Public Accounts Committee

Arm’s Length Bodies, Grants and Subsidies Review

Witness: Chief Executive, Andium Homes

Wednesday, 5th November 2025

Panel:

Deputy I. Gardiner of St. Helier North (Chair)

Deputy K.L. Moore of St. Mary, St. Ouen and St. Peter (Vice-Chair)

Deputy R.S. Kovacs of St. Saviour

Deputy D.J. Warr of St. Helier South

Deputy K.M. Wilson of St. Clement

Mr. P. Taylor

Mr. V. Khakhria

Mr. G. Kehoe

Mr. A. Awan

Witnesses:

Ms. L. Wood, Chief Executive Officer, Andium Homes

Mr. P. Styles, Chief Finance Officer, Andium Homes

[15:36]

Deputy I. Gardiner of St. Helier North (Chair):

Good afternoon and welcome to the Public Hearing of the Public Accounts Committee. Today we are meeting the Chief Executive Officer from Andium Homes as part of our Arm’s Length Bodies, Grants and Subsidies Review. The questions will be around governance arrangements, remuneration of senior executives, relationship with the government and risk management but before we start with the questions we will introduce ourselves. I am Deputy Inna Gardiner, Chair of the Public Accounts Committee.

Deputy K.L. Moore of St. Mary, St. Ouen and St. Peter (Vice-Chair):
I am Deputy Kristina Moore. I am the Vice-Chair.

Deputy R.S. Kovacs of St. Saviour:
I am Deputy Raluca Kovacs, member of the Committee.

Deputy K.M. Wilson of St. Clement:
Deputy Karen Wilson, member of the panel.

Mr. V. Khakhria:
Vijay Khakhria, lay member.

Mr. P. Taylor:
Philip Taylor, lay member.

The Comptroller and Auditor General:
Lynn Pamment, Comptroller and Auditor General in attendance.

Deputy I. Gardiner:
Yes, and Deputy David Warr will join us shortly.

Chief Executive, Andium Homes:
Lindsay Wood, Chief Executive of Andium Homes.

Chief Finance Officer, Andium Homes:
Peter Styles, Chief Finance Officer, Andium Homes.

Deputy I. Gardiner:
Thank you. We have reviewed the memorandum of understanding when Andium Homes was established in 2014 and their recent one, which has been updated in September 2025. Would you please specify what objective changes happened over the 11 years since the first memorandum of understanding?

Chief Executive Officer, Andium Homes:
So the memorandum of understanding from when we were first established to now has changed in the sense that it specifies the relationship and is more prescriptive than it was before but Andium Homes objectives have remained the same since we incorporated, which is the delivery of affordable housing and ensuring that those homes meet the Decent Homes Standard and that we are providing

homes that that the Island needs to service the Affordable Housing Gateway rental list and the affordable purchase list. Although the wording has changed and the specific parts of the requirements of the relationship interactions have changed in concept it is the same.

Deputy I. Gardiner:
Was it led by Ministerial policy or was it led by your board and the representations from Andium?

Chief Executive Officer, Andium Homes:
It was a collaborative process to ensure that the memorandum of understanding met the Corporate Governance Code and the recommendations set by the C. & A.G. (Comptroller and Auditor General) as well and it became more formalised over time.

Deputy I. Gardiner:
Can you give specific examples?

Chief Executive Officer, Andium Homes:
An example of that would be the manner in which we liaise with the guarantor, with Treasury. In the very first M.O.U. (Memorandum of Understanding) it specified that we should have quarterly meetings. In the current M.O.U. it specifies we have quarterly meetings and it also specifies what would be on the agenda at those meetings, which would be a review of our strategic business plan and our K.P.I.s (Key Performance Indicators) and our risk profile and we also operate a no surprises approach so that we have very open dialogue. In practice those things were already happening but the new M.O.U. formalises those.

Deputy I. Gardiner:
What collaboration do you have with the Affordable Housing Gateway? How does the process work between you and the Affordable Housing Gateway?

Chief Executive Officer, Andium Homes:
All our rental homes are allocated through the Affordable Housing Gateway so our team, our letting team, work regularly with the Gateway team and we also work with them to extract statistics from the team. We regularly work with the Minister for Housing on the policy side as well.

Deputy I. Gardiner:
Does it mean that the Affordable Housing Gateway can direct you according to your engagement to prioritise?

