

## Proposed Energy Loan – background & timeline

Energy, being so essential to Sark's future, has been a regular topic in discussions with the States of Guernsey through the Bailiwick Council, the Sark Liaison Group and one to one between politicians and officials. In a shorter-term emergency context, with multiple threats to cease electricity supply, the Bailiwick's Civil Contingencies Authority (CCA) and various areas of States of Guernsey and supporting services have been engaged over many years.

The priority has always been to make the electricity generation and distribution network safe for staff and residents, and to take these into local control to safeguard Sark's energy future.

The possibility of purchasing SEL, whether through a negotiated settlement or by compulsory purchase, has also been under discussion for over a decade, since 2013. As reported in 2013, *"Discussions with DGB continue about the future supply and possible solutions including purchase of assets and/or company. Derek Lickorish [a UK based energy and fuel poverty expert] appointed GP&A's technical expert advisor."*

Discussions around how to fund any future energy project, including the possibility of inter-island loans, have also been ongoing since at least 2015, when discussions with the States of Guernsey to fund the power project were mentioned at Easter Chief Pleas 2015 [Agenda 15th April 2015](#) with Chief Pleas taking note: [Resolutions 15th April 2015](#).

These discussions included the Policy & Finance Committee and the Future Energy Committee (and its predecessor the Energy Policy Development Team ("PDT")). The possibility of inter-island loans was included in the renewable energy project from its inception in 2019.

At the 21st June 2021 Extraordinary Meeting there were two propositions (both approved):

- 1. That Chief Pleas authorises the Policy & Finance Committee by way of an agent or representative appointed by the Committee, if the Committee so determine, to negotiate the purchase (subject to the final approval of the Chief Pleas) of Sark Electricity Limited/Sark Electricity Holding Limited and/or its assets and/or any other assets located on Sark, and which are used for the Island-wide generation and/or distribution and/or supply of electricity.*
- 2. That Chief Pleas authorises the Policy & Finance Committee to direct the Law Officers of the Crown to draft legislation to enable the compulsory purchase of Sark Electricity Limited/ Sark Electricity Holding Limited and/or its assets and/or any other assets located on Sark, and which are used for the Island-wide generation and/or distribution and/or supply of electricity.*

The accompanying Report included the following statement about funding and possible loans:

*If a purchase is negotiated then the capital funding required will need to be raised, through negotiations on lending and investment either with the States of Guernsey or through commercial borrowing, possibly by private equity investment. These options*

*are being explored and would need to be brought back before Chief Pleas for agreement before any acquisition is finalised.*

*Preliminary discussions about a possible loan have been ongoing since 2021, with Guernsey Electricity Limited assisting with advice about the transition to a new model of supply in Sark.*

Following the direction of Chief Pleas to authorise negotiations to purchase SEL and/or its assets, the Policy & Finance Committee sought to explore a private treaty sale as set out in Option 1 to secure long-term resilience of generation and supply.

In 2021, both the purchaser (Policy & Finance Committee on behalf of Chief Pleas) and the vendor (Mr Witney-Price, as director and shareholder of SEL) agreed jointly to appoint Andrew Ozanne OBE to act as a mediator to assist in establishing a position where negotiations between the parties could commence. Andrew Ozanne OBE agreed to supply his services to both parties on a pro-bono basis.

The Compulsory Purchase (Electricity) (Sark) Law, 2021 was taken to the Extraordinary meeting of Chief Pleas on 17th November 2021 and registered on the 21st February 2022.

After more than a year of attempting mediation, at the Extraordinary Chief Pleas 21st September 2022, Chief Pleas was notified that attempts to buy SEL had been suspended, and that a new project to create a new network ("Sark Community Power") was accepted.

### **Recent Timeline**

**7th August 2024** - the Sark Liaison Group (a political forum between Guernsey and Sark) met on Sark with Policy & Finance Committee members; the Guernsey Policy & Resources Committee's political lead for Bailiwick matters committed to investigate the options for a loan facility to Sark's Chief Pleas to purchase existing assets and carry out essential works, subject to a request being made by Sark. Conseillers Edric Baker (P&F), Chris Kennedy-Barnard (P&F), John Guille (P&F and FE) and Andrew Miller (P&F and FE) attended.

