



BILLET D'ÉTAT

I
2003

WEDNESDAY, 29th JANUARY, 2003

1. Projet de Loi entitled "The Protection of Investors (Bailiwick of Guernsey) (Amendment) Law, 2003", p. 3.
2. The States Audit Commission (Guernsey) (Amendment) Ordinance, 2003, p. 3.
3. The European Communities (Implementation of Council Regulation for Control of Exports of Dual-Use Items) (Guernsey) Ordinance, 2003, p. 3.
4. Priaux Library Council – New Member, p. 3.
5. States Public Assistance Authority – St. Pierre-du-Bois Parochial Outdoor Assistance Board – New Member, p. 4.
6. States Advisory and Finance Committee – Guernsey Financial Services Commission – New Chairman and New Members, p. 5.
7. States Advisory and Finance Committee – The Remuneration of States Members and Non-States Members, p. 9.
8. States Advisory and Finance Committee – The Royal Court Trust Funds - Amalgamation, p. 14.
9. States Board of Administration – Former Church of St. James the Less – External Conservation Works, p. 16.
10. States Education Council – Blanchelande Girls' College Funding Proposals, p. 24.
11. States Board of Industry – Review of Guernsey's Retail and Generation Electricity Markets, p. 50.
12. States Public Thoroughfares Committee – Surface Water Separation and Rehabilitation Programme, p. 82.
13. States Procedures and Constitution Committee – Sundry Amendments to the Reform (Guernsey) Law, 1948, as amended and to the Loi relative au Scrutin Secret of 1899, as amended, p. 85.

Statutory Instruments laid before the States

- The Sunday Trading (Transitional Provisions) Regulations, 2002, p. 91.
The Health Service (Medical Appliances) (Amendment) Regulations, 2002, p. 91.
The Income Tax (Pensions) (Contribution Limits and Tax-Free Lump Sums) Regulations, 2002, p. 91.
The Income Tax (Guernsey) (Valuation of Benefits in Kind) Regulations, 2002, p. 91.
The Health Service (Payment of Authorised Suppliers) (Amendment) Regulations, 2002, p. 93.
The Health Service (Payment of Authorised Appliance Suppliers) (Amendment) Regulations, 2002, p. 93.
The Social Insurance (Benefits) (Miscellaneous Provisions) (Amendment) Regulations, 2002, p. 94.
The Social Insurance (Increase of Benefits) Regulation, 2002, p. 94.
The Social Insurance (Industrial Injuries Benefits) (Amendment) Regulations, 2002, p. 94.
The Social Insurance (Residence and Persons Abroad) (Guernsey) (Amendment) Regulations, p. 94.
Water Charges Order, 2002, p. 95.
The Notifiable Animal Diseases Order, 2002, p. 95.

APPENDICES

- I. States Education Council – Elizabeth College: Annual Report 2001/2002, p. 96.

BILLET D'ÉTAT

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

I have the honour to inform you that a Meeting of the States of Deliberation will be held at **THE ROYAL COURT HOUSE**, on **WEDNESDAY**, the **29th JANUARY, 2003**, at 10.00 a.m.

PROJET DE LOI

entitled

**THE PROTECTION OF INVESTORS (BAILIWICK OF GUERNSEY)
(AMENDMENT) LAW, 2003**

The States are asked to decide:

I.- Whether they are of opinion to approve the Projet de Loi entitled “The Protection of Investors (Bailiwick of Guernsey) (Amendment) Law, 2003”, and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

THE STATES AUDIT COMMISSION (GUERNSEY) (AMENDMENT) ORDINANCE, 2003

The States are asked to decide:

II.- Whether they are of opinion to approve the draft Ordinance entitled “The States Audit Commission (Guernsey) (Amendment) Ordinance, 2003”, and to direct that the same shall have effect as an Ordinance of the States.

**THE EUROPEAN COMMUNITIES (IMPLEMENTATION OF COUNCIL REGULATION
FOR CONTROL OF EXPORTS OF DUAL-USE ITEMS)
(GUERNSEY) ORDINANCE, 2003**

The States are asked to decide:

III.- Whether they are of opinion to approve the draft Ordinance entitled “The European Communities (Implementation of Council Regulation for Control of Exports of Dual-Use Items) (Guernsey) Ordinance, 2003”, and to direct that the same shall have effect as an Ordinance of the States.

PRIAULX LIBRARY COUNCIL

NEW MEMBER

The States are asked:

IV.- To elect a member of the Priaulx Library Council to fill the vacancy which has arisen by reason of the expiration of the term of office of Douzaine Representative W. Le R. Robilliard, who is eligible for re-election.

STATES PUBLIC ASSISTANCE AUTHORITY

ST. PIERRE-DU-BOIS PAROCHIAL OUTDOOR ASSISTANCE BOARD

NEW MEMBER

V.- To elect-

- (1) a member of the St. Pierre-du-Bois Parochial Outdoor Assistance Board to complete the unexpired portion of the term of office of Mr. R. J. Tostevin, who has ceased to be a Douzenier, namely, to the 31st May, 2005;

(NB Only a sitting member of the States, or a Jurat, Rector or Douzenier resident in St. Pierre-du-Bois is eligible for election).

- (2) from the States elected members of the St. Pierre-du-Bois Parochial Outdoor Assistance Board, a President to complete the unexpired portion of the term of office of Mr. R. J. Tostevin, who has ceased to be a member of that Board, namely, to the 31st May, 2005;

(NB The States elected members are Messrs. A. L. Bougourd, S. Langlois, J. H. Lenfestey and the successor to Mr. Tostevin).

STATES ADVISORY AND FINANCE COMMITTEE**GUERNSEY FINANCIAL SERVICES COMMISSION****NEW CHAIRMAN AND NEW MEMBERS**

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

20th December 2002

Dear Sir,

GUERNSEY FINANCIAL SERVICES COMMISSION

In accordance with the provisions of sub-paragraph 3(1) of Schedule 1 of the Financial Services Commission (Bailiwick of Guernsey) Law 1987, as amended, Mr Leslie William Priestley, TD, FCIB, CCMI, FCIM, FRSA and Advocate Nigel Thomas Carey retire as an ordinary members of the Commission on 1 February 2003. The States Advisory and Finance Committee is pleased to re-nominate both Mr Priestley and Advocate Carey as ordinary members of the Commission for a further three year period to run from 2nd February, 2003 until 1st February, 2006.

An amendment to the Financial Services Commission Law will come into force on the 1st February, 2003. That amendment provides that the number of ordinary members of the Commission shall be increased from four to five. Consequently the States must elect an additional ordinary member. A further change is that the President of the States Advisory and Finance Committee will cease to be chairman, *ex-officio*, of the Commission. Instead, the States have to elect one of the five ordinary members as chairman.

The present members of the Commission are:

Deputy Laurence C. Morgan (*ex-officio* Chairman)
Mr. John E. Hallam - elected 1988 (*Vice-Chairman*)
Advocate Nigel T. Carey - elected 1992
Mr. Leslie W. Priestley - elected 1999
Mr. Mel Carvill - elected 1999.

The Committee has been mindful for some time of the appropriateness of balancing valuable local experience, on the one hand, with the merits of a non-resident perspective, on the other hand. The Committee considers that the current restructuring of the Commission's constitution is an opportune moment to add a further non-resident commissioner to the four highly experienced existing commissioners.

Having consulted the present ordinary members of the Commission, the Committee is pleased to nominate Mr. David John Mallett who has considerable experience in both regulation and

financial services. His appointment will both add to the experience available to the Commission in the exercise of its responsibilities and will enhance the international reputation of the Commission. Mr. Mallett's curriculum vitae is appended.

The Chairman of the Commission must be elected annually by the States, having been nominated by the Advisory and Finance Committee. The Committee is pleased to nominate Mr. John Edward Hallam, FCA. Mr. Hallam has been an ordinary member of the Commission since the Commission was constituted in 1987 and is currently its Vice-Chairman. His curriculum vitae is also appended.

The States Advisory and Finance Committee recommends the States to:

- (a) re-elect Mr Leslie William Priestley, TD, FCIB, CCMI, FCIM, FRSA and Advocate Nigel Thomas Carey as ordinary members of the Guernsey Financial Services Commission for three years with effect from 2nd February, 2003;
- (b) elect Mr. David John Mallett, BA, ACA as an ordinary member of the Guernsey Financial Services Commission for three years with effect from 2nd February, 2003;
- (c) elect Mr. John Edward Hallam, FCA as Chairman of the Guernsey Financial Services Commission for one year with effect from the 2nd February, 2003.

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

Yours faithfully,

L.C. MORGAN

President,
States Advisory and Finance Committee

APPENDIX I

David John Mallett

Date of Birth	24th August 1944
Marital Status	Married, two daughters
Education	1962-1965 University of Durham BA Modern History 1965-1968 Qualified ACA
Employment	1988-2000 Standard Chartered Bank Group Head of Finance; Group Head of Audit; Group Head of Insurance and Group Head of Security reported to me Managed relationship with Banking Regulators 1975-1988 Bank of England Member Banking Supervision Division inter alia:

bank rescues and management; accounting and auditing standards; liaison with Inland Revenue; liaison with accounting profession; negotiation of EU legislation

1971-1975 Wm Brandts Sons & Co.
Articled Clerk; Audit Senior; Audit Supervisor

Member Financial Report Review Panel from formation to date

Publications Banking: a Regulatory, Accounting and Auditing Guide four editions, latest 2001 with PricewaterhouseCoopers

30th October, 2002.

APPENDIX II

John E Hallam

Date of Birth 23rd March 1949

Marital Status married, two daughters, one son

Qualification Fellow of the Institute of Chartered Accountants in England and Wales (admitted 1971)

Career Trained and qualified with a medium sized firm in Richmond Surrey
Joined Coopers & Lybrand in Jamaica in 1972 moving with them to Toronto (1974-77) and Bermuda (1977-80) before coming to Guernsey (1980).
Appointed partner in the Channel Islands firm in 1982
Partner in charge of the Guernsey office from 1985 to 1999
Member of the Executive Committee of the Channel Islands firm from 1988 to 1995 during which period
C&L merged with Deloitte's (1990)
the audit and trust practices split into separate firms (1995)
Specialised in the provision of audit and advisory services to insurance companies, banks and funds
Several years experience in the provision of fiduciary services
Resigned from the partnership (by then PricewaterhouseCoopers) on 30 June 1999

Appointments Current
Chairman, Framlington Global Financial & Income Fund Ltd
Chairman, M&G Recovery Investment Co Ltd
Vice Chairman, Guernsey Financial Services Commission
Finance Director, The 2003 Island Games Company LBG
(Full listing of all directorships attached)

Past

Vice President and President elect Guernsey Society of Chartered and Certified Accountants (resigned on appointment to GFSC)
 Council member, Guernsey International Business Association
 Committee member, Guernsey Insurance Company Managers Association
 Council member, Guernsey Chamber of Commerce
 President, Young Businessmen's Group of Chamber of Commerce
 Director, Elizabeth College

The States are asked:

VI.-

1. To re-elect Mr Leslie William Priestley, TD, FCIB, CCMI, FCIM, FRSA and Advocate Nigel Thomas Carey as ordinary members of the Guernsey Financial Services Commission for three years with effect from 2nd February, 2003.
2. To elect Mr. David John Mallett, BA, ACA as an ordinary member of the Guernsey Financial Services Commission for three years with effect from 2nd February, 2003.
3. To elect Mr. John Edward Hallam, FCA as Chairman of the Guernsey Financial Services Commission for one year with effect from the 2nd February, 2003.

STATES ADVISORY AND FINANCE COMMITTEE

THE REMUNERATION OF STATES MEMBERS AND NON-STATES MEMBERS

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

26th November 2002

Dear Sir

The Remuneration of States Members and non-States Members

Introduction

1. At a special meeting in May 2002 the States considered a joint report from the Advisory and Finance Committee and the States Procedures and Constitution Committee on proposed changes to the Machinery of Government.
2. Following the debate the States directed the Advisory and Finance Committee to carry out further work in eight subject areas and to report back to the States on the various matters.
3. Resolution 3(g) in particular directs the Committee to report to the States on: -

“The Establishment of a Pay Review Board to consider and report on the remuneration of States Members and those Members of Departments who are not States Members”.
4. This Policy Letter addresses that Resolution.

Background

5. In bringing forward this Policy Letter the Committee is conscious that the work of the Pay Review Board, if approved by the States, will need to be carefully researched and is likely to take some time to complete - hence the presentation of a Policy Letter at this time.
6. The Committee believes that establishing an Independent Pay Review Board early in 2003 should enable the necessary research and other work to be completed in time for the Board's report to be debated before the next General Election in April 2004 and for any changes to the existing arrangements to be put in place by 1st May 2004.
7. In the meantime the Advisory and Finance Committee will continue to develop proposals for the States to consider in 2003 in respect of the other seven States Resolutions that the Committee was directed to address in May of this year. It will, of course, be incumbent upon the Pay Review Board to take account of the emerging picture in relation to the new structure of government.

Previous Reviews

8. The matter of payments to States Members was considered by the same independent Panel in 1988 and again in 1995.
9. In 1988 the Advisory and Finance Committee established an Inquiry team (Review Panel) of three persons comprising Jurat R A Heaume (Chairman), Jurat J E Morris and Mr J S Guilbert. Their report was considered by the States on 29 September 1988.
10. The report was noted by the States and the Advisory and Finance Committee was directed to report back with proposals at the November States meeting; this it did noting that “by and large, the recommendations of the Review Panel have found favour with the majority of States Members”.
11. At the States meeting in November 1988, it was decided to support six of the Committee’s seven recommendations. However, the States did not accept the recommendation to enable States Members to claim a minimum income allowance of £5,000 that was to be means-tested. Instead, the States voted in favour of an attendance allowance (still subject to means testing) not exceeding £15 per half day or part thereof which could be claimed for attending meetings of the States as well as committee and sub committee meetings. This sum has been subsequently increased and currently stands at £28.40.
12. It could therefore be argued that the States amended one of the most fundamental of the Panel’s proposals on States Members’ pay (which was subsequently incorporated into the Committee’s Policy Letter) and in doing so the underlying principle or logic as proposed by the independent Panel was compromised. Having said that, the system (which has not been significantly varied since 1988) appears to have worked reasonably well although there has been some criticism of it from time to time.
13. In 1995 the same panel was asked by the Committee to undertake a further review and its report was presented to the States in May of that year. There were seven recommendations and five of these were supported by the Committee and the States. These related to a change in the pension scheme, committee gradings and linking future increases in the payments to States Members to the Civil Service Senior Officer grades.
14. The two recommendations that were not accepted involved the replacement of the ‘Attendance Allowance’ with a ‘Minimum Income Allowance’.

NB. A total of £923,000 was paid to States Members, non-States Members and former States Members in 2001 and this is expected to rise to approximately £1,075,000 in 2002.

Considerations

15. In establishing a Pay Review Board it is essential that it comprises highly regarded members of the community who will be perceived as independent, fair minded and broadly representative.
16. Three persons would appear to be an adequate number of persons to address the issues although the Board would clearly require administrative support.

Terms of Reference.

17. The proposed terms of reference for the Pay Review Board are as follows: -
- To examine the existing system of payments to States Members, non-States Members of committees and former States Members.
 - To examine systems of payments to elected Members and other relevant issues in appropriate jurisdictions.
 - To consult with States Members, non-States Members of Committees and other persons and organisations on the existing arrangements and any perceived deficiencies.
 - To consider the main principles under which payments should, in future, be made taking into account matters such as the nature of the roles of all Members and those elected to positions of special responsibility.
 - To make recommendations on the future arrangements for payments to States Members, those Members of Departments who are not States Members and former States Members, including how future increases to the payments should be established (for example, by introducing a formula).
 - To submit a report to the Advisory and Finance Committee setting out the Board's findings, conclusions and recommendations.
18. It would be the Committee's intention to ensure that the report produced by the Independent Pay Review Board was laid before the States for debate at the earliest opportunity with appropriate recommendations.

Nominations

19. The Committee is proposing that Mr David Warr is appointed as Chairman of the Independent Pay Review Board. Mr Warr is a Fellow of the Institute of Chartered Accountants and is employed as a Director within the BGL Reads Group.
20. The Committee is further proposing the appointment of Mr David Cherry and Mr John Guilbert as Members of the Board.
21. Mr Cherry has various business interests and is the founder and major shareholder of Cherry Godfrey Finance Limited. He is currently Chairman of the Town Centre Partnership and Past President of the Chamber of Commerce. He is also a Member of St Peters Church, La Houquette Primary School Parent/Teachers Association and the Institute of Directors.
22. Mr Guilbert is currently a non-States Member of the Guernsey Social Security Authority, a position he has held for approximately twenty-two years. He has previously served on the Housing Authority and on the States Committee to Investigate Equal Pay for Female Employees that was established on 27 July 1983. He worked for twenty-five years heading up the local branch of the Transport and General Workers Union until his retirement in 2001. As referred to above, Mr Guilbert was a member of the independent Panel that reviewed

payments to States Members in 1988 and 1995.

23. All three persons have been approached by the Advisory and Finance Committee and are willing to serve on the Board.

Payments

24. The Committee intends that the Members of the Board would be entitled to claim an Attendance Allowance for Board meetings at a rate equivalent to that for non-States Members of committees.
25. The Advisory and Finance Committee will ensure that sufficient budgetary provision is made to fund the Review from within the Committee's existing revenue allocation and will agree with the Board the provision of suitable administrative support.

Recommendations

26. Following consideration of this report the States are recommended to agree that:
 - (i). An Independent Pay Review Board should be established as set out in this report to 'review and make recommendations for the future remuneration of States Members, non-States Members and former States Members'.
 - (ii). The terms of reference for the Board will be as set out in paragraph 17 of this report.
 - (iii). The Board will be constituted as set out in paragraphs 19 and 20 of this report.
 - (iv). The Members of the Board should be entitled to receive payments in accordance with paragraph 24.

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

Yours faithfully

L.C. MORGAN

President
Advisory and Finance Committee

The States are asked to decide:

VII. - Whether, after consideration of the Report dated the 26th November, 2002, of the States Advisory and Finance Committee, they are of opinion:

1. An Independent Pay Review Board shall be established as set out in that Report to 'review and make recommendations for the future remuneration of States Members, non-States Members and former States Members'.

2. That the terms of reference for that Board shall be as set out in paragraph 17 of that Report.
3. That the Board shall be constituted as set out in paragraphs 19 and 20 of that Report.
4. That the Members of that Board shall be entitled to receive payments in accordance with paragraph 24 of that Report.

STATES ADVISORY AND FINANCE COMMITTEE

THE ROYAL COURT TRUST FUNDS - AMALGAMATION

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

10th December, 2002

Dear Sir,

The Royal Court Trust Funds - Amalgamation

The Law Officers of the Crown have written to the States Advisory and Finance Committee in the following terms:

“At present the Royal Court administers a number of charitable funds, the capital value of some of which has dwindled with the passage of time to such an extent that it is no longer an effective use of the Court’s time to deal on an individual basis with the small amounts of income being generated. For example, at the 31st, December, 2001, the de Lisle Fund, the trustees of which are currently the Bailiff and the Jurats of the Royal Court, had a capital account balance of just £99.89.

In addition, the accounts of these funds are maintained by the States Treasurer and are subject to audit as part of the States accounts. All this involves expense for the States.

The Bailiff has therefore requested on behalf of himself and the Court that legislation be passed to rationalise the position.

1. *In the case of the de Lisle Fund, the trustees of which are currently the Bailiff and the Jurats, it is proposed that the present trust (which permits the income of the fund to be used for the provision of scholarships to the poor wishing to study as clergy for the parish of Saint Pierre du Bois) would be dissolved.*

The trust property would be held on a new trust for charitable purposes generally within the parish of Saint Pierre du Bois. The trustee would be the rector for the time being of that parish (the then rector being the original trustee appointed by will in 1627). He would be specifically empowered to expend the small amount of remaining capital on the new charitable purposes.

2. *In the case of-*
 - (a) *the King George VI Memorial Fund (a fund for assisting associations, societies and clubs established for the furtherance of the physical, mental or spiritual needs of young and old people),*

(b) *the Victoria Fund (a fund to commemorate the Jubilee of Queen Victoria by the alleviation of distress and poverty), and*

(c) *the Guernsey Discharged Prisoners Aid Society (a society to help in the rehabilitation of discharged prisoners and other persons charged before the criminal courts),*

it is proposed that the present trusts would be dissolved and the trust property transferred to the existing Bien de la Court Fund (which exists for the assistance of those in poverty and need).

3. *Finally, to simplify the administration of the Bien de la Court Fund, the Sir William Collings Fund and the Bertram Gosselin Lefebvre Fund (all of which are to remain in being), the Bailiff and durats would cease to be the trustees of those Funds, and the Bailiff and Senior Jurat alone would take their place.*

The legislation would absolve all current trustees from future liabilities in respect of the trust property.”

Recommendation

The Advisory and Finance Committee concurs with the views expressed by the Law Officers of the Crown and recommends the States to agree that legislation be enacted on the lines set out in this letter.

I should be grateful if you would lay this matter before the States with appropriate propositions, including one directing the preparation of the necessary legislation.

Yours faithfully,

L. C. MORGAN

President,
States Advisory and Finance Committee.

The States are asked to decide:

VIII. - Whether, after consideration of the Report dated the 10th December, 2002, of the States Advisory and Finance Committee, they are of opinion:

1. That legislation shall be enacted along the lines set out in that Report concerning the amalgamation of Trust Funds administered by the Royal Court.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

STATES BOARD OF ADMINISTRATION**FORMER CHURCH OF ST.JAMES THE LESS-EXTERNAL CONSERVATION WORKS**

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

13 December 2002

Dear Sir

FORMER CHURCH OF ST JAMES THE LESS - EXTERNAL CONSERVATION WORKS**1 Background**

The Board of Administration had prepared proposals to proceed with essential conservation works to the former Church of St James the Less (now the St James Concert and Assembly Hall, hereinafter referred to as 'St James' - which term for these purposes excludes the new Dorey Centre) during 1999. However, given the major construction works involved in building the new Dorey Centre on the constrained site, it was apparent that the conservation project itself could not be implemented at the same time. Two major projects of this nature could not have taken place on the site simultaneously.

2 The Board's Proposals

The Board of Administration is recommending a planned programme of essential repairs and external conservation works to St James. This recommendation has arisen following on-site evidence of deterioration of the Roman cement stucco and Portland Stone elements of the portico and tower, and has been confirmed as necessary following survey work and advice from the Board's conservation specialists. The Board considers that these works are not an option but a necessity. Unfortunately, in addition to standard maintenance works for a building of this age, the original construction included the use of iron masonry pins (a design fault) that have corroded causing their expansion and thereby spalling of the masonry. These pins were necessary to secure stone elements. The original pins need replacing with non-ferrous pins so as to avoid major deterioration in the future.

There are also Health and Safety issues to be considered. Regular monitoring takes place on site, as there have been fragments of the building breaking away in recent months and the provision of an access platform has assisted the Board to arrange for the emergency retrieval of loose stonework and one of the two iron cupola retaining straps following its failure. It is the Board's view that an incremental and minimalist approach to conservation in respect of St James, which remains in daily use and is highly visible, cannot be recommended.

3 Historic and Architectural Merit of St James

St James is, arguably, one of Guernsey's most distinguished historic buildings visible on the St Peter Port skyline. The Board is advised that the architectural merit of this Greek revival building ranks well against contemporary and later neo-classical buildings of its kind in the United Kingdom. St James is a protected building under the Ancient Monuments and Protected Buildings Law (1968).

4 Recent History and Lease Arrangements

St James was handed over to the States of Guernsey as an unconditional gift on 27 April 1971. In 1983 the States resolved "To authorise the Board (of Administration) in conjunction with the Law Officers of the Crown to prepare and execute a lease for the use of the former Church of St James the Less, the Church Hall and adjoining land by the Friends of St James Association ..." (Billet d'Etat XXI, 30 November 1983). The existing lease to the Association, based on a peppercorn rental of £5 per annum, is for a period of 30 years, until 1 July 2015. There is an option to renew for a further period of 20 years.

Discussions are underway between the Board and the Association regarding a new lease that is required to reflect the demolition of the adjoining Dorey Room (the old Church Hall) and its replacement with the new Dorey Centre. Without doubt, the construction of the new Dorey Centre (incorporating the Millennium Tapestry Gallery) is an outstanding achievement that has added a valuable new facility to the Island.

