard liability rules in the context of construction. In countries where there is no legislation, this is usually because standard contract forms or clauses are in use, which have been approved by the professions/stakeholder groups concerned: in general the lower the involvement of legislation, the greater the role of standard contract forms. The importance of contracts within the construction industry of EU Member States can be summarised as follows:

- In countries where contracts are important – standard contractual clauses tend to substitute any legislation which forms a contractual liability regime.

⁵ Mourant Ozannes., 2011, *Collateral Warranties*, [online], available at: <http://www.mourantozannes.com/media/453770/collateral-warranties.pdf>

⁶ ELIOS, 2010, *Liability and insurance regimes in the construction sector: national schemes and guidelines to stimulate innovation and sustainability*, Official Journal of the European Union, 02/12/2008

- In countries where contracts are of medium importance – legislation defines the minimum rules of contractual liability, but there is still a degree of contractual freedom in forming liability.
- In countries where contracts are of low importance – the main aspects of contractual liability are governed by legislation.

Joint and several/in solidum liability is also in place in most EU countries, including the UK, and this means the plaintiff can pursue all parties jointly or severally for the total cost of the claim. This covers against the risk of insolvency of one of the parties involved, as the plaintiff can put in a claim against other parties involved in the construction of a building.

The duration of liabilities varies greatly in EU states, from 5 years (Portugal) to the whole useful life of the building (Romania). Some countries have statutory or contractual minimum “defects warranty periods”, during which time the contractor is under a duty to repair any defects discovered during this period. The length of time this minimum warranty period lasts varies from three months to five years, but in many countries it is strict and applies regardless of the fault or negligence of the contractor. In some countries there are also extended periods for gross negligence, intentional damages, criminal actions etc.

Insurance cover for latent or hidden defects is common in the EU – the guarantee usually lasts for 10 years, and the constructor is liable for fixing any defects found within that period. Mandatory cover exists in some countries, although it applies to different types of buildings in different countries. There are also different types of cover, such as property damage cover and liability cover. In most cases this is available in the form of an insurance policy. In other countries voluntary cover is available, e.g. NHBC Buildmark cover in the UK. This is mainly available for dwellings and is provided by housing warranty schemes, and in most countries the leading schemes have been created as joint initiatives between public authorities and associations representing construction industry stakeholders.

There are also additional insurance policies which can provide cover within the EU. Professional Indemnity Insurance is legally mandatory in some countries, and in other countries it is in widespread use due to market demand and the requirements of professional bodies. Some companies impose an obligation on participants to construction projects to also have Third Party Liability Insurance.

The cover that is provided differs across EU Member States, however all of these countries offer some form of protection to owners and funders of new build properties with regard to liability for latent structural defects.

Measures currently available in Guernsey

Consultation with various bodies has highlighted the following measures available to buyers of new build properties. The first two options, building surveys and defects liability insurance, are considered to be the principal options accessible to purchasers. A full explanation of each option is provided, and a summary table of this information is provided at the end of this report.

Building Surveys

When buying a property, including new build properties and conversions, purchasers should have a homebuyers survey carried out by a professional surveyor in addition to any valuation required for finance purposes. Surveyors will have a Professional Indemnity Insurance policy in place, and in the case of any faults becoming apparent the purchaser could be covered by this insurance. Architects, Structural Engineers and Mechanic and Electrical Consultants involved in a development should also be covered by these insurance policies and this would cover instances of defects arising due to a fault in design or, in some cases where the designer is responsible for formally inspecting the works, adherence to specification and execution of the work. However, it is important to note that professional negligence cover does not stay with the building but with the client and so is not passed on during the sale of a property. If the development company is liquidated following the sale of the new build properties then any remaining liability period would end unless these obligations were extended to the purchaser by way of a collateral warranty.

Defects Liability Insurance

Defects liability insurance for buildings can be put in place by developers. This cover should be taken out before any construction work takes place, and technical audits will be carried out throughout the construction period with the policy being issued on completion. The premium for this insurance will be paid prior to or at build completion and once this payment has been made the policy will be in force and non-cancellable for the cover period, which is usually 10 or 12 years depending on the cover that has been chosen. It is also possible for a defects liability insurance policy to be issued in arrears following the completion of building work, that is to say a purchaser could take out cover once they have bought the property, but options for this and the cover that would be provided may be limited and the policy would be more expensive to purchase.

Defects liability insurance can provide security to property owners, as once the policy is in force it will remain valid even if the developer or contractor who originally took out the policy ceases to exist, as cover is automatically transferred to the future owners of the property. This security also extends to subsequent owners of the property, as if the property is sold

while the policy is still in force cover will be transferred to the new owners for the remainder of the policy. However, it is important to note that defects liability insurance does not provide a total solution to all latent defects in a building, as it is limited to certain structural issues and ingress of water through the external envelope of the building. Inclusion of this cover in the sales of new build properties is also likely to increase their cost: as a guide this insurance would cost, on average, from 1% of the total build cost, depending on any additional cover that was included in the policy. Many large scale developers in the island are now offering this cover for their new build developments.

Legal Expenses Insurance

If a defects liability insurance policy is not in place a purchaser can have legal expenses insurance put in place, either as part of their household insurance policy or as an add on to the policy. This insurance covers contractual disputes involving a house purchase, so while it would not provide cover for the actual defect it would cover expenses involved in taking legal action against the parties responsible for the defect. This cover is not a standard feature of household insurance policies but can be obtained using an insurance broker.

Collateral Warranties

Collateral warranties can extend the liability obligations that exist between contractors and developers to the purchasers of a property. They can also provide a direct agreement between the purchaser and individuals involved in the construction of the property who may have been employed by the contractor, such as sub-contractors, plumbers, electricians etc. Collateral warranties, when extended to purchasers, provide them with intellectual property rights that will allow them to obtain copies of the building plans. They also provide purchasers with step in rights, so that if a company involved in the construction of a property were to go bust they would be able to employ someone else to complete the work. Collateral warranties also provide purchasers with a contractual obligation from those involved in the construction of a property, so in the case of negligence or latent defects the contractor (or other companies involved) would be required to rectify any defects in the property.

Collateral warranties are more often used in larger scale developments, and their use in Guernsey is becoming more widespread. They can provide similar protection for purchasers as latent defects insurance; however, there are limitations to their use. As they are a warranty that exists directly between the purchaser and a company involved in the construction of a property, if the company (builder, plumber, electrician etc.) was to go into liquidation then the warranty would be terminated. The companies providing the warranty can also limit their liability in the event of any defects becoming apparent. For example, if a building company had only been involved in one quarter of the work to construct a property then they could ask for their liability to be limited to one quarter of the cost of rectifying any defects. This can

provide protection to companies involved in construction, as they would not be liable for the total costs. However, this could also leave the purchaser with costs for rectifying defects if one or more of the companies involved in the construction of a property had been liquidated. Additionally, practical enforcement of a collateral warranty can take time and most building contractors are reticent to return to a site to rectify works after leaving the site.

Contracts

The use of contracts can also provide protection to purchasers, as liability clauses can be included in either the construction contract or added to the conditions of sale of the property. Although building contracts have not routinely been used in Guernsey in the past, standard contracts such as those produced by the Joint Contracts Tribunal can be used in any construction work that is undertaken on the island.

Consultation

Building Control, the States' Insurers, the Construction Industry Forum and the Guernsey Property Forum were all contacted as part of a targeted consultation. This consultation sought views on whether it would be desirable to introduce legislation on this matter, and whether there would be any other implications arising from the introduction of any legislation. The Guernsey Property Forum did not have any comments to make on the issue.

