States of Jersey
States Assembly

États de Jersey
Assemblée des États

Public Accounts Committee

Arm's Length Bodies, Grants and Subsidies Review

Witness: (Chief Executive, Jersey Development Company)

Wednesday, 15th October 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

Witnesses:

Mr. L. Henry, Chief Executive Officer

Ms. J. Greenwood, Finance Director

[15:30]

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

Good afternoon and welcome to the Public Hearing of the Public Accounts Committee. We will question today the Chief Executive for States of Jersey Development Company on governance arrangements, remuneration of senior executives, relationship with Government, and risk management. Before we continue with the Public Hearing, we will start with introductions. Deputy Inna Gardiner, Chair of the Public Accounts Committee.

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

Deputy R.S. Kovacs of St. Saviour:
Deputy Raluca Kovacs, Member of the Panel.

Deputy D.J. Warr of St. Helier South:
Deputy David Warr, Member.

Deputy K.M. Wilson of St. Clement:
Deputy Karen Wilson, Member.

Mr. G. Kehoe:
Glen Kehoe, Lay Member.

Mr. P. Taylor:
Philip Taylor, Lay Member.

Mr V. Khakhria:
Vijay Khakhria, Lay Member.

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

Deputy I. Gardiner:
Please introduce yourself.

Chief Executive Officer:
Lee Henry, C.E.O. (Chief Executive Officer) at Jersey Development Company.

Finance Director:
Judy Greenwood, Finance Director at Jersey Development Company.

Deputy I. Gardiner:
Thank you. The first line of questioning, we will start with Philip.

Mr. P. Taylor:
You have been in this post for quite some while, have you not, Lee, if I am right?

Chief Executive Officer:

I have, yes, in this position for nearly 14 years.

Mr. P. Taylor:

The reason I am asking is because the memorandum of understanding between the government and J.D.C. (Jersey Development Company) has changed in September 2025. How do you view those changes?

Chief Executive Officer:

So I think the changes on the M.O.U. (Memorandum of Understanding) were primarily to align all S.O.E.s (States Owned Enterprises) with the same framework of M.O.U., the same format of M.O.U., and also to bring those provisions in alignment with the latest corporate governance code. So the changes that were made to the M.O.U. that were introduced by the shareholder, presented to the company for comment, were accepted by the board. It did not alter in any way the level of engagement and process that we have with our shareholder.

Mr. P. Taylor:

Was it consolidating what you already did?

Chief Executive Officer:

In a way, in the main, yes. I think the previous M.O.U., the changes were not of a significant nature from the M.O.U. that we had in place, I think, from 2021, possibly, or slightly earlier.

Finance Director:

May 2022.

Chief Executive Officer:

May 2022. Thank you, Judy.

Mr. P. Taylor:

To what extent were you involved in that?

Chief Executive Officer:

So the changes were presented to the company, and they were then formally considered by the S.o.J.D.C. (States of Jersey Development Company) board. As I say, there was not any significant points of disagreement within those changes, and they were readily accepted and then adopted.

Mr. P. Taylor:

Now, you are there for the generation of States owned management of housing, and various other projects. To what extent do you liaise with other agencies that also have the same objectives, such as Andium Homes, for example, do you work collectively?

Chief Executive Officer:

So I think it is obviously fair to say that the remit of Andium Homes and the Jersey Development Company is very different. Their focus is obviously on delivery of social housing, whereas our focus is on mixed-use commercial development. However, we do meet on a regular basis. We knowledge share, particularly in terms of modern methods of construction, health and safety. I am meeting, well, hopefully, because I believe she is unwell, but I am due to be meeting with the Andium C.E.O. this Friday. So we do meet at least quarterly, both now at C.E.O. level, but also other members of our project team meet. So I think Andium's head of construction now and our projects director meet to talk and discuss health and safety and other site delivery matters.

Mr. P. Taylor:

Do you liaise in terms of the phasing of the work? The reason I say that is because there is a restricted amount of work that can be done by the construction industry in Jersey at any one time. If you all go at the same time, it will push up costs.

Chief Executive Officer:

Agreed. The Government has taken the lead on this at the moment and is due to be presenting to the construction industry in Q.4 (quarter 4) of this year, effectively a programme of construction work, forecast construction pipeline. That is effectively to, first of all, inform the market and the industry as to what is due to be coming down the track, to then assess the capacity, and the Economy Department Chief Economist is going to be inputting into that as well to assess what the capacity is of the industry. It is also to ensure that the construction industry is prepared, both in terms of skills, training, et cetera. That said, in an ideal world, I absolutely agree, we would not be releasing projects to the market at the same time, for example. You would always look to phase that in a certain way. The first 9 to 12 months of any project is focused around the below ground works, if there are any, and delivering the superstructure of a contract, where there are fewer personnel on site. It is really during the fit-out period when the numbers of site personnel will significantly increase. You really do not want to have several projects at fit-out stage at the same time, because that can cause capacity issues. When you are in a heated market, yes, it can be. I think the other scenario, though, that we find ourselves in, particularly on a commercial office delivery, is we have to deliver and make commitments against that tenant's timelines, that in the main is effectively fixed by their lease expiry. So we potentially do not have the benefit of delaying 3 to 6 months on that type of project. We need to proceed on that committed timeline that we have set out with that particular tenant.

