

**Response to a Question Pursuant to Rule 14
of The Rules of Procedure of the States of Deliberation and their Committees**

Subject: Leale's Yard Development: Decision Making and Oversight
States' Member: Deputy Chris Blin
Date received: 2nd May 2025
Date acknowledged: 2nd May 2025
Date of reply: 16th May 2025

Question 1

In view of the States' previously stated priority to support the Leale's Yard development, can the Committee explain the internal decision-making process within the Policy & Resources Committee in relation to the project, including the key milestones or viability criteria set, and how these were communicated to Omnibus Investment Holdings Limited.

Response

The relevant States Resolution (Billet d'État XVII of 2023, Article 5¹) is centred on regeneration of the Bridge through housing and related flood defence infrastructure. The States resolved to direct the Policy & Resources Committee to revert to the States with a policy letter prior to any financial commitment and established a detailed range of criteria to be satisfied, which should include

- The details of any proposed purchase, including the cost
- The timeline for delivery
- Assurance of due diligence checks

As part of working to discharge this resolution, the Committee engaged with Omnibus Investment Holdings Limited (Omnibus), the development partner of the owner of the Leale's Yard site. The original proposal from Omnibus utilised a volumetric modern method of construction (MMC) that was new to the Channel Islands. The first manufacturer went into liquidation. The developer then identified a second provider.

Exploring the suitability of this form of construction for Guernsey's maritime climate was an early viability criteria alongside other technical construction matters and logistics planning. Given this form of volumetric MMC introduced wider issues than in other projects and

¹ [Funding & Investment Plan - States of Guernsey](#)

forms of construction, and notwithstanding that the States were a potential purchaser in a private development and not the developer themselves, the Committee engaged respected professional technical advisors which it made available to the developer. The objective was to ensure the concept being presented would meet all reasonable technical due diligence requirements both in construction and resilience given the location of the site. This would assist the Committee to meet the assessment criteria established by States' Resolution.

It became evident that there were important matters that would need to be resolved if a commercial agreement was to be settled. These were termed 'reserved matters' which were clearly explained to the developer. The advisors were retained to support working through these issues with the developer to the Committee's satisfaction in order that it could bring forward proposals for States' scrutiny. These were initially technical and logistical matters but as the Committee also intended to publish its policy letter by Autumn 2024, this also necessarily had to include commercial due diligence.

The developer was engaged throughout the process as the solutions to these issues rested with it.

This work ceased when the second manufacturer withdrew from the volumetric MMC market, and the developer advised it would return to more traditional construction. The viability criteria established by the reserved matters had not been fully discharged. For this combination of reasons the Committee was not able to bring forward its policy letter when it had hoped.

Question 2

Please detail the professional information provided by Omnibus since December 2023, plus how it was used to assess the credibility and deliverability of their proposals?

Response

The Committee has a different view on the matters brought into the public domain by Omnibus in relation to the information it provided. It found it challenging to secure the required quality of information on a range of important matters that were to be assessed by professional advisors. It was essential that the Committee was able to make the case that all appropriate due diligence had been carried out to its satisfaction if the States were to be asked to endorse the potential investment of tens of millions of pounds of taxpayers' money in such a private development.

The original volumetric MMC scheme under discussion could not be progressed after the manufacturer identified by the developer withdrew from the market. Reserved matters had remained unresolved by the developer at that time, together with matters relating to wider commercial due diligence as specified by the States.

The Committee intends to respect the confidentiality of this shared work and will not publish more information.

Question 3

What involvement did Property Services have in advising the Committee on the Leale's Yard project, particularly concerning technical assessments and the commissioning or interpretation of the Arup report?

Response

The States Property Unit commissioned a report from professional technical advisors on volumetric MMC on which there is no practical experience in the Island. Additionally, two external RICS Red Book valuation reports were secured by the States Property Services. Its qualified professional staff supported the States Procurement processes throughout the negotiations.

The independent professional construction advice on the volumetric MMC proposal was directed by the Committee. The objective was to

- i. assess the quality and scope of technical information supplied by the developer and identify its gaps as 'reserved matters' in order that these could be addressed; and
- ii. facilitate routes to resolution of the reserved matters with the developer and subsequently deliver to the States a comprehensive technical due diligence report.

The report was provided to the developer, with commercial information redacted as the Committee did not have the permission of the data owner to share it.

The list of outstanding reserved matters was discussed directly by the technical advisors with the developer as well as with the Committee.

