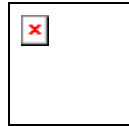


LA SIRENE GUEST HOUSE, ST. HELIER

**Lodged au Greffe on 12th October 1999
by Deputy A.S. Crowcroft of St. Helier**



STATES OF JERSEY

STATES GREFFE

175

1999

P.155

Price code: C

PROPOSITION

THE STATES are asked to decide whether they are of opinion -

to charge the Housing Committee, for the reasons set out in the accompanying report, to authorise the assessment by an independent firm of auditors of the business losses suffered by Mr. Lawrence Hitchmough, proprietor of La Sirene Guest House, 23 Clarendon Road, St. Helier, prior to 16th February 1999, as a result of the redevelopment of the adjoining property, Kent Lodge, into residential rental accommodation, and to present the report to the States together with their recommendations.

DEPUTY A.S. CROWCROFT OF ST. HELIER

Report

Background

The process of transforming the derelict town house known as Kent Lodge, in Clarendon Road, St. Helier, into an attractive residential development of rental housing, has proved much more difficult than anyone could have anticipated. Perhaps no-one has experienced the difficulties more keenly than the immediate neighbour, the proprietors of La Sirene Guest House, 23 Clarendon Road. Despite living next door to a rat-infested ruin, the couple who have run the establishment since 1989 have managed to keep their occupancy levels high, while their constant attention to customer care has earned them a Courtesy Award in every year since the scheme was set up by the Tourism Department, including outright winner of the award in 1992.

La Sirene Guest House makes a small but significant contribution to the Island's diminishing bedstock, having a loyal clientele who choose to return to the Island on account of the convenient situation, close to town and yet away from busy roads. Many of the regular guests are older persons who wish to return to their rooms in the afternoons for a nap, before dining in the restaurant of La Sirene and ending the evening in the residents' bar.

During the course of 1997 it became clear to the proprietor, Mr. Hitchmough, that the redevelopment he had ardently wished for was likely to put La Sirene out of business. Under the regulations of ABTA, he was obliged to inform his potential guests that building work would be taking place next door. Specific disclosure is required by ABTA, including the fact that the building work would be directly onto the party wall of La Sirene. Significantly, because of delays in the States' agreement to the specification of the residential development to be built, and other reasons, the scheduled start dates proved to be false alarms: Mr. Hitchmough was first advised that work would begin at the end of September 1997, whereas the final date was January 1999. It should be emphasised that the potential for La Sirene's business to be blighted existed well before the work actually commenced, as did the potential for the proprietor to suffer stress from lost bookings, whether real or perceived, and from the impending commencement of the building work. La Sirene's trade in the closing months of 1998 was drastically reduced because in honouring his ABTA bonding and disclosing the facts of the construction site next door, many of his actual bookings chose not to come to La Sirene or to go elsewhere, while an unknown percentage of potential bookings never followed up their initial enquiry.

The States offer financial help

It was accepted that neither the Tourism Committee nor the Housing Committee had legal liability for any loss of business of La Sirene guest house. Every individual or business has the right to take action in the civil courts to obtain redress for alleged injustice on the part of government development, though in cases involving property development which causes nuisance, especially arising out of construction work in an urban area, a successful suit would be unlikely unless in exceptional circumstances. What both the Tourism Committee and the Housing Committee did do, however, was indicate their willingness to consider giving financial assistance to Mr. Hitchmough because of the unusual set of circumstances surrounding the Kent Lodge development. The offer of financial assistance was made following a meeting of the two Committees chaired by Senator Dick Shenton.

On 2nd December 1998, the Chief Executive Officer of the Housing Department wrote to Mr. Hitchmough in the following terms -

“While the Committee has no doubt that you have no legal claim against either the Committee, or the Jersey Homes Trust who will shortly commence development, it was felt that there might be some grounds for making an ‘ex gratia’ payment to offset genuine loss arising from the works. The Committee made it clear that it would expect you to continue running the Guest House in the same way as before and that it would need to take into account when assessing your claim the difference between the number of guests and your profits during 1998 as compared with the period during which the works were in progress.”

