From: Ben Ludlam
Sent: 18 February 2015 19:48
To: Alan Maclean
Subject: Esplanade "masterplan"

Dear Alan

I trust you are well and hope you will take five minutes to consider objectively the contents of this message, which has been kept as brief as possible but is of some length to include all the salient points. Any emphasis, in red, is my own but is used to highlight the items of significance.

The States, approved 40 votes to 6, to adopt the Masterplan P.60/2008 for the Esplanade Quarter, subject to the following condition:- That the guaranteed payment to the States by the developer of £50 million and up to £25 million overage payments would be ring-fenced for the regeneration of St. Helier and adjacent urban areas;

In the States approval of the Masterplan the Planning Minister, Freddie Cohen, explained "I believe what we are presenting today is the potential of an architectural masterpiece, of something that people come to Jersey specifically to see, particularly the proposal of a winter garden........ one and a half times the size of the Royal Square, an enclosed, magnificent garden. We can use it when it is raining. We can use it when it is sunny. It is there for us, for the people of Jersey, 365 days of the year. On top of that, we have 2 other wonderful public spaces.

The regeneration of our town depends entirely on this scheme. Firstly, we have to have connectivity. Anyone who says that we do not need to lower the road simply has not understood the architectural issues surrounding connectivity. It is absolutely essential and the money from this will come out of the scheme and will go into the regeneration of town"

The Chief Minister Frank Walker, in the States stated "That is the question that I think is foremost in Member's minds. Does this represent a good deal for the public?

"Does it represent good value for money for the people of Jersey? Let me just take a look at the benefits. Firstly, the developer will fund and procure the construction of the tunnel which has a cost attributed to it of £45 million. If the costs of the construction of the tunnel and associated road works exceeds £45 million, these costs will be borne by the developer. The agreed deal ensures that the project - ensures that the project - is completed at no risk to the States, no risk to the public whatever happens. I will come back to that in more detail a little bit later. This means that the Island gets the benefit of the tunnel we have already agreed to in the earlier debate at no cost and no risk; a hugely beneficial deal whichever way you look at it. It reflects well on those who have negotiated what is a deal which is in my view is in no doubt of great benefit to the public...................The payments that would be made as a part of the development agreement under the terms of the contract are £8 million after 47 months, £31 million after 68 months and £11 after 92 months from the lease date. These payments - we go back to risk here - will be guaranteed - guaranteed - by independent banks or insurance companies..................... I think I have and I think the Deputy himself has answered his own question earlier in the debate. The tunnel will cost the public through T.T.S. £500,000 a year to maintain. There is no question of that but I made the point in my speech that that is fundable if we wish by investing only £10 million of the proceeds from the development and using the investment income not the capital to cover those annual maintenance costs".

It is totally clear, in the assurances given to States members and the public who are repeatedly mentioned, that the Masterplan is a no risk development with guaranteed returns and it was only with these promises that it was approved and whether you agreed, or not, with the sinking of the road, there was public benefit in the guaranteed returns, new 1425 space car park right on the edge of town and public realm with the Winter Garden as described as architectural masterpiece for the people of Jersey.

In a debate on the funding/delivery of the masterplan Philip Ozouf, 3rd July 2008 following the discovery of the fact Harcourt were being sued, provided further assurances "Is the plan deliverable? I believe the plan is deliverable and I think the deal that has been negotiated and of course, is subject to, which is the final point, significant sufficient controls, is deliverable. Deputy Baudains is also seeking, of course, the rejection of the second part of the proposition. There have been, I think, some Members understandably so perhaps, confused about exactly what we were approving in part 2. We were not approving the Harcourt deal. We were approving the deal of the transfer of land and I am reassured to hear the additional controls that have been put in place by the Treasury Minister with independent advice and he has, of course, explained to the Assembly that that advice will be shared with Members. Members can, therefore, take additional reassurance from these greater controls and, yes, greater transparency in relation to the deal".

The independent valuation commissioned, by experts King Sturge/Trowers and Hamlins/Currie and Brown, was not made available to States members as promised and has only had selected internal confidential circulation. It has been reported in a later States debate that the valuation showed a £50m loss.

It is totally clear, I would not expect States members to try and argue otherwise, in the assurances given to States members on behalf of the public that the Masterplan was only going to proceed with significant sufficient controls, including risk assessment / management and these have been enshrined in P73/2010 in Memorandum of Understanding "MoU" for SoJDC.