The consultation indicated that the problems which motivated former Deputy Perrot to bring forward a Requête are not exceptional. The feedback the Committee has received suggests that the problems with the development referred to above has served to raise awareness of such risks with developers, vendors and purchasers and parties are now aware of the need to ensure that appropriate arrangements are in place, such as defects liability insurance, to mitigate such risks.

The general view of the groups who responded is that legislation should not be introduced to make defects liability insurance mandatory for new build properties, as they believe that there is already sufficient protection in place for purchasers through contractual obligations and existing insurance policies, including Professional Indemnity Insurance for professionals such as Building Surveyors and Architects. The Construction Industry Forum noted that it is now common practice for developers to put in place 10 year insurance policies to cover purchasers for any latent defects that can be traced back to faults in the construction of a property, indicating that responsible companies within the industry have taken steps themselves to resolve the problems associated with latent defects in properties.

Building Control also explained that it would not be possible to introduce a scheme similar to the National House Building Council (NHBC) Buildmark Cover in the UK, as the NHBC are a

private provider of building control allowed under UK law, but there is not any equivalent legislation in Guernsey. A private provider of building control would not be a viable option, as the States of Guernsey would still need to maintain a Building Control service to carry out the non-chargeable public safety and entertainment licensing, building regulation enforcement and legislation development roles required of it.

Conclusion

Latent defects within new build and conversion properties can cause significant problems and leave property owners facing significant costs to rectify the defects if adequate protection measures, such as latent defects insurance or collateral warranties, are not in place. The Policy & Resources Committee recognises the problems that latent defects within buildings can cause, and empathises with the purchasers of the block of flats in question for the difficulties they have experienced. When considering the introduction of any new legislation the Policy & Resources Committee has to ensure that such action is proportionate and appropriate for the situation. On this occasion, based on the research carried out and advice received from industry representatives, the Committee found that such action was not fully justified, and concluded that the need for the introduction of mandatory measures to provide cover for latent structural defects for a set period of time after a new property is completed was not a priority at this time.

The Policy & Resources Committee are of the opinion that change should be industry-led without the need for burdensome legislation. The Committee will write to Advocates, estate agents and the Construction Industry Forum to inform them of the outcome of this report and to encourage them to ensure their clients are informed of the property purchase protection options available to them.

Measure	Pros	Cons	How widely is it used?
Building Surveys	<p>Purchasers could be covered by a surveyor's Professional Indemnity Insurance if any faults become apparent.</p> <p>Purchasers could also be covered by this insurance if defects occur due to a fault in design or inspection of works – architects, structural engineers, and mechanic and electrical consultants should also be covered by Professional Indemnity Insurance.</p>	<p>Professional negligence cover does not stay with the building but with the client and so is not passed on during the sale of a property.</p> <p>If the development company is liquidated following the sale of the new build properties then any remaining liability period would end unless these obligations were extended to the purchaser by way of a collateral warranty.</p>	<p>There are no statistics to illustrate how many purchasers have a homebuyers survey carried out, but it is generally recommended that a survey be carried out in addition to any valuation required by a bank or mortgage lender.</p>
Defects Liability Insurance	<p>Non-cancellable cover for 10-12 years.</p> <p>Cover remains even if the developer or contractor who originally took it out ceases to exist.</p> <p>Cover is automatically transferred to future owners following sale of the property.</p>	<p>Limited to certain structural issues and ingress of water.</p> <p>Inclusion of this cover is likely to increase the property price – cover costs from 1% of the building price, depending on any additional cover included.</p>	<p>Many large scale developers in Guernsey are now offering this insurance, but there are no statistics to indicate how many.</p>
Legal Expenses Insurance	<p>Can be included as part of household insurance or as an add on policy.</p> <p>Covers contractual disputes involving a house purchase – such as expenses involved in taking legal action against the parties responsible for a defect.</p>	<p>Does not provide insurance cover for any actual defects in a property.</p>	<p>There are no statistics to show how many house owners have this cover, but it is not a standard inclusion in household insurance.</p>

Measure	Pros	Cons	How widely is it used?
Collateral Warranties	<p>They extend the liability obligations that exist between contractors and developers to the purchasers of a property.</p> <p>They provide a direct agreement between the purchaser and individuals involved in the construction of the property.</p> <p>They provide them with intellectual property rights that will allow them to obtain copies of the building plans.</p> <p>They provide purchasers with step in rights, so that if a company involved in the construction of a property were to go bust they would be able to employ someone else to complete the work.</p> <p>They provide purchasers with a contractual obligation from those involved in the construction of a property, so in the case of negligence or latent defects the contractor (or other companies involved) would be required to rectify any defects in the property.</p>	<p>The warranty is terminated if the company providing it goes into liquidation.</p> <p>Companies providing the warranty can also limit their liability in the event of any defects becoming apparent – for example if a company did one quarter of the work on a property they can limit their liability to one quarter of the cost to rectify it.</p> <p>Practical enforcement of a collateral warranty can take time and most building contractors are reticent to return to a site to rectify works after leaving the site.</p>	<p>More often used in larger scale developments, and their use in Guernsey is becoming more widespread.</p>

Measure	Pros	Cons	How widely is it used?
	They provide similar protection for purchasers as latent defects insurance.		
Contracts	Liability clauses can be included in either the construction contract or added to the conditions of sale of the property to provide cover for any latent defects.		Building contracts have not routinely been used in Guernsey in the past, but standard contracts can be used in any construction work that is undertaken on the island.

THE HUMBLE PETITION of the undersigned members of the States of Deliberation
SHEWETH THAT:-

1. During the course of 2012 it was brought to the attention of a number of States' Members that structural defects had occurred in respect of a block of flats in Saint Peter Port built some eight or so years before.
2. The cost of repairs in respect of such defects was significant.
3. The flats had been constructed by a single purpose building company which had been liquidated when the last flat was sold.
4. The single purpose building company had not put into effect a latent defects liability insurance policy for the benefit of the owners for the time being of the flats.
5. As a consequence of the foregoing the flat owners have been placed in positions of substantial difficulty.
6. Your petitioners are aware that some, but not all, builders and/or developers in Guernsey do put in place defects liability insurance.
7. Your petitioners are of the opinion that no new residential building should be sold without the benefit of a defects liability policy.
8. Your petitioners are also of the opinion that the Environment Department ought to be charged with the responsibility of investigating the feasibility on introducing legislation along the lines of the discussion document appended hereto, by consulting both the local trade and the insurance industry.

THESE PREMISES CONSIDERED, your petitioners humbly pray that the States may be pleased to resolve that the Environment Department be directed:

- (1) To act in accordance with the opinion expressed in paragraph 8 of this Requête;
- (2) To report to the States thereon.

AND your Petitioners will ever pray.

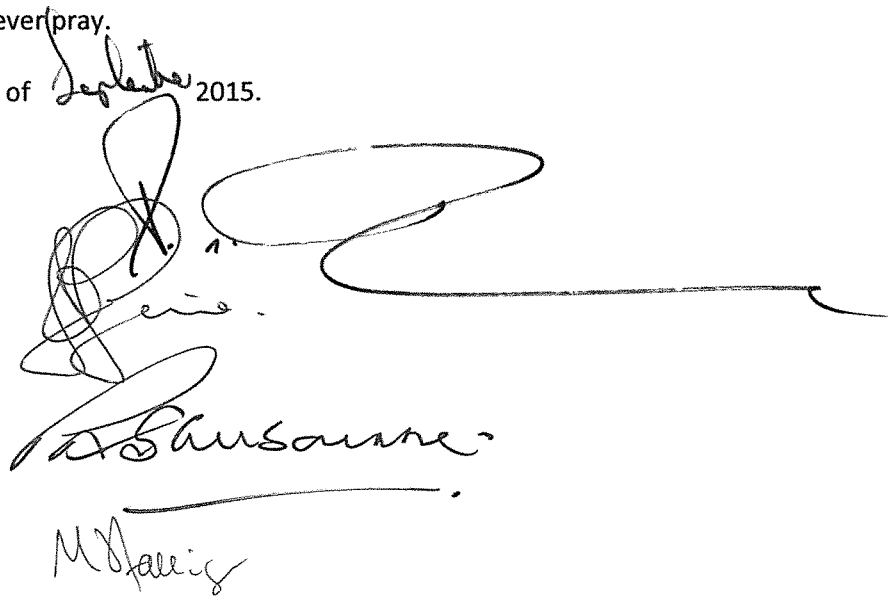
Guernsey, this 30th day of September 2015.