The provision of the new Dorey Centre has been carried out following an extended fund raising campaign run by the Association. The new Dorey Centre is States owned and recommendations will be put before the States in due course seeking approval for a new lease (for St James and the new Dorey Centre) for an extended term. The Board has suggested to the Association that it should be responsible for the exterior of the new Dorey Centre (so reducing the liability to the States), although it is not considered to be reasonable to pass responsibility for the historic exterior of St James itself to the Association.

5 Responsibility of the States as Landlord

The States, as Landlord, are responsible for the maintenance of the main structure and decoration of the exterior of St James.

Routine, ongoing maintenance works carried out in recent years have included the maintenance of plant and equipment and painting and minor repairs. More comprehensive works have been planned within the programme of conservation recommended in this report.

6 Investigations Carried out and the Preparation of Tender Documentation

So as to assess the full extent of the conservation work required to St James, the Board consulted with the Heritage Committee and a survey of the Roman cement, stonework and windows was undertaken by Historic Building and Site Services, Department of Conservation Sciences, Bournemouth University (now Ingram Consultancy), specialist advisors on the repair and conservation of historic buildings. As mentioned earlier in this report, the Board was

concerned to allow the construction of the new Dorey Centre to be completed first, before attempting extensive conservation works on site, on the basis that it would have been too disruptive to attempt both projects simultaneously. The detailed survey carried out by Ingram Consultancy included access to previously inaccessible high-level areas via an access platform. Ingram produced a specialist specification of works for inclusion in the tenders, which were compiled by Brittain Hadley.

7 Conservation Works Required to the Exterior

When St James was converted into a Concert and Assembly Hall in the mid-1980s, minor repairs to the external finishes were carried out. However, conservation works to the exterior are now required. At high level on the tower there is deep weathering of the Portland Stone. The balustrade in particular is in poor condition with loose corroding iron straps and the breaking out of the balusters. Decorative mouldings are also breaking loose and crumbling away. The original 2mm fine finish has been lost and the surface now appears textured and gritty.

As one might expect due to the degradation of surface material, water and salts have penetrated and affected the surface materials and surface elements of the building. Ingram identified that the need to apply protective surface treatment to the building also raised the question of an appropriate colour. The Board has been advised by its consultants and the Heritage Committee that, originally, the building was coated with a white surface treatment and one option is to return the building to its original, white appearance. The white colouration was intended to produce a neo-classical appearance - a Greek revival building or, one might say, a mock ancient Greek building. The Board considers that the Island has become used to the current 'stone' colour produced by the Roman cement finish. The Board itself cannot recommend the whitening of St James. However, as the building is scheduled, the Board has sought the Heritage Committee's formal permission and particular requirements in this regard. The Committee has written to the Board giving its permission for the conservation works. It has approved the option to protect the stucco by silicate stain matching the surviving white colour of the original design (**letter of 10 December 2002 appended**).

In the proposed works the courtyard area in front of the main entrance will be returned to its earlier flagstone finish and the temporary tarmac surface (which was permitted by the IDC and Heritage Committee as a temporary measure in relation to the Dorey Centre works) will be removed. The final form of the courtyard, including the extent of the area to be covered with flagstones, will be decided following the completion of consultations with the Heritage Committee and the Island Development Committee.

One other area to be taken into account is whether to retain the present ramped entrance to St James, or else to seek to restore the original steps, restoring the symmetry and balance of the original elevation. The Friends of St James Association has some concerns at the prospect of steps being reintroduced, given the need for safe access and egress for great numbers of people, including for the disabled. However, it should be noted that steps would be supplemented by ramps for disabled access. Building Control has already commented that those using walking frames and sticks often gain easier access by appropriately designed steps.

Required remedial works that have been identified as a result of investigations carried out include:

- The replacement of iron cramps with non-ferrous cramps holding the joints of the Portland Stone Doric entablature (cracking and spalling has occurred through corrosion of the cramps).
- Replacement baluster castings to the tower gallery.
- Repair of badly weathered Portland Stone and stucco in the tower.
- Repair and replacement of stucco to the south, north and east elevations.
- Subtle application of mineral surface treatment to provide future protection.
- Specialist treatment and repair of plasterwork.

The scope of restoration works will, in addition to the stone works, include the following:

- Reconstruction of leaded light and stained glass windows.
- Refurbishment and reinstatement of external works (including railings and paving as required).
- Possible alterations to existing tower louvers to allow improved access for future maintenance.

8 Specialist Conservation Techniques

The nature of the essential repairs and conservation works to be undertaken means that close attention to detail is required. Specialist conservation techniques must maintain the appearance of the building.

As the project works are of a specialist nature, fully approved and certified contractors in the use of specialist conservation techniques will be employed throughout the contract.

9 Friends of St James Association

St James is much in demand as a multi-use facility, from concerts, to weddings and lectures, especially now that the new Dorey Centre is available. The Board has consulted with the Friends of St James Association on programming the works so as to minimise disruption. Tenderers have advised that they can start on site at the beginning of February 2003. Tenderers were asked to provide for a 20 week contract, but both tenderers who responded explained that they could not carry out the project in such a short period. The recommended tenderer, Nimbus Conservation Ltd, required 24 weeks (giving project completion in the third week of July 2003). The second tenderer, St Blaise Ltd, required 30 weeks.

10 Tender Results

The Board identified the sum of £750,000 for the conservation of St James the Less within in its programme of capital works. This estimate was provided prior to the completion of necessary survey work and is remarkably close to the recommended tender plus professional fees (a sum not to exceed £770,000 - see below).

Eight specialist contractors were approached regarding their interest and availability in tendering for this project. Three specialist contractors were subsequently invited by the Board of Administration to submit tenders for the conservation works, to include: façade restoration works; works to joinery and stained glass windows; external landscaping; and, scaffolding,

The following tenders were received:

Nimbus Conservation Ltd., £689,805.55 (24 weeks programme)

St Blaise Ltd., £822,862.41 (30 weeks programme)

Cathedral Works Organisation (Chichester) Ltd. - no tender was received given the Company's other commitments at the present time.

The Board recommends acceptance of the tender sum submitted by Nimbus Conservation Ltd in the sum of £689,805.55 which sum includes contingencies.

Professional Fees must be added to the above sum for the preparation of specialist conservation tender documentation and site supervision of specialist conservation works, architectural services, the preparation and analysis of tender documentation and Project Management. The total project cost, including professional fees, will not exceed £770,000.

11 Recommendations

After consideration of this report the States are recommended:

1. To approve the essential conservation works to the former Church of St. James the Less as set out in this report at a total cost not exceeding £770,000, including professional fees.
2. To authorise the Board of Administration to accept the tender in the sum of £689,805.55 submitted by Nimbus Conservation Ltd.
3. To vote the Board of Administration a credit of £770,000 to cover the cost of the above works, which sum shall be taken from the Board's allocation for capital expenditure.

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

Yours faithfully,

R C Berry

President,
States Board of Administration

The President,
 Board of Administration,
 Sir Charles Frossard House,
 PO Box 43,
 La Charroterie,
 St Peter Port,
 Guernsey,
 GY1 1FH.

10th December 2002.

Dear Deputy Berry

The Ancient Monuments and Protected Buildings (Guernsey) Law, 1967

PROPOSED CONSERVATION WORKS AT ST JAMES THE LESS

Please find attached the Committee's formal permission for conservation works at St James the Less.

You will see that the Committee has approved option 4, as recommended by the Board's consultants. I would like to take this opportunity to explain the Committee's reasons for this decision.

The proposals outlined four options:

- Repair stucco and leave alone
- Protect stucco by traditional paint system
- Protect stucco by silicate stain matching weathered brown colour
- Protect stucco by silicate stain matching surviving white colour of the original design.

Once the proposed repairs have been completed, the Committee considers it important that the roman cement render is protected from further erosion to ensure the maximum long-term benefit of the repairs. It could not therefore support Option 1 because this would not achieve the necessary long-term protection and is therefore neither practical nor cost-effective.

The Committee considers that it will be necessary to deal with the patchy appearance that the repairs will cause to the facades and is therefore inevitable that they should be coloured and the Committee has carefully considered Options 1 - 3 accordingly. Option 2 was not considered acceptable because modern paint is an inappropriate finish for roman cement. Option 3 would not maintain the existing appearance of the building because it would clearly look like an applied finish rather than untreated roman cement. The contrast with the white portland stone dressings would be very obvious and the whole effect would be historically misleading.

The Committee recognises that the present appearance of St James is part of the familiar scene in St Peter Port and that there may be understandable reluctance to return it to its original appearance. However, as the foregoing paragraphs explain, there does not seem to be a realistic

option that would truly maintain the existing appearance of St James and therefore the Committee has decided to approve option 4, to return the facades to their original appearance, as designed by John Wilson.

The Committee acknowledges that its decision may appear surprising to the lay observer. It would, therefore, be pleased to co-operate with the Board on conveying the reasoning behind this decision when this is fully explained through appropriate publicity.

Finally, the Committee would request that this letter be appended to any relevant policy letter that the Board intends to submit to the States.

Yours sincerely

Deputy C Le Pelley

President,
States Heritage Committee

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

2nd January 2003

Dear Sir

FORMER CHURCH OF ST JAMES THE LESS - EXTERNAL CONSERVATION WORKS

I refer to the letter dated 13 December addressed to you by the President of the Board of Administration on the above matter.

The Advisory and Finance Committee fully supports the proposal that works along the lines described in the policy letter should be undertaken. The Committee notes that the Heritage Committee has given its permission for the conservation works on the basis that facades of the building will be restored to match the original white portland stone dressings and a copy of a letter dated 10 December explaining its position is appended to the policy letter.

For its part, the Advisory and Finance Committee concurs with the comment of the Board of Administration that the Island has become used to the current “stone” colour of the building.

Subject to this comment, the Advisory and Finance Committee recommends the States to approve the proposals.

Yours faithfully

J. E. LANGLOIS

Vice President
 States Advisory and Finance Committee

The States are asked to decide:

IX.- Whether, after consideration of the Report dated the 13 December, 2002, of the States Board of Administration, they are of opinion:

1. To approve the essential conservation works to the former Church of St. James the Less as set out in that Report at a total cost not exceeding £770,000, including professional fees.
2. To authorise the States Board of Administration to accept the tender in the sum of £689,805.55 submitted by Nimbus Conservation Limited for the carrying out of that project.
3. To vote the States Board of Administration a credit of £770,000 to cover the cost of the above works, which sum shall be taken from that Board’s allocation for capital expenditure.

STATES EDUCATION COUNCIL**BLANCHELANDE GIRLS' COLLEGE FUNDING PROPOSALS**

The President,
States of Guernsey,
Royal Court House,
ST. PETER PORT,
GY1 2PB

18th December 2002

Dear Sir,

BLANCHELANDE GIRLS COLLEGE FUNDING PROPOSALS

At its meeting held on 10th May, 2001 the States considered a policy letter from the Education Council entitled "The Future Organisation of Secondary and Tertiary Education in the Bailiwick of Guernsey." After consideration of this letter, the States resolved, inter alia, "to approve in principle that Blanchelande Girls' College receives grant and subsidy funding from the States to a similar level as that to be given to Elizabeth College and The Ladies' College."

The Council was instructed to return to the States in due course with detailed proposals based on those approved in principle by the States at that meeting.

This policy letter is the Council's response to those instructions and sets out interim proposals in respect of the funding arrangements for Blanchelande Girls' College pending the submission of a further and separate Policy Letter covering the development, funding and accountability of non-States schools in the Bailiwick.

The Policy Letter comprises five sections and six appendices:

Sections

1. Executive Summary
2. Background
3. The Blanchelande submission
4. Commencement of Funding
5. Recommendations to the States

Appendices

1. An overview of Blanchelande's current and future plans
2. The Blanchelande Girls' College Balance Sheet
3. The Blanchelande Girls' College Income and Expenditure Account
4. The Budget Analysis
5. Schedule of Indebtedness
6. An analysis of expenditure across the three Colleges

Section 1: Executive Summary

- 1.1 The Education Council's Policy Letter on the Future Organisation of Secondary and Tertiary Education in the Bailiwick of Guernsey was presented to the States in April 2001. After amendments had been placed, the States finally voted on the Council's Policy letter on 10th May 2001.
- 1.2 The States resolved "to approve in principle that Blanchelande Girls' College receives grant and subsidy funding from the States to a similar level as that given to Elizabeth College and The Ladies' College." The Education Council was instructed "to return to the States in due course with detailed proposals based on those approved in principle by the States at this meeting."
- 1.3 Elizabeth College and The Ladies' College receive significant levels of States' funding annually. Elizabeth College receives approximately **£1.6million** per year; The Ladies' College, approximately **£1.2m**. **The funding arrangement for each of the Colleges is different.** However, on the basis of current funding levels, the Trustees of Blanchelande Girls' College have requested funding at **£1,500 per pupil** for Blanchelande secondary pupils, as well as a financial sum to cover employers' superannuation costs. This level of funding will allow the College to meet most of its existing liabilities, approximately £1/2 million at this time, and to return to operating surplus relatively quickly
- 1.4 The Council has been in detailed discussions with the Trustees of the College since the outcome of the debate. It now presents to the States its proposals, which are supported by the Trustees of the College, for funding the College **on an interim basis** pending the review of the finding and accountability arrangements for all non-States' maintained Schools, which includes the three Guernsey Colleges. This review was approved in principle by the States in April 2002 following submission of the Council's policy letter "A Site Development Plan for the Reorganisation of Secondary, Post-16 and Special Needs Education in the Bailiwick of Guernsey."
- 1.5 The Council recommends that Blanchelande Girls' College receives the level of funding requested by the Trustees and that the proposed funding levels be effective from 1st September 2001, which is viewed as reasonable given the decisions made in May 2001 and the requirement to consult.
- 1.6 This recommendation, if supported by the States, would provide annual funding of approximately £356,000 for the College. The College currently receives funding of approximately £56,000 for "special place holders", which means an additional resource requirement of approximately £300,000 per annum.

Section 2: Background

(a) BILLET D'ÉTAT XXIII, 1998 , The Funding Arrangements for Elizabeth College and The Ladies' College - November 1998

2.1 The States had previously considered the funding arrangements for Elizabeth and The Ladies' College in 1998. Since September 1999, on the instructions of the States, Elizabeth College has received a Block Grant consisting of the following elements:

- The 1998/99 cost, and thereafter the projected cost of educating a pupil in the Upper School of the College multiplied by the number of special place holders approved by the Education Council at the commencement of the academic year in question, to a maximum of 161 at the College;
- the 1998/99 level of States grant to fee payers at the College reducing annually over a seven year period to one half of its existing level;
- and an annual operating surplus of £100,000, payable on 1st September, 1999 and annually thereafter.
- The revised funding arrangements were to be reviewed by the States Education Council with the first review taking place after submission of the second year accounts.

2.2 With regard to the funding arrangements of The Ladies' College, the implementation of revised funding arrangements was suspended until such time as the States considered the capital requirements of the College and the issue of the transfer of ownership of the land and buildings. The existing arrangements applying at that time were to continue to apply, but with 23 special places being made available annually from September 1998. The Ladies' College currently receives from the States payment of fees in respect of special place holders (equivalent to the fees paid by fee payers), payment of the employers' superannuation contribution of the teaching and non-teaching in both Upper and Lower Schools and payment of the difference of budgeted expenditure and the estimate of income agreed by the Education Council.

2.3 In respect of Elizabeth College, the formula model agreed by the States showed the amount per fee-paying pupil reducing from £2129 per pupil in the base year 1998/99 to £1064 per pupil by 2005/2006, the end of the seven-year period. The same formula arrangement for The Ladies' College, had it not been suspended, would have resulted in an initial subsidy level of £1915 per pupil reducing over seven years to £957 (1998/99 price base).

(b) BILLET D'ÉTAT VII, The States debate on "The Future Organisation of Secondary and Tertiary Education in the Bailiwick of Guernsey April/May 2001

2.4 Blanchelande Girls' College declared in May 2001 - at the time of the States debate on the ending of selection - that it was having to compete on an unequal footing with the subsidised fees of the other Colleges and that without similar levels of funding it was difficult to afford improvements to teaching resources, enhancing facilities and maintaining buildings.

2.5 The States in considering BILLET D'ETAT VII 2001 on "The Future Organisation of Secondary and Tertiary Education In The Bailiwick of Guernsey", instructed that Blanchelande Girls' College be approved in principle to receive "grant and subsidy funding from the States to a similar level as that given to Elizabeth College and The Ladies' College." The Council was asked to return to the States in due course with detailed proposals for the implementation of this decision.

(c) **Discussions with Blanchelande Girls' College over future funding arrangements**

2.6 Since the outcome of the States' debate in May 2001 a series of meetings has been held with Trustees of Blanchelande for the purposes of gathering information on the financial and educational viability of the College to enable a recommendation to be put to the States on the interim levels of funding to be applied, pending a review of the funding, accountability and operation of non- States' maintained schools, which includes the Colleges. This review was approved in principle by the States in April 2002 as part of the recommendation arising from the Council's policy letter on "A Site Development Plan for the Reorganisation of Secondary, Post-16 and Special Needs Education in the Bailiwick of Guernsey".

2.7 In discussions with the Education Council, the College referred to the funding proposals for Elizabeth College and The Ladies' College agreed by the States in 1998. The Elizabeth College funding model showed States' grant for fee-paying pupils in the revised funding model reducing from £1,976.93 (1999/00 Year) to £1,520.71 (2002/03 Year), and ultimately to £1,064.50 at the end of seven years (2005/06 Year). The discussions held between the States Education Council and Blanchelande during 2002 have centred on the figure of £1,520.71 for Elizabeth College in 2002/03.

2.8 The Trustees of Blanchelande College have asked on the basis of the information they had available to them regarding the funding of the Colleges and on the basis of Blanchelande College's immediate needs, for interim funding levels of £1500 per pupil, together with a separate grant to cover superannuation costs. Special Place holders would continue to receive funding on the same basis as currently. **The amount the College would expect from such an arrangement for the year ended 31 August, 2002 would be £1,500 multiplied by 152 pupils (168 pupils, less 16 Special Place holders), producing a grant of £228,000 together with funding for special place holders of £55,700 and a sum of £72,123 for employers' superannuation costs giving a total grant of £355,823.** The College's claim for reimbursement of superannuation costs was not raised in any of the earlier discussions with the Council. However, the College's claim is predicated on the basis that this is currently a separate element within The Ladies' College formula. Under the revised funding arrangements Elizabeth College ceased to receive an annual sum for superannuation, but the formula did allow for an annual operating surplus of £100,000. The States Education Council is therefore supportive of the College's claim for re-imbursement of superannuation costs.

2.9 In attempting to determine the financial requirements of Blanchelande Girls' College, the Education Council became concerned about the absence of any formal audited accounts for the College and the effect this had on its ability to discharge confidently and appropriately its responsibilities in terms of the effective and efficient management and oversight of public funds. The College was asked to submit audited accounts to satisfy the requirement for an independent opinion based on audit of the financial statements. The College was also asked to confirm that it would allow all reasonable access to the States' Internal Audit Department, in

common with other organisations receiving large grant donations. The College has readily agreed to this requirement. In addition, the Council suggested during discussions that there should be representation on the Blanchelande Board from Council as this would help the Council with its responsibilities. The Blanchelande Board accepted this suggestion, on the understanding that, as a Catholic college, the appointed governors would respect the ethos and aims of the college.

2.10 To enable the Council to come to an informed judgement, the College was asked to provide:

- An up to date financial statement regarding the 2001/2002 accounts with estimates to the end of the year (31st August, 2002). The College's accounts run from September to August.
- A budget for the current year (2002/2003) together with any notes on any significant changes from 2001/2002.
- A projected Balance Sheet as at 31st August, 2002 showing net current liabilities
- A statement showing the current position as regards long-term liabilities (loans), servicing costs and the proposed timescales for repayment (predicated on States' funding being approved).
- A statement detailing any possible financial implications arising from any changes in character proposed by the school.

2.11 The points of agreement reached at the same meeting were:

- Any funding proposals that might subsequently be agreed were an interim arrangement pending the review of the non-maintained sector approved in principle by the States following the Council's policy letter "A Site Development Plan for the Reorganisation of Secondary, Post 16 and Special Needs Education in the Bailiwick of Guernsey" (Billet d'Etat April 2002).
- The College would model the budget estimates for next year on the basis of receiving at least £1500 per senior pupil.
- The issue of any potential backdating of the agreement be left to the States to decide.
- The States Internal Audit Department be given access to College records and accounts, as they deem necessary to fulfil their function.

Section 3: Blanchelande's Submission

3.1 The College's submissions are included in full as Appendices to this Policy Letter. A commentary is given below. The College's accounts cover both the upper and lower schools combined. Historically, until now, there has not been a need for the College to show costs separately for the junior and senior schools.

An overview of the College's current and future plans (*Appendix 1*)

- 3.2 The trustees have confirmed that there are no current plans to change to any significant degree the character of the present school, to make any significant changes to the numbers on roll or make changes in the curriculum, save those required to meet students' needs.
- 3.3 The current number of senior pupils i.e. from 11 years to 18 years is 168, with a fluctuating intake of between 30 to 50 pupils at age 11. Approximately 30 to 50 percent of pupils remain in school beyond 16.
- 3.4 Planned additional facilities included in the College's five-year plan include: conversion of Victor House to a Junior Block incorporating classrooms, storage, staff offices and toilets; extended art facilities; improved music and laboratory facilities. The funding of The Ladies' College and Elizabeth College specifically excludes the costs relating to the provision of pre-11 education.
- 3.5 The College's long-term plans involve a new sports hall, arts centre, sixth-form block and swimming pool.

The Balance Sheet to end of August 2001 (*Appendix 2*)

- 3.6 The most significant factor is the high level of current debt. The College has existed on the goodwill of individual lenders and guarantors. Current assets at the end of August 2001 were £35,734, compared with current liabilities of £486,401. The College also incurred an operational deficit of £54,191 in the year. **The view of the College Trustees is that, without a fresh injection of capital and new long-term recurrent funding streams approved by the States, the College's financial situation would remain precarious. The Education Council acknowledges this but, as is pointed out later in the report, in paragraph 3.9, anticipates Blanchelande might reasonably be expected to move out of deficit within two years, if the levels of funding suggested are approved.**

Income and Expenditure Account (ended 31.8.01) (*Appendix 3*):

- 3.7 This reveals operational losses of £54,191 for the year, compared with a small surplus the previous year. The Balance Sheet shown as Appendix 2 shows that bank interest on the development fund is accounted for in the balance sheet and does not pass through the income and expenditure account. Likewise, depreciation on buildings and donations received are accounted for in the Balance sheet. The effect of these movements is:

	8/01	8/00	
	£	£	
Donations Received	52,912	52,337	figs. from appendix 2
Deprec./ Dev.Interest	(41,519)	(43,265)	figs. from appendix 2
Total	11,393	9,072	

- 3.8 Had these been passed through the I&E account, a slight improvement in results as shown above would have been observed, though this is purely a presentational issue. The exclusion of non-cash items, such as depreciation, from the P&L Account can improve reported profit (or in this case, because the College is a charity, operating surpluses/deficits). However, the depreciation figure in this instance has come off the reserves and the net effect of these movements, when reported profit and reserves are included, is nil.

Income/Expenditure and Budget Analysis (Appendix 4)

	Appendix 3	Appendix 3	Appendix 4	
	1999/2000	2000/2001	2001/2002	2002/2003 Projected
	£	£	£	£
Income	758,347	856,768	846,464	(restarted 857,700)* £1,193,700
Expenditure	749,848	910,959	980,987	1,114,200
Surplus/(Deficit)	8,499	(54,191)	(134,533)	79,500

*Excludes States' element of £336,000 Budgeted for by Blanchelande in the hope of funding being approved by the States.

- 3.9 The figures for 2001/2002 are still only provisional. However, they are projected to show an operational loss of £134,533, which is a significant improvement on an earlier forecasted loss of £239,290.

The schedule of indebtedness, (Appendix 5)

This reveals current creditors of £466,101.29. The Balance Sheet to be prepared as at 31st August, 2002 would reflect these liabilities, other creditors and the operational losses of £134,533 referred to for 2001/2002. However, if Council's recommendations for backdating and levels of funding are to be approved, the deficit figure of £134,533 is likely to be transformed to a substantial surplus sum, perhaps exceeding £200,000.

The College has shown remarkable resilience in reducing levels of debt in the past and the operational surplus of £79,500 forecast for present year (2002/2003) will be another means of repaying debt and meeting finance costs in the future. These forecasts and expenditure plans are predicated on the basis of receiving grant aid of £336,000 in a full year.. The extent to which any agreement is backdated will have a significant impact on the timescales for recovery.