**14th August 2024** - Discussions were held with Guernsey Green Finance with Conseiller John Guille and the Senior Executive Officer (Michael Bertram) about possible sources of finance including loan options.

**8th October 2024** - Joint Policy & Finance and Future Energy meeting: the minutes state that "MB [Senior Executive Officer, Michael Bertram] gave the Committees an update on the sources of funding being looked into. Options being considered were an unsecured government to government loan from the Guernsey Treasury, angel or philanthropic funding possibly through Guernsey Green Finance or a commercial loan. It was also hoped that there might be the possibility of a grant from the Crown or a UK Government to Sark Government loan." Conseillers Andrew Miller (P&F and FE), Carol Cragoe (FE), Chris Kennedy-Barnard (P&F), Edric Baker (P&F), John Guille (P&F and FE), and Jolie Rose (P&F) attended.

**9th December 2024** - Joint Policy & Finance and Future Energy meeting: the minutes state that "[States of] Guernsey had said it would be prepared to consider lending Sark around £1m if a business plan which clearly showed how the money would be repaid was formally submitted." Conseillers Andrew Miller (P&F and FE), Carol Cragoe (FE), Chris Kennedy-Barnard (P&F), Edric Baker (P&F), John Guille (P&F and FE), and Jolie Rose (P&F) attended.

**7th January 2025** - Policy & Finance meeting: the Committee was informed that James Lancaster, MD at Alderney Electricity (“AEL”) had been working on calculating the running costs of a Sark-owned electricity company, based on the running costs of AEL, to determine whether it generated enough income for Sark to be able to repay a loan from Guernsey. Conseillers Christopher Kennedy-Barnard, Edric Baker, John Guille, and Jolie Rose attended.

**21st January 2025** - Policy & Finance meeting: the minutes state “The deadline for taking a loan request for the £1m needed to buy the assets to the States of Guernsey was 3rd March [for States of Guernsey papers]. The Office was working on a draft proposition. Once the States had (hopefully) agreed to the loan in principle, it would be taken to Chief Pleas for approval.” Conseillers Chris Kennedy-Barnard, John Guille, Jolie Rose and Natalie Tighe attended.

**6th February 2025** - Future Energy meeting. Conseillers Carol Cragoe, John Guille and Mike Locke attended and received a presentation on design work-in-progress from energy consultant Jake Burnyeat. Conseiller Steve Lord attended for part of the meeting due to an interest in a risk register surrounding the project. After Steve Lord left, there was additional discussion around the affordability of a potential loan.

**11th February 2025** - Bailiwick Council meeting with States of Guernsey, States of Alderney and Sark (attendees from Sark were Conseillers John Guille and Natalie Tighe, the Senior Executive Officer (SEO) (Michael Bertram) and the Senior Operations Officer (SOO) (William Spooner)) at which there was an item on a prospective Bailiwick Commission. This was followed by Sark Liaison Group where future plans and a proposed loan for energy provision on Sark were referenced.

**19th February 2025 (daytime)** - meeting with States of Guernsey officials and Sark representatives (attendees: Conseiller John Guille, SOO William Spooner; James Lancaster (AEL)) on the proposed loan facility and its affordability. Guernsey raised the need for security on the loan repayments and potential options were discussed which included Impôt which Sark indicated was its preferred option.

**19th February 2025 (evening)** - Policy Development Group (PDG) meeting, at which an update was provided on the design work and the proposal for the use of Impôt as a security for the proposed loan facility was shared with Conseillers. This promoted extensive discussions and Conseillers were generally supportive. Conseillers Scott Sullivan (PDG chair), Natalie Tighe (PDG deputy chair), Edric Baker, Carol Cragoe, David Curtis, John Guille, Ben Harris, Chris Kennedy-Barnard, Mike Locke, Steve Lord, Jimmy Martin, Frank Makepeace (as a Conseiller elect), Mary Nicolle, Helen Plummer, and Jolie Rose attended.

