



**OFFICE OF THE COMPTROLLER AND AUDITOR  
GENERAL**

**ANNUAL REPORTING  
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## Summary

### Introduction

1. 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.
2. I have reviewed the annual reports and, where available publicly, the annual accounts produced by the States of Jersey and 37 Jersey entities that are either:
  - identified by the States of Jersey in its annual report as controlled by the States; or
  - established by the States Assembly and required to prepare an annual report and/or accounts.
3. I have considered the content of all the annual reports and accounts reviewed against a set of good practice criteria I have developed that encompass:
  - minimum content that I consider to be best practice for accountability to public stakeholders;
  - essential elements of a good annual report; and
  - over-arching principles for good public reporting.
4. The annual reports and accounts of the entities I have considered are detailed in Appendix One to this report.

5. I note that the Government has undertaken recently a review of its relationship with arm's-length entities and other entities established by the States Assembly. A new partnership function has been developed within the Chief Executive's Department.
6. A dedicated post, Head of Partnerships, has been approved by the States Employment Board, to improve alignment with and co-ordination of the arm's-length entities and other entities established by the States Assembly. I further understand that a States Owned Entities and larger Arm's Length Bodies Oversight Board (ALBOB) is also in the process of being established.

## Key findings

7. The States of Jersey have implemented an inconsistent set of requirements in respect of content, timely submission and public availability of entities' annual reports and accounts.
8. For a significant number of entities, annual accounts could not be located on the entities' websites and limited financial information is reported publicly.
9. Public accountability for the content of annual reports could be enhanced by chief executives or their equivalents signing and dating performance and accountability elements of public annual reports.
10. There are key areas where annual public reporting could be enhanced, in particular:
  - inclusion of more comprehensive governance and accountability reports;
  - reporting on workforce and staff related matters;
  - remuneration reporting;

- reporting on risks;
- reporting on operations (including structures and delivery models); and
- more comprehensive reporting on measures of success.

## Conclusions

11. High quality annual reports are fundamental to effective accountability. The best reports demonstrate and communicate impact and value for money in an open, balanced and engaging way.
12. There is value in developing a coherent framework for annual reports of public sector and publicly funded entities. Appropriate financial information should be available publicly alongside or with the annual report of the entity.
13. All entities should aspire to improve the content and accessibility of their public annual reports. Strategic objectives should be reported transparently, should be assessed against risks and should be measured against relevant, quantifiable key performance indicators on a consistent basis.
14. To assist entities in improving their performance I have published a Good Practice Guide that draws out examples from the better performing entities.

## Objectives and scope of the review

15. The review has evaluated the content of the most recent annual reports and, where available, annual accounts of 38 Jersey entities published up to 30 June 2020.
16. I firstly considered the statutory requirements for the content, publication and submission of annual reports.
17. I then also considered:
  - whether the reports included the overarching content I would expect in terms of best practice in public reporting, namely:
    - a commentary on performance;
    - relevant accountability reports and statements (including remuneration and workforce reporting); and
    - relevant financial performance data;
  - whether the reports encompassed a commentary on the following good practice elements:
    - strategy;
    - risks;
    - operations;
    - governance; and
    - measures of success; and

- whether the reports met best practice in terms of:
  - accountability;
  - transparency;
  - accessibility; and
  - understandability.

## Detailed findings

### Minimum requirements

18. The content of annual reports varies across all of the entities I reviewed. The prescription as to what such reports should contain is minimal. This prescription derives from the requirements based on the nature of the entity (for example, a company), the nature of an external investment of debt (for example, stock exchange listing) or the States exercising legislative power to prescribe the content.
19. In only a few cases (for example, Gambling Commission, Jersey Overseas Aid Commission) is there power to prescribe the content of the annual accounts other than by amendment of primary legislation.
20. I have considered practices adopted in other jurisdictions regarding the minimum content for annual reports. In particular, I have considered the requirements of the UK Financial Reporting Manual published by HM Treasury and considered the elements that would represent best practice for application to relevant entities in Jersey. I have chosen the UK requirements as a basis for comparison as the Jersey Financial Reporting Manual (JFREM), published by the Minister for Treasury and Resources and used for the preparation of the States' Annual Report and Accounts, is based on its UK equivalent.
21. Exhibit 1 summarises the minimum expected content of an annual report based on public sector practices adopted in the UK and provides a commentary on the findings from my review.



**Exhibit 1: Minimum expected content of an annual report**

Minimum content requirements	Commentary
<p>A <b>single</b> report comprising:</p> <ul style="list-style-type: none"> <li>• a performance report</li> <li>• an accountability report; and</li> <li>• the financial statements.</li> </ul>	<p>This requirement is not in place for entities other than the States of Jersey.</p> <p>Similar requirements exist for listed companies (Jersey Electricity).</p> <p>Many entities do not produce a single report. Those entities that do produce a single report include the Ports of Jersey, Jersey Post, Jersey Competition Regulation Authority and Jersey Financial Services Commission.</p>
<p><b>Performance report</b></p>	
<p>The performance report should be a fair, balanced and understandable report analysing the entity's performance and signed and dated by the Chief Executive or equivalent.</p>	<p>The requirement for a specific performance report is not in place for entities other than the States of Jersey.</p> <p>Similar requirements exist for listed companies (Jersey Electricity).</p> <p>Most entities' reports include a commentary on performance, although there is no consistent framework as to what should be included and most reports were not signed by the Chief Executive or equivalent.</p>
<p><b>Accountability report</b></p>	
<p>An accountability report should explain the composition and organisation of the entity's governance structures, remuneration and staff policies and how they support the achievement of the entity's objectives.</p> <p>It should include a directors' (or equivalent) report, a statement of responsibilities, a governance statement and a remuneration and staff report.</p>	<p>This requirement is not in place for entities other than the States of Jersey. Similar requirements exist for listed companies (Jersey Electricity).</p> <p>Most reports reviewed included a limited commentary on governance in the form of a directors' (or equivalent) report. Not all reports reviewed included a statement of responsibilities and not all included a governance statement. Reporting on remuneration and staff was generally weak.</p>

Minimum content requirements	Commentary
It should be signed and dated by the Chief Executive or equivalent.	
<b>Financial statements</b>	
Where possible, financial statements across similar entities should be prepared to a consistent accounting framework to enable cross-entity comparison.	There is no consistency in the accounting framework that the entities reviewed are required to adopt.

## The States of Jersey

22. The Public Finances Manual sets out the accounting standards to be adopted in preparation of the States of Jersey’s financial statements and annual report. The JFREM is published by the Minister for Treasury and Resources and presented to the States Assembly each year. The Minister’s policy is to require the States’ accounting records to be maintained and accounts prepared in accordance with International Financial Reporting Standards (IFRS) Generally Accepted Accounting Principles (GAAP), modified for the Jersey public sector.
23. The JFREM requires the annual report to include three sections:
- the performance report;
  - the accountability report; and
  - the primary financial statements and notes.
24. The audited annual report and accounts is required to be submitted to the States Assembly by 31 May following the 31 December year end.

25. Following an amendment to the JFREM in 2019, there is no requirement for the performance report to be signed by the Chief Executive.

### **Recommendation for the States of Jersey**

- R1** Reintroduce the requirement for the Chief Executive to sign the performance report.

### **States controlled companies (unlisted)**

26. Companies controlled by the States but not listed on a stock exchange are required to prepare accounts in accordance with 'any generally accepted accounting principles' under Article 105 of the Companies (Jersey) Law 1991. Annual accounts must be produced within seven months of the year end of the company for public companies and within ten months of the year end of the company for private companies. There is inconsistent practice as to whether these accounts are submitted to the States Assembly. There are no prescribed statutory requirements for the content of the annual reports that accompany the financial statements.
27. The States, in its annual report, identify a number of companies that it considers are controlled by the States. I have not undertaken an assessment of whether such control exists as part of my review. The companies identified by the States as controlled are outlined in Exhibit 2 below together with the accounting framework adopted (where the information is publicly available) and the date of the publicly available annual report considered in my review.

**Exhibit 2: Companies identified by the States as controlled (unlisted):  
accounting frameworks and annual report dates**

Company name	Year end	Accounting framework adopted	Publication date of annual report considered
Andium Homes	31 December	Financial Reporting Standard 102 as issued by the UK Financial Reporting Council (FRS102) and the Statement of Recommended Practice for Registered Social Housing Providers	March 2019
Bureau des Iles Anglo-Normandes*	Not published	Not published	Not published
Channel Islands Brussels Office*	Not published	Not published	Not published
Digital Jersey*	31 December	Not published	Not published**
Government of Jersey London Office	31 December	FRS102	July 2019
Jersey Business	31 December	FRS102	May 2020
Jersey Finance*	31 December	Not published	Not published
Jersey Post International	31 December	FRS102	May 2019
Jersey Sport*	31 December	Not published	February 2019
JT Group	31 December	FRS102	April 2020
Ports of Jersey	31 December	FRS102	May 2020
The States of Jersey Development Company	31 December	IFRS as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRIC)	April 2019
Visit Jersey	31 December	FRS102	May 2020
The Jersey New Waterworks Company	30 September	FRS102	December 2019

- \* Financial statements not publicly available on the company website and no obligation placed on the company to publish its financial statements.
  - \*\* I have been informed that the Board of Digital Jersey have made a decision recently to publish their annual report and accounts in future years.
28. Of the 14 companies above, six publish full financial statements and an annual report in a single document on the company website. One simply produces an annual report on its website with no accompanying financial statements and two publish separately an annual report and financial statements.
29. Only six out of 14 companies publish a document containing performance reporting, accountability reporting and financial statements on their website. Four companies publish no annual report at all.

### **Recommendations for the States of Jersey**

- R2** Introduce a consistent requirement for all States controlled unlisted companies to make their financial statements publicly available.
- R3** Introduce a consistent set of requirements for the accounting framework to be adopted by States controlled unlisted companies.
- R4** Introduce a consistent set of minimum requirements for the annual reports of States controlled unlisted companies. These minimum requirements should include information regarding performance and accountability of the companies as well as minimum requirements for financial information disclosure.

## States controlled listed companies

30. Jersey Electricity is the only company controlled by the States listed on the UK Stock Exchange. The States own 62% of the ordinary share capital which is unlisted.
31. Accounts are required to be produced within seven months of the company's year end. In practice, the accounts to the 30 September 2019 were produced within three months of the year end.
32. Accounts are prepared under IFRS as adopted by the European Union. The content of the annual report is required to comply with the UK listing rules and the UK corporate governance code. It therefore contains a commentary on performance and governance as well as full financial statements.

## Other States controlled entities

33. There are other entities that are controlled by the States<sup>1</sup> but are not incorporated as companies<sup>2</sup>. Examples of such entities are shown in Exhibit 3 below together with the accounting framework adopted (where the information is publicly available) and the date of the publicly available annual report considered in my review.

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<sup>1</sup> Entities are treated as controlled by the States where their results are consolidated in the accounts of the States of Jersey, they are treated as 'strategic investments' in the accounts of the States of Jersey or they are disclosed as controlled in the accounts of the States of Jersey.

<sup>2</sup> The analysis excludes Non-Ministerial Departments as defined in Article 1 and Schedule 1 of the Public Finances (Jersey) Law 2019 other than where there is a statutory duty to prepare an Annual Report or separate financial statements.

**Exhibit 3: Other States controlled entities: accounting frameworks and annual report dates**

Entity name	Year end	Accounting framework adopted	Publication date of annual report considered
Care Commission	31 December	All transactions are made through the States Treasury, and the figures reported in the annual report come from the States Accounting System	June 2020
Charity Commissioner*	31 December	Not applicable	May 2020
Commissioner for Children and Young People	31 December	All transactions are made through the States Treasury	June 2020
Criminal Injuries Compensation Board	31 December	Not specified	June 2019
Director of Civil Aviation*	31 December	Not applicable	May 2019
Independent Prison Monitoring Board*	31 December	Not applicable	March 2019
Jersey Appointments Commission*	31 December	Not applicable	March 2020
Jersey Employment and Discrimination Tribunal*	31 December	Not applicable	May 2020
Jersey Overseas Aid Commission	31 December	All transactions are made through the States Treasury, and the figures reported in the annual report come from the States Accounting System	October 2019
Jersey Legal Information Board	31 December	FRS102	May 2020
Office of the Comptroller and Auditor General	31 December	International Public Sector Accounting Standards (IPSAS)	May 2020
Police Complaints Authority*	31 December	Not applicable	April 2020

Entity name	Year end	Accounting framework adopted	Publication date of annual report considered
States Assembly*	31 December	Not applicable	September 2019
States Employment Board*	31 December	Not applicable	May 2020
States of Jersey Police*	31 December	Not applicable	May 2019
Statistics Jersey*	31 December	Not applicable	Not applicable

\* These entities are established by statute. However there is no statutory requirement to prepare accounts. Most are required to prepare annual reports for submission to the States Assembly.