This is helpful and reasonable, indicating that the Committee was minded to make a genuine assessment of potential business losses, and to judge the size of its ex gratia payment accordingly. Its message is echoed in the letter of 22nd January 1999 written by Senator Rothwell to Mr. Hitchmough following a joint meeting which included Senator Shenton and Deputy Shirley Baudains -

“The Committees also discussed the action that could be taken if the activity does unduly inconvenience your residents and confirmed that they would consider giving support for a justifiable claim for compensation if this proves to be necessary.”

The reference to “compensation” is unfortunate - “ex gratia payment” as chosen by the Housing Department (above) is a

safer and more appropriate term - but despite the fact that the statement is couched in sufficiently cautious terms (“consider giving support” ... “justifiable claim” ... “if necessary”) to enable the author to argue in a court of law that no guarantee of assistance was given, my understanding of the joint Committees’ position was that it would be unreasonable of them not to make a one-off award should certain criteria be met.

The President of the Tourism Committee subsequently took no further part in negotiations on the matter, but the Housing Committee, on 26th February 1999, while stressing that it had no legal liability and that any compensation would be ex gratia, confirmed that “it would be prepared to consider some form of compensation”. Further, the Committee suggested that the Jersey Homes Trust might “be prepared to make a contribution” were the building restrictions agreed with the guest house proprietors to be relaxed. The Committee’s preferred approach to assessing any losses by La Sirene was that evidence of the claim should be considered after 13 weeks and then at 20 and 40 weeks into the contract period.

Mr. Hitchmough responded to this offer on 28th February and requested that the claim for ex gratia compensation be considered forthwith, partly because of the size of their overdraft, and partly because, following damage to the party wall on 16th February, all losses to the guest house’s business beyond that date would be claimed through insurance. This letter (Appendix A) reminded the Committee that the effect of the building work was experienced by the guest house proprietors well before the work actually started on 11th January, for “By October (1998) all travel agents selling our rooms had the building works on their screens.” Notwithstanding this, and the highly stressful nature of the situation which had persisted for some two years, Mr. Hitchmough only dated his claim for compensation from 6th November 1998. The difference between what La Sirene earned over the same period 1997/8 was estimated at £10,484 - with no allowance made for interest. At the same time, Mr. Hitchmough agreed to relax the building restrictions previously agreed with the Jersey Homes Trust so that building could proceed more quickly.

The Chair of the Jersey Homes Trust acknowledged the potential benefits of this in a letter to the Chief Executive Officer of the Housing Department on 4th March 1999. He confirmed that “should such relaxation achieve cost savings, the Trust would be prepared to contribute to the compensation package in due course. It seems to me that the Hitchmoughs have made a very good case for early and sympathetic consideration of their claim for ex gratia compensation.”

The assessment of the claim

The Housing Committee considered the matter at its meeting of 22nd March 1999. The minutes (Appendix B1) reveal that the ex gratia payment was to be limited to £5,000 and that the Committee would not back-date the claim before the start of the building works on 11th January. The latter point was communicated to Mr. Hitchmough on 25th March 1999 (Appendix B2), but the Estates Manager of the Housing Department went on to say, “Nevertheless, I have spoken to the Chairman of the Jersey Homes Trust who has agreed to table your request for funding from 6 November 1998 at the next meeting of his fellow Trustees in late April.” The letter went on to request appropriate evidence to enable the claim to be assessed. Significantly, no mention was made of the fact that the Committee would not pay more than £5,000. This was clearly a figure that was “plucked out the air” by the Committee, presumably on the advice of its officers, and it follows that the process of assessment of Mr. Hitchmough’s losses, far from being as a result of the genuine assessment outlined in December 1998 - “(the Housing Committee) would need to take into account when assessing your claim the difference between the number of guests and your profits during 1998 as compared with the period during which the works were in progress” - was a sham.

The Finance Manager for the Housing Department attended La Sirene guest house on 1st April 1999, accompanied by me. His findings are reported in his memorandum (Appendix C) of 15th April to the Department’s Chief Executive Officer. Mr. Hitchmough was in a distressed state at the time of the accountant’s visit and would not allow his books to be removed. Even so, such errors as treating as income, for example, a bank credit of £693 that had actually been returned when guests cancelled because of the building works, and dating the notification of the guest house’s agents as “towards the end of November 1998” - could have been avoided had the Department sought clarification of the figures obtained during their Finance Manager’s visit.

