EXTRAORDINARY MEETING of CHIEF PLEAS to be held on WEDNESDAY 26th AUGUST 2026 at 5.00pm in the ASSEMBLY ROOM

AGENDA

1. To CONSIDER a Report with Proposition from the POLICY & FINANCE COMMITTEE entitled **"Extension of Isle of Sark Shipping Loan".**

P M Armorgie
Speaker of Chief Pleas

12th August 2026

*NOTES: Anyone wishing to see any of the Reports and Supporting Papers may do so at the Committee Office, Monday to Thursday, 9am to 2pm, and Friday, 9am to 12 noon, excluding public holidays; copies may be obtained from the Committee Office. The Agenda, Reports and Supporting Papers may also be seen on the Chief Pleas website at: **https://sarkgov.co.uk/chief-pleas**.*

ITEM 01

POLICY & FINANCE COMMITTEE

Report with Proposition to an Extraordinary Meeting of Chief Pleas, 26th August 2026

EXTENSION OF ISLE OF SARK SHIPPING LOAN

Background

Earlier this year, Chief Pleas appointed new non-executive directors to the Board of Isle of Sark Shipping Company Limited. Since those appointments, the Policy and Finance Committee and the Harbours, Shipping and Pilotage Committee have worked closely with the newly appointed Board on a range of operational and financial matters affecting the company.

A particular focus has been the financial position of Isle of Sark Shipping Company Limited and the need to ensure that the company is able to continue providing a reliable lifeline shipping service for Sark. It is clear that the company has been operating through a challenging financial period, and that its financial management arrangements require strengthening. The Committees consider that a more disciplined and transparent approach is required if the company is to return to a sustainable footing. They are, however, satisfied that the newly appointed non-executive directors understand the seriousness of the position and are taking a constructive and rigorous approach to addressing these issues.

Current loan facility

Chief Pleas currently has a loan facility arrangement with Isle of Sark Shipping Company Limited. The total facility is £300,000, of which approximately £270,000 is currently drawn down. Under the existing arrangement, the company has been paying interest only and has not yet been able to make capital repayments.

The facility is due to expire on 31st August 2026, at which point the outstanding capital would become repayable. The Committees had sincerely hoped that Isle of Sark Shipping Company Limited would be in a position to repay the loan by that date. Unfortunately, it is clear that the company will not have the funds available to repay the outstanding capital when the facility expires.

Need for extension

The Committees have been working with the Board to address the company's financial position and to renegotiate the loan facility. In particular, the Committees consider that any revised arrangement should move the company towards repayment of capital, rather than continuing indefinitely on an interest-only basis. However, it has not been possible to finalise a revised agreement in time for the current expiry date, in part due to the need to strengthen the existing financial management arrangements of the company.

If the facility expires on 31st August 2026 without an extension or replacement arrangement in place, Isle of Sark Shipping Company Limited would be in default, as it does not have the funds available to repay the outstanding balance. This would not assist Chief Pleas, the company, or the island's wider interest in maintaining a stable and sustainable lifeline shipping service.

The Committees therefore recommend a short extension of the existing facility to 30th November 2026. This would avoid an immediate default, provide time for the Committees and the Board to conclude discussions on a fully revised loan agreement, and enable that agreement to be brought back to Chief Pleas for consideration at the Budget meeting on 18th November.

The Committees remain firmly committed to maintaining a lifeline shipping service for Sark and will continue to work closely with the Board of Isle of Sark Shipping Company Limited to support the long-term sustainability of that service.

Proposition 1 –

That Chief Pleas agrees to extend the existing loan facility arrangement between Chief Pleas and Isle of Sark Shipping Company Limited to 30th November 2026, on the existing terms, to allow time for a revised loan agreement, including provision for capital repayment, to be negotiated and brought back to Chief Pleas for consideration at the Budget meeting.

Conseiller John Guille
Chairman, Policy and Finance Committee