34. The requirements for these entities to produce annual reports and accounts vary. Exhibit 4 contains further details.

#### Exhibit 4: Legislative requirements for annual reporting by States controlled entities

Entity name	Relevant legislation	Annual report requirement	Accounts requirement	Deadline
Care Commission	Article 43, Regulation of Care (Jersey) Law 2014	A report 'providing information regarding the discharge of the Commission's functions during the year'.  Submission to the Chief Minister who has a duty to lay before the States Assembly.	Duty to include accounts in annual report.  Submission to the Chief Minister who has a duty to lay before the States Assembly.	30 June
Charity Commissioner	Paragraph 4, Schedule 1, Charities (Jersey) Law 2014	A report on 'the activities of the Commissioner in each calendar year.'  The Chief Minister	Not applicable – financial performance included in the States' Annual Accounts laid before the States Assembly but not	30 April





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Entity name	Relevant legislation	Annual report requirement	Accounts requirement	Deadline
		<p>may, by giving written notice to the Commissioner and publishing that notice, give directions to the Commissioner as to the content and form of the report. No such directions have been issued to the Commissioner.</p> <p>Submission to the States Assembly.</p>	<p>identified separately.</p>	
<p>Commissioner for Children and Young People</p>	<p>Article 23 and Paragraph 13, Schedule, Commissioner for Children and Young People (Jersey) Law 2019</p>	<p>A report on the discharge of the Commissioner's functions' Including:</p> <ul style="list-style-type: none"> <li>(a) a review of issues identified by the Commissioner in the financial year as being relevant to children and young people;</li> <li>(b) a review of the functions discharged by the Commissioner in the financial year;</li> <li>(c) any recommendations made by the Commissioner arising out of the functions discharged;</li> <li>(d) an overview of work to be undertaken by the Commissioner in the next financial year, including the strategy for involving children and young people in the work of the</li> </ul>	<p>Duty to 'prepare accounts'.</p>	<p>30 June</p>



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Entity name	Relevant legislation	Annual report requirement	Accounts requirement	Deadline
		<p>Commissioner; and</p> <p>(e) the accounts of the office for the financial year.'</p> <p>Submission to the Greffier of the States who has a duty to lay before the States Assembly.</p>		
Criminal Injuries Compensation Board	Article 9, Act of the States Assembly dated 4 December 1990	<p>A report on 'the operation of the Scheme'.</p> <p>Submission to the States Assembly.</p>	<p>A 'statement of accounts'.</p> <p>Submission to the States Assembly.</p>	None specified
Director of Civil Aviation	Article 9, Civil Aviation (Jersey) Law 2008	<p>A report on 'the discharge of the Director's function'.</p> <p>The report must contain such information as the Minister may specify.</p> <p>Submission to the Minister for External Relations who has a duty to lay before the States Assembly.</p>	Not applicable – financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.	31 March
Independent Prison Monitoring Board	Regulation 9, Prison (Independent Prison Monitoring Board) (Jersey) Regulations 2017	<p>A report 'with regard to the matters referred to in [these] Regulations or in prison rules, with [the Board's] advice and suggestions upon any such matter'.</p> <p>Submission to the Minister for Home Affairs who has a duty to lay before the States Assembly.</p>	Not applicable – financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.	31 March
Jersey Appointments Commission	Article 28(4), Employment of States of Jersey Employees (Jersey) Law	<p>A report on:</p> <p>(a) the Commission's activities during that calendar year;</p>	Not applicable – financial performance included in the States' Annual Accounts laid before the States	31 March



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Entity name	Relevant legislation	Annual report requirement	Accounts requirement	Deadline
	2005	<p>(b) any matter in relation to which the Commission has issued a statutory report during the year;</p> <p>(c) any matter specified in a direction made by the States Assembly; and</p> <p>(d) other matters the Commission thinks fit.</p> <p>Submission to the States Employment Board. The Chief Minister has a duty to lay before the States Assembly.</p>	Assembly but not identified separately.	
Jersey Employment and Discrimination Tribunal	Regulation 11, Employment and Discrimination Tribunal (Jersey) Regulations 2014	<p>A report on 'the activities of the Tribunal'.</p> <p>Submission to the Minister for Social Security who has a duty to lay before the States Assembly.</p>	Not applicable – financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.	30 April
Jersey Overseas Aid Commission	Paragraphs 11 and 12 of Schedule 1 of the Jersey Overseas Aid Commission (Jersey) Law 2005	<p>A report on 'the activities of the Commission'</p> <p>Submission to the States Assembly by the Chairman of the Commission.</p>	<p>Accounts in a form that is acceptable to the Minister for Treasury and Resources or another person, or a body, designated from time to time by the States Assembly.</p> <p>Submission to the States Assembly by the Chairman of the Commission.</p>	None specified
Jersey Legal Information Board	Article 5(4) of the Jersey Legal Information (Incorporation) Law 2004	<p>A report on the Board's activities.</p> <p>Submission to the Minister for Treasury and Resources.</p>	<p>Duty to 'present accounts'.</p> <p>Submission to the Minister for Treasury and Resources.</p>	As soon as practicable after the year end



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Entity name	Relevant legislation	Annual report requirement	Accounts requirement	Deadline
Office of the Comptroller and Auditor General	Article 19, Comptroller and Auditor General (Jersey) Law 2014	A report on 'the activities of the office of Comptroller and Auditor General'.  Submission to the Greffier of the States who has a duty to lay before the States Assembly.	Duty to 'prepare accounts'.  Submission to the Greffier of the States who has a duty to lay before the States Assembly.	None
Police Complaints Authority	Article 29(4), Police (Complaints and Discipline) (Jersey) Law 1999	A report on 'the discharge of the Authority's functions during the year.'  Submission to the Minister for Home Affairs who has a duty to lay before the States Assembly.	Not applicable – financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.	As soon as practicable after the year end
States Assembly*	Standing Order 128, Para (i), Standing Orders of the States of Jersey	A report on 'the work of the States and of committees and panels established by standing orders'.  Submission to the States Assembly.	Not applicable – financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.	None specified
States Employment Board	Article 11, Employment of States of Jersey Employees (Jersey) Law 2005	A report on 'the Board's activities under [the Employment of States of Jersey Employees (Jersey) Law 2005] during the year.'  Submission to the States Assembly.	Not applicable – financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.	31 March
States of Jersey Police**	Article 20, the States of Jersey Police (Jersey) Law 2012	A report 'which must provide a review of –  (a) the manner in which the provisions of the Annual Policing Plan, for the financial year have been	Not applicable – financial performance included in the States' Annual Accounts laid before the States Assembly but not identified separately.	31 March

Entity name	Relevant legislation	Annual report requirement	Accounts requirement	Deadline
		<p>addressed; and</p> <p>(b) the performance of the States Police Force generally.</p> <p>Submission to the Minister for Home Affairs who has a duty to lay before the States Assembly.</p>		
Statistics Jersey	Statistics and Census (Jersey) Law 2018	No requirement to produce an annual report.	Not applicable – financial performance included in the States’ Annual Accounts laid before the States Assembly but not identified separately.	Not applicable

\* The States Assembly’s Privileges and Procedures Committee has the statutory duty to prepare the Annual Report.

\*\* The Police Authority has the statutory duty to prepare the Annual Report.

35. With the exception of Statistics Jersey, all entities in Exhibit 4 have a duty to prepare an annual report. There is no consistent set of minimum requirements for these annual reports.

36. There is no duty to prepare accounts placed on 10 of the 16 entities in Exhibit 4. For all of these 10 entities, financial transactions are recorded in the States’ financial systems but there is no separate identification of financial information in respect of these entities in the States’ Annual Accounts. In addition, the annual reports of 9 of these 10 entities contain no financial information. The States Assembly Annual Report presented by the Privileges and Procedures Committee is the only report from these 10 entities to contain financial information in the form of expenditure information and discloses expenditure of £5.3 million in 2019.

37. The remaining six entities all have a specific duty to prepare or present accounts. In the case of the Jersey Overseas Aid Commission, the accounts must be in a form acceptable to the Minister for Treasury and Resources.
38. The Care Commission's annual report contains financial information extracted from the States' financial system. The total gross expenditure of the Care Commission in 2019 was £592,942. The Care Commission notes in its 2019 annual report that 'The Commission's accounts for 2019 have been audited as part of the whole of Government accounts'.
39. The Commissioner for Children and Young People produced her first annual report in May 2020. In this report she notes that the production of accounts has been delayed due to the Covid-19 pandemic.
40. The Criminal Injuries Compensation Board annual report discloses limited financial information in respect of the value of the claims awarded.
41. The Jersey Overseas Aid Commission publishes an annual report that contains financial information extracted from the States' financial system. No separate audit opinion is provided on this financial information and no stand-alone set of full financial statements is prepared. The expenditure of the Jersey Overseas Aid Commission in 2018 was £10.3 million.
42. The Legal Information Board publishes a stand-alone set of audited financial statements prepared under FRS102. The expenditure of the Legal Information Board in 2019 was £310,000. There is no statutory requirement for the Legal Information Board to have an audit. However it elected to do so voluntarily. The audit fee for 2019 was £5,706.
43. The Office of the Comptroller and Auditor General publishes an audited annual report and accounts prepared under IPSAS. The expenditure of the

Office of the Comptroller and Auditor General in 2019 was £847,000.

The audit fee for 2019 was £4,200.

### **Recommendations for the States of Jersey**

- R5** Introduce a consistent set of minimum requirements for the annual reports of other States controlled entities. These minimum requirements should include information regarding performance and accountability of the entities as well as minimum requirements for financial information disclosure.
- R6** Introduce a requirement for Statistics Jersey to produce an annual report.

### **Area for consideration by the States of Jersey**

- A1** Consider whether to introduce a requirement for States controlled entities above a consistent size threshold, to produce stand-alone audited financial statements prepared under a suitable accounting framework such as FRS102.

### **Other entities established by the States Assembly**

44. There are other entities established by the States Assembly for whom reporting requirements vary. Exhibit 5 contains more detailed examples of such entities, together with the accounting framework adopted (where the information is publicly available) and the date of the publicly available annual report considered in my review.

### Exhibit 5: Other entities established by the States Assembly

Entity name	Year end	Accounting framework adopted	Publication date of annual report considered
Data Protection Authority	31 December	Not applicable as not yet published	April 2020 (excluding audited accounts)
Jersey Financial Services Commission	31 December	FRS102	June 2020
Gambling Commission	31 December	FRS102	June 2019
Jersey Advisory and Conciliation Service	31 December	FRS102	March 2020
Jersey Bank Depositors' Compensation Board	31 January	FRS 102	June 2019
Jersey Competition Regulatory Authority (JCRA)*	31 December	FRS102	April 2020
Jersey Consumer Council	31 December	Accounts not published or laid before the States Assembly	December 2019
Jersey Safety Council	31 December	Not specified	June 2019
Jersey Teachers' Superannuation Fund	31 December	FRS102 and the Pensions Statement of Recommended Practice	June 2020
Office of the Financial Services Ombudsman**	31 December	FRS102	April 2020
Public Employees' Pension Fund	31 December	FRS102 and the Pensions Statement of Recommended Practice	May 2020

\* Until 30 June 2020 the JCRA and the Guernsey Competition and Regulatory Authority (GCRA) operated under the umbrella of the Channel Islands Competition and Regulatory Authorities (CICRA). CICRA produced one Annual Report and Accounts document but that includes separate accounts for the JCRA and GCRA.



\*\* The Jersey Office of the Financial Services Ombudsman and the Guernsey Office of the Financial Services Ombudsman operate as the Channel Islands Financial Ombudsman. Up to and including 2019, the Channel Islands Financial Ombudsman produced one Annual Report document that included separate accounts for the Jersey and Guernsey statutory entities. From 2020, following legislative changes in 2019, the reporting of the two entities will be on a combined basis.

45. Exhibit 6 summarises the legislative requirements for each of these entities.

**Exhibit 6: Legislative requirements for annual reporting by other entities established by the States Assembly**

Entity name	Relevant legislation	Annual report requirement	Accounts requirement	Deadline
Data Protection Authority	Articles 43 and 44, Data Protection Authority (Jersey) Law 2018	A report 'on its activities'.  Submission to the Chief Minister who has a duty to lay before the States Assembly.	Duty to prepare accounts 'in accordance with generally accepted accounting principles and show a true and fair view of the profit or loss of the Authority for the period to which they relate and of the state of the Authority's affairs at the end of the period'.  Submission to the Chief Minister who has a duty to lay before the States Assembly.	30 April
Jersey Financial Services Commission	Article 21, Financial Services Commission (Jersey) Law 1998	A report on 'its operations during the year'.  Submission to the Chief Minister who has a duty to lay before the States Assembly.	Duty to prepare 'in accordance with generally accepted accounting principles and show a true and fair view of the profit or loss of the Commission for the period and of the state of the Commission's affairs at the end of the period'.  Submission to the Chief Minister who has a duty to lay before the States Assembly.	31 July



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Entity name	Relevant legislation	Annual report requirement	Accounts requirement	Deadline
Gambling Commission	Article 18, Gambling Commission (Jersey) Law 2010	<p>A 'report on its operations'.</p> <p>Submission to the Minister for Economic Development, Tourism, Sport and Culture who has a duty to lay before the States Assembly.</p>	<p>Duty to prepare accounts 'in accordance with generally accepted accounting principles and show a true and fair view of the profit or loss of the Commission for the period and of the state of the Commission's affairs at the end of the period'.</p> <p>Must include separate accounts for the Social Responsibility Fund.</p> <p>Minister may by Order make additional provision about accounts. No such Order has been made.</p> <p>Submission to the Minister for Economic Development, Tourism, Sport and Culture who has a duty to lay before the States Assembly.</p>	31 July
Jersey Advisory and Conciliation Service	Paragraph 10, Schedule, Jersey Advisory and Conciliation (Jersey) Law 2003	<p>A 'report on its activities'.</p> <p>Submission to the Minister for Social Security who has a duty to lay before the States Assembly.</p>	<p>Duty to prepare accounts 'in accordance with generally accepted accounting principles and show a true and fair view of the profit or loss of JACS for the period to which they relate and of the state of JACS' affairs at the end of the period'.</p> <p>Submission to the Minister for Social Security who has a duty to lay before the States Assembly.</p>	30 April



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Entity name	Relevant legislation	Annual report requirement	Accounts requirement	Deadline
Jersey Bank Depositors' Compensation Board	Regulation 14, Banking Business (Depositors Compensation) (Jersey) Regulations 2009	<p>A report containing:</p> <p>(a) details of the Board's activities during the financial year; and</p> <p>(b) such other information as the Minister may direct the Board to provide.</p> <p>Submission to the Chief Minister who has a duty to lay before the States Assembly.</p>	<p>Duty to prepare accounts.</p> <p>Submission to the Chief Minister who has a duty to lay before the States Assembly.</p>	30 June
Jersey Competition Regulatory Authority	Articles 17 and 18, Competition Regulatory Authority (Jersey) Law 2001	<p>A 'report on its activities'.</p> <p>Submission to the Chief Minister who has a duty to lay before the States Assembly.</p>	<p>Duty to prepare accounts 'in accordance with generally accepted accounting principles and show a true and fair view of the profit or loss of the Authority for the period to which they relate and of the state of the Authority's affairs at the end of the period'.</p> <p>Submission to the Chief Minister who has a duty to lay before the States Assembly.</p>	30 April
Jersey Consumer Council	Act of the States Assembly dated 25 April 1995 Article 23, Jersey Consumer Council Constitution	<p>An 'annual report'.</p> <p>Submission to the Minister for Economic Development to lay before the States Assembly.</p>	<p>Duty to prepare 'annual statements of accounts' 'in accordance with generally accepted accounting practices'.</p> <p>Submission to the Minister for Economic Development to lay before the States Assembly.</p>	None specified



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Entity name	Relevant legislation	Annual report requirement	Accounts requirement	Deadline
Jersey Safety Council	Paragraph (e), P.102/1991	A report providing 'full details' of the Council's activities during the year.  Submission to Minister for Social Security who has a duty to lay before the States Assembly.	Duty to prepare accounts.  Submission to Minister for Social Security who has a duty to lay before the States Assembly.	None specified
Jersey Teachers' Superannuation Fund*	Article 22, Teachers' Superannuation (Jersey) Order 2007	None	Duty to prepare 'annual accounts of the Fund and the Teachers' Superannuation Schemes'.	None specified
Office of the Financial Services Ombudsman (OFSO) **	Paragraph 1, Schedule 2, Financial Services Ombudsman (Jersey) Law 2014	A report on 'its operations'.  Submission to the Minister for Economic Development who has a duty to lay before the States Assembly.	Duty to prepare accounts 'in accordance with generally accepted accounting principles and show a true and fair view of the profit or loss of the OFSO for the period and of the state of the OFSO's affairs at the end of the period'.  Submission to the Minister for Economic Development who has a duty to lay before the States Assembly.	30 April
Public Employees' Pension Fund***	Regulation 21, Public Employees (Pension Scheme) (Administration) (Jersey) Regulations 2015	A report including:  (a) a statement [...] about the management and financial performance of the fund during the year;  (b) a statement [...] explaining the investment policy in respect of the fund and reviewing	Duty to prepare accounts including a 'balance sheet and profit and loss account with supporting notes and disclosures prepared in accordance with generally accepted accounting practices'.  Duty to include in the published annual report.	31 May



JERSEY AUDIT OFFICE

Entity name	Relevant legislation	Annual report requirement	Accounts requirement	Deadline
		investment performance during the year; (c) a statement of the Actuary of the assets and liabilities of the fund and the level of valuation disclosed at the last valuation of the fund [...]; (d) a report dealing with the extent to which the Administrator and employers have met administration performance standards set out in the published pension administration strategy [...] Duty to publish the report.		