Chief Executive Officer, Andium Homes:

We will use the criteria set by the Gateway to inform our letting, so we would be letting to people based on housing need and also prioritising them based on the band that they are in, so obviously prioritising band 1. If there are specific cases to be escalated the Minister for Housing has the ability to escalate those.

Deputy I. Gardiner:
Can you take us through achieving the objective to create long-term value for the guarantor through supporting the Government of Jersey's wider policy objectives by prioritising in full engagement with the activities agreed by the Policy Lead? How are you planning to increase long-term value for the guarantor, which is the States of Jersey?

Chief Executive Officer, Andium Homes:
I think that is already happening and will continue to happen. One of the ways we create value for government is the return that we pay to Treasury each year, so since we were incorporated we have returned over £300 million back to Treasury from our rental income and in all our activities we are a delivery agent for government policy so we provide value by housing 10 per cent of Islanders and investing in the quality of the homes.

Deputy I. Gardiner:
When Andium was first set up it was set up to ensure affordable housing and to improve the affordable housing stock for rental. It was not for new homes for sale.

Chief Executive Officer, Andium Homes:
That was part of the proposition in P.33/2013. There was a development programme put in place to seek to meet the demands of the rental gateway and also purchase requirements.

Deputy I. Gardiner:
We have Andium as a developer. You have probably heard from the previous public hearing and we have S.o.J.D.C. (States of Jersey Development Company) also developing affordable housing. The Ports of Jersey are going into some development and we have the government. How are the 3 States-owned entities working together on the developer function?

Chief Executive Officer, Andium Homes:
I took on the role of Chief Executive about 6 months ago and since that time I have liaised regularly with the other Chief Executives of the States-owned entities and we very regularly speak to government as our owner. The role of each of us is very different but where there is residential development with the other entities we would be talking about how Andium could support that and how we could manage those works collaboratively.

Deputy I. Gardiner:

Was your development included in the plan that government should present to the construction industry in December?

Chief Executive Officer, Andium Homes:

Yes, the pipeline.

Deputy I. Gardiner:

So you will be incorporated and it will be aligned?

Chief Executive Officer, Andium Homes:

Yes.

Mr. P. Taylor:

Every P.A.C. (Public Accounts Committee) meeting has to concentrate on remuneration, I am afraid. How is the remuneration policy set for Andium, in particular yours, the Finance Officer and the senior people in the organisation?

Chief Executive Officer, Andium Homes:

In accordance with the Corporate Governance Code I am not a decision-maker and Peter is not a decision-maker in terms of our own remuneration but there is a robust process in place and it meets the requirements of the Corporate Governance Code. That includes our Remuneration and People Committee reviewing our performance and considering the remuneration for the next period. That is then reviewed by the board and then there is final sign-off by the guarantor.

Mr. P. Taylor:

That as far as you know is discussed with the Housing Department or the Minister or in Parliament, whichever one it is?

Chief Executive Officer, Andium Homes:

It would be the Minister for Treasury and Resources.

Mr. P. Taylor:

The Minister for Treasury and Resources, okay. In terms of performance bonuses, how does that process work?

Chief Executive Officer, Andium Homes:

Again it is not a decision by myself but like anyone else I have objectives at the start of the year, which are agreed with myself and the board and also the Treasury and then my performance against those objectives is assessed at the end of the year.

[15:45]

Mr. P. Taylor:
So having dealt with your particular situation, how does it work for everybody else in the organisation?

Chief Executive Officer, Andium Homes:
We have a remuneration policy in place, which is overseen by the Remuneration and People Committee and for senior members of the team their remuneration is approved by the Remuneration and People Committee and the wider colleagues are reviewed by the Executive Directors in overview in collective terms and are reviewed and approved by the Remuneration and People Committee and the board.

Mr. P. Taylor:
With regard to the board as a whole, how many non-executive directors do you have?

Chief Executive Officer, Andium Homes:
I think it is 6.

Mr. P. Taylor:
That seems quite a lot.

Chief Executive Officer, Andium Homes:
They all have very different skillsets and bring something different to the table and they are ultimately to provide strategic direction and oversight for the company as a whole.

Mr. P. Taylor:
If I was to look at a U.K. (United Kingdom) public company who was in the business of developing residential properties it would not have 6 non-executive directors, would it?

Chief Executive Officer, Andium Homes:
If I was looking at housing associations in the U.K. they would likely be a similar size or sometimes larger with the ones I have seen.

Mr. P. Taylor:

Their remuneration is determined by?

Chief Executive Officer, Andium Homes:

There is a process for their remuneration as well, which involves sign-off by Treasury is my understanding.