**24th February 2025** - Joint Policy & Finance and Future Energy meeting - discussion of press statement relating to the possible purchase of SEL assets and proposed request for a loan facility. Conseillers Andrew Miller (P&F and FE), Carol Cragoe (FE), Chris Kennedy-Barnard (P&F), Edric Baker (P&F), John Guille (P&F and FE), Jolie Rose (P&F), Mike Locke (FE), and Natalie Tighe (P&F) attended.

**27th February 2025** - Joint Policy & Finance and Future Energy press release published (in response to release of information following the PDG on 19th February): “discussions have been ongoing with the Policy and Resources Committee of the States of Guernsey concerning a potential £1.5 million loan facility in order to purchase SEL’s assets and

complete the immediate safety work which is urgently needed. This proposition would need to be brought before the States of Guernsey.”

**4th March 2025 (morning)** - States of Guernsey's Policy & Resources Committee met to consider Sark's loan request. The Policy & Resources Committee agreed to support the loan request and take propositions to the States of Deliberation recommending a loan facility of £1.5m be made available to the Chief Pleas of Sark on the conditions that (1) the use of Impôt payments as security in the event that repayments were not maintained, (2) a review of Sark's taxation system, and (3) participation in a Bailiwick Commission. These conditions would be set out in the policy letter, to be published on the States of Guernsey's website by 24th March 2025.

**4th March 2025** - Policy & Finance Committee meeting - Conseillers Andrew Miller, Edric Baker, John Guille, Jolie Rose and Natalie Tighe attended. At this meeting, the support of the States of Guernsey's Policy & Resources Committee to ask the States of Deliberation for a proposed loan facility with the associated conditions was communicated to the Committee verbally by the Sark Civil Service as that information had been received earlier that day. Minutes for this meeting made available to all members of the Committee in the usual way.

On reviewing this document, a request was made for the following paragraph be inserted:

“Conseiller Chris Kennedy-Barnard was not afforded the right to attend this meeting remotely, as a civil servant had forgotten to take the laptop, so that remote attendance could be facilitated. The chief civil servant, SEO Michael Bertram also did not attend.”

As a matter of record, no request for remote attendance or notification of absence had been received from any Conseillers and therefore the necessary equipment had not been set-up. All other Conseillers were on-island and attended the meeting in person.

**7th March 2025:** Conseiller John Guille and Deputy Lyndon Trott, President of the Policy & Resources Committee, met to discuss the proposed loan offer following the Policy & Resource Committee's decision to take the matter to the States of Deliberation. No decisions were taken.

**7th March 2025** - Request from Guernsey for an official letter from Policy & Finance Committee making the request for a loan from the States of Guernsey.

**11th March 2025** - Engagement between officials in Sark and Guernsey on the draft loan request letter to ensure that it correctly referenced the proposed loan conditions and that the draft Policy Letter accurately reflected the loan request from the Policy & Finance Committee.

**12th March 2025** - Draft loan request letter from the Policy & Finance Committee sent to members of Policy & Finance and the Future Energy Committees for review. Review comments received by email included a request from Conseiller Natalie Tighe to ensure circulation amongst all Conseillers prior to the publication of Guernsey's Policy & Resource Committee's Policy Letter (anticipated to by 24th March 2025 to meet the States of Guernsey deadline for papers).

**13th March 2025** - following minor editorial amendments, this letter was sent to Policy & Finance and Future Energy Committees for final review.

**13th March 2025 (afternoon)** - the formal request letter was sent to the President of Guernsey's Policy & Resources Committee. Although the letter says the financial model was enclosed, as the affordability calculations had been previously shared on 20th February and not updated it was not attached to the letter. *[Note: A summary of the affordability calculations was shared with the public at the Island Hall meeting on 24th March]*

**18th March 2025** - Policy & Finance meeting: it was agreed that the formal request letter from Policy & Finance Committee to Guernsey's Policy & Resources Committee asking for a loan of up to £1.5m should be shared with all Conseillers before they were made public in the States of Guernsey papers. WS [Senior Operations Officer, William Spooner] would also give Conseillers information about the proposed Bailiwick Commission. Conseillers Chris Kennedy-Barnard, Edric Baker, John Guille, Jolie Rose and Natalie Tighe in attendance.

