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# STATES OF JERSEY



## REVIEW OF THE WATERFRONT ENTERPRISE BOARD: TERMS OF REFERENCE

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Presented to the States on 22nd December 2009  
by the Chief Minister

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STATES GREFFE

## REPORT

On the 3rd November 2009, the States Assembly agreed that Proposition P.79/2009, which sought to introduce revised arrangements for property and infrastructure development through the States of Jersey Development Company, should be referred back for further information.

This referral back was largely based on the recommendation of the Corporate Services Scrutiny Sub-Panel that reviews of various aspects of WEB should be undertaken before the company becomes operational. I would remind Members that, in my response to its report (S.R.9/2009), I had accepted all recommendations and committed to complete all reviews before bringing the States of Jersey Development Company into operation.

It was also clear from the debate that there are a number of perceptions amongst members about the performance of WEB since its inception and that, in addition to the issues identified by the Sub-Panel, the review should include an evaluation of current and past performance and staffing levels of the Company.

The Terms of Reference for a review of WEB has now been finalised and is attached at Appendix. This has been used to commission an external company – DTZ – to undertake the work, which I expect to be completed within the timescales set out in section 7, below.

Early in November 2009 I asked the Scrutiny Sub-Panel for its comments on the Terms of Reference and its Chairman responded by stating that he felt it would be inappropriate to comment as the Panel wished to keep a certain distance from the work of the executive in order to maintain independence and objectivity. I have therefore decided to publish this document to ensure members are aware that the matter is in hand and to ensure that the Terms of Reference meets expectations.

I am more than willing to discuss this with individual members should they so wish.

## **Review of the Waterfront Enterprise Board**

### **Terms of Reference 18th November, 2009**

#### **1. Introduction**

- 1.1 The following Terms of Reference sets out the background to, purpose, key objectives and outline timescales for a review of the Waterfront Enterprise Board (“WEB”) in relation to the proposal to restructure WEB into States of Jersey Development Company (“SoJDC”).

#### **2. Purpose**

- 2.1 The Chief Minister of the States of Jersey (SoJ) requires an independent external review of WEB in relation to the proposal to restructure WEB into the SoJDC and to implement new arrangements for oversight of regeneration within the Island.
- 2.2 The purpose of SoJDC is to act as the retained development company for the delivery of regeneration of property and infrastructure projects for the SoJ.
- 2.3 As part of the political scrutiny review and subsequent debate of the proposal, the need to undertake a review of WEB has been identified. The scrutiny report recommended, amongst other things, a review of the activities undertaken by WEB, and the assets it holds.
- 2.4 The States Assembly has determined that this review should take place and be presented to the House before it debates the SoJDC proposition again.

#### **3. Background and Context**

- 3.1 The SoJ established WEB in 1995 to promote the development of the waterfront in St Helier. Over the last 14 years it has delivered a significant number of new buildings and associated infrastructure (see document 9). All of these developments have been subject to the relevant SoJ and/or Ministerial approvals.
- 3.2 The SoJ also set up Jersey Property Holdings (JPH) in 2006 to manage more effectively the property assets of SoJ and to identify in particular surplus and underutilised assets that could be disposed of. In certain cases relating to particular regeneration strategies, such assets could instead be redeveloped by SoJDC as the preferred developer.
- 3.3 The remit of WEB is currently limited to the redevelopment of the St. Helier Waterfront whereas the need going forward is the promotion of redevelopment and regeneration throughout the Island of Jersey. SoJ has therefore been examining options for establishing a suitable structure to facilitate this work.

- 3.4 In June 2009, the Council of Ministers (“CoM”) submitted to the States Assembly the proposition to form SoJDC (P.79/2009). This set out a revised structure which clearly separated the functions of Master planning, Development Specification and project delivery.
- 3.5 The Corporate Services Scrutiny Panel (“Scrutiny Panel”) carried out a review of the proposal and submitted a report and recommendations (S.R.9/2009) to the States on the 2nd October 2009.
- 3.6 The Chief Minister responded to this report on the 19th October 2009 accepting all its recommendations.
- 3.7 On the 3rd November 2009, the States Assembly debated the proposal to form SoJDC and decided to ‘refer-back’ the proposition pending the outcome of those reviews identified by the Scrutiny Panel. This effectively postponed the debate on SoJDC until all the reviews requested by the Scrutiny Panel have been completed and the findings available to States Members.