Deputy I. Gardiner:

Lindsay, I have been asked if you can speak up because I have received feedback that you are difficult to hear online and in the room as well, because this room is echoing. Thank you.

Mr. P. Taylor:

Now moving on to key deliverables, what are the key deliverables that you have delivered in the last 2 or 3 years that you are most proud of?

Chief Executive Officer, Andium Homes:

That we are most proud of? We have got a lot of deliverables that we are proud of. This year alone we have delivered 307 new homes across our estates, our new developments at Maisons Les Arches by the Grand Marché and also the Mayfair Hotel and we have also entered into contracts to deliver a further 600 homes from this point including the development of 4 of the Island Plan fields, which will deliver 250 family homes. We have also successfully and efficiently let those homes and we have created a number of homeowners. We have created almost 600 homeowners since we were incorporated and we have many more products available.

Mr. P. Taylor:

Okay, so in terms of the deliverables you hope to achieve which ones did not go as well?

Chief Executive Officer, Andium Homes:

There are always challenges along the way. That is a difficult one to say. It is certainly a challenging environment but we stress test our deliverables and so we are prepared for that environment.

Mr. P. Taylor:

You have your K.P.I.s agreed in terms of outcomes with the Government. What are the outcomes that were perhaps not as you anticipated them to be?

Chief Executive Officer, Andium Homes:

In the last 2 or 3 years particularly Andium has been faced with a number of major incidents including the flood at Grands Vaux and Storm Ciarán and that did impact our ability to let homes as quickly as we would have liked. During that period our transition between tenancies, which we aim to keep within 25 days, did go over target but we have brought that back within target now.

Mr. P. Taylor:

Okay, so on the whole it has been pretty good?

Chief Executive Officer, Andium Homes:

It has been a challenging period but the results are good.

Deputy I. Gardiner:

How do you meet the principles set out within the Public Finance Manual and how do you monitor your performance against them?

Chief Executive Officer, Andium Homes:

The Public Finance Manual does not apply to Andium Homes but we do meet the general principles of it. The reason why we do not follow it specifically is because it has different escalation and different approval mechanisms. For example, certain things will be escalated to the Treasurer within the Public Finance Manual whereas in our case it would be to the C.F.O. (Chief Finance Officer). We have our own company policy manual but when we are developing that policy we look at the Public Finance Manual as well.

Deputy I. Gardiner:

So what internal processes do you have to ensure compliance with financial governance standards in that sense?

Chief Executive Officer, Andium Homes:

With our policies and also our accounting standards. We have a robust policy manual and we also have our annual report and we have that audited to ensure that we meet the requirements of the financial reporting standards and make sure we obtain a clean audit report and our policy manual to ensure that we meet the policies within that. We have a number of robust processes such as a financial scheme of delegation and approval limits and ensuring that there is good segregation of duties within all our procedures.

Deputy I. Gardiner:

How do you address any audit recommendations in that sense?

Chief Executive Officer, Andium Homes:

When we have recommendations from auditors we look at them and decide if we are going to adopt them. As with most companies we receive an audit report, the findings from the audit, and we look at any recommendations and address those within the company. The next year when the auditors come back they will assess how we have adopted those recommendations.

Deputy I. Gardiner:

How is your organisation aligned to Island outcome indicators and how do you measure your contribution to that?

Chief Executive Officer, Andium Homes:

Everything we do is in response to government policy so our whole business plan and our delivery is built around government policy. Predominantly for us that is affordable living but it is also vibrant and inclusive communities. We also play an important role in health and well-being of the people living in our homes including children, of which there are many living in our homes, and we also contribute towards the built environment with our development plan. When we are developing our business plan we develop K.P.I.s that go along with that including the number of new homes, our homes meeting the Decent Homes Standard and the efficient letting of our homes and the creation of homeowners, for example.

Deputy I. Gardiner:

The K.P.I.s you mentioned there are used to demonstrate progress against these indicators. Can you give some examples?

Chief Executive Officer, Andium Homes:

In terms of affordable living, for example, it is how we are providing the new homes and ensuring that our homes are fully occupied and that our homes are let through the Affordable Housing Gateway.

Deputy I. Gardiner:

How do you communicate to government and to the public this result and measures?

Chief Executive Officer, Andium Homes:

We report that to Treasury and to our board quarterly and then we provide a quarterly report to government that includes results against those K.P.I.s. Those K.P.I. s are also reported in our annual report.

