

Annual Reporting Good Practice Guide

03 November 2021

R.172/2021

In This Guide

Introduction	3
 Supporting accountability	5
 Transparent	8
 Accessibility	10
 Understandable	14
 Strategy	16
 Risks	19
 Operations	22
 Performance analysis	24
 Financial performance	26
 Directors' or equivalent report	28
 Statement of responsibilities	30
 Governance Report	32
 Remuneration and staff report	35
 Sustainability reporting	38

Introduction

Annual reports are a key means by which an entity tells the story of its year. Public annual reporting, done well, enables stakeholders to understand – with trust and confidence – an entity’s strategy and the risks it faces, how much money has been spent and on what, and what has been achieved as a result. It enables stakeholders to hold the entity to account effectively.

In this second *Good Practice Guide* published by the Office of the Comptroller and Auditor General, I set out some good practice principles for excellence in annual reporting by public bodies and provide some illustrative examples from organisations. These examples are drawn from my review of the annual reports which underpinned my report *Annual Reporting* published in November 2021.

The key elements I consider to be good practice in the single annual report are summarised below.



My reviews of the annual reports and accounts of Jersey entities in 2020 and 2021 identified that organisations can do more to produce fully integrated reports, where annual reports more closely complement and narrate the financial performance of the organisation. In some instances, annual reports are being produced without including a commentary on financial performance or a set of financial statements.

Key areas where annual reports could be improved include:

- setting out objectives, analysing associated risks and summarising performance, including Key Performance Indicators (KPIs) to measure performance against objectives
- providing information on governance arrangements and operations (including structures and delivery models); and
- reporting on remuneration and other workforce matters.

My 2021 review of annual reports also considered the extent to which entities are reporting performance against a range of sustainability and environmental measures. Whilst some entities are reporting performance against environmental measures, I found that few entities are reporting against a wider range of sustainability measures.

I encourage all public organisations in Jersey to perform better in respect of annual reporting and to engage early with internal and external stakeholders when considering the content and presentation of their annual reports.

I also urge public organisations to present a balanced and objective narrative of what they have achieved during the year, together with the challenges they have faced along the way. Too often the annual reports I reviewed were characterised as a list of achievements rather than a fair, balanced and understandable narrative of the year.

The extracts within this Guide have been taken from various annual reports and links to the full reports are included for information.

I hope that organisations will find this Guide to be useful as they start to consider their public annual reporting for 2021 and beyond.

Lynn Pamment

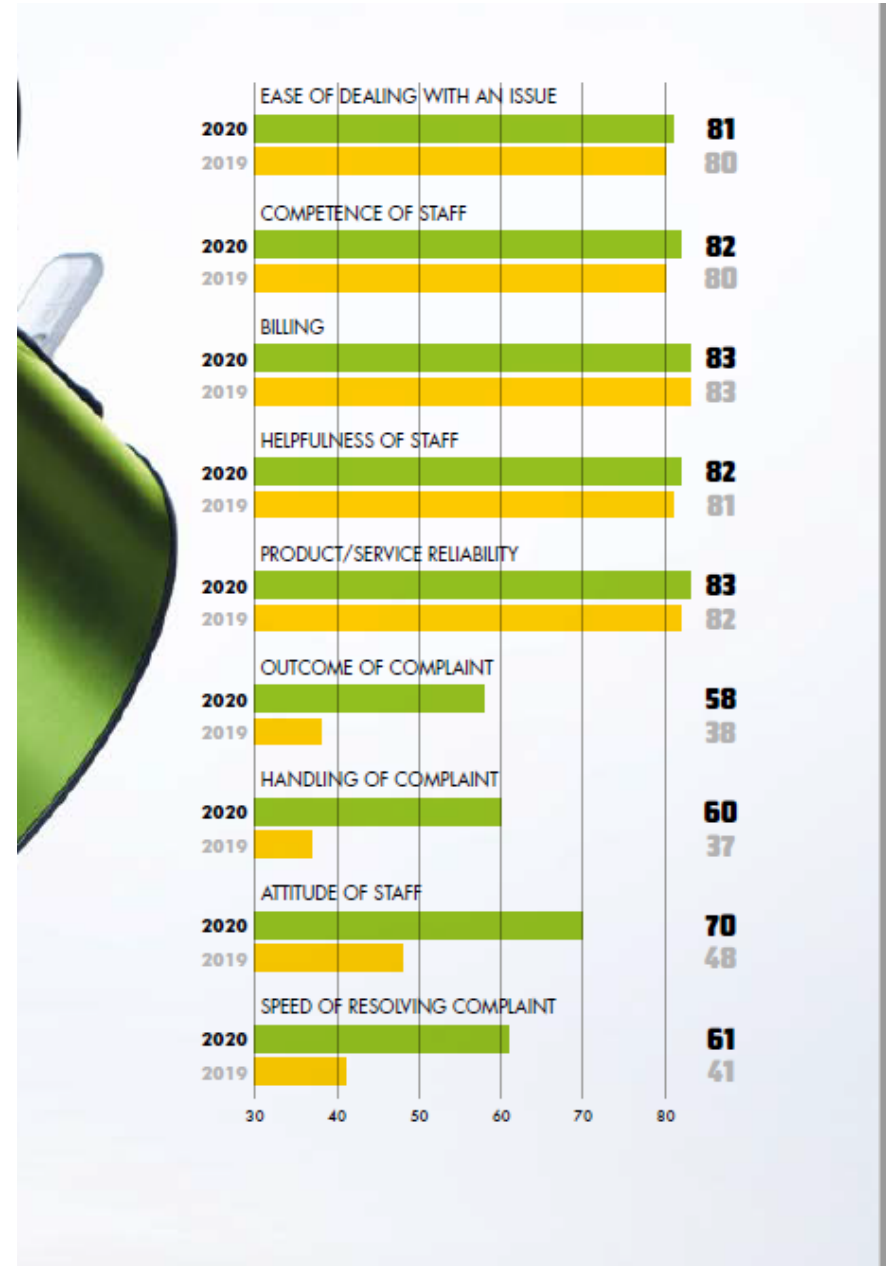
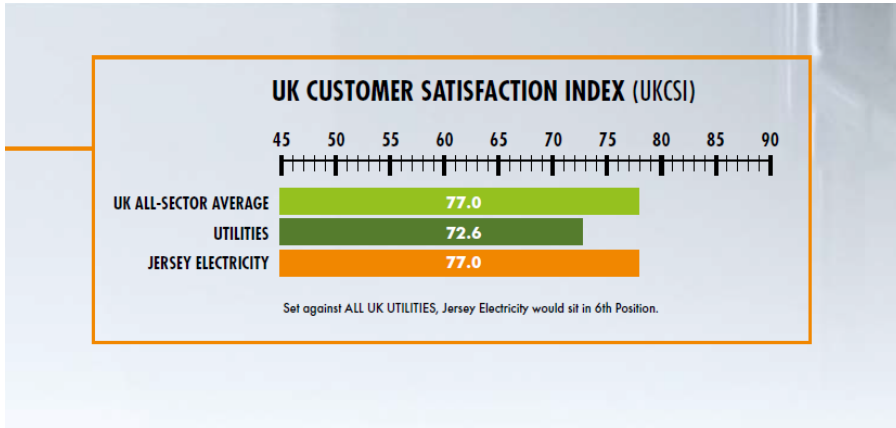
Comptroller and Auditor General

Supporting accountability

The best reports:

- tell the story of the organisation in a fair and balanced way
- comply with relevant reporting requirements; and
- include clear action points to take forward.

The **Jersey Electricity** Report and Accounts 2020 includes benchmarking of service standards using the UK Institute of Customer Services as well as performance against previous years. This helps to ensure that performance is reported in a fair and balanced way:



Jersey Electricity Report and Accounts 2020
[jec_annualreport_2020.pdf](#)

The **Jersey Care Commission** Annual Report 2020 includes clear details of ‘What more needs to happen?’ across all its priority areas:

INFORMATION GOVERNANCE

Ensure that the Commission has an effective system to enable it to manage the complexity of information which it receives.

How successful has this been so far?

The Commission receives information through a range of mechanisms. Data is held securely and is managed effectively through appropriate retention and disposal schedules.

What more needs to happen?

An external advisory audit has been commissioned in the first quarter of 2021. This will assist the Commission in maintaining and operating a comprehensive and appropriate suite of policies relating to the governance of data.

Develop a complaints procedure to ensure that people can make complaints about both service provision and about the Commission itself.

How successful has this been so far?

Complaints policies have been devised, regarding both regulated activities and the Commission itself. These are publicly available and will be reviewed in 2021.

The Commission encourages care receivers, their families and carers, care providers, as well as members of the public to make representation where there is a concern or dissatisfaction about any regulated activity.

The Commission has modified its website to include the facility to make complaints directly through the website although other methods including letters, telephone calls and emails also exist.

What more needs to happen?

The Commission's complaints process includes the ability for complaints to be made about the Commission itself. Where possible and appropriate, such complaints will continue to be managed informally or internally. However, it is acknowledged that the Commission will need to source an independent complaints reviewer in 2021.

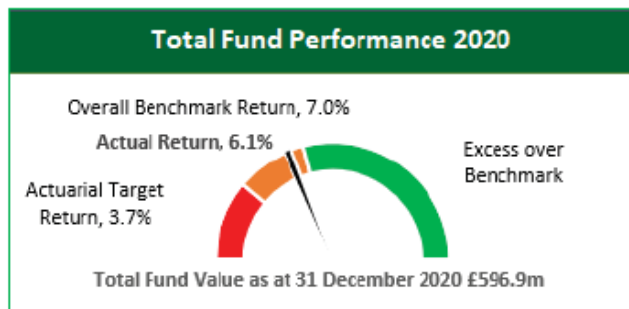
Jersey Care Commission Annual Report 2020

JCC-2020-AnnualReport.indd (carecommission.je)

The best reports include:

- frank and honest analysis
- consideration of the challenges an organisation is facing
- appropriate use of data; and
- quantification of risks and performance measures.