- 3.10 The financial accounts of the three Colleges reveal that the annual levels of expenditure Blanchelande Girls' College appears to have been able to commit to supporting the delivery of curriculum are considerably below the levels allocated by the two existing States' funded Colleges. It is the Council's view that increased funding to sustain and further improve the quality of education provided is therefore desirable. The College acknowledges that it needs to spend more in certain areas and the increased spending plans for 2002/2003 reflect this. To allow members to gain a better understanding of where Blanchelande College sits alongside the other two Colleges, some comparisons have been made. An analysis of expenditure across the three Colleges is shown in full in **Appendix 6**.

Independent Colleges - Comparison of Expenditure (Appendix 6):

- 3.11 Blanchelande's accounts do not provide a breakdown of expenses between the junior departments and senior departments. A simple split, made on the basis of the number of pupils- 60 Junior pupils and 168 Senior pupils- gives percentages of 26.31% and 73.69%; however, expenditure is not likely to be in direct proportion to pupil numbers and it is

generally considered that costs are higher in the senior sector. This seems to be true in terms of an analysis made of The Ladies' College accounts, which revealed the proportion to be approximately 20:80. For the purpose of this analysis, therefore, an 20:80 apportionment has been chosen. Using this as the basis of analyses, Blanchelande appears to spend less on general running costs in most areas when compared with the other two Colleges. Exact comparisons are difficult owing to the different ways the Colleges compile and report their accounts. However, using 80% of total costs as representative of the senior school's costs seems reasonable. The last full year for which audited accounts are available for analysis is 2000/2001.

- 3.12 The expenditure comparison reveals that per pupil staffing costs of Blanchelande Girls' College and The Ladies' College are similar at £3,530 and £3,522 respectively. These are lower however than Elizabeth College, which spends £4,076 per pupil. However, the amount spent by Blanchelande on staffing costs represents a much higher percentage of its total budget e.g. 85.7% compared with 68.5% and 71.8% for Elizabeth College and The Ladies' College.
- 3.13 A more in-depth analysis reveals the very low running costs on which Blanchelande operates when compared with the two Colleges. Expenditure on "School and Administration Expenses" by Blanchelande totals £32,846, compared with sums of £412,909 and £215,937 for Elizabeth and The Ladies' College. Even when per capita considerations are made, the differences are marked. If staffing costs are excluded and running costs examined, (these being school and administration costs, establishment costs and other costs), Blanchelande Girls' College spends £588 per senior pupil. This compares with £1,872 for Elizabeth College and £1,385 for the Ladies' College.
- 3.14 Expenditure on running expenses is therefore certainly lower at Blanchelande Girls' College than the other two Colleges. The overall sum of £4,117 spent on staffing and running costs compares with Elizabeth College £5,949, and The Ladies' College £4,907. In the maintained sector, taking for comparison the 2001 Budgets for the Grammar School and Secondary Schools, the equivalent figures are £3,640 and £3,580. In the past, a premium of £400 per pupil has been loaded to take account of the additional responsibilities the Colleges have. When this is done, in this example, the Blanchelande figure of £4,117 compares with the Grammar School ($3,640 + £400 = £4,040$) and funding in the Secondary Sector ($£3,580 + £400 = £3,980$).
- 3.15 Blanchelande has had far less available to spend than the other Colleges. There is a complete absence of some expenditure headings common to the other Colleges. The most notable example of this is expenditure on school examination fees. Both Elizabeth College and The Ladies' College include sums in excess of £20,000 per annum to cover these expenses. In contrast, Blanchelande treats these costs as a reimbursement item and recovers costs from pupils. It is difficult to judge what effect these past restraints have had on the College and what legacy, if any, the lack of sufficient funds has had on the delivery of the curriculum and educational environment. The Council has not made any assessment in these respects, believing this to be a more appropriate remit and undertaking to take place when the review on the funding, accountability and operation of non-maintained schools is undertaken. The Trustees of Blanchelande have stated that they do not believe that the lack of sufficient funds has had any effect on the delivery of the curriculum and educational environment for their pupils, given the support of their staff and other parties. They point to what they regard as

quite outstanding examination results achieved by their pupils at GCSE and A Level as evidence of this.

- 3.16 The States has already taken the decision in principle to fund Blanchelande Girls' College in a similar way to the other Colleges. The Policy Letter is therefore commended to the States on this basis. Once public funding is approved for Blanchelande, **the Council considers it essential that Blanchelande submit itself to the inspection and auditing regimes to which other public funded bodies are expected to adhere, including both Elizabeth College and The Ladies' College.**

Section 4 Effect of Commencement of Funding from 1 September, 2001

- 4.1 The College's accounts to 31st August, 2002 have still to be finalised at the time of preparing this Policy Letter. The Education Council is minded to recommend to the States additional funding at the level requested by the College i.e. £300,123 for the period 1st September, 2001 to 31st August 2002, the effect of this, assuming a notional 20/80 split between junior and senior school, would be:

The following table is drawn from the figures presented in Appendix 4, The Budget Analysis, provided by the College.

	Est/actual	
	Original	80% attributed to seniors*
	£	£
Income	846,464	677,171
Additional States Funding	0	300,123
Total Income		977,294
Expenditure	980,997	784798
Surplus/(deficit)	(134,533)	192,496**

* The assumption has been made, based on past experience, that approximately 80% of overall costs and income of the College relate to the post il element of the school. The figures can only be viewed as indicative on this basis.

** An improvement of £327,029 on the original deficit figure of £134,533.

- 4.2 The Block Grant paid by the States to Elizabeth College in the financial year ending 31st August 2002 was £1,611,702.
- 4.3 The number of Upper School pupils as at 1 September 2001 was 462, Payments in respect of special place holders are not shown separately as it is a Block Grant. However, the Elizabeth College funding model assumed 154 special place holders for Year 3 of the model, i.e. 2001/2002. These pupils were assumed to contribute to 51.41% of the total grant. Using this only as an illustration, produces a revised funding level for fee payers of £783,126 i.e. 48.59% of £1,611,702. This equates to a funding level for fee payers of £2,543 based on 308 fee payers (462-154).

- 4.4 The total payment by the States to The Ladies' College in the financial year ending 31st August 2002 was £1,227,536. The number of Upper School pupils as at 1st September 2001 was 384, which can be expressed as £3,197 per pupil. The special place holder element within the total grant for this period was £440,355. If this were deducted from the total grant a revised grant figure of £787,181 would result. This results in revised funding levels of £2,050 when calculated on the basis of the total Upper School numbers 384 and £3,307 per pupil, when based on total numbers less the average number of special place holders for the period: $384 - 146 = 238$ pupils.
- 4.5 The proposed funding for Blanchelande Girls' College for the financial year ending 31st September 2002 is £324,123. The number of Upper School pupils as at 1st September 2001 was 174, which can be expressed as £1,863 per pupil.

Section 5 Recommendation

- 5.1 The States is asked to re-affirm its decision in principle to provide funding for Blanchelande Girls' College and that the arrangements for providing this should be as follows:
The Council recommends the States:-
- 5.2 To confirm its previous approval in principle that Blanchelande Girls' College receives grant and subsidy funding from the States to a similar level as that given to Elizabeth College and The Ladies' College.
- 5.3 To agree that the interim funding arrangement for Blanchelande Girls' College should be as follows:
- (i) that grant aid be approved from 1st September 2001 as set out in this Report and for the budgets of the States Education Council for 2002 and 2003 to be increased accordingly;
 - (ii) that grant aid is subject to the condition that Blanchelande Girls' College shall allow all reasonable access to inspection by the States Internal Audit Department in common with other organisations receiving States grants;
 - (iii) that grant aid is subject to the condition that Blanchelande Girls' College agrees to the inclusion of two States Education Council members on its governing body, such members to be recommended by the Council and submitted to the Board of Governors in accordance with the articles of governance as amended;
 - (iv) that the States Education Council should present a progress report to the States on the new funding arrangements for Blanchelande Girls' College after receipt of the accounts for 2003/2004, in the event that the planned review of the College's development, funding and accountability is not concluded at that time;
 - (v) to agree that the Advisory and Finance Committee, when recommending to the States revenue expenditure allocations for the States Education Council for 2004 and subsequent years, should increase the budget of the Education Council to take account of the annual grant to Blanchelande Girls' College.

Yours faithfully,
M. A. OZANNE,
President,
States Education Council

1. An overview of Blanchelande's current and future plans

Blanchelande Girls' College Guernsey. Statement requested by the Education Council August 2002

1. Character.

Blanchelande Girls' College is an age 7 to 18 all girls Catholic school.

When the 'old' Blanchelande closed Blanchelande Girls' College Trust was established to ensure the continuation of a Catholic school and the Trustees have to approve the appointment of the Board of Governors, the majority of whom must be Catholic.

The strong mission statement of the college (attached) shows that Blanchelande provides a Catholic based Christian education open to girls from any background or religious tradition.

(26% of students are Roman Catholic and 33% of the teaching staff)

The college is recognised as a Catholic school by the Diocese of Portsmouth and has invaluable support from the diocese through its education advisers and also from the local catholic clergy.

The college has a broad intake with no selection by ability but we occasionally have to refuse students who have significant special needs as we cannot adequately support them. All students are assessed before entry to ensure that we can meet their needs and we have a small but significant proportion of students who have learning difficulties such as dyslexia.

Our aim is to support each student, whatever their ability, so they develop into adults who are active and valued members of the community. We have managed to provide a sufficient range of subjects that all our students achieve examination successes at GCSE and approximately half continue into our Sixth Form to take A levels. (others transfer to the Grammar School.) Of those that stay the vast majority enter higher education at university but we also provide a one year Business Skills course for those not following a purely academic route.

Whenever possible the maximum class size is held at 20. This number has been slightly exceeded on only 4 occasions. This class size is important to the family nature of the school and the effective teaching of such a wide ability range.

Planned Changes - None

There is no plan to change the established family character of the college.

2. Number on Roll

Present Numbers (Academic Year 2001/2002)

<u>September 2001</u>			<u>Projected Maximum</u>	
JUNIORS		80	4 x 20	80
Seniors	11-14	96	3 x 2 x 20	120
Seniors	14-16	58	2 x 2 x 20	80
Seniors	post-16	14	2 x 20	40
SENIORS	TOTAL	168		240
COLLEGE	TOTAL	228		320
Main Intakes		10 to 15 into year 3 at age 7		
		10 to 20 into year 7 at age 11		

Intake at age 11 is added to the existing year 6 students (usually 18 to 20) This includes up to 6 Special Place Holders through the 11+ selection who at present MUST be Catholics.

There is no indication that we would reach our maximum possible numbers in the foreseeable future, certainly not in the next five years.

Senior entry numbers are still variable and fluctuate between 30 and 40 at age 11. It would be possible to take a three form entry if we had a 'boom' year for any reason but this could not be sustained as we do not have sufficient accommodation.

At present 30% to 50% of students stay on post-16 but this again can vary dramatically depending on the size and academic abilities of each year. The Trustees have made a commitment to post-16 education as so many parents request this at age 11 or younger.

N.B. A small number of students have special bursaries and so pay only half (or less) of the full fee rate.

Planned Changes - None

The only significant change would occur IF the Sisters of Mercy at Cordier Hill ever followed the previous Blanchelande Sisters and withdrew from Education provision in Guernsey. In this unlikely event we would wish to provide Catholic education for children below the age of 7 years.

3. Curriculum Provision

Age 7 to 16.

Blanchelande closely follows the National Curriculum (Guernsey) and is fully involved in national tests at age 11, 14 and 16.

We presently offer a maximum of 16 different GCSE subjects although this number will vary year on year as we change the options to meet the needs of each group of students.

The average class size at GCSE this year was 14.

Post-16

For Sixth Form students the number of subjects on offer will vary depending on demand.

The present Lower Sixth are studying 9 different subjects (7 students)

Next year the Lower Sixth are studying 14 different subjects (15 students)

Sixth Form teaching is SHARED for the following subjects:

Spanish	shared with the Grammar School	at Blanchelande
Film Studies	shared with Elizabeth College	at EC
Psychology	shared with Elizabeth College	at EC
Theatre Studies	shared with the Grammar School	at GS

Other subjects have been shared in the past. Timetabling is a problem which has so far been overcome.

We would like to see an extension of this sharing and be allowed to play a fuller part. If we cannot offer a wide range of subjects then more students will leave at 16.

Planned Changes - None

We have no plans to make any significant changes to curriculum provision but we need to be flexible to meet the needs of our students.

4. Facilities

Present Facilities

Junior Classrooms	4
Junior Hall	
Junior Library	
Seniors	
General Classrooms	7
Laboratories	2

Sixth Form Lab	1
Language Lab	1
I. C. T. Room	1
Business Skills	1
Music Room	1
Technology Room	1
Art Room	1
Sixth Form Art	1
Tutorial Rooms	2
Senior Hall	(also used for gym and lunch)
Senior Library	
Offices and Staff Accommodation, Store Rooms, Science Prep, Lockers and Cloackrooms etc.	
Playing Field	Athletics etc.
Tennis/Netball Courts	3

Planned Additional Facilities

Five Year Plan.

Conversion of Victor House to Junior Block - classrooms, storage, staff offices toilets etc.

Extend Art Facilities

Improve Music Facilities (orchestra and practice room)

Improve Laboratory Space (Physics Lab. and Lower School Lab.)

Long Term Plan

Sports Hall

Arts Centre with Display and Performance Area

Sixth Form Block

Swimming Pool

Many of our facilities are already used by the wider community. Any new facilities would also be available for community use.

Semper Fidelis

At Blanchelande, as a Catholic school we want to be a family always faithful to the example of Our Lord Jesus Christ, striving to become all that God wants us to be.

To help us achieve this we shall always try to

- respect ourselves and one another
- make full use of all the gifts God has given us
- join in the life of our school, our church and our island
- be aware of the world around us and make it a fairer place
- take joy in and work to protect all of God's creation

and remember the prayer

‘Lord, let me grow into the kind of person *you* want me to be.’

Senior Curriculum Outline

The National Curriculum is closely followed in all areas and all students take part in the National Curriculum tests and assessments at the end of Key Stage 3 (year 9, age 14)

	Year 7 Lessons per week	Year 8 and 9 Lessons per week	Years 10 and 11 (GCSE) Lessons per week
English	5	5	6 English Lit. and English Lang., Compulsory
Mathematics	5 (set after first exam)	5	5 Compulsory
Science	6 Combined Science	6 Year 9 Separate Sciences	12 or 9 For 3 Separate Sciences Or Combined Science GCSE, compulsory
Religious Education	4	4	4 Compulsory
Modern Foreign Languages	5 French and Spanish	6 Usually 3 French 3 Spanish or One MFL and Extra English	4 One MFL usually compul- sory, second option
History	2	2	4 Option
Geography	2	2	4 Option
Information and Communication Technology	2	2	4 or 1 RSA CLAIT award or GCSE ICT.
Art	2	2	4 Option
Music	2	2	4 Option
Technology	3 Includes food, textiles and simple resistant materials	3	4 Option Food and Nutrition GCSE
Physical Education	5 includes hockey, swimming, Cross-country, netball, tennis, athletics, rounders, gym and dance	4	4 GCSE available
Drama	1	1	4 Option
P.S.H.E. Personal, social and Health Education	1	1	2 With Careers

Blanchelade Girls' College Guernsey

Examination Results Summary 1997 - 2001

	Blanchelade 1997	Blanchelade 1998	Blanchelade 1999	Blanchelade 2000	Blanchelade 2001	Comparative data (Local or National Data)
GCSE % age of grades at B, A and A*	48%	31%	56% (26% A and A*)	45% (20% A and A*)	46% (32% A and A*)	44% (20% A and A*) Guernsey 1999
GCSE % age of grades at C, and above	84%	77%	84%	78%	83%	71% Guernsey 1999
GCSE % age of students achieving 5 or more subjects at Grade C or above	85%	74%	89%	67%	80%	54% England 2000 Girls only
A level % age pass		First year of A Level 93%	4 A Levels each 100%	No A level group this year	100%	89.4% England 2000

2. The Blanchelande College Balance Sheet

ACCOUNTS
31ST AUGUST, 2001

DRAFT

	31.8.01		31.8.00	
	£	£	£	£
ASSETS				
Building works and equipment				
At cost - Buildings, fittings and equipment	336,052		332,041	
Fittings and equipment				
LESS: Amounts written off	97,502	238,550	63,897	268,144
Books				
Balance at 1st September, 2000	7,701		10,198	
At cost in period	14,776		6,631	
	22,477		16,829	
LESS: Amount written off	10,413	12,064	9,128	7,701
Musical Instruments				
Balance at 1st September, 2000	1,769		2,211	
At cost in year	-		-	
	1,769		2,211	
LESS: Amount written off	353	1,416	442	1,769
CURRENT ASSETS				
Debtors	1,675		498	
Balance at bank	34,051		38,296	
Cash in hand	8		1,052	
	£35,734		£39,846	
CURRENT LIABILITIES				
Fees received in advance	1,884		1,075	
Creditors and accruals	73,252		60,798	
Bank loan re development	93,754		137,340	
Other loan re development	75,000		75,000	
Bank overdraft	221,036		177,611	
Loans received	21,475		21,475	
	£486,401		£473,299	
NET CURRENT LIABILITIES		(450,667)		(433,453)
NET LIABILITIES		£(198,637)		£(155,839)
FINANCED BY:				
TRUST FUND				
Balance at 1st September, 2000		(155,839)		(173,410)
Donations received				
Les Vauxbelets Development Fund		25,500		47,500
General		27,412		4,837
		(102,927)		(121,073)
LESS: (Deficit)/Surplus on income and expenditure account	(54,191)		8,499	
Capital costs written off in year	(33,605)		(33,203)	
Bank interest re development	(7,914)	(95,710)	(10,062)	(34,766)
		£(198,637)		£(155,839)

To be Approved

TRUSTEES

3. The Blanchelande College Income and Expenditure Account

BLANCHELANDE GIRLS COLLEGE TRUST
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST AUGUST, 2001

DRAFT

	31.8.01		31.8.00	
	£	£	£	£
AVERAGE NUMBER OF PUPILS	<u>238</u>		<u>218</u>	
INCOME				
School fees	815,992		705,221	
Registration fees	4,200		4,300	
Bank interest	1,285		859	
Letting fees	1,802		2,462	
Busfares	-		9,830	
Little chapel	5,256		4,921	
Rent received	24,132		18,955	
Pension contribution refund	2,516		11,799	
Sundry income	1,585	856,768	-	758,347
	<hr/>		<hr/>	
LESS: EXPENDITURE				
Staff costs	780,990		629,663	
School and office costs	41,058		38,199	
Establishment costs	81,877		71,680	
Bank charges and interest	7,034	910,959	10,306	749,848
	<hr/>		<hr/>	
(DEFICIT)/SURPLUS FOR THE YEAR		<u>£(54,191)</u>		<u>£8,499</u>

BLANCHELANDE GIRLS COLLEGE TRUST
ANALYSIS OF EXPENDITURE
FOR THE YEAR ENDED 31ST AUGUST, 2001

DRAFT

	2001	2000
	£	£
WAGES AND SALARIES		
Teaching	665,283	552,399
Office and administration	74,864	64,909
Pension costs	40,843	12,355
	£780,990	£629,663
SCHOOL AND OFFICE COSTS		
Stationery and advertising	14,838	11,421
Book and musical instrument costs written off	10,766	9,570
Postage and telephone	3,514	2,559
Hire of Beau Sejour	6,443	5,032
Sundries and travel	5,497	9,617
	£41,058	£38,199
ESTABLISHMENT COSTS		
Rent	25,000	25,000
Insurance and rates	16,241	11,669
Light, heat and water	16,374	13,789
Gardening, cleaning and refuse	3,405	6,320
Maintenance	20,857	14,902
	£81,877	£71,680

DEPRECIATION POLICY:

- a) Capital works in respect of Les Vauxbelets are written off over a ten year period on a straight line basis.
- b) Books are written off over a three year period on a straight line basis and musical instruments are written off at the rate of 20% per annum, using the reducing balance method.

4. The Budget Analysis

BLANCHELANDE GIRLS COLLEGE
PROFIT / LOSS vs BUDGET 2001 / 02

<u>Income</u>	<u>BUDGET</u>	<u>EST. ACTUAL</u>	<u>VARIANCE</u>
School Fees	£821,510	£841,795	-£20,285
Registration Fees	£4,000	£3,650	£350
Net Reimbursement Fees	£8,000	£1,019	£6,981
<u>TOTAL INCOME</u>	£833,510	£846,464	-£12,954
<u>Expenses</u>			
Wages, Salaries	£813,000	£740,406	£72,594
Social Insurance	£38,000	£44,292	-£6,292
Rent	£25,000	£25,000	£0
Pension	£80,000	£72,123	£7,877
Books and Videos	£12,000	£6,197	£5,803
Stationery and Advertising	£8,000	£9,570	-£1,570
Photocopies	£4,000	£4,115	-£115
Telephone and Fax	£3,000	£1,394	£1,606
Bank Charges	£7,000	£7,296	-£296
Maintenance - Repairs	£20,000	£18,181	£1,819
Gardening	£5,000	£362	£4,638
Oil, Electric and Water	£17,000	£11,527	£5,473
Furniture and Removals	£2,000	£522	£1,478
Rent/Hire Sports Equipment etc.	£3,000	£2,614	£386
Events/Talks etc.	£2,500	£659	£1,841
Taxis etc.	£1,500	£2,828	-£1,328
Premises Insurance	£16,000	£12,011	£3,989
Training	£4,000	£4,214	-£214
Inspection	£2,000	£2,000	£0
Rates	£5,800	£7,196	-£1,396
Secretarial and Miscellaneous	£4,000	£5,120	-£1,120
Comp Software		£3,370	-£3,370
<u>TOTAL EXPENSES</u>	£1,072,800	£980,997	£91,803
<u>PROFIT/LOSS</u>	-£239,290	-£134,533	-£104,757

BLANCHELANDE GIRLS COLLEGE
INCOME AND EXPENDITURE- BASED ON STATES SUPPORT

<u>Income</u>	<u>Budget 2002/03</u>
School Fees	£848,700
Registration Fees	£4,000
Net Reimbursement Fees	£5,000
States Subsidy	£252,000
Superannuation	£84,000
<u>TOTAL</u>	£1,193,700
<u>Expenses</u>	<u>Budget 2002/03</u>
Wages, Salaries	£802,500
Social Insurance	£46,500
Rent	£25,000
Pension	£84,000
Books, Videos	£21,000
Stationery and Advertising	£13,000
Photocopies	£4,000
Telephone - Fax	£3,000
Bank Charges	£3,400
Maintenance - Repairs	£20,000
Gardening	£5,000
Oil, Electric and Water	£17,000
Furniture and Removals	£11,500
Rent/Hire Sports Equipment etc.	£3,000
Events/Talks etc.	£6,700
Taxis etc.	£3,400
Premises Insurance	£14,000
Training	£11,500
Inspection	£2,000
Rates	£7,600
Secretarial	£6,500
Computer Software	£3,600
<u>TOTAL</u>	£1,114,200
<u>NET PROFIT/LOSS</u>	£79,500

5. Schedule of Indebtness

BLANCHELANDE GIRLS COLLEGE
SCHEDULE OF INDEBTEDNESS

Bank balances

Barclays Bank	(9 th August, 2002)	(252,202.67)	
Barings	(30 th June, 2002)	(69,983.84)	
Barclays Finance	(12 th August, 2002)	15,570.56	<u>CR</u>
Leopold Joseph	(21 st August, 2002)	11,514.66	<u>CR</u>
		<hr/>	
Net		(295,101.29)	

Loans

Loan 'A'	(75,000.00)
Loan 'B'	(60,000.00)
Trustees	(36,000.00)
	<hr/>
Total indebtedness *	£ (466,101.29)
	<hr/>

* In addition there are monthly creditors and accrued ETI and States Insurance, but none "of great age".