Deputy K.M. Wilson:

Could you tell us how regularly you meet with government and what format the meetings take?

Chief Executive Officer, Andium Homes:
The M.O.U. specifies that we meet with government once a quarter and that would include Treasury and Housing representatives and that is a formal part of our interactions. In reality we meet much more frequently than that and at various levels within the organisation. I meet monthly with the Minister for Housing and that includes the Andium Chair joining us and officers from time to time and I am regularly in contact with Head of Shareholder Relations at Treasury as well. Among the Andium team at different levels officers are meeting regularly with the Housing and Treasury teams.

Deputy K.M. Wilson:
How do you manage the relationship between the policy directives that are set by the Minister and your stakeholder relationship with government?

Chief Executive Officer, Andium Homes:
Is that between the housing policy and Treasury? Treasury are our guarantor so they act as our shareholder so we meet with them on a regular basis and are accountable to them. Our role is to deliver government policy and specifically housing policy so we find the balance in terms of how to do that. For example we will apply the rent policy set by the Minister for Housing. We will look at Investing in Jersey and how we can play our part in that and holistically it is a very collaborative process between Andium, the Minister for Housing and Treasury. An example of that is that Treasury are required under the M.O.U. to approve our business plan each year and their approval would come after them seeking the Minister for Housing's approval of the plan.

Deputy K.M. Wilson:
Have there been any times when collaboration has been difficult to achieve your objectives?

Chief Executive Officer, Andium Homes:
It is a complex environment in terms of delivering homes and servicing the needs of the Island, of which there are complex needs and it is a complex environment at the moment. The important thing is that we are maintaining a very collaborative approach to our discussions and that has been very positive.

Deputy K.M. Wilson:
So what you are saying is that there is never a time when you cannot collaborate?

Chief Executive Officer, Andium Homes:
I have not had an experience where we could not come to a solution together even if it is a complex matter.

Deputy K.M. Wilson:

In terms of the way in which you manage your public service obligations can you tell us how you work on that basis and what you are required to do? Do you have a public service obligation agreement at all?

Chief Executive Officer, Andium Homes:

I am not familiar with that terminology. If you could explain it a little bit.

Deputy K.M. Wilson:

In terms of what your contract for services is with government, how does that work? What are you obligated to do for government?

Chief Executive Officer, Andium Homes:

Our business model is entirely as a delivery agent for government. One of our contractual arrangements with government is to deliver a financial return to government each year, which currently stands at £29 million each year. That is a contractual obligation. We also have obligations within the M.O.U. whereby Treasury are required to approve certain things that we do. We would only enter into contracts for development or additional borrowing and we would only finalise a business plan once we have had Treasury approval for each of those matters. There is that level and also on a regular basis we are working with other agencies supporting people into our homes and supporting successful tenancies once in those homes.

Deputy K.M. Wilson:

On average how many times a year do you have to go back to Treasury for approval?

Chief Executive Officer, Andium Homes:

That does depend on how many contracts we are seeking to enter into, so for formal approvals there would be an annual approval of the business plan and also the annual report, any new projects and any new borrowing. So the projects and the borrowing is more ad hoc.

Deputy K.M. Wilson:

Finally from me, in terms of the government's arrangements between yourself and government in relation to providing emergency accommodation could you explain how that works and how you manage that?

Chief Executive Officer, Andium Homes:

The homes that we let will be in priority order on the Gateway, so we do not classify it as emergency accommodation. Emergency accommodation is generally provided by agencies such as Shelter Trust, Freeda, Sanctuary Trust but we work very closely with those agencies to help people transition into permanent tenancies with us and when we let those tenancies it will be in priority order so those in the most urgent need would be housed first.

Deputy K.M. Wilson:

Have you done any evaluation around the way people experience that whole scenario around trying to get a home under an emergency situation? I have personally experienced through some of my constituents some issues that have been problematic for them.

Chief Executive Officer, Andium Homes:

Issues with Andium?

Deputy K.M. Wilson:

Yes.

Chief Executive Officer, Andium Homes:

Okay. I would be interested to hear more from you about what difficulties they have experienced. Certainly once they are on the Gateway list we can then support them into a suitable home. We do work very closely with other agencies and we are here to provide homes for the people who need them the most so if there are cases where you feel people have had concerns it is important that we hear that feedback so we can act on it.