The Housing Committee’s advice to the Jersey Homes Trust

When the Housing Committee duly approved the issuing of a cheque for £5,000 to Mr. Hitchmough, I was reasonably confident, in the light of earlier statements made by the Committee and the Jersey Homes Trust, that a compensation package could still be achieved that would approach the requested figure of £10,000. However, in their covering letter of 22nd April 1999 (Appendix D) the Housing Committee effectively prevented the Jersey Homes Trust from contributing to the ex gratia payment by advising the Trust that, in the Committee’s opinion, £5,000 represented full settlement for the whole of the period of the claim, i.e. 6th November 1998 to 16th February 1999, even though the Committee had already refused to backdate the period of the claim before the start of the works on 11th January 1999. The Chair of the Jersey Homes Trust told me in a telephone conversation that they were ‘stymied’ with regard to making a financial contribution. In his fax to me of 27th April 1999, the Chair explained “the impossibility of further compensation being paid by the Trust” owing to the advice

of the Housing Committee. My letter to the Housing Committee of 18th May 1999, which was re-sent nearly a month later (Appendix E), requests the President to establish "who gave the advice to the Homes Trust, and upon whose authority." To date I have not received an answer to these questions. The Chief Executive Officer did, however, in his letter to me of 15th June 1999 (Appendix F) state that "there may be some discrepancies" in the Department's calculation of the business losses of La Sirene, even though £5,000 was still considered "reasonable compensation". It was not until I obtained the Housing Committee's Act of 22nd March that I realised the figure of £5,000 had been decided upon before the examination of Mr. Hitchmough's accounts took place.

To their credit, the Jersey Homes Trust have remained open to the possibility of keeping to their side of the agreement by contributing to an ex gratia payment due to the savings achieved by Mr. Hitchmough's relaxation of the working hours, but this can only occur were an independent review of Mr. Hitchmough's accounts to show that the Housing Department's assessment had been inadequate (advice of 27th April 1999, repeated in a fax of 14th July 1999).

It is in order to achieve this independent review of the situation that I have turned to the States for assistance. Should independent assessment of Mr. Hitchmough's losses reveal that the Housing Department's assessment was inadequate, I believe that the Housing Committee should reconsider their decision to limit the size of their ex gratia payment to £5,000. This would enable the Jersey Homes Trust to contribute to the package as they always intended to, in the light of savings brought about owing to the co-operation of the guest house proprietors.

28 February 1999

Mr. Eric Le Ruez
Chief Executive Officer
Housing Department
Hilgrove Street
St. Helier

LA SIRENE
GUEST HOUSE
23 CLARENDON ROAD
ST. HELIER
JERSEY, CHANNEL ISLANDS
TEL: (01534) 23364

Dear Mr. Le Ruez

Thank you for your letter of 26th February.

You suggest that we submit our claim for ex gratia compensation after 13 weeks of the building contract, after 12th April. However, we are submitting it today for two reasons:

First, our overdraft at the bank is now around £15,000. In eleven years of running our business this has never happened to us, and with no guests allowed in the guest house we have no way of preventing the situation getting worse by the week. If the Housing Committee will deal with our claim as soon as possible it will mean we will be able, hopefully, to persuade our Bank manager not to call in the overdraft.

Second, the claim can be worked out now, because following the damage caused by the building works on 16th February, we will be claiming for the loss of business against the insurance company of the building contractor from that date onwards. We have been told by the engineers for our insurance company that we cannot permit any guests to use La Sirene until the gable wall is repaired because the daily measurements we have been asked to take show that the wall is still moving. The repair of La Sirene so that it can re-open is going to be a long business because the gable wall will have to be underpinned, maybe even taken down and rebuilt. We are positive that the claim we are making will not change between now and April, even though our financial situation is getting worse by the day.

In the 5th paragraph of your letter you take 11th January as the beginning of the contract period and we agree that this is when the work started. But the effect on our business began earlier than this. We are enclosing copies of the letters which show that we have been given three different start dates for the building work. The architect, Mr. Riva, wrote to us in 1997 saying that "the building works will most certainly continue through the Tourism season of 1998." Even though we are sure that our business was affected throughout 1998 we were able to cope, and it was not until September 1998 that the problems started when we were not able to sign the new contracts with our main agents without disclosing (under ABTA rules) the fact that building work would be starting at any moment next door.

