BY EMAIL
Deputy Inna Gardiner
Chair, Public Accounts Committee
Scrutiny Office
States Greffe
Morier House
St Helier
JE1 1DD

29 August 2025

Dear Deputy Gardiner

Arm's Length Bodies, Grants and Subsidies Review

Thank you for your letter received by email on 6 August 2025 regarding the above noted review.

In responding I must highlight that The States of Jersey Development Company Limited ("JDC") does not receive grants, subsidies or sponsorships from the Government of Jersey, nor has it in the past 5 years and therefore assume that JDC will be outside the scope of the review.

Notwithstanding this, and in order to provide assistance, we respond as follows:

1. The total income of the Company for each of the past five years is set out in JDC's audited financial statements, as published on our website - link provided: Financials | Jersey Development Company

   JDC does not receive funding from the Government of Jersey or Government funded bodies.

   JDC owns a number of real estate assets from which it derives rental income and raises financing for its development projects through private arrangements with local banks on commercial terms. JDC also generates income (profit) on the sale of its completed development projects.

2. The ultimate objective of JDC, as stated in our Mission Statement, is:

   'to be the Government of Jersey's vehicle for regeneration and strategic property development in order to deliver a sustainable financial, social and environmental contribution to Jersey and its people'.

3. Our KPIs, set as specific objectives, are set on an annual basis and stated in our Strategic Business Plan (SBP), which is formulated and approved by the Board, and reviewed and approved by the Regeneration Steering Group and Shareholder on a

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triennial basis. The objectives set within the SBP are both high-level objectives for the next 10 years and specific detailed objectives targeted for that year, which are also itemised in our annual Company Scorecard.

The progress on these objectives are reported and RAG assessed at mid-year point and year end, with RAG assessment and success measurement commentary presented by the Executive Team, reviewed and approved by the Board and then presented to the Shareholder.

4. The Company's KPIs/scorecard together with the individual Executive Board Directors' KPIs/scorecards and level of discretionary bonus entitlement for the Executive Board Directors is approved in advance by the Shareholder.

   The bonus amount attributed for each Executive Board Director is determined by the Company's Remuneration and Nomination Committee that is made up of independent Non-Executive Directors. The Remuneration and Nomination Committee assesses the performance of each director against their approved individual KPIs/scorecard (that contain specific personal objectives), as well as the Company's overall performance against objectives. The bonus awards are then presented to the Board by the Remuneration and Nomination Committee for approval (with the Executive Board Directors recusing themselves for this item of business and decision). Once approved by the Board, they are shared for information with the Shareholder before payment.

   No redundancy or severance payments have been made to Senior Executives over the past 5 years and discretionary bonus payments made to Executive Board Directors are published annually on our website in our audited financial statements. Please refer to link: [Financials | Jersey Development Company]

5. JDC follows the principles of the UK Code of Corporate Governance and has a Governance Handbook setting out roles and responsibilities of the Board and the Executive, which is reviewed and approved by the Board biennially. Overarching this internal framework, JDC is subject to the rules set out in its Articles of Association, its MoU with the Shareholder, P.73/2010 that established JDC and P.88/2024 that amended the pre-sale hurdle on any residential developments that JDC undertakes and clarifies the position of let and unlet space in any commercial office development that JDC undertakes.

6. JDC is not subject to the Public Finances Manual and operates its own budget, with appropriate corporate policies on procurement and payments to ensure effective financial management and value for money.

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7. JDC's contribution to Island Outcome Indicators is set out each year in our Annual Report and Accounts, as published on our website [Financials | Jersey Development Company](#).

   Our ESG strategy follows a two pillar approach around People and Planet and takes into account the wellbeing of Islanders now and in the future when spending decisions are taken, ensuring the impact on future generations is always considered.

   JDC has identified that it has three spheres of influence: the Company, the Supply Chain and the Community, so we particularly contribute to Community Wellbeing and Environmental Wellbeing, focusing on reducing the carbon in use of our developments when occupied and creating vibrant and inclusive communities. Both of these contributions are covered by specific annual objectives within our SBP and granular Company Scorecard, the assessment of which is covered as part of question 3's response above.

8. JDC has an independent Board of Directors. Decisions taken by the Board align with the Company's SBP, objectives for the year and future development pipeline. For each decision requested, detailed papers are presented to the Board by the Executive using market analysis, sensitivity analysis, risk analysis, demand analysis, third-party costings, third-party sales/rental values and detailed future cashflow analysis.

   8a. The agenda for internal board meetings is set out within the annual Board and Committee and Shareholder meeting master timetable, presented for review as a standing agenda item in every Board Pack. Additional matters for Board decision or update are suggested as additions to the specific meeting agenda which is presented to the Chair of the Board for agreement in advance of the Board Pack being circulated to the Board members and attendees before each meeting.

   8b. Our board assurance framework is mainly covered by our Governance Handbook, reviewed, updated and approved at least biennially, and includes provision for both internal and external assurance reviews (for example, annual internal and external audit reviews as well as Board performance reviews).

9. On an annual basis the Board members and Executive team attend a Strategy Day to review the business, discuss and reconfirm the Company's strategy and consider the operating model.

   On an annual basis the Board reviews and approves the Company's budget for the coming year, with a focus on sustainable financial performance and value for the Island.

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As part of our governance framework we have a separate Deal Advisory Panel, which reports to the Board in advance of inception of any major transaction or development, which provides a thorough review of each significant capital project to ensure it is: financially viable, market value, strategically appropriate to the Company and aligns to the Government's strategic objectives.

Yours sincerely

L. Henry

Lee Henry
Chief Executive Officer

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