

Construction Sector Review (C-070) - Response to Draft Findings from Jersey Construction Council (received 16 May 2025)

2025 05 16 Jersey Construction Council - Construction Sector Review Draft Findings

Industry Representation

The Jersey Construction Council (JeCC) represents over 130 members and more than 6,100 employees in the local construction sector. This excludes a significant number of suppliers of goods, numbering over 500 employees.

The construction sector is a responsible employer and must adhere to the many laws and regulations that are placed on businesses, within the island environment. To be sustainable, businesses must be profitable, so they can invest and be more efficient and adaptable to work within the demands of an Island environment.

There are several long-standing organisations that have ceased trading due to the market pressures and lack of on-going construction activities in the last few years. Other organisations have had to go off island to be able to keep employing their workforce, due to the lack of consistent on island projects. Hence why the Island Construction and Engineering Programme is essential to allow the industry to plan ahead and ensure they are adequately resourced.

Impact of External Factors

Unforeseen events

The industry has faced significant recent challenges from unforeseen events such as

- Covid-19 – working restrictions, furlough payments and operational challenges
- War in Ukraine – unprecedented rises in material costs and reduced availability
- Storm Ciaran – a ‘once in a lifetime’ event, exhausting local resources
- Other Geopolitical factors

These events have significantly impacted construction, but the industry is robust and met these challenges head on.

During the Covid-19 pandemic, the industry rallied and kept as many sites open as possible, reducing the impact to its clients, the Island economy and the taxpayer, by reducing the need for co-funding payments.

With regard to scaffolding and roofing, The ⁴Insight Residential Construction Sector Review Research Document states

Limited contractor availability: A high demand, low resourced market. Particularly in trades like roofing and scaffolding (almost half of those who had engaged with roofing contractors said there were not enough to choose from)

Can the JCRA confirm the proportion of comments relating to scaffolding and roofing were linked to the aftermath of Storm Ciaran. The JeCC can confirm that post storm Ciaran, there was an immediate shortage of roofing contractors.

Shipping

The report also recognised the geographical constraints – e.g. logistics, & economy of scale, but also needs to recognise cost of living/ labour expenses being significantly higher than the UK and France.

With regard to the pricing being the most significant consumer issue, the comparisons made to the UK and France were ill conceived as they are not geographically or economically similar. It would be better to compare Jersey with Guernsey, the Isle of Man, London, and Switzerland as other similar financial jurisdictions.

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In stark contrast to the “observation” on distribution (*The market is concentrated in a few long-standing firms who supply most of the market.*) Below is a summary of local construction industry material suppliers. The first four listed are National Merchants with hundreds of branches each across the UK, and are the largest builders and plumbers merchants in Europe, and the world:

1. Normans: Previously long term owned by Saint Gobain, and now part of The Stark Group with £7.8 billion European turnover <https://starkgroup.dk/about-us/organisation>
2. Wolseley: USA owned Plumbers Merchants, 560 branches across the UK: https://www.wolseley.co.uk/about-us/?srsltid=AfmBOoqDCsqaMyKd8UP-98-41WKm34_cDx_SdbXWxqsmvbPXwikJvKH
3. Howdens: The largest supplier of kitchens in the UK <https://www.howdens.com/help-and-advice/about-us>
4. B&Q: <https://www.diy.com/corporate/about>
5. Pentagon: Members of the UK buying group Fortis, with combined turnover of over £2 billion <https://www.fortismerchants.co.uk/html/about-us.html>
6. Romerils: Members of the National Buying Group, also with combined turnover of £2 billion <https://www.nationalbuyinggroup.com/html/about-us.html>
7. Quantum: Members of the Notman Piette Group, operating in the UK as well as being part of the Fortis Group too.
8. Jersey Building Supplies: Members of the HNB UK buying group, with combined turnover of hundreds of millions <https://www.handbgroup.co.uk/>

Others:

9. Coda Building Supplies
10. Four different Electrical wholesalers, of which 3 are UK multi-million pound, multi branch merchants: YESS Electrical, Edmundsons, ES&M Electrical & Wholesale Electrics
11. Furthermore there are more than 20 different businesses in Jersey selling kitchen & bathrooms to the construction industry.