Deputy I. Gardiner:

I would like some follow-up just on the mechanism between Andium and government because we are looking into the relationship and governance arrangement between Andium and government. Recently the statistics were published about the number of families or single parents that are classed as homeless. I think it was 15 that are currently in a hotel. It can happen very quickly through domestic abuse, single mother or father with a child, homeless, and they get put into a hotel. Obviously it is government responsibility. It is coming to the government. Do you hold emergency accommodation stock, for example? When this situation has happened these particular people via the government could come to Andium and say, "We have emergency accommodation. Take care of them" as a first port of call or does the government … how does it work? How will government make a decision when they get a telephone call at 10.00 p.m. on a Saturday evening that they have an emergency? Do they go first to Andium or do they go first to a hotel?

[16:00]

Chief Executive Officer, Andium Homes:

Okay, so we do not hold accommodation specifically categorised as emergency housing. We provide permanent tenancies to people to live in our homes for a long period of time or as long as they want those homes. What we will do is prioritise those cases so once they are assessed as meeting the criteria by the Gateway team we will be able to house them very quickly because of the amount of new homes that we are delivering at the moment. We have had the 307 new homes this year plus we have natural turnover of about 300 homes each year so we can house people who meet the criteria.

Deputy I. Gardiner:

So if I have got it right unless it has gone through some process of an assessment on the day of the emergency the government would need to go to other agencies and not to Andium?

Chief Executive Officer, Andium Homes:

On a very temporary basis, yes.

Deputy I. Gardiner:

I am talking about the emergency. Obviously if somebody is in band 1 and they are in Shelter Trust accommodation, but we are trying to establish if there is any arrangements.

Deputy K.M. Wilson:

What do you see as the standard for an emergency response?

Chief Executive Officer, Andium Homes:

There is a difference between the emergency response and the offering of a permanent tenancy. Our role is to offer the permanent tenancy. If we are asked to provide emergency housing we can look at how to respond to that but our role at the moment is to provide permanent tenancies to people through the Gateway. We can prioritise people in those urgent situations and house them very quickly.

Deputy K.M. Wilson:

What does that mean, “very quickly”?

Chief Executive Officer, Andium Homes:

In a matter of days.

Deputy K.M. Wilson:

Days?

Chief Executive Officer, Andium Homes:

Yes. At the moment because of the level of new delivery that we have and because of the high priority we would be housing people in a matter of days. The waiting times for social housing have reduced significantly in general terms but for emergency accommodation such as that it would be very quickly.

Deputy I. Gardiner:

If you have stock why do we still have 250-plus, maybe even more, I do not remember now, but it is definitely in excess of 200 people on band 1? I think band 1 is just under 300 people and you have stock. Why is band 1 so expansive?

Chief Executive Officer, Andium Homes:

There was a headline in the *J.E.P. (Jersey Evening Post)* recently suggesting that there was a 3-year waiting list for social housing, which was looking at statistics over a 5-year period.

Deputy I. Gardiner:

No, no, I am talking about the latest statistics, how many are registered on band 1, not about the waiting time. Let us waive the waiting time.

Chief Executive Officer, Andium Homes:

Just to finish that point, the waiting times have come a long way in general terms and also specifically in band 1. The biggest demand we have currently is for one-bedroom accommodation and we are housing people generally within 4 months for one beds in band 1. For 2 and 3 beds it is much quicker. For 2 beds it can be within a couple of weeks but the average waiting time is 3 months at the moment.

Deputy I. Gardiner:

So 4 months for one bed and you have …

Chief Executive Officer, Andium Homes:

For 2 beds in band 1 it is an average of 3 months.

Deputy I. Gardiner:

Three months for 2 beds?

Chief Executive Officer, Andium Homes:

Yes.

Deputy I. Gardiner:
And for 3 beds?

Chief Executive Officer, Andium Homes:
Less than a month.

Deputy K.M. Wilson:
Sorry, can I just ask why does it take so long?

Chief Executive Officer, Andium Homes:
It is waiting for the accommodation to become available. That is the average. If it is a very urgent case and it is prioritised as very urgent it would be much quicker than that.

Deputy K.M. Wilson:
But the issue is supply, so if you are saying that the supply is greater then why do people still wait as long to be accommodated if the supply is already there?

Chief Executive Officer, Andium Homes:
The supply is increasing significantly but if you think over the 5-year period the average was 5 years and it has come down to an average of 3 months for 2 beds that is a significant change in the landscape.

Deputy K.M. Wilson:
That is because your supply has gone up. So my question is you have expanded the supply so what you have said is that that should be a solution to having accommodation quicker and sooner. Why does it still take 3 months to get there?