\* The Treasurer of the States has the statutory duty to prepare the accounts of the Jersey Teachers' Superannuation Fund.

\*\* The Jersey Office of the Financial Services Ombudsman and the Guernsey Office of the Financial Services Ombudsman operate as Channel Islands Financial Ombudsman. Up to and including 2019, the Channel Islands Financial Ombudsman produced one Annual Report document that included separate accounts for the Jersey and Guernsey statutory entities. From 2020, following legislative changes in 2019, the reporting of the two entities will be on a combined basis.

\*\*\* The Committee of Management of the Public Employees' Pension Fund has the statutory duty to prepare the Annual Report including accounts prepared by the Treasurer of the States.

46. In the main, these entities are required to submit a form of annual report to the States Assembly. There is no consistency however as to the deadline by

which this must happen and no consistency as to the content of the annual report or the accounts. Where deadlines have been set, they are:

- generally for one of four different dates ranging from end of April to end of July; and
- expressed inconsistently in terms of dates of reporting to the Minister, the States Assembly and publication.

46. All of these entities have a duty to prepare accounts. In most instances, these accounts are required to be prepared under generally accepted accounting practices. The accounts of all of these entities are audited.

### **Recommendation for the States of Jersey**

**R7** Introduce a consistent set of minimum requirements for the annual reports of all entities established by the States Assembly. These minimum requirements should include information regarding performance and accountability of the entities as well as minimum requirements for financial information disclosure.

### **Area for consideration for the States of Jersey**

**A2** Consider adopting consistent provisions about deadlines for the preparation, submission and publication of annual reports.

## Content of annual reports

47. As part of my work I reviewed the content of annual reports against best practice identified by the UK National Audit Office and against those content requirements placed on UK public sector bodies that I consider to be best practice.

## Performance reports

48. Performance reports that exhibit best practice include the following elements:

### **Strategy**

- 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, objectives and strategies.
- Clarity around purpose, strategic objectives and key programmes/projects.
- 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.
- Frank and honest view of progress against objectives.
- Clear description of plans to implement priorities.
- The key issues and risks that could affect the entity in delivering its objectives.
- Strategy clearly integrated with performance measures, risks and financial information.

## **Risks**

- Easy to understand explanation of the entity's structure.
- Clear links between risks, strategic objectives and the performance report narrative.
- Quantified risks and mitigations.
- A description of how the dynamic of the risk profile has changed over time, including developments in relation to specific risks disclosed.
- 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.

## **Operations**

- 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.
- Consideration of capital investment and how it achieves value for money.
- Non-financial reporting included alongside financial reporting.



### **Measures of success**

- Information on how the entity measures performance i.e. what it sees as its key performance measures, how it checks performance against those measures and narrative to explain the link between key performance indicators (KPIs), risk and uncertainty.
- Quantified KPIs aligned to strategic objectives and making appropriate use of financial and non-financial data.
- An analysis and explanation of the development and performance of the entity during the year and an explanation of the relationships and linkages between different pieces of information.
- Balanced assessment of goals achieved and performance against targets.
- Honest analysis when targets are not met.
- Non-financial information including social matters, respect for human rights, anti-corruption and anti-bribery matters.
- Information on environmental matters including the impact of the entity's business on the environment.

### **Financial performance**

- A fair and balanced reflection of financial performance which is consistent with the underlying financial statements.
- Useful comparisons of actual performance against expected/budgeted performance.
- Linkages between financial performance, strategic objectives and key performance indicators.

49. My review of performance reporting by entities identified the following (see Exhibit 7).

**Exhibit 7: Observations on performance reporting**

Best practice content area	Observations
<p><b>Strategy</b></p>	<p>The reports of most entities contained clear opening statements from the chief executive or equivalent and/or the chairman or equivalent. In addition, most entities provided a narrative as to the entity’s structure.</p> <p>Many entities set out their mission and strategic objectives clearly although some notably do not. Where objectives have been set out, most entities also set out a discussion of achievements for each objective.</p> <p>Progress against each objective often reads like a list of achievements rather than an analysis of whether progress is in line with expectations.</p> <p>Areas for investment are sometimes described but are not always linked to priorities.</p> <p>Often a wide range of data is reported but it is not clear whether the outcomes reported represent success.</p> <p>There were often weak links from strategic objectives to performance measures, risks and financial information.</p> <p>Some entities provide no information on performance measures.</p>

Best practice content area	Observations
<p><b>Risks</b></p>	<p>More than half of the reports reviewed contained either no, or an extremely limited, discussion on the risks the entity faces.</p> <p>Where corporate risks were set out with mitigations, only one entity's report told the story of how risks have changed over time. Few entities provided quantification of their risks.</p> <p>Some entities provided a clear link between the risks/mitigations and the narrative set out in the annual report as a whole.</p> <p>Other than investment risks, neither the arrangements for risk management nor the key risks are described in the reports of the pension funds reviewed.</p>
<p><b>Operations</b></p>	<p>Four of the entities reviewed failed to include any information at all in their annual reports regarding their operations.</p> <p>Very few reports contained any form of commentary on delivery models, contract management and value for money. The annual report of Jersey Electricity does contain some discussion on contract and project management.</p> <p>More entities provided details of key areas of capital investment but again this included limited, if any, commentary on value for money.</p> <p>Few entities comment on how their operations contribute to wider States' objectives. Entities that did provide such a commentary included The States of Jersey Development Company and Visit Jersey.</p>

Best practice content area	Observations
	<p>Most entities combine non-financial reporting with financial reporting within their reports.</p>
<p><b>Measures of success</b></p>	<p>Some entities did not provide any information on performance measures.</p> <p>Most reports do include some data on performance. However not all entities publish data on KPIs. Where KPI data is published the data does not always cover all objectives, it is not always commented on and some analysis and commentaries are not balanced.</p> <p>For many entities it is difficult to gain an understanding of whether performance has been good, bad or indifferent based on the data and commentary provided.</p> <p>Reporting of environment impact is inconsistent and many entities do not comment on this aspect at all.</p>
<p><b>Financial performance</b></p>	<p>Some entities do not provide any financial information at all within their annual reports and do not make the financial statements available on-line either.</p> <p>Where entities do provide a commentary on financial performance it tends to reflect the financial statements and compares performance to previous years rather than to budget. It is therefore often difficult to understand whether the financial performance is in line with expectations for the year. One entity that did provide a commentary of performance against budget was Andium Homes.</p>

## Recommendation for all entities

- R8** Improve the public annual reporting of performance to include all of the elements of best practice identified in this report.

## Accountability reports

50. Accountability reports that exhibit best practice include the following elements:

### Directors' or equivalent report

- 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.
- Information on personal data related incidents where these have been formally reported to the Data Protection Authority.

### A statement of responsibilities

- 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.

- 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.

### **A governance report**

- Clear narrative statement explaining the governance framework of the entity, including information about any board committee structure, its attendance records, and the coverage of its work.
- Transparent information about how the officer 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.
- Frank and honest assessment of discussions and decisions made.
- An assessment of the effectiveness of the office holder or board's performance.
- Highlights of any board committee reports.
- A risk assessment, including the entity's risk profile, and how it is managed.

### **A remuneration and staff report**

- 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).
- The median remuneration of the reporting entity's staff.
- The range of staff remuneration.
- The ratio between the median 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.
- Exit packages – summary data on the use of exit packages agreed in year.

51. My review of performance reporting by entities identified the following themes for consideration by entities in improving their reports (see Exhibit 8).

**Exhibit 8: Observations on accountability reporting**

Area	Observations
<b>Directors' or equivalent report</b>	<p>The States of Jersey include all of the best practice items noted in their directors' equivalent report.</p> <p>For the vast majority of entities reviewed, the names of the directors, chief executive and chairman (or their equivalents) were provided.</p> <p>Other than the States, no entity provided information regarding directors' (or equivalent) interest or data breaches. It is not clear whether this is because there were no directors' other interests and no data breaches.</p>
<b>Statement of responsibilities</b>	<p>Seventeen of the entities reviewed did not include any form of statement of responsibilities.</p> <p>Conversely, entities that reported statements of responsibilities containing all best practice items included the States of Jersey, Jersey Electricity, the Jersey New Waterworks Company, Jersey Post and the Jersey Financial Services Commission.</p> <p>Many entities did not include specific statements to confirm that there is no relevant audit information of which the entity's auditors are unaware and/or to confirm that the annual report and accounts as a whole is fair, balanced and understandable.</p>



Area	Observations
<p><b>Governance report</b></p>	<p>Fifteen of the entities reviewed did not include any form of governance statement in their annual report.</p> <p>For those entities that did include a governance statement, the statement set out governance structures and included a discussion of risks.</p> <p>A few entities referred to reviewing the effectiveness of their board. However, only one entity went on to discuss the findings of the review and the actions being taken as a consequence.</p> <p>Whilst board and committee composition was often reported, attendance records for board and committee members at relevant meetings were not always reported.</p> <p>Some entities referred to the UK Corporate Governance Code. There was however varied transparency from entities as to which elements of the UK Corporate Governance Code they complied with. Some entities, such as Jersey Electricity and the Jersey Financial Services Commission, make clear statements as to the extent to which they comply with the UK Corporate Governance Code.</p> <p>All entities reviewed had scope to improve further their reporting of information about how the board or office holder works effectively to govern the entity. This includes information about the quality of the data used by the board, and why the board finds it acceptable as well as a frank and honest assessment of discussions and decisions made.</p>

Area	Observations
<p><b>Remuneration and staff report</b></p>	<p>The most complete remuneration and staff report was found in the States of Jersey annual report. This report would be enhanced with inclusion of sickness absence data and more information on off-payroll engagements.</p> <p>Some entities report information on directors' (or equivalent) remuneration. However, this did not include pension information consistently and did not always include information on the remuneration policy for directors. My predecessor's 2019 report <i>Remuneration of Board Members</i> made a number of recommendations to enhance the completeness and transparency of the public reporting of remuneration.</p> <p>For nineteen of the entities reviewed there was little or no reporting of staff related matters in the annual report. Where staff matters were reported it tended to be a narrative regarding policies rather than specific staff data.</p>

**Recommendation for the States of Jersey**

**R9** Introduce a consistent requirement for all entities controlled by the States or established by the States Assembly to publish an accountability report comprising a directors' (or equivalent) report, a statement of responsibilities, a governance report and a remuneration and staff report as part of their annual report.





**Recommendation for all entities**

- R10** Review the contents of the annual report to include best practice accountability reports including a directors' (or equivalent) report, a statement of responsibilities, a governance report and a remuneration and staff report.

## Best practice principles

52. I considered how well entities adhere to best practice principles in their corporate reporting (see Exhibit 9).

### Exhibit 9: Best practice principles

 <p><b>Accountability</b></p> <p>Good reporting:</p> <ul style="list-style-type: none"> <li>• ‘tells the story’ of the organisation in a fair and balanced way;</li> <li>• demonstrates compliance with relevant reporting requirements;</li> <li>• describes clear action points to take forward; and</li> <li>• incorporates non-financial reporting, such as climate change targets.</li> </ul>	 <p><b>Transparency</b></p> <p>Good reporting:</p> <ul style="list-style-type: none"> <li>• includes frank and honest analysis;</li> <li>• does not avoid the challenges an organisation is facing;</li> <li>• makes appropriate use of data;</li> <li>• quantifies risks and performance measures; and</li> <li>• demonstrates an understanding of the organisation’s activities on the wider society.</li> </ul>
 <p><b>Accessibility</b></p> <p>Good reporting:</p> <ul style="list-style-type: none"> <li>• fully integrates key financial statement trends within the narrative;</li> <li>• includes concise summaries of key points;</li> <li>• considers how the organisation engages with key stakeholders and meets their needs; and</li> <li>• explores different ways that an organisation can engage and influence their stakeholders.</li> </ul>	 <p><b>Understandable</b></p> <p>Good reporting:</p> <ul style="list-style-type: none"> <li>• uses plain English to explain difficult concepts;</li> <li>• uses infographics and diagrams to communicate important messages; and</li> <li>• has a clearly integrated structure to help users navigate it effectively.</li> </ul>

Source: UK National Audit Office *Good Practice in Annual Reporting*, February 2020

## Accountability

53. Whilst all entities' reports tell the story of the year, they do not always do so in a fair and balanced way. Often data is included on achievements in the year with limited commentary on areas that have not performed according to plan.
54. There is scope to improve compliance with best practice through a focus on reporting relevant non-financial data, including targets and key performance indicators in a balanced way. There is also scope to improve commentaries to include details of areas for improvement and areas that have not performed according to plan and what action is planned or is being taken in these areas.

## Transparency

55. Most entities include an array of data in their annual reports. There is scope for entities to consider further what data is presented as well as how it is presented. Data that is complete, accurate and relevant to report performance against the strategic objectives should be selected and reported in a frank and honest way.
56. All entities reviewed, by their nature, have a role to play in wider society. Reporting by entities as to the impact of their activities on the wider society was often weak or, in some cases, non-existent.
57. Many entities could improve their sustainability reporting in terms of climate change impact.

## Accessibility

58. A number of the reports reviewed contained all elements of best practice in terms of accessibility. For other entities, there is scope in particular to improve the following aspects of accessibility:

- integration of financial data throughout the report consistent with the financial reporting contained in the financial statements; and
- consideration and reporting of how the entity engages with its key stakeholders and how the entity meets their needs.

59. All of the reports reviewed were available online and most were pdf versions. There is scope for entities to increase the different mechanisms by which reports are available including the use of interactive pdfs (to help users navigate the structure more effectively).

### Understandable

60. Some entities use infographics to enhance the understandability of the content of the report to the lay reader. There is however scope for more entities to adopt this approach to make content more understandable.
61. Whilst all reports had a clear structure, it was not always easy to use the structure to understand where relevant content could be found.