Just to note Harcourt, as "preferred developers", are still in litigation with SoJDC and a position which needs resolving, in case the claim affects the development proposals.

In a letter, 19th May 2011, from Stephen Izatt MD of WEB to Planning Minister Freddie Cohen , copied to both the Chief Minister and Treasury Minister , expressing concerns on behalf of the directors of WEB including then assistant Treasury Minister Deputy E Noel, over the "mismatch of supply and demand"……………. "we believe that this could have an adverse effect on the economy and will make Jersey an unattractive environment for investors, especially the international investment community. This is because an oversupply of product will lead to, at best, nil growth in rental rates and also pressure for shorter lease periods…….Currently the institutions are less interested in investing in Jersey as they do not find the investment profiles attractive. " A copy is attached for ease of reference.

This letter, with the supporting demand/supply schedules from WEB show the Council of Ministers have been aware of the over-supply of offices since 2011 and trying to supress private development to the benefit of their own scheme, which is an abuse of position from a States sponsored office funded by the taxpayer with £20m. SoJDC have continued to push ahead with the masterplan, even amending the masterplan, with Planning, in 2011 to provide only offices, without a review of alternate uses for the parts of the site and which does not follow the mitigation of risk as required in the SoJDC "MoU".

On the estimate of demand schedule provided by SoJDC, the largest requirement by far (shown as 150,000 sq ft but which was subsequently reduced to 80,000 sq ft with an option for a further 50,000 sq ft) was for RBC who have now taken space in a private development, along with the Deloitte requirement of 15,000 sq ft. The listed requirements for State Street, Volaw, BPP, Collins Stewart and Lloyds have all now been satisfied, by taking new offices along the Esplanade, which totalled @ 85,000 sq ft. The Standard Chartered Bank and Bedell Group requirements totalling 70,000 sq ft have been satisfied through them renegotiating their existing lease terms and both have stayed in their current offices. The remaining listed potential requirements are no longer active, as they have been withdrawn from the market and have only been replaced by limited other demand. The "over-sized" RBC requirement, which comprised over

25% of the total demand, distorted the market figures and there is currently only a very limited demand, for tenants with limited sized requirements and which will only be able to occupy multi let buildings. A series of other lettings have taken place, PWC have taken occupation of 17,000 sq ft, 15,000 sq ft by KPMG, 12,000 sq ft by Brevan Howard and 13,500 sq ft by First Names.

There is very limited demand, over the next 5 years, comprising @ 100,000 sq ft and there is no chance, as required by Planning Condition 34 – (see below), that the Masterplan will ever be developed because the quantum of development is too large for the local market and it is distorted in scale above ground due to a "requirement" to sink the road which makes the scheme unviable.

The independent Jersey's Fiscal Policy Panel Pre-MTFP Report , as directly quoted below, confirms the limited need for offices and highlights spare capacity in Jersey's economy which will require no extra inward migration, the need for the States to manage their own construction projects to avoid under capacity in the industry leading to cost price inflation which affects the whole island and importantly that senior executives in the finance sector indicated that the availability of office space is not a limiting factor on their businesses.

"Office capacity is also an important consideration. The interviews with the senior executives in the finance sector indicated that the availability of office space should not be a limiting factor on finance sector businesses in the immediate future".

As above, the original masterplan because of the underpass/roundabout/car park, would cost £500,000 pa to maintain / clean etc and to pay for this £10m would be set aside and the interest would cover the costs. So any total return needed to have a deduction of £10m, which at 5% interest rate, provided the £500,000 pa cost. Interest rates have now of course dropped to close to zero so £20m would now be needed, even at 2.5%, to generate the same £500,000. So the £50m "return" from the Masterplan is almost cut in half and will be left as a poisonous legacy for our kids to cover.

NB the significant ongoing yearly maintenance/repair costs (or even the proposed "new" road tunnel network) have NOT been factored into any of the cost assessments and/or phasing plans, despite this being a Planning Agreement Obligation.

At the Planning Ministerial meeting on the 8th July 2013 the Minister was "further conscious of the relationship with the wider Esplanade Quarter site and has identified the need for a Phasing Plan to manage that delivery" and this is expressed in applying the following Condition to all the Esplanade consents.