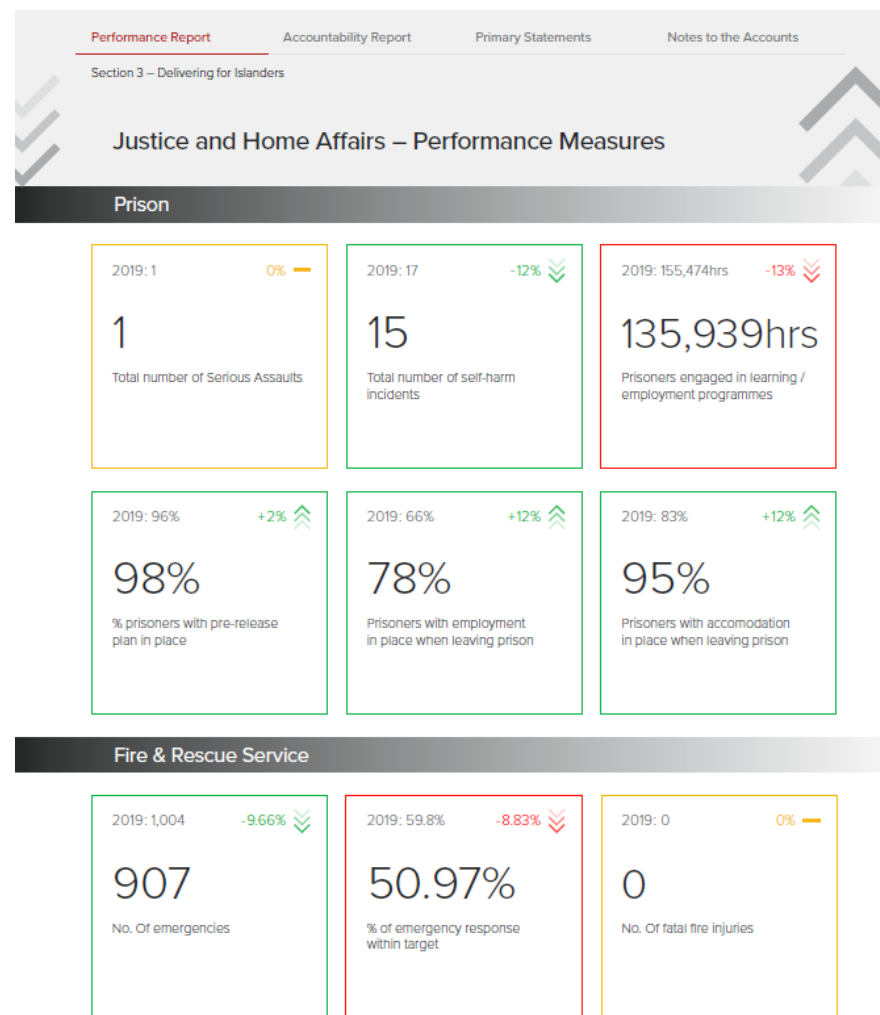
The Jersey Teachers' Superannuation Fund Annual Report 2020 uses clear summary data as part of its reporting of investment performance:



		2020 performance (CIF assets only)				
Pool Class		Value of Fund (€m)*	Performance %	Benchmark %	Over / (under) %	Indicator
Equity	Global Active Equities	247.1	12.7	13.1	(0.4)	●
	Emerging Market Equities	26.9	5.2	13.4	(8.2)	●
Alternatives	Hedge Funds	37.4	11.3	0.7	10.6	●
	Opportunities	60.5	1.5	1.2	0.3	●
	Alternative Risk Premia	25.5	(11.0)	0.5	(11.5)	●
Bonds	Absolute Return Bonds	92.8	3.5	0.6	2.9	●
Cash	Long-term Cash Pool	0.1	0.4	0.4	0.0	●
Property	Property	104.1	(1.9)	(1.1)	(0.8)	●
*May not sum (rounding)		594.4 ¹	6.1	7.0	(0.9)	

Jersey Teachers' Superannuation Fund Annual Report 2020
[RJTFSF 2020 Annual Report- FINAL SIGNED 20210520 SS.pdf \(gov.je\)](#)

The **States of Jersey** Annual Report and Accounts 2020 includes transparent reporting of data by department across a range of Key Performance Indicators:



States of Jersey Annual Report 2020

[R Government of Jersey Annual Report and Accounts 2020.pdf](#)

Accessibility

The best reports:

- highlight key trends in the financial statements
- include concise summaries of key points; and
- consider how the organisation engages with key stakeholders and meets their needs.

The **Jersey Post** Business Review 2020 uses diagrams to highlight key messages and trends and considers how the organisation engages with key stakeholders:

Strategic Report Cont.

Quality of Service

Looking to Jersey, we saw changes to conveyancing with ferry sailings reduced, and the mail plane arriving later and leaving earlier. This presented huge operational challenges in processing and delivering mail and parcels on time. We also split our operational teams into two shifts to reduce the number of people in our sorting centre at any one time to enable social distancing. We have continued to do this into 2021. The health and welfare of our colleagues and customers is always paramount.

The challenges we faced were more than replicated in the UK with Royal Mail having to close some of its offices and often facing significant challenges to their own operations and logistics. Customers here in Jersey experienced this everyday as mail and parcels coming via Royal Mail took longer to get here and longer to be delivered in the UK. Again, this is something we continue to see and are in discussions with Royal Mail to work together to improve. As a first step we have been able to put the evening flight time back by an hour.

Despite these challenges, we were proud of the support we have had from customers here in Jersey who have recognised the efforts, especially of our postmen and women, that we have taken to keep Jersey connected.

Our survey results reflect this:



How would you rate Jersey Post's post office network?
2020 - 88%
2021 - 89%



How would you rate the service provided by your postman/woman?
2020 - 94%
2021 - 96%



How would you rate Jersey Post's delivery service?
2020 - 87%
2021 - 92%

“The health and welfare of our colleagues and customers is always paramount.”

Jersey Post Business Review 2020 annual report 2020 .pdf(jerseypost.com)



Our colleagues

During 2020, we looked to support colleagues in terms of health and welfare; maintaining pay for those self-isolating, increasing overtime payments given the huge increase in workloads, paying special bonuses reflecting the incredible effort colleagues made, including a special "Have a night in on us" initiative. Colleagues working in support and office functions also played their part by covering shifts to support their operational colleagues.

Despite the challenges, colleagues responded well to our 2020 survey:

On a scale of 1-10 how happy were you at work:



Would you recommend Jersey Post as a good place to work:

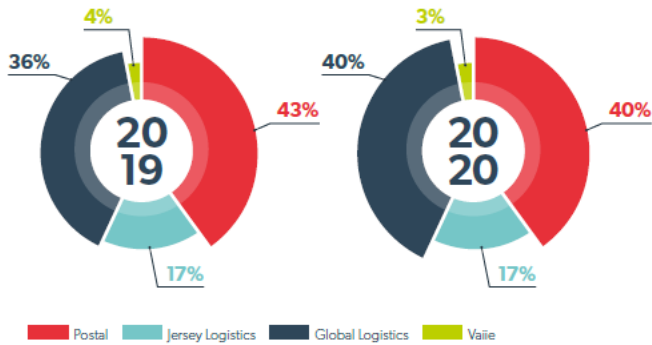


Strategic Report Cont.

The business mix

Whilst we can look back with some pride on our achievements, at the end of 2020 the business is permanently different to that of before the pandemic. The underlying trend of declining letter volumes that we have mentioned in every Business Review for the last ten years accelerated in 2020. However, the gradual increase in packets and parcels over the years grew significantly in 2020. Our diversification strategy into eCommerce and digital put us in the right places at the right times, and without them we would be facing a much different and more difficult task today

Between 2014 and 2019, annual revenue generated by the postal business had declined from 60% of total revenue to 43%. In 2020, this declined to 40% despite the increase in parcel traffic. Our global logistics business was non-existent in 2014 but represented 36% in 2019 and 40% in 2020. Today, including the in-island fulfilment business, our logistics business represents 57% of total revenue.



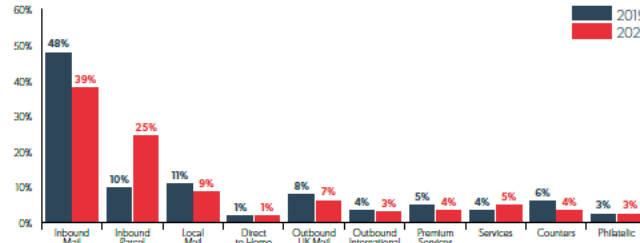
Across all business streams just over a third of revenue originates in Jersey, and is the destination for 40% of revenue. A growing percentage (40% in 2020) of revenue relates to business that starts and finishes outside of the island.

Source of revenue by:	Origin % 2020 (2019)	Destination % 2020 (2019)
Jersey	36 (41)	40 (41)
UK	49 (53)	15 (20)
Europe	1 (2)	27 (24)
North America	14 (4)	6 (6)
Far East	0 (0)	3 (2)
Rest of World	0 (0)	9 (7)

Jersey Post Business Review 2020
[annual report 2020 .pdf\(jerseypost.com\)](https://www.jerseypost.com/annual-report-2020.pdf)

Postal

Within our postal business, some 39% (down from 48% in 2019) is inbound mail or letters. Inbound parcels grew as a percentage of revenue from 10% in 2019 to 25% in 2020. Paradoxically, we still saw a net 10% fall in postal volume year on year: the 20% fall in letter volume more than offsetting the growth in parcel volume.