*Prior to this date, there had been an assumption of confidentiality on the matters relating to the loan request, including the proposed conditions which were considered by the Policy & Finance Committee on 4th March. This was due to previous difficulties with the unauthorised sharing of sensitive information in Sark.*

**20th March 2025 (afternoon)** - Following a request from Sark Civil Service to Guernsey Civil Service as to publication date, Guernsey Civil Service advised (at 15:16hrs) that the formal request letter from Policy & Finance could be circulated confidentially among Conseillers with preference for end of business. The background document (one pager) on the proposed Bailiwick Commission (in context of the Alderney policy letter) could also be circulated.

**20th March 2025** - A Policy Letter regarding the Alderney airport project was submitted to the States Greffier and published on the States of Guernsey website. A media release was issued by Guernsey's Policy & Resources Committee about that Policy Letter that day. A summary document outlining the proposed Bailiwick Commission (including references to Sark's possible involvement, but no reference to a possible loan) was published with that media release.

**20th March 2025 (evening) until 21 March 2025 (16:00hrs)** - draft of update to Conseillers prepared and circulated multiple times for review within Policy & Finance and Future Energy Committees.

**21st March 2025 (10.38hrs)** - Guernsey's Policy & Resources Committee submitted the Propositions and Policy Letter, both entitled "*Sark's Government - Request for Loan Facility to Purchase Sark Electricity Limited*", to the States Greffier with publication following shortly on the States of Guernsey website.

**21st March 2025 (16:01hrs)** - update email from Policy & Finance and Future Energy Committees sent by the Senior Operations Officer to All Conseillers with Policy & Finance formal request letter and summary document on proposed Bailiwick Commission. (Originally planned for 21st March ahead of the anticipated latest publication date of 24th March for States of Guernsey policy papers).

**21st March 2025 (PM)** - States of Deliberation approved the schedule of business for its meeting on beginning 9th April 2025, which included the Policy Letter on the proposed loan facility, following an amendment from the Policy & Resources Committee to add this item and a number of others.

**25th March 2025** - Sark Community Power Island Hall meeting. The financial implications of the loan were discussed, and a summary of the affordability calculations was distributed to all attendees.

**1st April 2025** - Policy & Finance meeting: the conditions were considered and not seen to be onerous: any proposals discussed at the Bailiwick Commission would have to be brought back to Chief Pleas for approval; the tax review was already underway and includes looking at ways to support capital investment. The proposal that the States of Guernsey would withhold Impôt in the event that Sark was not able to make the loan repayments was reasonable. Conseillers Andrew Miller, Chris Kennedy-Barnard, Edric Baker, John Guille, Jolie Rose and Natalie Tighe attended.

### **Future Dates**

**24th April 5.30pm** - Island Hall meeting about the proposed Bailiwick Commission.

**26th April 9am to 11am** – Drop-in Surgery at Island Hall on proposed loan and SCP as a whole

**29th April** - States of Deliberation starts

### **FAQs**

#### **Q. How were discussions with Guernsey regarding the loan initiated?**

**A.** The possibility of a loan was first floated some years ago. The potential to seek funding from the States of Guernsey's Bond was discussed at the 10th January 2024 Sark Replacement Power System public meeting at the Island Hall. This was discussed again at Christmas Chief Pleas on 17th January 2024 and is recorded during a discussion between Conseillers Guille and Harris on Hansard: January 2024 Hansard. It was also at the Christmas Chief Pleas on 17th January 2024 that the Sark Replacement Power system design project was approved by a vote of the 11 Conseillers present 10 voting for and 1 abstaining.

In August 2024 more detailed discussions began within the Sark Liaison Group, and Policy & Finance and Future Energy Committees were kept updated as discussions progressed through late 2024 and early 2025. It has always been the intention that only if the loan facility is approved by Guernsey States, would it then be taken to Chief Pleas - as the democratically elected representatives of the people of Sark - for discussion and final agreement on whether to accept the loan offer.

#### **Q. When and how were the loan conditions communicated to the Policy & Finance Committee?**

**A.** As set out above in the timeline, details of the proposed loan conditions were communicated to the Sark Policy & Finance Committee on 4th March as soon as they were

received from Guernsey and were agreed by Policy & Finance at their meeting on the 4th. Draft letters with these conditions were shared with both the Policy & Finance and the Future Energy Committees on 12th and 13th March, and comments were received from members of both Committees.