6. An analysis of expenditure across all 3 Colleges

INDEPENDENT COLLEGES - COMPARISON OF EXPENDITURES

	Elizabeth College	Ladies College	Blanchelande* College
	<u>2000 / 2001</u>	<u>2000 / 2001</u>	<u>2000 / 2001</u>
TOTAL INCOME	2,798,505	1,782,479	685,414
EXPENDITURE			
Staff Costs	1,911,550	1,303,315	624,792
School and Administration Costs	412,909	215,937	32,846
Establishment Charges	454,108	294,162	65,502
Other Costs	11,364	2,045	5,627
TOTAL EXPENDITURE	2,789,931	1,815,459	728,767
OPERATING SURPLUS / DEFICIT	8,574	- 32,980	- 43,353
per capita Costs			
Pupils	469	370	177
Staff Costs	4,076	3,522	3,530
School and Administration Costs	880	584	186
Establishment Costs	968	795	370
Other Costs	24	6	32
Total	5,949	4,907	4,117
% of Total Expenditure			
Staff Costs	68.5%	71.8%	85.7%
School and Administration Costs	14.8%	11.9%	4.5%
Establishment Costs	16.3%	16.2%	9.0%
Other Costs	0.4%	0.1%	0.8%
	100.0%	100.0%	100.0%

* Note : The above assumes Blanchelande College expenditure on Senior School to be 80% of Total school expenditure

INDEPENDENT COLLEGES - COMPARISON OF EXPENDITURES

	Elizabeth College	Ladies College	Blanchelande College
	<u>2000 / 2001</u>	<u>2000 / 2001</u>	<u>2000 / 2001</u>
INCOME			
Block Grant	1,619,035	581,434	
Fees		411,800	
Superan		131,556	
States Funding	<u>1,619,035</u>	<u>1,124,790</u>	<u>-</u>
Net Fees	1,106,876	648,100	656,154
Hire of Facilities	53,633	9,589	20,747
Sundry Income	18,961		8,514
TOTAL INCOME	<u>2,798,505</u>	<u>1,782,479</u>	<u>685,414</u>
EXPENDITURE			
Staff Costs			
Teachers Salaries	1,488,157	1,111,965	532,226
Staff Superannuation	288,901	131,556	32,674
Administration Staff Costs	134,492	59,794	59,891
	<u>1,911,550</u>	<u>1,303,315</u>	<u>624,792</u>
School and Administration Costs			
Departmental Expenses	199,468	129,219	32,846
Other School Expenses	25,993	41,883	
Exam Fees	23,270	22,249	
Youth Training	11,229		
School Administration	38,790	22,586	
General Expenses	82,601		
Inspection Costs	18,504		
Appointment of Principal	13,054		
	<u>412,909</u>	<u>215,937</u>	<u>32,846</u>
Establishment Charges			
Public Services	160,289	23,603	13,099
Rent, Rates and Taxes	45,526	12,692	32,993
Playing Fields	73,507		2,724
Other Areas	174,786	257,867	16,686
	<u>454,108</u>	<u>294,162</u>	<u>65,502</u>
Other Costs			
Audit and Accountancy	5,890	2,045	
Bank Charges and Interest			5,627
Bad Debts	5,474		
	<u>11,364</u>	<u>2,045</u>	<u>5,627</u>
TOTAL EXPENDITURE	<u>2,789,931</u>	<u>1,815,459</u>	<u>728,767</u>
OPERATING SURPLUS	<u>8,574</u>	<u>- 32,980</u>	<u>- 43,353</u>

* Note : The above assumes Blanchelande College expenditure on Senior School to be 80% of Total school expenditure

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

The States are asked to decide:-

X.– Whether, after consideration of the Report dated the 18th December, 2002, of the States Education Council, they are of opinion:-

1. To confirm their previous approval in principle that Blanchelande Girls' College receives grant and subsidy funding from the States to a similar level as that given to Elizabeth College and the Ladies' College.
2. That the interim funding arrangement for Blanchelande Girls' College shall be as follows:
 - (a) that grant aid be approved from 1 September 2001 as set out in that Report and for the budgets of the States Education Council for 2002 and 2003 to be increased accordingly;
 - (b) that grant aid is subject to the condition that Blanchelande Girls' College shall allow all reasonable access to inspection by the States Internal Audit Department in common with other organisations receiving States grants;
 - (c) that grant aid is subject to the condition that Blanchelande Girls' College agrees to the inclusion of two States Education Council members on its governing body, such members to be recommended by the Council and submitted to the Board of Governors in accordance with the articles of governance as amended;
 - (d) that the States Education Council shall present a progress report to the States on the new funding arrangements for Blanchelande Girls' College after receipt of the accounts for 2003/2004, in the event that the planned review of the College's development, funding and accountability is not concluded at that time;
 - (e) to agree that the States Advisory and Finance Committee, when recommending to the States revenue expenditure allocations for the States Education Council for 2004 and subsequent years, shall increase the budget of the States Education Council to take account of the annual grant to Blanchelande Girls' College.

STATES BOARD OF INDUSTRY**REVIEW OF GUERNSEY'S RETAIL AND GENERATION ELECTRICITY MARKETS**

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

20th December 2002

Dear Sir

REVIEW OF GUERNSEY'S RETAIL AND GENERATION ELECTRICITY MARKETS**1. Introduction**

- 1.1 The Regulation of Utilities (Bailiwick of Guernsey) Law 2001 provides for the States of Guernsey to issue "States Directions" to the Director General of Utility Regulation which she is bound to take into account in discharging her duties.
- 1.2 When the States Electricity Board was commercialised and became a States Trading Company - Guernsey Electricity Limited (GE) in February 2002, the States requested the Director General to review, within 12 months from 1st February 2002, the impact of the introduction of competition into the supply market and to make recommendations on that issue.
- 1.3 The purpose of this letter is to present the findings of that review and to recommend the States to issue a new set of States Directions. The Director General's comprehensive report is reproduced in full as an appendix to this Billet. It is a clear and logical document and accordingly the Board does not propose to restate its contents in detail, but rather to summarise the key points that lead to the recommendations. The Board believes that the policy letter and the appendix should be read together as one.
- 1.4 It should be noted that the Board has received from the Director General additional financial information regarding some of the internal costs of GE Limited, which underpin the Director General's analysis of the viability of retail competition and the Board's consideration of the matter. However, the Board has agreed with the Director General that such sensitive information should not be in the public domain.

2. Objectives of the Review

- 2.1 The report appended to this letter seeks to address the following questions:
 1. Should competition be introduced into the Guernsey market for the supply of electricity to end customers?

2. If competition should be introduced, what form and degree of competition best meets Guernsey's needs and is most appropriate to the Guernsey market?
 3. If competition is to be introduced, what are the legal, regulatory and market intervention steps necessary to facilitate the recommended form of competition?
 4. What other external factors and market conditions need to be in place to contribute to the success of any recommended approach?
- 2.2 Following extensive public consultation the Director General came to the conclusion that any future reforms needed to be consistent with the following four policy objectives:
1. To ensure that reasonable demands for electricity are met;
 2. To provide efficient prices for electricity customers;
 3. To facilitate the economic development of the jurisdiction; and
 4. To meet States of Guernsey policy objectives, including environmental policy.

The Director General concluded, and the Board of Industry concurs, that these objectives are fully consistent with those set out in the Regulation Law and reflect the needs of the Island. All recommendations in her report have been developed therefore with a view to fulfilling these objectives.

Finally, throughout the review, particular regard has been paid to the realities of an electricity sector in a small offshore Island. The small size of the Guernsey market (total demand is approximately equal to that of a moderate sized town in the UK) and other unique characteristics of Guernsey provide the backdrop to the Director General's recommendations.

3. Executive Summary of the Director General's Report and Findings

The Director General's findings in relation to the introduction of retail competition in Guernsey are summarised in the form of answers to the questions posed in Section 2.1.

3.1 *Should competition be introduced into the Guernsey market for the supply of electricity to end customers?*

Based on the public consultation and the analysis undertaken, the Director General does not believe that given the existing market structure, the best interests of Guernsey would be served via the introduction of retail electricity competition within the medium term. A defined period of exclusivity for GE would therefore be appropriate, in order to provide the industry with the necessary stability and certainty to invest in the future.

3.2 In the absence of retail competition, customers would continue to be protected by continued regulation of both price and service provided by the dominant incumbent GE.

3.3 *If competition should be introduced, what form and degree of competition best meets Guernsey's needs and is most appropriate to the Guernsey market?*

Whilst retail competition appears inappropriate, the Director General recognises that competition in the generation market will be able to evolve as originally envisaged with GE performing the central role of single buyer consistent with retaining the network and retail monopoly.

3.4 *If competition is to be introduced, what are the legal, regulatory and market intervention steps necessary to facilitate the recommended form of competition?*

The Director General concludes that the best interests of customers in Guernsey would be served by continuing GE's exclusive right to sell electricity onto end customers. This conclusion is based upon present market characteristics, although material changes in the market conditions could give rise to circumstances where competition in retail became more viable and could bring net benefits.

3.5 In her consideration of the potential to introduce retail competition, the Director General considered what licensing/legislative changes would be necessary to support such a market. In the Director General's view, the present licensing structure would not be appropriate for a competitive regime. Whilst any reconsideration of competition in retailing will be a matter for future years (either after a fixed period of time or after some trigger event) she considers that there would be merit in putting in place a licensing regime which is consistent with a competitive market now. This would not only provide a building block for any future arrangements but would also reflect the regulatory approach to the sector which the Director General is taking.

3.6 The Director General considers that the electricity sector requires long-term certainty within which to develop highly capital-intensive projects. This point was supported by all parties to the public consultation. Therefore, the Director General envisages that the GE would be granted exclusive licences for the period ending 31st January 2012 covering supply and conveyance activities in conjunction with the continuing non-exclusive generation licence, which includes importation of energy across the existing link. This is consistent with the current period of exclusivity for the conveyance licence in accordance with the States Directions issued in February 2002.

3.7 The Director General will continue to issue licences to new entrant generators or any entity developing a new link to France. It should be noted that some activities will continue to be exempt from the requirement to be licensed. The present licence exemptions are governed by Section 1(2) of the Electricity Law¹⁶ and the Director General recommends that the States ensure that such exemptions can be made in the conveyance as well as the supply markets so as to facilitate potential States policy decisions on exempted activities. Existing exemptions already allow small scale generators, such as solar panels to be developed with exports to be sold to GE, or small volumes of energy to be sold by generators directly to customers across their own network.

¹⁶The existing exemptions are set out in document OUR02/06 "Direction on Exemptions from the Requirement to hold a Licence - Issued under section 1(2) of the Electricity (Guernsey) Law 2001" available from www.regutil.gg.

- 3.8 The changes to legislation proposed by the Director General in her report and endorsed by the Board will continue to provide a basis for allowing the energy-from-waste plant to generate, sell and convey electricity. However the Director General will not be in a position to either write an exemption, commit to an exemption or issue a licence until such time as the States has made a clear decision as to precisely how electrical energy from the plant will be used and has addressed the preferred relationship between the unit and Guernsey Electricity. There is also the wider but related debate on an island policy in relation to “green energy” which in turn is related to the principles of sustainable development.
- 3.9 In the view of the Board, these issues will need to be addressed by the States at the earliest opportunity, but it is neither the mandate of the Board nor the responsibility of the Director General of Utility Regulation to determine these matters. The Board of Industry is conscious that the Board of Administration and the Advisory and Finance Committee are in dialogue over this issue and would hope that one or both of those bodies will report to the States on this matter in the foreseeable future.
- 3.10 The Director General considers it appropriate for the States to review the electricity sector prior to the proposed exclusive licences expiring so that an informed decision can be made regarding the arrangements for the electricity sector from 1st January 2012 onwards.
- 3.11 Whilst the Director General considers that retail competition would be unlikely to benefit customers under the present market structure, it must be recognised that this structure could itself change. Possible changes include, for example:
- the liberalising of the Jersey market;
 - the creation of a competitive retail market in gas;
 - significant step changes in demand requiring new generation build;
 - the development of a new interconnection; or
 - a change in the ownership or structure of GE.
- 3.12 These changes could separately or in combination, make retail competition viable but the Director General is not aware of any such changes envisaged in the medium term and the recommendations and analysis within the report are based on this assumption. Such changes could cause the Board of Industry to re-examine whether some form of retail competition would be appropriate for Guernsey at that stage.

4. Security of Supply

- 4.1 In April 2002 the Board wrote to the Advisory and Finance Committee pointing out that the current wording of the States Guidance to the Committee in carrying out on behalf of the States its role of shareholder of Guernsey Electricity Limited is at variance with the requirements of the Regulatory regime and may have effects and implications that had not previously been fully explored.

- 4.2 Following an amendment to the March 2000 proposals on commercialisation the States resolved:

“However electricity services are provided in future, they are to be provided within a policy of retaining sufficient on-Island generation plant to meet the total long-term demand, to cover for the possibility of interruption or unavailability of power through the cable link to France”

The States subsequently resolved to include this wording in the States Guidance to the Advisory and Finance Committee.

- 4.3 The Director General is also required to take a view on security of supply and (as published in the OUR 02/19 notice) has adopted the widely used “n-2” approach whereby sufficient generating capacity must be retained to meet peak demand even if the two largest “generators” are not available. When applying the n-2 approach the Director General includes the 16MW of guaranteed capacity in the cable link to France. Thus, for planning purposes, Guernsey Electricity Ltd is not required to plan for the simultaneous loss of the cable as well as its two larger generators.
- 4.4 A strict interpretation of the States Guidance to the Committee would ignore the capacity of the cable and require Guernsey Electricity Limited to maintain sufficient on Island generation plant such that it could meet peak Island needs even if two major generators were out of commission.
- 4.5 There are financial implications in the approach taken on Strategic Independence in that, in a situation with rising demand, it will affect the timing of investment decisions on new generating plant. In current circumstances a strict interpretation of the Strategic Independence guidance would require immediate work to start on planning for additional generating plant to be brought into service within the next 3 to 5 years. Adopting the diverse generation source means that organic growth in demand can be met with existing generation capacity for 7 years or more.
- 4.6 Commissioning additional generating plant immediately will bring forward expenditure that, without changes to the current Regulatory Regime, the Director General would be unable to allow Guernsey Electricity Limited to pass on to the consumer.
- 4.7 Discussions between the Advisory and Finance Committee and Guernsey Electricity Limited have confirmed that the company supports the diverse generation source approach adopted by the Director General.
- 4.8 The Advisory and Finance Committee therefore requested the Board of Industry to include in this policy letter a recommendation that the States endorse the diverse generation source approach to security of supply.
- 4.9 In addition, now that Guernsey Electricity Limited has been operating as a commercialised entity for almost a year under the Regulatory regime, the relative roles of shareholder and Regulator have become clearer. It is apparent that the States policy on strategic independence is more appropriately exercised through the Regulatory regime than through guidance to the shareholder.

4.10 The Advisory and Finance Committee therefore requested the Board of Industry to include a recommendation in this policy letter to remove any reference to strategic independence in the States guidance to the Advisory and Finance Committee.

4.11 The Board of Industry is pleased to comply with the requests from the Advisory and Finance Committee and endorses these recommendations.

4.12 With the dissolution of the States Electricity Board the States transferred to the Board of Industry residual responsibility for electrical supply issues which complement its responsibilities for recommending States direction to the Director General. The costs of investment in generation plant and cable links is a major element in the cost of electricity to the consumer and the Board will be liaising with the various interested parties to ensure that the most appropriate strategy on such investment and security of supply is pursued.

Recommendations

The Board of Industry recommends to the States, having considered the “Review of Guernsey’s retail and generation of electricity markets” produced by the Office of Utility Regulation to and having considered the comments in this policy letter on strategic independence to:

1. Prepare for the potential introduction of retail competition in future by amending the licensing regime within the Electricity (Guernsey) Law 2001 to reflect a functional split (Retail, Network, and Generation) as outlined in the Office of Utility Regulation report.
2. Issue a States Direction to the Director General of Utility Regulation that an exclusive licence be issued to Guernsey Electricity for supply activities subject to any exemptions granted by the Director General under Section 1(2) of the Electricity (Guernsey) Law 2001 for the period ending 31st January 2012.
3. Issue a States Direction to the Director General of Utility Regulation to issue to Guernsey Electricity an exclusive licence for conveyance activities, subject to any exemptions granted by the Director General under Section 1(2) of the Electricity (Guernsey) Law 2001 for the period ending 31st January 2012.
4. Direct the Director General of Utility Regulation that the exclusive licences set out in Recommendation 3 and 4 above should be replaced with exclusive licences for retail and network activities respectively when new legislation consistent with Recommendation 1 is enacted.
5. Direct the Board of Industry to monitor the development of the energy sector in the Channel Islands and bring forward a review of these arrangements by 31st January 2011 or sooner in the event of any material changes to the structure of the sector.
6. Endorse the diverse generation source approach to security of supply as set out in this report.
7. Remove any reference to security of supply in the States guidance to the Advisory and Finance Committee in exercising on behalf of the States its role as shareholders of Guernsey Electricity Limited.

I should be grateful if you would lay these matters before the States together with appropriate propositions including one directing the preparation of legislation.

Yours faithfully

JOHN ROPER

President,
States Board of Industry



Office of Utility Regulation

Review of Guernsey's Retail and Generation Electricity Markets

Report to the Board of Industry

Document No: OUR 02/35

November 2002

Office of Utility Regulation
Suites B1 & B2, Hirzel Court, St Peter Port, Guernsey, GY1 2NH
Tel: (0)1481 711120, Fax: (0)1481 711140, Web: www.regutil.gg

Contents

1.	Executive Summary	2
2.	Introduction.....	4
2.1.	Objectives.....	4
2.2.	Approach to the Review.....	4
2.3.	Structure of Report	5
3.	Background.....	6
3.1.	Legal Background.....	6
3.2.	Terminology.....	6
4.	Objectives	7
5.	Guernsey’s Existing Electricity Sector.....	8
5.1.	Existing Market Structure within Guernsey.....	8
5.2.	Retail characteristics	8
5.3.	Generation/Import characteristics.....	9
5.4.	Network / Conveyance characteristics.....	9
5.5.	Comparisons with Benchmark Jurisdictions	9
5.6.	Wider market reforms.....	10
6.	Options.....	13
6.1.	Retail Market in Guernsey	13
6.2.	Generation Market in Guernsey	14
7.	Analysis	16
7.1.	Quantitative assessment	16
7.2.	Single buyer/single seller (Retail Option 1).....	18
7.3.	Full Retail Competition (Retail Option 3)	18
7.4.	Retail Competition for large customers only (Retail Option 2).....	20
8.	Summary and Recommendations.....	21
8.1.	Summary	21
8.2.	Recommendation	23

1. Executive Summary

This Report has been prepared by the Director General of Utility Regulation (“DG”) for the Board of Industry (“BoI”) in response to a States Direction issued in February 2002. The report considers whether competition should be introduced into the electricity supply market in Guernsey and if so, what form of competition would be most appropriate. The report is submitted to enable BoI to prepare policy recommendations to the States on the future of the electricity sector in Guernsey and for the States to issue any new States Directions to the DG by February 2003.

During her consideration of this matter, the DG has published background papers, held an industry workshop, conducted an open public meeting and issued a public consultation paper inviting responses from interested parties. Throughout the process the DG has noted the need for a solution which is appropriate to Guernsey, and also, that the benefits of any opening up of the market should be demonstrated, and if possible quantified before any costs should be imposed on customers. The responses to the various consultation exercises carried out have been an important part of the DG’s considerations, and she is grateful for the input of those who responded.

The Guernsey electricity market is small, with certain unique characteristics. The DG has considered the experience of other markets that share some of Guernsey’s key characteristics, to see what lessons can be learned from elsewhere. No other small island jurisdictions have implemented, or are planning to implement, competition in the electricity supply market. The most liberalised markets of the benchmark jurisdictions allow competition in the generation sector, which is similar to the current situation in Guernsey.

This paper considers the three main options for Guernsey which were identified in the consultation paper “Designer Markets – Options for Guernsey’s Retail and Generation Electricity Markets”. The scope for savings in electricity costs to end customers can come from either -

- lower generation prices as retailers buy from competing generators and/or
- lower costs of serving customers via the retail function (billing, metering, credit control).

It was agreed by all respondents that there is little scope for such savings to be made based on lower generation costs (which represent some 69% of customers end bills), given the existing structure of the electricity industry in Guernsey. Consequentially, price competition would in the short/medium term be limited to competition in the retailing activity, which accounts for only 4% of customers end bills.

Taking into account the available information and applying conservative assumptions on the degree of savings which would be required to encourage customer switching, the DG considers that likely customer savings that could be achieved in this market structure, would be insufficient to provide for meaningful price based competition in electricity retailing. Furthermore, the cost of implementing that competition would be likely to be

equal to, or greater than the level of potential savings to customers, thus negating the price benefits.

However, it is noted that the analysis is confined to the Guernsey electricity market only, and material changes, such as widening the scope to include the gas market in Guernsey or widening it to include the Jersey electricity market, could change this outcome.

On the basis of the analysis undertaken the DG recommends to the BoI that:

1. The licensing regime within The Electricity (Guernsey) Law, 2001 should be amended to reflect a slightly revised functional split (Retail, Network, and Generation (which also covers Importation)), as this will facilitate future reviews of the market.
2. The States direct that the following licences be issued to GE for the period ending 31st January 2012:
 - an exclusive licence for supply; and
 - an exclusive licence for conveyance,subject to any exemptions granted by the DG under Section 1 (2) of the Electricity (Guernsey) Law, 2001, and that these exclusive licences be continued under the changed functional split set out in recommendation 2, subject to recommendations 3 and 4 below.
3. The States review these arrangements by 31st January 2011, in order to assess the scope for competition from 1st February 2012 onwards.
4. Any material changes in the structure of the energy sector in the Channel Islands prior to 31st January 2011 should bring forward the date of the review of these arrangements and the States reserve the right to amend the exclusivity periods as a result of any such review.

2. Introduction

2.1. Objectives

The States Electricity Board, was commercialised in February 2002 and became a States Trading Company – Guernsey Electricity Limited (“GE”). States Directions¹ to the Director General of Utility Regulation meant that whilst one of GE’s historic monopoly activities, generation, was opened to competition at that time, other aspects were not. The States envisaged that the network elements of GE’s business would continue to be a monopoly in the medium term, but the decision on the arrangements for supplying electricity to end users was less definitive. The States of Guernsey’s Direction therefore included a request to the DG to review within twelve months from 1st February 2002 the impact of the introduction of competition into the supply market and to make recommendations on that issue.

This report represents the DG’s review of the market and includes her recommendations to the BoI. It takes into account the responses to the public consultation undertaken by the DG and the results of her investigations. The report this seeks to provide guidance to the BoI by addressing the following questions, which were set out in July’s consultation paper:

1. Should competition be introduced into the Guernsey market for the supply of electricity to end customers?
2. If competition should be introduced, what form and degree of competition best meets Guernsey’s needs and is most appropriate to the Guernsey market?
3. If competition is to be introduced what are the legal, regulatory and market intervention steps necessary to facilitate the recommended form of competition?
4. What other external factors and market conditions need to be in place to contribute to the success of any recommended approach?

Further detailed documentation on Guernsey’s electricity sector is available from the OUR website at www.regutil.gg.

2.2. Approach to the Review

In the course of preparing this report to the BoI, the DG has sought to inform the industry and broader stakeholders in the electricity sector of the issues involved in the introduction of retail competition and related matters and obtain the views and input of these parties for consideration in the review. Since commercialisation in February 2002 the DG has:

¹ Billet d’Etat No XVIII 2001, pages 1263 to 1264

- Published “Electricity in Guernsey. Moving Forward from Policy to Implementation” (OUR 02/19) February 2002;
- Held an Industry Workshop and Public Consultation on future retail arrangements (17 July 2002);
- Issued a consultation on the options for reform “ Designer Markets – Options for Guernsey’s Retail and Generation Markets” (OUR 02/24) July 2002;
- Researched comparable jurisdictions to assess whether other island states had introduced or considered introducing competition in supply of electricity to end users and the reasons for their current market structures, and
- Carried out the analysis explained in this report on the potential costs and benefits of introducing competition into the Guernsey supply market.

The DG is grateful for the input that has been provided to her in the preparation of this report by those industry participants and members of the public who have attended the meetings or provided written responses to the consultation. The views received have assisted the DG in formulating her recommendations to the BoI.

2.3. Structure of Report

The rest of this paper is structured as follows:

- Section 3:** Provides some legal and regulatory background to the electricity market in Guernsey.
- Section 4:** Sets out the objectives that were taken into account in considering the future of the electricity market in Guernsey.
- Section 5:** Describes the approach taken by the DG in considering the development of Guernsey’s electricity sector.
- Section 6:** Describes the policy options for Guernsey with reference to the balance between competition and regulation and the linkage between the generation and supply markets.
- Section 7:** Presents analysis of the various options considered.
- Section 8:** Provides a summary of the findings and sets out the DG’s recommendations.

3. Background

This section provides a brief overview of the existing legal arrangements associated with Guernsey's electricity sector.