### Recommendation for all entities

- R11** Review and update the content of the next annual report to embrace the best practice principles noted in this report.

## Appendix One

### Audit Approach

The review encompassed a desk based review of the latest published annual reports and financial statements of the following entities against best practice criteria:

Entity	Documents reviewed
Andium Homes	Annual Report 2018
Care Commission	Annual Report 2019
Charity Commissioner	Annual Report 2019
Commissioner for Children and Young People	2018-2019 Annual Report
Commissioner for Standards	Annual Report 2018-2019
Criminal Injuries Compensation Board	Three Year Report 2016 to 2018
Data Protection Authority	Office of the Information Commissioner: 2019 Annual Report
Director of Civil Aviation	Annual Report 2018
Gambling Commission	Annual Report and Accounts 2018
Independent Prison Monitoring Board	Annual Report 2018
Jersey Advisory and Conciliation Service	2019 Annual Report Board Members' Report and Financial Statements for the year ended 31st December 2019
Jersey Appointments Commission	Annual Report 2019
Jersey Bank Depositors' Compensation Board	Annual Report and Audited Financial Statements for the year ended 31 January 2019



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Entity	Documents reviewed
Jersey Business	Report and Financial Statements - 31 December 2019
Jersey Competition Regulatory Authority	Channel Islands Competition and Regulatory Authorities: Annual Report 2019
Jersey Consumer Council	2018 Annual Report
Jersey Electricity	Report and Accounts 2019
Jersey Employment and Discrimination Tribunal	Annual Report 2019
Jersey Finance	Annual Review 2019
Jersey Legal Information Board	Annual Report and Financial Statements - 31 December 2018
Jersey Financial Services Commission	Annual Report 2019
Jersey Overseas Aid Commission	2018 Annual Report
Jersey Post International	Business Review for the year ended 31 December 2018
Jersey Safety Council	Report and Audited Financial Statements for the year ended 31 December 2018
Jersey Sport	Annual Report 2018
Jersey Teachers' Superannuation Fund	Annual Report 2019
JT Group	'A Decade Together' - JT Progress Report 2019/20  Annual Report and Audited Consolidated Financial Statements 31 December 2019
Office of the Financial Services Ombudsman	Channel Islands Financial Ombudsman - Annual Report 2019
Police Complaints Authority	Annual Report 2019



Entity	Documents reviewed
Ports of Jersey	Annual Report 2019
Public Employees' Pension Fund	Annual Report 2019
States Assembly	Annual Report 2019
States Employment Board	Annual Report 2019
States of Jersey	Annual Report and Accounts 2019
The States of Jersey Development Company	Annual Report and Consolidated Financial Statements 2018
States of Jersey Police	Police Annual Report 2018
The Jersey New Waterworks Company	Annual Report and Financial Statements - 30 September 2019
Visit Jersey	Financial Statements at 31 December 2019 Annual Report 2019

The fieldwork for the review was undertaken by an affiliate working alongside myself and my Deputy.

## Appendix Two

### Summary of recommendations and areas for consideration

#### Recommendations for the States of Jersey

- R1** Reintroduce the requirement for the Chief Executive to sign the performance report.
- R2** Introduce a consistent requirement for all States' controlled unlisted companies to make their financial statements publicly available.
- R3** Introduce a consistent set of requirements for the accounting framework to be adopted by States controlled unlisted companies.
- R4** Introduce a consistent set of minimum requirements for the annual reports of States controlled unlisted companies. These minimum requirements should include information regarding performance and accountability of the companies as well as minimum requirements for financial information disclosure.
- R5** Introduce a consistent set of minimum requirements for the annual reports of other States controlled entities. These minimum requirements should include information regarding performance and accountability of the entities as well as minimum requirements for financial information disclosure.
- R6** Introduce a requirement for Statistics Jersey to produce an annual report.
- R7** Introduce a consistent set of minimum requirements for the annual reports of all entities established by the States Assembly. These minimum requirements should include information regarding performance and accountability of the entities as well as minimum requirements for financial information disclosure.

- R9** Introduce a consistent requirement for all entities controlled by the States or established by the States Assembly to publish an accountability report comprising a directors' (or equivalent) report, a statement of responsibilities, a governance report and a remuneration and staff report as part of their annual report.

### **Recommendations for all entities**

- R8** Improve the public annual reporting of performance to include all of the elements of best practice identified in this report.
- R10** Review the contents of the annual report to include best practice accountability reports including a directors' (or equivalent) report, a statement of responsibilities, a governance report and a remuneration and staff report.
- R11** Review and update the content of the next annual report to embrace the best practice principles noted in this report.

### **Areas for consideration by the States of Jersey**

- A1** Consider whether to introduce a requirement for States controlled entities above a consistent size threshold, to produce stand-alone audited financial statements prepared under a suitable accounting framework such as FRS102.
- A2** Consider adopting consistent provisions about deadlines for the preparation, submission and publication of annual reports.



JERSEY AUDIT OFFICE

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**OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL**

**ANNUAL REPORTING**

**A GOOD PRACTICE GUIDE - AUGUST 2020**

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## 1. Introduction

Annual Reports and Accounts are a key means by which an organisation tells the story of their year. Public annual reporting, done well, enables stakeholders to understand – with trust and confidence – an organisation’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 organisation to account effectively.

In this first 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. I have drawn these examples from my review of the annual reports of public sector organisations in Jersey which underpinned my report *Annual Reporting* published in August 2020.

My work identified the six essential elements of a good annual report. Information on each of these elements should be included:

- Strategy
- Risks
- Operations
- Measures of success
- Financial performance
- Governance

I have drawn on these elements together with the following fundamental principles identified by the UK National Audit Office in identifying the examples contained within this guide:



### Accountability

Good reporting:

- ‘tells the story’ of the organisation in a fair and balanced way;
- demonstrates compliance with relevant reporting requirements;
- describes clear action points to take forward; and
- incorporates non-financial reporting, such as climate change targets.



### Transparency

Good reporting:

- includes frank and honest analysis;
- does not avoid the challenges an organisation is facing;
- makes appropriate use of data;
- quantifies risks and performance measures; and
- demonstrates an understanding of the organisation’s activities on the wider society.



### Accessibility

Good reporting:

- fully integrates key financial statement trends within the narrative;
- includes concise summaries of key points;
- considers how the organisation engages with key stakeholders and meets their needs; and
- explores different ways that an organisation can engage and influence their stakeholders.



### Understandable

Good reporting:

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





My review of annual reports and accounts of Jersey public organisations identified that organisations can do more to produce fully integrated reports, where the annual report more closely complements and narrates 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. I encourage all public organisations in Jersey to perform better 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 the Guide have been taken from various annual reports and links to the full reports are included for information (some reports may have been updated for 2019 subsequent to the production of this Guide).

I hope that organisations will find this guide to be useful as they start to consider their public annual reporting for 2020 and beyond.

**Lynn Pamment**

**Comptroller and Auditor General**

## 2. Strategy

The best reports include:

- a statement of the purpose and activities of the organisation including a brief description of the business model and environment, organisational structure, objectives and strategies;
- clarity around purpose, strategic objectives and key programmes/projects;
- a statement from the entity's chief executive or equivalent providing their perspective on the performance of the organisation over the period;
- a frank and honest view of progress against objectives;
- clear description of plans to implement priorities;
- the key issues and risks that could affect the entity in delivering its objectives; and
- clear integration between strategy, performance measures, risks and financial information.

The strategy of the organisation should be the focal point for the structure of the annual report.

Jersey Water achieves this well. Their 2019 annual report sets out their vision and objectives clearly together with discussion of key programmes. There are strong links between the 10 Key Performance Indicators (KPIs), the strategic objectives, financial performance and the key risks.

<https://www.jerseywater.je/wp-content/uploads/2019/12/JW-Annual-Report-2019.pdf>



### 3. Risks

The best reports include:

- an easy to understand explanation of the organisation's structure;
- clear links between risks, strategic objectives and the performance report narrative;
- quantified risks and mitigations;
- a description of how the dynamic of the risk profile has changed over time, including developments in relation to specific risks disclosed; and
- 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.

Strategic Reports

Annual Report 2019

## Risk Management Statement

The Company's approach to risk is defined in its risk management policy, which outlines the roles and responsibilities for the identification, evaluation and management of risks throughout the business.

The primary feature of our risk management process is the use of agreed, defined matrices, which allow a business wide systematic approach to the evaluation, scoring and escalation of identified risks. This provides the Board and Risk Committee with assurance that they may compare all assessed risks, knowing that they have been evaluated against the same set of perspectives and associated severity ratings.

Set out below are the principal risks to the organisation and the mitigation measures to manage them, which are either in place or planned. This list is not exhaustive and is not set out in any order of priority.

The Committee has identified the following six spheres or categories of risk as the main ones faced by the company, together with principal mitigations as described.

### 1. Operational Safety and Resilience

The Company's primary statutory object is to provide, or ensure the provision of, safe, secure and efficient port operations for Jersey.

All key operational areas are audited regularly in order to meet this objective, both through internal analysis and external inspection, and to ensure continual compliance with all regulatory and safety requirements imposed upon the Company by various regulators and agencies in the UK, the EU and the Channel Islands. Please see the Compliance and Assurance Statement on page 51.

There is a separate regulatory compliance team, independent from business operations, which works with people in the latter who have specific regulatory assurance responsibilities. Detailed attention is paid to effectual incident and accident investigations and a good reporting culture for the same.

A similar system operates for all internal health and safety matters, with responsibilities defined across all business areas.

### 2. Business Continuity

The objective is to have zero downtime in significant maritime and aviation infrastructure, or in facilities provided by the company for passengers and freight.

In particular, as well as power-dependent critical assets being linked to back-up supplies, there is a fully operational and approved back-up facility for air traffic to manage the Channel Island airspace, and a remote digital air traffic tower contingency facility, which is the first approved for operational use in the UK. There are comprehensive planned preventative and reactive maintenance programmes at both Airport and Harbour. The company contributes significantly to Jersey-wide emergency and business continuity planning.

Capital expenditure planning includes ensuring that asset life cycles are satisfactorily captured in replacement programmes.

We have over the last two years replaced the Government provided core ICT and applications infrastructure with our own. These provide better resilience and added functionality, including the ability for employees to work remotely, either elsewhere on our estate or if necessary at locations such as from home.

### 3. Financial Risk

The company is dependent upon its revenues for meeting its obligations, which include a range of public service obligations such as running the Coastguard and maintaining the historic harbours. The company receives no financial support from taxpayers' funds.

There is an established financial model for all budget forecasting and monitoring income and expenditure, and the capital plan is kept under very regular review to ensure relevance, affordability and value for money in relation to business objectives.

The company seeks to work closely with its economic regulator, the Jersey Competition Regulatory Authority (JCRA), in order to aim to ensure that its regulated prices are adjusted at least in line with inflation subject to any efficiency targets.

The closest possible attention is paid to capital project governance, led by a separate project management office and with all roles in projects well defined in line with international best practice.

### 4. Reputational Risk

Ports of Jersey is a customer-focused business. Over 2 million passengers pass through its gateways each year, along with every item of freight that is consumed in Jersey.

Customer satisfaction is monitored regularly, and measurable customer service standards set. This is an integral part of the company's requisite reportage to the JCRA. Relevant senior managers develop and maintain the company's relationship with major customers such as airlines, shippers and ferry operators.

Appropriately close liaison is maintained with those in the Government of Jersey who have responsibility for its shareholder function and a watch kept on policy and legislative developments that could possibly impact adversely upon the company.

### 5. People Risk

The company's staff are, far and away, its most precious and critical asset. Given Jersey's tight labour market, this asset needs nurturing.

Considerable attention is paid to pay, terms and conditions, training and workplace wellbeing across the business, so that these are in line with, or better, than market norms where those can be judged. Succession plans are in place for all critical areas and we currently have apprentices and trainees within three areas of the business. Training budgets are considerable and kept under regular review. Special programmes have been instituted to seek to attract, reward and retain people with particularly key skills.

### 6. Cyber Risk

The importance of managing this risk has been increasingly recognised and a wide range of counter measures is in place to detect and repel malicious interventions in the company's systems, however they might arise. Penetration testing and vulnerability scans are undertaken by a leading independent consultancy. Staff training has been stepped up to help avert unwitting compromise of the company's IT systems.

The Committee has established a rolling review programme with the aim of ensuring that all angles to this complex problem are covered.

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The 2019 Annual Report of the Ports of Jersey is a good example of clearly set out risks.

[https://e.issuu.com/embed.html?d=annual\\_report\\_2019&u=advert-int](https://e.issuu.com/embed.html?d=annual_report_2019&u=advert-int)

The 2019 Annual Report of Jersey Water provides a narrative of how risks are changing and being managed over time.

<https://www.jerseywater.je/wp-content/uploads/2019/12/JW-Annual-Report-2019.pdf>

## Short Term Drought

### Risk:

The Company's reservoirs have sufficient capacity to store approximately 120 days' average demand for water.

This is adequate to manage the normal variance in seasonal demand for water. However, the relatively low reservoir storage capacity coupled with the reliance of the Island on rainfall means that water resources in Jersey are particularly susceptible to periods of drought.

### Risk Management:

The Company manages its water resources prudently, ensuring that reservoirs are filled quickly in periods of rainfall. As part of its drought management plan, the Company maintains a standby desalination plant in case additional resources are required and further contingency measures are available should the need arise.

The Company adopts a number of strategies to reduce the demand for water including Island-wide metering, pressure reduction and leakage control.

The Company works closely with the States of Jersey through the Drought Group to monitor water resources and assess the risks of drought.

The forthcoming Water Resources and Drought Management Plan will enhance the process by which the Company manages short term drought.



## Climate Change

### Risk:

During the period the States Assembly agreed that there exists a climate emergency likely to have profound effects in Jersey and indicated an ambition of Jersey becoming carbon neutral by 2030. The Government are due to publish their plan to achieve this in late 2019.

The effects of climate change have the potential to significantly affect the operations of Jersey Water if left unchecked.

### Risk Management:

Jersey Water considers climate change and its effects within the Company's risk management framework, assessing the effects of different elements of climate change on the business and determining the measures necessary to mitigate them.

A key area of interest is the effect of climate change on water available for use, the changing patterns of rainfall and the impact of dry weather on the demand for water. Such considerations are considered within the best practice framework adopted for the Water Resources and Drought Management Plan. The plan looks 25 years into the future and is designed to be iterative such that changes in forecast and outlook can be accommodated through adjustment to the plan.

## 4. Operations

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;
- consideration of capital investment and how it achieves value for money; and
- non-financial reporting alongside financial reporting.

The 2019 Annual Report of Jersey Electricity contains some commentary on how it manages its operations and its key contracts.