By October last year all travel agents selling our rooms had the building works on their screens. It was difficult for us because every time guests came the door we knew the building work could start the next morning. But we still managed to survive through September and October.

We have dated our claim from November 1998 to 16th February 1999 because when we compare the bookings and our accounts against the same period the difference is obvious. Now that notice of building works due to begin any day was on all our agent's screens people were either cancelling or not booking.

Nov 6th 1997 - Feb 16th 1998

Income: £11,928

Nov 6th 1998 - Feb 6th 1999

Expected income: £12,643 (all our rates were up by 1£ pppn)

Actual income: £2,159

Difference: £10,484

We would be grateful if the Committee would also take into consideration the interest we have been paying as a result of the shortfall. All of our financial paperwork is available for inspection, though the accounts for 1998 have not been done (as we cannot afford to pay our accountant).

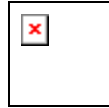
Once again, we would like to request that the Housing Committee and the Jersey Homes Trust gives urgent consideration to our financial circumstances.

As a gesture of goodwill we are prepared as of today to withdraw our request for the special time restrictions that were placed on the building contractors so that they can work whatever hours they need to.

We look forward to hearing from you.

Yours sincerely

Laurence Hitchmough



HOUSING COMMITTEE

22nd March 1999

Proposed
redevelop-ment
of
Kent
Lodge/
La Sirene
Guest House.
446/333(7)

28. The Committee, with reference to its Act No. 7 dated 22nd February 1999, recalled that it had agreed that while it had no legal liability in respect of a claim by Mrs. and Mrs. L. Hitchmough, La Sirene Guest House, Clarendon Road, St. Helier, for loss of business due to the redevelopment of Kent Lodge, Clarendon Road, it would be prepared to consider making an ex-gratia payment on moral grounds.

C.E.O.
T.O.S.
ACEO,P&R
P.R.E.O.
P.R.C.C.
C.of A.
F.E.C.C.

The Committee received an oral report from the Estates Manager and considered correspondence in connexion with an amended proposal from Mr. Hitchmough regarding a claim for compensation.

The Committee recalled that it had agreed to review the financial position with regard to La Sirene once the contract for the redevelopment of Kent Lodge was one third complete, which would be 13 weeks after the start of the work. It also noted that Mr. Hitchmough had submitted a claim for loss of business against the insurance company of the building contractors from 16th February 1999, because of damage caused to the building on that date.

The Committee agreed, on the submission of suitable evidence, to make an ex-gratia payment to Mr. and Mrs. Hitchmough up to a maximum sum of £5,000, to compensate against the loss of business from 11th January 1999, until 16th February 1999, having agreed that it was not prepared to backdate the claim to 6th November 1998, subject to the support of the Finance and Economics Committee. It noted that the Tourism Committee and the Jersey Homes Trust had agreed to contribute towards the settlement of a claim for compensation.

The Estates Manager was authorised to take the necessary action and the Greffier of the States was directed to send a copy of this Act to the Finance and Economics Committee accordingly.

C.M. NEWCOMBE

Deputy Greffier of the States.

L. Hitchmough Esq.
La Sirene Guest House
23 Clarendon Road
St. Helier
JE2 3YW

Our Ref: SJdesCR/Kent
Lodge

25 March 1999

Dear Mr. Hitchmough

I refer to your letter of 28 February 1999 which was addressed to Mr. Le Ruez. Mr. Le Ruez has been on annual leave and therefore I am replying in his stead.

You will recall that the Housing Committee agreed to assess your claim after thirteen weeks of the building contract had elapsed and again following twenty weeks and finally forty weeks. Given that the building contract commenced on 11th January 1999, the Committee would have expected you to submit full details of your claim sometime after 12 April 1999. However, the Committee mindful of your present circumstances has agreed to consider your claim for an ex-gratia payment in advance of 12 April 1999.