Chief Executive Officer, Andium Homes:
As an average 3 months waiting for social housing has come a long way. If we had enough stock that people were coming in and going off the list immediately we would need to continue to deliver, which we are, but that is the wait time at the moment based on the supply that we have delivered.

Deputy K.M. Wilson:
Do you see that coming down?

Chief Executive Officer, Andium Homes:

That depends on how the list evolves. Because of the additional supply that we have delivered the criteria to join the list has broadened. It still lets in priority order but the criteria to join is broadened and that means that people have more choice now to seek social housing on the Island, which has provided opportunities to many more people but we would still prioritise those in band 1.

Deputy K.L. Moore:

Staying with that topic a little, I seem to recall that when the housing reform was put into place and Andium was created there was a long debate about benchmarking. Is there still a benchmarking exercise being conducted so there might be comparison points on waiting times that you could talk to.

Chief Executive Officer, Andium Homes:

We do benchmark so there is an industry body in the U.K. called Housemark and we benchmark our results against those wherever possible. The waiting times are a Gateway function rather than an Andium function so we do not have a performance indicator against those but generally reading the news and knowing about social housing in the U.K. the waiting times would be considerably longer in the U.K. generally than they are on the Island here.

Deputy K.L. Moore:

Of course yourselves produce an annual report every year but I do not believe the Gateway does produce that benchmarking report.

Chief Executive Officer, Andium Homes:

I do not know. They do produce a monthly report on the statistics on the Gateway and I think they are looking at developing that reporting.

Deputy K.L. Moore:

That might be something that could be looked at in future elsewhere. Back to your own governance arrangements, is there a process set in place if there was feedback or a method for raising concern between yourselves and your shareholder, a formal process that should be followed if there is a concern or issue to raise?

Chief Executive Officer, Andium Homes:

An example of that would be something happening that Andium … could you explain the question, sorry?

Deputy K.L. Moore:

Yes. If the shareholder has feedback or a concern to raise, so, say for example they feel that part of the M.O.U. there is a lack of performance, and this is just by means of example, what process should they follow?

Chief Executive Officer, Andium Homes:
That is very much part of our regular dialogue so they would see our performance in our quarterly reporting and when we meet quarterly they would be passing comment on that if they were concerned about performance. They would be speaking to myself and the C.F.O. and also to the board as part of their oversight role.

Deputy K.L. Moore:
Would there be a transparent process for reporting that from the shareholder perspective?

Chief Executive Officer, Andium Homes:
Yes, so we would deliver that quarterly report with all those results to the shareholder and the results are also reported in the same way in our annual report, which is a public document.

Deputy I. Gardiner:
Has feedback from the shareholder resulted in any recent governance changes?

Chief Executive Officer, Andium Homes:
It is a very iterative and collaborative process. I cannot think of any specific ones at the moment but I can consider that and come back.

Deputy D.J. Warr of St. Helier South:
Just around the build programme obviously I am quite familiar with where you are going with this, the objective assessment of housing need was the original point at which Andium's delivery programme was put in place and it is a 10-year programme and you are doing this. Do you think there is enough flexibility in that for you to adapt to the changing need? You have built a significant number of 2 bedroom and one bedroom homes. There are these family homes being developed and I know you are developing some of them. Is there any mechanism that says: "We have got to stop building 2s and ones" in your programme to adapt to the changing market conditions? How do you react to that or is your reaction just to simply sell off property to accommodate that rather than rent it? Is that a solution for you?

Chief Executive Officer, Andium Homes:
With our build programme there is an element of time because it takes several years from planning to homes being delivered but our build programme is fundamentally there to react and respond to

the demands of the Affordable Rental Gateway and the Assisted Purchase Pathway demand. We will be looking at how to adapt our delivery off the back of that. What we know is that there is a lot of demand for one beds for rental and we have delivered a lot of one beds and we have now broadly satisfied the demand for 2 beds for rental but we also know there is a lot of demand for family homes and a lot of demand for purchase. We will be looking at the homes that we are delivering and determining the tenure as we get closer to completion. On the Island Plan fields, for example, where we are transitioning now from delivering apartments in town to family homes on the Island Plan fields there will be a mix of rental and purchase opportunities.