<https://www.jec.co.uk/media/574771/je2019raweb.pdf>



### MAINTAINING AFFORDABLE ELECTRICITY AND PRICE STABILITY

We continue to focus on delivering secure, low carbon electricity supplies and maintaining relative stability in customer tariffs. Our below-inflation rise of 3.5% effective from 1 April 2019 was only our second price rise in five years following the 2% increase in June 2018. This more recent rise was largely driven by a weakening of Sterling relative to the Euro and other inflationary factors. Despite this, the most recent 'default maximum tariff' introduced by Ofgem, the UK electricity Regulator, to cap prices payable in the UK, is set at a level that is more than 30% higher than the average customer is paying in Jersey. Our domestic tariffs also continue to benchmark well against other jurisdictions, including the EU15, which is presently around 15%-20% higher than Jersey tariffs.

We have a long-term rolling importation framework with EDF which has been in place for 35 years since 1984 when we installed our first subsea cable between Jersey and France. We extended this by five years to 2027 in 2017 to help maintain a stable importation regime over a potentially uncertain Brexit period, with the intention that a similar contractual arrangement would be put in place post 2027. EDF has provided assurance that whatever the final terms of the UK's exit from the EU are, this will not affect our existing supply agreement. This agreement combines a fixed price component with a market related mechanism that allows us to price lock in future prices over a rolling three-year period. Our electricity purchases are materially, albeit not fully, hedged for the period 2019-22.

This year we imported 94% of Jersey's electricity requirements from EDF. This represents a substantial portion of our cost base and is contractually denominated in Euro. To reduce our exposure to foreign exchange fluctuations and to aid tariff

planning, we also enter into forward currency contracts. Due to this hedging, the average Euro/Sterling rate underpinning our electricity purchases during this financial year was 1.19 €/£ against the average spot rate of 1.13 €/£ due to continuing volatility on foreign exchange markets brought about by Brexit. While our strategy provides us with some degree of protection and forward stability, we expect further turbulence in energy and foreign exchange markets going forward.

Though our Smart Meter installation programme SmartSwitch met with unavoidable third party delays this summer, we are pleased that the final phase to replace 4,500 Pay As You Go (PAYG) key meters is set to go live early in the New Year and is now expected to be completed by summer 2020. SmartSwitch has already brought efficiencies for the business and benefits for customers, including our 24-hour uninterrupted heating tariff Economy 20 Plus (E20+) that supports our fuel switching strategy. Around 200 customers a year are joining this tariff. This year, over 900 new domestic customers joined our various discounted space and water heating tariffs bringing the number of customers now on our off-peak tariffs to 18,910.

An independent Jersey Government review into our Standby Charge for commercial embedded generators published its findings in February. It concluded that we are justified in recovering our costs of providing grid and backup power services to these customers via such a charge. We implemented the charge of £3.25 per kWp per month on 1 May for embedded commercial solar generating facilities only and are currently reviewing charges for other embedded generating technologies such as Combined Heat and Power (CHP), as recommended by the report, to ensure they are fully cost reflective.

## 5. Measures of success

The best reports include:

- information on how the entity measures performance i.e. what the entity sees as its key performance measures, how it checks performance against those measures and narrative to explain the link between KPIs, risk and uncertainty;
- quantified KPIs aligned to strategic objectives and making appropriate use of financial and non-financial data;
- an analysis and explanation of the development and performance of the entity during the year and an explanation of the relationships and linkages between different pieces of information;
- a balanced assessment of goals achieved and performance against targets;
- honest analysis when targets are not met;
- non-financial information including social matters, respect for human rights, anti-corruption and anti-bribery matters; and
- information on environmental matters including the impact of the entity's business on the environment.

The 2018 Annual Report of Jersey Post contained some good analysis of performance together with a commentary on areas to be improved.

<https://www.jerseypost.com/about-us/annual-report/>

Jersey Post International Limited Year ended 31 December 2018

### Our customers

**In an increasingly competitive world, we recognise our success lies with providing our customers with what they want**

Whilst we continue to diversify, in addition to investing in our core business, our local customer base and our services to them remain important. In 2018, as it will be in 2019 and 2020, we went through significant changes in how we operate, the services we offer and technology underpinning both. We need to do this to stay relevant and to be able to provide a universal service to the people and businesses of Jersey without subsidy. This is a challenge when we see continued decline in our core letter volumes.

However, it is important to monitor how we are doing, and we do this in three ways:

**1. What you tell us**  
This year is our eighth all Island customer survey and despite the issues we faced during the year, we are humbled by the responses from our customers.

**Percentage of 2019 survey respondents that answered good or very good**

**2. What our measurement tells us:**  
We use an independent research company to measure our quality of service against targets agreed with CICRA, the independent regulator. 2018 was a challenging year for Jersey Post. Whilst we exceeded five of our targets, we missed, marginally, the remaining four. We have taken steps to address the issues raised and, weather and technical issues aside, we are in a much better position for 2019.

**2018 Quality of service - Jersey, Guernsey and the UK**

We submit a report to CICRA each year detailing our quality of service performance. Our performance was impacted by three factors:

- the amount and management of change in 2018 in the operation as highlighted above;
- our challenges in recruiting staff as we see employment grow in Jersey, coupled with higher than normal absence levels in Jersey Post; and
- operational issues by Royal Mail who are responsible for loading and unloading the aircraft in the UK and the contract with the aircraft supplier.

It should be noted that mail to and from Guernsey goes via Royal Mail's hub at East Midlands Airport and, whilst Jersey Post has a target for mail to and from the UK and to Guernsey, Royal Mail does not.

Where things are within our control, we have already put corrective action into place and are confident that we will meet all our targets in 2019. We continue to report progress to CICRA.

*"Whilst we continue to diversify, in addition to investing in our core business, our local customer base and our services to them remain important."*

Jersey Post 14

## 1.4 Sustainability report



4.1m

Total air miles

1400tCO<sub>2</sub>e

Equivalent emissions - fleet vehicle fuel



3.4m

(litres)

Heating oil energy consumption



38.4

(millions of kWh)

Electricity energy consumption



£2.0m

Water supply costs

16.7ktCO<sub>2</sub>e

Total emissions

## 1.4 Sustainability report

## Introduction

The Government of Jersey is committed to managing its environmental performance and resource use to help deliver efficiency savings. We are committed to reducing the environmental impacts caused by the day to day operations of our services and activities. We will work to reduce the negative environmental impact of departments by:

- complying with the requirements of environmental legislation and approved codes of practice
- improving environmental performance
- reducing pollution, emissions and waste arising from our activities
- reducing the use of all raw materials, energy and supplies
- raising awareness, encouraging participation and training employees in environmental matters
- encouraging similar environmental standards from all suppliers and contractors
- assisting customers and clients to use products and services in an environmentally-sensitive way
- liaising with the local community
- participating in discussions about environmental issues.

During 2019, a light touch programme of staff engagement and awareness took place due to the restructuring of the organisation to the new target operating model and changes in location of service areas. Pollution prevention plans and environmental legislation compliance will be reviewed in 2020 once the new structure and moves to new locations are complete.

## Highlights of 2019 include:

- In May 2019 the States Assembly, voted to approve proposition 27/2019 and declare a climate emergency.
- As part of the Plastic Free Jersey campaign surfers against sewage asked Jersey to be a mentor island as part of their cold-water islands project.
- Work has been ongoing to address and reduce marine litter in our waters including attending the British Irish Council (BIC) symposium in February 2019 and engaging with the local fishing sector.
- All staff were notified and encouraged to take part in 'Switch off fortnight' in November.
- The eco schools programme has continued and four schools have achieved new or renewed green flags in 2019.
- Promotion of the UN Climate Change Teacher Training Programme

The States of Jersey 2019 Annual Report contains detailed information on sustainability in a clear and separate sustainability report.

<https://www.gov.je/Government/Pages/StatesReports.aspx?ReportID=5234>

## 6. Financial performance

The best reports include:

- a fair and balanced reflection of financial performance which is consistent with the underlying financial statements;
- useful comparisons of actual performance against expected/budgeted performance; and
- linkages between financial performance, strategic objectives and key performance indicators.

Andium Homes' 2018 Annual Report contained a comparison of actual performance to budget and provided a commentary on differences.

<https://www.andiumhomes.ie/wp-content/uploads/Andium-Homes-Annual-Report-2018.pdf>

### Andium Homes Limited

For the year ended 31 December 2018

#### Statement of Comprehensive Income review

The actual versus budget results are set out below.

	Actual	Budget*	Difference
	£'000	£'000	£'000
Rental income	48,374	48,357	17
Other income	2,851	2,670	181
Maintenance	(10,607)	(11,546)	939
Maintenance costs capitalised	4,233	4,774	(541)
Staff costs	(3,626)	(3,778)	152
Other expenses	(3,804)	(4,215)	411
<b>Operating surplus before the return to the Guarantor, depreciation and impairment</b>	<b>37,421</b>	<b>36,262</b>	<b>1,159</b>
Return to the Guarantor	(28,739)	(28,919)	180
<b>Operating surplus before depreciation and impairment</b>	<b>8,682</b>	<b>7,343</b>	<b>1,339</b>
<b>Other:</b>			
Interest receivable and investment income	174	45	129
Interest payable and similar charges	(3,902)	(3,354)	(548)
Depreciation and impairment	(17,304)	(19,496)	2,192

\*Budget approved by the Board of Directors for the year, which differs from the financial projections indicated in the 2017-2021 Strategic Business Plan.

#### Rental income

As noted earlier in this Financial Review, the annual rent increase was deferred from 1 October 2018 to 1 January 2019, resulting in us foregoing the impact of the rent increase in the final quarter of 2018. The rent increase would have generated additional rent of £0.4m in 2018 if it had been applied. This shortfall was offset by additional rental income achieved through minimising the period a property is empty between tenancies.

#### Other income

Other income has exceeded that budgeted predominantly due to additional parking and commercial rental income on acquired sites, as well as vehicle release fees being higher than budgeted.

#### Maintenance expenditure

We understand the importance of living in a decent home and being a landlord that can be relied upon to maintain properties to a good standard and respond to repairs of an emergency nature.

Andium Homes Limited  
Registration No. 115713

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### Andium Homes Limited

For the year ended 31 December 2018

At 31 December 2018, 97% of our homes met the Decent Homes Standard. We are very proud to have seen this rise from just 73% when Andium Homes was incorporated in 2014. Bringing all homes up to this standard by 2020 and maintaining them at that standard thereafter will continue to be a priority for us.

#### Staff costs

Staff costs are 4% below budget as we continue to manage resource efficiently and effectively.

#### Other expenses

£2.4m of other expenses relates to property specific expenditure such as utility costs, rates and buildings insurance. £0.6m of other expenses relates to the management and acquisition of sites acquired for future development and expenses in relation to property sales. The remaining £0.8m is the cost of delivering the landlord services for our 4,500 homes, which equates to less than 2% of our rental income.

#### Return to the Guarantor

We delivered a financial return to the States of Jersey in 2018 amounting to £28.7m. This amount is payable to the States of Jersey, with an inflationary increase, each year. Our tenants received circa £17 million in Income Support housing component in 2018, but this was more than covered by the Annual Return.

It was agreed during 2018, that the basis of the increase to the return be amended in conjunction with the change to the States of Jersey rent policy described earlier in this Financial Review. The financial return to the States of Jersey will, commencing in January 2019, be increased by Jersey RPI, with a minimum and maximum increase of 1.75% and 3.25% respectively.

#### Interest receivable and investment income

Interest income is higher than budgeted due to short term cash investments providing more return than originally forecast.

#### Interest payable and similar charges

Interest charges represent interest costs on loans for completed capital projects. Interest charges also includes interest on a loan taken out to fund enabling works across a number of sites, which was originally expected to be capitalised but has been expensed, hence the increase in charge compared to budget.

#### Depreciation and impairments

Depreciation and impairments are lower than budgeted due to less property impairments being incurred than expected.

#### Statement of Financial Position

We present a strong asset position with overall net assets of £822.8m.

#### Property assets

Our 4,500 social rented homes represent the majority of our assets, amounting to £911.7m. We have invested £10.6m in the maintenance of these homes in 2018 and £4.2m on major refurbishment projects to bring the entire stock up to 97% of the Decent Homes Standard.

We are undergoing a major capital programme to deliver 2,000 new homes by 2025 and a further 200 a year to 2030. We invested £39.0m in capital projects in 2018 and are currently on site for the delivery of 595 new homes for projects totalling £167.9m. We are also progressing a number of sites through the design and planning process which are set to deliver a further 574 homes which will see further investment totalling £169.8m.

Andium Homes Limited  
Registration No. 115713

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## 7. Governance

The best reports include:

**a) A directors' (or equivalent) report** encompassing:

- the names of the chairman and chief executive;
- the composition of the 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.

**b) A statement of responsibilities** encompassing:

- an explanation of the responsibilities of the chief Executive or equivalent;
- a statement to confirm that, as far as he or she is aware, there is no relevant audit information of which the entity's auditors are unaware, and the Accounting Officer/directors 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 Accounting Officer/directors to confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and that he or she takes personal responsibility for the Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

**c) A governance report** encompassing:

- a clear narrative statement explaining the governance framework of the organisation, including information about the board's committee structure, its attendance records, and the coverage of its work;
- transparent information about how the board works effectively to govern the organisation including information about the quality of the data used by the board, and why the board finds it acceptable;
- a frank and honest assessment of discussions and decisions made;
- an assessment of the effectiveness of the board's performance;
- highlights of board committee reports; and
- a risk assessment, including the organisation's risk profile, and how it is managed.

**d) A remuneration and staff report** encompassing:

- the policy on the remuneration of directors for the current and future years;
- each component and the overall single total remuneration figure for each director;
- the median remuneration of the reporting entity's staff;
- the range of staff remuneration;
- the ratio between the median staff remuneration and the mid-point of the banded remuneration of the highest paid director and an explanation for any significant changes in the ratio between the current and prior year;
- the 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;
- summary data on the use of off-payroll arrangements; and
- summary data on the use of exit packages agreed in year.

## a. Directors' or equivalent report

The States of Jersey 2019 Annual Report includes all of the best practice elements. In particular, clear and accessible information was reported in respect of data breaches.

<https://www.gov.je/Government/Pages/StatesReports.aspx?ReportID=5234>

### 2.3 Political Accountability Report

## Other Accountability Disclosures

### Personal Data Related Incidents

The following table sets out details of personal data related incidents during 2019. An incident is defined as a loss, unauthorised disclosure or insecure disposal of personal data. Protected personal data is information that links an identifiable living person with information about them which, if released, would put the individual at risk of harm or distress. The definition includes sources of information that, because of the nature of the individuals or the nature, source or extent of the information, is treated as protected personal data by the States.

No protected personal data related incidents were reported to the Office of the Information Commissioner in 2019.