Roger Perrot, Deputy

Andrew Le Lievre, Deputy

Peter Sherbourne, Deputy

Matthew Fallaize, Deputy



Richard Conder, Deputy

Handwritten signature of Richard Conder in black ink.

Christopher Green, Deputy

Handwritten signature of Christopher Green in black ink.

Kevin Stewart, Deputy

Handwritten signature of Kevin Stewart in black ink.

DISCUSSION DOCUMENT

For the purposes of this discussion, what is sought is protection of buyers of new-build residential accommodation.

New-build is to include conversions, as there are many instances of houses being turned into blocks of freehold flats.

It is suggested as follows.

Legislation should be enacted whereby warranties are implied into every building contract – along the lines that the builder must carry out the work in a proper and workmanlike manner, using all reasonable skill and care, and in accordance with all relevant plans and specifications and all requirements and codes of practice contained in or resulting from Guernsey law, using good and suitable materials.

Further legislation should be enacted to the effect that no sale of a newly constructed dwelling may take place in the Conveyancing Court unless the vendor produces an insurance certificate. Such certificate would have to be issued by an approved insurer (as approved, perhaps, by the Guernsey Financial Services Commission) for the benefit of the owner for the time being of the dwelling, commencing on the date of completion of the dwelling and ending on the 10th. anniversary thereof (or later), confirming that such owner was covered by structural defects liability insurance upon such minimum terms as the States by ordinance from time to time should prescribe.

The date of completion of the dwelling, for the purposes only of the issue of an insurance certificate, would be the date certified by the States' Building Control department.

STATES' ASSEMBLY & CONSTITUTION COMMITTEE

**RECORD OF MEMBERS' ATTENDANCE AT MEETINGS OF THE STATES OF DELIBERATION,
AND COMMITTEES**

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

16th August, 2017

Dear Sir,

On the 29th October, 2010 the States resolved, inter alia:

1. ...
2. *That departments and committees shall maintain a record of their States Members' attendance at, and absence from meetings and that the reason for absence shall also be recorded.*
3. *That the records referred to in 2 above, together with a record of States Members' attendance at meetings of the States of Deliberation, shall be published from time to time as an appendix to a Billet d'État.*

In laying this report before the States, the Committee would draw attention to the fact that the tables in it record only the attendance by Members of the States at States and Committee meetings. They do not show attendance at Committee sub-committee meetings or presentations. Nor do they show the amount of work or time spent, for example, on dealing with issues raised by parishioners, correspondence and preparing for meetings.

I should be grateful if you would arrange for this report, in respect of statistics provided by Her Majesty's Greffier and Committees for the six months ending 30th April, 2017, to be published as an appendix to the Billet d'État for the Meeting to be held on the 27th September, 2017.

Yours faithfully,

Deputy M. J. Fallaize

President
States' Assembly & Constitution Committee

PART I - REPORT BY COMMITTEE

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States' business	Personal business/holiday	Other

POLICY & RESOURCES COMMITTEE							
G. A. St. Pier	22	21			1		
L. S. Trott	22	16	1		3	1	1 recusal
A. H. Brouard	22	19	2			1	
J. P. Le Tocq	22	16	4		1	1	
T. J. Stephens	22	17	1	3		1	

COMMITTEE <i>for</i> ECONOMIC DEVELOPMENT							
P. T. R. Ferbrache	19	17	2				
J. Kuttelwascher	19	19					
A. C. Dudley-Owen	19	13	1		3	2	
J. S. Merrett	19	16	2			1	
J. I. Mooney	19	18	1				

COMMITTEE <i>for</i> EDUCATION, SPORT & CULTURE							
P. R. Le Pelley	26	26					
C. P. Meerveld	26	25	1				
D. de G. De Lisle	26	23	3				
A. C. Dudley- Owen	26	19	5		2		
* N. R. Inder	17	13	4				
* M. P. Leadbeater	9	2	5			2	

* Deputy N. R. Inder replaced Deputy M. P. Leadbeater as a member of the Committee on 12th January 2017

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States' business	Personal business/holiday	Other

COMMITTEE <i>for</i> EMPLOYMENT & SOCIAL SECURITY							
M. K. Le Clerc	26	25			1		
S. L. Langlois	26	23			3		
J. A. B. Gollop	26	25			1		
M. J. Fallaize	26	23	2			1	
E. A. Yerby	26	24	1		1		

COMMITTEE <i>for the</i> ENVIRONMENT & INFRASTRUCTURE							
B. L. Brehaut	13	13					
M. H. Dorey	13	13					
S. L. Langlois	13	12			1		
H. L. de Sausmarez	13	13					
S. T. Hansmann Rouxel	13	10				3	

COMMITTEE <i>for</i> HEALTH & SOCIAL CARE							
H. J. R. Soulsby	12	11	1				
R. H. Tooley	12	7	4	1			
R. G. Prow	12	12					
E. A. Yerby	12	9	2		1		
J. I. Mooney	12	12					

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States' business	Personal business/holiday	Other

COMMITTEE for HOME AFFAIRS							
M. M. Lowe	25	23				1	1 conflict of interest
R. H. Graham	25	24			1		
V. S. Oliver	25	23	1	1			
R. G. Prow	25	22			2		1 conflict of interest
M. P. Leadbeater	25	21	2			2	

DEVELOPMENT & PLANNING AUTHORITY							
J. A. B. Gollop	7	7					
D. A. Tindall	7	7					
L. C. Queripel	7	7					
V. S. Oliver	7	5		1		1	
J. C. S. F. Smithies	3	3					
M. P. Leadbeater	4	4					

* Deputy M. P. Leadbeater replaced Deputy J. C. S. F. Smithies as a member of the Authority on 15th February 2017

SCRUTINY MANAGEMENT COMMITTEE							
C. J. Green	7	7					
P. J. Roffey	7	7					
L. B. Queripel	7	6		1			

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States' business	Personal business/holiday	Other

LEGISLATION REVIEW PANEL							
C. J. Green	4	3				1	
L. B. Queripel	4	4					
D. de G. De Lisle	4	4					
J. A. B. Gollop	4	4					
D. A. Tindall	4	4					

STATES' ASSEMBLY & CONSTITUTION COMMITTEE							
M. J. Fallaize	6	6					
P. J. Roffey	6	5	1				
M. H. Dorey	6	6					
M. K. Le Clerc	6	6					
H. L. de Sausmarez	6	6					

STATES' TRADING SUPERVISORY BOARD							
C. N. K. Parkinson	15	11				2	2 conflict of interest
J. C. S. F. Smithies	15	14				1	

TRANSPORT LICENSING AUTHORITY							
B. J. E. Paint	2	2					
D. A. Tindall	2	2					
J. A. B. Gollop	2	2					
C. P. Meerveld	2	2					
E. A. Yerby	2	2					