The increase Jersey Post experienced in the growth in parcels is only a subset of the growth across the island with at least seven other parcel carriers in Jersey.

During 2020, the postal business had to cope with the significant increase in inbound parcels for delivery whilst protecting the health and welfare of our colleagues and customers. Parcel volumes increased to Christmas peak levels and remained there for much of the year. The infrastructure for parcels is significantly different than that for letters. For example, our letter sorting machine can sort between 40,000 and 55,000 letters an hour. Our parcel sorting machine sorts up to 4,500 parcels an hour. High levels of absenteeism due to Covid-19 and backfilling new colleagues to meet the increased demand was a strain on ensuring quality of service was maintained.

Not only did our operational colleagues commit to high levels of overtime with colleagues working in support covering at least one shift a week, we also worked with a local hotel chain to take on its colleagues who were not able to work during lockdown.

One of many impacts was the decline in retail counter business where revenue fell by 30% and after years of making a small contribution, our retail network made a significant loss. The impact of travel bans reduced foreign exchange business almost to zero and the fall in retail footfall hit post offices too. Unfortunately, we have not seen this recover in quarter one 2021 and this area of the business remains a concern.

As can be seen from the numbers above, we bring in five and a half times more mail from Royal Mail on the mail plane than we send out in revenue terms. In weight, we despatch around one and a half tonnes on a plane that can take up to 11 tonnes. The result is that the cost of flying mail is significantly more expensive for Jersey Post than it is for Royal Mail. We continue to look at more cost-effective solutions.

The challenge for the future is to continue to invest in transformation. Over the last five years we have invested over £7m into the postal business into automation, systems and IT, the environment (we have the biggest electric fleet in Jersey), customer service and new products. As the business continues to change, the need for investment continues as we transform the business from a letter business that happens to deliver parcels, to a parcels business that also delivers letters.

The Jersey Competition Regulatory Authority 2020 Annual Report and Accounts includes a concise and clear summary of performance against stated objectives for the year:

Performance Report

Performance Analysis

The 2020 Work Programmes set out objectives from CICRA for the year. The table below sets out how the Authority performed against these objectives in Jersey during the year.

To ensure businesses compete fairly with each other.

Competition 2020 Work Programme

Objective	Progress
Proactive – where work is initiated by the Authority:	
Advocacy	<p>The intention was to continue with a programme of competition law training for government and the legal profession in Jersey. However, the Pandemic and separation of the Authority from Guernsey and umbrella of CICRA had a significant impact on the delivery of training in 2020. This aspect of the work programme was put on hold until 2021. However, individual guidance was provided throughout the year.</p> <p>New investigation procedures were issued in January 2020, and the Authority has formally adopted the existing CICRA Competition Law Guidelines. A review of these is scheduled in the work programme for 2021.</p>
Competition Reviews & Provision of Advice to Government	<p>The ‘markets authority’ aspect of the Authority’s remit was under active review during 2020, including its involvement in issues relating to competition policy, consumer issues, markets and the competition system. A new framework for market studies was developed and discussed with government. This forms a major component of the Authority’s work programme for 2021.</p> <p>The Authority continued to work to support government development of detailed law drafting instructions for changes to the Competition Law, including merger control. It is anticipated that the package of changes will be put out for public consultation by the Department in 2021.</p> <p>Work continued in 2020 on the introduction of a Vertical Arrangements Block Exemption as recommended by Oxera in 2015, and which will be implemented by way of a Ministerial Order following consultation with the Authority. The final draft has not yet been presented to the Authority for its consideration. This is anticipated during the first quarter of 2021.</p>

Jersey Competition Regulatory Authority Annual Report and Accounts 2020
[jcra-2020-annual-report-and-accounts.pdf](#)

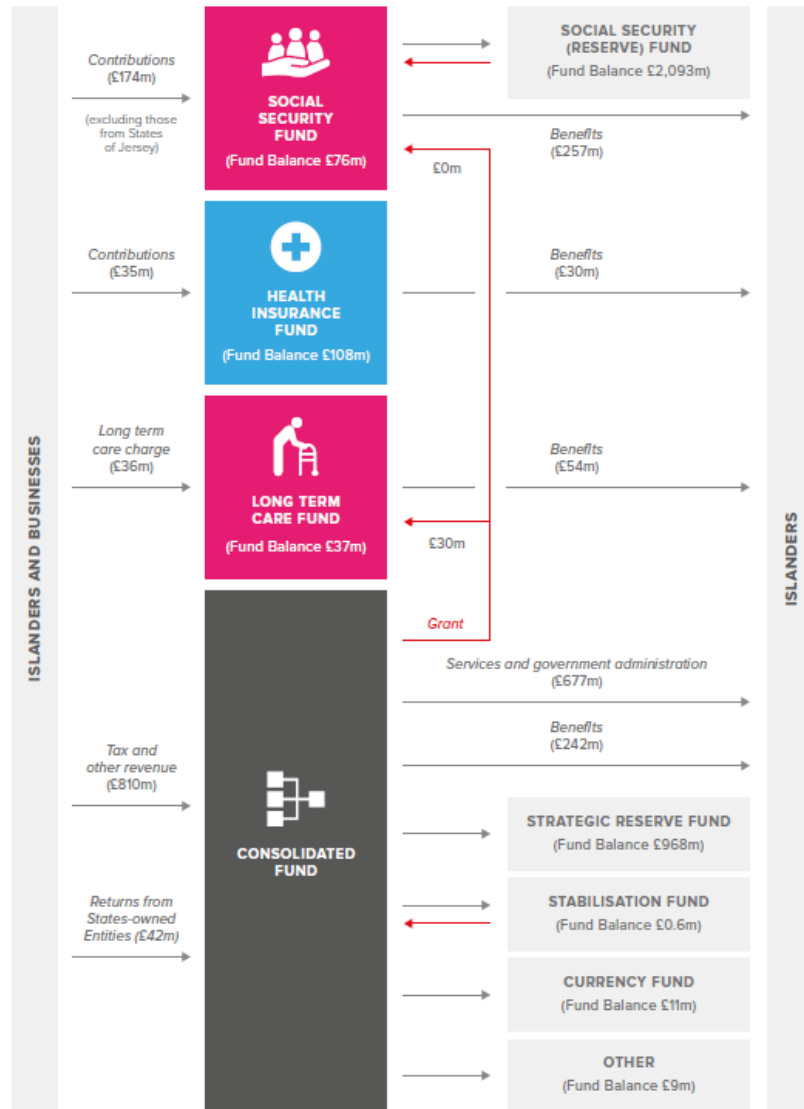
Understandable

The best reports use:

- plain English to explain difficult concepts
- infographics and diagrams to communicate important messages; and
- clearly integrated structure to help users navigate it effectively.

The **States of Jersey** Annual Report and Accounts 2020 uses infographics and diagrams to communicate complex data:

How Islanders' Money Is Used



States of Jersey Annual Report and Accounts 2020

[R Government of Jersey Annual Report and Accounts 2020.pdf](#)

The best reports include:

- a statement of the purpose and activities of the entity including in respect of a brief description of the business model and environment, organisational structure and priorities or any other organisational strategic objectives and goals, objectives and strategies
- the key issues and risks that could affect the entity in delivering its objectives, how they have changed, how they have been mitigated and any emerging risks that may affect future performance
- clarity around purpose, strategic objectives and key programmes/projects
- balanced view of progress against objectives
- details of plans to implement priorities; and
- strategy clearly linked to performance measures and risks

The **Jersey Water** 2020 Annual Report sets out a clear statement of purpose and strategic outcomes that form a basis for the structure of the commentary in the company's operating review. The performance against each strategic outcome is reported clearly including identifying strategic priorities for 2021:

Our Business

Our Purpose

Supplying the water for our Island to thrive today and every day.

What We Do

We collect, treat and supply 19.3 million litres of clean water every day to more than 40,000 households and businesses across Jersey.

Customer Outcomes

In 2020 we developed four customer outcomes on which to focus the activities of the Company over the coming five years. The outcomes ensure that our customers are at the heart of everything we do.

High Quality Water Supply

We aim to deliver a reliable supply of safe, high quality water to our customers now and in the future.

Fair & Affordable Bills
We aim to offer good value for money and keep charges for water fair and affordable.



Great Customer Experience

We aim to ensure our customers experience the high standards of service so that they would choose us if they had a choice.

Environment & Community Benefit

We aim to have a positive impact on the environment and the Island community we serve. We have a wider responsibility to future generations for the decisions we make today.



High Quality Water Supply

Measure of Practice	Actual 2020	Actual 2019
Water Quality Compliance %	99.98%	99.97%
Customer contact regarding acceptability of the water (Zonal Rate per 1,000)	1.22	0.97
Leakage – (M/d)	2.46	2.40
Water Consumption (Ml)	7,061	7,001*
Length of mains renewed (km)	1.2	1.5
Supply interruptions (Greater than 3 hours)	3	4*
Water restrictions	0	0
New connections	470	339*

Highlights for 2020

99.98% water quality compliance (2019: 99.97%)

Water Resources and Drought Management Plan completed

Island Plan submission regarding water resources

100% bacteriological compliance at treatment works (2019: 100%)

Zero nitrate or pesticide failures in treated water (2019: zero)

Developed a field scale catchment pollution risk model in conjunction with the Action for Cleaner Water Group

Replaced the powdered activated carbon dosing plant at Handois Water Treatment Works

165Ml produced by the desalination plant to supplement resources and test modifications

Key Initiatives for 2021

- Implementation of Laboratory Information Management System and Asset Management System
- Ongoing enhancement of water quality governance and drinking water safety plans
- Publication of Water Resources Management Plan
- Preliminary works on extension of desalination capacity
- Development of Leakage Reduction Strategy
- Development of Island Water Efficiency Strategy

The Jersey Financial Services Commission Annual Report 2020 included a clear narrative on delivery against strategic objectives during 2020:

Delivering against our strategic roadmap

At the start of 2020, we set out of strategic priorities for the subsequent four years, focusing on three core areas to:

- › Build even more effective supervision
- › Embed risk-focused choices in our work
- › Strengthen our organisational resilience

While the year was dominated by the Covid-19 pandemic and our ongoing response to it, we still managed to progress our work in these areas, successfully delivering against most of the projects we set ourselves in our business plan for 2020.