34. “Prior to the commencement of development a Phasing Plan shall be submitted to and agreed in writing by the Minister for Planning and Environment. That Phasing Plan shall include details of the timetable for the delivery of the wider Esplanade Quarter works beyond Phase 1 (the Jersey International Finance Centre) to include the sinking of La Route de La Liberation and the balance of the works in the approved Masterplan for the Esplanade Quarter (as Amended). Thereafter the Esplanade Quarter works are to be undertaken in accordance with the agreed Phasing Plan”.

The phasing plan submitted to discharge Condition 34 describes the relocation of the public car park as a “key piece of public infrastructure as one of the first phases” and for which a £13m loan, from the States Currency Fund, will be required. Also noting any return, £50m (at todays costs and values – so much lower in effect), will not be until phase one / two are complete, each phase taking at least 10 years, thus 2035. However the phasing plan with the public car park being replaced using the £13m bridging loan which would be paid off was subject to the construction and sale of buildings 1 and 4. Building 1 was designed for RBC who have of course since signed up on another scheme and therefore the public car park described by SoJDC as a key piece of public infrastructure will not be relocated as set out in the plans.

The public is no longer getting ANYTHING, no return until 2035 (if at all), no public realm improvements and / or the Winter Garden, a mixed use scheme to compliment St Helier, the 1425 modern car park has been changed to 520 spaces shoe horned into a corner which TTS describe as “limited being triangular in shape, is inefficient for car parking” . The public car park is now proposed to be replaced in phase 1E-2, which in english means after the construction of FIVE office buildings (each similar in size to the recent built 37 Esplanade) numbered 4,5,6,3,2 and assuming they can be let, each will take 2 years to build and only then work would start on the 3.5 basement level car park. Put another way the offices numbered 4,5,6,3,2 comprise of 400,000 sqft and which would hold @ 4000 employees, equating to one third of employees in the entire finance industry are going to relocate from town to the Esplanade – what will be left behind in St Helier ? This is hugely damaging to St Helier and this point is just being ignored despite the Council of Ministers having St Helier as one of its strategic objectives. The access from the “temporary” car park to the town, via a narrow traffic tunnel, is not good for commuters, people wanting to visit town outside normal working hours and / or tourists. This same tunnel was totally dismissed, due to its poor construction / lack of connectivity, by Hopkins / Freddie but now perversely that is what the public is being offered as a solution.
The master plan, with its laudable ideals, is quite literally being turned on its head and lest we not forget “the regeneration of our town depends entirely on this scheme. Firstly, we have to have connectivity. Anyone who says that we do not

need to lower the road simply has not understood the architectural issues surrounding connectivity. It is absolutely essential"

In December 2014 plans were submitted for building no. 5 which show a totally new phasing plan, with new roads under the existing underpass although the application documents state the "design of this access is not yet commissioned" which is concerning as it's across the route of the masterplan sunken road and significant traffic alterations needing access/ egress to the "temporary" public car parking through the residential area to the rear of Castle Quay / cinema. NB building one (for RBC) is now the last building proposed to be built, the replacement of the "key piece of public infrastructure" of the public car park cannot be guaranteed and is certainly not "temporary" because it is reliant on the limited demand for offices

The master plan was an architectural masterpiece with mixed uses, all of which have now been abandoned to be considered in phase two, if that is ever built, to the public's detriment. SoJDC now offer "3 potential temporary locations for mobile food outlets that will not impact on our development plans for our first two buildings on the JIFC". Are we stark raving mad to think that 3 mobile food outlets are in anyway suitable in the masterplan and reflective of what the prestigious tenants of the JIFC and / or the existing Esplanade occupiers want. Why are new tenants/ existing employees not walking, 5 mins, in to town to use the many existing outlets in St Helier ?

I noted when standing for Senator, you outlined your vision of the masterplan as "There has been extensive consultation into the Waterfront. Hopkins, a world-class firm of architects, has produced a good scheme. The Island needs a major financial services district to maintain its reputation as a world-class financial centre. The proposed office space equates to about four years' demand. It includes 400 apartments and the money raised will be ploughed back into regenerating St Helier. I also like the idea of quality public spaces, especially the winter garden. The practical and economic case for sinking the road will join the Waterfront to the town and produce the funds to regenerate St Helier". We are a long way from any of this being delivered, if at all.