3.1. Legal Background

The legislative framework for Guernsey's electricity sector is governed by, *inter alia*:

- The Regulation of Utilities (Bailiwick of Guernsey) Law, 2001 (the "Regulation Law");
- The Electricity (Guernsey) Law, 2001 (the "Electricity Law");
- The Electricity (Guernsey) Law 2001 (Commencement and Amendment) Ordinance 2001; and
- States Directions to the DG adopted by the States of Guernsey².

3.2. Terminology

This paper uses the following terms to describe the electricity sector:

- **Retail** – this term describes the arrangements that govern the sale of energy to end customers – for example the arrangements whereby a customer buys electricity from GE (currently the only option in Guernsey) or from another retailer (as is the case in the UK where customers can choose who they purchase their electricity from).
- **Network** – this term is used to describe the electrical network operated by GE in Guernsey across which electricity is transported. In this paper and in the Guernsey context we use this term to describe the entire network (transmission and distribution) and consider this to be a monopoly activity that will remain so for the foreseeable future.
- **Generation market** – this term is used to describe trading arrangements between parties other than end customers.
- **Imports** – this term describes importation of energy via interconnection with other jurisdictions i.e. buying power from the European grid via Jersey.

These terms are not totally consistent with the Generation, Conveyance and Supply Licences as set out in the Electricity Law, but are reflective of the functional split within the electricity sector in general and also within GE. In Consultation Document OUR 02/24 the DG noted that should any adjustment to the legislative regime be required arising from the recommendations of this report, these would be identified. This is addressed further in Section 8 at the end of this report.

² Billet d'Etat No. XVIII 2001, pages 1263 to 1264

4. Objectives

In considering whether retail competition is appropriate for Guernsey, the DG believes that it is appropriate to judge any potential changes within the context of the broader policy objectives that exist for the electricity sector. In the public consultation, the DG suggested four policy objectives that future reforms needed to be consistent with. Only one respondent queried these objectives, and the comments were primarily concerned with the perceived interpretation of the objectives. Therefore the DG sets out below a more detailed explanation of each of the policy objectives that she considers appropriate and has taken into account when arriving at the conclusions in this report:

1. **Ensure that reasonable demands for electricity are met.** As discussed in Document OUR 02/19, over an appropriate planning horizon sufficient plant should be available both to meet expected demands in Guernsey and provide for contingencies, and in operational timeframes sufficient reserve should be available to restore supply as soon as possible in the event of an outage of either the link or an on-island generator.
2. **Provide efficient prices for electricity customers.** Prices to customers should be as low as practicable within the context of providing a sustainable reliable supply for Guernsey and maintaining quality of service to customers.
3. **Facilitate the economic development of the jurisdiction.** Echoing the specific requirement of the Regulatory Law regarding economic well-being, and recognising the strategic importance of electricity to the island's economy, any future arrangements should meet the policy objectives of underpinning and contributing to the ongoing economic development of the Island.
4. **Meet States of Guernsey policy objectives including environmental policy.** Any changes to the electricity sector should be consistent with the States of Guernsey's overall explicit policy objectives on issues such as security of supply and the environment.

The DG considers that these objectives are fully consistent with the objectives set out in the Regulation Law and reflect the needs of Guernsey. The recommendations in this report have been developed with a view to meeting these objectives.

Later in this document (Section 7), the various options for introducing competition in Guernsey's electricity retail market are discussed. However, an overarching concern is that the DG's recommendation ensures that the primary policy objectives are realised. Therefore the individual characteristics of the Guernsey electricity sector must be borne in mind. These characteristics, e.g. the small size of the Guernsey market (total demand is approximately equal to that of a moderate sized town in the UK), have helped to inform the DG's proposed recommendations.

5. Guernsey's Existing Electricity Sector

5.1. Existing Market Structure within Guernsey

GE was established in February 2002 and generation licences have been available to new entrants from that date. As the process of reform of the electricity sector is evolutionary in nature, few external changes are apparent to customers from this development as the functions carried out previously by the States Electricity Board continue to be performed by GE, although the way in which GE operates is already changing, and is regulated by the OUR.

GE remains a vertically integrated company, carrying out all the functions described in Section 3.2, above and owning the generation assets and the network infrastructure. It is also the only company presently licensed to sell electricity to end customers and to own and operate a conveyance network. It is also responsible for the importation arrangements via the Channel Islands Electricity Group (CIEG) in conjunction with Jersey Electricity Company.

The present³ split of costs of providing electricity between each of the three groups of activities is:

<i>Retail</i>	4%
<i>Generation/import⁴</i>	69%
<i>Network</i>	27%

The cost of each of these activities, along with the existing structure and potential to develop competition in the retail and generation sectors is central to the assessment of retail competition options that follows in this paper.

5.2. Retail characteristics

Within Guernsey a minority of commercial customers consume a significant volume of energy. Based on data provided by GE, the DG estimates that around 80% of GE's customers are "domestic" and collectively account for approximately 45% of Guernsey's total energy demand. The remaining 20% of customers collectively consume the remaining 55% of total energy used on the Island of Guernsey.

³ The figures are based upon the DGs assessment of GE cost data for the financial year ending 31 March 2002. The overall cost of generation will lead to year on year changes in this split – higher utilisation of on-island generation would increase the proportion of the overall end customer bill resulting from generation/imports.

⁴ These costs are not disaggregated between generation and imports as defined in section 5.2 as the current licensing regime is not structured so as to deliver this split.

5.3. Generation/Import characteristics

Guernsey has a peak electricity demand of 65 MW⁵. This demand is met both by importation across the link and the output of on-island power stations.

GE owns slow speed generation engines totalling 65 MW and peaking Gas Turbine generation totalling 49 MW which in aggregate provides sufficient on-island generation to meet its existing peak demand. The interconnection to France via Jersey has a capacity of 60 MW but availability is significantly less during winter months. Excluding the planned 4 MW Energy-from-Waste plant, GE expects the next new plant project to be on line around 2014 assuming current growth demand levels. However, any significant blocks of demand growth would bring forward this date.

Respondents to the consultation agreed with the reasoning in the consultation paper and the conclusion of the DG that together, the characteristics of the market mean that the scope for incremental development of competition in generation, via new entry, is limited and such competition is unlikely to develop in the short term.

5.4. Network / Conveyance characteristics

The ownership, operation and maintenance of the electricity network is entirely carried out by GE and, in common with practice elsewhere it is not anticipated that there will be any change in this in the medium term. This activity therefore is currently and will continue to be regulated as a monopoly activity.

5.5. Comparisons with Benchmark Jurisdictions

In considering what market structure would be appropriate for Guernsey, the DG researched the arrangements in other small island jurisdictions in order to identify:

- (a) whether electricity markets in these small island states had been opened up to competition, in particular retail competition;
- (b) if retail competition had been introduced, whether the model adopted could be effectively applied to Guernsey; and
- (c) whatever the structure of the market in each case (monopoly, competitive or combination), had there been any economic or other consideration of the feasibility of introducing competition that could help inform this report.

As previously noted, Guernsey has some highly specific characteristics. It is:

- An island;
- Operates its electricity sector independently (i.e. it is not part of a larger market);
- Economically developed;
- Small, in comparison to other independent electricity markets; and
- Interconnected to a larger electricity system (via another similar island).

⁵ System peak during 2000/2001 was 59.6 MW. The maximum system demand recorded is just below 65 MW.

No other jurisdiction was identified which shared all these characteristics. Among the jurisdictions that were identified as sharing the first two characteristics were Jersey, Isle of Man, Malta, Gibraltar, Grenada, Cayman Islands and Bermuda. Some of these are significantly larger than Guernsey in terms of demand (e.g. Malta), and only two - Jersey and the Isle of Man - are interconnected.

In researching these jurisdictions the DG noted that none currently have competition in their retail (supply) markets; and of those jurisdictions that responded to specific questions, none were considering or planning the introduction of such competition. There was no evidence that an analysis of the benefits and costs of introducing competition had been conducted in any case.

The DG also considered the initiatives underway in Europe to introduce retail competition, which as currently constituted, would require member states to introduce retail competition by 2005 including the smallest EU State Luxembourg, with a population of 400,000. Furthermore two island jurisdictions (Malta and Cyprus), that are accession countries to the EU are seeking derogations from the EU in respect to the requirement to introduce full retail competition when they join.

Where comment was made, respondents concurred that there were no other jurisdictions that shared all the key characteristics of Guernsey which might be appropriate to benchmark or research further.

No directly comparable jurisdiction was identified and among those that were researched, none, including the two most similar islands (the Isle of Man and Jersey) had introduced retail competition, were planning to do so, or had available any cost benefit or other analysis of the possibility of introducing competition in their markets to assist in this review.

5.6. Wider market reforms

In the consultation paper the DG raised the issue of broader market reforms including (i) a generation/import structure which created multiple, competing generation entities, and (ii) widening the scope of the market beyond Guernsey's electricity sector. These broader market reforms are discussed in turn below.

Multiple Generation Entities

Given the limited likelihood that a competitive generation market will develop via incremental new entry (as discussed in Section 5.3), an option to create such upstream competition would be to further separate existing components of the GE generation business. The generation sector within Guernsey has three major distinct components –

- importation,
- the slow speed diesels, and

- the Gas Turbines (GTs)⁶.

It should be noted that these different parts of GE's portfolio operate in different segments of the generation market. The technical and economic characteristics of the plant means that they do not compete against each other, but fulfil complementary roles. The DG thus considers that splitting GE generation along plant type lines would not be likely to lead to the segmented parts of the business competing against each other.

In order to create separate, but competing, generation businesses within GE it would be necessary to create a number of similarly sized portfolios, each capable of fulfilling all of the complementary roles described above. It is reasonable to assume that there would be costs involved in such an exercise, e.g. internal implementation costs for GE and the loss of economies of scale. The DG is not aware of any counterbalancing efficiencies to offset these costs.

The DG noted that whilst the benchmarking of comparable jurisdictions did not provide any evidence to support the introduction of retail competition, it was notable that each of the islands considered operated the electricity industry as a single vertically integrated utility. Where competition was being developed (e.g. Bermuda) the approach taken was to allow new entry in generation – a policy mirroring that adopted in Guernsey.

Larger Market

Another possible means of facilitating the development of a competitive generation market would be to increase the size of the overall market, for example by consolidation of the electricity sector in Guernsey and Jersey into a Channel Islands electricity market. One respondent argued that any such radical change would be difficult to achieve given the multi-jurisdictional issues to be overcome and many prior agreements that would need to be re-considered.

A further possibility would be to widen the market by including the gas sector, thereby creating an "energy" market in Guernsey. Clearly this could be applied after the widening of the geographic market also, resulting in a Channel Islands energy market which would be considerably larger than just the Guernsey electricity market. This alternative was explicitly opposed by one respondent who suggested that the basis for the development of gas sector in Guernsey was fundamentally different to that for the electricity sector. The DG notes, however, that in many liberalised markets the market mechanisms established for gas closely resemble those for electricity.

The DG considers that developments of the electricity sector in Jersey, restructuring of GE or changes to the gas sector in Guernsey may enable alternative competitive outcomes and could increase the scope for customer benefits from a competitive market.

⁶ Further detail on the technical characteristics of the Guernsey generation sector is contained in document OUR 02/19

However, such radical changes appear to be unlikely in the short/medium term given the complexity of the issues involved. Furthermore, such matters fall outside the direct scope of the review as the Director General was directed to consider competition in electricity retailing in Guernsey.

If the States of Guernsey wish to address these broader issues, and consider effecting material changes in the market structure by either widening the geographic scope of the market or the product scope of the market, then this would be likely to change the recommendations in this report significantly. In that case the DG recommends that the issues within this report are revisited.

6. Options

In the consultation paper, the DG observed that for competition in retailing to bring benefits, there must be effective competition in generation because if multiple retailers all face the same costs of purchasing electricity from one generator the scope for price competition is limited. Thus, a viable market requires multiple sellers of electricity (generators), multiple buyers of electricity (retailers) and regulated access (at common prices) to the core electricity network to move electricity from the generators to the customers.

The need for multiple buyers and sellers as a pre-requisite for a viable competitive market in retail was broadly accepted by attendees at the industry workshop, public consultation and in responses to the consultation document. However, one respondent also observed that if a new entrant retailer could access common network and generation costs (i.e. it had the same cost inputs as GE's retail business) there could be the basis for competition solely based on efficiencies within the retail function (credit control, meter reading and billing). The DG has noted this view, and it is considered as part of the analysis of the options within Section 8.

Due to some misunderstanding during the consultation process it is important to stress that none of the options described have any impact on the network infrastructure i.e. there would be no need for any additional network build. All of these options are based on the principle that a new entrant retailer would deliver power utilising infrastructure owned and operated by GE subject to regulated charges.

6.1. Retail Market in Guernsey

During the consultation on retail options, the DG presented three broad models that could be adopted:

- **Retail Option 1 - Existing Structure (single buyer / single seller).** This option would continue the existing arrangements⁷ for a specified period, for example ten years. New entry in generation is allowed for in the current licensing regime, with any new entrants selling their output to GE at bilaterally negotiated rates. The commercial terms between a new generator and GE would be subject to regulatory scrutiny. Prices to end customers would be determined by the price control applicable to GE as the dominant player.
- **Retail Option 2 - Retail competition for a limited number of customers.** Under this scenario any customers that met either a size threshold, or specified criteria for market entry (such as metering technology and communications links), would be able to buy from a retailer other than GE. Customers switching from GE and the new retailers would pick up any direct costs associated with opting out of the GE arrangements. It is assumed that these customers would be the

⁷ Under these arrangements a new generator would sell its output to GE (as single buyer) which then on-sells the energy to customers (as the single seller).

largest consumers on the island as they had the largest bills and thus would need lower percentage savings to cover the fixed costs of opting out, although a threshold level of absolute savings per annum would be needed.

- **Retail Option 3 - Full retail competition for all customers.** This option assumed that arrangements are put in place to allow customers to switch retailers and not individually face the costs of doing so. This would mean that the costs incurred would be recovered through a different route, potentially by the shareholder, but more likely spread across all customers.

The DG stated that the Office of Utility Regulation is pro-competition and would be interested in facilitating a competitive solution that could bring demonstrable benefits to customers that would outweigh the cost of implementation. Retail Option 1 and Retail Option 3 received some support from the respondents to the consultation with those supporting Retail Option 1 opposing Retail Option 3 and vice versa. The DG received no responses specifically advocating Retail Option 2 and some responses explicitly opposed this option. All three options have been evaluated in Section 7 of this report.

The DG is mindful that any changes can only be justified if they deliver benefits to customers, and the island as a whole. This is particularly important if any change incurs costs that would be faced by customers on the expectation that they would realise benefits in excess of these costs. In the DG's view, such an approach could only be embarked upon if it is demonstrable that the benefits clearly outweigh the costs based on prudent assumptions.

6.2. Generation Market in Guernsey

In order to properly assess the various retail options the DG consulted on what generation market structure should be in place to underpin those options. This is essential if the overall cost of the change is to be considered and therefore the DG consulted on what option should be adopted to enable an analysis of the introduction of retail competition to be carried out.

In all cases, there will continue to be a central role for the network operator (i.e. GE) because the volume of electricity generated and the volume used across the network must be balanced in real time. Therefore GE will continue to be responsible for ensuring that generation dispatch is co-ordinated.

In the case of Retail Option 1 (single buyer / seller) there would be commercial bilateral arrangements in place between GE and new generators and no new generation market structure would be required.

In the case of Retail Options 2 and 3, some mechanism would be essential to manage the commercial and technical relationship between multiple generators and retailers.

The DG consulted on four potential options for the generation sector in Guernsey⁸. Such arrangements would only be relevant if some form of retail de-regulation was agreed by the States, i.e. if Retail Option 2 or 3 were to be adopted. For Retail Option 1 none of the generation options set out below would be required.

Generation Option 1(a) - Contract market for generation with some form of simple administered price for imbalances⁹ – system security costs included as part of the imbalance price.

Generation Option 1(b) - Contract market for generation with some form of simple administered price for imbalances – system security costs levied as a separate charge.

Generation Option 2(a) – Contract market for generation with some form of spot market for imbalances. - system security costs included as part of the imbalance price.

Generation Option 2(b) – Contract market for generation with some form of spot market for imbalances – system security costs levied by a separate charge.

Whilst all models are possible the DG noted that the size of the market in Guernsey and the cost associated with the provision of system security place constraints on these choices.

Respondents to the consultation indicated a clear preference for Generation Option 1(b) should a generation market to underpin retail competition be required. This option would provide for a clear way of allocating common costs (e.g. system security) whilst minimising the need for complex central market systems. The DG agrees that Option 1(b) would provide a reasonable balance between the efficient allocation of costs and a simple market mechanism appropriate to a market the size of Guernsey and would offer the lowest cost, most transparent solution.

In the analysis of Retail Options 2 and 3, the DG has therefore assumed that the Generation market would be structured along the lines described in Option 1(b),

⁸ Further information on the generation options can be found in OUR 02/24 “ Designer Markets – Options for Guernsey’s Retail and Generation Markets” available from www.regutil.gg

⁹ i.e the difference between a parties contracted position and actual generation or demand in a given period

7. Analysis

This section focuses solely on consideration of the Retail Options 1, 2 and 3. Based on the observation in Section 7, the DG assumes that either Retail Option 2 or 3 would be supported by Generation Option 1(b) with the consequential costs in developing a generation market.

This section is in four parts, first a quantitative assessment of the options followed by a qualitative assessment of each of the three options.

Throughout this section the “£ per annum per customer” figures are annualized to reflect the time value of money. The analysis is conducted over a five-year horizon, with capital expenditures assumed to be recovered over that timeframe.

The quantitative assessment is based on the best available information and seeks to identify at a reasonably high level, the costs and benefits of the options, but it does not constitute a comprehensive and fully detailed cost-benefit analysis which would have been far more costly and time consuming to conduct. Given the conclusive nature of the outcome of the high level analysis the DG does not consider it appropriate to incur more costs in a more detailed analysis.

7.1. Quantitative assessment

Based on data provided by GE, and summarised in section 5.1 the DG estimates that around 69% of revenue received by GE is spent on generation activities i.e. providing energy via both imports from France and utilization of GE’s on-island generation. The historic level of customer’s bills has funded a generation sector in Guernsey with sufficient capacity to satisfy organic demand growth for a significant number of years. In addition, the DG estimates that 27% of the remaining revenue finances the on-island network and the final 4% supports the retailing interface with the customer to cover such aspects as metering and billing¹⁰.

In the Statement of Opportunity¹¹, GE estimates that there will be no requirement for significant new entry into the generation market (excluding the 4 MW Energy-from-Waste plant) prior to 2014 assuming a 3% demand growth. Any block demand growth¹² would bring forward this date. At this time, neither the DG nor GE are aware of any confirmed projects that would lead to block demand growth. There was a consensus view from respondents to the consultation that scope for new generation entrant prior to 2014 is low and competition within the generation market is unlikely to appear in this timescale.

¹⁰ Ofgem estimates the share of costs within the UK to be as follows, generation 42%, network including metering 27% and supply 30% however the typical customer bill is significantly lower and generation costs have fallen by around 40% over recent years.

¹¹ The Statement of Opportunity is available from GE’s website www.electricity.gg.

¹² The scope for block demand growth is discussed at length in OUR02/19 “Electricity in Guernsey - Moving Forward - from policy to implementation” available from www.regutil.gg.

It is likely therefore that GE will remain the dominant generation licensee for the foreseeable future, notwithstanding the lack of legal or regulatory barriers. Due to the non discrimination and cross subsidy provisions within GE's licence, any new entrant retailer will be faced with purchasing energy and delivery services from GE at the same prices that GE delivers energy to its own retail business. Thus, many costs faced by a new entrant retailer and GE's retail business will be common, leaving little or no scope for a new entrant to compete on price against GE.

Furthermore, any efficiency gains realised by the regulatory regime through price controls would accrue to all customers irrespective of their retailer. Therefore, any successful new entrant retailer would need to deliver cost savings to customers solely via being more efficient at the retailing function. Based on GE data, the DG estimates that the existing cost per customer of GE's retailing activity is in the order of £30-35 per customer per annum – assuming costs are allocated equally over the whole customer base (excluding public lighting). In order to add clarity to the analysis, the DG utilises a central estimate of £33 per customer. Therefore any new entrant need to carry out this activity at a lower cost than GE, still make a return on the service to make its business viable and would also need to create sufficient potential savings to customers to induce them to switch retailers. Unless new entrant retailers can either (a) reduce energy costs, or (b) sell different products to customers and compete in areas other than price, the scope to reduce the absolute level of prices via retailing efficiency is limited to £33, even if one assumes that no other costs arise (an assumption which is further addressed in section 7.3).

A MORI study conducted for Ofgem in November 2001¹³ concluded that a mean saving of £78 was the incentive that the surveyed customers (those who have not already changed retailer) required as an incentive to switch. However, a National Audit Office Report in January 2001¹⁴ demonstrates that in the 18 months since the market in the UK was opened up, 65 million customers have switched for an average saving of £45 per customer per annum. The DG notes that both these level of savings exceed the absolute level of retailing costs in Guernsey.

There have been no explicit surveys of Guernsey consumers to determine what level of savings they would require to switch retailers and no responses to the consultation indicated that customer behaviour would differ significantly from the UK. Therefore the DG has used the data from these extensive surveys to proxy customer propensity to switch. Assuming therefore that customer behaviour in Guernsey is similar to that in the UK, the highest level of potential savings which could be achieved by customers (£33 per annum) would be lower than the level of savings required to encourage switching.

Further assessment of the costs of alternative retail options, and the potential level of customer savings which could be achieved, is set out in the following sections. In the

¹³ "Experience in the competitive domestic electricity and gas markets" conducted by MORI for Ofgem, November 2001

¹⁴ Office of Gas and Electricity Markets; Giving Domestic Customers a Choice of Electricity Supplier, 5 January 2001

analysis which follows the DG uses the working assumption that a domestic customer would require savings of at least £30 in order to switch from GE to a new entrant retailer. This figure is somewhat lower than the MORI data indicates was the case within the UK. This approach is designed to test a scenario where customers are seen as being price sensitive and keen to move. This provides a “best case” outcome for retail competition to be judged against.

7.2. Single buyer/single seller (Retail Option 1)

Implementation of Retail Option 1 would give rise to no incremental costs. At a generation level GE would still need to incur some costs associated with the development and implementation of the technical and commercial codes necessary to underpin the existing arrangements which allow for new entry in generation.

Under Retail Option 1 the retailing costs of GE would be subject to price control regulation by the DG. It would be inappropriate for the DG to speculate on what savings, if any, could be made in this area by GE until such detailed analysis and modelling of business plans to support her review of price control has been undertaken. However, if these costs were lowered through price control, it would serve to reduce the retail cost against which competitors could make savings. Any reduction through price controls of GE’s retail activities would thus serve to further limit the scope for competition in retail in the absence of varied sources of generation.

7.3. Full Retail Competition (Retail Option 3)

The basis for competition identified by the respondent which supported Retail Option 3 was in terms of greater efficiency in the retail functions, i.e. the respondent believed that it could undertake the retail function at a price which was lower per customer than that which GE charges. For example, savings could result from leveraging assets, such as billing systems. Billing costs could also be reduced by targeting cheap to serve customers i.e. those customers willing to pay by monthly direct debit. These retailing cost savings would be fixed per customer – i.e. they are not related to a customer’s level of consumption.

If customers need both an absolute level of saving, and a percentage saving, it is reasonable to assume that this degree of saving would be less attractive to a large customer than a domestic customer (as it would form a smaller proportion of the large customer bill). The respondent was also of the view that retail competition would be more effective if there was upstream competition, but saw this as being restricted in the short term, hence competition based on retailing efficiency was possible, if not ideal.

Operational costs

Based on comments made by respondents, the DG estimates that the *incremental* retailing cost, plus a margin or return to a new entrant could result in a retailing price from a new entrant as low as £10 per customer. This assumes that an existing customer base would be leveraged, and that only certain customers who were cheaper to serve (e.g. those paying by monthly direct debit) were targeted. This appears competitive when initially compared to the £33 per customer cost estimated for GE – suggesting that a new

entrant could offer savings to customers of perhaps £23, although this is still below the switching threshold of £30.