Key projects for 2020	Goal	Build even more effective supervision	Embed risk-focused choices throughout our work	Strengthen our organisational resilience	Progress in 2020
Strengthening our effectiveness at fighting the financial crime threat.	Implement FATF Recommendations and deliver effective AML/CFT supervision.	✓	✓		Collated statistical evidence to show our effectiveness in fighting financial crime ahead of MONEYVAL assessment. Carried out an ambitious programme of financial crime compliance-focused examinations on 98 businesses. Finalised our contribution to Jersey's first National Risk Assessment for money laundering and delivered subsequent sector-specific webinar series. Conducted independent review of our authorisations framework and made initial improvements to the way we grant and revoke licences.
Ensuring the continuous improvement of our workflow management system and digital platforms.	Enhance the core platform used by our Supervision team to secure more efficient and effective operations.	✓		✓	Started work to upgrade platform used by our Supervision team to prepare for recalibration of our supervisory workflows in 2021.
Implementing and refining our risk model.	Enable our Supervision team to focus on the top priorities.	✓	✓		Rolled out the next phase of our risk model so all our supervisors can now capture and monitor risk more effectively.
Updating our Registry.	Establish fully digital registry systems to simplify interactions for all customers while delivering enhanced intelligence, vetting and compliance.		✓	✓	Implemented new Registry Law and completed work to deliver first phase of fully digital Registry and new customer account platform – myRegistry.
Implementing a new digital experience platform/online account for regulated persons.	Deploy a refreshed single regulatory engagement platform/portal for interactions and submissions between individuals, Industry and the IFSC.			✓	Delivered myProfile – the first phase of upgrading myJFSC. This allows key and principal persons to apply for a no objection online and replaces the PQ portal.

Jersey Financial Services Commission Annual Report 2020 [jfsc-annual-report-2020.pdf](https://www.jfsc.gov.je/jfsc-annual-report-2020.pdf) ([jerseyfsc.org](https://www.jerseyfsc.org))

The best reports include:

- clear articulation of the organisation's risk management process
- risks that reflect the external environment and implications to the entity (for example, COVID-19)
- clear links between risks, strategic objectives and the performance report narrative
- quantified risks and realistic planned and implemented mitigations; and
- a description of how the dynamic of the risk profile has changed over time, including developments in relation to specific risks disclosed.

The **Jersey Electricity** Report and Accounts 2020 set out clearly the direction of travel for the company's principle risks together with planned and implemented mitigations. The principal risks identified reflect the external as well as the internal environment and the commentary also considers the impact of COVID-19 on the risk profile:

Summary of our principal risks

Political and regulatory environment		Risk movement: Increasing
Risk Description	How we manage the risk	COVID 19 threats and response
<p>Unfavourable political and regulatory change - Not acting in line with 'expectations of behaviours' of a monopoly utility resulting in the introduction of sector specific regulation with the attendant cost of compliance and impact on public relations.</p> <p>This risk also includes legislative changes or developments which cause a significant change to the operation of, or prospects for, the business.</p>	<ul style="list-style-type: none"> Find the correct balance associated with being a key service provider on an Island but recognising our responsibilities to a wide number of stakeholders. Ensure transparency of objectives and regular communication with key stakeholders. Benchmark ourselves against comparable Key Performance Indicators with other jurisdictions (e.g. Tariffs, Customer Minutes Lost, CO2 emissions, Lost Time Accidents). Monitor political and legislative developments (e.g. the Government's Energy Plan). Analyse opportunities and threats to enable us to respond effectively. 	<p>Threat - Potential down-turn in economy or increased taxes will reduce disposable income and possibly reduce revenue.</p> <p>Response - Monitoring ongoing political and regulatory developments related to the pandemic.</p>
<p>Protecting personal data - Failure to comply with laws and regulations could result in fines/penalties ("the Data Protection Law") (£10m or 10% of turnover), highly publicised investigations, enforced actions and/or regulatory censorship.</p>	<ul style="list-style-type: none"> Data protection policies and procedures. Group wide training and induction for new staff. Establishment of the Information Governance Committee. Ongoing compliance programme (review of data library and monitoring of retention and destruction schedules). 	<p>Threat - Remote working and changes in processes to enable ongoing services during COVID 19 may increase the likelihood of staff unintentionally releasing data or bypassing security controls.</p> <p>Response - IT security protocols enhanced as part of the roll out of Office 365. Change management controls in place to oversee any significant changes to processes.</p>
Financial		Risk movement: Stable
Risk Description	How we manage the risk	COVID 19 threats and response
<p>Strategy and market disruptions - The energy market is facing a growth in disruptive technologies and calls for renewable energy by the public. Further, consumer energy demand may reduce due to energy efficient products or significantly increase due to initiatives such as the Government of Jersey zero carbon plans.</p>	<ul style="list-style-type: none"> The Director of Operations is busy with a programme to Protect the Business Model i.e. (Vision 2020 - new long-term strategic growth model to address potential disruptions in the energy market). A dedicated team work on initiatives in these areas - including EV (establishing 75 stations on island, solar power and other renewable options). There are also longer-term implications on load growth of widespread take up of solar panel technology combined with battery storage systems for homes and businesses (or similar renewable technologies). 	<p>Threat - Network grid not able to support load growth due to high volume switch to electric heating and significant increase in peak demands of our customers.</p> <p>Response - Roll out of smart meters (project is now complete/smart chargers for EVs is being trialled). Continuous monitoring in customer demand / switch rates.</p>
<p>Revenues - Reduction in unit sales of electricity due to, for example, energy efficiency and the corresponding impact on the competitiveness of electricity in the heating marketplace.</p>	<ul style="list-style-type: none"> The prime defence against falling volumes is to migrate existing customers who use gas/oil as their primary heating source to all-electric solutions. A dedicated team work on initiatives in this area. Scenario and sensitivity analysis as part of our long-term budgeting process. 	<p>Threat - Business consumers, in particular hospitality, are expected to reduce demand, which will be partially offset by an increase in domestic demand during lockdown.</p> <p>Response: Stress testing, usage modelling and monitoring of key indicators regarding reduction in load.</p>
<p>Market volatilities and affordable energy - A significant proportion of our profitability and price competitiveness is dependent upon our ability to manage exposure to increasingly volatile power and foreign exchange markets.</p>	<ul style="list-style-type: none"> Power and foreign exchange are hedged in accordance with the agreed strategies which are reviewed and approved by the Board on a periodic basis. 	<p>Threat: Market reactions to the pandemic could include movements in the value of sterling and other financial instruments.</p> <p>Response: Continuous monitoring and assessments of market movements and impact to operating costs.</p>

Jersey Electricity Report and Accounts 2020

[jec_annualreport_2020.pdf](#)

The States of Jersey Development Company Annual Report and Consolidated Financial Statements 2020 included a specific commentary on COVID-19 risks:

COVID-19 Related Risks (continued)

Area	Risk	Risk Management Measures Taken
Valuation of investment property and inventory property.	Decrease in the value of investment property and inventory property because of Covid-19.	<ul style="list-style-type: none"> The board and directors review the valuation of inventory and investment property on a regular basis.
Completion of construction and hand over to purchasers.	Higher construction cost due to increase in compliance of additional H&S requirement due to Covid-19.	<ul style="list-style-type: none"> JCT 'Force Majeure' event. Plans in place in to work with compliance of the Covid guidelines issued by Government of Jersey.
Banking covenants.	Covid-19 has increased the risk of the banking covenants being breached.	<ul style="list-style-type: none"> The covenants of the bank are being monitored on a monthly basis by the Finance Director.
Employee absence.	Covid-19 has increased the risk of widespread employee absence (through illness or the need to self-isolate) which could threaten the ability of the Group to maintain minimum standards of service.	<ul style="list-style-type: none"> Implementation of working from home and 2 / 1 metre distance when in office. Using technology to maintain effective communications. Reorganisation of working arrangements for all construction workers to comply with distancing regulations, protect their health and maintain operational resilience.
Employee engagement & wellbeing.	As a result of the working arrangements to working from home there is a risk of decreased engagement and wellbeing concerns arising from physical isolation of colleagues, less face-to-face unstructured communication and/or their adjusted working environment.	<ul style="list-style-type: none"> Increase in frequency of team catch-ups. Provision of the necessary equipment to assist employees working from home.
Customer/tenants financial hardship.	The economic consequences of Covid-19 have increased the risk that customers / tenants may be unable to pay their car parking / rent bills resulting in an increase in bad debts.	<ul style="list-style-type: none"> Introduction of 'repayment plans' for customers / tenants in financial hardship. Proactive and more frequent communication with customers / tenants who are in arrears with their bills.
Supply chain.	Covid-19 has resulted in risk of principle sub-contractor going bust or delay in remobilising & obtaining resources and materials.	<ul style="list-style-type: none"> Maintaining higher than usual levels of stocks of supplies. Working with contractors to ensure continued construction suppliers are available. Main contractor to keep in contact with sub-contractors and actively reviewing the financial position of sub-contractors before they commence works.
Long-term impact.	The long-term impacts of the Covid-19 pandemic on the economy and community are unknown.	<ul style="list-style-type: none"> Closely monitoring the short-term impacts of Covid-19, demand for car parking spaces, debt recovery, and future projects.

