

**THE STATES OF DELIBERATION**  
**of the**  
**ISLAND OF GUERNSEY**

**POLICY & RESOURCES COMMITTEE**

**CONSTITUTION AND MEMBERSHIP OF THE STATES' TRADING SUPERVISORY BOARD**

The States are asked to decide:-

Whether, after consideration of the Policy Letter under the above title dated 16th August, 2016, that:-

The membership of the States' Trading Supervisory Board shall be a President and one member who shall be members of the States and two members who shall not be members of the States; provided that neither the President nor any member of the States' Trading Supervisory Board shall be the President or a member of the Transport Licensing Authority.

The above 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.

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

16<sup>th</sup> August, 2016

Dear Sir

**1 Executive Summary**

- 1.1 The purpose of this policy letter is to make recommendations to the States on the constitution and membership of the States' Trading Supervisory Board (the Board).

**2 Strategic Context and Background**

- 2.1 Appendix A to the Rules of Procedure of the States of Deliberation and their Committees requires that the constitution of the Board shall be determined by the States on a recommendation made by the Policy & Resources Committee (the Committee). The provisos to this requirement are that: the President of the Board shall be a member of the States; at least one other member of the Board shall be a member of the States and at least two other members of the Board shall not be members of the States; and, neither the President nor any member of the States' Trading Supervisory Board shall be the President or a member of the Transport Licensing Authority.
- 2.2 It should be emphasised that the Rules set out the minimum requirements for the constitution of the Board and that they do not preclude the States, upon the recommendation of the Committee, from constituting the Board with more than two States' members and/or more than two non-States' members.
- 2.3 The Rules have been established in accordance with the provisions and recommendations for the Board set out in the States Review Committee's second policy letter<sup>1</sup> on the Organisation of States' Affairs. This policy letter highlighted the need to ensure the constitution of the Board allowed for the recruitment of appropriate skills and experience, with the expectation being that those members who were not States' members would have skills in connection with corporate governance, board and shareholder responsibilities, strategic and operational benchmarking and so forth. It

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<sup>1</sup> Billet d'Etat XII of 2015

also proposed, and the States agreed<sup>2</sup>, that all these persons would be voting members of the Board and that the constitution of the Board and its members should be determined by the States on a proposition from the Policy & Resources Committee.

- 2.4 These membership provisions reflected the, perhaps, unique and differing mix of responsibilities entrusted to the Board in: firstly, undertaking the States' role as shareholder of the incorporated companies<sup>3</sup> owned by the States; and, secondly, ensuring the efficient management, operation and maintenance of the States' unincorporated trading concerns and commercial interests<sup>4</sup>, where it acts as a Board of Directors for the entities concerned. In this latter role, the best analogy would be to consider its members as undertaking the role of non-executive directors. Recognising the Board's unique responsibilities, its civil service support is not led by a Chief Secretary, but by the Managing Director, States of Guernsey Trading Assets, who is expected to attend all Board meetings to provide advice and guidance as necessary.

### **3 Constitution of the States' Trading Supervisory Board**

- 3.1 The Committee has considered at length whether it should recommend to the States that the Board be constituted with more than the minimum number of two States' members and two non-States' members. However, at this time, it does not believe this would be appropriate.
- 3.2 Whilst the Committee is confident that it has identified the correct skills mix that will be required and that its nominated candidates can demonstrate these, it believes that it would be sensible to review the position once the new President and Board have had an opportunity to establish themselves in these new roles and develop practical experience of the demands being placed on the Board. The Committee would intend to consult with the Board after six months or so about whether or not there was a need to increase the number of individuals or add to the skills mix available to it.
- 3.3 The Committee is therefore proposing that, for the time being, the Board should be constituted as follows:
- A President, who shall be a member of the States;
  - One other member, who shall be a member of the States;
  - Two other members, who shall not be members of the States.

Members would continue to be elected by the States upon the recommendation of the Policy & Resources Committee.

- 3.4 In proposing the above, it should be noted that the Rules of Procedure<sup>5</sup> provide that a Vice-President can only be elected from amongst those members of the Board who are sitting members of the States. It follows, by default, that only the second States' member on the Board will be eligible to be elected as its Vice-President.

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<sup>2</sup> Resolution 23 of Article I of Billet d'Etat XII of 2015

<sup>3</sup> Cabernet Ltd; Guernsey Electricity Ltd; Guernsey Post Ltd; and, Jamesco 750 Ltd.

