



**EXTRAORDINARY MEETING of the CHIEF PLEAS OF SARK  
to be held on WEDNESDAY 25<sup>th</sup> JUNE 2025 at 5pm in the ASSEMBLY ROOM**

**AGENDA**

1. To CONSIDER a Report with Propositions and Appendices from the POLICY & FINANCE COMMITTEE entitled **“Compulsory Purchase with Loan Facility and Conditions”**.

P M Armorgie  
Speaker of Chief Pleas

18<sup>th</sup> June 2025

**NOTES**

Anyone wishing to see the Report and Supporting Papers may do so at the Committee Offices, Monday to Friday, 9am to 2pm; copies may be obtained from the Committee Office. The Agenda, Report and Supporting Papers may also be seen on the Sark Government Website at: [www.sarkgov.co.uk](http://www.sarkgov.co.uk)

## **POLICY & FINANCE COMMITTEE**

**Report with Propositions to an Extraordinary Meeting of Chief Pleas, 25th June 2025**

### **COMPULSORY PURCHASE WITH LOAN FACILITY AND CONDITIONS**

This Report summarises the Compulsory Purchase legislation passed by Chief Pleas in 2021 with a recommendation that the legislation is commenced, together with the recent loan facility offer and conditions from Guernsey States in order to purchase the assets of Sark Electricity Limited (SEL) and Sark Electricity Holdings Limited (SEHL) - hereafter referred to as SEL - and provides propositions on these for Chief Pleas to consider.

#### **COMPULSORY PURCHASE LEGISLATION**

At its Extraordinary Meeting on 21 December 2021, Chief Pleas approved the enactment of the Compulsory Purchase (Electricity) (Sark) Law, 2021 ('the Law').

Whilst not required in the Law, the Policy & Finance Committee, recognising the importance of a safe and reliable energy supply to the Island, seeks the agreement of Chief Pleas to make the draft regulations attached at *Appendix A* immediately after this meeting. The regulations bring the Law into force on 26 June, the day after this meeting.

As was noted in a previous report to Chief Pleas on this matter, the legislation has been prepared 'to enable a fair balance to be reached between the interests of the wider community with those of the individual property owner, in a way that represents the international obligations to which Chief Pleas has committed, including the European Convention of Human Rights.'

Once the Law is commenced, SEL and the Committee may within 30 days jointly appoint a valuer to determine the valuation of the relevant assets and interests to be transferred to Chief Pleas under the Law, these being the physical assets of SEL and its interest under contracts (including leases) to which it is a party.

If no appointment is made within that 30-day period, either party may apply to the Court of the Seneschal for an Order appointing a person as the valuer.

Thereafter the valuer assesses the value of the assets and interests, and provision is made for those assets and interests to be transferred to Chief Pleas in exchange for

payment to SEL of the independently formulated valuation sum. There are mechanisms allowing for legal challenges both to the appointment of the valuer and the amount of the valuation.

### **Summary timeline of the Compulsory Purchase Law procedure:**

- P&F make commencement regulations: the Compulsory Purchase (Electricity) (Sark) Law, 2021 (“the Law”) is brought into force by Policy & Finance Committee (“P&F”) making commencement regulations.
- Valuer Appointment (Joint): within 30 days of the Law coming into force, SEL and P&F may jointly appoint an independent Valuer to value the assets and interests (under contracts to which it is a party) of SEL.
- Court Appointment if No Joint Appointment of Valuer: if a Valuer is not jointly appointed within 30 days, either party may apply to the court for an order appointing a Valuer.
- Court Appointment of Valuer may be challenged: either party may apply to the Royal Court for a different person to be appointed as Valuer, but only on limited grounds.
- Valuer may apply to court for directions: the Valuer may apply to the court for directions in respect of how to undertake the Valuation.
- Valuer serves notice of the Valuation: once the Valuer has determined the Valuation, he or she must serve a notice on both SEL and P&F setting out the Valuation, together with an explanation as to how the Valuation was undertaken.
- Valuation may be challenged: either party may apply to the Royal Court and thereafter the Court of Appeal to have the Valuation set aside and an alternative Valuation in a specified sum made in its place, but only on limited grounds.
- Payment of Valuation in exchange for transfer of assets and interests: following the determination of any applications under the Law, on the relevant day specified in the Law an amount in the sum of the Valuation becomes payable by Chief Pleas to SEL, and the assets and interests of SEL are transferred to Chief Pleas.