It would appear anyone who wants to comment or have any say in how our town is developed which will affect St Helier for many years to come, on the Esplanade are portrayed as a tree huggers or rival competition, with no place to have an opinion and worse still, they don't have the right to express their opinion.

You may remember, in January 2008, the "surveyors group" of which I am part raised a number of questions relating to the master plan and its delivery. This was submitted in a report sent to all States members, with a principal point saying an evaluation of the master plan development proposals should be undertaken with and without sinking the road because the group didn't believe the market was of sufficient size to generate the demand and thus the return. Senior States members, Freddie in particular blindly said this was wrong and the plan would be a guaranteed success and the surveyors were only saying such things as they had a "vested interests". Nothing could be further from the truth, in my own position the J1 scheme had not even been thought about in 2008 (only coming to the drawing board in 2010), as the experienced surveyors could see the masterplan had huge problems in the assumptions made for delivery. WEB went as far as trying to get CBRE head office to instruct their local office to withdraw their comments.

As you know the surveyors group wrote to the Chief Minister, late last year, expressing concerns about the subsequent "master plan" proposals and their purported delivery, which met with a lot of brouhaha and a statement made, in the States, saying a response would be sent to the surveyors as there were inaccuracies.
Nothing has ever been sent.

Kevin Lemasney offered to broker a meeting, in an e mail 12 December 2014, to Simon Buckley saying " Morning Simon, I spoke to Alan Maclean last night about your request to meet and he has asked me to set up something for the new year. Could you please send me a copy of the letter that was sent and I will begin the necessary arrangements" **Nothing has ever been arranged.**

In a meeting with Simon and Mark Boleat, following the unsavoury incidents with SoJDC Directors threatening members of the public who had "dared" to raise objections, it was agreed Mr Boleat would arrange a meeting, away from the media, for the two sides to discuss matters. **Nothing has ever been arranged.**

It appears the States doesn't want to engage with the public / interested parties and instead just making statements/ threats which say we will push on ahead regardless "it is frustrating and concerning that yet again questions are being asked about the project. Clearly Scrutiny has a right to hold reviews but at some point you've got to draw a line under things and get on with things and get on with the work…..we have got an approved master plan and Island Plan and now its about getting on with things "…….£4m has been spent to get to this point. That money that has been invested to generate an overall return of £50m. " I have copied this message to the Scrutiny panel so they can be aware of the details.

The Masterplan was amended in 2011, without consultation beyond interested internal stakeholders including the Waterfront Design Group (upon which the MD of SoJDC is a part and thus has a conflicted position) and the changes were not brought back to the States for approval. The Planning Officers report confirms the changes "do not depart however from the broad concept of the Masterplan and that "some consultation has taken place with stakeholders **but this will be repeated in depth when detailed applications are submitted**." Either the Planning Department offer the in depth consultation as they set out or the validity of the process is flawed because a change was made to a principal policy with island wide importance with no public consultation but now four years on senior States members are directing that there should be NO consultation. If this is the case then the States are not acting ethically toward the public. The consultation stage is where we are at currently.

The many changes made to the masterplan, its new phased delivery under a demand led programme, have been undertaken because to deliver the scheme as was originally proposed, through a third party contractor taking all the risk and providing upfront guaranteed returns, was always total pie in the sky but Freddie bulldozed his plan so far down the line that nobody, then or now, will admit it was / is flawed. Thats politics / Govt I guess, nobody will admit to the elephant in the room !!

The underpass road, due to its cost / complexity in St Helier, was and will NEVER be delivered. The new phasing plans virtually show the sunken road can no longer be delivered (due to the dual carriageway accessing from south / north for buildings 3 and 6 across the line of a future sunken road) and a statement confirming this needs to be made. For the record, as I think the aspirations of the surveyors group including myself have been hugely misrepresented, development would be acceptable on the site, including offices, which are reflective of the right size / design and mix for St Helier but MOST importantly an enlarged public car park is delivered as previously mentioned, by SoJDC, as being a key piece of public infrastructure for St Helier. I agree, this is VITAL for the future of St Helier and should be included in the Council of Ministers proposals for a "new deal" for St Helier.

I would be grateful if we can arrange, as suggested previously, to meet with Simon and discuss matters

I look forward to hearing from you

Regards

Ben