This is to name just some of the suppliers of building materials in Jersey, and giving these businesses access to the keenest building materials across the UK, and delivering an extremely competitive marketplace. As well as all of these “on-island” competitors, there are many other national merchants dealing direct from the UK to Jersey contractors.

Local building material suppliers often incur freight rates, which add anywhere from 10% to over 100% of the cost of the value of the items. Many such examples are available and no doubt a thorough consultation process with the business highlighted in table on Page 5, would be able to provide this data.

Consultation Deficiencies

JeCC expresses disappointment over the lack of consultation with various stakeholders, including principal contractors, sub-contractors, sole traders, designers, project managers, consultants, material and equipment suppliers, and other construction services, from a range of organisation sizes. The review's methodology and data sources are critiqued for their limited scope and lack of comprehensive stakeholder engagement.

2.6 and 4.1 We strongly challenge that there was “structural stakeholder engagement” and “extensive consultation... Industry stakeholders” when as per the email only 5 organisations attended the meeting of contractors. We have attached an email string, which details the very limited notice (less than one week) and our concern over the lack of 6 page response to be taken a whole

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representation from a cross-section of different types of suppliers of services and the various sizes of organisation sizes, from the sole trader to the larger contractors and suppliers. We believe they had no input into this review, and these form an important part of our islands construction industry.

It is not clear which stakeholders were engaged with. Page 19 acknowledges input from SOJDC, a developer of large scale projects, which seems at odds with the research aim.

'to explore the experiences of local consumers (including landlords/small businesses) with the Jersey residential construction sector'

It would be important to identify or question who these stakeholders were, as the survey alone does not appear to cover a sufficient range of construction activity.

One of two reasons given for launching the report was detailed in 2.4

'In addition to recent market developments, there are major construction projects underway and other large-scale developments forecasted'

If the reason for launching the review is to assess the sector's readiness to tackle 'major construction projects', why has it focused on conducting surveys into minor residential repair and maintenance works which have inevitably been affected in the aftermath of the once in a generation storm Ciaran and other geopolitical issues?

Referencing the above point again, The ⁴Insight Residential Construction Sector Review Research Document states

'to explore the experiences of local consumers (including landlords/small businesses) with the Jersey residential construction sector'

If the review purpose was to assess the competitive environment given the major projects underway/ forecast – hospital, ports etc, why were none of these projects and the potential designers, consultants, engineers, project managers, suppliers, contractors and subcontractors consulted.

Note - The lack of understanding of the contracting and the development sector is highlighted by the fact that within the supplier section "Hewden" is mentioned, but they closed in 2008!

<https://www.constructionnews.co.uk/sections/news/hewden-cuts-213-jobs-and-closes-22-branches-08-12-2008/>

Data Limitations

The review is based on limited data, primarily focusing on minor residential projects. Of the 301 respondents, only 12% carried out works requiring structural alterations or extensions. The bulk of the respondents (265) presumably only had minor refurbishment works or essential roof repairs following Storm Ciaran. This limited data set does not adequately represent the entire construction sector.

Page 5 of the Construction Sector Review Draft Findings: Supporting Analysis lists a number of contractors. ROK Construct, Group Legendre, Ashbe, Hacquoil & Cook. It observes that these business examples 'focus on smaller scale construction projects'. These businesses are the five largest contractors on the island and focus the majority of their resources on large scale construction projects, outside of the scope of the ⁴insight report.

Employment Statistics

The construction sector employs a higher percentage of the working population in Jersey compared to the UK and France. In Jersey, 11.2%^a of the private sector workforce is employed in construction and quarrying, compared to 6.3%^b in the UK and 7.2%^c in France. This indicates a competitive market with a wide range of choices for clients.

This data demonstrates conclusively, that per worker of the population, more people are involved within construction in Jersey, than in the UK and France, and suggests clients in Jersey have more choice of contractors.