#### **4. The need for review**

- 4.1 The Scrutiny Panel made a number of observations where it felt further detail was required. The principle was that a review of the activities currently undertaken by WEB, and the assets it holds, would confirm what activities SoJDC would undertake and thereby lead to a clearer understanding of the rôle of the new Company within the revised arrangements for regeneration.
- 4.2 WEB presently operates as a development agency, preparing master plans, specifying development projects, holding property from which it derives a rental income to cover the costs of maintaining the retained property and public realm as well as promoting the delivery of development projects. In the new structure SoJDC would have an Island wide geographical remit but would confine its activities to project delivery.
- 4.3 WEB holds and manages its estate for a necessary period in order to maximise the development value of its development sites and to assist developers during the period of sale or rental of the underlying residential or commercial product. The intention is to hand the assets back to the SoJ when development is completed.
- 4.4 The recommendation of the Scrutiny Panel within S.R.9/2009 was that, before the company becomes operational, the Chief Minister should commission an independent review of the activities and the assets of WEB and establish what activities and assets should be held by the new company.
- 4.5 Other issues identified by the Scrutiny Panel that need to be addressed by the review include:
- setting out clear protocols for the transfer of assets between JPH and SoJDC;
  - developing a detailed risk management regime, including individual project risk management;

- reviewing the capacity of SoJDC to purchase privately owned assets and put in place protocols to ensure that the most effective vehicle is used in such purchases.

4.6 As a result of the States debate on 3rd November 2009, a review will need to be completed discussed and facts checked with the Board of WEB and findings shared with the Corporate Services Scrutiny Panel and published to States Members before the debate on SoJDC proposals can be resumed.

## **5. Terms of Reference**

5.1 The Terms of Reference for the proposed review are as follows:

- a) To review and evaluate the past and current performance of the Waterfront Enterprise Board in the promotion and delivery of regeneration projects in the St Helier Waterfront area, including:
  - what WEB has delivered;
  - the benefits delivered to the States of Jersey as a result;
  - the current financial structure of WEB, and its contract commitments.
- b) To review the structure and levels of staffing within WEB and advise the Minister how this compares with comparable development companies.
- c) To review the current activities of the Waterfront Enterprise Board in respect of regeneration master planning, development promotion, project specification, project implementation and exploitation; and to advise the Chief Minister on which activities are appropriate to the proposed operation of the SoJDC and where those activities not thought to be appropriate should be undertaken.
- d) To review the current assets held by WEB, their tenure and value, income generation and holding costs and to advise the Chief Minister as to which assets should be retained in SoJDC, which should transfer to the Public and the timing of such transfers.
- e) To review and establish clear protocols for the transfer of assets between JPH and the Company.
- f) To develop a detailed risk management regime that includes individual project Risk Management Plans.
- g) To review the capacity of the SoJDC to purchase privately-owned assets and to advise on the protocols required to ensure the most effective vehicle is used to effect such purchases.

5.2 The outcome of the review should be a report setting out the key findings from the above, which will be discussed and facts checked with the board of WEB and which will be shared with the Scrutiny Panel and published to all

States Members in advance of the debate. It should be noted that the findings will become public domain.

## 6. Management of the Review

- 6.1 The review has been commissioned by the Chief Minister. Based on the review he will develop a proposition to be considered by the Council of Ministers before being shared with the Scrutiny Panel and submitted to the States Assembly as part of the debate on SoJDC.
- 6.2 The Chief Executive to the Council of Ministers will be responsible for the co-ordination of the review.

## 7. Timeline

- 7.1 The following outline timeline is envisaged, though this will be subject to review on agreement of proposals to undertake the work:

Task	Timescale
Agree ToR & Initiate Review	Nov '09
Review completed* and discussed with WEB and considered by the COM and the Scrutiny Panel	Jan/Feb'10
Share with States members	Feb/Mar '10
States Debate and decision, including proposals resulting from the review	Mar '10
Appointment process for Board	Mar - Jun '10
States appoint new Chairman and Directors	Jul '10
Company comes into existence	Jul '10
New Board implements changes in structure required for revised role of company	Jul – Dec '10

\* subject to proposal

## 8. Subsequent Organisational Issues

- 8.1 The States decisions in relation to the activities and holding of assets will be binding on the Treasury and Resources Minister and the Company. However it is the responsibility of the Board to determine and implement changes to the structure and operation of SoJDC. Clearly as the company will have a new remit and a new Board, one of the first duties of that Board will be to review the structure. Any organisational changes arising from the above will also be the responsibility of the new Board.

## 9. Documents

- 9.1 All necessary documents will be made available for the purpose of the review including:

1. Report and Proposition proposing the establishment of the Jersey Development Company (P.79/2009) dated 2nd June 2009 and amendments.
2. The Corporate Services Scrutiny Panel report “The Jersey Development Company”, dated 2nd October, 2009 (S.R.9/2009).
3. The Chief Ministers response to S.R. 9/2009, dated 19th October 2009.
4. P.195/1995 the establishment of WEB
5. P.45/2002 the transfer of freehold and long (150 year) leasehold land holdings to WEB.
6. WEB audited accounts for 2006, 2007 and 2008.
7. WEB 2009 and 2010 Business Plans (including 10 year cashflow forecast).
8. Full details of WEB assets including red book valuations.
9. History of WEB detailing each project and States of Jersey directions, decisions and approvals.
10. Review of Corporate Governance of WEB, Comptroller and Auditor General, 24th November 2008.