States of Jersey Development Company Annual Report and Consolidated Financial Statements 2020

[2020-annual-report-accounts.pdf\(jerseydevelopment.je\)](#)

The best reports include:

- clear explanation of different delivery models used, the reasons for using these models and how they achieved value for money
- narrative around how business operations support wider public sector (or other) objectives
- for significant contracted-out services: discussion of how these contracts are awarded and how the entity manages the ongoing contract; and
- consideration of capital investment and how it achieves value for money.

The **Ports of Jersey** Annual Report 2020 included a clear description of the impact of the COVID-19 pandemic on its operations:

Initial Response

The first major impact of the pandemic on PoJL came in early March when we were sad to see the collapse of Flybe. With its roots in the Channel Islands, Flybe had been a valued business partner, offering connectivity to a wide variety of destinations in the UK.

The rapid spread of cases of COVID across Europe quickly impacted upon both the Harbour and Airport operations. We experienced travel restrictions changing whilst aircraft were en route to the Island. Close multi-agency collaboration, combined with the agility of our operational teams to swiftly adapt and introduce new procedures, to protect our passengers and public health, came to the fore.

We created Strategic and Tactical Coordination Groups, mirroring the Islands emergency response structures, to ensure smooth, agile and resilient communications, between agencies and within PoJL. We quickly formulated and executed contingency plans to ensure the resilience of critical, humanitarian connectivity. As a result, Islanders could be repatriated from overseas, key workers supporting the Islands emergency response could travel and Islanders requiring specialist medical support could access treatment in the UK.

By the end of March, all of our non-operational employees had transitioned to remote working. That this change happened so smoothly was a credit to our IT team, our employees and the investments made in our IT infrastructure in previous years. We were pleased by the way our teams collaborated virtually, introducing processes that ensured the smooth running of our “back-office” functions.

For our operational staff, new ways of working were quickly introduced to minimise the risks of cross-contamination between critical functions without which the Airport and Harbour could not operate.

Support for Government and key agencies

Throughout the pandemic we have been working closely with colleagues in Government and key state agencies to support the Islands emergency response. We have been pleased to contribute to the Emergency Council, evaluating and managing the key resilience risks to the Islands connectivity and maritime supply chain.

The contribution our teams have made to support other agencies, across a range of initiatives, includes:

- The deployment of our employees to support other key agencies. We had: airport fire fighters driving ambulances; our security team providing support at the General Hospital; our customer service team helping the COVID Help Line; our Engineering team project managing the development of the Nightingale Wing and many of our employees have supported the Island test centre.
- We facilitated the negotiation of a contract for life-line flights with Blue Islands and Government during the lockdown periods, in order that Islanders continued to have access to essential connectivity.

The development of the arrivals testing facilities at the Airport and Harbour gained international media attention as Jersey led the world to enable “safe travel” to take place. The ambition, collaboration and successful operation of the arrivals testing with colleagues across Government was a demonstration of the capabilities of our Island. It enabled us to welcome visitors to our Island, supporting our visitor economy, whilst allowing Islanders to see friends and family.

Support for affected business partners

We supported a range of business partners during the pandemic to ensure the resilience of our gateway operations and to protect our long-term connectivity, a number of examples include:

- In close collaboration with Government we facilitated and negotiated the terms of a commercial loan from the Government to Blue Islands, in order to secure the Islands future regional air connectivity to the UK. The deal is projected to deliver an economic impact of £620m for the Island over ten years as Blue Islands concentrate their future operations in Jersey.
- New airline agreements have been put in place, providing incentives for the likes of easyJet and British Airways to restart flights to Jersey, effectively sharing the risks of restarting operations.
- We were delighted to welcome Jersey Potteries as our new catering partner at both the airport and harbour, following the collapse of the Casual Dining Group, during 2020. Jersey Potteries is a very strong local brand that will bring a great first and last impression for visitors to our Island.
- The incumbent supplier of air ambulance, medical evacuation services, terminated their contract with the Health Department early in the pandemic. We used our expertise to secure a new supplier and negotiate a new contract on behalf of the Health Department. This contract has a critical function, enabling islanders to access emergency medical treatment at short notice in the UK.
- We supported the Jersey Aero Club, a valued partner providing services for our private aviation community, to remain viable and operational following the impact of the pandemic.
- The Company have recognised the need to be flexible with credit terms to support key stakeholders affected by the pandemic by well in excess of £5m.
- Supported tenants, often playing valuable roles in the aviation and maritime supply chains, to reorganise their operations to ensure their viability throughout the pandemic.
- We have also worked closely with our freight logistic partners, who have done an incredible job to keep the Islands supplied with everything from food and clothes, to our critical medical supplies and personal protective equipment.

“

New airline agreements have been put in place, providing incentives for the likes of easyJet and British Airways to restart flights to Jersey



Ports of Jersey Annual Report 2020

[Annual reports / Ports of Jersey](#)

Performance analysis




The best reports include:

- a statement from the entity's lead Minister or Chief Executive or equivalent providing their perspective on the performance of the entity over the period
- a performance analysis showing how the organisation has performed against priorities (or any other organisational strategic objectives and goals) using qualitative and quantitative information and prior year trend information where possible. Performance data against each of the indicators used to monitor performance against priority outcomes should be provided. Any financial information provided should link to the financial review
- non-financial information including on environmental protection, social responsibility, respect for human rights, anti- corruption and anti-bribery matters and diversity
- information on environmental matters including the impact of the entity's business on the environment and identifying where its performance contributes towards the delivery of Sustainable Development Goals (SDGs)
- quantified Key Performance Indicators aligned to strategic objectives and making appropriate use of financial and non-financial data
- balanced assessment of goals achieved and performance against targets; and
- graphics used to illustrate performance.


The **Andium Homes** Annual Report 2020 included a detailed analysis of performance including performance against target for key performance indicators:

Key Performance Indicators

Our KPIs enable us to measure our continued improvement and to compare our activities with others in the sector.

	2020 Actual	2020 Target
 Great services for all		
Overall client satisfaction	99%	90%
Occupancy	99.2%	99.5%
Rent collected as a % of rent charged	100.6%	100.0%
We collected all of the rent charged during the year.		
 Supporting successful lives		
Investment in communities	£0.01	£0.01
For every £100 spent by the business we invest £1 on the wider community.		
 More homes to buy and rent		
Number of existing properties sold	40	50
Net proceeds from existing property sales	£13.7m	£13.2m
Number of new properties sold	18	16
Net proceeds from new properties sold	£6.7m	£5.8m
Mean number of unlet properties at month end	32	<30
Average re-let time in days	31	<25
Rent loss due to voids as a % of rent due	0.75%	<1.0%
Tenancy turnover (annualised)	5.6%	7%


Our rental homes were let efficiently in light of the pandemic restrictions, providing homes for those most in need. We also sold 58 homes in 2020, making homeownership a reality for those unable to purchase in the private market.

	2020 Actual	2020 Target
 Delivering growth and regeneration		
% of homes meeting the Decent Homes Standard	100.0%	100.0%
New supply delivered – social housing units (of which are affordable sales)	132 17	177 15
Ratio of planned maintenance to response repairs	68%	69%
New supply as % of stock – social housing units	2.9%	4%
Reinvestment	£1.32	£1.84

We delivered 132 new homes in the year, with more homes due for completion in 2021, and maintained our 100% Decent Homes standard.

	2020	2020
 Maintaining financial strength and stability		
Minimum rent charged as a % of market rent	79%	81%
Operating margin – overall (pre-return)	64%	64%
Operating margin – social housing lettings (pre-return)	65%	65%
Interest capacity – earnings as a % of interest (pre-return)	991%	663%
Gearing (interest / assets)	21%	22%
Return on capital employed	4%	4%
Headline social housing cost per unit	£6,561	£7,146
Management cost per unit	£1,101	£1,106
Maintenance cost per unit	£1,914	£1,941
Major repairs cost per unit	£2,954	£3,480
Service charge cost per unit	£386	£411
Other social housing cost per unit	£207	£209
Overhead costs as % of turnover	10%	10%

On average across our approximately 4,500 homes, we charge equivalent to 79% of market rents. Our financial KPIs highlight our strong position and demonstrate that the majority of our expenditure is directed to maintaining our homes.

	2020	2020
 Challenging ourselves and developing our people		
Average colleague sickness levels	5	<5
Staff turnover in year	4%	<12%

Staff wellbeing has been a priority during this extremely challenging year. Ensuring all staff have the support they need to balance their work and home lives has been a focus of the whole team.

Targets are based on original benchmarks taken from UK Sector 2017 median, UK Housemark 2017 and UK Personnel Today 2014 or UK Monster, where applicable.

Financial performance

The best reports include:

- a financial review detailing financial performance
- a fair and balanced reflection of financial performance which is consistent with the underlying financial statements
- an explanation of the adoption of the going concern basis where this might be called into doubt, for example where there are significant net liabilities that will be financed from resources voted by States Assembly in the future; and
- discussion of actual performance against expected/budgeted performance.

The **Jersey Financial Services Commission** Annual Report 2020 included a review of financial performance that was consistent with the underlying financial statements and discussed actual performance against expected/budgeted performance:

Finance and resources

In 2020, we recorded a surplus of £2.4m (2019: £0.3m). Our surplus was £2.1m higher than 2019 due to a £3.4m increase in total income, which followed regulatory fee increases and a change in our retained portion of the annual return fee (refer to Note 5 of our accounts). This was partially offset by a £1.3m increase in operating expenses, principally due to higher utilisation of professional services (£0.8m) and an increase in staff costs (£0.5m).