### **LOAN FACILITY AND CONDITIONS**

On 1st May 2025, Guernsey’s States of Deliberation by an overwhelming majority agreed to offer a loan facility of up to £1.5 million to Chief Pleas, for the purpose of purchasing SEL and any remedial work required for electricity generation and distribution in Sark, on the conditions that:

- Chief Pleas participate in the Bailiwick Commission
- Impôt payments (duties on alcohol, fuel and tobacco collected by the States of Guernsey on behalf of Chief Pleas) be used as a security guarantee to repay that loan to Guernsey in the event of non-payment by Sark of any loan utilised
- Chief Pleas undertake a comprehensive review of Sark’s taxation regime to ensure that it can acquire sufficient reserves to support essential capital investment requirements, including the aforesaid loan

The loan facility was made on the basis that these conditions are non-negotiable should Chief Pleas wish to accept the loan facility; however the exact details of the conditions, in particular the composition and terms of reference of the Bailiwick Commission, are still to be discussed in detail and will require approval by both the States of Guernsey and Chief Pleas.

### **Bailiwick Commission**

The proposed Bailiwick Commission will be a 'constitutional commission' considering the relationship between jurisdictions within the Bailiwick. Workstreams are proposed to consider both the relationship between Sark and Guernsey, and Alderney and Guernsey. Further details are provided in *Appendix B*.

### **Impôt payments**

The loan offer requires Sark's Impôt duties as security on the loan. The Impôt monies (duties on alcohol, fuel and tobacco imported to Sark) are currently collected by Guernsey on Sark's behalf and then remitted to Chief Pleas.

If Chief Pleas do not make the full loan repayments on the dates required as set out in any loan agreement, the States of Guernsey could retain funds to the same value as the missed repayments from subsequent Impôt payments to repay the loan instead.

This would be done at source of collection in Guernsey from any Impôt duties collected, prior to any remaining monies being transferred to Chief Pleas. Current modelling of the financial elements of the transaction suggest that this is unlikely to be necessary and that repayment will be possible from revenues without the need to use the Impôt.

### **Taxation Review**

Sark's Policy and Finance Committee and its Taxation Special Review Committee are already undertaking a review of Sark's taxation system to ensure that it is fair, but also capable of raising sufficient revenues to meet Sark's needs.

Following public consultation in 2024, the appointment of an external tax advisor to both Committees, further proposals, including proposed legislative changes, will be brought to Chief Pleas for approval. No taxation reviews beyond those already ongoing are currently proposed.

### **LOAN FACILITY**

The interest rate will be calculated on the date the monies are drawn down by the borrower ("the draw down date") and fixed for the duration of the loan. This calculation will be done based on the prevailing market rates on the drawdown date using a standard formula, in accordance with States of Guernsey policy. This is the same arrangement as for loans to any States-owned entities such as Guernsey Electricity

Limited. As this is the case, there will be no opportunity for Chief Pleas to negotiate on how the interest rate will be set. At the time of writing, the interest rate is estimated at 5-6%, though this cannot be guaranteed should there be significant changes in the market.

Should Chief Pleas wish to draw down the loan in separate tranches, the interest rate for each tranche will be calculated on its draw down date and fixed for the duration of that portion of the loan.

The interest on the loan would be accrued daily on the outstanding balance of capital plus interest. Interest and capital payments would be due quarterly at the end of March, June, September and December each year for the duration of the loan term period. Subject to political discussions after Chief Pleas has considered the loan offer, there may be an opportunity to negotiate a delay to the start of the capital repayments to allow income streams to be established/settled following the purchase of Sark Electricity Limited and/or Sark Electricity Holdings Limited or its/their assets.

