Treasury and Exchequer

Government of Jersey
Union Street
St Helier, Jersey
JE2 3DN

VIA EMAIL

Deputy Gardiner

20 October 2025

Dear Deputy Gardiner,

Please find below responses to the questions included in the Committee's letter dated 1st October 2025.

1. **Please can we be provided, in confidence with the risk register for each States Owned Entity (SOE) and details of how these are connected to the corporate risk register held by the Government of Jersey.**

The risk registers of the wholly owned SOEs are attached and shared with the Committee on a strictly confidential basis, in agreement with those SOEs.

The GoJ Head of Risk meets for a pre-meeting with each SoE's risk management function to review their risk registers on a 6-monthly basis prior to reporting to the Shareholder meetings on strategic and operational risks of mutual interest. Where necessary, the Head of Risk will share his findings with relevant departments (following consultation with the relevant SOE) to ensure that SOE risks are considered and recorded on Department or Corporate Risk Registers, where appropriate. It is also the case that some such risks feature in the Jersey Emergency Risk Register, for example a significant airport incident.

2. **We note from correspondence with the Chief Executive that updated MOU's with each SOE are due to be presented by the end of September. Please can you confirm this timescale will be met and when they will be publicly available. If this timescale is not going to be met, please can the PAC be provided with the MOU's in confidence ahead of publication.**

The updated MoUs for the wholly owned SOEs were published on 26 September 2025 - [States Assembly | R.143/2025]

3. **On a confidential basis can the PAC be provided with the most recent board effectiveness reports from each SOE.**

Board Effectiveness reviews are conducted by the SOE Boards periodically in accordance with their MoUs and the UK Corporate Governance Code. The external reviews are undertaken by a third-party and, for the reviews to have any value, those interviewed, e.g. board members, members of staff, and other stakeholders need to have the confidence that they can speak freely and anonymously without concern about who ultimately is able to read the report, beyond the Board.

Accordingly, it would be inappropriate for a shareholder to seek to access Board Effectiveness review reports which may include very personal details and information. Accordingly, the Shareholder function does not hold this information in full.

That is not to say that the Minister, representing the shareholder, is unaware of the content of the reviews. The Minister will be briefed following a review, usually at a routine shareholder meeting. In addition, in common with good practice, the outcomes of the externally facilitated review are summarised in the Annual Report & Accounts of each SOE.

Treasury will be discussing with SoEs that the Shareholder function and Minister receive briefings direct from the third party who undertake the reviews going forward, on an anonymised basis.

4. **Please can we be provided with minutes from the quarterly review meetings held with SOE's for the last 12 months.**

The notes of the shareholder meetings are shared with the Committee on a strictly confidential basis. It should be noted that quarterly shareholder meetings are held with the wholly owned SOEs in accordance with their MoUs and six monthly with the majority owned SOEs to coincide with their annual and half-yearly financial reporting.

5. **Is there a public service obligation in place for each SOE? If so, can these please be shared with the PAC.**

The relationships are approached and managed through the principle of collective and collaborative working to improve public outcomes. In addition, there is a requirement within the MoUs with the wholly owned SOEs to:

- support the Government of Jersey in the delivery of its policy objectives;
- demonstrate good corporate citizenship; and
- role model behaviour for companies in Jersey.

However, for the most part they do not also have formally legally defined public service obligations, other than as prescribed in legislation. The historic Propositions which approved the formation of each SOE will have set out the overarching objectives of the entity. It is arguable whether some of the objectives, i.e. Andium Homes provide social housing, could be deemed a public service obligation, albeit the objective would not meet the strict legal interpretation.

There are formal public service obligations in place for Ports of Jersey as defined in Article 6 of the Air and Sea Ports (Incorporation)(Jersey) Law 2015 - Air and Sea Ports (Incorporation) (Jersey) Law 2015. In addition, Jersey Post, as a member of the Universal Postal Union has obligations to that Union, known as the Universal Services Obligation.

6. **Can we also be provided with the remuneration schemes from each SOE and specific benchmarks and performance criteria that they use.**

In accordance with the UK Corporate Governance Code, schemes are designed by the SOE Remuneration Committees to be aligned to the company purpose, strategic objectives and values. So far as the incentive scheme processes are concerned, company KPIs are agreed through the mechanism of the approved periodic Strategic Business Plan. The Remuneration Committee will then translate those companywide KPIs into individual KPIs for the Executive Directors, based on themes.

The incentive schemes and their underlying KPIs are approved by the Minister for Treasury and Resources on conception and as and when they are materially changed. In terms of personal data protection and commercial sensitivity, it would not be appropriate to share the weightings and financial formulae upon which the incentive schemes are based. However, the themes under which the Executives of each organisation have agreed KPIs are outlined overleaf:

Andium Homes	Jersey Post	Jersey Telecoms
• Company financial performance • Delivery of capital programme • Development of business, inc embracing new practices and technologies • Leadership and cultural objectives	• Company financial performance • Support of Government of Jersey policy development • ESG and customer experience • Organisational resources and capability • Regulatory relationship	• Transform and grow – inc financial performance, product simplification, digitisation, network and Telecoms Security • "Do good" for Jersey – inc network, shareholder engagement and customer experience • Building a sustainable Telco
Ports of Jersey	**States of Jersey Development Company**	
• Company financial performance • Connectivity • Customer service/experience • Outreach, in supporting Government of Jersey objectives • Business Plan delivery	• Company financial performance and risk • Placemaking / ESG • Stakeholder management • Project development • Organisational resources and capability	

a) How does each SOE determine the benchmarks to be used and what current comparative organisations are being used?