The technical advisors also had access to all advisors within the States including senior staff at Building Control and the Fire Service; in other words, open and direct access was given to these independent technical advisors at an early stage to ensure the project had every opportunity to succeed.

Question 4

Were any value-for-money or delivery comparisons made between Leale's Yard and other States- or GHA-owned residential sites, and if so, how were these evaluated and what were the findings, particularly around infrastructure and construction costs?

Response

The States Property Unit commissioned two independent valuation reports from professional valuers – as is usual good practice in any significant investment by the States to ensure value for money. The basis was open market valuation of the units to be acquired, as that was the basis of the negotiations.

There is no comparable States-owned residential site and comparison with developments owned by Guernsey Housing Association (GHA) for Affordable Housing is not appropriate as the funding mechanism is different and the States do not own the properties.

Question 5

Please outline the methodology used for the States' valuations of the Leale's Yard site — including which firms were engaged, whether Red Book standards were followed, and how results were independently verified and used in negotiations?

Response

As previously stated, two separate valuations were sought, and both external companies used the RICS Red Book methodology to perform the valuations. Contrary to the information that has been shared in the media by Omnibus, the basis in securing the valuations was shared with the developer. Whilst it would not be appropriate to provide the names of the two businesses, the public should be assured that both are well respected local agents, and both have expertise in commercial property matters of this kind.

The reports are confidential to the States as they informed their negotiation strategy. They were not shared and will not be published.

The two valuations were fairly similar in their conclusions. These were then used as the basis to make an offer to the developer having been reviewed internally by Procurement, Property Services and Finance, an assessment and negotiation strategy developed, and approval and delegated authority to proceed formally resolved by the Committee.

The Committee entered into negotiations for the volumetric MMC proposal through officers as is normal practice, making an offer which was declined. No counteroffer was received.

The developer then had to materially change its development plans, what it would offer the States and what it wanted in return, when its manufacturer withdrew from the market.

The revised development utilising different construction would likely lead to a longer build time and resulted in a proposal to the States for fewer apartments and inadequate parking available for purchase. Omnibus had also asked for more support in other ways that meant more direct cost to the States, in addition to the asking price it has released publicly.

Question 6

What strategic work has been undertaken to assess the importance of delivering large-scale key worker accommodation, and what analysis has been done on the financial, economic, and social risks of not doing so?

Response

Key worker housing strategic policy rests currently with the Committee *for the* Environment & Infrastructure. It has recently concluded a political consultation and its findings are awaited.

Notwithstanding, the Policy & Resources Committee is acutely aware of the pressures in public service delivery, especially in health and care but also across the public service, and indeed in the private sector where the shortage of homes is deeply felt. The community feels this when frustrated by delays or gaps in service. It is additionally a considerable source of increasing costs, especially for the Committee *for* Health & Social Care.

The Policy & Resources Committee is taking steps directly by engaging its mandate for States Property and matters of employment to explore how to improve the current States' workers estate and opportunities to cost effectively maximise future developments on sensitive operational sites to establish States' worker accommodation. It has agreed the plan and a funding proposal will be considered in the wider Major Projects Portfolio which will be considered by the successor States.

It is also important to note that while increasing the Island's housing stock remains the top priority for this States, our collective desire and determination to see that achieved cannot overrule the absolute need for us to ensure that taxpayer money is invested only when all the necessary checks are carried out to a satisfactory standard. This is what taxpayers rightfully expect of us as custodians of the public purse and considering any potential investment into this particular scheme would be tens of millions of pounds, the Committee makes no apology for seeking to ensure it was both value for money and would achieve the States' objectives.

Question 7

Could the Committee clarify how legal and valuation services were procured and managed during the Leale's Yard negotiations, and whether any cost-benefit or risk analysis was conducted before the decision to delay formalising a development agreement?

Response

Legal and valuation services were procured in accordance with the States of Guernsey procurement policy.

The most recently considered revised development uses more traditional construction after the move from volumetric MMC. The proposal attracted new financial risk to the States; offered limited guarantee on the completion of the whole development; and reduced the number of apartments and parking. The States are moving forward with other initiatives anticipated to bring forward homes and infrastructure that will deliver benefits.

Question 8

What protocols does the Policy & Resources Committee use to manage timely and consistent engagement with external development partners, and how were these applied to the Leale's Yard negotiations — particularly during the six weeks following the meeting with Omnibus on 4 March 2025?