PART II - REPORT BY MEMBER / ELECTORAL DISTRICT

Summary of Attendances at Committee Meetings

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States' business	Personal business/holiday	Other
ST PETER PORT SOUTH							
P. T. R. Ferbrache	19	17	2				
J. Kuttelwascher	19	19					
D. A. Tindall	13	13					
B. L. Brehaut	13	13					
R. H. Tooley	12	7	4	1			
ST PETER PORT NORTH							
J. A. B. Gollop	39	38			1		
C. N. K. Parkinson	15	11				2	2 conflict of interest
Lester C. Queripel	7	7					
M. K. Le Clerc	32	31			1		
M. P. Leadbeater	38	27	7			4	
J. I. Mooney	31	30	1				
ST. SAMPSON							
L. S. Trott	22	16	1		3	1	1 recusal
P. R. Le Pelley	26	26					
J. S. Merrett	19	16	2			1	
G. A. St. Pier	22	21			1		
T. J. Stephens	22	17	1	3		1	
C. P. Meerveld	28	27	1				

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States' business	Personal business/holiday	Other
VALE							
M. J. Fallaize	32	29	2			1	
N. R. Inder	17	13	4				
M. M. Lowe	25	23				1	1 conflict of interest
Laurie B. Queripel	11	10		1			
J. C. S. F. Smithies	18	17				1	
S. T. Hansmann Rouxel	13	10				3	
CASTEL							
R. H. Graham, LVO, MBE	25	24			1		
C. J. Green	11	10				1	
B. J. E. Paint	2	2					
M. H. Dorey	19	19					
J. P. Le Tocq	22	16	4		1	1	
WEST							
A. H. Brouard	22	19	2			1	
A. C. Dudley- Owen	45	32	6		5	2	
E. A. Yerby	40	35	3		2		
D. de G. De Lisle	30	27	3				
S. L. Langlois	39	35			4		
SOUTH-EAST							
H. J. R. Soulsby	12	11	1				
H. L. de Sausmarez	19	19					
P. J. Roffey	13	12	1				
R. G. Prow	37	34			2		1 conflict of interest

NAME OF MEMBER	TOTAL NUMBER OF MEETINGS	MEMBER PRESENT		MEMBER ABSENT			
		Whole Meeting	Part of Meeting	Indisposed	States' business	Personal business/holiday	Other

SOUTH-EAST...							
V. S. Oliver	32	28	1	2		1	
ALDERNEY REPRESENTATIVES							
L. E. Jean	0	0					
S. D. G. McKinley, OBE	0	0					

TOTAL							
Number of meetings	861	761	46	7	21	21	5
		88.4%	5.3%	0.8	3%	3%	0.6%
AVERAGE PER MEMBER							
	22.7	19	1	>1	>1	>1	>1

PART III – REPORT OF ATTENDANCE AND VOTING IN THE STATES OF DELIBERATION

NAME OF MEMBER	TOTAL NUMBER OF DAYS (or part)	DAYS ATTENDED (or part)	TOTAL NUMBER OF RECORDED VOTES	RECORDED VOTES ATTENDED
ST PETER PORT SOUTH				
P. T. R. Ferbrache	19	19	38	38
J. Kuttelwascher	19	19	38	38
D. A. Tindall	19	19	38	34
B. L. Brehaut	19	18	38	37
R. H. Tooley	19	19	38	38
ST PETER PORT NORTH				
J. A. B. Gollop	19	18	38	37
C. N. K. Parkinson	19	13	38	17
Lester C. Queripel	19	19	38	38
M. K. Le Clerc	19	18	38	38
M. P. Leadbeater	19	19	38	38
J. I. Mooney	19	19	38	37
ST SAMPSON				
L. S. Trott	19	19	38	34
P. R. Le Pelley	19	19	38	36
J. S. Merrett	19	18	38	38
G. A. St. Pier	19	19	38	33
T. J. Stephens	19	16	38	25
C. P. Meerveld	19	19	38	38
VALE				
M. J. Fallaize	19	19	38	38
N. R. Inder	19	19	38	35
M. M. Lowe	19	19	38	38
Laurie B. Queripel	19	19	38	38
J. C. S. F. Smithies	19	19	38	38
S. T. Hansmann Rouxel	19	19	38	38

NAME OF MEMBER	TOTAL NUMBER OF DAYS (or part)	DAYS ATTENDED (or part)	TOTAL NUMBER OF RECORDED VOTES	RECORDED VOTES ATTENDED
CASTEL				
R. H. Graham, LVO, MBE	19	19	38	37
C. J. Green	19	19	38	38
B. J. E. Paint	19	19	38	38
M. H. Dorey	19	19	38	38
J. P. Le Tocq	19	18	38	36
WEST				
A. H. Brouard	19	18	38	38
A. C. Dudley- Owen	19	19	38	37
E. A. Yerby	19	19	38	38
D. de G. De Lisle	19	19	38	37
S. L. Langlois	19	19	38	38
SOUTH-EAST				
H. J. R. Soulsby	19	19	38	38
H. L. de Sausmarez	19	19	38	38
P. J. Roffey	19	19	38	38
R. G. Prow	19	16	38	32
V. S. Oliver	19	19	38	38
ALDERNEY REPRESENTATIVES				
L. E. Jean	19	15	38	25
S. D. G. McKinley, OBE	19	15	38	25

Notes:

The only inference which can be drawn from the attendance statistics in this part of the report is that a Member was present for the roll call or was subsequently *relevé(e)*.

Some Members recorded as absent will have been absent for reasons such as illness.

The details of all recorded votes can be found on the States' website <http://www.gov.gg/> on the page for the relevant States' Meeting.

**Annual
Report**

2016

**Seventh Annual Report of the Guernsey Planning
Panel**

INDEX

	Chairman’s Introduction	5
1	The Planning Panel	7
2	Planning Panel Membership	7
3	Panel Staff	7
4	Operating Costs	7
5	Casework	8
6	Case Appraisal	11
7	Case Administration	11
10	Matters arising in cases determined in 2016	
	(a) Third Party Representations	13
	(b) Appeal Periods	13
	(c) Use of Character Assessments and Statements of Significance for Conservation Areas and Protected Buildings	13
11	Other Developments during 2016	
	(a) Draft Island Development Plan	13
12	Conclusion	14
Appendix 1	Planning Panel membership	18
Appendix 2	Synopsis of appeal cases lodged in 2016	19
Appendix 3	Planning Panel’s general policies and procedures	26

Chairman's Introduction

It is once again my pleasure to present this the Seventh Annual Report of the Guernsey Planning Panel.

During 2016, the Panel received a lesser number of appeals than in 2015. This may well be in part due to a reduction in the number of planning applications which were refused by the Development & Planning Authority. There have been various appeals related to the Protected Buildings List which has given an added dimension to the Panel's work.

The most significant change in planning on the Island in 2016 was, of course, the long awaited Island Development Plan which will fundamentally influence many aspects of development. The Panel members received very helpful training towards the end of the year to prepare them for the implementation of the Plan and the impact it will have on the Panel's consideration of planning appeals.

The Panel's membership has again remained constant throughout the year and the respect in which the Panel is now held is undoubtedly due to their skills and integrity and I am grateful to them for the manner in which they have carried out their duties. A recruitment process to appoint further reserve members is now underway to ensure continuity and succession of the Panel.

This is my last Report as Chairman of the Panel. At the end of December last year I tendered my resignation to the President of the Committee *for the* Environment & Infrastructure as both Chairman and an Ordinary Member of the Panel to be effective on 31st March this year. That date will almost exactly coincide with my appointment eight years ago and I feel after such a period the time is now right to step aside and allow someone else to take the Panel forward who has new ideas and a new approach.