<sup>4</sup> The Ports; Guernsey Dairy; Guernsey Water; CI Lottery; States Works; Property, Engineering and Architectural Services; and Waste Services

<sup>5</sup> Rule 43.(1) of the Rules of Procedure of the States of Deliberation and their Committees

- 3.5 Under the Rules of Procedure<sup>6</sup>, it is the Presiding Officer who must submit propositions to the States for an election to a vacant office. In anticipation of these propositions being submitted to the same meeting of the States as this policy letter, the Committee has taken this opportunity to set out below the nominations it will be proposing for those vacancies.

#### **4 States' Members**

- 4.1 Most regrettably, it is necessary for the States to appoint a President of the Board to fill the unexpired portion of the vacant office left by the late Deputy Jones. Having sought expressions of interest from States' members, the Committee will be nominating Deputy Parkinson for this position. A summary of Deputy Parkinson's curriculum vitae is included in Appendix 1. The Committee felt that, of all those who had expressed an interest in the position, Deputy Parkinson had the most relevant experience to discharge the role. It should be noted that Deputy Parkinson is a Director of Bailiwick Investments Ltd, which has an equity holding in Guernsey Recycling Group. Given the States' Trading Supervisory Board's responsibilities for the implementation of the waste strategy, Deputy Parkinson intends to resign from his position at Bailiwick Investments Ltd to avoid any potential conflict of interest.
- 4.2 The Committee acknowledges that, under the current Rules of Procedure<sup>7</sup>, a successor can only be appointed by the States once a by-election has taken place in the Parish of the Vale to elect a new People's Deputy. However, the Committee understands that the States Assembly and Constitution Committee (SACC) will be presenting propositions to the States at its meeting commencing on 7<sup>th</sup> September, 2016, to amend the Rules to remove the requirement to hold the by-election beforehand. Propositions for the appointment of a President will be submitted on the basis that the States approve SACC's proposals on this matter.
- 4.3 Upon the nomination of the Committee, the States has previously elected Deputy Smithies as a member of the Board. The Committee felt that the States' Members of the Board should, ideally, have a demonstrable track record of commercial experience. The Committee has therefore taken this opportunity to include a summary of Deputy Smithies' curriculum vitae in Appendix 1 in order to provide the States with a complete picture of the background, commercial skills and experience that will be available to the Board should its nominations be accepted.

#### **5 Non-States' Members**

- 5.1 The Committee adopted an open recruitment process for non-States' members of the Board, placing adverts in the Guernsey Press to seek applications from interested individuals. Shortlisted candidates were interviewed by a Panel which included existing States' members of both the Policy & Resources Committee and the States' Trading Supervisory Board.

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<sup>6</sup> Rule 3.(2) of the Rules of Procedure of the States of Deliberation and their Committees

<sup>7</sup> Rule 37.(3) of the Rules of Procedure of the States of Deliberation and their Committees

5.2 The Committee's firm intention has been to recommend the appointment of professionally qualified candidates who, between them, can demonstrate a mixture of experience in a wide range of criteria, including:

- experience in a commercial, legal and/or financial services background at executive or non-executive level;
- knowledge or skills in Board and shareholder responsibilities, corporate governance, risk management, operational efficiency and performance reviews; and,
- experience in setting strategic direction, benchmarking and change management.

The Committee also felt that the commercial background, skills and experience of all members of the Board should ideally complement each other.

5.3 Following the recruitment process set out above, the Committee will be proposing that the following non-States' members should be appointed as members of the Board:

- Mr Stuart Falla, MBE
- Mr John Hollis

Summaries of both Mr Falla and Mr Hollis' curriculum vitae are included in Appendix 1.

5.4 The Committee can confirm that both Mr Falla and Mr Hollis have provided it with a Declaration of Interest and that it is satisfied that there would be no conflict arising from their appointment that could not ordinarily be managed in an appropriate manner. They have both also provided Declarations of Unspent Convictions. These declarations will, of course, be lodged with Her Majesty's Greffier in the event that the States supports their appointment as members of the Board.

## **6 Resources**

6.1 The States has previously agreed<sup>8</sup> that the Non-States' Members appointed to the Board should be paid a remuneration allowance of £8,000 per annum. The annual cost of appointing two Non-States' Members will be met from the formula-led budget for Payments to States' Members.

## **7 Recommendations**

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

The membership of the States' Trading Supervisory Board shall be a President and one member who shall be members of the States and two members who shall not be members of the States; provided that neither the President nor any member of the States' Trading Supervisory Board shall be the President or a member of the Transport Licensing Authority.

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<sup>8</sup> Resolution 4(a) of Article X of Billet d'Etat I of 2016

**8 Committee Support for Proposition(s)**

8.1 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 have the unanimous support of the Committee.