The incidents below include instances where there was an opportunity for the loss, unauthorised disclosure or insecure disposal identified with unconfirmed data access. There were 79 incidents reported in 2019.

Category	Nature of Incident	2019	2018
1	Loss of inadequately protected electronic equipment, devices or paper documents from secured Government premises	-	-
2	Loss of inadequately protected electronic equipment, devices or paper documents from outside secured Government premises	-	1
3	Insecure disposal of inadequately protected paper documents	-	2
4	Unauthorised disclosure	77	73
5	Other	2	26

## b. Statement of responsibilities

Directors' Statement

# Directors' Statement



### Statement of Directors' responsibilities

The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Companies (Jersey) Law 1991 requires the Directors to prepare financial statements for each financial period in accordance with generally accepted accounting principles. The financial statements of the Company are required by 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. In preparing these financial statements, the Directors should:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Specify which generally accepted accounting principles have been adopted in their preparation;
- Notify its Shareholders of the use of disclosure exemptions, if any, used in the preparation of the financial statements; and
- Prepare the financial statements on the going concern basis of accounting unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time

the financial position of the Company and enable them to ensure that the financial statements prepared by the Company comply with the requirements of 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 governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### Responsibility statement of the directors in respect of the annual report

We confirm that, having taken into account all of the matters considered by the Board brought to its attention during the year and to the best of our knowledge, the financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

### Review of risk management and internal control systems

We confirm that we have carried out a review of the Company's risk management and internal control systems. We are satisfied that the systems are aligned with our strategic objectives and these systems are being developed, applied and maintained appropriately. We are satisfied that the Company has effective processes in place to monitor and review material financial, operational and compliance controls.

An example of a 2018 Annual Report that contained a directors' statement confirming that the report is fair, balanced and understandable was Jersey Water's report.

<https://www.jerseywater.je/wp-content/uploads/2019/12/JW-Annual-Report-2019.pdf>

## c. Governance report

One example of a 2018 governance report that sets out clearly the organisation's compliance with the UK corporate governance code is Jersey Electricity.

<https://www.jec.co.uk/media/574771/je2019raweb.pdf>

# GOVERNANCE

## Corporate Governance

### Corporate Governance

The Directors are committed to maintaining a high standard of Corporate Governance in accordance with The UK Corporate Governance Code April 2016 ("the Code"), as incorporated within The Listing Rules, issued by the Financial Conduct Authority. The Listing Rules require the Company to set out how it has applied the main principles of the Code and to explain any instances of non-compliance. In accordance with Listing Rule ("LR") 9.8.4 R, the agreement related to 'Independent business' required by LR 9.2.2A (2) (a) R has been entered into with the Government of Jersey, the controlling shareholder, with effect from 17 November 2014. The company has complied with the independence provisions included in the agreement during this financial year and believes the controlling shareholder is also compliant. The other applicable information required by LR 9.8.4 R (5)/(6) is disclosed in external appointments.

The Directors are currently reviewing the latest UK Corporate Governance Code issued in July 2018, together with the supporting Guidance on Board Effectiveness. The new code applied to accounting periods beginning on or after 1 January 2019 and will therefore be applicable in our next financial year and we are reviewing the changes against our existing governance arrangements to ensure that we meet the expectations of the new Code.

### Statement of Compliance

The Board considers that the Company is a "smaller company" for the purposes of the Code as it is not a member of the FTSE 350. Throughout the financial year ended 30 September 2019 the Board considers that it has complied with the Code, with the following exceptions: The Main Principle B.7 states that all directors should be submitted for re-election at regular intervals, subject to satisfactory performance. Executive Directors are not subject to retirement by rotation but they are subject to the same periods of notice of termination of employment as other members of the Company's senior management. This is deemed appropriate by the Board because it is felt that our largest shareholders have sufficient powers to remove Executive Directors if they saw fit.

### The Board

The Board provides effective leadership and currently comprises six non-Executive and two Executive Directors. They are collectively responsible for the long-term success of the Company and bring together a balance of skills, experience, independence and knowledge. The Chairman and the Chief Executive roles are divided with the former being appointed by the Directors from amongst their number. Aaron Le Cornu is the Senior Independent Director.

### Independence

The non-Executive Directors serving at the balance sheet date were Wendy Dorman, Aaron Le Cornu, Alan Bryce, Phil Austin, Tony Taylor and Peter Simon and they were all considered independent. Geoffrey Grime retired from the Board in February but the Board determined he remained independent, up until his departure, notwithstanding that he had served on the Board for more than fifteen years. In making this determination, the Board took into account his breadth of experience, his financial independence and his other business interests. In addition, he had also served less than nine years on the Board prior to his appointment as Chairman. On appointment to the Board the required time commitment is established and any significant changes to time commitments are notified to the Board. An induction process is in place for all newly appointed Directors. The Board is responsible to the Company's shareholders for the proper management of the Company. It meets regularly to set and monitor strategy, review trading performance, perform a robust assessment of the principal risks that could threaten the business model, future performance, solvency or liquidity (see Principal Risks section on pages 40 and 41), examine business plans and capital and revenue budgets, formulate policy on key issues and review the reporting to shareholders. Board papers are circulated, with reasonable notice, prior to each meeting in order to facilitate informed discussion of the matters at hand. Members of the Board hold meetings with major shareholders to develop an understanding of the views they have about the Company.

07.

## › Governance

### Constitution

We are a statutory body established under Article 2 of the Financial Services Commission (Jersey) Law 1998 (FSC(J)L) which provides that the JFSC shall be governed by a Board of Commissioners comprising persons with financial services experience, regular users of such services and persons representing the public interest.

### Accountability arrangements

We are an independent body, accountable to the public through the Island's elected representatives namely the Minister of External Relations and the Government of Jersey. Our relationship with ministers is set out in a Memorandum of Understanding to ensure our independence, whilst facilitating effective dialogue and working practices. Article 12 of the Commission Law provides that the Minister may give the JFSC general directions, subject to significant safeguards.

In 2017, an Article 12 Direction was issued in order for the Exchange of Information on Beneficial Ownership (BO) agreement with the UK to be implemented to allow the Island's Joint Financial Crimes Unit (JFCU) to access our relevant information and databases on beneficial ownership. The intention is that the Direction will be withdrawn once appropriate substitute legislation has been enacted.

We produce an annual business plan, and separately an annual report, to inform Members of the States Assembly and other stakeholders. We consult extensively on all proposals to create or amend laws and regulations, and we provide feedback statements to explain how we have taken responses into account.

### Governance arrangements

Our Board of Commissioners believes that high quality effective governance arrangements are essential for well-run organisations. There are no comprehensive Codes or Standards for the governance of a financial services regulator, but the Board believes that the UK Corporate Governance Code (Code) is an appropriate benchmark. The Code requires Boards to comply with its high-level principles or explain how the objectives behind those high-level principles have been met through other arrangements.

We comply with the vast majority of the high-level principles in the Code. For example, we ensure there is a clear division of responsibility between the Chair and the Director General, that no individual has unfettered decision-making powers and that we have transparent procedures for the appointment and re-appointment of Commissioners.

### Engagement with our workforce

The JFSC continues to observe the Corporate Governance Code issued by the UK and notes the changes regarding improving stakeholder engagement, including that of the workforce. We are considering ways in which we can incorporate these changes into our governance structure.

Several Commissioners spent time engaging with the JFSC workforce during 2019, including Commissioner O'Keefe who held a panel session regarding her experience of, and in, the finance industry.

### Delegation of powers

Our Board delegates its powers to the Director General and the Executive where possible to ensure that the JFSC can act and respond without undue delay. However, in some areas, the power of the Commissioners to delegate is restricted by legislation. For example, our Board acts in a similar manner to a tribunal for contested enforcement cases. Consequently our Board is more involved in some areas of detail than the Board of a listed or private company. You can find a full explanation about our 'Delegation of Powers' on our website.

### Composition of the Board and appointment of Commissioners

Our Board currently consists of the Chair, Deputy Chair and eight other Commissioners, including the Director General. All of the Commissioners are considered to be independent with the exception of the Director General. A chart of our current Commissioners is set out on pages 90-91 of this annual report and you can find further information on their skills, knowledge and experience on our website.

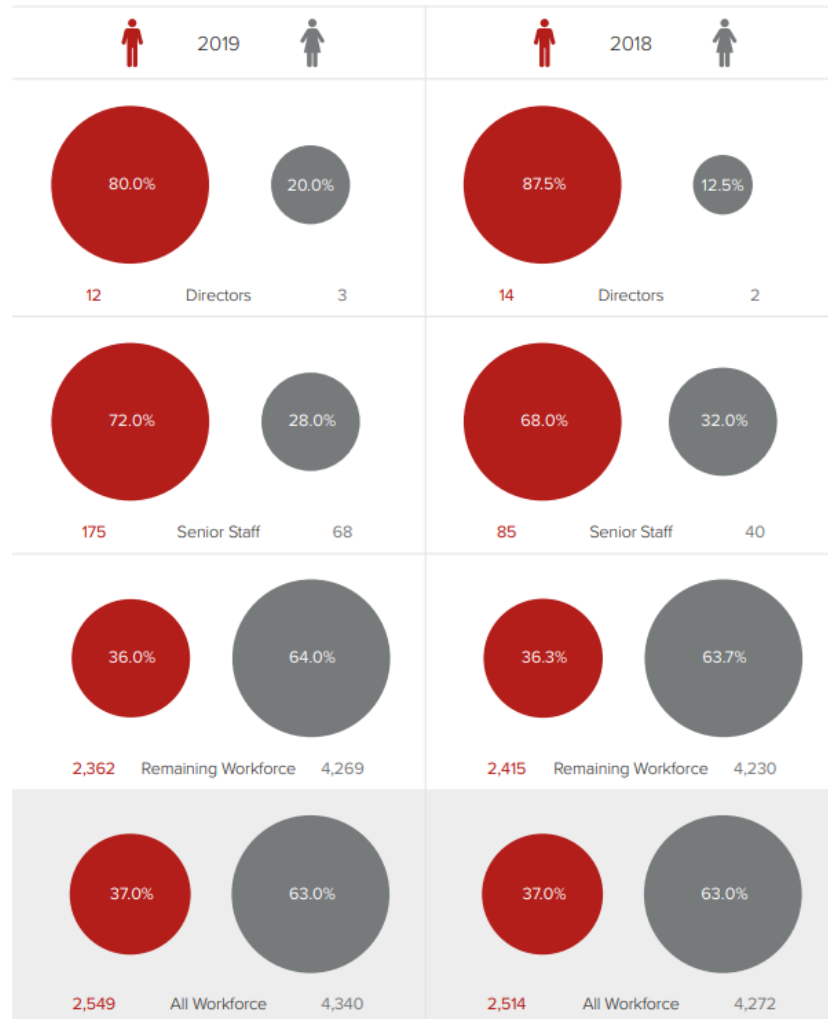


The Financial Services Commission 2019 governance report sets out clearly how the organisation is governed and its accountability arrangements.

<https://www.jerseyfsc.org/publications/annual-reports/annual-report-2019/>

## d. Remuneration and staff report

### Gender Diversity of the States of Jersey (based on headcount\*)



The States of Jersey 2019 Annual Report contains the most complete and comprehensive remuneration and staff report.

<https://www.gov.je/Government/Pages/StatesReports.aspx?ReportID=5234>

### 2.2 Remuneration and Staff Report

#### Equal opportunities, diversity and inclusion

We aim to be a good and fair employer with a diverse and inclusive workforce, which reflects the people to whom we provide services. The SEB published a gender pay report\* for States of Jersey employees in 2019, identifying a pay gap of 18.3% (2018: 26%). The report identified an action plan to improve gender equality and a commitment to reduce the pay gap. The annual publication of gender pay gap figures will allow progress to be monitored.



\*The SEB report published mid year makes use of staff data taken as at June 2019 and is inclusive of Zero Hour GOJ employees.

The 'Inspiring women into leadership and learning' (I WILL) initiative was established to increase the number women in senior leadership positions within the Government. More than 300 women and men have signed up to the group, which is sponsored by a female senior leader, benefiting from a series of network and learning opportunities.

We are committed to eliminating discrimination, harassment and victimisation. In 2019 we launched a new bullying and harassment policy and process, with the aim to prevent and address bullying and harassment in the workplace. All managers were required to attend training and we launched an independent third-party reporting line to allow employees to raise issues in a safe and confidential manner.

The Government adopts a flexible and equitable approach to the employment and retention of people who have, or develop, an individual employment need. Our diversity and inclusion policy promotes diversity in our job shortlists and in our interview panels. The Government of Jersey guarantee an interview for a candidate who has a recognised disability. We also provide agile working arrangements where possible to support the flexibility that employees need to manage their work/life balance. We offer support to those returning to work after an extended period of leave.

#### Leadership and employee development

A programme of support for senior leaders to grow their capability has continued throughout 2019. We secured external specialist support to conduct thorough developmental reviews of senior leaders' technical and leadership capabilities. This has enabled the leadership team to be better supported in their development and help with the period of change.

We hold a monthly Senior Leaders Group meeting (40 leaders in Tiers 1 and 2) and a quarterly Senior Managers Group meeting (around 200 leaders and managers in Tiers 1-3), where we discuss strategic issues and provide learning and development interventions to help these groups to grow as a cadre of public service leaders.

## OUR PEOPLE

Our People is one of the key pillars of our revised Vision: 'We aim to be an employer of choice', that is positively promoted within our community and attracts a highly engaged workforce. Only by recruiting, engaging and retaining the best can we deliver our Vision to 'enable life's essentials and inspire a zero carbon future'.

This means developing a customer-oriented, performance-driven, commercial culture and instilling 'one team', cross-departmental working practices. To achieve this and progress our cultural change programme which we began last year, we continue to invest in our 'people agenda' and we are putting in place tools and technologies to enable new, more effective and collaborative ways of working.

During the year we held an important employee conference in June to highlight where we have come in our 95-year history in business and where we hope our Vision will take us. Entitled, 'Power Up', every employee attended in one of two half-day sessions. Armed with iPads, employees were able to pose questions to the Executive Leadership Team (ELT) anonymously and vote for those they most wanted answered. Feedback was positive, with requests for the event to be held more frequently. Importantly, prior to the conference itself, we held several workshops to gather feedback from a broad range of colleagues on our revised Vision, how best to present it at conference to gain maximum understanding and allow discussion of changes needed for us to succeed.

Over 150 employees have now attended the Living Leader programme aimed at helping employees develop personal leadership skills that we would like to see widespread across the organisation. We have also conducted department specific training on providing energy advice to customers and consultative selling techniques. Following last year's employee engagement survey results, other initiatives aimed at improving employee engagement included training on conversations about reward and compensation, our first Wellness Week, Total Reward Statements and the refurbishment of break facilities at the Powerhouse and La Collette sites.