I have been delighted to learn that my successor will be Mr. David Harry who has been involved with the Panel since its inception, firstly as a reserve member, and more latterly as an Ordinary Member. David is a solicitor by profession and has been a partner with a local law firm for many years. He is well known on the Island and is a man of great ability, charm, and integrity. I am sure he will lead the Panel with great success.

I have been very fortunate to have been supported by very able colleagues, both past and present, and I wish to thank all of them most sincerely for their wholehearted support.

I also wish to thank Mrs. Joanne De Garis for her assistance as Secretary to the Panel at its inception and who set up many of the protocols which have served us well. Her successor, Miss Elizabeth Dene, has been the Panel Secretary for a number of years now and her considerable talents are a great asset to us. It has been an absolute privilege and pleasure to have been Chairman of the Panel for the last eight years and I wish everyone connected with it my good wishes for the future.

Patrick Russell
Chairman
March 2017

1. The Planning Panel

The Planning Panel was established in April 2009, under the Land Planning and Development (Guernsey) Law, 2005 (2005 Law) to determine appeals against planning decisions made by the Development & Planning Authority¹.

The Panel is an independent appeal body, with its own secretariat and administration. The Panel members are appointed by the States of Guernsey. To ensure the independence of the Panel the following groups of people cannot serve on it:

- (a) A Member of the States of Deliberation
- (b) An employee, member, or anybody carrying out work or providing services for the Environment Department
- (c) A member of the Strategic Land Planning Group
- (d) Anybody holding judicial office in Guernsey
- (e) Anybody who has held any of the above posts in the preceding two years.²

2. Planning Panel Membership

The Panel's membership remained unchanged during 2016.

3. Panel Staff

In 2016 there were no staff changes and Miss Dene continues to act as the Panel's Secretary on a half-time basis.

During 2016, Miss Dene took a three month unpaid sabbatical to undertake voluntary work in Uganda. During her absence, the Panel was supported by Mr. Peter Burnard, who had previously provided administrative support for the Planning Inquiry. The Panel is grateful to Mr. Burnard and to the Policy & Resources Committee and Committee *for the* Environment & Infrastructure for arranging administrative cover during Miss Dene's absence.

4. Operating Costs

The Panel's expenditure in 2016 is set out in Table 1. The number of appeals lodged in 2016 was lower than in previous years and this is reflected in the lower payments to Panel members and travel costs.

The income from appeal fees in 2016 was higher despite the lower number of appeals. The appeal fee is the same as the fee paid when the planning application was submitted. In 2016, two appeals (one relating to outline planning permission for a

¹ See section 86 of the Land Planning and Development (Guernsey) Law, 2005

² See section 4 of the Land Planning and Development (Appeals) Ordinance, 2007

large residential development in St. Martin and another for a commercial development at Bulwer Avenue) accounted for £7,290 of the total income of £10,235.

The Panel did not receive any applications from appellants who indicated a wish to appeal against a planning decision but were unable to do so because of financial hardship. Should such an enquiry be received the Panel has the power to waive the fee if the Panel's Chairman is satisfied that payment of the appeal fee will cause the appellant financial hardship.

The Panel continues to promote, wherever appropriate, the use of the provision for an appeal to be determined without the need for a public hearing and to be determined by a single professional members. The Panel is always mindful that whilst the costs associated with the Panel's work are important considerations they should never outweigh the need for each appeal to be determined fairly and transparently and for the evidence to be properly and anxiously reviewed by a Planning Tribunal.

Table 1 Panel's Expenditure and Income	2012	2013	2014	2015	2016
Recruitment and training	£8,000	£4,355	£3,250	--	£710
Stationery	£685	£254	£132	--	£420
Payments to Panel Members	£79,076	£55,558	£47,534	£51,025	£41,215
Travel and accommodation costs	£4,749 ³	£5,480	£3,961	£2,051	£4,185
Operational costs	£4,259	£3,339	£2,709	£1,964	£2,255
Staff salaries	£33,355	£39,654	£39,810	£36,385	£33,325
Total Expenditure	£132,124	£110,653	£99,410	£91,425	£82,110
Income from Fees	£7,969	£13,422	£4,605	£3,985	£10,235

5. Casework

In 2016 (2015), the Panel received 24 (33) appeals, i.e. 27 per cent decrease when compared with 2015. Tables 2 and 3 provide a breakdown of the categories of appeals made and their disposal. In 2016 (2015), the Development & Planning Authority refused 3.7% (5.9%) of applications for planning permission. The lower number of planning applications where planning permission was refused, in part, reflects the more permissive approach under the Island Development Plan which was adopted by the States of Deliberation as the adopted development plan on 2nd November 2016. A full breakdown of the appeals lodged during 2016 is set out in Table 3 below.

³ The increase in costs reflects the additional travel and hotel accommodation following the appointment of two UK-based Professional Members

Table 2

	Number of Appeals					
	2016		2015		2014	
	Commercial	Householder	Commercial	Householder	Commercial	Householder
Refusal of planning permission	3	6	6	10	6	9
Refusal of outline planning permission	1	--	--	--	--	--
Planning conditions	--	1	--	--	--	1
Non-determination	--	--	--	--	--	--
Compliance Notices	--	7	6	5	6	1
Completion Notices	--	--	--	--	--	--
Confirmation of a Tree Protection Order	--	1	--	--	--	--
Add building to Protected Building List	2	3	1	6	1	--
TOTAL	6	18	13	21	13	11

At the end of 2016, eight appeals remained unheard. In two cases the appeals were lodged in late November 2016. In three cases, the appellants had lodged a revised planning application and so had requested that the appeal be held in abeyance until the outcome of the second application was known. In two of these cases, planning permission for the revised application was granted and so the appeals were withdrawn. In the remaining appeals unheard at the end of 2016, the appellants asked for the appeal hearing to be delayed to allow time for them to enter into negotiations with the Development & Planning Authority to seek resolution of the matter without recourse to a Planning Tribunal.

In 2016, the Panel noted that 25 per cent of appeals related to commercial sites and 75 per cent were householder-based appeals.

As a general rule, the Panel endeavours to determine appeals within twelve weeks of the appeal being lodged, subject to the availability of the parties and any witnesses. Where an appellant requests an appeal be determined as a written representation, the Panel is able to progress such cases more quickly as the arrangements for the case to be determined are generally simpler as no hearing needs to be arranged.

Table 3
Breakdown of
Appeal Cases by
Outcome

	Number of Appeals			Outcome																	
				Allowed (i.e. where the Tribunal found in favour of the appellant)			Dismissed (i.e. where the Tribunal upheld the Department's decision)			Other											
										Withdrawn by Appellant			Conceded or Withdrawn by Department			Appeal out of time			Dismissed under s.69(5) of the 2005 Law		
2016	2015	2014	2016	2015	2014	2016	2015	2014	2016	2015	2014	2016	2015	2014	2016	2015	2014	2016	2015	2014	
Refusal of planning permission	8	16	16	1	7	5	3	8	9	3	1	--	--	--	2	--	--	1	--	--	--
Refusal of outline planning permission	1	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Planning conditions	1	--	1	1	--	1	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Non-determination	--	--	1	--	--	1	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Compliance Notice	9	11	7	--	1	--	--	5	2	4	--	1	1	1	3	1	1	1	3	--	--
Completion Notice	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Confirmation of a TPO	1	--	--	1	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Add building to or amend existing entry on Protected Building List	4	7	1	--	1	--	2	2	--	1	1	--	1	1	--	--	--	1	--	--	--
TOTAL⁴	24	34	26	3	9	7	5	15	11	8	2	1	2	2	5	1	1	3	3	--	--

⁴ 2 appeal cases (1 appeal against the planning conditions attached to the grant of planning permission and the other relating to the refusal of outline planning permission) remain unheard as the parties had either submitted revised planning applications or requested additional time to try and negotiate a settlement with the Development & Planning Authority

6. Case Appraisal

The Decision Notices for each planning appeal is set out in Appendix 1. In 2016 (2015), 8 (21) of the appeals lodged proceeded to an adjudication.