^a<https://www.gov.je/StatisticsPerformance/EmploymentEarnings/pages/labourmarket.aspx>

^b<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/employmentbyindustryemp13>

^c<https://tradingeconomics.com/france/employed-persons>

Cost and price

The reports findings are conflicting and confusing.

However, similar to other jurisdictions like the UK, certain markets within the construction supply chain are also highly concentrated, and price competition on-island may be muted. For example, stakeholder feedback indicates that prices of materials and inputs are somewhat higher than in other jurisdictions (UK and France).

‘stakeholders indicate that transport fees add between 10% and 15% to material costs’

The stakeholder engagement and analysis was carried out ahead of the change in ferry provider. The Authority notes that given the relevance of logistics and freight we assume the introduction of alternative or flat rates may have an influence on downstream markets.

With regard to the pricing being the most significant consumer issue, the comparisons made to the UK and France were ill conceived as they are not geographically or economically similar. It would be better to compare Jersey with Guernsey, the Isle of Man, London, and Switzerland as other similar financial jurisdictions.

No provision is made for the disproportionately high operating costs for businesses in Jersey, principally the extremely high costs of people and property, including the introduction of the Living Wage. We would suggest that this too does need detailed research with many of these relevant businesses.

The geographical location of the respondents has not been included in this ⁴insight survey, working withing St. Helier for all trades is very difficult with restrictions for access and parking.

Within ⁴insight survey, there has been no definition on the costs relating to quote priced work, estimates or hourly day works where price variances can come into play and this will be embedded within the response from users.

Answers to your questions - using the information detailed above.

Question 1. *Do you agree with the Authority's analysis and assessment of the construction sector?*

No, this analysis and assessment has been based on a small consumer aspect (repairs and refurbishment sector) of the complete construction industry, with very little engagement and consultation with those that are potentially affected by the findings.

The review does highlight some of the known Jersey challenges, but these cannot be compared to the southeast of the UK, where rents, labour and transport costs are a fraction of Jersey's.

Please see further feedback within this document.

Question 2. *Do you agree with Authority's draft findings, and do the draft findings capture all the competition issues in the construction sector?*

No, the findings are only about a small consumer aspect section of the industry, with very little consultation with the suppliers of these services and no questions asked in the survey validating the issues raised. The official employment in the sector data for, the UK, France and Jersey also proves that there are more people employed in the industry as a percentage of the working population, hence more choice for the consumer.

Please see further feedback within this document.

Question 3. *Do you have any other input or comments on any of the matters raised in the Authority's construction sector review?*

In our opinion the complete data set obtained has slanted at getting a negative response, from the outset by offering a cash prize for filling in the survey. As the report findings were largely based on feedback from these small construction clients, this will have a disproportionality weighting on the report's findings. Whereas should there have been a comprehensive review including all construction industry stakeholders, there would have been more balanced and accurate set of results.

The JCRA review states "**Construction Sector Review Draft Findings**" whereas 4insight research report states "**Residential Construction Sector Review**". Which of these was the objective from the outset? If it was "Residential" why wasn't the Jersey Landlords Association, nor any of the large residential construction firms consulted?

The review, in our opinion, it is not reflective of the industry, it concentrates on the smaller domestic client refurbishment works and has very limited supplier, designer, consultant and larger scale contractor involvement.

Call for Comprehensive Review

The JeCC requests an urgent review of this process, advocating for a more inclusive approach that considers all segments of the construction industry. We suggest a more comprehensive consultation with a wider cross-section of the industry, including suppliers, commercial developers, public sector clients, utilities, contractors and sub-contractors.

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We also suggest that more focussed relevant questions, which must be able to be validated with terms of reference, as opposed to anecdotally commentary to wider cross section of the industry, not just the domestic residential refurbishment and repairs customers.

The JeCC welcomes and is open to a review of its market. It does ask that the JCRA engages with the industry to fully understand the size and scale of the many varied operations within it. From the carpet fitter to a major development contractor, the challenges of operating a construction business in Jersey can't all be painted with the same brush.

The JeCC would welcome a meeting with the JCRA.