The Committee saw no justification in agreeing to any claim before the start of the contract of 11 January 1999 and after 16 February 1999 when your property was damaged by the building works at Kent Lodge and, as the Committee understands it, your guest house was closed for business. Any claim for loss of trade after this period is a matter for negotiation between the contractor's insurers and yourselves.

Nevertheless, I have spoken to the Chairman of the Jersey Homes Trust who has agreed to table your request for funding from 6 November 1998 at the next meeting of his fellow Trustees in late April.

Before the Committee can decide whether the granting of an ex-gratia payment is reasonable, it will need to see evidence of your income for the period between 11 January 1998 and 16 January 1998, and your income, if any, for the same period this year. The Committee has given its Officers discretion to settle this claim, but any agreement reached with the Housing Committee will still require the consent of the Finance and Economics Committee.

Can I suggest therefore that you let me have this financial information as soon as possible.

The Trust and the Committee appreciate your agreement to relax the building restrictions at Kent Lodge which should assist everyone in bringing this matter to a more speedy conclusion.

I look forward to hearing from you shortly.

Yours sincerely

S.J. des C. Read
ESTATES MANAGER

cc: Deputy S. Crowcroft
M. Van Neste Esq.
N. Philpott Esq.

MEMORANDUM

TO: Eric Le Ruez, Chief Executive Officer

FROM: John C. Hamon, Finance Manager

DATE: 15 April 1999

RE: **La Sirene Guest House - Mr. Hitchmough**

On 1 April, 1999, at the request of Deputy Crowcroft, I attended La Sirene Guest House to view the accounting records of La Sirene Guest House Limited, in order to try quantify the loss of earnings experienced by Mr. and Mrs. Hitchmough as a result of the proposed building works at the adjacent property, Kent Lodge.

I would first like to point out that Mr. Hitchmough would not allow me to remove any of his accounting records from the premises for closer inspection and, therefore, I had to make notes during my visit, which I feel severely limited the work that I could undertake. I would also like to point out that the accounting records which I inspected, had not been audited and so their validity could not be proven. I performed no work to checked whether the accounting records were a true and fair reflection of the financial transactions of the business, but the following comments assume that they are a true and fair reflection.

From the limited work I was able to undertake during my visit to La Sirene Guest House, I managed to establish that Mr. Hitchmough's business appears to be stable and indeed in 1998, growing. The takings of the Guest House are apportioned between variable costs, fixed costs, Director's fees and retained profits. Variable costs amount to some 18% of takings, thus leaving 82% to contribute to fixed costs, (e.g. rates, leasing etc.), Director's fees and retained profits.

I have assumed, in calculating the loss of earnings to Mr. Hitchmough, that the fixed costs are payable whether or not the Guest House is open or closed. I have reviewed the takings for each month from October through to February for years 1996 to 1998. Mr. Hitchmough has informed me that he has received no income from paying guests since December, 1998.

On the basis that takings are likely to be similar to those in 1997 and 1998, even though the room charges are increased each year, it can be projected that Mr. Hitchmough's loss of earnings are, as can be seen from the attached sheet, as follows:-

Month	Total Monthly Loss	11/1/99 - 16/2/99 Loss	1/11/99 - 16/2/99 Loss
October, 1998	- £0	£0	£0
November, 1998	- £690	£0	£690
December, 1998	- £1,646	£0	£1,646
January, 1999	- £1,927	£1,243	£1,927
February, 1999	- £2,870	£1,640	£1,640
Total	£7,133	£2,883	£5,903

It should be noted that Mr. Hitchmough informed his booking agents towards the end of November, 1998, that the building works were due to start shortly, although the building contract did not actually start until 11 January, 1999. It should also be noted that due to structural problems with La Sirene Guest House, the Trust's/contractor's insurers are dealing with any claim for loss of earnings etc. after 16 February, 1999.

During my visit to La Sirene Guest House, I was also able to inspect the business's bank statements, which showed the following balances:-

Date	Balance
------	---------

12/10/98	-	£0
01/01/99	-	£8,307 Dr
01/02/99	-	£11,550 Dr
24/02/99	-	£13,316 Dr

In Mr. Hitchmough's letter to you dated 28 February, 1999, he suggested that his loss of income for the period 6 November, 1998, to 16 February, 1999, was some £10,484. This differs from the figure of £5,903 that I have calculated for the following reasons:-

- The actual income of £2,159 mentioned in Mr. Hitchmough's letter ignores takings of £693 for December, 1998.
- Mr. Hitchmough has ignored the fact that some of his costs (e.g. food) are variable. This would account for approximately £1,800 of the difference.
- The remaining difference of approximately £2,100 can be attributed to Mr. Hitchmough's estimates for takings being higher than my estimates.