Yours faithfully

G A St Pier  
President

L S Trott  
Vice-President

A H Brouard  
J P Le Tocq  
T J Stephens

**CURRICULUM VITAE**

**Deputy Charles Parkinson**

Deputy Parkinson read Law at Cambridge, and then qualified as a Chartered Accountant in London, auditing companies in a wide range of industries. He then worked in corporate finance in the City, before taking the Bar exams.

Returning to Guernsey, he joined a local accountancy firm, before establishing the Guernsey office of PKF, and subsequently co-founding The Praxis Group, now one of the largest independent fiduciary groups on the island. He served as Chairman of Praxis until 2004, the year he was first elected to the States.

He has held numerous non-executive directorships in investment companies, fund managers and trading companies. One of these directorships, in Bailiwick Investments Limited, he will resign, because it owns a minority interest in Guernsey Recycling Group, along with stakes in companies representing a broad swathe of Guernsey commerce and industry.

As a former Minister and Deputy Minister of the Treasury & Resources Department, he has many years of experience of the affairs of Aurigny, Guernsey Electricity, Guernsey Post and the States property portfolio.

**Deputy Jeremy Smithies**

Deputy Smithies is a Chartered Engineer and is a Member of the Institution of Mechanical Engineers. He was awarded a Master of Business Administration degree in 1992, having previously been awarded a BSc (Hons) in Mechanical Engineering and BA in Systems & Organisational Management. He also has a Diploma in Systems Practice and is a Registered Company Director in Guernsey.

Deputy Smithies has previously worked for Rolls Royce Military Aero-Engines Ltd. as a Business Planning Manager for the company and subsequently for Rolls-Royce (France) Ltd. as a Resident Overseas Executive, where he had overall responsibility for management of one of the company's offices and staff in South West France and was involved in all aspects of engineering, manufacturing and commercial business. His management experience at an international level with the company included: contract negotiation; relationship management; systems analysis, programme development and implementation; risk analysis; financial modelling; and, project management.

Following his return to Guernsey in 1998, Deputy Smithies worked as a Verification Engineer and then Company Secretary for Dynex Technologies (Guernsey) Ltd, before going on to work as Financial Director for Sarnia Technologies and Instrumentation

Ltd. He subsequently qualified as a teacher in 2000, going on to teach mathematics and business studies, first at Elizabeth College and then at Blanchelande Girl's College until 2010. From 2011, he was employed as a Management Accounts consultant at AFR Support Services until his election as a Deputy in May 2016.

### **Mr Stuart Falla, MBE**

Having been awarded an honours degree in Building Economics in 1972, Mr Falla spent the majority of his early working career at RG Falla Ltd, ultimately assuming the role of Managing Director from 1980. He went on to undertake a number of roles at the Garenne Group, following its acquisition of RG Falla in 1984, initially as Chairman and Chief Executive Officer, before becoming non-executive Chairman from 2014 and retiring in March 2016. He is a Chartered Director and Fellow of the Institute of Directors. He continues his involvement with sport through The Guernsey Sports Commission and The Friends of KGV.

Mr Falla has had an extensive range of corporate directorships, beyond those within the companies making up the Garenne Group. These include (not all current): Anvil Projects, Swoffors, Ruelle Braye Motors, Rabey's Garage, Gruts, Kleinwort Benson CI, Balfour Beatty Falla, Garenne Vivendi, Spie Camerons, Blue Diamond, Fansz and Tag Team.

Mr Falla served as a States Member between 2004-08, when his roles included Deputy Chief Minister, Commerce and Employment Minister, Chairman of the Finance Sector Group and member of the Fiscal and Economic Steering Group.

### **Mr John Hollis**

Mr Hollis qualified as a Chartered Accountant in 1977. He joined Accenture (international management consultants) in 1978, becoming a global partner in 1986, and held various lead partner responsibility roles including United Kingdom and European Financial Systems Practices; Global Financial Planning and Reporting Practice; United Kingdom and European Retail and Consumer Products Practices; and Consumer Industries Research and Development benchmarking and Board Workshop Centre. His extensive experience in industry includes Retail, Consumer Products, Media, Oil, Insurance and Government. His clients have included Tesco, BP, Procter and Gamble, Mars Confectionery, Lloyds TSB, Marks & Spencer, Coca-Cola, B&Q, The Independent, SAP and others. He retired in 2003.

Mr Hollis served as a non-States member on the Board of the former Treasury and Resources Department (2013 to 2016). In addition, he was a member of both the Department's Supervisory Sub-Committee, which exercised shareholder responsibilities in the incorporated trading companies owned by the States, and its ICT Sub-Committee. He represented the Department on a number of Project Boards and chaired the Committee reviewing Guernsey's Future Ambulance Service.