Three appeals against Compliance Notices issued by the Development & Planning Authority for a single appeal site were dismissed by the Panel's Chairman under section 68 (4) of the Land Planning and Development (Guernsey) Law, 2005 because there had been undue delays in the manner in which the appellant had progressed his appeal. When these appeals were lodged, the appellant had indicated his intention to make a revised planning application to try and regularise the alleged breaches. However, several months later and despite various reminders, no revised planning application had been submitted.

A full breakdown of the planning policies is set out in Appendix 2.

In 2016, the Panel received four appeals against decision to add a building to the Protected Building List. The Panel noted that during 2015, 40 properties were added to the Protected Buildings' List. The three appeals lodged represent 10% of all cases eligible for appeal under section 18 of the Land Planning and Development (Special Controls) Ordinance, 2007.

7. Case Administration

As noted above, there remains a strong preference for appellants to request that an appeal be heard before a Planning Tribunal.

Table 4 (below) provides a breakdown of the mode of appeal, including cases where the Panel's Chairman has, having reviewed an appeal application, decided that the case should be determined by a different mode of appeal from that indicated by the appellant, such as a request for determination by Written Representations or by a Single Professional Member, the latter also requiring the consent of the Committee *for the Environment & Infrastructure*.

In 2016, just under half of the appellants were represented by an Advocate or Architect. The Panel continues to encourage appellants, where they wish, to present their own appeals without the need for professional representation. The Panel is mindful that, when it was established, one of the main reasons for moving away from appeals before the Royal Court to a Tribunal approach was to enable anybody who had been refused planning permission to be able to appeal the decision without having to incur possibly substantial legal costs.

Table 4
Mode of Appeal

	Disposal as requested by Appellant			Actual disposal following review by Panel Chairman		
	Planning Decisions	Compliance and Completion Notices	Protected Buildings	Planning Decisions	Compliance and Completion Notices	Protected Buildings
	2016 (2015)	2016 (2015)	2016 (2015)	2016 (2015)	2016 (2015)	2016 (2015)
Public Hearing before a Planning Tribunal	5 (11)	-- (4)	5 (3)	5 (11)	-- (5)	2 (3)
Public Hearing before a Single Professional Member	-- (3)	-- (3)	-- (--)	-- (3)	-- (2)	-- (--)
Written Representation determined by a Planning Tribunal	1 (4)	-- (1)	-- (--)	1 (4)	-- (--)	-- (--)
Written Representation determined by a Single Professional Member	-- (2)	-- (--)	-- (--)	-- (2)	-- (--)	-- (--)

Table 5 provides a more detailed breakdown of representation.

Table 5

Breakdown of Representation⁵

		2016	2015	2014	2013
Unrepresented		13	10	6	9
Unrepresented but assisted by friend or family member		--	1	1	2
Represented	Architect	2	17	8	10
	Advocate	8	15	4	4
	Planning consultant	1	3	3	--
	Surveyor	--	--	2	--

8. Matters arising in cases determined in 2016

The appeal cases heard during 2016 did not raise any issues not previously reported on by the Panel.

In respect of the addition of buildings to the Protected Buildings List, the Panel noted that the decision of the Development & Planning Authority not to include a Statement of Significance as part of the Listing Notice continued to present difficulties for Tribunals. The Tribunal's view is that the Statement of Significance assists the property owner in understanding how the information collected during site inspection has been assessed and weighed.

⁵ Numbers relate to appeals determined at a public hearing; in some cases the appellant was represented by an Advocate together with other professional parties

The Panel accepts that there have been occasions when a property owner and a Tribunal has challenged to accuracy of the States of Significance but remains of the view that such Statements are beneficial and so should be included in any Listing Notice.

9. Update on Issues raised in the Planning Panel's previous Annual Reports

(a) *Third Party Representations*

In previous Annual Reports, the Panel has commented on the restrictions placed on third parties and indicated it agrees that some relaxation of the current restrictions placed on taking evidence from third parties would be beneficial.

The Panel has reflected further on this matter and, having taken legal advice, is satisfied that the provisions under section 5 (h) of the Land Planning and Development (Appeals) Regulations, 2009 provide a Planning Tribunal with the powers to call as witnesses any third party representors where there may be a need to do so. Section 5(h) states:

"The Appellate Body may call for such documents and examine such persons on oath, affirmation or otherwise as appear likely to afford evidence which is relevant and material to any question to be determined by the Appellate Body."

(b) *Appeal Periods*

The Panel has also raised concerns that in some cases where an individual is appealing against a refusal of planning permission on a retrospective application and an associated Compliance Notice, the difference between the two appeal periods (six months from the date of the refusal of planning permission and 28 days from the Date of Issue of a Compliance Notice) may be used as a means to delay enforcement action.

Here again, the Panel understands that the Development & Planning Authority will propose an amendment to the Land Planning and Development (Guernsey) Law, 2005 to shorten the appeal period in the case of planning applications where enforcement action has been formally commenced and that this will be submitted to the States of Deliberations during 2018.

(c) *Use of Character Assessments and Statements of Significance for Conservation Areas and Protected Buildings*

The Panel has previously expressed its concerns about the absence of published character assessments for the various Conservation Areas as designated under the Urban and Rural Area Plans.

The Panel is pleased to note that such character assessments have been included in the Island Development Plan, together with full details of the methodology for designating Conservation Areas.

10. Other Developments during 2016

(a) Adoption Island Development Plan

The Panel noted that on 2nd November 2016, the States of Deliberation approved the adoption of the Island Development Plan to replace the Urban and Rural Area Plans as Guernsey adopted development plan.

The Panel members received training on the principal changes between the Island Development Plan and the Urban and Rural Area Plans.

The Panel notes that, as the appeal period against decisions is six months from the date of the decision, it will continue to receive appeals where the relevant development plan is either Urban or Rural Area Plan. The reason for this is because a Tribunal can only consider an appeal against the refusal or planning permission or the conditions attached to the grant of planning permission on the basis of the evidence, facts, or material before the Development & Planning Authority when the decision was made (section 69(1) of the Land Planning and Development (Guernsey) Law, 2005 refers).

11. Conclusion

During 2016, the Panel has again continued to build on and develop its knowledge and understanding of development control and its understanding of the planning process. The Panel is grateful for the professional and courteous assistance it continues to receive from appellants, their representatives, the Development & Planning Authority officers and officers of other States Departments who have given evidence at appeal hearings. The Panel is appreciative of this assistance and recognises that without such co-operation it would face greater challenges in discharging its statutory responsibilities.

The Panel continues to use its best endeavours to ensure that its members are kept up-to-date with relevant planning matters and to review its own policies and practices. This is undertaken through in-house training and regular reviews of its operational policies and procedures whilst monitoring any developments in local planning policy or other States policy which may have an impact on the cases it is asked to determine.

Looking forward to 2017, the Panel anticipates that, aside from the particular issues that may arise from individual appeals, the year will be a challenging one as the new Island Development Plan replaces the Urban and Rural Area Plans.

In addition, the Panel notes that it is anticipated that the High Hedges (Guernsey) Law, 2016 will come into force in October 2017. The Panel will be the appellant body for parties to appeal decisions by the Development & Planning Authority against decisions under section 8(5)(a) that the allegation made in the complaint is not justified, or under section 8(5)(b) that no action should be taken in relation to the high hedge.

