



**The Government of Sark**  
**POLICY AND FINANCE COMMITTEE**  
**FUTURE ENERGY SPECIAL COMMITTEE**  
COMMITTEES OF THE CHIEF PLEAS OF SARK  
COMMITTEE OFFICE, LA CHASSE MARETTE, SARK GY10 1SF Telephone:  
(01481) 832118  
E-mail: [policy.finance@sarkgov.co.uk](mailto:policy.finance@sarkgov.co.uk); [special.future.energy@sarkgov.co.uk](mailto:special.future.energy@sarkgov.co.uk)

## **Update on Compulsory Purchase Process**

The compulsory purchase procedure will bring into public ownership the assets of Sark Electricity Limited (SEL) and Sark Electricity Holdings Limited (SEHL). This will finally enable Sark to ensure that the electricity infrastructure is safe, reliable and eventually fit for the future. There is a long list of urgent jobs, stretching back over a decade. Island ownership will finally allow the power station staff to get on with this much needed work. The future direction of Sark's electricity supply and any large scale upgrade programs will be decided by the community so that a system can be developed that is fit for generations to come.

The compulsory purchase of these assets, and the immediate safety and reliability work, will be supported by the loan from the States of Guernsey which will be 100% paid back from the normal electricity tariff and overseen by the Electricity Price Control Commissioner.

This project will enable Sark to build and operate a system which both meets the needs of current and future residents but also be modern, sustainable and, hopefully, protected from the worst effect of oil price rises outside our control.

The compulsory purchase process is continuing. Although the process is taking longer than anticipated, it is still expected to be completed during 2026. We appreciate that the present situation remains understandably concerning for residents and businesses, and that the condition of parts of the electricity infrastructure continues to present serious safety risks. The Committees are doing all they can to progress the process as quickly as possible, while ensuring that each required legal step is completed properly.

### **Timeline**

A detailed timeline is set out in Annex A. In summary, the next key step is for the Seneschal's Court to provide directions on the valuation methodology, including how Begbies Traynor will value the company and its assets for the purposes of the compulsory purchase. This step will follow the results of a hearing on a procedural

matter, due to be held in the second week of July. An update will be issued following that hearing.

Once directions have been given, Begbies Traynor will undertake the valuation. That valuation may be appealed to the Royal Court and, after that, to the Guernsey Court of Appeal, although any further appeal would be on a more limited basis, such as a point of law. If the valuation is not appealed, then SEL's/SEHL's assets will come into Chief Pleas' ownership 63 days after the date of valuation.

### **New Electricity Company**

Chief Pleas agreed on 8 April to establish a new electricity company, wholly owned by Chief Pleas, to operate the assets following acquisition. Chief Pleas also agreed to appoint James Lancaster, former Managing Director of Alderney Electricity Limited, as interim Managing Director for an initial period of six months.

Work is under way to establish the company's articles of association and related governance arrangements. A further update will be brought to the Michaelmas meeting for approval.

## **Annex A – Timeline for Compulsory Purchase**

### **1. Hearing to provide direction on valuation methodology (TBC July/August)**

- a. The purpose of the hearing will be to provide direction to Begbies Traynor as to the basis and methodology of its valuation of SEL/SEHL's property. This step will follow the results of a hearing on a procedural matter, due to be held in the second week of July.

### **2. Valuation conducted**

- a. Subject to the direction in valuation methodology hearing, Begbies Traynor will carry out the valuation. Although the Court's directions may set a timeframe for Begbies Traynor to complete its valuation, at this stage it is not possible to determine how long the valuation will take.
- b. When complete, Begbies Traynor serves notice of the valuation to Chief Pleas and SEL.

### **3. If valuation is appealed**

- a. If either party wishes to dispute the valuation, it can appeal the valuation within 28 days of Begbies Traynor serving notice by making an application to the Royal Court. There are various grounds for appeal which are listed, for example that the valuation was unreasonable or involved a material error.
- b. If either party does appeal to the Royal Court, the Royal Court will make its decision as to the valuation as and when it sees fit. That decision can also be appealed by either party to the Guernsey Court of Appeal within 28 days of the Royal Court decision but on a more restrictive basis – it can only be appealed on a point of law and only with the permission of the Royal Court or the Guernsey Court of Appeal.

### **4. If valuation is not appealed**

- a. If neither party appeals the valuation, a binding agreement to sell/buy SEL's assets is deemed to be effective 56 days after the date of notice of the valuation by Begbies Traynor.
- b. At 9am on the day occurring 7 days after this 56-day period (being 63 days after the notice date) (referred to in the Law as the "relevant day"), the property set out in Schedule 1 of the compulsory purchase legislation is deemed to be vested in Chief Pleas which thereby owns that property. Contracts and property leases previously entered into by SEL will continue to be effective with Chief Pleas substituted for SEL as the contracting party. If SEL is in breach of any of these contracts, Chief Pleas will not be liable for the breach if it occurred after 21 June 2021.

- c. At 9am on the relevant day (being 63 days after the notice date), Chief Pleas must pay “statutory compensation” to SEL. Statutory compensation means either Begbies Traynor’s valuation or the amount determined by the court. If it is not paid within 28 days, the statutory compensation will be subject to interest as a judgment debt and will be recoverable by SEL as a civil debt.