Mr. P. Taylor:

One of the objectives here is to create jobs, support the Island's economy. How do you do that?

Chief Executive Officer:

So I think we, as the work that we carry out, we create jobs on several levels. First of all, through the construction activity that we carry out, all of our deliveries to date have been delivered by local main contractors who employ local teams in their capacity, and also the subcontract market as well. So there is local employment delivered as part of our physical constructions on site. We then have, in the case of the financial centre, the I.F.C. (International Finance Centre), we are delivering modern best-in-class office accommodation to provide for the needs of the financial services industry. We have heard in other jurisdictions where there is not the capacity and the availability of office space, they will look to grow their businesses elsewhere. So it is ensuring that, first of all, the retention of those businesses on Island, and also giving them the future growth potential that, again, will try and maintain that footprint on Jersey.

Mr. P. Taylor:

I am going to go off-piste with my chair's permission, but if you did not exist, that would happen anyway, potentially.

Chief Executive Officer:

But there is no guarantee that it would, and I think that the work that we are carrying out and the deliveries, particularly at the I.F.C., it is now widely recognised among the industry that the quality of those office buildings is significantly different to other developments within St. Helier.

Mr. P. Taylor:

I might come back to that. I have got another question first. In one of your objectives here, it talks about deliver projects which are community-focused and include a high-quality open spaces and areas for use by all Islanders. Are you achieving that objective?

Chief Executive Officer:

So the company and its predecessor, W.E.B. (Waterfront Enterprise Board), delivered significant areas of new public realm on the waterfront, and the company, through the change in articles, et cetera, has inherited those land holdings. But when it was the Waterfront Enterprise Board, W.E.B. was responsible for delivering Les Jardins de la Mer, for delivering Marina Gardens above the waterfront car park, and responsible for relocating the buses from the Weybridge into Liberation Station and converting the Weybridge into the public space that it is today. Effectively, a dividend in specie back to Government for the transport centre that was delivered at Liberty Wharf. Since

J.D.C. has been established, we have delivered Trenton Square within the I.F.C., and the streets and open spaces around Horizon Development down on the waterfront have been added to that public realm.

Mr. P. Taylor:

Do you think the way you are structured, given what you have to do, is the best way to deliver these objectives? Could it be done by the private sector, a private sector entity, for example, or a series of private entities? Would it have to go through States of Jersey Development Company?

Chief Executive Officer:

I think the predecessor to Jersey Development Company was the Waterfront Enterprise Board, and the Waterfront Enterprise Board was effectively a land seller. It did not have development abilities within its remit. So we were reliant on the private sector to deliver those projects. I think, when you look at the quality of public realm, and look at the quality of some of the buildings that were delivered by the private sector, that is the ...

Mr. P. Taylor:

I am not questioning that. I am just wondering whether or not all that could be done by a private sector entity.

Chief Executive Officer:

I do not ...

Mr. P. Taylor:

They also produce high quality buildings and great infrastructure.

Chief Executive Officer:

I think Jersey's experience of that has not necessarily been the case in all instances in the past, and I think the below-par deliveries was one of the reasons that Jersey Development Company came into existence. If you walk around the waterfront leisure complex, for example, at the concrete paving, the lack of trees, et cetera, that was a private sector delivery.

Mr. G. Kehoe:

Lee, are you saying then that basically the policies are not in place to be able to make sure that a private company adheres to things that help the citizens of the island?

Chief Executive Officer:

Well, I think that ultimately the balance between what one might decide to divert from their profits into public infrastructure, public realm, is one that we will be operating in the lower quartile of returns because we look to balance more the kind of social community content of our projects. The private sector would not do that, and therefore we are able to invest with more of a long-term view to build quality and ensuring that these spaces will last and be enjoyed by the community.

Deputy I. Gardiner:
I mean, you are talking about investment provided, investment in development for the community. If I am thinking about community, the community would like to do something together. There is an area where the community can get together and enjoy community life, so would you give us examples of these community spaces where the community has things to do together that are delivered by S.o.J.D.C.?

Chief Executive Officer:
So we actively encourage the use of all of those areas of public realm that I have just referenced for use by the community. Over the last 14 or so years we have had more than 200 events take place down on the waterfront. We regularly have the marathon taking place down there, triathlons, food festivals, pride events. We have the SuperTri recently down there. All of these activities and events are there for the benefit of and to promote community involvement and vibrancy down on the waterfront. I think the most recent sort of high-profile example this summer was a partnership between Jersey Development Company, Art House Jersey, and Butterfield as the sponsor where we organised for the future building plot of I.F.C.2 to be used as a meanwhile-use over the summer, and we had the bubble texture art installation which attracted more than 40,000 visits to the area, and Art House Jersey did a fantastic job at curating and programming the space so that it involved music, it involved dance, et cetera, and the whole community benefited from that facility.