Deputy D.J. Warr:

One of the reasons though you are presumably selling more property now as opposed to … because historically you used to sell your used homes as it were to top up the budget and make the budget happen. Now you are selling new build homes on the Andium home buy schemes et cetera. The question is what you are seeing because of the change in the rental demand, is that forcing you then to start selling some of your stock because of that change in demographic and we are not seeing the population grow in the way it was, et cetera, but you still have got a build programme that has been set a decade ago. You have got a big machine and you have got to somehow divvy up those homes. Is that why Andium is now in the selling homes market much more than they were maybe 2 or 3 years ago?

Chief Executive Officer, Andium Homes:

So we are selling more homes now because we are delivering more homes.

Deputy D.J. Warr:

Okay, but historically you would have rented them.

Chief Executive Officer, Andium Homes:

The plan was always to have a mix of rental and sales. We sell approximately 60 of our existing homes each year and that is all through Andium Homebuy so this is creating home ownership opportunities for people who would not be able to purchase in the private sector and then with the new homes initially we rented a lot of them while we were doing major refurbishments of our existing stock of homes as well but the plan was always to get to this stage and move to more of a model of rental and sale. We know that there is demand for both of those tenures. It did not happen earlier because we were not delivering enough homes but it was always the plan that once we started to deliver more that we would provide more opportunities to buy.

Deputy K.M. Wilson:

I want to move on to your approach to identifying your strategic and operational risks. Could you talk us through your process and how you report this to the board and also to the stakeholder, to government?

Chief Executive Officer, Andium Homes:

We follow the Corporate Governance Code. We have the Treasury as our guarantor. We have the board and we have the subcommittee of the Risk and Audit Committee among other subcommittees and then we have the team within Andium led by myself and the C.F.O. The Risk and Audit Committee review our risk policy and that is approved by the board. Key aspects of that are maintaining a risk register and also an internal control function that we operate within the company. We report the findings from our risk register and also the internal control function to the Risk and Audit Committee regularly and also to the board regularly.

Deputy K.M. Wilson:

What would you say are your top 3 risks?

Chief Executive Officer, Andium Homes:

We have a number of significant risks that we report in the annual report. Some of them are ongoing risks that we manage, such as the health and safety of the people in our homes and business continuity and managing major incidents. Some of the more strategic risks are about monitoring changing government policy because our whole business is built around government policy, notably the rent policy and the risk of us not being aligned with government, because that is absolutely crucial to our business and managing our growth as we are delivering lots of new homes. Also fundamental is managing our long-term financial stability.

[16:15]

Deputy K.M. Wilson:

Are there any examples out of those risks where risk mitigation strategies have been implemented following a review of your risk profile?

Chief Executive Officer, Andium Homes:

Yes. Certainly when we have had major incidents such as the storm our mitigation at that point is to urgently go out to complete the works and there is some risk in that because we are expending more on our homes than we anticipated at that point. That is something that we have managed over the recent period where we have encountered incidents such as that. We have also had changes in government policy. The rent policy was changed 2 or 3 years ago to an 80 per cent rent policy and the mitigation there was to work very closely with the Minister for Housing and Treasury and there was an adjustment made to the mechanism of our return that we pay to government as a mitigating factor, which partially covered the cost of that change in policy. There are a number of examples where we will adapt the model to the environment around us.

Deputy K.M. Wilson:

Iin terms of your risk mitigation do you lead that or is that shareholder-led?

Chief Executive Officer, Andium Homes:

We would lead that so our responsibility is to manage the risks of Andium Homes but to collaborate and be very transparent with government and it is part of our ongoing communications to be talking to them in that no surprises approach but the Andium board is responsible for managing the risk.

Deputy K.M. Wilson:

So it is a shared risk approach that you are talking about.

Chief Executive Officer, Andium Homes:

The risk is owned by the Andium board but we collaborate closely with government to ensure that we are aligned.

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Deputy K.M. Wilson:

I want to move to the level of borrowing against current capital held. Can you confirm what that is at this moment in time?

Chief Executive Officer, Andium Homes:

Our debt at the moment is about £470 million.

Deputy K.M. Wilson:

Against what is your asset base again?

Chief Executive Officer, Andium Homes:

Our asset base is £1.4 billion.

Deputy K.M. Wilson:

What is your gearing on that?

Chief Executive Officer, Andium Homes:

I would have to do the maths but it is about 35 per cent.

Deputy K.M. Wilson:

In terms of talking about the procedures for Andium borrowing any further funds can you tell us how that happens and what way you go about that?