To measure the effect of these actions, we conducted a second employee engagement survey in August. The results were encouraging, with 85% of the workforce responding to show an overall increase in employee engagement from 7.6 to 7.8. Managers have now drawn up action lists to address areas still requiring improvement. These include:

- Further review of reward practices and how compensation is communicated to employees
- A review of wellbeing facilities for employees
- Initiatives to improve internal communication frameworks and team briefings

A key driver of engagement evident in both surveys is employee wellbeing in which we are also investing. A Wellbeing Working Group has established a calendar of events following the success of a pilot Wellness Week, which included sessions on mental health awareness, lower back pain, resilience, nutrition and fitness, and financial wellbeing. A half-day Mental Health Awareness course has been rolled out and three employees trained as Mental Health First Aiders, with a further four employees selected to complete the training in the near future.

We have improved the recruitment process for internal and external applicants via an application called Pinpoint, which we hope will become one of the main 'routes to market' for recruitment and careers campaigns. The introduction of Textio analyses how appealing the tone of the language we use in policies, HR documents and recruitment advertising is to a diverse audience.

Five employees completed the INSEAD Gender Diversity course to help promote diversity in the workplace and establish inclusive people practices to attract a richer pool of talent. We are now building out a Diversity plan to complement activities aimed at making us an employer of choice.

4 AWARDS  
FOR 40  
YEARS OF  
SERVICE

10 AWARDS  
FOR 21+  
YEARS OF  
SERVICE

14.5  
YEARS  
AVERAGE LENGTH OF SERVICE

45  
YEARS  
AVERAGE EMPLOYEE AGE



The Jersey Electricity 2018 Annual Report contained transparent reporting of the results of their staff survey and actions for improvement.

<https://www.jec.co.uk/media/574771/jec2019raweb.pdf>

## 8. Accountable

The best reports:

- 'tell the story' of the organisation in a fair and balanced way;
- demonstrate compliance with relevant reporting requirements;
- describe clear action points to take forward; and
- incorporate non-financial reporting, such as climate change targets.

The 2019 Annual Report of Jersey Water contains clear reporting against the strategic objectives of the organisation.

<https://www.jerseywater.je/wp-content/uploads/2019/12/JW-Annual-Report-2019.pdf>



### High Quality Water

We have a statutory duty to supply water meeting strict quality criteria in sufficient quantity to meet reasonable demand. We manage water quality risks from catchment to tap to ensure we meet or exceed quality requirements. We plan water resources in the short and long-term to meet day-to-day demand and address the long-term impact of population and climate change.

**Strategic Objectives:**

<b>Safe, high quality drinking water</b>	<b>Sufficient water resources to meet demand</b>
--	--

**Outcomes for the period:**

<ul style="list-style-type: none"><li>• 99.97% water quality compliance (31 December 2018: 99.99%)</li><li>• Zero nitrate or pesticide failures in treated water (31 December 2018: zero)</li><li>• 99.99% bacteriological compliance at treatment works (31 December 2018: 99.99%)</li><li>• Catchment initiatives undertaken with the Action for Cleaner Water Group</li><li>• Determination of the planning application on Val de la Mare bypass</li></ul>	<ul style="list-style-type: none"><li>• Phase 1 of Water Resources Management Plan completed. Water supply/demand shortfall identified, work on Phase 2 underway</li><li>• Island Plan submission regarding water resources</li><li>• Leakage reduced by 3.6% on 31 December 2018</li><li>• Modifications to desalination plant completed and membranes replaced</li><li>• Desalination plant produced 65Ml to supplement resources and test modifications to desalination plant</li></ul>
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**Key Initiatives for 2020:**

<ul style="list-style-type: none"><li>• Commissioning of a field scale catchment pollution risk model in conjunction with the Action for Cleaner Water Group</li><li>• Upgrade of carbon dosing plant at Hardeis Water Treatment Works</li><li>• Implementation of Laboratory Information Management System</li><li>• Ongoing enhancement of water quality governance and drinking water safety plans</li></ul>	<ul style="list-style-type: none"><li>• Completion of Phase 2 of Water Resources Management Plan to identify measures to address the supply/demand shortfall</li><li>• Renewal of the Motor Control Centre at Grands Vaux Pumping Station and installation of standby power generation</li></ul>
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## 9. Transparent

The best reports:

- include frank and honest analysis;
- do not avoid the challenges an organisation is facing;
- make appropriate use of data;
- quantify risks and performance measures; and
- demonstrate an understanding of the organisation's activities on the wider society.

The 2019 Annual Report of Jersey Telecom contained a frank and honest analysis of the going concern position of the company.

<https://www.jtglobal.com/global/about-us/>

4 |

## Directors' report

The directors present their report and audited financial statements for the year ended 31 December 2019.

### Incorporation

JT Group Limited (the "company") was incorporated in Jersey, Channel Islands on 22 October 2002.

### Principal activities

The principal activity of the company and its subsidiaries (the "group") is the supply of telecommunications services and equipment.

The principal place of the company's business is Jersey, Channel Islands.

### Results

The results are set out on pages 6 to 10.

Revenue has reduced to £206.0m (2018: £250.5m) mainly due to a fall in low margin off-island wholesale voice revenues by £51.7m, partly offset by an increase in revenue from the higher margin growth business lines within our International business, leading to an increase in gross profit of £2.4m to £96.9m (2018: £94.5m).

The group made an operating profit of £4.9m (2018: £7.4m). An impairment charge of £2.6m was recognised against one of the Group's non-core investments affected by the difficult UK retail sector performance and uncertainties surrounding Brexit, exacerbated by COVID-19 since March 2020. The group's profit on ordinary activities after taxation was £0.8m (2018: £2.2m) and net assets were £85.4m (2018: £90.1m).

The 2018 final and 2019 interim ordinary dividends of £4.8m were paid during 2019 (2018: £4.8m). Further details on dividends are included in note 9.

The directors have approved the payment of a final ordinary dividend for 2019 of £2.2m (2018: £2.5m).

### Going concern

The group's business activities, together with the factors likely to affect its future development, financial position, financial risk management objectives, details of financial instruments and derivative activities, and exposures to price, credit, liquidity and cash flow risk are described in the notes to these consolidated financial statements.

The Covid-19 outbreak was declared a pandemic on 11th March 2020. Events have since moved rapidly and management has set up working groups at different levels of the organisation to monitor, plan and respond pro-actively to the continuously changing situation.

The Government of Jersey issued a Stay at Home policy for the whole island population from 30th March for an initial duration of four weeks. Telecoms has been identified as an essential utilities service and, as such, JT's priority is to ensure continuity of service to the community with a particular focus on vulnerable customers.

JT has secured permission for a limited number of employees to continue working at its premises. The vast majority of JT employees now work from home, making effective use of the remote access capabilities of the infrastructure. JT's HR department has been monitoring well-being and flexible working arrangements are in place. The frequency of remote management meetings at all levels has increased and our CEO has organised regular interactive sessions with all employees.

Daily network statistics show that, despite a significant increase in traffic, our network has been remarkably stable with no reportable incidents and usage well within capacity. Engineers have been granted the authorisation to carry out critical work when and where required and have been provided with appropriate personal protective equipment.

Customers have remained at the centre of management's focus. The call centre has remained fully operational and has been busy responding to all customers' queries. The CEO has also issued communications to the local community which have been well-received. JT has committed not to charge overages and has suspended late payment charges.

Supply chains, although not an immediate concern for broadband and telephony services, have been re-assessed in view of current shortages and delays. Critical suppliers have been risk assessed and alternate options identified.

Management has assessed the group's financial stability and liquidity over the next 18 months and modelled a stressed scenario. The group can rely on a strong recurring revenue stream but expects a sharp reduction in transactional revenue. Inbound and outbound roaming is already decreasing, supply chain delays will impact equipment sales and engineer on-site limitations will hit enterprise revenue. Each key revenue segment has been assessed for potential cash flow deferral and bad debt related risk. Business units have provided their own risk assessment and management has applied an additional risk premium as part of the stress testing scenario. JT has also committed to paying its suppliers on a timely basis and has applied shorter payment terms to local small suppliers.

The current crisis is assumed to last for 6 months with a recovery period extending to most of 2021. Management is taking immediate action on discretionary expenditure and assuming planned reductions in capital expenditure to offset, in part, these effects.

## Directors' report (continued)

### Going concern (continued)

The cash position will be continuously monitored. Management has already secured £20m additional funding through the accordion clause within its existing Revolving Credit Facility ("RCF"), which will be effective May 2020. The outcome of the stressed scenario shows a peak utilisation of the RCF around March 2021 with some limited headroom remaining.

Extra steps to provide additional headroom, not yet factored into the model, include further reducing planned capital expenditure, which is mostly uncommitted, deferring dividend and tax payments, and making further cuts to operating costs.

In view of the prudent approach taken and the resulting available headroom, management continues to adopt the going concern basis in preparing the annual report and the consolidated financial statements.

### Directors

The executive and non-executive directors of the group who served during the year and subsequently are:

**Non-executive**  
Phil Male  
Sean Collins  
Meriel Lenfestey  
Joe Moynihan

**Executive**  
Graeme Millar  
John Kent

### Changes in directors and membership of the Board Committees

The directors of the company for the financial year ended 31 December 2019 are detailed in the above section titled "Directors". There were no changes made to the Directors and Board Committees of the company during the financial year ended 31 December 2019.

### Directors' interests

The directors of the group had no interests, beneficial or otherwise, in the shares of the group.

### Insurance of directors and officers

The group maintains an insurance policy on behalf of all directors and officers of the group against liability arising from neglect, breach of duty and breach of trust in relation to their activities as directors and officers of the group.

### Independent auditor

KPMG LLP have indicated their willingness to continue in office as auditor.

By order of the board

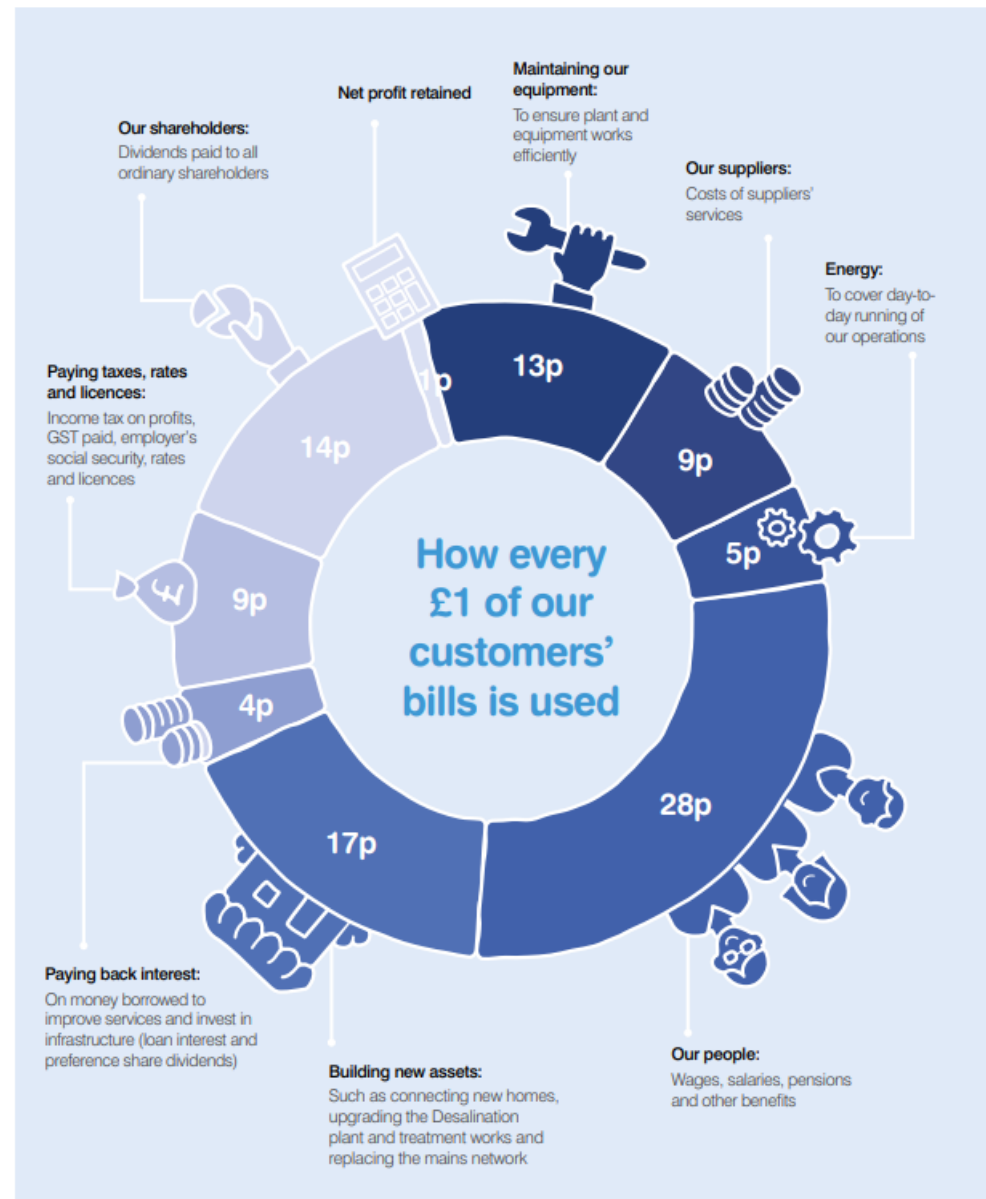
G Millar  
Director

5 |

## 10. Accessible

The best reports:

- fully integrate key financial statement trends within the narrative;
- include concise summaries of key points;
- consider how the organisation engages with key stakeholders and meets their needs; and
- explore different ways that an organisation can engage and influence their stakeholders.



The 2019 Annual Report of Jersey Water displays financial data in an easily accessible way.

<https://www.jerseywater.je/wp-content/uploads/2019/12/JW-Annual-Report-2019.pdf>

# 2019 - Q4 Quality of Service Report

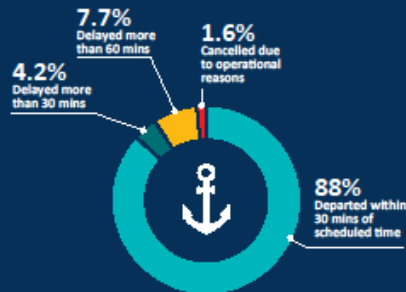
## Punctuality of sailings

Within scheduled time



**OVER 88% OF SAILINGS ARRIVED OR DEPARTED WITHIN 30 MINS OF SCHEDULED TIME**

Percentage based on sailings that took place



## Jersey as a destination airport

Jersey is classed as a 'destination airport' - i.e. no airlines are based here meaning flights do not originate from the Island. This means if a flight schedule is affected prior to arriving in the Island it will impact on the flight schedule time and could cause a delay on the Jersey departure.