Deputy I. Gardiner:
The latest audit for St. Helier mentioned 37, just under 40 per cent of the playgrounds, play areas for children and young people in St. Helier.

[15:45]

Have you delivered any playgrounds within your area, within your developments, or do you have any plans to deliver a playground within your areas and it is part of the Bridging Island Plan which clearly stating that any development above a very small amount of requesting to have these areas?

Chief Executive Officer:
So yes, we do have play within some of those public spaces and ...

Deputy I. Gardiner:
Which ones?

Chief Executive Officer:
So the main one being Les Jardins de la Mer with the water maze that is hugely popular with children in the summer and obviously directly adjacent to the beach. We are looking at, and you are absolutely right, play is a major component for future developments. Within the revised proposals for the waterfront we are looking at how we can incorporate play within some of those public spaces, and one area that we are still looking at and how we can deliver it is some play within Marina Gardens, which is quite secure in terms of its fencing, et cetera, there is safety guards around it within the Marina Gardens area, how we can introduce some play within that space. Then also as you know we have been charged and have the responsibility for coordinating and project-managing the Fort Regent regeneration, and within that Fort Regent proposal is significant children's play and children's activities.

Deputy I. Gardiner:
I think that one of the areas that we would like to look at is about play that can be free of charge, and this is what is missing because even the new area that opened, it is brilliant area and I understand it needs to be paid, but there are Fort Regent, how much of Fort Regent play will be accessible to any of the families and how much of the play there will need to be charged, and this is something that keep in mind going forward. Because for me community contribution that anyone from Island does regardless their income would be able to use it. I will go to different one because I really would like, yes.

Deputy D.J. Warr:
Yes, I just want to come back to an earlier commentary, and it is very early on in this interview, around Andium's remit which is about social housing and their original idea of social housing. Now, today, we are seeing Andium selling new properties, new-build properties, whereas historically they have only ever sold their older stock, 60 or 70 homes which have been out of date. They also then obviously have this Andium home buy scheme as well, so my question really is, are Andium Homes stepping into S.o.J.D.C.'s territory, and if they are, is that having an impact on S.o.J.D.C.'s ability to deliver homes?

Chief Executive Officer:
Thank you. So, no, the properties that Andium are selling, yes, you are right, they are now selling new-build homes, but as far as I am aware they are all being sold under a shared equity model, whereas the vast majority of our homes are being sold on an open market basis. Obviously the

Bridging Island Plan introduced a minimum 15 per cent of any scheme yielding more than 50 homes to be shared equity, so there is a very small overlap on those 15 per cent, but otherwise we are operating in 2 very distinct, separate ...

Deputy D.J. Warr:

Okay, so you do not feel like they are competing against you in any way shape or form on that front?

Chief Executive Officer:

No.

Deputy D.J. Warr:

Thank you.

Deputy I. Gardiner:

And 2 questions, you said the Government, and I know the Government will present a quota for plans, are your projects will be part of this plan for the construction industry, programme for construction industry going forward?

Chief Executive Officer:

Yes.

Deputy I. Gardiner:

Are you included, and Andium included in this?

Chief Executive Officer:

Yes, my understanding is it is Jersey Development Company, Andium, Ports of Jersey, as well as Government, will be in that profile, in that forward forecast that will be presented later this year.

Deputy R.S. Kovacs:

Can you please outline the process the board of S.o.J.D.C. goes through to agree remuneration and bonuses for the senior executive?

Chief Executive Officer:

Thank you. So, I think within our response we gave some details on, I think it was how the bonuses are ultimately determined, agreed, and resolved. Ultimately, and it kind of goes without saying, the executive are not involved in any of those processes. This is in accordance with corporate governance, with best practice, this is led by an independent subcommittee of the board, comprising of non-executive directors, that is the Remuneration and Nomination Committee.

Deputy R.S. Kovacs:
How does the board liaise with the Government to agree remuneration?

Chief Executive Officer:
So the Remuneration and Nominations Committee will consider executive directors' remuneration, that is then presented to the board for consideration, at which point the executive directors recuse themselves from the meeting at that point, for the board to ultimately agree on the remuneration. The remuneration is then presented to the shareholder for either noting or for approval. If there is any significant changes, it needs approval, otherwise it is for noting. That is set out within the latest M.O.U.

Deputy R.S. Kovacs:
What are the performance agreements based on which bonuses are paid?

Chief Executive Officer:
So we have ultimately got the company scorecard, which sets out the company's objectives for the year, against which the company's overall performance is assessed on an annual basis. Those and the results of that are summarised within our annual report and accounts. Then each individual director or employee have their own scorecards, which cascade from the companies. So it ensures that, as a whole company, we are all delivering against the company's objectives, but different parts of the team and different individuals will have different objectives set against them. That comes down into a more granular assessment. The individual scorecards then of the directors are presented and considered by the Remuneration Committee to inform any bonus allocations and assessments. That is then in turn presented to the board for their considerations before finally being tabled to the shareholder.