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## **APPENDICES**

*Appendix A - The draft Compulsory Purchase (Electricity) (Sark) Law, 2021 (Commencement) Regulations, 2025*

*Appendix B - Bailiwick Commission information*

## **PROPOSITIONS**

### **Proposition 1 -**

**That Chief Pleas directs the Policy & Finance Committee to bring the Compulsory Purchase (Electricity) (Sark) Law, 2021 into force on 26th June 2025 by making the Compulsory Purchase (Electricity) (Sark) Law, 2021 (Commencement) Regulations, 2025 in the form attached at *Appendix A*.**

### **Proposition 2 -**

**That Chief Pleas agrees to the conditions of the loan facility, these being for Chief Pleas to participate in the Bailiwick Commission, to agree for Impôt payments to be used as a security guarantee to repay that loan to Guernsey in the event of non-payment by Sark of any loan utilised, and for Chief Pleas to**

share the comprehensive review of Sark's taxation regime, that it already is undertaking, to ensure that it can acquire sufficient reserves to support essential capital investment requirements in the future.

**Proposition 3 -**

**That Chief Pleas directs the Policy & Finance Committee to enter negotiations with Guernsey's Policy & Resources Committee to finalise and agree, subject to consultation with all Conseillers, the loan facility of up to £1.5 million over a 20-year period to enable Chief Pleas to purchase the assets of Sark Electricity Limited and/or Sark Electricity Holdings Limited, and undertake immediate remedial works to ensure the safety of the existing network to mitigate any existing health and safety risks.**

**Conseiller John Guille**  
**Chairman, Policy & Finance Committee**

## **Appendix A**

# **The Compulsory Purchase (Electricity) (Sark) Law, 2021 (Commencement) Regulations, 2025**

*Made*

*25<sup>th</sup> June, 2025*

*Coming into operation*

*On being made*

*Laid before Chief Pleas*

*2<sup>nd</sup> July, 2025*

THE POLICY & FINANCE COMMITTEE, in exercise of the powers conferred on it by section 10 of the Compulsory Purchase (Electricity) (Sark) Law, 2021<sup>1</sup> and all other powers enabling it in that behalf, hereby makes the following Regulations:-

### **Commencement of the 2021 Law.**

1. The Compulsory Purchase (Electricity) (Sark) Law, 2021 shall come into force on 26<sup>th</sup> June, 2025.

### **Citation.**

2. These Regulations may be cited as the Compulsory Purchase (Electricity) (Sark) Law, 2021 (Commencement) Regulations, 2025.

Dated this 25<sup>th</sup> day of June, 2025

Conseiller John Guille

Chairman of the Policy & Finance Committee

For and on behalf of the Committee

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<sup>1</sup> Order in Council No. III of 2022.

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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations bring into force the Compulsory Purchase (Electricity) (Sark) Law, 2021 on the 26<sup>th</sup> June, 2025.

## **Appendix B**

### **BAILIWICK COMMISSION**

The proposed Bailiwick Commission will be a “constitutional commission” considering the relationship between jurisdictions within the Bailiwick. Commissions are proposed to consider both the relationship between Sark and Guernsey, and Alderney and Guernsey

#### **What is a Constitutional Commission?**

A constitutional commission is a form of review by an external party based on a clear Terms of Reference setting out the scope. It will help to ensure that there is wide community engagement which can inform recommendations and also provide support for any changes put forward. 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.

The constitutional commission format could be based on models that have been conducted elsewhere. The most recent example is in Wales, but various Privy Council Committees or Royal Commissions over the centuries have also occurred and can provide helpful ideas around how a Bailiwick Commission could be constituted and operate.

This proposal is to establish a similar commission in the Bailiwick to undertake a review, informed by a “national conversation” and subject matter experts, with the view to an independent panel of experts 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. It would allow for subject matter experts on the islands’ constitutional relationships to be part of the process but not lead it, which ensures that a wider perspective is achieved that is cognisant of the current day arrangements.

The outcome of the constitutional commission will be informative; **it will not be binding**. Any proposed changes are for the government(s)/parliament(s) of the relevant island(s) to decide upon.

#### **Why do Sark and Guernsey need a constitutional commission?**

The autonomous jurisdictions of Sark and Guernsey have a long and rich history together as part of Bailiwick with Alderney. Deep and complex links have been forged between the islands of the Bailiwick in both structured and unstructured ways. These include:

- Bailiwick-wide civil legislation (or legislation that covers two of the three jurisdictions);

- Guernsey (the States of Deliberation) can approve criminal law for the entire Bailiwick;
- Other links between the judicial systems of the islands;
- The application of international agreements across the Bailiwick implemented by the States of Guernsey;
- Services undertaken by Guernsey due to domestic legislation (such as financial service regulation);
- Public services provided by the States of Guernsey to residents of the other islands including secondary education and medical services;
- Law enforcement services; and
- Port of entry provided by Guernsey for onward travel to Sark of both goods and passengers.