We had budgeted to break even in 2020 but lower than planned expenditure in a number of areas – partly due to Covid-19 – and the unbudgeted changes in the annual return fee gave rise to the £2.4m surplus. As a result, our reserves increased to £9.1m, although this remains below our current target of £10m.

Income

Total income in the year reached £22.8m (2019: £19.4m) following increases in both regulatory and registry fee income.

Regulatory fee income rose by £1.4m as a result of fee increases to fund our largest ever capital investment programme and further develop our capability to combat the threat of financial crime. Registry fee income increased by £1.7m

following (i) an underlying increase in the annual return fee and (ii) a one-off increase in the proportion of the fees retained by us, following changes to the capital funding agreement with Government. The volume of annual returns received was broadly consistent with the prior year.

Operating costs

Total operating expenditure increased by £1.3m (7%) to £20.4m.

Staff costs are the most significant item of expenditure, representing two-thirds of our cost base. Costs increased by £0.5m (4%) compared to 2019, driven by a 5% increase in the average number of full-time employees to 151. Our 2020 plans targeted a larger increase in headcount, however this was not fully achieved as a result of a period of slower recruitment during the initial stages of Covid-19 lockdown restrictions. Despite inflationary pressures, average costs per head continue to reduce year on year.

Professional services costs principally comprised IT technical specialists and were largely temporary in nature. Associated costs saw a marked increase of £0.8 million in the year as a result of the ongoing design and development of our core systems, including the new Registry system to deliver the Island's commitment to increased public access to registry data. Capital investments in prior years continued to drive increases in the annual depreciation charge, which rose by £0.3m to £1.6m in 2020.

As in 2019, investigation and litigation costs were below the historical average, as appeals remained at a low level and current cases did not require significant third-party costs. Associated costs reduced by £0.2m compared to the prior year.

As many organisations will have experienced, operating costs in 2020 were strongly influenced by Covid-19 and a number of initiatives proved considerably more challenging to deliver than initially scheduled in the 2020 business plan. As a consequence, operating costs were £2.0m lower than budget, mainly as a result of lower staff costs through slower recruitment and a temporary slow-down of project work in the first half of the year.

Capital expenditure

Our review and enhancement of project governance at the start of 2020 provided a solid foundation to launch our significant capital investment programme, but compressed the time frames for completing the associated work.

Our focus on these strategically important initiatives also resulted in a slower rate of expenditure on other, lower priority investments. As a result, the total capital investment of £3.1m was lower than originally planned, although £0.2m higher than 2019.

The net book value of fixed assets increased to £8.5m by the end of the year (2019: £6.9 million) with annual depreciation and amortisation increasing to £1.6m (2019: £1.4m).

Financial position and forward look

Our financial reserves improved during 2020 to £9.1 million (2019: £6.7 million). However, they remain below our current target level of £10 million, which equates to six months' operating expenses and one year of average litigation costs.

One of our strategic priorities is to strengthen our organisational resilience. During the course of 2020, we started work on our financial resilience review to ensure that our finances remain stable and sustainable in the future. The scope of this work includes a full review of our cost controls and approach to financial management, and further consideration of our reserves policy.

A key objective of the review is to deliver a balance sheet that will enable us to:

- › operate without loss of quality through an adverse event; and
- › continue to provide regulatory and registry services that make Jersey globally competitive, while affording a good level of protection for Islanders.

The review will be finalised in 2021 and published to Industry, providing the context for our future fee basis discussions.

Directors' or equivalent report

The best reports include:

- the names of the chairman and chief executive
- the composition of the individuals or management board having authority or responsibility for directing or controlling the major activities of the entity during the year
- details of entity directorships and other significant interests held by members of the management board which may conflict with their management responsibilities; and
- information on personal data related incidents where these have been formally reported to the Data Protection Authority.

The **Jersey Competition Regulatory Authority** 2020 Annual Report and Accounts included all key elements of best practice and confirmed that there were no personal data related incidents during the year:

Accountability Report

Corporate Governance Report

Statement from the Chair

I was appointed as Chair of the Authority on 1 July 2020. My predecessor, Paul Masterton, was Interim Chair for the first half of the year and remains as Senior Independent Member of the Authority. I have had thorough handover discussions with Paul Masterton and other Members of the Authority in respect of the arrangements for the first half of the year and have been provided with the relevant documentation.

All Members of the Authority have made declarations of interest. No Members declared significant company directorships or other interests that may have conflicted with their responsibilities. No Member of the Authority had any other related-party interests.

Sarah Price was appointed as Company Secretary by the Board to oversee corporate governance for the Authority.

There were no personal data related incidents during the year reported to the Office of the Information Commissioner.

Significant Interests

Whilst no distinction is made in the 2001 Law between Non-Executive and Executive Members of the Authority, the majority of Members are not also officers, employees or agents appointed under Article 8. They are independent of management and free of any other relationship that could materially interfere with the exercise of their judgement.

Data Protection

At the beginning of the year, the Data Protection Officer for the Authority was Sarah Livestro. This responsibility was passed to Tim Ringsdore in July 2020, and to Sarah Price in January 2021.

Accountability – Public Finance Manual

The Authority has been designated as a Grant Receiving Body under the terms of the States of Jersey Public Finance Manual. The Authority is fully cognisant of its responsibilities as the recipient of public funds, and there has been significant work undertaken on a formal Funding Agreement between the Government of Jersey and the Authority. It is anticipated this will be signed by mid-2021.

In addition to the requirements of the 2001 Law and the requirements placed on recipients of grant funding, the Authority is committed to maintaining a high standard of corporate governance.

Members of the Authority

The 2001 Law requires the Authority to comprise, as a minimum, three Members, with one as Chair⁶. As at 31 December, the Authority consisted of a Chair, four non-executive Members and one executive Member.

Appointments to the Authority

The 2001 Law provides that the Chair is appointed by the Minister, as are other Members following consultation with the Chair. Vacancies which arise are filled through an open and transparent process, consistent with the procedures recommended by the Jersey Appointments Commission.

The recruitment of a new Chair for CICRA to replace Michael O'Higgins had commenced in late 2019. This process was amended in February to recruit a new Chair in each jurisdiction. As a result of a recruitment run by Government, and overseen by the Jersey Appointments Commission, Stephanie Liston was appointed Chair on 1 July 2020. During the interim period, Paul Masterton served as Interim Chair.

Two new Non-Executive Members were appointed on 7 October being Lara Stoimenova and Ian Walden. Tim Ringsdore was appointed as Interim Chief Executive in May, and appointed as a Member of the Authority from August.

Sarah Price was appointed the additional role of Company Secretary to her existing role as Senior Case Officer.

During 2020, with the separation of CICRA, there were a number of changes to the composition of the Authority which are listed below. At all times, the Authority remained quorate.

⁶ Competition Regulatory Authority (Jersey) Law, Article 3

Statement of responsibilities

The best reports include:

- an explanation of the responsibilities of the chief executive or equivalent
- where the report includes audited financial statements, a statement to confirm that, as far as they are aware, there is no relevant audit information of which the entity's auditors are unaware, and the directors (or equivalent) have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the entity's auditors are aware of that information; and
- a statement from the directors (or equivalent) to confirm that the annual report as a whole is fair, balanced and understandable and that they take personal responsibility for the annual report and the judgments required for determining that it is fair, balanced and understandable.

The **Jersey Electricity** Report and Accounts 2020 set out a clear statement of responsibilities:

GOVERNANCE

Statement of Directors' Responsibilities

Directors' Responsibilities for the Financial Statements

The Directors are responsible for preparing the Annual Report, Directors' Remuneration Report and the Financial Statements in accordance with applicable law and regulations.

Company Law requires the Directors to prepare Financial Statements for each financial year. The Directors are required by the IAS Regulation to prepare the Group Financial Statements under IFRS as adopted by the European Union. The Financial Statements are also required by Company Law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

International Accounting Standard 1 requires that Financial Statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Jersey and in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

The Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. The Financial Statements are therefore prepared on a going concern basis. Further details of the Group's going concern review are provided in note 1 of the financial statements on page 81.

Having taken advice from the Audit and Risk Committee, the Board considers the annual report and financial statements, taken as a whole, to be fair, balanced and understandable and that it provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

Responsibility Statement

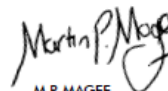
We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board



C.J. AMBLER
Chief Executive Officer
17 December 2020



M.P. MAGEE
Finance Director
17 December 2020

Governance Report

The best reports include:

- a narrative statement explaining the governance structure of the entity, including information about any board committee structure, its attendance records and the coverage of its work
- transparent information about how the office holder or entity board works effectively to govern the entity including information about the quality of the data used by the office holder or board, and why the office holder or board finds it acceptable
- an assessment of the effectiveness of the office holder's or board's performance
- highlights of any board committee reports
- a risk assessment, including the entity's risk profile and how it is managed; and
- a summary of any significant lapses of protective security.

The **Jersey Water** 2020 Annual Report included a commentary on how the board evaluates performance within its governance report:

Meetings and Committee membership

The table below sets out the number of meetings (including Committee meetings) held and attended during the financial year.

	Board	Audit	Remuneration	Risk	Nomination
Number of meetings in the financial year	7	2	3	1	2
Anthony Ferrar (appointed 1 July 2020)	2/2	-	-	-	-
Tim Herbert	7	1/1	3	1	2
Stephen Kay	7	2	-	1	2
Heather MacCallum	7	1/1	2/2	1	2
Daragh McDermott	7	2	-	1	2
Natalie Passmore	7	-	-	-	-
Michael Pocock	7	-	3	1	2
Helier Smith	7	-	-	-	-
Peter Yates (retired 6 February 2020)	2/2	-	2/2	-	1/1

Director independence

The Board considers all the Non-Executive Directors to be independent in character and judgement. In determining independence, the Board considers the specific circumstances of each director, inclusive of those directors who have served more than nine years on the Board. The Board has concluded that Anthony Ferrar, Tim Herbert, Stephen Kay, Daragh McDermott and Michael Pocock shall be deemed independent.