Deputy R.S. Kovacs:
So bonuses can be paid even if the books at the end are showing deficit?

Chief Executive Officer:
It depends on how the deficit has been realised. You might end up in a situation where yields on investment properties have altered because of the global marketplace, but we may have delivered against all of our objectives for the year. So it is taken in the round and considered in that way.

Deputy R.S. Kovacs:
Thank you.

Mr. P. Taylor:

What does the Deputy Chief Executive do?

Chief Executive Officer:

So, the Deputy C.E.O. is also the commercial director of the business. So, effectively, they will look into the company's forward pipeline of projects, will look at the strategic funding requirements. They will take on negotiations with particular tenants and particular contractors for delivering against the builds. They will be involved in the kind of commercial content and assessments of development appraisals throughout the design of a particular development. So they will be reviewing all the costs, all the values, updating appraisals as we go through the design, and ultimately they will be preparing all of the necessary signoffs from the board and the shareholder.

Mr. P. Taylor:

So how does that differ from what you do?

Chief Executive Officer:

Well, ultimately, I am responsible for the entire organisation, as well as engagement with the Regeneration Steering Group and with Government, primarily on the company's strategic outputs. I am looking at bringing in new business to the company, looking at new opportunities that may exist. For example, the involvement of the company in Fort Regent, for example, that was through discussions that I was having with Government, with the Regeneration Steering Group, with senior officers about how we can take forward the Fort.

Mr. P. Taylor:

Okay, thank you.

Mr V. Khakhria:

Lee, if I have understood correctly, the M.O.U., which came out in September, was something that was driven by Government, presented to yourselves, to your board, and your board approved it, but did not have any particular input in creating the document. You are currently in the process of writing a new Strategic Business Plan that is due to be published by the end of this month or created by the end of this month. Is that correct?

Chief Executive Officer:

So, on the M.O.U., I think it is fair to say that there was not any substantive revisions to that M.O.U. that caused us any concerns, and therefore we were very happy to accept that. I think it was entirely appropriate for the shareholder to take the lead on that, given that they have several S.O.E.s, which they are trying to align within the governance framework. As I say, it brought that M.O.U. up to date with latest corporate governance code.

Deputy I. Gardiner:

I think the question may be, I will take it a bit back, and you are 14 years in your position. I think that where we see the big difference, and I would like to understand how did it happen when the States of Jersey Memorandum of Understanding, the first one from June 2010, we are going back to 15 years, the States of Jersey Development Company was set very clear, was very clear and narrowed as a delivery entity to regenerate public buildings, which is one in nature and it is in front of me. It was very clear to procure and manage project implementation, directed by the Minister, and provide quarterly progress reports to the Minister. So there is lots of things, but it was very clear, narrow limit. If I am comparing to the latest M.O.U., it is substantial changes. So my question, what was the reason for these changes, if you are going back to 2010, to M.O.U. of 2025?

Chief Executive Officer:

Obviously, the document will have changed over time with changes in corporate governance, with changes in the number of S.O.E.s that the Government has under its umbrella. I think though that ...

Deputy I. Gardiner:

Typically for us with J.D.C., it was not creating jobs, housing and infrastructure. It was not about great long-term value for shareholders. There is lots of things. It was very specific. Take the public property, redevelop, regenerate, and bring it back to the public. It was very narrow remit. From this narrow remit, we are where we are today, which you are delivering, and lots of things that you are delivering that you stated. What we would like to understand, how this changed in company happened over the 14 years, and how was it driven by the company? You have been there for 14 years. You probably can present it better than anyone.

Chief Executive Officer:

So as far as I am concerned, the M.O.U. merely reflects P.73. P.73/2010 established the company, very clearly set out our operating protocols, and those are included within the M.O.U. So the scope of our activities has not altered from P.73. The only change that has happened with regards to our operating protocols was P.88, which redefined and clarified one of our risk mitigation measures, being the pre-sale and pre-let hurdle. That has been the only change that has happened to the organisation. I think within the M.O.U. itself, at schedule 4, all of the risk mitigation measures there are lifted from P.73. The other elements of this, in terms of job creation that you have referenced, and housing, is ultimately part and parcel of our deliveries ordinarily. Within that scope, that is a byproduct of what, as a result of our deliveries, we will be creating jobs, we will be creating homes, we will be creating business opportunities. It may well be that, over time, Government's metrics have now incorporated this. So they want to know, well, okay, we want you to ensure that you are meeting this along with us. But our remit and scope is identical to what it was back in 2010. There is no change. We are here to regenerate surplus Government assets. We are here to regenerate and complete the development of the waterfront and follow steers that are provided to us by the Regeneration Steering Group. That is still the same.