Both the Policy & Finance Committee and the Future Energy Committee (comprising 8 Conseillers in total) were aware of the conditions in early March before they were shared more widely.

**Q. How did the conditions get into the public domain before the scheduled date to share with all Conseillers?**

**A.** The conditions were not shared beyond these Committee for confidentiality reasons. Unfortunately, there have been difficulties around sensitive information and confidentiality in Sark in the past. When informed of the earlier publication date for the Policy Letter than had been anticipated, every effort was made by the Sark Civil Service to bring forward the release of information to Conseillers, and an update was shared with Conseillers on 21st March.

**Q. On what basis did the Policy & Finance Committee determine that the conditions were acceptable?**

**A.** The loan facility and the associated conditions are a proposal, resulting from negotiations. It is for Chief Pleas as a whole (not a single committee, Policy & Finance Committee or otherwise) to determine whether the loan facility with the conditions is acceptable and to agree or reject it on behalf of the people of Sark. A Report with Propositions will be taken to Chief Pleas as soon as practicable (once the outcome of the States of Guernsey meeting is known). The Easter meeting of Chief Pleas already has a full agenda, and the proposals deserve a meeting solely focused on the topic.

**Q. Why the Policy & Finance Committee did not consult the wider body of Conseillers before advancing the proposal?**

**A.** Discussions of a proposed loan have been ongoing for some time by the Policy & Finance Committee as mandated by Chief Pleas. It is the nature of negotiations to happen in small groups, rather than by a wide group en masse. Proposals are then brought back to the relevant Committee, the Policy & Finance Committee and, in this case, the Future Energy Committee also. In turn, the Committees would then take to Chief Pleas for debate and decision. Broad details of the loan facility and a breakdown of the potential financial feasibility (insomuch as this was work in progress at the time) were taken to the Policy Development Group on 19th February 2025.

**Q. What is the Bailiwick Commission's role in reviewing Sark's constitutional relationship with Guernsey?**

**A.** The paper being taken to the States of Guernsey meeting on April 30<sup>th</sup>, available online at <https://www.gov.gg/CHttpHandler.ashx?id=187918&p=0>, clearly explains the workings of the proposed commission. Its introductory section with Propositions, the 1st proposition states:

*"The States are asked to decide:-*

*Whether, after consideration of the Policy Letter entitled ‘Sark’s Government – Request for Loan Facility to purchase Sark Electricity Limited’ dated 21st March 2025, they are of the opinion:-*

*1 To authorise and direct the Policy & Resources Committee, working with the Chief Pleas of Sark (or one or more of its Committees) to:*

- a) agree the terms of reference and constitution of a commission on the future arrangements for the constitutional and working relationships between Guernsey and Sark;*
- b) establish that commission; and*
- c) bring the relevant findings of that commission back to the parliaments of the islands involved, firstly with an interim report before the end of 2025 and secondly with a final report 12 months after that (before the end of 2026)."*

The beginning of the States of Guernsey proposition [above] clearly explains that the Terms of Reference of any Bailiwick Commission are yet to be agreed between the governments of Sark and Guernsey. An introductory meeting for the public on the proposed Commission will be held on 24th April 2025.

There is more detail in the accompanying report beginning at its paragraph 9.6, and we consider that it is worth quoting it here in full as this makes it clear that the proposed Commission is informative, rather than binding, and that no recommendations will be implemented in Sark without the consent of Chief Pleas:

*9.6. The Committee is of the view that it is important to review the existing relationships and set out recommendations for how the constitutional and governance arrangements might work for each island and for relationships within the Bailiwick, rather than each island making piecemeal reforms in isolation. This should include looking at pan-island relationships and the strategic, policy, administrative and operational support that is, and might be, provided to the governments and legislatures of the islands.*

*9.7. It is suggested that the islands work together to set up a constitutional commission (to be called a “Bailiwick Commission”) with agreed and clear terms of reference which include objectives and timelines, agreed by the parliaments of the islands that intend to take part. There should be a common understanding of the Bailiwick Commission’s purpose and intended outputs, in addition to an acknowledgement of the need to exercise fiscal restraint and obtain value for money."*