Heather MacCallum, as Chair of the Company, was considered independent on appointment and, in accordance with the Code, is not subject to the independence test thereafter.

The Board concluded that no corrective action was considered necessary for the reporting year and that the Board is fully effective.

Other significant commitments

The Board has a process in place for reviewing the other significant commitments of Non-Executive Directors and their impact on the ability of the Non-Executive Directors to discharge their duties to Jersey Water.

It is the opinion of the Board that all Non-Executive Directors are able to effectively discharge their duties to Jersey Water.

Performance evaluation

In order to ensure that the Board continues to operate effectively, each individual board member and its Committees are subject to annual performance evaluations. The process measures the performance of the Board and its Committees against a set of predefined targets. Individual directors are assessed by way of self and peer appraisal. The results of the performance assessments and appraisals are fed back to the individual directors and the Board collectively (if required) and, if necessary, appropriate action is taken, where development needs have been identified.

The Board concluded that it possesses the mix of skills, experience and knowledge required in developing and delivering the strategies and address the challenges, opportunities and the principal risks facing the Company.

Reappointment

Except where a director is appointed to fill a casual vacancy, all directors are appointed by the shareholders at the Annual General Meeting. One third of the directors, or where the number of directors is not a multiple of three, the number nearest to one third, retire by rotation (based upon length of service) and, where eligible, seek re-election each year. No director may serve a term of longer than three years without seeking re-election. Jersey Water has adopted a policy of requiring the Chair and Non-Executive Directors who have served on the Board for nine years or more to retire from the Board and seek re-election on an annual basis. Directors appointed to fill a casual vacancy must seek formal appointment by shareholders at the next Annual General Meeting.

The JT Progress Report 2020/21 included information on the actions proposed and being taken in response to an external review of board effectiveness:

Board Effectiveness

Annual Report Statement

This year the Board undertook an external effectiveness review as part of our commitment to the 2018 UK Corporate Governance Code. The review was undertaken in May 2020 with questionnaires and interviews, independent observations made at Board meetings, the Board materials, and ongoing evaluation of Hogan personality assessments for all Board members both individually and collectively as a Board. It was followed up with further interviews and discussions in September 2020. As well as the Board members themselves, it also involved the Group Company Secretary and the Executive Committee. To ensure consistency with the 2019 process, it was based on the Institute of Directors Competency Framework and the process was independently run by Darren Briggs from Flametree Communication Ltd.

The JT Board and its committees were found to be effective across all categories. The range of expertise that has been enhanced through the appointment of a new Chief Financial Officer, Non-Executive Directors and a new Company Secretary, brings a healthy challenge to Board discussions and drives confident decision making; the Board continues to pay sufficient attention to strategic issues around changing technologies, customer expectations, competitive landscape, political and regulatory developments, resource availability and value generation; and there have been significant improvements in governance and process in recent years. Together, with the ongoing focus on improving Board effectiveness by the current Chair in response to the 2018 UK Corporate Governance Code, these have proven to be a good platform on which to build a robust and effective Board culture. However, the Board recognises the need to constantly monitor and improve, in particular, the following areas for attention were identified, which the Board began addressing during the year and will continue through 2021:

Continuing improvements in Board procedure and materials

The range of knowledge, skills and behaviours must be maintained through Executive succession and Non-Executive rotation.

There continues to be room for further improvement in Board processes and materials.

Communication in general and in particular ensuring a common language.

Increased frequency of Board members to connect and meet outside of the normal Board timetable.

The Board has implemented the following actions:

Nominations Committee development of a detailed rolling Board succession plan with attention to specific Hogan profiling and the Institute of Directors competency framework for Directors as part of the selection process.

Personal development opportunities around both knowledge and skills based on Hogan assessments and individual feedback from this study.

An education programme for all Non-Executive Directors to have a deeper understanding of JT's technology, products and services.

An improved induction process for new Board members customised to their role on the Board and based on their personal Hogan assessments strategy. This includes creating a more formal standardised framework for the onboarding and induction of new Board members.

Adding the factors listed in S.172(1) of the Companies Act 2006 to the standard Board paper cover sheet so that the Board can make reference to this when considering the relevant Board paper/making decisions.

Deepening relationships between Executive and Non-Executive members to further build trust and respect through externally facilitated sessions.

Continual improvements in Board procedure and materials.

The Board this year will welcome a new Chair and will undertake the selection of new Non-Executive Directors in accordance with the detailed Board succession plan. These processes have been significantly improved as a result of this year's Board Effectiveness Review.

JT Progress Report 2020/21

About us - JT Global

Remuneration and staff report

The best reports include:

- the policy on the remuneration of directors (or equivalent) for the current and future years
- each component and the overall single total remuneration figure for each director (or equivalent), including:
 - salary and allowances
 - performance pay or bonuses payable
 - non-cash benefits
 - accrued pension benefits; and
 - compensation for loss of office and other severance payments
- for each of salary and allowances, performance pay and bonuses payable and non-cash benefits:
 - the percentage change from the previous financial year in respect of the highest paid director; and
 - the average percentage change from the previous financial year in respect of the employees of the entity taken as a whole
- the lower quartile, median and upper quartile remuneration of the reporting entity's staff
- the ratio between the lower quartile, median and upper quartile staff remuneration and the mid-point of the banded remuneration of the highest paid director (or equivalent) and an explanation for any significant changes in the ratio between the current and prior year
- number of senior staff (or equivalent) by band
- staff numbers and costs
- staff composition
- sickness absence data
- staff policies applied during the financial year in respect of disabled persons
- other relevant employee matters such as: other diversity issues; employment issues including employee consultation and/or participation; health and safety at work; trade union relationships; and human capital management
- expenditure on consultancy
- off-payroll engagements - summary data on the use of off-payroll arrangements; and
- exit packages - summary data on the use of exit packages agreed in year.

The **States of Jersey** continue to publish the most comprehensive remuneration and staff report including fair pay disclosures and staff sickness absence:

*States
of*

Fair pay disclosure

The following table contains details of pay multiples, which represents the ratio between the highest-paid director and the median remuneration. The median remuneration is a form of average, representing the individual whom half of the employees earned more than, and half earned less than. The calculation below is based on the full-time equivalent annual salary for individuals holding contracts (permanent or fixed term) at the end of the relevant year.

Figures presented are for December headcount for departments and trading operations.

	2020	2019
Highest-paid director	£245,000 - £250,000	£245,000 - £250,000
Median remuneration	£42,589	£41,830
Remuneration ratio	5.8	5.9

Salary (Basic Pay) ranges within GoJ range from £13,000 per annum up to £250,000 per annum.

The following sections of this report have been adapted to now include subsidiary information (Andium Homes, Ports of Jersey and the States of Jersey Development Company)

Jersey Annual Report and Accounts 2020

[R Government of Jersey Annual Report and Accounts 2020.pdf](#)

Staff sickness absence

Absence Type	Hours		Days	
	2020	2019	2020	2019
Sickness	265,227	313,986	35,841	42,430
CoronaVirus	167,880	-	22,686	-
Total	433,107	313,986	58,528	42,430
% Working Time Lost	4%	3%	4%	3%

Note: This table excludes subsidiaries companies' sickness

Employee well-being

We continued to embed the corporate health, safety and well-being strategy, taking forward specific initiatives around mental health, general well-being and fitness. We introduced a programme of mental health first aid training and have set up a network of mental health first aiders in the workplace as a first line listening support to staff, which supplements the employee assistance programme, Be Supported. We continue to offer a programme of health checks to support physical wellbeing with a view to broadening this to support sickness absence reduction.

During the Covid-19 period we have developed an employee support pack and provided counselling and other wellbeing services for affected staff. The Staff Flu Vaccination programme covering all departments (excluding HCS who have their own programme) has delivered approx. 2,500 vaccinations and is geared to both reducing demand for HCS services as well as reducing absence related to colds and flu

HCS well-being

Funding was obtained from the Bailiffs fund and have been used to increase permanent capacity within the well-being team and the team will be in a position to offer a stepped approach to ensure we meet the needs of the staff.

A well being Committee was created within HCS during the first wave of the pandemic, this was supported by a team of practitioners released from their front line duties to support staff well-being. The team provided well being checks across the whole of HCS contacting staff who were working, off ill or shielding.

It was recognised that teams were struggling to return to full functionality and the psychologist has supported the delivery of reflective group sessions to support this reparative work which is needed to strengthen resilience within teams.

The JT Progress Report 2020/2021 'Our people' section set out approach to diversity, inclusion and belonging:

Diversity, inclusion and belonging

Our ambition for JT is to create an inclusive workplace where everyone feels valued and respected, and every employee can be themselves and reach their full potential.

We want JT to be innovative and productive so we can deliver the best products and services to our customers. Diversity will help us achieve this. Our vision is to be an organisation where everybody is free to be the best they can be, to grow and innovate in a respectful and supportive workplace that enables us to attract and retain a diverse talented workforce.