[16:00]

Mr. G. Kehoe:
How has that been measured, Lee? How is all that measured? As a member of the public, how do I find out that everything you have performed for the last 15 years that you have created these jobs, has that been measured in some way that you can demonstrate that these jobs have been created, that the space is there? I am just putting it out there, how is that demonstrated to the public?

Chief Executive Officer:
So, I think we have not in the past stated how many jobs have been created by our developments. We have obviously recorded the returns that have been generated, the amount of dividend that has been paid, the amount that has been invested into public infrastructure, public realm, and the amount that has been provided into social infrastructure. I think it is fair to say that, over time, our report and accounts have developed and evolved, and we are trying to make our report and accounts as transparent as possible in order to enable both all of the community to have sight of what we are doing and the outcomes of our work. To date, though, we have not stated the number of jobs created. So that may be something that in the future we try and quantify in order to align with some of those Government focuses.

Mr. G. Kehoe:
These sort of numbers that you are referencing quite a few times, it is having that evidence to demonstrate that you are quite right, that this has happened, and then it is probably more than just jobs in this particular subject that probably could do with demonstrating to people what you have been able to achieve, and put a feather in your cap and say, yes, we have done this, and great, thank you very much.

Deputy I. Gardiner:
Thank you. We will go back to Vijay for the second part of the question.

Mr V. Khakhria:

So just to summarise that, would it be fair to say that P.73 by-products have become R.143 objectives, and they are exactly the same items? Those by-products, through governmental or ministerial choices, have been transported into a set of objectives. Probably better to allow you to measure them and report against them.

Chief Executive Officer:

They are the same.

Mr V. Khakhria:

Thank you. Turning on to the Strategic Business Plan, who drives that process? Is that an internal thing, or is that more of a Government-led process?

Chief Executive Officer:

No, so it is a Jersey Development Company board document that is led by the company. We effectively produce an S.B.P. (Strategic Business Plan) every year. Due to our sector within which we work, that S.B.P. does look forward more than that year. There is a requirement for our S.B.P. to reflect 3 years of financial projections and cash flows. To align with that, we also present then milestones within an S.B.P., but we also take that to look at the 10-year time horizon at the strategic level. We do seek input into that, and we ultimately present that S.B.P. in draft format to the Regeneration Steering Group and ultimately to the shareholder for approval. Those S.B.P.s are reviewed every 3 years by the shareholder, so that is something that is not an annual detailed review by the shareholder that gets undertaken, it is every 3 years. Again, I think that is in accordance with the M.O.U.

Mr V. Khakhria:

How often do you report progress against the S.B.P. to the shareholder?

Chief Executive Officer:

Every 6 months to the shareholder.

Mr V. Khakhria:

Great, okay. And how do you align it with wider Island outcome indicators?

Chief Executive Officer:

So, within our E.S.G. (Environmental, Social, and Governance) strategy, we look at the Island. We have effectively established our own E.S.G. measure and policy, which looks at and reflects the Island performance indicators. So we have a real focus on, and we have got effectively 3 pillars to our E.S.G., which looks at the company, looks at suppliers, looks at community, and we then align those to both the Island outcome indicators and the sustainable development goals of the U.N. (United Nations).

Mr V. Khakhria:

How do you report them?

Chief Executive Officer:

So those are reported annually in our annual report and accounts. So we have got quite a detailed E.S.G. section within our annual report and accounts.

Mr V. Khakhria:

Thank you. How do you reconcile wider ministerial policy changes or directives?

Chief Executive Officer:

So, for some years now, and again it is within our annual report and accounts, one of the first pages, we try and align our focuses to those of the Government's strategic objectives. So, this Government has 13 strategic objectives, and we have effectively highlighted 5 that we are supporting the Government in their delivery of, and set out how that is being delivered. But, it is also fair to say that, given the quite wide-ranging sector within which we are operating, one project can touch upon several ministerial portfolios. I think that is one of the reasons why the Regeneration Steering Group was formed alongside the States of Jersey Development Company. So the Regeneration Steering Group provides us with that political oversight, provides us with that political steer. And we have got senior Ministers sitting on that Regeneration Steering Group. So we have got the Chief Minister, the Minister for Treasury and Resources, Minister for Infrastructure, Minister for Sustainable Economic Development, as well as the Constable of St. Helier, within whose parish we are delivering, sitting on the Regeneration Steering Group. That group meets on a quarterly basis. In addition to that, there may be other Ministers that we need to engage with, and in particular, the Minister for Housing on our developments. It is critical for the success of a project that we have alignment with the key ministers and everybody is kept up to date in terms of progress. There are not any surprises coming out from our activities. So there is a lot of engagement that takes place at both the political level and at senior officer level within Government.

Mr V. Khakhria:

Great. Final question. Out of the regular quarterly meetings with the Regeneration Steering Group, is there anything in the public domain? Do you publish minutes of these meetings, or is there any other reporting back to the public available out of these meetings?