The Panel notes that recourse to the Development & Planning Authority to resolve a dispute with a neighbour over a high hedge is limited to the owners and occupiers of domestic properties where a hedge is over 2 metres high and is predominantly of evergreens and the hedge adversely affects the reasonable enjoyment of their property because the hedge forms a barrier to light. It also notes that the High Hedges (Guernsey) Law, 2016 is intended to act as a last resort, when all other attempts to resolve the problem through discussion with the neighbour have failed.

The Panel will be issuing additional guidance notes for anybody considering whether or not to make an appeal under this new legislation.

Appendices

APPENDIX 1 – PLANNING PANEL MEMBERSHIP

Name	Position on Panel	Date Appointed	Term of Office
Mr. Patrick Russell	Chairman	March 2015 ⁶	Until March 2021
Mr. Stuart Fell	Vice Chairman Professional Member	March 2015 ⁷	Until March 2021
Mr. Jonathan King	Professional Member	January 2012	Until March 2018
Mrs. Linda Wride	Professional Member	January 2012	Until March 2018
Mrs. Sheelagh Evans	Lay Member	January 2013 ⁸	Until March 2019
Mr. David Harry	Lay Member	September 2012 ⁹	Until March 2017
Mr. John Weir	Lay Member	January 2012 ¹⁰	Until March 2018
Ms. Julia White	Lay Member	January 2012 ¹¹	Until March 2018

⁶ Mr. Russell was first appointed as a lay member in March 2009 to serve for 6 years and was re-elected in 2015 for a further 6 year term

⁷ Mr. Fell was first appointed as a professional member in March 2009 to serve for 6 years and was re-elected in 2015 for a further 6 year term

⁸ Mrs. Evans was first appointed as a lay member in March 2009 to serve for 4 years and was re-elected in 2013 for a further 6 year term

⁹ Mr. Harry was appointed to serve the unexpired term of Mr. Burnard's appointment (who resigned from the Panel in August 2012)

¹⁰ Mr. Weir was first appointed as a lay member in March 2009 to serve for 3 years and was re-elected in 2012 for a further 6 year term

¹¹ Ms. White was first appointed in September 2011 to serve the unexpired term of Mr. Bowen's appointment (who resigned from the Panel in May 2012) and was re-elected in 2012 for a further 6 year term

APPENDIX 2 - SYNOPSIS OF APPEAL CASES DETERMINED DURING 2016

PAP Ref	Planning Reference	Details	Principal Issues	Appeal Outcome
001	FULL/2015/2532	Appeal against the refusal of planning permission to erect a fence at La Chapelle Cottage, Rue des Blanches Terres, St. Saviour	<i>Appeal withdrawn by appellants after negotiations with the Development & Planning Authority</i>	
002	PB1645	Appeal against a decision on 22nd January 2016 to add La Vieille, Sous l'Église, Rue de l'Église to the List of Protected Building	Whether to building had no special interest; the entry was in any material respect factually incorrect; or the entry was (for any other reason) ultra vires or unreasonable.	Appeal Dismissed
003	PB1640	Appeal against a decision on 15 th January 2016 to add Le Vieux Menage, Rue des Juliennes, St. Pierre du Bois to the List of Protected Buildings	<i>Appeal conceded by the Development & Planning Authority and building removed from the List of Protected Buildings</i>	
004	FULL/2015/2497	Appeal against the refusal of planning permission to rebuild roadside wall and earth banks at Les Preux, Route de Saumarez, St. Martin	Whether is planning permission required for work; and whether the work is acceptable in terms of its effect on the character and appearance of the area, having regard to the presumption in favour of householder development contained in Policy RH6 of the Rural Area Plan.	Appeal allowed

PAP Ref	Planning Reference	Details	Principal Issues	Appeal Outcome
005	ENF/2015/00053	Appeal against a Compliance Notice served on 15th March 2016 in respect of an alleged unauthorised development, namely a breach of condition 1 attached to grant of planning permission FULL/2012/0401 at Craig Gowan, Forest Road, St. Martint. Jacques, St. Peter Port		<i>Appeals dismissed by the Planning Panel Chairman under section 68(5) of the Land Planning and Development (Guernsey) Law, 2005</i>
006	ENF/2015/00053	Appeal against a Compliance Notice served on 15th March 2016 in respect of an alleged unauthorised development, namely a breach of conditions 1 & 7 attached to grant of planning permission FULL/2012/0401 at Craig Gowan, Forest Road, St. Martin		
007	ENF/2015/00053	Appeal against a Compliance Notice served on 15th March 2016 in respect of an alleged unauthorised development, namely the erection of a timber fence along the western boundary of Craig Gowan, Forest Road, St. Martin		

PAP	Planning	Details	Principal Issues	Appeal
------------	-----------------	----------------	-------------------------	---------------

Ref	Reference			Outcome
008	FULL/2015/2843	Appeal against conditions attached to grant of planning permission to pollard, crown lift and crown thin 5 trees on land adjacent to 7 Longfield, Maurepas Road, St. Peter Port	<p>The effect of the proposed pollarding on the health, wellbeing and value of the trees:</p> <ul style="list-style-type: none"> • The trees. • The value of the trees. • The effect of proposed pollarding. <p>Whether the effect on the appellant's living conditions is sufficient to outweigh any harm to the trees that may arise as a result of the proposed pollarding.</p> <ul style="list-style-type: none"> • The use of the garden. • The impact on the solar panels. 	Appeal Dismissed
009	ENF/2015/0150	Appeal against a Compliance Notice served on 6 th April 2016 in respect of an alleged unauthorised development, namely the creation of ponds and waterway and erection of summerhouse on agricultural land at La Haye du Puits, Castel	<i>Appeal withdrawn by appellants after the grant of planning permission for a revised planning application</i>	
010	FULL/2016/0061	Appeal against a Compliance Notice served on 6 th April 2016 in respect of an alleged unauthorised development, namely the extension of domestic curtilage onto agricultural land at La Haye du Puits, Castel		

PAP Ref	Planning Reference	Details	Principal Issues	Appeal Outcome
011	FULL/2016/0154	Appeal against refusal of planning permission (retrospective) to extend domestic curtilage and create two ponds at La Haye du Puits, Castel	<i>Appeal withdrawn by appellants after the grant of planning permission for a revised planning application</i>	
012	PT84	Appeal against decision of 21st January 2016 to protect a group of trees at Gandhi Ahimsa, Montville Road, St. Peter Port	Whether it is not in the interests of amenity to provide for the protection of the group of trees to be protected.	Appeal allowed
013	OP/2015/0649	Appeal against the refusal of planning permission to erect 20 dwellings and 17 flats with associated parking and landscaping at Les Blanches, La Route des Blanches, St. Martin	<i>Appeal was been held in abeyance pending the decision on a revised planning application (OP/2016/1180); the revised application was refused on 30th September 2016 and the appellants have asked for a further deferral as it is their intention to appeal the second decision; with the agreement of all parties, the Panel has agreed to determine both appeals together in 2017</i>	
014	FULL/2016/0165	Appeal against the refusal of planning permission to erect signs at western elevation of Sigma, Braye Road Industrial Estates, Vale (retrospective)	Whether the proposed sign, by virtue of its size, positioning, and the introduction of advertising material within an otherwise residential area, would form an unduly prominent and incongruous feature taking into account the character and visual amenity of the locality and the surrounding streetscape.	Appeal dismissed

PAP Ref	Planning Reference	Details	Principal Issues	Appeal Outcome
----------------	---------------------------	----------------	-------------------------	-----------------------