However, it would be unrealistic to assume that all GE's costs would disappear for a customer that switched, as GE would continue to provide central market functions (potentially including GE's billing of network service charges to the retailer and the collection, aggregation, and reconciliation of central settlement data) to support competition. Based on the information provided by respondents and other available information, it would appear that a reasonable estimate of these central market function costs would be in the region of £10 per customer per annum. From the existing retail cost of £33 incurred by GE, the DG thus considers, on the basis of the information available to her, that perhaps £13 per customer per year could realistically be saved by switching to an alternative retailer (i.e. the customer pays £10 to new retailer for billing plus £10 for central market cost, a total cost of £20, compared to the current GE cost of £33).

Capital costs

The costs of implementing retail competition could vary greatly depending on the solution adopted. Including the costs of implementing Generation Option 1(b), the DG's high level estimation is that the cost per customer (annualised over 5 years) would range between £44 per customer per annum for a fully metered solution, to £13 per customer per annum for a simple profiled solution¹⁵.

Costs and Benefits

On a best-case scenario the costs of implementation (i.e. around £13 per customer) are similar to the possible savings to customers (also around £13 per customer). On any more complex solution, the costs of full retail competition outweigh the likely benefits to customers.

As already stated, the DG is using a working assumption that to switch retailer customers would need to see at least a £30 per annum in savings. Thus, on a low cost scenario, potential customer savings are approximately £30 per annum short of this level, and on a high cost scenario, over £60 short (i.e. there is an increased cost, not a saving). Even assuming zero implementation and operational costs, which is clearly unrealistic, the maximum possible saving for customers is the £33 per annum which is only £3 higher than the assumed switching threshold of £30.

On the basis of the analysis undertaken the DG concludes that the cost of implementation for Retail Option 3 is likely to be greater than, or equal to, the level of potential customer savings, and that an insufficient financial incentive would exist within the Guernsey market with its present structure, to induce customers to switch retailers.

¹⁵ It should be noted that on the basis of the DG's overall assessment of the possible costs and benefits of alternative approaches to the introduction of retail competition, the DG did not consider it prudent to assess such costs in anything other than high level terms.

7.4. Retail Competition for large customers only (Retail Option 2)

A similar analysis can be applied to Retail Option 2. The costs of introducing Generation Option 1(b) would still arise. Additionally, customers switching would pick up the direct costs of switching – which would include interval metering and central settlement costs.

Estimations of the cost per customer are highly dependent on assumptions on how many customers might switch. The DG has not undertaken analysis based on alternative switching rate levels as she considers it highly unlikely that these large customers would be prepared to switch for total savings of £33 per annum – a figure that equates to 0.1% of the typical annual bill.

Using an alternative assumed saving of 1% of an annual bill would require savings of approximately £315 to be made by large customers to encourage switching. If the central market costs to allow switching and some form of multilateral generation market are allocated across the small number of large customers, instead of the 27,000 customer base under Retail Option 3 the costs per customer would be very high potentially in the region of £600 to £900 per customer per year.

Option 2 would therefore appear viable only if retailers could access generation at costs lower than the average cost of GE generation from imports and on-island production. If savings of around 5% could be made on the energy side then Option 2 would be viable. However, the DG notes that no respondents quantified potential savings that could be passed onto customers through lower energy purchase costs and there was a consensus that the development of a competitive generation market which would provide for such a possibility was unlikely in the medium term

In the DG's assessment the annual £ per customer saving from retail efficiencies would be an insufficient incentive to induce switching by large customers.

8. Summary and Recommendations

8.1. Summary

This section summarises the DG's findings in relation to the introduction of retail competition in Guernsey, answering the questions posed in Section 2.1.

1. ***Should competition be introduced into the Guernsey market for the supply of electricity to end customers?***

Based on the public consultation and the analysis undertaken, the DG does not believe that given the existing market structure, the best interests of Guernsey would be served by the introduction retail electricity competition in the medium term. A defined period of exclusivity for GE would therefore be appropriate, in order to provide the industry with the necessary stability and certainty to invest in the future.

In the absence of retail competition, customers would continue to be protected by continued regulation of both price and service provided by the dominant incumbent, GE.

2. ***If competition should be introduced, what form and degree of competition best meets Guernsey's needs and is most appropriate to the Guernsey market?***

Whilst retail competition appears inappropriate, the DG recognises that competition in the generation market will be able to evolve as originally envisaged with GE performing the central role of single buyer consistent with retaining the network and retail monopoly.

3. ***If competition is to be introduced what are the legal, regulatory and market intervention steps necessary to facilitate the recommended form of competition?***

The DG concludes that that the best interests of customers in Guernsey would be served by continuing GE's exclusive right to sell electricity onto end customers for the present. This conclusion based upon present market characteristics, and as noted in paragraph 4 below, material changes in the market conditions could give rise to circumstances where competition in retail became more viable and could bring net benefits.

In her consideration of the potential to introduce retail competition, the DG considered what licensing /legislative changes would be necessary to support such a market. In the DG's view, the present licensing structure would not be appropriate for any competitive regime. Whilst any reconsideration of competition in retailing will be a matter for future years (either after a fixed period of time or after some trigger event) she considers that there would be merit in putting in place a licensing regime which is consistent with a competitive market now. This would not only provide a building block for any

future arrangements but would also reflect the regulatory approach to the sector which the DG is taking.

The DG considers that the electricity sector requires long-term certainty within which to develop highly capital-intensive projects. This point was supported by all respondents. Therefore, the DG envisages that the GE would be granted exclusive licences for the period ending 31st January 2012 covering supply and conveyance activities in conjunction with the continuing non-exclusive generation licence, which includes importation of energy across the existing link. This is consistent with the current period of exclusivity period for the conveyance licence in accordance with the States Directions issued in February 2002.

The DG will continue to issue licences to new entrant generators or any entity developing a new link to France. It should be noted that some activities will continue to be exempt from the requirement to be licensed. The present licence exemptions are governed by Section 1(2) of the Electricity Law¹⁶ and the DG recommends that the States ensure that such exemptions can be made in the conveyance as well as the supply markets so as to facilitate potential States policy decisions on exempted activities. Existing exemptions already allow small scale generators, such as solar panels to be developed with exports to be sold to GE, or small volumes of energy to be sold by generators directly to customers across their own network.

The DG considers it appropriate for the States to review the electricity sector prior to the proposed exclusive licences expiring so that an informed decision can be made regarding the arrangements for the electricity sector from 1st January 2012 onwards.

4. *What other external factors and market conditions need to be in place to contribute to the success of any recommended approach?*

The DG recognises that development of the electricity sector in Jersey, radical restructuring of GE or changes to the Gas sector in Guernsey could lead to different conclusions but is not aware that any such changes are envisaged in the medium term. The recommendations and analysis within the report are based on this assumption.

Whilst the DG considers that retail competition would be unlikely to benefit customers under the present market structure, it must be recognised that this structure could itself change. Possible changes include, for example:

- the liberalising of the Jersey market;
- the creation of a competitive retail market in gas;

¹⁶ The existing exemptions are set out in document OUR02/06 "Direction on Exemptions from the Requirement to hold a Licence - Issued under section 1 (2) of the Electricity (Guernsey) Law 2001" available from www.regutil.gg.

- significant step changes in demand requiring new generation build;
- the development of a new interconnection; or
- a change in the ownership or structure of GE.

These changes could separately, or in combination, make retail competition viable and the DG recommends that the States make any period of exclusivity subject to the fact that any material change, including (but not limited to) those set out above, will trigger a re-examination of whether some form of retail competition would be appropriate for Guernsey at that stage.

8.2. Recommendation

The DG recommends to the BoI that the States instigates changes to capture the position summarised above as per the explicit recommendations below:

RECOMMENDATION A. The DG recommends that the licensing regime with The Electricity (Guernsey) Law, 2001 should be amended to reflect the function split (Retail, Network, and Generation (which also covers Importation)).

RECOMMENDATION B. The DG recommends that the States Direct that the following licences be issued to GE for the period ending 31st January 2012:

- an exclusive licence for supply activities; and
- an exclusive licence for conveyance activities, subject to any exemptions granted by the DG under Section 1 (2) of the Electricity (Guernsey) Law, 2001 and subject to recommendations C and D below.

The above Direction should also state that when the legislation is changed consistent with Recommendation A, the exclusive licences above should be replaced with exclusive licences for retail and network activities respectively.

RECOMMENDATION C. The DG recommends that the States review these arrangements by 31st January 2011, in order to assess the scope for competition from 1st February 2012 onwards.

RECOMMENDATION D. The DG recommends that in the event that there any material changes in the structure of the energy sector in the Channel Islands prior to 31st January 2011 should bring forward the date of the review of these arrangements and the States should reserve the right to amend the exclusivity periods in recommendation B following any such review.

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

The States are asked to decide:

XI. - Whether, after consideration of the Report dated the 20th December, 2002, of the States Board of Industry, they are of opinion:

1. To prepare for the potential introduction of retail competition in future by amending the licensing regime within the Electricity (Guernsey) Law 2001 to reflect a functional split (Retail, Network, and Generation) as outlined in the Office of Utility Regulation report.
2. To issue a States Direction to the Director General of Utility Regulation that an exclusive licence be issued to Guernsey Electricity for supply activities subject to any exemptions granted by the Director General under Section 1(2) of the Electricity (Guernsey) Law 2001 for the period ending 31st January 2012.
3. To issue a States Direction to the Director General of Utility Regulation to issue to Guernsey Electricity an exclusive licence for conveyance activities, subject to any exemptions granted by the Director General under Section 1(2) of the Electricity (Guernsey) Law 2001 for the period ending 31st January 2012.
4. To direct the Director General of Utility Regulation that the exclusive licences set out in Propositions 3 and 4 above shall be replaced with exclusive licences for retail and network activities respectively when new legislation consistent with Proposition 1 is enacted.
5. To direct the States Board of Industry to monitor the development of the energy sector in the Channel Islands and bring forward a review of these arrangements by 31st January 2011 or sooner in the event of any material changes to the structure of the sector.
6. To endorse the diverse generation source approach to security of supply as set out in that Report.
7. To remove any reference to security of supply in the States guidance to the States Advisory and Finance Committee in exercising on behalf of the States its role as shareholder of Guernsey Electricity Limited.
8. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

STATES PUBLIC THOROUGHFARES COMMITTEE**SURFACE WATER SEPARATION AND REHABILITATION PROGRAMME**

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

3rd December 2002

Dear Sir

SURFACE WATER SEPARATION AND REHABILITATION PROGRAMME

At their meeting on the 26th July 2000 after consideration of a Report dated 23 June 2000 from the Public Thoroughfares Committee, the States resolved inter alia:

“To approve the principle that Surface Water Rehabilitation and Separation from the Foul Water Sewer Network be carried out under a term contract funded by the General Revenue Budget of the Public Thoroughfares Committee”.

In its report the Committee explained that a separation programme was required to prevent the surcharging of sewers during heavy rain, to minimise unnecessary pumping costs and to minimise the extent and cost of future wastewater treatment facilities.

At the time of the report the Public Thoroughfares Committee anticipated that the rehabilitation and separation work would require annual expenditure of £500,000 up to the end of 2003 (total of £2m) and the Advisory and Finance Committee was directed to take account of the programme of works in respect of surface water separation and rehabilitation proposed by the Public Thoroughfares Committee in its annual Policy and Resource Planning submissions in recommending revenue allocations for 2002 and 2003. The Committee also undertook to report back to the States prior to the end of 2003 if further work was required after that date.

The Public Thoroughfares Committee had identified the South West part of St Peter Port as being the top priority for surface water separation. The main separation work involved the removal of the Charroterie Mill stream from the foul water sewers. This separation work involved the construction of a separate surface water sewer from a discharge outfall on the Albert Pier, along the Albert Pier, Market Hill, Fountain Street, Le Bordage, Rue du Pre, and La Charroterie. This new surface water sewer not only carries the Mill stream but the opportunity was also taken to connect all roof water along the route together with all the surface water gullies, thus separating a considerable volume of water from the foul water network which has considerably reduced the risk of flooding by foul water along the sea front and in Church Square during periods of heavy rain.

It was originally planned to carry out the work in stages, however, in order to minimise disruption for the travelling public, it was decided to complete the construction with a series of rolling road closures. The work being successfully completed in 2001. Because of the magnitude of the work and the need to undertake other surface water improvement work in other parts of the

Island it was necessary to secure additional finances from other resources within the Public Thoroughfares Committee.

The other work which the Committee identified and carried out includes the construction of surface water pumping stations at Lowlands and Crossways, Braye Road. The successful completion of these works had led to a significant reduction in the risk of flooding in these low lying areas.

In order to achieve this essential work the Committee took the decision to reduce its foul water sewer rehabilitation work on a temporary basis in 2001 and relocate part of its budget accordingly together with the use of its unspent balances.

The actual and anticipated expenditure incurred to date on the Surface Water Separation and Rehabilitation programme is as follows: -

Year	£
2000	334,819
2001	1,721,428
2002	500,000 (Anticipated)
2003	500,000 (Anticipated and included in the 2003 budget submission).
	<u>3,056,247</u>

This total is greater than the £2 million identified in the 23 June 2000 report and the Public Thoroughfares Committee seeks the approval of the States to this accelerated programme.

The funding for these surface water works came from a transfer of £357,496 from the Committee's sewer Rehabilitation Programme in 2001 and £698,751 from the Committee's unspent balances.

The Committee has identified further essential work to separate surface water from the foul water network. This involves extending a sewer in St Julian's Avenue to connect into the former foul water outfall at the White Rock.

This work will further reduce the risk of the foul sewer network surcharging and causing flooding during periods of heavy rainfall.

In addition to this work the Committee feels it is essential to continue with the removal of surface water from the foul water network as a continued step towards the introduction of a full wastewater treatment works. The foul sewers in St Peter Port, the bridge area of St Sampsons and St Martins are combined sewers, which also accept rainwater through road gullies and roof down pipes. By installing separate systems the pressure on the foul sewer network will be relieved and will also provide the opportunity to collect more water for transfer to storage. It is anticipated that the programme of work will continue for a period of five years and will cost in the order of £500,000 per annum.

The Committee is, therefore, seeking the approval of the States to extend its programme of surface water separation and rehabilitation beyond that previously included in its original policy letter of 23 June 2000.

The Public Thoroughfares Committee therefore, recommends the States to:

- (a) Endorse the action of the Public Thoroughfares Committee in accelerating the Surface Water Separation and Rehabilitation Programme for the period 2000 to 2003.
- (b) Authorise the Public Thoroughfares Committee to continue with its Surface Water Rehabilitation and Separation programme under a term contract to be funded by the General Revenue Budget of the Public Thoroughfares Committee and subject to the approval of the Advisory and Finance Committee.
- (c) Direct the Advisory and Finance Committee to take account of the programme of works in respect of surface water separation and rehabilitation proposed by the Public Thoroughfares Committee in its annual Policy and Resource Planning submissions in recommending to the States revenue allocations for 2004 and in subsequent years.

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

Yours faithfully

P N BOUGOURD

President
Public Thoroughfares Committee.

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

The States are asked to decide:

XII. - Whether, after consideration of the Report dated the 3rd December, 2002, of the States Public Thoroughfares Committee, they are of opinion:

1. To endorse the action of the States Public Thoroughfares Committee in accelerating the Surface Water Separation and Rehabilitation Programme for the period 2000 to 2003.
2. To authorise the States Public Thoroughfares Committee to continue with its Surface Water Rehabilitation and Separation programme under a term contract to be funded by the General Revenue Budget of the States Public Thoroughfares Committee and subject to the approval of the States Advisory and Finance Committee.
3. To direct the States Advisory and Finance Committee to take account of the programme of works in respect of surface water separation and rehabilitation proposed by the States Public Thoroughfares Committee in its annual Policy and Resource Planning submissions in recommending to the States revenue allocations for 2004 and in subsequent years.

STATES PROCEDURES AND CONSTITUTION COMMITTEE

SUNDRY AMENDMENTS TO THE REFORM (GUERNSEY) LAW, 1948, AS AMENDED
AND THE LOI RELATIVE AU SCRUTIN SECRET OF 1899, AS AMENDED

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

18th December, 2002

Dear Sir,

**SUNDRY AMENDMENTS TO THE REFORM (GUERNSEY) LAW, 1948, AS AMENDED
AND TO THE LOI RELATIVE AU SCRUTIN SECRET of 1899, AS AMENDED**

Introduction

1. Recently the States Procedures and Constitution Committee has presented policy letters to the States relating to the implementation of Machinery of Government reforms, the Electoral Roll and Parish Elections. A policy letter regarding the constitution of the States of Election will be laid before the States in the first half of 2003. The Committee is currently consulting the Alderney authorities concerning Alderney's future representation in the States of Deliberation.
2. The purpose of this policy letter is to propose minor amendments to The Reform (Guernsey) Law, 1948, as amended relating principally to the conduct of elections. Other changes proposed relate to aspects of the Law, which have arisen in the course of the Committee's audit of law and functions in preparation for the incorporation of the European Convention on Human Rights and Fundamental Freedoms (hereinafter referred to as "the Convention") into domestic legislation. References to "article" in this letter means an article in The Reform (Guernsey) Law, 1948, as amended unless it is explicitly stated otherwise.

Article 2 -Compatibility of offices of Jurat and Member of the States

3. This article states that "*... a Jurat or a Douzenier shall not be required to vacate his office on being elected as People Deputy nor shall a People's Deputy be required to vacate his office on being elected as Jurat or Douzenier.* "
4. In 1958 the Advisory and Finance Committee advised the States that the time was not yet right to achieve a complete separation of the judicial and legislative functions of jurats.
5. The matter was again reviewed in 1968 by which time only one person simultaneously held office as a jurat and a member of the States of Deliberation. The Advisory and Finance Committee stated that "*it has become tacitly accepted by all concerned that, although it remains legal for persons to hold both offices simultaneously, the holding of dual office should be ended gradually by not electing any member of the States of Deliberation to the office of jurat and not electing a jurat to be a conseiller for the first time. The Committee is of the*

opinion that this has now become an accepted practice which is unlikely to change and as it will eventually mean that no person will be holding both offices simultaneously the Committee recommends that no change in the law should be made.” The States endorsed that opinion.

6. On the 31st March, 1976 Jurat and Conseiller Stanley W. Gavey, O.B.E. retired as a conseiller. Since that date no person has simultaneously held the offices of jurat and member of the States of Deliberation although there is nothing in law to prevent a person from so doing.
7. The Committee is of the opinion that it should now be enshrined in law that a jurat should not be a member of the States or a douzenier and therefore proposes that Article 2 be amended accordingly.

Article 8 - Eligibility as People’s Deputy

8. This article states that *“Any person of full age shall be eligible to hold the office of People’s Deputy provided that ... he be a British Subject”*. This requirement also applies to the holders of the several parochial offices.
9. H. M. Comptroller has advised in the following terms: *“The requirement that a candidate for the office of People’s Deputy should be ‘a British subject’ appears prima facie to engage Article 14 [of the Convention] (prohibition of discrimination) in the context of Article 3 of the First Protocol Given the general philosophy of the Convention, I have to express some concern, whatever may be the position in England, about the necessity and proportionality of a domestic rule which might be taken as implying that somebody who has lived in Guernsey for many years cannot lawfully be returned as a member of Guernsey’s legislature solely on a basis connected with his or her nationality. ... I would not wish to say without doubt at this stage that this requirement is incompatible with Convention rights. “*
10. Some years ago electors had to be British subjects, citizens of the Commonwealth or citizens of the Republic of Ireland. That requirement has now been removed and, as far as the Committee is aware, no problem has arisen from that change. The Committee believes that the requirement that a candidate for the office of People’s Deputy shall have had his ordinary place of residence in this Island for the 12 months prior to nomination is sufficient. Electors should be entitled to be represented by any worthy candidate regardless of nationality. The Committee therefore proposes that Article 8 be amended by rescinding the requirement that People’s Deputies (and parochial officials) be British subjects.

Article 27A - Prisoners

11. This article states that *“(1) A person who is detained in prison on the day of an election under sentence of imprisonment is not entitled to vote at that election. ... (2) A person who is detained in prison on the day of an election otherwise than under a sentence of imprisonment may vote at that election only if his name is entered on the register of absent voters ... or the Prison Governor (who has absolute discretion in the matter) permits him to vote in person. “*
12. The Law Officers have advised that *“Article 3 of the First Protocol to the Convention confers a right to participate as a voter in elections to the ‘legislature’. The right is not absolute and States, which have a reasonably wide margin of appreciation, can impose limitations.*

... It may ... be argued that the absolute prohibition on voting in Article 27A(1) is a violation in any given case. I can see the argument could be developed if a person were sentenced to a very short period of imprisonment just before an election. However, for longer serving prisoners, the denial of the right to vote could be swept up as part of the loss of privileges associated with that degree of offending. In relation to remand prisoners, there is a mechanism for the prisoner to be able to exercise the right to vote. However, the way in which the Governor exercises his absolute discretion may be questioned if he chooses not to permit a prisoner who has not had time to get himself a postal vote to vote in person In effect, I am suggesting that Article 27A(2) may be less of a problem (because it can be managed by appropriate decisions of the Governor) than the blanket denial in Article 27A(1). “.

13. The Committee accepts the advice given by the Law Officers that prisoners serving a sentence should be entitled to vote. At present a remand prisoner may vote either by way of the absent voter system or, at the Prison Governor’s discretion, in person. The Committee proposes that all persons in custody, whether serving a sentence or on remand, should be entitled to exercise a postal vote and that voting in person should only be permitted in the event that it has not been possible in the time allowed to enter the prisoner’s name on the absent voters’ register and subject (as is the case now for prisoners on remand) to security and similar considerations at the discretion of the Prison Governor. Such instances are likely to be very rare indeed.

Article 64(1) - Power to make Defence Regulations

14. This article states “ ... powers and functions of a legislative nature as regards the following matters, namely:- (a) the making, variation, modification and revocation or continuation of Defence Regulations in force or to be in force within the Bailiwick of Guernsey or some part thereof ... shall continue as hitherto to vest in and be exercised by the Royal Court. “. H. M. Comptroller has advised the Committee that the Royal Court should “probably not” continue to make defence regulations.
15. The powers to make Defence Regulations were conferred on the Royal Court for emergency purposes by Order in Council under the Emergency Powers Defence Acts, 1939 and 1940, the Supplies and Services (Transitional Powers) Act, 1945 and the Emergency Laws (Transitional Provisions) Act, 1946.
16. The Committee sees no reason why this legislative function should remain with the Royal Court and proposes that the Law be amended to the effect that Defence Regulations be made by the States Emergency Council and that such Regulations be laid before the States in the normal manner.

Article 73 - Advocates debarred from serving as Parish Constables

17. This Article states “*An Advocate of the Royal Court may not hold the office of Constable of a Parish.*” H. M. Comptroller has advised that he has not identified any Convention right which would necessarily be infringed by this Article. Whilst the Committee is not aware of any advocates clamouring to be parish constables it notes that there is nothing to prevent them from serving as Douzeniers and Procureurs of the Poor, and, indeed, a number have done so and considers that the opportunity should be taken to repeal this Article.

Penalties

18. Throughout the Law penalties are specified for particular offences. These relate to such matters as plural voting, disorderly behaviour at polling stations, expenditure by candidates and others and breaches of secrecy. The Committee is of the opinion that the Law Officers be directed to review the penalties presently prescribed when drafting the legislation required to implement the Committee's other proposals and to include in the draft legislation such changes regarding penalties as may be deemed appropriate.

Scrutin Secret Law, Article 6 - marking of ballot papers.

19. Prior to the last General Election the Law was changed to allow electors to mark their ballot papers with either a cross or a tick. The change in the Scrutin Secret Law was introduced in an endeavour to reduce the number of spoilt papers experienced in past elections due to voters using ticks rather than crosses to signify their choice of candidate(s).
20. In 1997 there were 154 spoilt or blank papers in the Conseillers' election (1.29% of the papers issued) and 170 spoilt or blank papers in the People's Deputies' election (1.16% of the papers issued). Some electors, albeit a very small number, choose to spoil their papers deliberately and no steps can be taken to prevent that occurring. The most common reason for a ballot paper being declared spoilt in the 1997 General Elections was that the elector had indicated his preference by using a tick rather than a cross.
21. Regrettably the change in the Scrutin Secret Law did not have the desired effect: indeed, it had quite the opposite effect to that which was intended. The 2000 General Election resulted in more, rather than less, spoilt papers. That year there were 474 spoilt or blank papers (3.04% of the papers issued). There was a not dissimilar pattern in each of the parishes with the percentage of blank or spoilt papers ranging between 2.42% in St Sampson and 4.53% in St. Andrew. In 1997 the highest percentage of blank or spoilt papers was in Torteval at 1.9%.
22. The Committee has reached the conclusion that allowing electors the choice of using crosses or ticks caused confusion for a small, yet significant, part of the electorate. The fundamental criterion is that the voter's intention is clear to the Returning Officer. The Committee therefore proposes that the Scrutin Secret Law be amended to revert to the 1997 position under which electors were directed to use a cross. However, the Committee also proposes that the Scrutin Secret Law be further amended to give Returning Officers the discretion to accept as valid any ballot slip which clearly shows the voter's intention even though it is not marked with crosses.
23. To avoid confusion all information published before elections and at polling stations would direct voters to use a cross and no mention would be made to the possible acceptance of other marks.