Chief Executive Officer:

I am not aware that there is any reporting back to the public. I am not sure how that is ultimately reported, except to say that, for any new developments for Jersey Development Company to take on, for example the involvement in Fort Regent, that needed a Regeneration Steering Group approval, as well as approval from the Minister for Infrastructure within which the property sits, and the Minister for Treasury and Resources as our shareholder. So those decisions are ultimately made public as and when they occur. Similarly, with the release of and the involvement of Jersey Development Company in the regeneration of the Jersey College for Girls site at Rouge Bouillon, that was a Regeneration Steering Group approval back then. In more recent times, the approval for Jersey Development Company to redevelop former States offices at South Hill, again, was a Regeneration Steering Group agreement.

Mr V. Khakhria:

Thank you. I just want to probe that a little bit further. At what point do you take new projects or projects to that group? Is it at a very early stage, or do you bring them effectively a skeleton project or something fully costed? At what point do you start consulting?

Chief Executive Officer:

So, in part, these projects get taken forward through discussions with Property Holdings, within Government. So, Jersey College for Girls, for example, that was a vacant site, and so we then considered how we could be involved in that delivery. That was then presented to the Regeneration Steering Group for agreement. But that was then only when the Regeneration Steering Group gave its approval for our involvement did we then start working out plans and taking things forward. Otherwise, we could be spending a lot of money to then say, “We want to use this for another public use”. So it is important that we get that early site.

Mr V. Khakhria:

Do you get kicked back on some of your schemes?

Chief Executive Officer:

Yes.

Mr V. Khakhria:

Can you give us an example?

Deputy D.J. Warr:

Sorry, I was just going to launch into that one. The obvious one is the falling over the original waterfront plan, which obviously got kicked into touch. Now, from all the checks and balances you have done here, Regeneration Steering Group, talking to stakeholders, et cetera, et cetera, you would have thought that the original waterfront plan should have been delivered because you had done all your homework on it and due diligence and all the rest of it. What was the gap? What was the problem? Why did that fall over? What is the learning from that to be had as we move forward into a new plan?

Chief Executive Officer:

So, with architecture, it is a bit like art. We could all have a different view on something around this table today. I think the change that we have recognised that is for the community, it is about what benefits does this bring for the wider community?

You know, yes, we can deliver a best-in-class office building, but the only people that are really going to benefit from that building are those businesses occupying it. Similarly, with new homes, the beneficiaries of those new homes are only those new homeowners. What is in it, what is there delivery-wise that everybody can benefit from? So I think that, notwithstanding differences of opinion and where we found ourselves and still find ourselves on the waterfront with a scheme that is not approved, we have taken stock and reassessed what can we improve upon for the wider community?

Deputy D.J. Warr:

Is there any one thing you would say you that you missed in that original plan, which was the key, where it all started to go pear-shaped, as it were? Is there one area which you would say, "That was the bit we missed, and that is why this fell over in the public arena"?

Chief Executive Officer:

So I think there were probably a couple of things effectively, it was timing, partly. This did not necessarily come through in the refusals; however we were analysing the public comments to that application and the concerns that the community had at that time. There were 2 primary concerns. One was the loss of the cinemas, because we already had Fort Regent starting to be designed and very early considerations as to how this could be a potential facility elsewhere. Also, the proposal included the redevelopment, albeit still providing a pool, but a redevelopment of AquaSplash. So those were the 2 components that the public, that the community fed back on, was the loss of an indoor pool for 2 years while it is being rebuilt, and the loss of the cinemas, that there was not a satisfactory and committed solution for. Now, we were prepared to enter into a commitment to planning, whereby we would not remove the cinemas until the new cinema was built. But that did not allay the concerns of the community. While it was not a consideration on the refusal, that was the big objection from the community at the time. Now, the feedback, as the Committee is aware, on the 4 plans has been phenomenal. To have just over 6,003 responses to that questionnaire, to that survey, and to have 89 per cent of the community in support, and the cinema coalescing with other leisure activities, is entirely the appropriate ...

Deputy D.J. Warr:
But you did not have that level of support for the original waterfront plan?

Chief Executive Officer:
Correct.

Deputy D.J. Warr:
You did not, yes.

Chief Executive Officer:
Correct. So, I think that now that the Fort proposal has been distilled and communicated, we are not looking to redevelop AquaSplash, that will stay. We have also then looked at what other improvements can be made to some of the public community infrastructure on the waterfront. Probably the most notable one is we proposed in the original plans to put an outdoor pool in. We probably cannot afford an indoor 50-metre pool, let us put an outdoor 50-metre pool in. Because that was again, some of the feedback was, if you are going to have an outdoor pool, do we have space for a 50-metre? Delivering a 50-metre outdoor pool compared to a 25-metre outdoor pool, yes, there is more cost, but it is a 10th of what you would have to spend on an indoor facility.