Response

The Committee, by its members and authorised officers, have replied promptly to enquiries and diligently sought to progress discussions. This Committee has considered the ongoing project in one form or another on at least 20 occasions since its election at the end of 2023. The Committee refutes any allegation that it has caused any material delay in the process.

With regard to the specifics of the question, the President and Deputy Murray met Omnibus Directors on 4th March 2025. At that meeting Omnibus was advised that the revised proposal the Committee had received after the withdrawal of the volumetric MMC manufacturer had moved substantially from the original proposals and did not meet the States' objectives.

The Committee received further correspondence from the developer dated 12th March 2025 which it considered at its meeting on 25th March 2025. After very careful consideration it decided it had to withdraw its interest formally in the proposal that had been presented, which it confirmed in writing on 17th April 2025.

Question 9

How did the Committee assess risks such as construction inflation, modular supply chain instability, and design complexity in relation to Leale's Yard?

Response

These questions pertain primarily to the proposals which drew on volumetric MMC not previously used in the Channel Islands. Given the general inexperience of the States and the developer with this type of build, technical advisors were contracted by the Committee to work through volumetric MMC development risks as a primary consideration for both parties. These resulted in reserved matters which were fundamental to the viability of the proposal. Working with services in Guernsey (such as the Fire Service and Building Control) the Committee had hoped these would be concluded satisfactorily but the change in status of the manufacturer terminated this work on technical due diligence and risk management.

Question 10

What contingency plans were considered to manage foreseeable disruptions, and how were these risks prioritised during decision-making?

Response

The Committee committed all necessary resources to progress the negotiations and submit a policy letter in Autumn 2024. That could not be achieved as a result of matters outside its control, or that of the developer, following the manufacturer withdrawing from the market.

Question 11

Given the Chief Minister's 2023 statement that Leale's Yard was the government's top infrastructure priority, how has the Committee evaluated the impact of fiscal constraints or shifting political priorities on its commitment to the project and what messages were conveyed to delivery partners about these changes?

Response

The political priority on housing and infrastructure has not 'shifted'. However, the approach to those objectives to secure the overall outcomes for the community has had to change because of the fiscal constraints facing the States.

The Leale's Yard opportunity as originally presented to the Committee was exciting and the Committee maintained optimism it could be achieved. However it was not achievable as originally conceived when the developer's preferred volumetric MMC manufacturer withdrew from the market. The next proposal to purchase apartments in this private development was significantly different.

The Committee determined this alternate proposal was not the best step forward for the States primarily because it offered fewer apartments and very limited parking at a price the Committee considered did not offer value, and a timeframe that would be challenging given the current status of design and stage in the planning process. It also required financial commitments from the States in addition to the purchase price released publicly by the developer.

The Policy & Resources Committee remains very committed to Bridge regeneration as described in the States Resolution it is seeking to discharge. It is bringing forward, either directly or indirectly by supporting the work of other Committees, infrastructure priorities that seek to make the most impact given financial constraints.

- The Committee has led the States through the case to support the work of the Guernsey Development Agency to the next stage to ensure coordinated planning and investment.
- The Committee has supported the accountable Committees to move the enabling actions for regeneration forward. By way of example, the enabling flood defences at the Bridge are progressing in order to safeguard the investment in land to be developed for Affordable Housing by the Guernsey Housing Association (Kenilworth Vinery and the Guernsey Business Park).

- The Committee submitted representations to the Island Development Plan Planning Inquiry to work through limitations on some sites, and accelerate rezoning as housing allocation, those sites the States could more influence for home building while also seeking areas for industrial use essential to support construction industries and others.
- The Committee is sponsoring the work to submit a joint outline planning application with the GHA for infrastructure to open up housing allocation sites so private developers and the GHA can progress their plans.
- The Committee brought forward proposals in the 2025 Budget to develop temporary village accommodation for use by construction firms in order to support capacity and manage cost, which it is actively progressing.

The Committee is naturally disappointed that this transaction originally intended to buy 110 apartments, each with allocated parking, could not be progressed as had been hoped, but wishes to remind the States that the Assembly continues to be making progress with both Bridge regeneration and home building. It will be important that the successor Assembly continues this work and prioritises its limited resources on all the enabling activity which it will discover is necessary to underpin so much else it will wish to achieve for the community.

The Committee has observed the distribution requirements of Rule 14 in providing these answers. Under the terms of the Non-Disclosure Agreement it has also provided the questions and answers to Omnibus in advance of publication.

Deputy Lyndon Trott OBE
President
Policy & Resources Committee