Whilst it appears that the size of Mr. Hitchmough's overdraft supports his claim for £10,484, it should be noted that the four months period of November to February, is a quiet time for the business, accounting for on average less than 20% of annual takings, so I would suggest that it is normal for the business's bank account to be overdrawn at this time of year.

Finally, it should be noted that my comments above merely try to estimate the loss of earnings that Mr. Hitchmough has suffered. In no way do my comments suggest that the Committee is indebted to Mr. Hitchmough.

STATES OF JERSEY

HOUSING

Our Ref: ELR/SA

Mr. and Mrs. L. Hitchmough,
La Sirene Guest House,
Clarendon Road,
St. Helier.

22nd April, 1999

Dear Mr. and Mrs. Hitchmough,

On 19th April the Housing Committee gave further consideration to your claim for loss of business profits as a result of building works on the Kent Lodge site. The Committee took note of research carried out by the Department's Finance Manager which indicated that some loss of profits, when comparing records with the previous year, had occurred for the La Sirene Guest House business for some weeks prior to building works commencing on 11th January, 1999, as well as after that date.

As previously stated, the Committee accepts no legal liability for the losses that you may have suffered but nevertheless has agreed to make an ex gratia payment of £5,000 in respect of compensation for loss of business profits for the period from 6th November, 1998, to 16th February, 1999.

I am copying this letter to the Jersey Homes Trust as that organisation had also expressed sympathy for your difficulties. However, I do not believe that the Trust can offer additional compensation for the period covered by the Housing Committee's ex gratia payment. The agreement between yourselves and the Trust to allow longer working hours for the building contractor may result in some small savings but has arisen because of structural damage to your property which is the subject of an insurance claim.

Please find enclosed a cheque for £5,000 as an ex gratia settlement of your claim for compensation.

Yours sincerely,

Eric Le Ruez,
CHIEF EXECUTIVE OFFICER.

Direct Line - 884444

c.c. M. Van Neste, Jersey Homes Trust

P.O. Box 587, Hilgrove House,
Hilgrove Street, St. Helier, Jersey JE4 8XT
Tel (01534) 884422 Fax (01534) 884488

Eric Le Ruez, M.C.I.H.
Chief Executive Officer.

Deputy Simon Crowcroft
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Tel: (01534) 20830 Fax: (01534) 58869

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web: <http://user.itl.net/~wordcraf>

DATE: 18 May 1999, re-sent 11 June 1999

FAX TO: Deputy Shirley Baudains

COPIES TO: Mr. Michael Van Neste, JHT; Mr. Eric Le Ruez, CEO Housing Dept.

NO OF PP: 2

Please would you advise what action has been taken on this matter. Thank you.

Dear Shirley,

La Sirene Guest House

I have now had an opportunity to inspect the memorandum of 15 April prepared for your Committee by Mr. Hamon who was asked to verify Mr. Hitchmough's statement of his losses dated 28 February 1999.

I have to say that I am disappointed you did not instruct your Finance Manager to revert to me with his findings before presenting his figures to the Housing Committee. I would have been able to have obtained further cooperation and explanation from Mr. Hitchmough, even though he is understandably fed up with showing his accounts to one body of the States after another. Instead a report has been submitted which is full of inaccuracies. Take the statement on page two of the memorandum for example:

"The actual income of £2,159 mentioned in Mr. Hitchmough's letter ignores takings of £693 for December 1998."

- these takings were advances which have been returned to the clients; there are cheque stubs and bank statements to show this to be true!

Therefore your committee was misinformed and more importantly, the veracity of Mr. Hitchmough's claim was clearly held up for question. The Hitchmoughs have given me comments on other assertions made in your Finance Manager's report which should properly have been heard by your Committee.