[16:15]

So, the community buy-in around that facility, and what it could do for St. Helier residents in particular, and the swimming community, is huge. So we have got great support for that.

Deputy D.J. Warr:
I get that. Thank you.

Deputy K.M. Wilson:
Thank you. Hi, Lee. I am just interested in how much money you lose when you have put all of that investment in planning and development, and a project does not materialise. How do you recover that?

Chief Executive Officer:
So, ultimately, those fees and design fees, et cetera, and the investment that we make, all of our land holdings are assessed on a fair value basis. So that is taken into consideration on a valuation

perspective at the end of the year. Those costs are capitalised to those land holdings. If those land holdings are judged and independently valued at less than what we are holding in our books, then there will be a write-down in our accounts. If not, then those costs are capitalised to the land. But I am certain that we have communicated in the past that we did invest £3 million within those waterfront plans. Some of that £3 million we will be reusing and adjusting, but there is that cost to the scheme, as well as delay on the delivery. What is important from our perspective is that we maintain a constant pipeline for the construction industry here in Jersey. If there is a position where there is a delay to a scheme, then that means no work flowing into the construction industry.

Deputy K.M. Wilson:
Are you susceptible to variations in the valuation of the assets that you have and do you have a threshold at which you may feel that there is significant financial risk to progressing with a particular scheme, should it not proceed?

Chief Executive Officer:
Yes, in short. I think where we find ourselves today, we have taken some data from the local construction industry recently and, over the past 5 years, build costs have increased between 30 to 39 per cent locally. If you look at where average house prices have gone during that period, I think it is about 14 per cent. So there is quite a significant gap that ultimately impacts viability and squeezes returns. I think that we may take a different view on this to private entities. However, there is a de minimis level within which we would not secure funding for that particular project. We cannot commence a build in a break-even position. We cannot commence a build, obviously, in a projected loss position. So, we will always need a level of profit on our projects. On Westwood, our residential scheme at South Hill, the billboard is up and we have launched that for presale now. Effectively, we will need to meet our presale hurdle, and it depends on the timing around that. If that happens within the right timeline and enables us to commit to the construction costs that we have on the table, then we will be progressing with that scheme. But the level of return is lower than what we have had and achieved in the past as a result of the economy and the market within which we are operating.

Deputy K.M. Wilson:
Okay, thank you.

Deputy K.L. Moore:
So in your annual report and accounts, you provide principal and emerging risks. But we would just like you to talk us through, please, how you identify and manage strategic and operational risk and how those are reported both to the board and to Government as your partners.

Chief Executive Officer:

So the executive consider risk at both the corporate level and at the project level. Then those risk matrices are presented to the Audit and Risk Committee 3 times a year for debate, discussion, consideration. In addition to those risk matrices, we also have risk around cyber and risk around climate also. Once the Audit and Risk Committee has reviewed those registers and made any adjustments there to, they are then presented to the board for consideration and comment before being presented to the shareholder. They are presented to the shareholder twice a year. That includes the Government's Head of Risk is also presented with those matrices and discussions. That is at the company level. Sorry, we do not involve the Head of Risk on the project level, but at the company corporate level, that matrix is considered.

Deputy K.L. Moore:

Thank you. Do you have any examples of times where you have had to implement mitigation to a risk that has emerged in that interim period between your, I cannot think what it is, a quarterly review that you have?

Chief Executive Officer:

Yes, I think within the matrices themselves, we have the mitigation measures that we need to take and be constantly reviewing. Risks will obviously present themselves as you are progressing through particular projects or at different times. We need to deal with those as and when they materialise. I think the most complex and challenging project that we have delivered was the Horizon Scheme that had a number of risks that came through and impacted that project at different times. We worked with our development partner to address those risks, to mitigate those risks, and ultimately delivered the project successfully and within the returns that had been committed 4 years earlier. So the risk tools that we have are critical, essential tools for the business. It ensures that we have a very focused position on our deliveries and impacts to those deliveries that we need to be very carefully managing as we go through those projects.

Deputy K.L. Moore:

Thank you. On another matter, you have mentioned the communication that you have with other chief executives of arm's-length and States-owned entities. Do you have any advice or thoughts as to how the relationships, particularly those who have property management interests, how those relationships could be more effective or improved?

Chief Executive Officer:

So I think that we have got members of the S.O.E. family within which project delivery is being undertaken. I have mentioned that we liaise with Andium on a regular basis. We liaise with the Ports of Jersey on a kind of more ad hoc basis. Primarily that is around ensuring that each party understands where the other party is at in terms of their delivery pipeline, particularly down at the ports where our boundaries may be adjacent to one another, ensuring that our plans talk to one another so that pathways connect and services, et cetera. There is a common design theme running through the plans from a public realm and public space perspective. We also have bi-annual meetings with the shareholder as a collective group of S.O.E.s to look at common themes and to update each other on where our particular companies are progressing. So there is a great deal of engagement as and when it is required. I think we do not just want to meet and not have anything to cover. So I think it is really important that, particularly on property development, it is so long term and, as we have heard, plans can be put back and you then have to restart. So, when we are in particular milestone points on projects, we will engage with key partners, whether that be Ports of Jersey in terms of some of the outputs on our site and adjacencies, whether it be Andean in terms of looking at some of the shared equity units that we may be delivering as part of a scheme. I mentioned earlier that each S.O.E. have their own distinct remits and their focuses are on delivering those remits. There may be times when there is some overlap and it is important that we engage on that overlap. Equally, where there is some shared knowledge, and that is important that we are communicating successes or failures of particular build techniques or safety things.