015	FULL/2015/1744	Appeal against the conditions attached to the grant of planning permission to replace and reinstate windows and doors to barn, re-instate pump, re-grade land, alter hard surfacing and undertake landscaping at Le Val Farm, Route des Blicqs, Forest	<i>Appeal deferred pending issue of amended Compliance Notices following decision of the Development & Planning Authority to concede Compliance Notice issued on 31st May 2016</i>	
016	ENF/2015/0130	Appeal against a Compliance Notice served on 31 st May 2016 in respect of an alleged unauthorised development, at Le Val Farm, Route des Blicqs, Forest as set out in the Compliance Notice	<i>Conceded by the Development & Planning Authority under s.68(7) of the Land Planning and Development (Guernsey) Law, 2005.</i>	
017	FULL/2015/2215	Appeal against the refusal of planning permission to re-develop part of the former Esso Site, Bulwer Avenue, St. Sampson for the construction of a two building for the maintenance, preparation, display and the sale of motor vehicles		Appeal dismissed
018	FULL/2015/1471	Appeal against the refusal of planning permission to demolish existing and erect new dwelling, including home office and install ground source heat pump at The Meadows, Rue des Messuriers, St. Saviour	<i>Appeal withdrawn by appellants after the grant of planning permission for a revised planning application</i>	
PAP Ref	Planning Reference	Details	Principal Issues	Appeal Outcome

019	ENF/2015/0054	Appeal against a Compliance Notice served on 12 th July 2016 in respect of an alleged unauthorised development, at Grange Hall, The Grange, St. Peter Port	<i>Appeal withdrawn by appellants after compliance with the requirements under the Notice</i>	
020	ENF/2016/0075	Appeal against a Compliance Notice served on 13 th July in respect of the alleged domestic use of agricultural land at Les Fontaines, Rue des Portelettes, Torteval	<i>Conceded by the Development & Planning Authority under s.68(7) of the Land Planning and Development (Guernsey) Law, 2005.</i>	
021	PB1658	Appeal against the listing as a Protected Building of the whole of the Happy Landings, Rue des Landes, Forest	Whether to building had no special interest; the entry was in any material respect factually incorrect; or the entry was (for any other reason) ultra vires or unreasonable.	Appeal dismissed
022	PB1661	Appeal against listing of the interior of La Brigade Guest House, La Brigade Rd, St Andrew's and of the single-storey kitchen at the east end. Other elements of listing are not contested	<i>Appeal withdrawn by the appellants after agreement with the Development & Planning Authority to amend the extent of the listing</i>	
023	FULL/2015/3023	Appeal against refusal of planning permission to convert shop at 34 Mill Street to form display window and dwelling house and install windows (rear elevation)	The effect on the retail function, character and vitality of the Town. Whether the development would provide satisfactory living conditions having regard to outlook, daylight and sunlight, and means of access	Appeal dismissed

PAP	Planning	Details	Principal Issues	Appeal
------------	-----------------	----------------	-------------------------	---------------

Ref	Reference		Outcome
024	FULL/2016/0582	Appeal against refusal of planning permission for change of use of outbuilding at Courtil de Rigeaux Vinery, La Grande Lande, St. Saviour to create an office	<i>Appeal withdrawn by appellants after the grant of planning permission for a revised planning application</i>

APPENDIX 3 - THE PLANNING PANEL'S GENERAL POLICIES AND PROCEDURES

(a) Determination of an Appeal by a Single Professional Member

When deciding whether an application should be made to the Committee *for the Environment & Infrastructure* to seek its approval that an appeal should be determined by a Single Professional Member the Panel Chairman will consider the following factors:

- Are the appeal papers complete and self-contained? In other words, can the Tribunal easily understand how the planning decision was reached, the appellants' reasons for appealing the decision and why the Development & Planning Authority is resisting the appeal?
- Are the relevant planning policies and issues clear? In other words, can the Tribunal clearly understand the issues by reading the appeal papers and visiting the site?
- Is there an over-riding public interest? Examples of appeals which may have an over-riding public interest will include large scale developments, developments in areas of particular environmental or historic sensitivity or where the policy issues are unclear. In other words, is there likely to be significant public interest in the development or have the policy issues linked to the appeal ones which are the subject of wider debate so that it is appropriate for a hearing to be held.
- Were any third party representations objecting to the development received by the Development & Planning Authority?
- Are there significant disputes as to the facts?
- Are there any novel legal issues?

(b) Determination on an Appeal by Written Representation by either a Single Professional Member or by a Full Tribunal

When deciding whether an Appeal should be determined by Written Representations by a Single Professional Member the Panel Chairman will consider the factors referred to above in addition to those below relating to determination by a full Tribunal:

- Does the appeal involve a planning application of Island-wide significance or concern development where an environmental statement has or may be required, as specified under section 6 (2) (a) and (b) of the Land Planning and Development (Appeals) Ordinance, 2007?

- Is the matter appealed fairly minor and uncomplicated?
- Is the evidence self-explanatory and complete?
- Were there any third party representations received by the Development & Planning Authority how many and from whom?

(c) General Procedure for Determining Compliance Notices and Confirmation of Tree Protection Order

When deciding whether an appeal against the issue of a Compliance Notice or the Confirmation of a Tree Protection Order should be determined by a Hearing or by Written Representations by either a Single Professional Member or by a full Tribunal, the Panel Chairman's general presumption is that the appeal should be heard by way of public hearing.

This general presumption is because these types of appeal are likely to be of wider public interest and, in some cases, the issues are likely to be more complex, and so require the Tribunal to hear evidence from a number of parties, other than the person making the appeal and the Development & Planning Authority.

(d) General Procedure for Site Visits

When determining an appeal the Tribunal or Single Professional Member will always visit the appeal site.

As a general rule, where an appeal is determined at a public hearing the site visit will take place at the end of the hearing. However, the Tribunal or Single Professional Member may direct that the site visit should take place at the start of a hearing or part way through a hearing. Such decisions will be determined on a case-by-case basis and the Tribunal or Single Professional Member will explain its decision.

These site visits will require the attendance of the appellants and/or his representative and the Development & Planning Authority's representative/s. All parties must be present throughout the site visit and should remain in close proximity to the Tribunal Members to ensure that they can hear any questions that Members may ask and the answers given.

Where an appeal is determined by Written Representations the site visit will generally be made privately, i.e. the attendance of the appellants and/or his representative and the Development & Planning Authority's representative/s will not be required. However, where the Tribunal Members need to gain access to a building or cannot view the appeal site without entering privately owned land the site visit will be

conducted in the presence of the appellants and/or his representative and the Development & Planning Authority's representative/s.

For all accompanied site visits the appellant should ensure he brings any keys which may be needed to afford Tribunal Members access to any locked buildings, sheds, etc. on the appeal site.

(e) General Procedure for Handling Post-Hearing Correspondence with the Parties

As a general rule, the Tribunal or Single Professional Member will not enter into any post-hearing correspondence with the parties. However, from time to time this may be necessary, e.g. to clarify a point made in evidence by either party or to seek both parties' comments on the wording of a non-standard planning condition.

Where it is necessary for a Tribunal or Single Professional Member to open such correspondence copies of any letters or email communications will be sent to all parties, together with the replies received from each party.

(f) General Procedure for Determining Linked Appeals against the Refusal of Planning Permission and against a Compliance Notice

As a general rule the Panel will endeavour to prioritise appeals against Compliance Notices.

This general rule will be modified where retrospective planning permission has been refused and the Development & Planning Authority has commenced enforcement measures before the appeal period for the refusal of planning permission has expired.

The Panel's general policy for dealing with appeals against both the refusal of planning permission and a Compliance Notice seeks to ensure that the party's rights under s.68 of the 2005 Law to appeal a decision refusing planning permission are not interfered with and that the Development & Planning Authority's endeavours to deal with any breaches of the Island's development controls are not frustrated.