Workforce diversity	Workplace inclusion	Social inclusion	Sustainability and accountability
<p>Recruit from a diverse, qualified group of candidates to increase diversity of thinking and perspective</p> <hr/> <p><i>We are also committed to the regular monitoring and auditing of diversity within our supply chain, allowing us to identify any Modern Slavery or unethical pay practices.</i></p>	<p>Foster a culture that encourages collaboration, flexibility and fairness to enable all employees to contribute to their full potential and increase retention</p> <hr/> <p><i>Carry out benchmarking to inform our initiatives.</i></p>	<p>We will encourage talent across all sectors of society, regardless of background, to view all career opportunities within JT to be achievable</p> <hr/> <p><i>We will engage with local education authorities to promote technology as a career choice for all.</i></p> <hr/> <p><i>Through the launch of our remote working programme we will make it easier to grow our diverse workforce, regardless of location.</i></p>	<p>We will identify and breakdown internal systemic barriers to full inclusion by embedding diversity and inclusion in our policies and practices and equipping leaders with the ability to manage diversity and be accountable for the results</p> <hr/> <p><i>We continue to build out and accelerate management and leadership training in these areas.</i></p>

JT Progress Report 2020/21

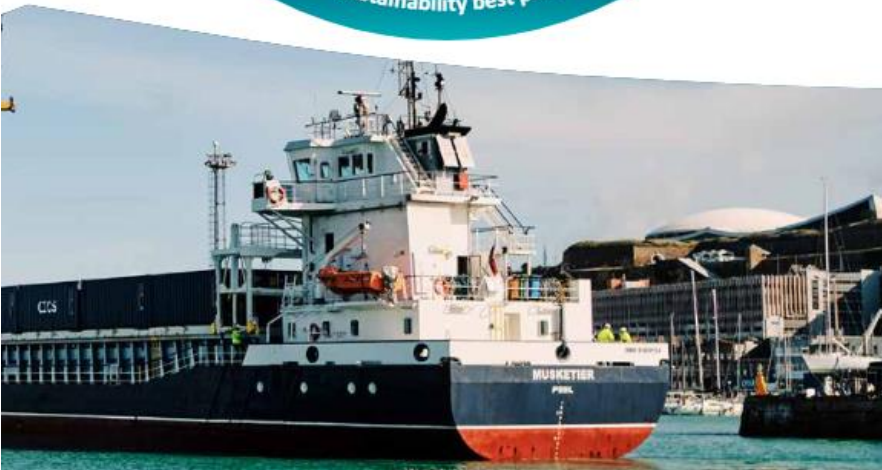
[About us - JT Global](#)

The best reports adopt the Task Force on Climate-related Financial Disclosures recommended disclosures as well as wider reporting on performance against sustainable development goals.

Governance	Strategy	Risk Management	Metrics and Targets
Disclose the organisation's governance around climate-related risks and opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning where such information is material.	Disclose how the organisation identifies, assesses and manages climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.
Recommended disclosures			
a) Describe the Board's oversight of climate-related risks and opportunities.	a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term.	a) Describe the organisation's processes for identifying and assessing climate-related risks.	a) Describe the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.
b) Describe management's role in assessing and managing climate-related risks and opportunities.	b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy and financial planning.	b) Describe the organisation's processes for managing climate-related risks.	b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas emissions, and the related risks.
	c) Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios including a 2 degree or lower scenario.	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organisation's overall risk management.	c) Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.

Source: Recommendations of the Task Force on Climate-related Financial Disclosures

The Annual Report 2020 for the **Ports of Jersey** included a sustainability report that comments on performance using a wide ranging framework:



*Ports of Jersey Annual Report 2020
Annual reports | Ports of Jersey*

CLIMATE EMERGENCY

The UN's Intergovernmental Panel on Climate Change (IPCC) published its 1.5-degree report in 2018, outlining the consequences on ecosystems and human life of failing to limit global warming to 1.5 degrees above pre-industrial levels. The report also outlined the short time frame in which the world must achieve this; global greenhouse gas emissions need to reach net zero by 2050 in order to have a 50% chance. Campaigners, particularly among the young, around the globe, and hard-hitting TV documentaries have dramatically increased the profile of the climate emergency, with the 2020s dubbed 'the decade of action'. At time of writing, over 100 countries and 1,000 businesses, collectively now covering 49% of global GDP, have set bold net-zero by 2050 ambitions, or earlier. This sets the context for Jersey's ambition for carbon neutrality by 2030, 20 years earlier.

Climate change and related measures and policies introduced to combat it, present businesses with many challenges which could affect their financial performance by impacting the value of assets and future profits. The Taskforce on Climate-related Financial Disclosures (TCFD) seeks more transparency from companies on the risks and opportunities they face, either directly or indirectly, due to the climate emergency and the transition to net-zero. This is to help investors judge which companies are most at risk and how they have prepared. TCFD climate disclosures are already made by much of the UK energy sector. It is widely anticipated that UK premium listed companies will be required to disclose in line with the TCFD recommendations on a 'comply or explain' basis, sometime in 2021. Jersey Electricity supports these climate disclosures and intends to comply as far as possible.

Protecting the environment and reducing carbon emissions have been at the heart of everything we do at Jersey Electricity long before climate change and biodiversity loss became the crisis we see today. Our Board took the forward-thinking decision in the mid-Seventies to turn away from on-island generation using heavy gas-oil and approved investment in our first undersea supply cable that connected Jersey to supplies of low carbon electricity from the European grid. Not without controversy at the time as this electricity was mainly nuclear in origin, this decision has proved both bold and insightful. Subsequent investments in further interconnectors in 2000,

2014 and 2016 have given Jersey a clean, reliable energy platform that is credited with helping the island reduce its overall emissions by over 40% since 1990, and this is despite a 60% increase in the consumption of electricity over that same period. Over the life of Jersey Electricity's investments in submarine connections, the island has avoided around 11 million tonnes of carbon emissions with its associated reduction in particulate emissions – reducing damage to both the environment and health.

But we intend to go much further. Our Vision today is to inspire a zero-carbon future and we want to encourage a low carbon economic recovery and transition post-COVID-19.

This transition to zero-carbon is not just a responsible action for us to take. As the island's sole electricity supplier, this also presents a significant business opportunity. It is also, of course, not without risk and our focus is to mitigate those risks, whilst seizing the opportunities carbon neutrality presents. Our Company is already involved in several workstreams to investigate the implications of a carbon-neutral Jersey and we have mapped various scenarios including for a 2030 and 2040 carbon-neutral target.

Although delivery of carbon neutrality by 2030 will be an enormous challenge for Jersey, we believe carbon reduction could be achieved in Jersey faster and more cost effectively than many other countries. Our well-invested, low-carbon electricity platform is a key enabler of a zero-carbon future, with significant spare capacity but we stand ready to invest further. Conversion of all domestic and commercial premises, as well as road transport to electric solutions, will result in a significant increase in peak demand from typical levels of around 160MW as well as a significant increase in the energy demand from current levels of around 620 million units.

Meeting this whilst maintaining resilience will require increased investment but, importantly, we believe we can do this without driving a significant increase in electricity prices. This is because a higher volume of units distributed across the network, will lead to higher capital and operational efficiencies and much of this benefit can either be transferred to customers in the form of lower prices or be ploughed back into further investment.

It is possible that Jersey Electricity's strong position in the energy sector may lead to increased scrutiny and the possibility of regulation. In the event this were to happen, this could become a significant management distraction, lead to higher costs and also hamper subsequent investment. We expect that any such costs may well need to be recovered from customers in the form of higher prices.

Although the Company's current position is strong, a revised Government policy may also result in a rapid increase in demand. This may make optimised capital investment decisions difficult, with new technologies not sufficiently mature to provide a more cost-effective alternative.

We seek to mitigate the net-zero transition risks, whether arising from enhanced regulations, Government climate strategies or as a result of technological changes, by closely monitoring future Government policy and by senior management developing strategies in response as well as tracking market trends in emerging technologies and deploying them where cost-effective and practicable. We see demand-side management, vehicle-to-grid discharging (V2G), distributed and utility-scale renewable generation and electricity storage – all of which we are currently trialling – becoming mainstream, and our key focus is how we apply these technologies to make them cost effective.

In terms of physical risks, we have seen around the world how power generation, transmission and distribution, is vulnerable to climate change and disaster events. Natural shocks and climate change were responsible for 37% of power outages in Europe between 2000 and 2017, as well as 44% in the US during the same period.

We mitigate physical risk to Jersey Electricity by investing in and operating to a Security of Supply Standard; we build resilience through supply diversity; we put in place comprehensive insurance where we can cost effectively do so; and where we are unable to design out risks to zero, we put in place operational and maintenance procedures and business continuity plans. We test the latter regularly under various scenarios. As a small island, the longer-term physical risk from climate change is more likely due to rising sea levels. The Government has already acted by drafting a Shoreline Management Plan, which models the impact of seawater flooding and sets a range of policies to manage different parts of the island's coast over the next 100 years.

As a business, we consider flood risk when siting major infrastructure. The strategic hub of our 90kV network and connection point for our Normandie 3 supply cable, South Hill Switching Station, is sited high on Mount Bingham. Our latest primary substation, St Helier West, is raised above St Aubin's Bay. Western Primary is on high ground by the airport in St Peter, while Rue des Pres Primary, which serves the East of the island, is a considerable distance inland.

Our Powerhouse headquarters and Queen's Road Primary Substation that houses our emergency gas turbine generators are also on an elevated part of St Helier with good separation from other generators sited at La Collette Power Station. Archirondel, the termination point for both Normandie 1 and Normandie 2, though on the coast, is adequately defended from the sea, and Normandie 3 beaches at Longbeach in Grouville Bay and routed underground to South Hill Switching Station in St Helier.

"We believe carbon reduction could be achieved in Jersey faster and more cost effectively than many other countries"



JERSEY AUDIT OFFICE

LYNN PAMMENT

Comptroller & Auditor General

Jersey Audit Office, de Carteret House, 7 Castle Street, St Helier, Jersey JE2 3BT
T: +44 1534 716800 E: enquiries@jerseyauditoffice.je W: www.jerseyauditoffice.je