When an aircraft lands in Jersey, the airline and its ground handling agent, supported by Ports of Jersey, work hard to turn the flight around as quickly as possible.

## Time for passengers to clear security



**50% OF FLIGHTS ARRIVE EARLY**



## Flight punctuality to & from Jersey Airport

Proportion of flights within scheduled time  
Excluding flights affected by weather

## Jersey Airport baggage from plane to carousel



The 2019 Annual Report of the Ports of Jersey contained a variety of well-presented information relevant to a broad range of stakeholders.

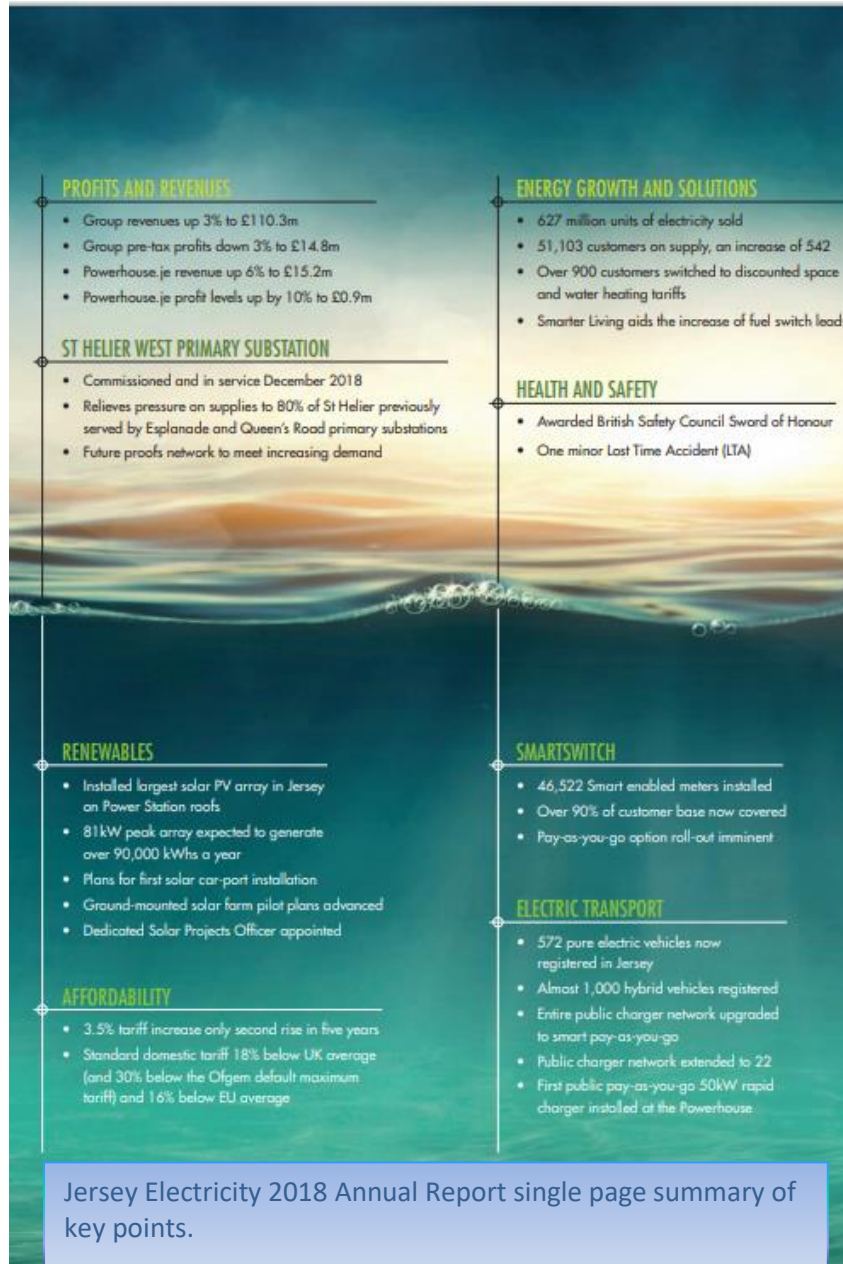
[https://e.issuu.com/embed.html?d=annual\\_report\\_2019&u=advert-int](https://e.issuu.com/embed.html?d=annual_report_2019&u=advert-int)

## 11. Understandable

The best reports:

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

A number of reports included effective use of infographics.



Jersey Electricity 2018 Annual Report single page summary of key points.







<https://www.jec.co.uk/media/574771/je2019raweb.pdf>

States of Jersey 2019 Annual Report summary reporting of key financial information.

<https://www.gov.je/Government/Pages/StatesReports.aspx?ReportID=5234>

### Capital Expenditure

A total of £162.1 million - equivalent to 4.2% of the total value of property, plant and equipment - was spent on capital projects across the States of Jersey Group, comprising:

£162.1m	<b>£68.9m</b> by Departments including:	<ul style="list-style-type: none"> <li>£7.6 million on Les Quennevais School</li> <li>£14.2 million on the sewage treatment works</li> <li>£7.8 million on roads, drainage and sea defence infrastructure projects</li> </ul>	
	<b>£4.6m</b> by Trading Operations including:	<ul style="list-style-type: none"> <li>£0.8 million on vehicle and plant replacement across the organisation</li> <li>£3.8 million on car park replacement and refurbishment</li> </ul>	
	<b>£59.8m</b> by Andium Homes including:	<ul style="list-style-type: none"> <li>Included work on Samares Nurseries site</li> <li>Le Squez phase 4, Ann Court and Hue Court</li> <li>All of these sites will be developed to provide affordable homes</li> </ul>	
	<b>£7.3m</b> by Ports of Jersey including:	<ul style="list-style-type: none"> <li>£1.9 million on the integrated terminal project</li> <li>£1.8 million on the Shipyard Restaurant</li> <li>£0.8 million on an airport taxiway</li> </ul>	
	<b>£16.3m</b> by States of Jersey Development Company on:	<ul style="list-style-type: none"> <li>£13.9 million on the Horizon residential development at the waterfront. This includes spend incurred by the joint venture company engaged to develop the site.</li> <li>£2.4 million on the College Gardens residential development at the old Jersey College for Girls site and Esplanade Quarter</li> </ul>	
	<b>£5.2m</b> Funds	£4.6 million on Hospital Construction Fund	

# OUR COMMUNITY

## Community Engagement

Jersey has a vibrant and increasingly diverse society supported by a strong parish and support network.

Nevertheless, the States of Jersey Police recognise that for whatever reason some individuals on the island might not have the confidence, knowledge or even ability to contact us for support, advice or help when needed, to the same degree that the majority of people have.

Officers recognise that where this is the case we need to continue to work hard to earn that confidence. A number of internal working groups operate within the States of Jersey Police aimed at listening, learning and engaging better with these people so that our organisational knowledge and effective lines of communication continue to improve, and that confidence throughout the entire community continues to grow.

In 2018 a Community Advisory Group was established to develop stronger communication networks for each of the diverse communities. If you would like to learn more about the ongoing work in the communities, you can contact 61 2612 and ask to speak with a supervisory officer for the EDI group of your interest.

### Our Community & Specialist Policing Priorities

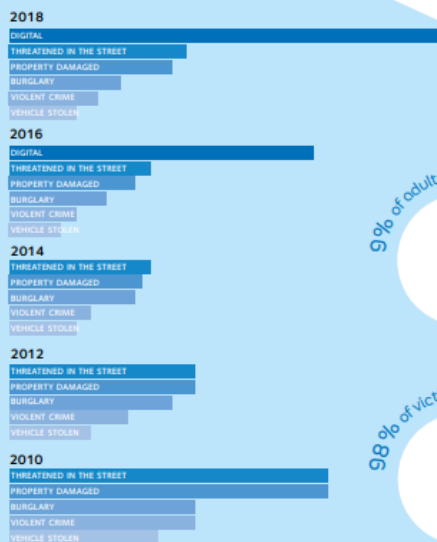
We will increase our focus on community problem solving and crime prevention. In parallel our specialists will focus on crime detection, victim support and bringing offenders to justice.

#### Our 4 Priorities: Our community Partnership Working Protect & Prevent Your Service

- We will increase our focus on community problem solving and crime prevention. In parallel our specialists will focus on crime detection, victim support and bringing offenders to justice.
- We will keep our communities safe, focusing on protecting children and vulnerable adults and robustly managing sex and violent offenders.
- We will collaborate to improve outcomes for our communities, as well as increasing the efficiency and effectiveness of our specialist capabilities.
- We will invest in our people, so they feel confident, skilled and empowered to make decisions, solve problems, deliver our policing objective.

### Concern over Crime: Worrying about becoming a victim in the next 12 months

(Source: Jersey Opinions and Lifestyle Survey 2018)



9% of adults said they had been the victim of prejudice or abuse on the basis of either their race, age, disability, religion or sexual orientation.



98% of victims of discriminatory prejudice or abuse had not reported the incident to the Police.

## Tackling Hate Crime Together

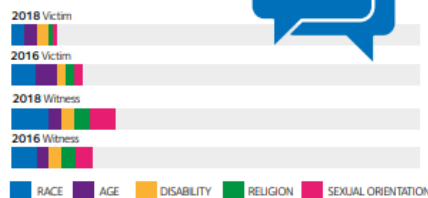
As well as supporting our diverse communities, SOJP also recognise that on occasion, specific groups within the community can become a target due to their cultural or behaviours and circumstances. Often, these acts can be reported as a Hate Crime.

### What is Hate Crime

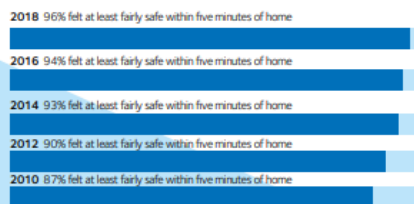
Hate crime comes in many different forms and can be on the grounds of race, religion, age, sexual orientation, transgender identity and disability, however we know that the overwhelming majority of victims are reluctant to report their experiences to the authorities and shortfalls in national data collection methods also mean that many such crimes remain unrecorded, leaving them unresolved and invisible.

The True Vision website [www.report-it.org.uk](http://www.report-it.org.uk) now has a Jersey page that islanders can use to report hate crime.

### Victim of Prejudice or Abuse



### Neighbourhood Safety



2016: Only 5% of victims, Only 7% of witnesses  
2018: Only 2% of victims, Only 8% of witnesses

'no point' 2018 18%

Felt there was 'No Point Reporting Prejudice' 2016 13%

'not important' 2018 30%

Not considered prejudice crime important 2016 31%

### #You will get caught

The Campaign was launched to coincide with the updated Sexual Offences (Jersey) Law.

This came into force in November which now provides greater protection for victims of any gender. It also clarifies the law on consent, particularly for cases involving alcohol or drugs. From now on, those accused of rape will have to show that they took steps to ensure consent was freely given.

"Tackling rape is a priority for the States of Jersey Police. We are acutely aware that sexual crime is under reported but we remain committed to working with partners, especially support and advocacy services such as the Sexual Assault Referral Centre (SARC) at Dewberry House, Jersey Action Against Rape (JAAR) and the Jersey Women's Refuge, to encourage victims of sexual crime to report it."

Alison Fossey, Acting Superintendent



### New Operating Model and Organisational Structure

In September, the Police approved their new operating model and organisational structure.

Greater focus on community policing model and problem solving – more Cops on duty at the right time – Cops with a problem solving mind-set, working with the community and partners to tackle issues quickly and effectively.

The Jersey Police Authority Annual Report tracks performance against priorities over time in an understandable way.  
<https://jersey.police.uk/media/530630/jpa-annual-report-2018.pdf>

## OUR WORK

Last year, we published a 4-year plan, which is available [here](#).

Our plan set out our 3 main aims:

1. **DRIVING CHANGE** We will develop and embed a culture of children's and young people's rights.
2. **DOING IT THE RIGHT WAY** We will be strong, resilient and inspiring as we protect and promote children's and young people's rights.
3. **PROVING IT CAN BE DONE** We will make sure children's and young people's rights are at the centre of Jersey's laws, policies and practices.

In the summer of 2019, we completed another very important piece of work. The Commissioner for Young People and Children (Jersey) Law came into force, [click here](#). This law gives the Commissioner all of the powers and protections she needs to do her job in Jersey.

Writing the law and then seeing it through the various stages of political debate and Scrutiny was a task that took many months to complete, but the effort was worth it: the law we now have is recognised as one of the best in the world.

To get an idea of the standards that the law sets for us, and the different ways in which we have met those standards, check out our 'Law Mapping' exercise, [click here](#).

We are now working towards an even bigger legal goal: something that is officially known as 'incorporation', which means making children's rights a reality by writing them into law in Jersey, making them more accessible. We have been working with the Government of Jersey on incorporation - for both a simple summary and a more-in-depth paper on the subject, see our submission to the recent Government consultation, [click here](#).



We work with more than **60** different organisations, ranging from government departments and regulators through to charities and youth services.



The law we now have is recognised as one of the best in the world.

## WHAT YOU TOLD US IN 2018



**89%** of children think it is important to understand their rights.

In 2018 just **9** schools had registered for the UNICEF Rights Respecting Schools Award.



“ Make young people feel like their views are important and that we have our voices heard, not just in school but Jersey as a whole. We don't get enough information about our government and voting, and when we do its often not presented in a way that interests us. It means that we may not have our opinion heard when decisions which affect us and our future are being discussed in the States. ”



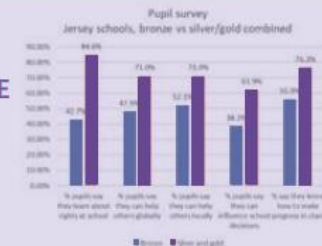
Only **20%** of young people know what rights they have under the UNCR.

“ It's [school] a more positive place – we work together more, and teachers tell us the reasons why and link it back to rights. ”

“ Children aren't taught about their rights. ”

## WHAT WE HAVE DONE

Data shows a change in pupils knowing about their rights and feeling empowered to create change for themselves and others.



✓ We provided funding for all schools in Jersey to take part in the Rights Respecting Schools Award.

✓ **37** schools are now taking part in the scheme. Data shows a change in pupils knowing about their rights and feeling empowered to create change for themselves and others.

✓ **55** teachers have attended a total of seven separate training sessions.

LYNN PAMMENT

COMPTROLLER and AUDITOR GENERAL

JERSEY AUDIT OFFICE, DE CARTERET HOUSE, 7 CASTLE STREET, ST HELIER, JERSEY JE2 3BT

T: 00 44 1534 716800 E: [enquiries@jerseyauditoffice.je](mailto:enquiries@jerseyauditoffice.je) W: [www.jerseyauditoffice.je](http://www.jerseyauditoffice.je)