Chief Executive Officer, Andium Homes:

We have a funding strategy in place. All our funding is taken out to enable us to deliver new homes, so we assess the level of borrowing required for each individual project but we have an overarching funding mechanism, which is a more efficient way of borrowing money so we are borrowing money for the whole capital programme in stages and to determine how to move forward with that we use independent financial advisers to provide advice on the best form of borrowing available to us. That is then presented to our Risk and Audit Committee and our board and there is approval also by Treasury before we can enter into that borrowing. Once we have those approvals we will go to the market and seek borrowing within the parameters of the approvals granted.

Deputy K.M. Wilson:

Do you get that arrangement in place only through obtaining the independent financial advice or is there a time when you could just go straight to government to ask their advice on how you should raise those funds externally?

Chief Executive Officer, Andium Homes:

We do talk to government about what our plans are and we liaise closely with the officers within government who are responsible for securing debt for government, so we leverage off that relationship and their experience but the decision about the type of debt is formulated by Andium and approved by the Andium board and then approval is secured from government but it is us leading that.

Deputy K.M. Wilson:

So your financial burden, if I can put it that way, or risk, is dependent on what the external borrowing conditions are as opposed to what guarantees government provide you or do they align on that basis?

Chief Executive Officer, Andium Homes:

It is all interwoven so when we go out to the borrowing market we do not go out with a guarantee from government but we do go out and explain our relationship with government and that does influence the appetite of lenders and therefore we are able to secure borrowing on very preferential terms close to or very close to the levels of borrowing rates that government can secure.

Deputy I. Gardiner:

Any other questions from the members? I have 2 very quick questions. What are the expectations for further borrowing in 2026?

Chief Executive Officer, Andium Homes:
I would have to hand over to Peter Styles for that because I am not C.F.O. anymore.

Chief Finance Officer, Andium Homes:
We are currently in a process of taking out some additional borrowing or expanding our existing revolving credit facility so that is a relatively small top-up on that facility just to allow us to manage our Treasury Management Policy, which determines the level of liquidity that we need. This is not about a cash requirement. We have sufficient cash for our capital programme but we have a very prudent Treasury Management Policy that looks at the level of liquidity so that looks at our forward commitments of any contract work and operational expenditure and makes sure that we have sufficient facility in place to cover that should we need to. The reality is the operational income covers that in the short term but it gives us that liquidity. We are in the process of topping up that existing facility.

Deputy I. Gardiner:
So now we have on your balance £432 million by December 2024. What will you have on your borrowing balance by December 2025 or December 2026?

Chief Finance Officer, Andium Homes:
Our existing revolving credit facility allows up to £250 million.

Deputy I. Gardiner:
Yes, but we are looking at total borrowing because any liabilities that we have with you are public liabilities. It does not matter if it is government borrowing or if it is external borrowing so we are looking at the total liability that you have.

Chief Finance Officer, Andium Homes:
For withdrawn borrowing it will be approximately £500 million by the end of this year.

Deputy I. Gardiner:
Okay and 2026?

Chief Finance Officer, Andium Homes:
For 2026 it will go up probably another £100 million-odd in total. The total facilities in place will be over £600 million, £627 million I think next year.

Deputy I. Gardiner:

Another very specific question, do you follow any specific governance framework in your governance arrangements for Andium?

Chief Executive Officer, Andium Homes:

For our accounting or …

Deputy I. Gardiner:

As your internal governance arrangements between the company and your board and the government. Do you follow any framework?

Chief Executive Officer, Andium Homes:

We follow the Corporate Governance Code.

Deputy K.M. Wilson:

In terms of the way you spend money is all of it invested in capital development or what percentage of your investment from your shareholder or your guarantor is spent on supporting the development of communities and the enhancement of the community estate that you are providing for? Can you give us an understanding of how that splits out?

Chief Executive Officer, Andium Homes:

So the majority of our borrowing is to fund the development of new homes but we also invest significantly in the homes and communities that already exist, the 5,000 homes under management, so we have completed the major refurbishment of over 500 homes since we were incorporated and we are developing a programme to further raise standards with more major refurbishments over the next several years. We have operational expenditure as well in terms of community engagement activities and improving places in between the buildings and investing in raising those standards.

Deputy K.M. Wilson:

What contingency funds would you set aside for all your portfolio to address ongoing things such as maintenance and stuff like that?

Chief Executive Officer, Andium Homes:

We invest approximately £18 million a year in the maintenance of our existing homes.

Deputy I. Gardiner:

Thank you for your time and thank you for your answers and the public hearing is closed.

[16:24]