However, your Committee has actually honoured its commitment to meet a justifiable claim for an ex gratia payment. What I am trying to find out is upon whose authority the Jersey Homes Trust was advised not to make the payment it was minded to make. Mr. Van Neste wrote to your Chief Executive Officer on March 4th:

"I am very pleased that the Hitchmoughs have been persuaded to relax the building restrictions... The Jersey Homes Trust does take the view that, should such relaxation achieve cost savings, the Trust would be prepared to contribute to the compensation package, in due course.

It seems to me that the Hitchmoughs have made a very good case for early and sympathetic consideration of their claim for ex gratia compensation. If the Committee should be mindful to pay such compensation I would hope, in the circumstances, that an early and positive decision would be forthcoming. This would clearly be of great benefit, not only to the Hitchmoughs, but to JHT, the contractors and the professionals."

I remain convinced that the Hitchmoughs should be paid an ex gratia payment of £10,000 as their claim for a figure in this region is extremely modest. The Hitchmoughs were receiving cancellations well before the period for which they are claiming, and I can supply evidence to that effect. There is also the matter of the overdraft interest borne by the Hitchmoughs, the fact that they were having a good season until all of these problems started, and, most important in my opinion, the obvious distress they have suffered as a result of States committees changing their minds about what was to be done for them.

I would like to urge you to find out exactly what went wrong - who gave the advice to the Homes Trust, and upon whose authority. If it transpires that it was not on the authority of the Committee, I suggest that that advice be revoked. At the same

time the Homes Trust should be notified of the circumstances in order that they may reconsider their decision not to 'contribute to the compensation package' as they were clearly minded to do.

Unless I receive some early satisfaction of this matter, upon which I have spent many hours of my time, I intend to bring the whole matter to the attention of the public. I believe most strongly that the Hitchmoughs have suffered injustice: we have contributed to the failure of their business, we have caused their property hundreds of thousands of pounds of damage, we have ruined their quality of life, and yet we are saying to them that £5,000 is an appropriate ex gratia payment. It is a shocking situation and it really ought to be rectified as soon as possible.

Kind regards

Simon Crowcroft

STATES OF JERSEY

HOUSING

Our Ref: ELR/SA

Deputy S. Crowcroft,
6 Clarendon Road,
St. Helier.
JE2 3YS.

15th June, 1999

Dear Simon,

La Sirene Guest House

Deputy Shirley Baudains, President of the Housing Committee, has asked me to respond to your letter of 18th May, 1999, which was considered by the Housing Committee on 2nd June, 1999. I am sorry that it has taken so long to formally communicate the Committee's decision.

The Committee has noted your comments regarding the accuracy or otherwise of the report on the La Sirene accounts and is satisfied that, while there may be some discrepancies, the report demonstrates that a trading loss, compared to previous years, occurred in the period October 1998 to February 1999. The Committee, when agreeing to make an ex-gratia payment of £5,000, felt that in all the circumstances this was reasonable compensation for the period up to 16th February, 1999.

The offer made by the Trust to contribute to any compensation package was welcomed by the Committee but it felt it was not necessary to ask the Trust to make a contribution for the period up to 16th February, 1999, as any such payment would increase the total development cost and therefore reduce the amount payable to the States for the Kent Lodge site.

On or about 16th February, 1999, the gable wall of La Sirene was allegedly undermined by the building work at Kent Lodge. As a result an insurance claim has been lodged and the Committee has assumed that the claim made by the Hitchmoughs will cover not just structural damage but also loss of business. The Committee does not believe that the Trust will be in a position to make any payment to La Sirene for a claim which is already being handled by the building contractor's insurers.

As you know, the Committee has no legal liability for the business losses suffered by the Hitchmoughs and the structural damage caused to La Sirene, while most unfortunate, is a matter in which the Committee is in no way involved. The Committee therefore rejects the claims made in your final paragraph and believes that Mr. and Mrs. Hitchmough have not been unfairly treated.

Yours sincerely,

Eric Le Ruez,
CHIEF EXECUTIVE OFFICER.

Direct Line - 884444

P.O. Box 587, Hilgrove House,
Hilgrove Street, St. Helier, Jersey JE4 8XT
Tel (01534) 884422 Fax (01534) 884488**Eric Le Ruez, M.C.I.H.**
Chief Executive Officer.