These complex inter-relationships are not widely understood, leading to confusion about oversight and accountability and potential tensions between the jurisdictions

Over the past two decades, there have been challenges that have tested the systems of government across the Bailiwick and the relationships that exist between the islands, including the 2008 global financial crash, Brexit, the Covid-19 pandemic and certain challenges in respect of the constitutional relationship with the UK. There have also been domestic political and operational challenges within each island, including the current financial pressures, the provision of healthcare, education, energy supply and external transport links.

There are growing global political pressures, such as on taxation, energy markets and climate change, which create an increasingly demanding and complicated global environment in which all jurisdictions need to operate. All of these issues have become increasingly complex in nature, faster-paced and more difficult for small jurisdictions (such as those within the Bailiwick) to resolve.

These modern demands are creating increasing demands on the intra-island relationships that need to be addressed.

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.

### **What topics might be covered by the Commission between Sark and Guernsey?**

The range of topics to be discussed needs to be agreed between the jurisdictions, but possible topics of interest for the Sark and Guernsey Commission might include:

- Law making processes and the interaction between the jurisdictions in this process;
- Education;
- Health care;
- Transport links;

- Customs and port of entry;
- Policing and police support;
- Provision of digital mapping and other digital services including records and archives management;
- Marine and environmental protection; and
- Relationships between the Sark and Guernsey support services, and between Sark and Guernsey and the UK/MoJ.

### **How would the Bailiwick Commission be established?**

The establishment and operation of such a commission would need to be by consent from the governments of those jurisdictions involved (Guernsey, Sark and/or Alderney).

Subject to the approval of the island's governments to participate, there would need to be common agreement and approval of:

- Terms of Reference setting out details such as the areas of focus for the commission and reporting requirements (documents, timings, etc).
- Commissioners

### **Who will decide who is on the Bailiwick Commission?**

The Bailiwick Commission will need to be established by consent from each island's government. Suitable candidates to sit on the commission panel will be those who can be impartial but have a good knowledge of the islands and their constitutions. Prospective candidates could be Privy Councillors, members of the House of Lords, ex-Members of Parliament (including ex members of Government or Parliamentary Select Committees), lawyers, academics or public servants, or those with a good understanding of the challenges of providing public services.

The final decision on the commission members will need to be approved by each of the island's governments.

### **Would the Commission be Bailiwick-wide?**

It would be the intention that the Commission 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's work to ensure that any Bailiwick-wide issues could be properly considered and relevant recommendations tailored to accommodate the needs of all three jurisdictions.

### **How would evidence be collected?**

The Bailiwick Commission would seek to gather evidence on a range of core issues, determined by the Terms of Reference for the inquiry. This can be done in writing and in person. Evidence sessions could be held in the islands for the general public, stakeholders and subject matter experts. Evidence would be invited to be given voluntarily. There would be no powers to compel any evidence to be provided. This process could be phased throughout the period of the project and could be split out into distinct and logical themes.

### **What would be the timescale?**

It is expected the Bailiwick Commission could take evidence and oversee hearings within 12 months of the initial agreement to establish such a commission, with the report thereafter, up to a maximum of 18 months overall. This is the sort of timeframe that a UK Parliamentary Select Committee would need to undertake a detailed inquiry. This would be achievable with the right support and prioritisation.

### **How would the Bailiwick Commission be supported?**

The Bailiwick Commission would need a secretariat function. An option is that this could be provided by Guernsey civil servants seconded to the Bailiwick Commission for this purpose. This support would then be impartial and provided in line with the Civil Service Code of Conduct. This support would be similar to the Clerks that support UK Select Committees in Westminster.

### **How much would the Bailiwick Commission cost?**

The Commissioners will need to be compensated for their time and potentially, where required, travel and accommodation. This is yet to be agreed, but there are existing precedents which can be used to ensure best value. The States of Guernsey has committed to making a budget of £500,000 available to fund the commission's work.

Sark's participation in the Bailiwick Commission is not conditional on Chief Pleas making a financial contribution, although it is possible for such a contribution to be made.

### **How might the Bailiwick Commission be structured?**

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).

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. 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.

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.