Deputy I. Gardiner:

Build up on your answer and it is really, really helpful. What are your views? What I am thinking, lots of tourist places, if Jersey is a tourist destination, our tourist industry is one of those. The ports and the waterfront is a destination within the destination. You have this vibrant area of the port and the waterfront that is attracting tourists to spend their evenings, sunset, sunrise with very active economic activities. Obviously, our port waterfront is still not there, if we are talking together. Now, where it would sit, who would look into the port and waterfront as a destination as a whole? Would it sit with Ports or would it sit with S.o.J.D.C.? Because, like you said, it is really, really connected. The marina is finished and the waterfront starts and Horizon starts. Who is looking into all this area as a destination that can contribute to our visitor economy?

Chief Executive Officer:

It is a very good point. At the moment, Ports of Jersey's focus is on delivering their infrastructure for their new port. Their focuses are around the requirements from a commercial port perspective, from a passenger port perspective, and consolidating their load-on, load-off, and their roll-on, roll-off at Elizabeth. I think the other component of that delivery is the public realm and placemaking. They are looking to take down some of the barriers that currently exist around that port that is going to lead to greater permeability and movement around Elizabeth Marina. I think what has been put in to date down at the marina with the promenades and the public realm and the streets, et cetera, provides the infrastructure for the type of activities that you have referenced there, Chair, to come forward. That is one of the reasons why there are still empty units within the Horizon scheme, because we are wanting to ensure the right use is put within those ground floor units. We are wanting food and beverage use within there.

Deputy I. Gardiner:

My question is, who do you think needs to lead? Because, like you said, they are doing this and we are doing that. I absolutely agree with the plants. I am not saying that these plants are not valid or that plants were valid, but what I am saying is, as a destination, as a port and waterfront, to create this destination, somebody needs to lead. The question is how it can work, or do you have this conversation, who would lead it in another year, 2, 3, 5, to create something different at the waterfront?

Chief Executive Officer:

I think that is a very good question, and one that is presently unresolved and unanswered, and it is one that would, in my view, sit with a decision that needs to be made probably at the Regeneration Steering Group level, because the Ports of Jersey have their land ownership, and Jersey Development Company has their land ownership, and so it needs to be agreed at the Regeneration Steering Group for one of those entities to take the lead on that overarching master plan, if you like, for that entire area. I think the other component of all of this is then the timescales for delivery, but that is a separate issue.

Deputy I. Gardiner:

But this is obviously piece to the plan to be able to get there. Any more questions?

[16:30]

Deputy R.S. Kovacs:

Just to close up, because we are aware you stayed longer for us.

Deputy I. Gardiner:

Yes, I asked in advance if you could give an extra 10-15 minutes or something.

Deputy R.S. Kovacs:

How does S.o.J.D.C. ensure transparency and accountability in its interactions with the stakeholders, especially around the strategic decisions and performance assessments?

Chief Executive Officer:

So, obviously, our annual report and accounts provide significant detail, and we believe transparency around our activities and our performance against those objectives. Whenever we are engaging with the community, we use third-party specialists who produce the surveys, the questionnaires, receive all of the results, and then produce the report, so that is completely unbiased positions and separate from Jersey Development Company. So, as far as possible, any planning application that we submit, we will have consulted with the community in advance, and we hold regular engagement sessions as part of our design developments. Recently, and this is, again, to Deputy Moore's point earlier, in terms of lessons learned, we have established user groups around some of the content that is being proposed. So, we have got a pool user group, we have got a skate park user group, so that we can ultimately get input from the on-Island experts, so that what gets delivered is something that they want and will use. Equally, it is a way for those groups to then communicate more widely to their other members, so it ensures that there is a greater transparency and understanding of what is being proposed, and ultimately, hopefully, from the community's viewpoint, there should be some comfort that the local expertise is being asked to input into those designer specifications.

Deputy R.S. Kovacs:
Do you have a mechanism for feedback, or where they can raise concerns around the governance?

Chief Executive Officer:
Yes, I mean, ultimately, any member of the public can raise their concerns through Government or through the board, in terms of the company.

Deputy R.S. Kovacs:
Okay, thank you.

Deputy I. Gardiner:
Any follow-up questions? Thank you very much for your time, and thank you for your answers. The Public Hearing is closed. Thank you for staying a bit longer. I really appreciate it. Thank you.

[16:32]