Recommendations

24. The States Procedures and Constitution Committee recommends the States:
- (1) to resolve that The Reform (Guernsey) Law, 1948, as amended, be further amended to provide that:

- (a) a Jurat shall not be eligible to hold office as a Member of the States of Deliberation or as a Douzenier;
 - (b) the requirement that a candidate for the office of People's Deputy and the parochial offices be a British subject be rescinded;
 - (c) all persons in prison, whether serving a sentence or on remand, be entitled to exercise a postal vote and that such persons be entitled to vote in person only when it has not been possible in the time allowed to enter the voter's name on the absent voters' register and subject to security and similar considerations at the discretion of the Prison Governor;
 - (d) the power to make Defence Regulations be vested in the States Emergency Council and that such Regulations be laid before the States as soon as possible after they have been made;
 - (e) the provision debarring Advocates from serving as Parish Constables be rescinded;
 - (f) the penalties provided be revised as deemed appropriate by the Law Officers;
- (2) to resolve that the Loi relative au Scrutin Secret of 1899, as amended, be further amended to provide that ballot papers be marked with a cross but that Returning Officers be given the discretion to treat papers not so marked but which, nonetheless clearly show the voter's intention as valid.

Conclusion

25. It may assist Members of the States to have the precise wording of Article 3(4) of The Reform Law which will apply to the recommendations set out in subparagraph (1) above. The relevant article states:

*“... any resolution of the States of Deliberation directing the preparation of legislation to repeal or vary any of the provisions of this Law which is carried by a majority of less than two-thirds of the members present and voting shall not be deemed to have been carried before the expiration of seven days from the date of the resolution:
 Provided that where before the expiration of the aforesaid seven days an application in writing signed by not less than seven members of the States of Deliberation is made in that behalf to the President such resolution shall be brought back before the States of Deliberation by the President as soon as may be after the expiration of three months from the date of the resolution whereupon such resolution shall be declared lost unless confirmed by a simple majority. “*

26. I should be grateful if you would lay this matter before the States with appropriate propositions, including one directing the preparation of the necessary legislation.

Yours faithfully,

R. C. BERRY

President,
States Procedures and Constitution Committee.

[NB The States Advisory and Finance Committee supports the proposals]

The States are asked to decide:

XIII. - Whether, after consideration of the Report dated the 18th December, 2002, of the States Procedures and Constitution Committee, they are of opinion:

1. That the Reform (Guernsey) Law, 1948, as amended, be further amended to provide that:
 - (a) a Jurat shall not be eligible to hold office as a Member of the States of Deliberation or as a Douzenier;
 - (b) the requirement that a candidate for the office of People's Deputy and the parochial offices be a British subject be rescinded;
 - (c) all persons in prison, whether serving a sentence or on remand, be entitled to exercise a postal vote and that such persons be entitled to vote in person only when it has not been possible in the time allowed to enter the voter's name on the absent voters' register and subject to security and similar considerations at the discretion of the Prison Governor;
 - (d) the power to make Defence Regulations be vested in the States Emergency Council and that such Regulations be laid before the States as soon as possible after they have been made;
 - (e) the provision debarring Advocates from serving as Parish Constables be rescinded;
 - (f) the penalties provided be revised as deemed appropriate by the Law Officers;
2. That the Loi relative au Scrutin Secret of 1899, as amended, be further amended to provide that ballot papers be marked with a cross but that Returning Officers be given the discretion to treat papers not so marked but which, nonetheless clearly show the voter's intention as valid.
3. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

(NB Proposition 1 above is subject to the provisions of the Reform (Guernsey) Law, 1948, as amended).

STATUTORY INSTRUMENTS LAID BEFORE THE STATES

THE SUNDAY TRADING (TRANSITIONAL PROVISIONS) REGULATIONS, 2002

In pursuance of the provisions of section 33(3) of the Sunday Trading Ordinance, 2002, I lay before you herewith the Sunday Trading (Transitional Provisions) Regulations, 2002, made by the States Board of Industry on the 15th November, 2002.

EXPLANATORY NOTE

These Regulations, made under the Sunday Trading Ordinance, 2002, make certain transitional provisions relating to the opening of shops for the serving of customers on a Sunday during the period 1st January to 31st January 2003 inclusive (“the transitional period”). Under regulation 2, during the transitional period shops holding special dispensations during December 2002 under the Sunday Trading (Implementation) Ordinance, 1974, may lawfully open for the serving of customers on a Sunday without the need for a licence granted under the 2002 Ordinance. Shops not having licences may also, during the transitional period, lawfully open for the serving of customers on a Sunday where they are open for certain purposes referred to in sections 4 and 5 of the 1974 Ordinance. Regulation 3 provides that no licence granted under the 2002 Ordinance shall have effect during the transitional period, except an emergency licence.

**THE HEALTH SERVICE (MEDICAL APPLIANCES) (AMENDMENT)
REGULATIONS, 2002**

In pursuance of the provisions of section 35(4) of the Health Service (Benefit) (Guernsey) Law, 1990, I lay before you herewith the Health Service (Medical Appliances) (Amendment) Regulations, 2002, made by the Guernsey Social Security Authority on the 20th November, 2002.

EXPLANATORY NOTE

These Regulations further amend the Health Service (Medical Appliances) Regulations, 1990, as amended, by increasing the charges payable to authorised appliance suppliers in Guernsey and Alderney by persons supplied with Part I, II or III medical appliances who are not exempt from such charges.

**THE INCOME TAX (PENSIONS) (CONTRIBUTION LIMITS AND TAX-FREE LUMP
SUMS) REGULATIONS, 2002**

**THE INCOME TAX (GUERNSEY) (VALUATION OF BENEFITS IN KIND)
REGULATIONS, 2002**

In pursuance of the provisions of section 203 of the Income Tax (Guernsey) Law, 1975, as amended, I lay before you herewith the following Regulations made by the States Income Tax Authority on the 2 1st November, 2002:

THE INCOME TAX (PENSIONS) (CONTRIBUTION LIMITS AND TAX-FREE LUMP SUMS)
REGULATIONS, 2002

EXPLANATORY NOTE

Individuals who are residents of Guernsey are permitted, under the Income Tax Law, to contribute to Retirement Annuity Schemes or Retirement Annuity Trust Schemes which provide personal pensions upon retirement. The Income Tax Authority is empowered, under the Law, to make Regulations which, amongst other things, lay down the limits of contributions which are permitted.

These Regulations:

- lay down limits of contributions and mean that with effect from 1st January, 2003, individuals are able to contribute up to the maxima shown;
- limit the total of tax-free lump sum payments which may be made from an approved occupational pension scheme or an approved annuity scheme; and
- give an entitlement to carry forward the amount of any qualifying unused contributions for 1997, 1998, 1999, 2000, 2001 and 2002 for utilisation in 2003.

THE INCOME TAX (GUERNSEY) (VALUATION OF BENEFITS IN KIND)
REGULATIONS, 2002

EXPLANATORY NOTE

The Income Tax (Emoluments Amendments) (Guernsey) Law, 1995 lays down the basis on which income tax is chargeable in respect of benefits provided to individuals as a consequence of their offices or employments.

In the case of benefits arising during 2003 from the use of something, but without a transfer of ownership, the amounts chargeable to tax are to be determined in accordance with these Regulations.

These Regulations divide benefits into three categories, that is benefits arising from:

- (a) the use of a motor vehicle;
- (b) the use of land and the provision of accommodation;
- (c) the use of other assets.

**THE HEALTH SERVICE (PAYMENT OF AUTHORISED SUPPLIERS) (AMENDMENT)
REGULATIONS, 2002**

**THE HEALTH SERVICE (PAYMENT OF AUTHORISED APPLIANCE SUPPLIERS)
(AMENDMENT) REGULATIONS, 2002**

In pursuance of the provisions of section 35(4) of the Health Service (Benefit) (Guernsey) Law, 1990, I lay before you herewith the following Regulations made by the Guernsey Social Security Authority on the 27th November, 2002:

**THE HEALTH SERVICE (PAYMENT OF AUTHORISED SUPPLIERS) (AMENDMENT)
REGULATIONS, 2002**

EXPLANATORY NOTE

These Regulations further amend the Health Service (Payment of Authorised Suppliers) Regulations, 1990, as amended, by removing the on-cost payment and increasing the graduated fees paid to pharmacists not employed by a medical practice, by increasing the rates of additional dispensing fees payable in respect of pharmaceutical benefit and by increasing the additional dispensing fees payable in respect of pharmaceutical benefit supplied on a prescription endorsed "URGENT" or "DISPENSED URGENTLY".

**THE HEALTH SERVICE (PAYMENT OF AUTHORISED APPLIANCE SUPPLIERS)
(AMENDMENT) REGULATIONS, 2002**

EXPLANATORY NOTE

These Regulations further amend the Health Service (Payment of Authorised Appliance Suppliers) Regulations, 1990, as amended, by removing the on-cost and increasing the dispensing fees for pharmacists not employed by a medical practice or the Board of Health for Part I, II and III appliances. They also increase the dispensing fee for any other class of authorised appliance supplier, except a medical practitioner or a pharmacist employed by a medical practice, in relation to the supply of Part III appliances. These Regulations also increase the dispensing fees for appliances dispensed urgently.

**THE SOCIAL INSURANCE (BENEFITS) (MISCELLANEOUS PROVISIONS)
(AMENDMENT) REGULATIONS, 2002**

THE SOCIAL INSURANCE (CONTRIBUTIONS) (AMENDMENT) REGULATIONS, 2002

THE SOCIAL INSURANCE (INCREASE OF BENEFITS) REGULATIONS, 2002

**THE SOCIAL INSURANCE (INDUSTRIAL INJURIES BENEFITS) (AMENDMENT)
REGULATIONS, 2002**

**THE SOCIAL INSURANCE (RESIDENCE AND PERSONS ABROAD) (GUERNSEY)
(AMENDMENT) REGULATIONS, 2002**

In pursuance of the provisions of section 117 of the Social Insurance (Guernsey) Law, 1978, as amended, I lay before you herewith the following Regulations made by the Guernsey Social Security Authority on the 28th November, 2002:

**THE SOCIAL INSURANCE (BENEFITS) (MISCELLANEOUS PROVISIONS)
(AMENDMENT) REGULATIONS, 2002**

EXPLANATORY NOTE

These Regulations:

- (a) allow a woman whose claim to maternity allowance has commenced because of incapacity to return to work before her confinement without reducing the total number of weeks of the allowance payable to her;
- (b) permit the advance payment of maternity grant for each expected child of a multiple birth.

THE SOCIAL INSURANCE (CONTRIBUTIONS) (AMENDMENT) REGULATIONS, 2002

EXPLANATORY NOTE

Regulation 36 is amended to enable persons of all ages more easily to qualify for maternity, sickness or unemployment benefit after a period of full-time education, assistance which was previously only available when the education commenced before age 20.

Regulation 55 is amended to prevent an undue increase in the lower earnings limit, which would have had the effect of barring low-paid workers from access to contributory benefits.

THE SOCIAL INSURANCE (INCREASE OF BENEFITS) REGULATIONS, 2002

EXPLANATORY NOTE

These Regulations increase the reduced rates of benefits payable under the Social Insurance (Guernsey) Law, 1978, in order to bring them into correspondence with the higher standard rates of such benefits approved by the States on 26th September, 2002.

THE SOCIAL INSURANCE (INDUSTRIAL INJURIES BENEFITS) (AMENDMENT)
REGULATIONS, 2002

EXPLANATORY NOTE

These Regulations bring the list of prescribed industrial diseases into line with that in force in the United Kingdom and introduce conditions for which industrial disablement benefit has not previously been payable. The other amendments are of a consequential nature.

THE SOCIAL INSURANCE (RESIDENCE AND PERSONS ABROAD) (GUERNSEY)
(AMENDMENT) REGULATIONS, 2002

EXPLANATORY NOTE

These Regulations allow a woman who would have been able to claim maternity allowance in Guernsey, and thus to continue to receive it whilst abroad, to make her claim to Guernsey after arrival in another country.

THE WATER CHARGES ORDER, 2002

In pursuance of the provisions of Article 17(6) of the Law entitled “Loi ayant rapport à la Fourniture d’Eau par les États de cette Île aux Habitants de la dite Île” registered on the 7th May, 1927, as amended, I lay before you herewith the Water Charges Order, 2002, made by the States Water Board on the 19th December, 2002.

EXPLANATORY NOTE

This Order varies the charges which may be made for the supply of water, increasing charges by amounts not exceeding the rate of inflation since March 1996 taking into account increases already levied. The new charges come into effect on 1st January 2003 and will be levied on quarterly accounts rendered on and after 1st April, 2003.

THE NOTIFIABLE ANIMAL DISEASES ORDER, 2002

In pursuance to the provisions of section 33 (1) (c) of the Animal Health Ordinance, 1966, I lay before you herewith the Notifiable Animal Diseases Order, 2002, made by the States Agriculture and Countryside Board on the 15th November, 2002.

EXPLANATORY NOTE

This Order updates the list of animal diseases, other than compulsory slaughter diseases, an outbreak of which must be notified to the Board. The revised list reflects the list of diseases currently published by the Office International des Epizooties (OIE) as significant in terms of animal health or important in terms of economic impact.

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

The Royal Court House,
Guernsey,
The 10th January, 2003.

APPENDIX

STATES EDUCATION COUNCIL

ELIZABETH COLLEGE : ANNUAL REPORT 2001/2002

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

13th November, 2002

Dear Sir,

Elizabeth College : Annual Report 2001/2002

The Board of Directors of Elizabeth College has requested that I forward to you the Principal's Annual Report for the academic year 2001-2002. I should be grateful if you will arrange for this to be published as an Appendix in the Billet d' État.

Your faithfully,

Deputy M. A. Ozanne

President,
States Education Council.



ELIZABETH COLLEGE

The Principal's Annual Report of the general state of the College, the number of scholars and the course of education pursued in the academic year 2001/2002 addressed to the Board of Directors of Elizabeth College.

For onward transmission by them to His Excellency, the Lieutenant Governor, Lieutenant General Sir John Foley, K.C.B., O.B.E., M.C. and to the Bailiff of Guernsey, de Vic G. Carey, Esq.

PRINCIPAL'S REPORT

Summaries of the AS (formerly A level) results appear elsewhere in this report. With a pass rate of nearly 99% and more than 65% of entries achieving grades A to C the results were pleasing. Every pupil in this group gained at least two A level passes and the results were in line with the school's expectation of the cohort. Within the results seven candidates gained at three "A" grades or more and both our Oxbridge applicants met the standard required of them. In consequence one will go to Peterhouse College, Cambridge, to read Natural Sciences and the other to Merton College, Oxford, to read Mathematics.

Other notable features of the results include an increase in overall pass rate, which was up to 98.6% from 92.1% in 2001. There was a 100% pass rate in all but one subject and it was gratifying to see that there were only two failures from 138 subject entries. It is worth noting that about 25% of our Upper Sixth also have an AS qualification in a fourth subject, including these results increases the overall pass rate to over 99%. College also delivered A2 courses for a number of Ladies' College girls. Within this group there was a 100% pass rate, with over 69% at grades A - C, the results in Biology and English were particularly striking.

The examinations last June marked the end of the first complete cycle of the AS/A2 modular examinations. It is reassuring to see that the cohort have coped so well with all the changes that this involved and I am grateful to all my colleagues who worked so hard to ensure a successful transition. There is no doubt that the present Lower Sixth find the AS / A2 arrangement far less daunting than the group of two years ago. This is, no doubt, because with the benefit of experience College staff are able to give our students a better understanding of the challenges that they will face.

It is with some relief that I am able to report that the process by which external examination results are communicated to College worked better this year than last. Nonetheless, there were still some

problems with the A2 results from Edexcel. These problems were further exacerbated by difficulties at UCAS and College staff spent a considerable time resolving these issues. Whilst our results in English and History were good the examination board used for these subjects was OCR. It has been widely reported in the press that this examination board has been challenged by the HMC about the way in which coursework marks appeared to have been manipulated prior to the awarding of final grades. College had already raised with OCR some concerns about the pattern of our candidates' performance in English coursework and we lent our support to the action by HMC.

Summaries of the GCSE level results appear elsewhere in this report. They indicate that the points score per candidate was at an historical high. Only 4 pupils failed to meet or exceed the 5 C grade pass level that is required for entry to our Sixth Form. These results are therefore good both in the context of the ability of the candidates and with regard to value added during the courses. Within these results it is noticeable that the percentage of top (A*) grades increased considerably, reaching an all time high of 15% of all entries (up from 10.7% in 2001). One candidate passed all ten of his GCSE with A* grades; eight pupils passed all subjects at A* or A and 15 pupils gained at least seven passes at A* or A. I am very pleased to report that in ICT two boys gained top five places from a national entry of nearly 7,500 candidates. Furthermore in Physical Education two of our candidates gained top five places and one was informed by AQA that he was a "joint top candidate" in an entry of over 49,000.

I have indicated to the Common Room that I feel these results are a positive reflection of their efforts. Where information exists our results compare favourably with other schools. I also believe that measures of "value added" would show the gap between our boys and the performance of girls at GCSE level is not as wide as seems to be the case nationally.

Staff changes for the whole school are listed elsewhere in this report. It was an unusual year because in addition to the more normal turnover five teachers retired from College. Of these four had an average of well over 30 years service to College and it is inevitable that teachers who have shown this sort of dedication to College will be missed. However we have been fortunate that College has been able to appoint teachers of high calibre, especially as this year we have had to find teachers in difficult to recruit areas such as Mathematics and Physics. Over the past year College had acted to make available some accommodation for single teachers. There can be no doubt that this assisted our recruitment efforts and that resources of this sort are essential if schools on the island are to continue to attract good teachers in the face of high housing costs and the like.

Acorn House and Beechwood continue to thrive and the numbers at the bottom of the College system are particularly buoyant. College continues to explore ways in which the continuity that exists between the three sections of the school can be further developed. There were three staff appointments at this level, in each case the appointee was already qualified for island residence. In two cases the new members of staff are returning to Guernsey after training and working in the United Kingdom.

As in any year 2001-2 brought its share of changes and challenges for Elizabeth College. Prior to his departure the previous principal, Mr Toze, had committed College to the implementation of a system of staff appraisal, which commenced in September 2001. However this initiative was overtaken by events as the 2001 teachers' pay settlement included provision for an Upper Pay Scale accessed by performance management, in effect appraisal. College therefore amended its own system to accommodate the changes that were being directed by the States' Education Council. An appraisal has also been carried out for members of the senior management team; a

College Director was delegated to receive reports on this process on behalf of the Board.

Our external examination results confirm that College remains committed to the provision of quality education for all its pupils and we seek to compliment this with structured programme of pastoral care. Moreover we also wish to see that pupils have access to a wide range of extracurricular opportunity. This is typified by the CCF, which celebrated its centenary with a parade on 18 March 2002. The Elizabeth College first CCF paraded as a Cadet Engineer Company affiliated to the Royal Guernsey Militia in January 1902. Since then the CCF has been variously attached to the Royal Corps of Transport, the Parachute Regiment and most recently, the Princess of Wales' Royal Regiment. The CCF continues to be very active and its survival over 100 years reflects the importance that College continues to attach to education beyond the classroom.

DR N.D. ARGENT
PRINCIPAL

NUMBERS AND ENTRY

	<u>Entries to College</u>		<u>Numbers at College</u>	
	<u>2001/2002</u>	<u>2002/2003</u>	<u>2001/2002</u>	<u>2002/2003</u>
<u>Acorn House Pre-School</u>				
Wren, Robin and Magpie Classes	58	60	111	118
	<u>2001/2002</u>	<u>2002/2003</u>	<u>2001/2002</u>	<u>2002/2003</u>
<u>Acorn House</u>				
Reception	35	38	35	38
Year 1	2	5	29	34
Year 2	<u>2</u>	<u>7</u>	<u>20</u>	<u>27</u>
	<u>39</u>	<u>50</u>	<u>84</u>	<u>99</u>
<u>Beechwood</u>				
Year 3	16	3	35	23
Year 4	2	2	28	37
Year 5	2	2	27	30
Year 6	<u>1</u>	<u>0</u>	<u>40</u>	<u>24</u>
	<u>21</u>	<u>7</u>	<u>130</u>	<u>114</u>
<u>Upper School</u>				
Year 7	45	52	61	80
Year 8	3	1	69	61
Year 9	3	4	74	73
Year 10	–	–	78	70
Year 11	–	–	71	77
L6th	–	4	59	59
U6th	<u>1</u>	<u>1</u>	<u>48</u>	<u>56</u>
	<u>52</u>	<u>62</u>	<u>460</u>	<u>476</u>

ACADEMIC ACHIEVEMENTS

University places for 2002 were offered to the following students :

NAME	READING	AT
BAIN, MICHAEL	BUSINESS ACCOUNTING AND FINANCE	NEWCASTLE
BALL, MARK JOHN	WATERSPORTS STUDIES AND MANAGEMENT	SINST
BROWN, JAMES	PSYCHOLOGY	READING
CASTLE, MATTHEW	AMERICAN STUDIES	ESSEX
CLEGG, TOBY	POLITICS	GOLDSMITHS, LONDON
CREED, MATTHEW	MEDICINE	UNIVERSITY OF WALES, CARDIFF
DAWSON, THOMAS	COMPUTER AIDED PRODUCT DESIGN	BOURNEMOUTH
DUDLEY, RICHARD	GEOGRAPHY	NOTTINGHAM
FALLA, THOMAS	COMBINED HONOURS – BUSINESS	NORTH LONDON
FOX, JAMES	ARCHAEOLOGY	BOURNEMOUTH
GABRIEL, THOMAS	FRENCH	READING
GUY, ANDREW	HISTORY	LIVERPOOL
HARBOUR, ADRIAN	PHYSICS (NATURAL SCIENCES)	CAMBRIDGE, PETERHOUSE
HARVEY, CHRISTOPER	ARCHITECTURE	LEEDS (AFTER GAP YEAR)
HARVEY, JAMES	INTERNET TECHNOLOGY/BUSINESS	ANGLIA
KHAN, ALEXANDER	MATHEMATICS	OXFORD, MERTON
LAMPERT, JAMES	ANTHROPOLOGY	DURHAM
LAU, KEVIN	ACCOUNTING	LIVERPOOL
LE PREVOST, THOMAS	ARCHAEOLOGY	SOUTHAMPTON
LE RAY, DANIEL	ENGLISH & GERMAN LITERATURE	WARWICK
MARTEL, SCOTT	AUTOMATIVE ENGINEERING	OXFORD, BROOKES
MOORE, ROBERT	ENGLISH STUDIES	NOTTINGHAM
MORRIS, CHRISTIAN	ANCIENT, MEDIEVAL AND MODERN HISTORY	DURHAM (AFTER GAP YEAR)
PICKERING, RYAN	LAW	BU, WEST ENGLAND
SANDWITH, NEIL	MECHANICAL ENGINEERING	BATH
SHEEHAN, LUKE	FILM WITH VIDEO PRODUCTION	BUCKINGHAM CHILTERNES
SHERWILL, RICHARD	PHILOSOPHY AND POLITICS	WARWICK
SWAN, BENJAMIN	MARINE BIOLOGY & COASTAL ECOLOGY	PLYMOUTH
TIDD, NICHOLAS	PHYSICS AND THE UNIVERSE	READING
TOSTEVIN, OLIVER	LAW	DURHAM (AFTER GAP YEAR)
VAN VLIET, CHRIS	ACCOUNTING AND FINANCE	BOURNEMOUTH
WOOD, ANDREW	PRODUCT DESIGN	BOURNEMOUTH

The following awards were made by the Board of Directors to those at present attending university:

De Saumarez Exhibition:

James D. Cranch who is reading Mathematics at Trinity, Cambridge.

Mainguy Scholarship:

Nicholas J. Collins who is reading International Business Studies at Warwick University

And

Robert J. Pickford who is reading Geography with Economics at Nottingham University.