The MoU requires the Company, in designing remuneration schemes to have due regard to the remuneration policies agreed by its Shareholder from time to time. The States-owned Entities Remuneration Policy Framework, previously provided to the Committee, is an approved policy and provides guidance on the use of benchmarking for both base salary and incentive schemes, including the fact that benchmarking should not be the sole determinant of the level of remuneration. In a similar vein, it is anticipated that SOE Remuneration Committees would only be periodically undertaking benchmarking exercises, such as on the proposed appointment of a new Executive Director or as part of a wider review of remuneration arrangements.

Additional guidance on the use of benchmarking now appears at paragraph 15.6.3 of Schedule 2 of the new MoUs and selecting appropriate and comparable benchmarks "taking into account the scale and complexity of the business, in relation to other operators in the UK and internationally, the experience of the Director in question **and the public sector ownership of the Company**"

Accordingly, Remuneration Committees will often engage with remuneration specialists to procure market intelligence in terms of remuneration levels in the particular sector in which the SOE is operating. It will not be based on comparative organisations, as experience shows that it is very difficult to find comparative organisations, either in Jersey, the UK or further afield, and so benchmarking tends to be based on average levels within a certain sector.

7. **Recommendation 4 (Oversight of ALBs) states that Government will develop performance indicators for ALBs based on States policy objectives including risk appetite, service performance measures and wider policy and value for money objectives. Can you advise the PAC why this was only agreed in principle and how are you taken this recommendation forwards with the SOE under your remit?**

This recommendation was agreed in principle because it was not considered proportionate to mandate specific monitoring or to develop a wholescale monitoring dashboard for all ALB indicators. The response describes that it is the Accountable Officer's responsibility for oversight of ALB performance against States policy objectives, which has been included in the Public Finances Manual in line with the agreed action. The Public Finances Manual describes that the responsible Accountable Officer must ensure that there is a written agreement which sets out the terms of the relationship, including specific service measures, linked to the delivery of government strategic and operational policy objectives, to enable effective oversight, and mechanisms to provide the department with assurance regarding performance.

So far as the SOEs are concerned, the MoUs already require them to produce periodic Strategic Business Plans ("SBPs") and, in the preparation of the SBPs, to engage with Policy Lead Ministers who will ensure that the SBP has objectives that are aligned with Government of Jersey policy objectives. Once the SBP is formally approved, the SOEs report on their progress against the objectives within their SBP through the cycle of quarterly shareholder meetings.

8. **Recommendation 7 (Oversight of ALBs) states that Government will update the PFM to clarify which rules apply to each ALB type; can you inform the PAC why this was only agreed in part and how you intend to take this recommendation forwards?**

The recommendation is agreed in part because whilst the ALBs section of the PFM lists types of entity, specifically:

- States Owned Entities;
- States Established Delivery Entities; and
- States established independent bodies or office holders

there are still significant differences between the bodies in those categories such that blanket application of the PFM, or even parts of the PFM, to those bodies is not practical. A more proportionate approach is for the PFM to require the Accountable Officer to consider the governance arrangements for the body which they are the Accountable Officer for the relationship with. If there are then concerns over, for example, the body's approach to procurement then the Accountable Officer could include in the written agreement with the body that it must follow the procurement-related requirements set out in the PFM. Any such requirements are for those written agreements, not the PFM.

The Background and Introduction section of the PFM states:

> *"Arm's Length Bodies are encouraged to consider and adopt the requirements of this Manual, as applicable, tailored to their specific activities. They cannot be directed to follow the Manual without their agreement."*

The PFM includes several references to governance within ALBs, including the requirement to complete an ALB Governance, Risk and Compliance Checklist at least annually for each Arm's Length Body listed in the section that receives Government grant funding of £1 million or above per financial year.

The recommendation will be taken forward by making a minor amendment to the ALBs section for AOs to consider whether any PFM requirements could or should be included in written agreements with bodies.

9. **The response to Recommendation 10 (Oversight of ALBs) notes improvement of co-ordination between departments and SOEs on housing and land use. As this was agreed in principle with no new action, can you explain why, and set out Treasury's plan working with the SHR team to support and track better co-ordination?**

There are no specific plans to change the ways of working between Treasury and the Strategic Housing and Regeneration team. Both teams communicate regularly with each other and address new requirements together as they arise. They are committed to continual improvements that will support better coordination. Initiatives include taking a more formal approach to policy lead input before Minister for Treasury and Resources decision-making, such as by providing policy reports alongside the third-party assurance process relating to new development decisions.

Yours sincerely

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Treasurer of the States

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