*9.8. A constitutional commission is a form of review by an external party. It will help to ensure that there is wide community engagement to support any mandate for change. A constitutional commission would be undertaken by an independent panel tasked with reviewing the relationships within the Bailiwick and making recommendations for the islands to consider.*

*9.9. The constitutional commission format could be based on models that have been conducted elsewhere. The most recent example is in Wales<sup>20</sup>, but various Privy Council Committees or Royal Commissions over the centuries have also occurred*



*which could provide helpful ideas about how a Bailiwick Commission could be constituted and be operated.*

*9.10. The proposal from the Committee is to establish a similar commission in the Bailiwick to undertake a review, informed by a “national conversation” and subject matter experts, with a view to the Bailiwick Commission putting forward ideas for the islands to consider in terms of reform, based on the input from the community. The community engagement piece creates a basis for the legitimacy of any subsequent reforms to be considered and creates a possible platform for constitutional change.*

*9.11. The establishment and operation of such a commission would need to be by consent from the governments of those jurisdictions involved (Guernsey, Alderney and/or Sark). It would be the intention that the commission members would consider the relationships between Guernsey and Sark, and Guernsey and Alderney, separately. It could work on these issues in parallel or as separate phases. There would need to be coordination between the two strands of the commission to ensure that any Bailiwick-wide issues could be properly considered and relevant recommendations tailored to accommodate the needs of all three jurisdictions.*

*9.12. The outcome of a constitutional commission is informative; it is not binding. Any proposed changes resulting from the Bailiwick Commission’s report(s) would be for the governments/parliaments of each of the islands involved to approve (or otherwise).*

*9.13. Membership of the Bailiwick Commission would include external independent experts and professionals. It is suggested that the Commission would have 3 or 5 members depending on the members’ skills and expertise (ideally with an odd, rather than even, number of members). Suitable candidates would have a good knowledge of the islands and their constitutions. This could include independent external experts with knowledge and experience of the islands of the Bailiwick of Guernsey and their constitutions. This may include Privy Councillors, former MPs (particularly former previous Ministers from the Ministry of Justice, or chairs of relevant UK Government parliamentary select committees), members of the House of Lords, lawyers, academics or public servants. There may be potential to seek external experts from the other Crown Dependencies. It is the intention that the Bailiwick Commission would have significant experience of public service in general and relevant expertise.*

*9.14. To assist the Commission, a panel of experts on constitutional matters or relevant areas of public service delivery from within and outside the Bailiwick could be established to provide advice to the Bailiwick Commission. It would allow for subject matter experts on the islands’ constitutional relationships to be part of the process.*

*9.15. The Bailiwick Commission would seek to gather evidence on a range of core issues, determined by the terms of reference for the inquiry. Evidence could be provided in writing and in person, as appropriate. Oral evidence sessions could be held in the islands for the general public, stakeholders and subject matter experts. The general public could be provided with various opportunities to engage with the process*

*and to enable all views to be expressed. Evidence would be invited on a voluntary basis. There would be no powers to compel any evidence to be provided. The evidence gathering process could be phased throughout the period of the project and could be split out into distinct and logical themes.*

**Q. How can we ensure the loan payments are affordable?**

**A.** The loan payments can be afforded from the revenues without the need to raise the unit price. Any drawdown on the loan facility to spend on safety and remedial work will need to be agreed with the Electricity Price Control Commissioner in the usual manner to ensure the unit price is fair and reasonable to protect the consumer.

**Q. What is the proposed Tax Review that is also a condition of the loan?**

**A.** As previously mandated by Chief Pleas in July 2021, Sark is already carrying out a review of its taxation system via the Policy & Finance Committee and the Taxation Review Committee. There has already been public consultation on this, with further consultations to come. This work is intended to put Sark's taxation system on a firm basis for the future. This ongoing comprehensive review of Sark's taxation regime is intended to ensure that we can acquire sufficient reserves to support essential capital investment requirements. When this is ready, the work will be presented to Chief Pleas and the Sark public. Any proposed changes to the tax system that might come out of this review would be brought to Chief Pleas for debate and decision in the usual manner.

**Compiled on behalf of Policy & Finance and Future Energy Committees by:**

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