Mansell Exhibition:

Tobias C. Le Lacheur who is reading Natural Sciences at Durham University.

Mignot Scholarship:

Simon R. Geall who is reading Law at Nottingham University.

Queen's Exhibition:

James P. Humphry who is reading Natural Sciences at Corpus Christi, Cambridge.

STAFF APPOINTMENTS

Upper School

Dr. Abigail Ball, teaching Physics. Dr. Ball has postdoctoral research experience and joins us after a period of teaching supply work. This included one year as acting Head of Physics at Sherborne School for Girls.

Mr. John Hendy, teaching Mathematics. Mr. Hendy joined us from the local finance industry having completed a PGCE at the University of Swansea in 2001.

Mr. Brian Hughes, as Head of Art. Mr. Hughes joined us from Bebington High School, on the Wirral, where he had been Head of Art.

Mr. Nick Jones, teaching Classics. Mr. Nick Jones joined us from the University of Liverpool where he had just completed an MA in History.

Miss Alexandra Rusman, teaching Mathematics. A Guernsey native Miss Rusman joined us from the City of London School for Girls where she had been teaching Mathematics for the past three years.

Mr. Simon Tansey, teaching P.E. Mr. Tansey joined us from Leeds Metropolitan University where he had just completed a BA (Hons) in Physical Education.

Mrs. Margaret Webster, teaching Mathematics. Mrs. Webster joined us from the local finance industry having previously worked teaching Mathematics at Les Beauchamps Secondary School.

Mr. David Wright, as Head of Business Studies and Economics. Mr. Wright joined us from Calday Grammar School, on the Wirral, where he had been Head of Economics and Business Studies.

Beechwood

Miss Melissa Bewey, a Guernsey native Miss Bewey completed her PGCE in 2001. She joined us after a year spent working on supply and travelling.

Mrs. Deborah McLaughlin, comes to us from St. Martin's Primary School, where she had been teaching for the past 6 years.

Acorn House

Miss Ginevra Everett, a Guernsey native Miss Everett joined us from the Sellincourt Primary School, Tooting, where she had been teaching for the past three years.

ANNEXE A**GCSE RESULTS**

Year	No. of Candidates	Average Points per Candidate
2002	70	54.70
2001	68	54.37
2000	66	52.62
1999	77	54.42
1998	80	53.94
1997	86	53.15
1996	91	51.54
1995	74	53.07
1994	82	51.33

A-LEVEL RESULTS

Year	No. of Candidates	Average Points per Candidate
2002	47	19.44
2001	38	16.53
2000	53	19.55
1999	72	17.44
1998	69	16.93
1997	58	20.97
1996	65	20.58
1995	78	17.64
1994	76	14.89

ELIZABETH COLLEGE**Year 11 GCSE RESULTS 2001/2002 : SUBJECT GRADES**

(Grades achieved by number of pupils)

Subject	No. of entries	A*	A	B	C	D	E	F	G
Art	20	3	2	1	7	1	2	2	2
Business Studies	23	2	7	6	6	2	0	0	0
Classical Civ.	13	1	2	3	6	1	0	0	0
Latin	2	0	0	1	1	0	0	0	0
English	71	7	6	17	34	7	0	0	0
English Literature	58	6	14	12	18	8	0	0	0
French	55	3	6	10	21	13	2	0	0
German	8	0	3	5	0	0	0	0	0
Spanish	15	0	4	4	6	1	0	0	0
Geography	22	9	4	4	2	2	1	0	0
History	32	5	13	8	3	3	0	0	0
RS	7	2	1	2	2	0	0	0	0
Biology	21	11	10	0	0	0	0	0	0
Chemistry	21	6	8	6	1	0	0	0	0
Physics	21	13	6	2	0	0	0	0	0
Science: dual award	98	0	8	28	48	12	2	0	0
Maths	70	8	26	20	15	0	1	0	0
Music	2	1	0	0	1	0	0	0	0
Design Technology	21	0	3	13	5	0	0	0	0
PE	19	11	4	2	1	1	0	0	0
ICT	40	9	13	7	7	4	0	0	0
TOTALS	639	97	140	151	184	55	8	2	2

ANNEXE A**ELIZABETH COLLEGE****Upper 6th (Yr 13) A2 RESULTS 2001/2002 : SUBJECT GRADES**

(Grades achieved by numbers of pupils)

<u>Subject</u>	No. of Entries	A	B	C	D	E	U
Ancient History	4	1	0	2	1	0	0
Art	3	0	1	2	0	0	0
Biology	7	3	1	0	3	0	0
Business Studies	11	2	1	4	2	2	0
Chemistry	4	3	1	0	0	0	0
Chinese	1	0	1	0	0	0	0
Classical Civilisation	7	0	1	0	6	0	0
Drama	2	0	0	0	1	1	0
Economics	7	2	0	2	3	0	0
English Literature	12	4	1	2	3	2	0
French	4	2	1	1	0	0	0
Geography	13	3	7	0	1	2	0
German	1	0	1	0	0	0	0
Graphics (D & T)	5	0	0	1	4	0	0
History	8	4	4	0	0	0	0
ICT	7	0	0	1	3	3	0
Latin	2	1	0	1	0	0	0
Mathematics	18	6	2	4	3	1	2
Further Mathematics	3	3	0	0	0	0	0
Music	1	1	0	0	0	0	0
PE	4	0	0	2	1	1	0
Physics	10	4	2	2	1	1	0
Religious Studies	3	2	1	0	0	0	0
Spanish	1	1	0	0	0	0	0
TOTALS	138	42	25	24	32	13	2

Upper 6th (Yr 13) AS RESULTS 2001/2002 : SUBJECT GRADES

(Grades achieved by number of pupils)

<u>Subject</u>	No. of Entries	A	B	C	D	E	U
Film Studies	5	2	1	2	0	0	0
Music Technology	6	2	3	0	1	0	0
Photography	1	0	0	0	0	0	1
Psychology	4	3	1	0	0	0	0
TOTALS	16	7	5	2	1	0	1

ANNEXE B**PUPILS KNOWN TO HAVE GRADUATED THIS YEAR**

The following is a list of those pupils who have informed the College of their Graduation.

Adam D. Pointon	B.Sc. (Hons) in Mathematical Sciences from the University of Birmingham.
Michael A. Wilen	B.A. (Hons) First Class in Modern European Studies from University College, London.
Paul Simon Adkins	B.A. (Hons) in Business Information Technology with Marketing from Coventry University.
Ian Robert Carre	B.Sc. (Hons) in Construction Management from Coventry University.
Thomas Bradshaw	B.A. (Hons) 2:1 in Human Geography, University of Leicester.

Annexe C**SPORTING ACHIEVEMENTS DURING 2000/2001**

GAME	PLAYED	WON	DRAWN	LOST
Cricket	15	7	2	6
Hockey	9	3	1	5
Soccer	16	8	2	6
Athletics	16	11	0	5
Cross Country	7	6	0	1
Golf	1	0	0	1
Rugby	5	1	0	4

Senior Victoria Matches

Cricket 1 st XI	Lost. Victoria 248 – 4, EC 203 ao,
Hockey 1 st XI	Won. 6-1.
Soccer 1 st XI	Lost 1-4.
Athletics	Won 84-78.
Cross Country	Not held – Victoria withdrew.
Sailing	Won by 3 races to nil.
Golf	Lost 10-0.
Tennis Seniors	Not played, Victoria unable to field team.
Tennis U15	Won. EC 5 / VC 4.
Shooting	Lost the Hane's Shield (at Bisley).
Rugby	Not played.

In addition

Athletics: Dale Garland OE and part time staff competed in the Commonwealth Games decathlon.

Cricket: Chris Van Vliet represented Hampshire at U17 level. Simon De La Rue represented Wiltshire at U15 level.

Hockey: Six pupils represented the Channel Islands at U18 level. Matthew Watson played for the Guernsey 1st XI in the Inter-Insular v. Jersey. Adrian Harbour, Alex Knowlden and Neil Sandwith played for the Guernsey 2nd XI in the Inter-Insular v. Jersey.

Soccer: Daniel Good captained Guernsey U18 XI to victory over Jersey in the Inter-Insular.

Squash: Christopher Simpson (Year 10) was ranked number one in England at U15.

Swimming: In the English Schools' Team Championships the College Junior Team of Jeremy Osborne, Julian Cockrane, Oliver Beaton and Thomas Hollingsworth, was selected to represent Division 12 at the National Championships and finished ninth fastest. The College Intermediate Team of Ian Powell, Teo Van der Kammen, Alex Letinen and Peter Drukes was selected to represent Division 12 at the National Championships and finished tenth fastest.

In the English Schools' Individual Championships Ian Powell was selected to represent Division 12 at the National Schools in the 100m Back Stroke, he finished second in the whole of the UK. Subsequently he represented England at the Schools World Games in Caen, France, reaching the 200m Back Stroke finals. Ian also represented Guernsey in the Commonwealth Games.

INTERNAL POSTS

VICE PRINCIPAL	S.G.D. Morris	DIRECTOR OF STUDIES	A.R. Cross
Year Heads		Faculty Heads	
Year 07	B.E.H. Aplin	Head of English	R.J.W. James
Year 08	A.M. Jewell	Head of Mathematics	A. Hale
Year 09	M.E. Kinder	Head of Science	G. Guilbert
Year 10	B.W. Allen	Head of Modern Languages	Mrs M.C. Dudley
Year 11	D.F. Raines	Head of Humanities	C.R.W. Cottam
Year 12 (L6th)	J.M. Hunter	Head of Social Sciences	J.M. Hunter
Year 13 (U6th)	R.J.W. James	Head of Fine Arts & Craft	Mrs. P. Maher
		Head of Physical Education	D. Wray
		Head of ICT	L. Hudson

OTHER MATTERS OF NOTE

The first musical event of the year was the Winter Concert, which took place in the College Hall only two months into the academic year. College Hall was full for what proved to be a very enjoyable evening. The term ended with the Carol Service at the Town Church and the College Choir's traditional visit to Government House to sing to the Lieutenant Governor and his guests.

The Trinity Term was particularly busy. On the second day of term the College Choir made their annual visit to St. Malo. Two days later the String Orchestra participated in the Liberated Youth Concert at St. James. The Junior Concert, held in the College Hall, gave an opportunity for the younger musicians to perform before an audience.

The Foundress's Day Concert moved to a new format with Beechwood and Acorn House more fully involved in the proceedings. The outcome was a resounding success, highlights of the evening including performances by the combined string orchestras from the three schools and the three choirs performing a new work composed specially for them.

The Senior Dramatic Society performed "A Man for All Seasons" by Robert Bolt on three evenings in mid-March. The performances were of a very high standard and thoroughly enjoyed by all that attended. The production was again organised as a promenade performance, with action taking place in the auditorium as well as on stage, with the audience seated around circular tables enjoying wine and cheese as the action unfolded. A number of the parts were performed by members of the Common Room acting alongside the pupils.

IN THE STATES OF THE ISLAND OF GUERNSEY

ON THE 29TH DAY OF JANUARY, 2003

The States resolved as follows concerning Billet d'Etat No. I
dated 10th January, 2003

PROJET DE LOI

entitled

**THE PROTECTION OF INVESTORS
(BAILIWICK OF GUERNSEY) (AMENDMENT) LAW, 2003**

- I. To approve, subject to the following amendment, the Projet de Loi entitled "The Protection of Investors (Bailiwick of Guernsey)(Amendment) Law, 2003", and to authorise the Bailiff to present a most humble Petition to Her Majesty in Council praying for Her Royal Sanction thereto.

**THE STATES AUDIT COMMISSION (GUERNSEY)
(AMENDMENT) ORDINANCE 2003**

- II. To approve the draft Ordinance entitled "The States Audit Commission (Guernsey) (Amendment) Ordinance, 2003", and to direct the same shall have effect as an Ordinance of the States.

**THE EUROPEAN COMMUNITIES (IMPLEMENTATION OF COUNCIL REGULATION
FOR CONTROL OF EXPORTS OF DUAL-USE ITEMS)
(GUERNSEY) ORDINANCE 2003**

- III. To approve the draft Ordinance entitled "The European Communities (Implementation of Council Regulation for Control of Exports of Dual-Use Items) (Guernsey) Ordinance, 2003, and to direct that the same shall have effect as an Ordinance of the States.

PRIAULX LIBRARY COUNCIL

NEW MEMBER

- IV. To re-elect Douzaine Representative W. Le R. Robilliard as a member of the Priaulx Library Council.

STATES PUBLIC ASSISTANCE AUTHORITY

ST. PIERRE-DU-BOIS PAROCHIAL OUTDOOR ASSISTANCE BOARD

NEW MEMBER

- V
- (1) To elect Mr. Michael C. Jeffreys as a member of the St. Pierre-du-Bois Parochial Outdoor Assistance Board to complete the unexpired portion of the term of office of Mr. R. J. Tostevin, who has ceased to be a Douzenier, namely, to the 31st May, 2005;
 - (2) To elect Mr. Anthony Lloyd Bougourd as President of the St. Pierre-du-Bois Parochial Assistance Board to complete the unexpired portion of the term of office of Mr. R. J. Tostevin, who has ceased to be a member of that Board, namely, to the 31st May, 2005.

STATES ADVISORY AND FINANCE COMMITTEE

GUERNSEY FINANCIAL SERVICES COMMISSION

NEW CHAIRMAN AND NEW MEMBERS

- VI.
1. To re-elect Mr. Leslie William Priestley, TD, FCIB, CCMI, FCIM, FRSA and Advocate Nigel Thomas Carey as ordinary members of the Guernsey Financial Services Commission for three years with effect from 2nd February, 2003.
 2. To elect Mr. David John Mallett, BA, ACA as an ordinary member of the Guernsey Financial Services Commission for three years with effect from 2nd February, 2003.
 3. To elect Mr. John Edward Hallam, FCA as Chairman of the Guernsey Financial Services Commission for one year with effect from the 2nd February, 2003.

STATES ADVISORY AND FINANCE COMMITTEE

THE REMUNERATION OF STATES MEMBERS AND NON-STATES MEMBERS

- VII. After consideration of the Report dated the 26th November, 2002, of the States Advisory and Finance Committee:-
1. An Independent Pay Review Board shall be established as set out in that Report to 'review and make recommendations for the future remuneration of States Members, non-States Members and former States Members'.
 2. That the terms of reference for that Board shall be as set out in paragraph 17 of that Report.
 3. That the Board shall be constituted as set out in paragraphs 19 and 20 of that Report.
 4. That the Members of that Board shall be entitled to receive payments in accordance with paragraph 24 of that Report.

STATES ADVISORY AND FINANCE COMMITTEE

THE ROYAL COURT TRUST FUNDS – AMALGAMATION

VIII. After consideration of the Report dated the 10th December, 2002, of the States Advisory and Finance Committee:-

1. That legislation shall be enacted along the lines set out in that Report concerning the amalgamation of Trust Funds administered by the Royal Court.
2. To direct the preparation of such legislation as may be necessary to give effect to their above decision.

STATES BOARD OF ADMINISTRATION

FORMER CHURCH OF ST. JAMES THE LESS-EXTERNAL CONSERVATION WORKS

IX. After consideration of the Report dated 13th December, 2002, of the States Board of Administration:-

1. To approve the essential conservation works to the former Church of St. James the Less as set out in that Report at a total cost not exceeding £770,000, including professional fees.
2. To authorise the States Board of Administration to accept the tender in the sum of £689,805.55 submitted by Nimbus Conservation Limited for the carrying out of that project.
3. To vote the States Board of Administration a credit of £770,000 to cover the cost of the above works, which sum shall be taken from that Board's allocation for capital expenditure.

STATES EDUCATION COUNCIL

BLANCHELANDE GIRLS' COLLEGE FUNDING PROPOSALS

X. After consideration of the Report dated the 18th December, 2002, of the States Education Council:-

1. To confirm their previous approval in principle that Blanchelande Girls' College receives grant and subsidy funding from the States to a similar level as that given to Elizabeth College and the Ladies' College.
2. That the interim funding arrangement for Blanchelande Girls' College shall be as follows:
 - (a) that grant aid be approved from 1 September, 2001 as set out in that Report and for the budgets of the States Education Council for 2002 and 2003 to be increased accordingly;

- (b) that grant aid is subject to the condition that Blanchelande Girls' College shall allow all reasonable access to inspection by the States Internal Audit Department in common with other organisations receiving States grants;
- (c) that grant aid is subject to the condition that Blanchelande Girls' College agrees to the inclusion of two States Education Council members on its governing body, such members to be recommended by the Council and submitted to the Board of Governors in accordance with the articles of governance as amended;
- (d) that the States Education Council shall present a progress report to the States on the new funding arrangements for Blanchelande Girls' College after receipt of the accounts for 2003/2004, in the event that the planned review of the College's development, funding and accountability is not concluded at that time;
- (e) to agree that the States Advisory and Finance Committee, when recommending to the States revenue expenditure allocations for the States Education Council for 2004 and subsequent years, shall increase the budget of the States Education Council to take account of the annual grant to Blanchelande Girls' College.

STATES BOARD OF INDUSTRY

REVIEW OF GUERNSEY'S RETAIL AND GENERATION ELECTRICITY MARKETS

- XI. After consideration of the Report dated the 20th December, 2002, of the States Board of Industry:-
1. To prepare for the potential introduction of retail competition in future by amending the licensing regime within the Electricity (Guernsey) Law 2001 to reflect a functional split (Retail, Network, and Generation) as outlined in the Office of Utility Regulation report.
 2. To issue a States Direction to the Director General of Utility Regulation that an exclusive licence be issued to Guernsey Electricity for supply activities subject to any exemptions granted by the Director General under Section 1(2) of the Electricity (Guernsey) Law 2001 for the period ending 31st January 2012.
 3. To issue a States Direction to the Director General of Utility Regulation to issue to Guernsey Electricity an exclusive licence for conveyance activities, subject to any exemptions granted by the Director General under Section 1(2) of the Electricity (Guernsey) Law 2001 for the period ending 31st January 2012.
 4. To direct the Director General of Utility Regulation that the exclusive licences set out in Propositions 2 and 3 above shall be replaced with exclusive licences for retail and network activities respectively when new legislation consistent with Proposition 1 is enacted.
 5. To direct the States Board of Industry to monitor the development of the energy sector in the Channel Islands and bring forward a review of these arrangements by 31st January 2011 or sooner in the event of any material changes to the structure of the sector.

6. To endorse the diverse generation source approach to security of supply as set out in that Report.
7. To remove any reference to security of supply in the States guidance to the States Advisory and Finance Committee in exercising on behalf of the States its role as shareholder of Guernsey Electricity Limited.
8. To direct the preparation of such legislation as may be necessary to give effect to their above decisions.

STATES PUBLIC THOROUGHFARES COMMITTEE

SURFACE WATER SEPARATION AND REHABILITATION PROGRAMME

- XII. After consideration of the Report dated the 3rd December, 2002, of the States Public Thoroughfares Committee:-
1. To endorse the action of the States Public Thoroughfares Committee in accelerating the Surface Water Separation and Rehabilitation Programme for the period 2000 to 2003.
 2. To authorise the States Public Thoroughfares Committee to continue with its Surface Water Rehabilitation and Separation programme under a term contract to be funded by the General Revenue Budget of the States Public Thoroughfares Committee and subject to the approval of the States Advisory and Finance Committee.
 3. To direct the States Advisory and Finance Committee to take account of the programme of works in respect of surface water separation and rehabilitation proposed by the States Public Thoroughfares Committee in its annual Policy and Resource Planning submissions in recommending to the States revenue allocations for 2004 and in subsequent years.

STATES PROCEDURES AND CONSTITUTION COMMITTEE

SUNDRY AMENDMENTS TO THE REFORM (GUERNSEY) LAW, 1948, AS AMENDED AND THE LOI RELATIVE AU SCRUTIN SECRET OF 1899, AS AMENDED

- XIII. After consideration of the Report dated the 18th December, 2002, of the States Procedures and Constitution Committee:-
1. By a majority of more than two thirds of the members present and voting, that the Reform (Guernsey) Law, 1948, as amended, be further amended to provide that:
 - (a) a Jurat shall not be eligible to hold office as a Member of the States of Deliberation or as a Douzenier;
 - (b) the requirement that a candidate for the office of People's Deputy and the parochial offices be a British subject be rescinded;

- (c) all persons in prison, whether serving a sentence or on remand, be entitled to exercise a postal vote and that such persons be entitled to vote in person only when it has not been possible in the time allowed to enter the voter's name on the absent voters' register and subject to security and similar considerations at the discretion of the Prison Governor;
 - (d) the power to make Defence Regulations be vested in the States Emergency Council and that such Regulations be laid before the States as soon as possible after they have been made;
 - (e) the provision debarring Advocates from serving as Parish Constables be rescinded;
 - (f) the penalties provided be revised as deemed appropriate by the Law Officers;
2. By a unanimous decision, that the Loi relative au Scrutin Secret of 1899, as amended, be further amended to provide that ballot papers be marked with a cross but that Returning Officers be given the discretion to treat papers not marked but which, nonetheless clearly show the voter's intention as valid.
 3. By a unanimous decision, to direct the preparation of such legislation as may be necessary to give effect to their above decisions.

STATUTORY INSTRUMENTS LAID BEFORE THE STATES

THE SUNDAY TRADING (TRANSITIONAL PROVISIONS) REGULATIONS, 2002

In pursuance of the provisions of section 33(3) of the Sunday Trading Ordinance, 2002, the Sunday Trading (Transitional Provisions) Regulations, 2002, made by the States Board of Industry on the 15th November, 2002, were laid before the States.

**THE HEALTH SERVICE (MEDICAL APPLIANCES) (AMENDMENT)
REGULATIONS, 2002**

In pursuance of the provisions of section 35(4) of the Health Service (Benefit) (Guernsey) Law, 1990, the Health Service (Medical Appliances) (Amendment) Regulations, 2002, made by the Guernsey Social Security Authority on the 20th November, 2002, were laid before the States.

**THE INCOME TAX (PENSIONS) (CONTRIBUTION LIMITS AND TAX-FREE
LUMP SUMS) REGULATIONS, 2002**

**THE INCOME TAX (GUERNSEY) (VALUATION OF BENEFITS IN KIND)
REGULATIONS, 2002**

In pursuance of the provisions of section 203 of the Income Tax (Guernsey) Law, 1975, as amended, the above Regulations made by the States Income Tax Authority on the 21st November, 2002, were laid before the States.

**THE HEALTH SERVICE (PAYMENT OF AUTHORISED SUPPLIERS)
(AMENDMENT) REGULATIONS, 2002**

**THE HEALTH SERVICE (PAYMENT OF AUTHORISED APPLIANCE
SUPPLIERS (AMENDMENT) REGULATIONS, 2002**

In pursuance of the provisions of section 35(4) of the Health Service (Benefit) (Guernsey) Law, 1990, the above Regulations made by the Guernsey Social Security Authority on the 27th November, 2002, were laid before the States.

**THE SOCIAL INSURANCE (BENEFITS) (MISCELLANEOUS PROVISIONS)
(AMENDMENT) REGULATIONS, 2002**

**THE SOCIAL INSURANCE (CONTRIBUTIONS)(AMENDMENT)
REGULATIONS, 2002**

**THE SOCIAL INSURANCE (INCREASE OF BENEFITS)
(AMENDMENT) REGULATIONS, 2002**

**THE SOCIAL INSURANCE (INDUSTRIAL INJURIES BENEFITS)
(AMENDMENT) REGULATIONS, 2002**

**THE SOCIAL INSURANCE (RESIDENCE AND PERSONS
ABROAD)(GUERNSEY) (AMENDMENT) REGULATIONS, 2002**

In pursuance of the provisions of section 117 of the Social Insurance (Guernsey) Law, 1978, as amended, the above Regulations made by the Guernsey Social Security Authority on the 28th November, 2002, were laid before the States.

THE WATER CHARGES ORDER 2002

In pursuance of the provisions of Article 17(6) of the Law entitled "Loi ayant rapport à la Fourniture d'Eau par les États de cette Île aux Habitants de la dite Île" registered on the 7th May, 1927, as amended, the Water Charges Order, 2002 made by the States Water Board on the 19th December, 2002, was laid before the States.

THE NOTIFIABLE ANIMAL DISEASES ORDER, 2002

In pursuance of the provisions of section 33(1) (c) of the Animal Health Ordinance, 1966, the Notifiable Animal Diseases Order, 2002, made by the States Agriculture and Countryside Board on the 15th November, 2002, was laid before the States.

**K. H. TOUGH
HER MAJESTY'S GREFFIER**