

STATES OF JERSEY



STATES OF JERSEY PROPERTY HOLDINGS AND THE STATES OF JERSEY DEVELOPMENT COMPANY LIMITED: STRUCTURES, OPERATIONS, PROTOCOLS AND CONTROLS (P.127/2011) – COMMENTS

**Presented to the States on 16th September 2011
by the Minister for Treasury and Resources**

STATES GREFFE

COMMENTS

Jersey Property Holdings (JPH) was established by P.93/2005 to provide efficient and effective management of the public estate and ensure that departments are properly served for their own operational requirements. Additionally, it was set up to ensure that the full cost of occupying property is properly accounted for.

It is with regret that the Minister for Treasury and Resources has concluded that many of the original aspirations of JPH have not been met. Some of the reasons for this failure are outside of the control of JPH. It proved to be more difficult than envisaged to establish the correct level of budget needed to adequately maintain the corporate estate. Additionally there were difficulties in achieving transfers of appropriate budgets from departments where those cash limits were previously held. To some extent, therefore, JPH has never been fully in possession of the tools to do the job asked of them. Other aspects, however, are open to question as to the manner in which they have been handled. Not enough progress has been made. The current review of JPH is designed to ensure that the right structures and management are in place to deliver fully upon the original aspirations.

Before turning to the detail of Senator S.C. Ferguson's proposition, the Minister would like to comment in general terms on what it appears to be seeking to achieve. The Minister is concerned that this proposition concerns itself with internal managerial arrangements. These are implementation matters and should rightly be the concern of Chief Officers who need to be left sufficient freedom to manage what is a highly complex and diverse organisation. The Minister would draw the Assembly's attention to previous changes in relation to the Architects' section of JPH that were successfully managed within the overall policy direction set by the States in P.93/2005 without recourse to the States for endorsement of those changes.

Turning to the Senator's proposition in detail –

The proposition is divided into two sections – (a) and (b).

(a) Paragraph (a) can be split into 3 distinct elements as follows –

- Make no changes to the approved areas of responsibility;
- Make no changes to the internal structures;
- Make no changes to the reporting lines.

All of the above are set in the context of the establishment of Jersey Property Holdings as laid down in Projet P.93/2005 or the States of Jersey Development Company as laid down in Projet P.73/2010. The proposition requires that if any of the above criteria are to be changed, then reference should be made to the States prior to approval. Taking each of the above points in turn:

Make no changes to the approved areas of responsibility

The areas of responsibility designated to the States of Jersey Property Holdings as set out in the Proposition required the creation of a department that would develop a modern, innovative approach to property management in order to achieve the following aims:

- Optimise operational efficiency;
- Use the estate to approve the delivery of public services;
- Minimise under-performance/unproductive property assets;
- Optimise the efficiency of building maintenance;
- Minimise the management cost; and
- Maximise and implement opportunities for cost reduction and for extracting capital from the portfolio.

It is envisaged that any changes which may result from the current review of Jersey Property Holdings would be purely management-focused and would not in any way impact upon the aims listed above. Therefore there would be no changes to the approved areas of responsibility.

Make no changes to the internal structures

Reviewing P.93/2005, it is clear that the structure set out in Figure 1 of that Proposition identifies the overall proposed structure, but makes no reference to any internal structures required to deliver the aims.

Any proposals arising from the review that may require some degree of change to internal reporting lines would not affect what was agreed in P.93/2005.

Make no changes to the reporting lines of Jersey Property Holdings

The Proposition P.93/2005 set clear reporting lines for Jersey Property Holdings to the Minister for Treasury and Resources. The review of Jersey Property Holdings will not in any way alter this reporting line. In P.93/2005, it states “The Chief Officer of States of Jersey Property Holdings will be accountable to the Chief Executive of the States and to the Treasury and Resources Minister for the management of assets”. This reporting structure has never been implemented. The Director of Jersey Property Holdings has never been a full Chief Officer with direct accountability to the Chief Executive. Instead, the Director of Jersey Property Holdings has had a reporting line to the Treasurer of the States and since May 2009, to the Deputy Chief Executive/Chief Officer Resources. Any proposed changes to Jersey Property Holdings may revert the reporting lines back to the Treasurer of the States.

The Minister has reviewed again the specific components of the proposition for P.93/2005. That proposition is included as an Appendix to this comment. Part (a) of the proposition is most relevant. If parts (i) to (vii) of (a) are examined, all of them without exception have either been implemented, are in progress or are planned. If Senator Ferguson is particularly concerned with part (iii) – “the transfer of existing staff with property responsibility to States of Jersey Property Holdings” – then this was carried out. The Minister is not clear what the Senator’s concerns over the current review are, but he considers that part (a)(iii) of the 2005 proposition will be unaffected.

- (b) Referring to paragraph (b) of the Proposition, none of the changes proposed within Jersey Property Holdings in any way impact on the delivery of P.73/2010. The review of management function within Jersey Property Holdings is being carried out to ensure that there are clear lines of responsibility within Jersey Property Holdings for managing the asset transfer protocol as set out in Appendix 7 of P.73/2010. The review of Jersey Property Holdings will not have any impact on the ability to manage the Asset Transfer Protocols as set out in Appendix 7. Part (b) of the proposition therefore has no effect.

In conclusion, there will be no changes to the structure of Jersey Property Holdings as laid down in Projet P.93/2005 or Projet P.73/2010.

In summary, the Minister considers that the proposition as a whole would have no effect, as no fundamental changes to agreed States policy will be proposed. As such, based on his interpretation as outlined above, he is minded to accept both parts.

Statement under Standing Order 37A [Presentation of comment relating to a proposition]

I apologise for the lateness of this comment. I had not anticipated that this proposition would be debated so early.

P.93/2005 – States of Jersey Property Holdings: establishment

PROPOSITION

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

to refer to their Act dated 24th July 2002 regarding the Machinery of Government proposed departmental structure and transitional arrangements and –

- (a) to approve the following principles for the future management and administration of States Property –
 - (i) the creation of a new department to be known as ‘States of Jersey Property Holdings’ under the Finance and Economics Committee and its successor Ministry, in order to develop a modern, innovative approach to the management of property and deliver the aims as set out in section 3 of the report;
 - (ii) the transfer of administration of all States property assets, with the exception of those assets under the administration of Trading Committees and Social Housing currently administered by the Housing Committee, to States of Jersey Property Holdings;
 - (iii) the transfer of existing staff with property responsibility to States of Jersey Property Holdings;
 - (iv) the development of a States Property Plan, which will include all States Property, to be agreed by the States as part of the States Strategic Plan;
 - (v) the development of a States of Jersey Property Holdings Business Plan in accordance with the agreed States Property Plan and approved by the States as part of the Annual States Business Plan, which will authorise the department to develop, sell, buy, re-allocate or otherwise manage the property or interests in property as identified within the plan;
 - (vi) the development of a fully integrated landlord and tenant system of property provision and maintenance between States of Jersey Property Holdings and States Departments, regulated through Service Level Agreements;
 - (vii) the introduction of a charging mechanism for all property assets to reflect the true cost of occupation;

- (b) to charge the Policy and Resources Committee, in conjunction with the Finance and Economics and Environment and Public Services Committees, to facilitate the organisational changes necessary to implement the proposals for the future administration and management of States Property;
- (c) to charge the Finance and Economics Committee to restructure relevant budget allocations and develop the necessary financial asset management arrangements to achieve (a)(i) to (vii) above;
- (d) to charge all Committees of the States to co-operate with the Policy and Resources, Finance and Economics and Environment and Public Services Committees in the development of the proposals.

POLICY AND RESOURCES COMMITTEE